



NewForesight Living Wage Benchmark Methodology

NewForesight's approach and operationalization of Living Income Benchmarks provides transparent, comparable and locally-relevant benchmark estimations

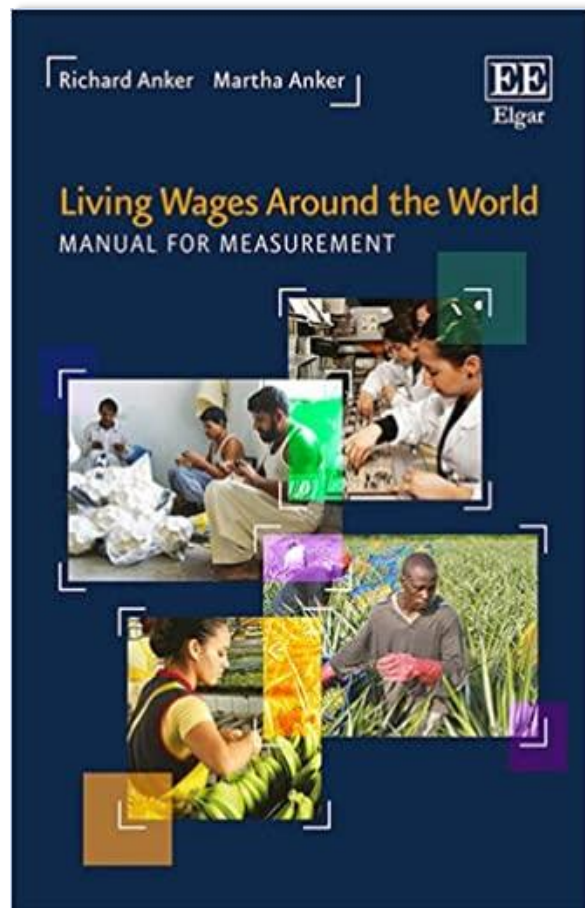


NewForesight has experience in living income and living wages supporting organizations to build a convincing strategy as well as a clear roadmap that creates momentum towards closing gaps. We believe this is only possible by following a methodology that allows for:

- Estimating benchmarks that **reflect local context and region-specific characteristics; and yet be globally applicable.**
- **Using common benchmarking principles** to enable replication and comparability across different contexts.
- Providing a detailed and transparent **descriptions of the benchmark estimates** based on understanding the elements and costs of a basic but decent life.

NewForesight's Living Wage (LW) Benchmark Methodology

In 2021 NewForesight was commissioned to develop a standard, accessible and scalable method to estimate Living Income Benchmarks to cover a portfolio of 23 countries



- In 2021, The Challenge Fund for Youth Employment (CFYE) identified the need to develop Living Income Benchmarks studies in Africa and the Middle East, to cover their portfolio of 23 countries



- “**Keeping it simple**“. The request included the development of guiding materials and semi-automated tools to enable accurate, time and cost-efficient estimations of Living Income Benchmarks across the Fund's different countries and sectors.



- The Living Income Benchmarking approach should be aligned, as much as possible, to the Anker Methodology guidelines and standards, while ensuring the possibility to develop benchmarks swiftly in low-data availability environments

As a result, NewForesight set out to develop a **scalable, adaptable and accessible** methodology to establish living income benchmarks based on the guidelines presented in the book *Living Wages Around the World*:

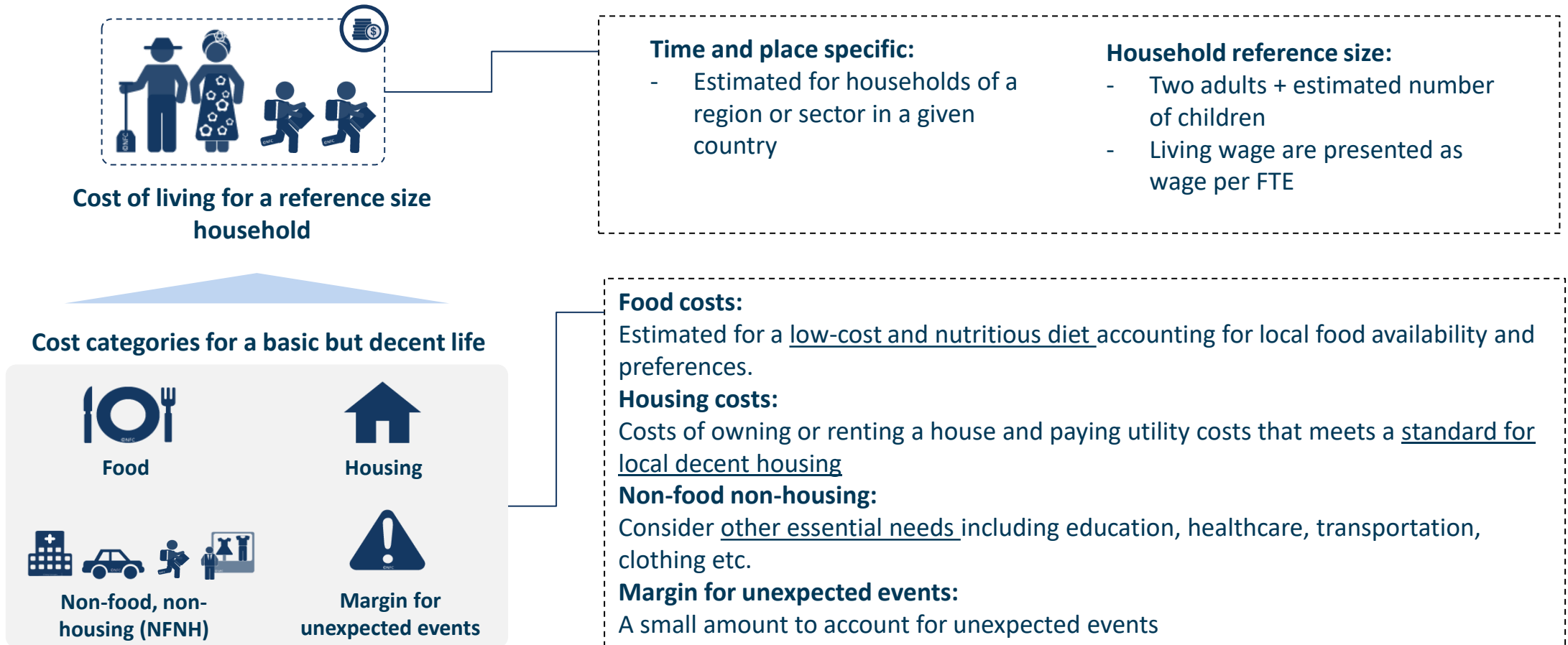
- **Scalable** because it relies on international databases and sources that are publicly available in all countries.
- Working with local partners and stakeholders to ensure **adaptability**. Representative workers are selected with support of local institutions. Surveys and primary data collection are performed by trained local consultants. Validations with stakeholders are performed before, during and after the process.
- We developed an **accessible** method by creating pre-defined training materials, standardized data capture formats, and modeling templates to estimate the costs of a basic but decent standard of living.

See the results of the pilot study in Uganda and a LW benchmark conducted by CFYE in Ethiopia:

- <https://fundforyouthemployment.nl/decent-work-achieving-living-wage-in-mbale-uganda/>
- <https://fundforyouthemployment.nl/wp-content/uploads/2021/11/Living-Wage-Benchmark-Report-1.pdf>

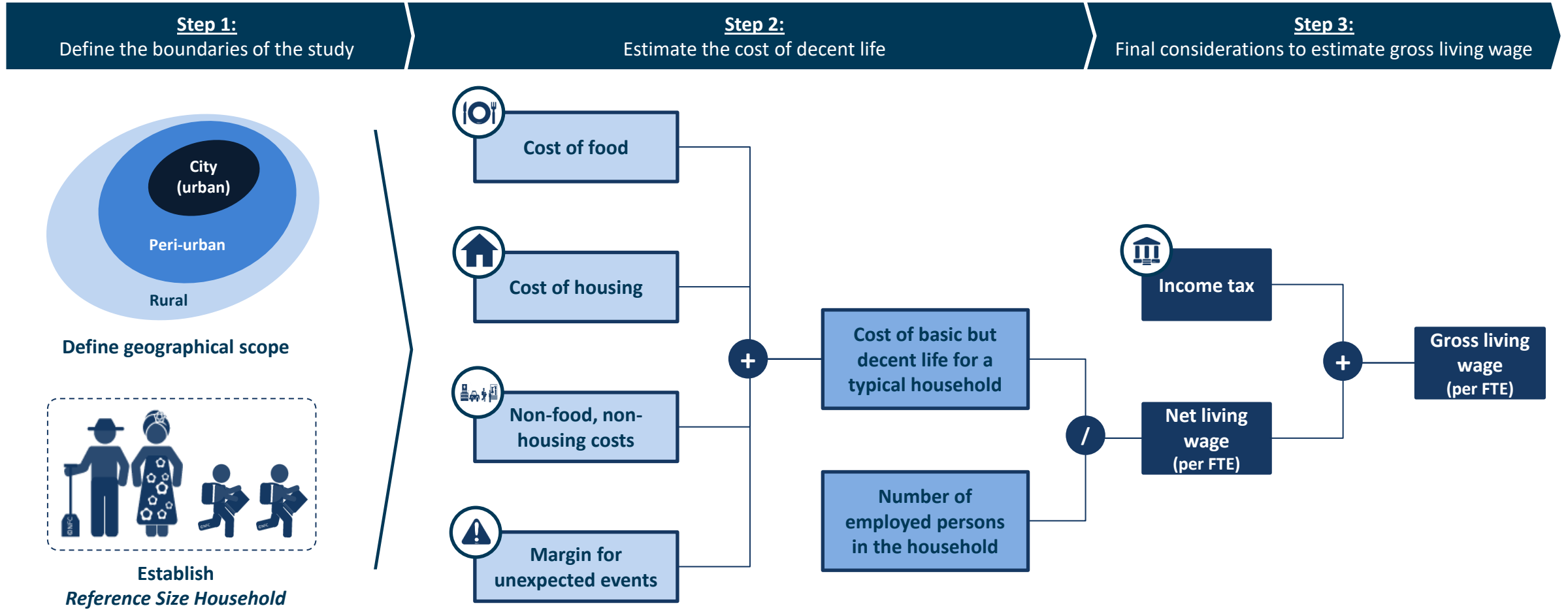
NewForesight's Living Wage Benchmark Methodology

We support companies, organizations and governments to create opportunities so farmers and workers can afford a decent life.



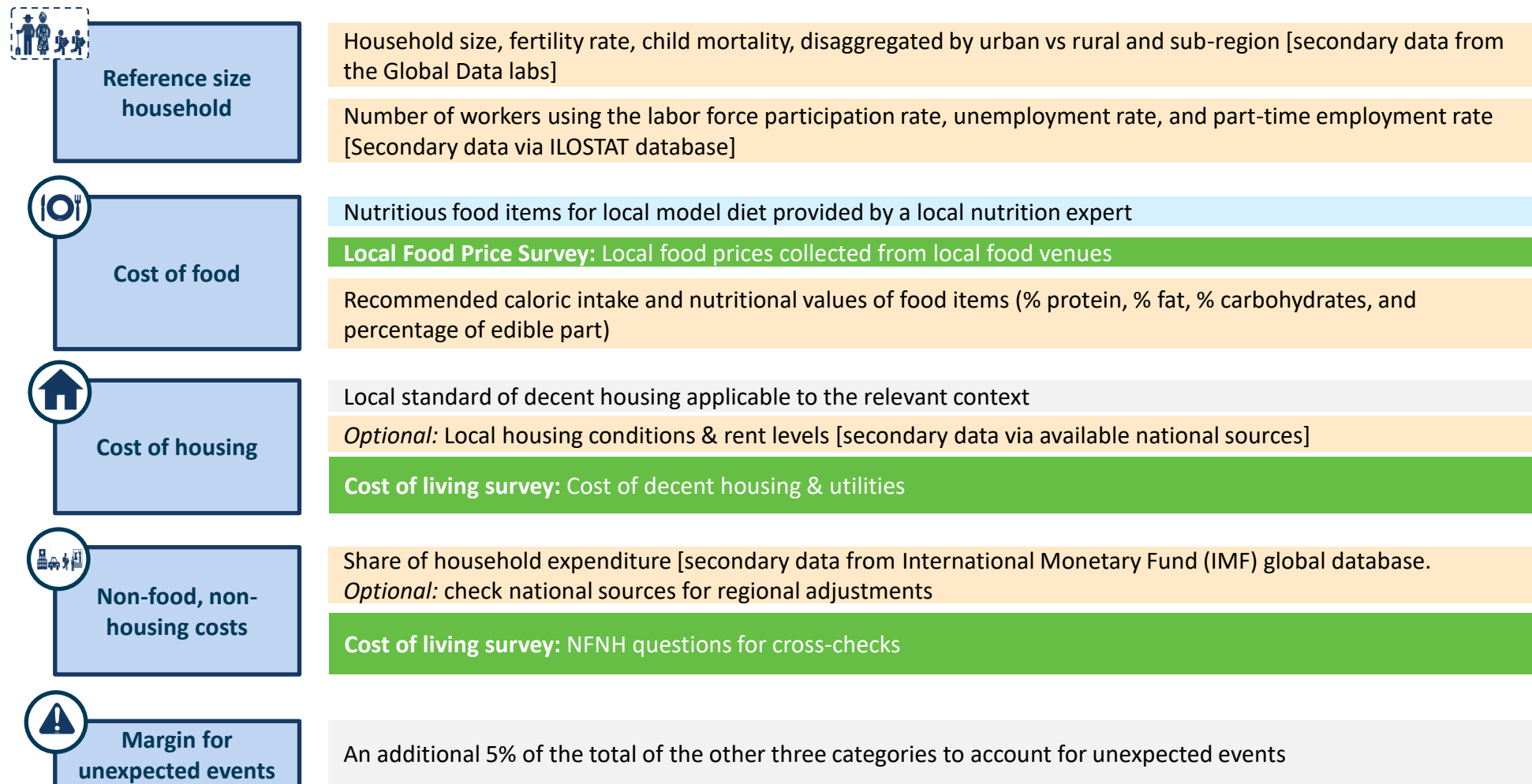
NewForesight's Living Wage Benchmark Methodology

We follow a three-step methodology to estimate Living Income/Wage



NewForesight's Living Wage Benchmark Methodology

With a combination of secondary and primary data sources to produce a resource-efficient yet accurate benchmark



LEGEND

PRIMARY DATA	SECONDARY DATA
INTERVIEW	ASSUMPTION

NewForesight's Living Wage Benchmark Methodology

We use standardize templates and materials for data collection and have developed semi-automated calculation models for the estimation of Living Wage Benchmarks

Training Materials

Cost of living survey | Exercise (1)

Cost of living data collection form

1. Household information (to be asked to the participant)

Name of respondent	
Age of respondent	
Sex of respondent	
Marital status	
Level of education	
Occupation	
Number of household members	
Number of children	
Number of adults	
Number of working adults	

2. Household characteristics

Household type	Number of rooms	Number of bedrooms	Number of bathrooms
Structure of the house	Number of floors	Number of balconies	Number of parking spaces
Access to water	Access to electricity	Access to internet	Access to mobile phone
Access to public transport	Access to health services	Access to education	Access to social services

Exercise for the interviewers

1) To ensure full alignment on the meanings of the words/concepts used in the survey, we would like to ask you to go through the Cost of living survey template and write down all questions you might have. For example:

- What does a 'household' include? (e.g. do young household members living in household during agricultural season but migrating/working in the city during off-season count in the household size?)
- How do you understand the word 'XXXX'?

For the interviewers:

- Please have a look at the Cost of Living Survey template and bring your questions/observations to the facilitator team for discussion & alignment

Food price survey | Purpose

The objective of the Local Food prices survey is to collect primary data to be used for the estimation of the Living Income/Wage benchmark for Mbale district. A living income/wage should meet the expenditures for a low-cost nutritious diet (local model diet) which considers local food availability and preferences. This is extremely important because cultural, social and regional settings influence the way we eat and purchase food.

What is a local model diet?

- Meets the WHO recommendations on nutrition
- Consistent with local food preferences & food availability
- Relatively low-cost
- A model diet covers the basic food groups:

Cereals and grains	Pulses, legumes, beans	Fish	Oils & fats
Prepared cereals	Dairy	Green leafy vegetables (GLV)	Sugar
Roots and tubers (starchy)	Eggs	Other vegetables	Non-alcoholic beverages (e.g. coffee or tea)
Starchy fruit or vegetable	Meats	Fruits	

Note: A model diet does not include foods that are not in line with nutrition guidelines for healthy foods. These include alcohol, cookies, cakes, and soft drinks, as these are not necessary for health.

We have training materials readily available to assure data collection in key coffee producing regions is performed in an accurate, standardized and effective manner by trusted local partners.

Standardized Data Collection Forms

Food price survey | Data collection form

How to use the template

Name of the district: Mbale
 Name of city or village: Mbale
 Urban or Rural: Urban
 Type of location: Urban market
 Market Name: Urban market
 Market location: Urban market

Food Group	Item	Vendor / brand 1		Vendor / brand 2		Vendor / brand 3		Comment
		Quantity & unit of measure	Price	Quantity & unit of measure	Price	Quantity & unit of measure	Price	
Fruits	Apple	1 kg	5,000	1 kg of 4 apples	5,000	1 apple	5,000	Vendor new offers bag of 4 apples, price per apple increased, average weight of apple is 150 grams
	Sunka	1 liter of 500 ml	4,000	1 liter of 500 ml	4,000	1 liter of 500 ml	5,000	Vendor 1 offers 500 ml, approximate weight of the liter is 300 grams
Dairy		1 kg	20,000	1 kg	15,000			Only one vendor (special) in market, vendor 2 offers considerably higher quality

Data collection forms to assess the local cost of living (e.g. food/housing surveys etc.) have been used and refined in previous LI benchmark studies throughout different geographies.

Living Income Benchmarking Model

Reference Household size

Country: Kenya
 Region: Siaya
 Zone: Highland

Exchange rate: 1 USD to KES 135.00

Reference Household size: Preference Household

Number of adults	2.0
Number of children	0.7
Number of working adults	1.5

Living Income benchmark - Monthly results

Housing	100,000	100,000
Food	380,000	168,000
Water	280,000	62,000
Welfare (unexpected events)	80,000	37,000
Cost of bank but decent life for a typical household	1,250,000	354,000
Net living wage (3 FTE sustaining the Reference Household)	850,000	242,000
Income tax	122,000	34,000

% of LI benchmark

Living Wage Benchmark | Housing costs

Housing costs: **\$90** USD/Reference household/month

DECENT HOUSING STANDARD

2 persons per room (max) Meets local decent housing standards

SHARE OF HOUSING COSTS

10/15 Survey participants met the criteria

Calculations for estimating the housing costs only included survey participants that met the local decent housing standards:

- Minimum criteria:
 - Living space: 10 sq meters per room including kitchen and toilet and bath (and at least 4 m² per person)
 - Durable floors: Permanent floor materials (e.g. mud, earth, and thatch are unacceptable)
 - Durable roof structure: Permanent roof materials (e.g. thatch or iron sheets, cement, thatch without thatch)
 - Durable walls: Permanent wall materials (e.g. brick, cement, stone) without holes or damages
- Additional criteria (3 out of 4 must be met):
 - Safe toilet: Safe toilet in or near house. Pit latrine without slab or open pit is unacceptable
 - Access to water: Safe water in or near house (max distance 5km)
 - Adequate cooking facilities: Adequate ventilation (required if kitchen is inside house (presence of a chimney in this context))
 - Availability of electricity: Access to basic grid or solar for electricity for adequate lighting

We have developed a living income benchmarking model to enable accurate, structured and effective estimation of living income benchmarks based on context specific primary data and secondary data

Dashboards / Reporting

Living Wage Benchmark

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To guarantee effective communication of the results of living income benchmark studies, we have developed user-friendly, interactive dashboards and have ample experience in producing concise and (visually) effective reports.