



# **Towards Regional but Differentiated Living Wage Beyond Borders: The Asia Floor Wage Alliance's Methodology for Garment Workers**

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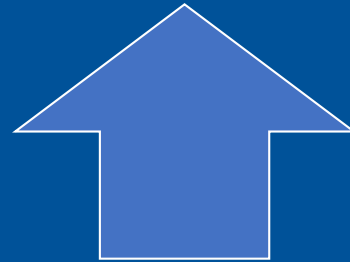
AFWA is an Asian labor-led global labour and social alliance across garment-producing countries and consumer regions for addressing poverty-level wages, gender discrimination, and freedom of association in global garment production networks.



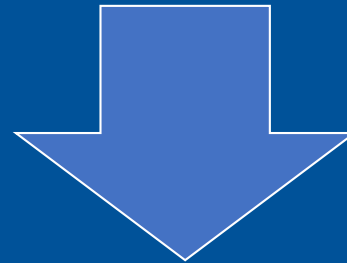


Focus: Brand & Supplier Relationship  
FOB Price LOW → Brand profits HIGH

Background  
Situation: Global  
Garment Supply  
Chain



BRAND PROFITS  
(Global North)



FOB PRICE TO  
ASIAN SUPPLIERS



**Focus: FOB Price & Labour Cost Relationship**  
**FOB Price LOW → Labour Cost LOW**

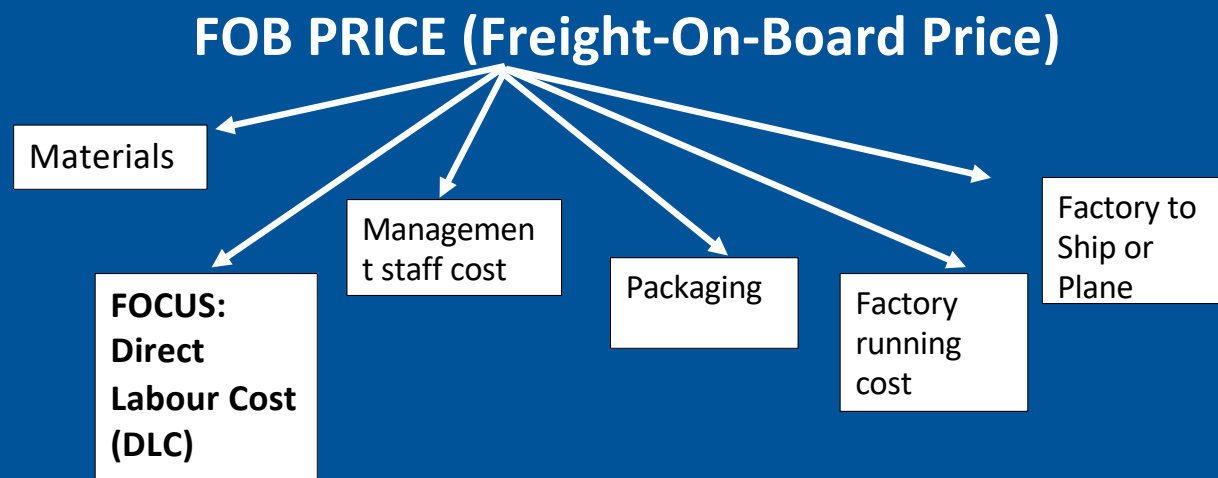
**Background  
Situation: Global  
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**Focus: What constitutes FOB Price?**  
Brand's Price (FOB) → Asian Supplier for Garment

**Background  
Situation: Global  
Garment Supply  
Chain**





**Focus: What % of FOB Price is “Direct Labour Cost” (DLC)?**

AFWA researched data from India, China, Sri Lanka, Cambodia, Bangladesh and Vietnam

## **Background Situation: Global Garment Supply Chain**

e.g. FOB Price for T-Shirt = USD 10  
Direct Labour Cost (DLC) = USD 0.5 to USD 0.12  
Average DLC in FOB PRICE TOTAL = 8.33%





# Asia Floor Wage Concept

Women-centred	Family wage	Across borders
Based on actual expenditure of workers' family	3000 calorie standard	3 consumption units
Food : Non-food ratio 45:55	Purchasing Power Parity (PPP)	

(1 adult = 1 consumption unit; 1 children=0.5 consumption unit)



# Workers' Consumption Survey

## Information collected

- Basic Profile of the worker
- Employment profile of the workers
- Food consumption and expenditure
- Non-food consumption and expenditure
- Possession of Assets
- Housing and Living Conditions

In 2022, AFWA collected information from 1686 garment workers from 7 countries



# Workers' Consumption Survey



Food Consumption Categories			
No	Categories	Number of Items	Reference Period
1	Cereals	10-12	30 days
2	Pulses	8-10	30 days
3	Milk and Milk Products	4-7	30 days
4	Meat and Eggs	4-8	30 days
5	Vegetables	8-12	7 days
6	Fruits	4-7	7 days
7	Oils	5-7	30 days
8	Beverages	3-6	30 days
9	Spices	4-7	30 days
10	Cooked Meals	2-4	30 days
11	Packed Meals	2-4	30 days

Non-Food Consumption Categories			
No	Categories	Number of Items	Reference Period
1	Foot Wear and Clothing	2	365 days
2	Education	6	30 days
3	Medical	6	30 days
4	Household Consumables	14	30 days
5	Services	9	30 days
6	Travel and Entertainment	6	30 days

**Step 1:**

Calculate actual calorie intake per person (per capita) per month in a family

**Step 2:**

Calculate expenditure for actual calorie intake per person (per capita) per month in a family

Calculate expenditure for 3000 calorie intake for a family of 3 Consumption Units



**Living Wage  
Estimation in  
FOUR Steps**

**Step 3:**

Calculate actual non-food expenses of family for a month

Calculate actual ratio of food and non-food expenses of family for a month

Using the ratio, calculate the expenditure of non-food expenses for a family of 3 Consumption Units for a month



**Living Wage  
Estimation in  
FOUR Steps**

#### **Step 4:**

Calculate total food and non-food expenses of a family of 3 Consumption Units for a month

Convert total expenses of family to PPP\$ using World Bank conversion factor – This is country-level Living Wage estimate

Take average of country-level Living Wage estimate to get regional living wage estimate at Asian level in PPP\$

Convert Regional living wage figure in PPP\$ to local currency to get country-level figure



# **Living Wage Estimation in FOUR Steps**



# Garment workers situation

## *Income, food and non-food expenditure*

Source: AFWA consumption survey (2022)

Country	Currency	Income		Actual Expenditure		
		Individual	Family	Food	Non-Food	Total
Bangladesh	BDT	10,821	<b>24,137</b>	10,754	13,619	<b>24,373</b>
Cambodia	USD	260	<b>387</b>	212	222	<b>434</b>
India	INR	9,999	<b>18,020</b>	8,359	9,277	<b>17,636</b>
Indonesia	IDR	3,382,428	<b>5,302,586</b>	2,570,342	2,854,582	<b>5,424,924</b>
Myanmar	MMK	237,100	<b>426,520</b>	201,509	224,983	<b>426,492</b>
Pakistan	PKR	21,369	<b>33,213</b>	17,433	22,624	<b>40,057</b>
Sri Lanka	LKR	30,909	<b>58,897</b>	31,522	32,036	<b>63,558</b>



# Garment workers situation

## *Income and per capita nutrition per day*

Source: AFWA consumption survey (2022)

Country	Income			Actual Per Capita Nutrition Per Day		Government caloric poverty line standard
	Currency	Individual	Family	Kcal/day	Expenditure per day	
Bangladesh	BDT	10,821	24,137	<b>1,950</b>	120	<b>2122</b>
Cambodia	USD	260	387	<b>2,521</b>	3	<b>2200</b>
India	INR	9,999	18,020	<b>2,467</b>	128	<b>2100</b>
Indonesia	IDR	3,382,428	5,302,586	<b>2,148</b>	28,559	<b>2150</b>
Myanmar	MMK	237,100	426,520	<b>2,062</b>	2,213	<b>2238</b>
Pakistan	PKR	21,369	33,213	<b>1,921</b>	130	<b>2350</b>
Sri Lanka	LKR	30,909	58,897	<b>1,834</b>	271	<b>2030</b>
ILO						<b>2950</b>



# Asia Floor Wage Figures

Source: AFWA consumption survey (2022)

Country	Currency	Living Wage Estimates	
		2020	2022
Bangladesh	BDT	48,280	53,104
Cambodia	USD	588	701
India	INR	29,323	33,920
Indonesia	IDR	7,249,086	8,107,632
Myanmar	MMK	516,312	695,536
Pakistan	PKR	47,627	67,200
Sri Lanka	LKR	75,601	94,400
ASIA (PPP)	USD	1420	1,600



# Closing the gap

## *Living Wage vs Minimum Wage*

Source: AFWA consumption survey (2022).

<b>Countries</b>	<b>Living Wage (local currency)</b>	<b>Minimum Wages (local currency)</b>	<b>Ratio of Minimum Wage to Living Wage</b>
Bangladesh	53,104	8,000	15%
Cambodia	701	194	28%
India	33,920	16,178	48%
Sri Lanka	94,400	16,000	17%
Pakistan	67,200	25,000	37%
Indonesia	8,107,632	4,641,854	57%
Myanmar	695,536	105,600	15%





# Discussion



# Thank you

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