

Terms of reference: Living wage analytical tool

1. Background on IDH

IDH The Sustainable Trade Initiative (IDH) accelerates and up-scales sustainable trade by building impact-oriented coalitions of front running multinationals, civil society organizations, governments, and other stakeholders. Through convening public and private interests, strengths, and knowledge, IDH programs help create shared value for all partners. This will help make sustainability the new norm and will deliver impact on the Sustainable Development goals.

2. Background on the Roadmap on Living Wages

IDH is working to secure living wages through the Roadmap on Living Wages¹. This Roadmap works to strengthen international alignment and to build tangible solutions regarding closing living wage gaps. Earning a living wage means workers receive sufficient wages to afford a decent standard of living for the worker and their family. A Living Wage is paid when a worker receives remuneration that is sufficient to afford a decent standard of living for the worker and her or his family in their location and time. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.

To act, companies need:

1. Reliable living wage benchmarks for every region they source from;
2. Understanding of workers' current earnings and how these compare to living wage benchmarks;
3. Uniformity in how living wage gaps are verified;
4. Practical solutions to remove barriers and close living wage gaps;
5. Access to best practices and learning on how the gaps can be reduced over time.

IDH supports companies with all these steps through the Roadmap and the developed tools, such as the living wage benchmark finder tool², the Salary Matrix³ and the guidelines for verifying living wage gaps. IDH is now aiming to create a new tool to assist companies specifically in steps 4 and 5 mentioned above.

3. Objective & deliverable of this assignment

The overall deliverable of the assignment is a "ready to use" living wage analytical tool (and its guidance document) that informs suppliers, buyers and buying companies of the optimal mixes of interventions they can use to close the living wage gap based on data from their own supply chain.

¹ <https://www.idhsustainabletrade.com/living-wage-platform/>

² <https://www.idhsustainabletrade.com/living-wage-identifier-tool/>

³ <https://www.idhsustainabletrade.com/living-wage-platform/salary-matrix/>

The tool:

- will build on existing IDH-documented knowledge of interventions and existing data from facilities and producing locations
- will provide clear guidance on how and why given interventions are suggested for each specific case; this guidance is as much as possible based on data and evidence of interventions that have been tested before;
- will provide guidance based on data from the facility, origin, supply chain,... (eg. Salary Matrix data)
- will be tested with IDH partners across at least 2 sectors, tea and bananas;
- be crop, sector and region agnostic, although the “minimum viable product” should be testable for tea and bananas;
- aim for suppliers, producers and buying companies as main audiences;
- be user-friendly and clear for all identified users;
- will have a mechanism to continuously improve when “fed” with new data and evidence on interventions that worked / did not work.
- will suggest interventions not only to be led by companies but also to be led by governments, unions or other key organizations, in collaboration when that would be needed.

The format of the tool can be an Excel file, digital or a click through online tool.

4. Scope of assignment

To help companies assess how to best close the living wage gap, IDH would like to develop a user-friendly tool to help companies identify the best interventions and best mixes of interventions they can use to close the living wage gap.

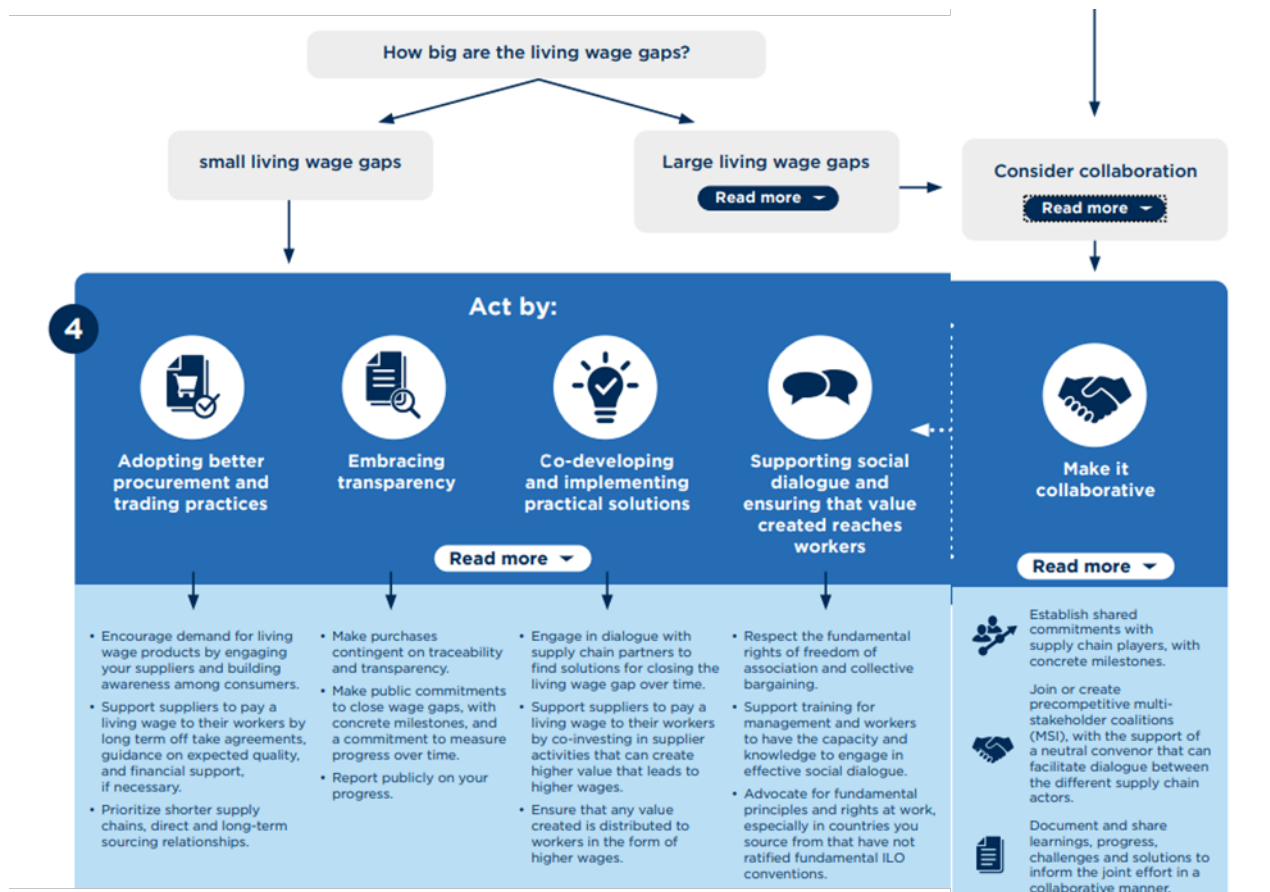
The tool should:

- Aim to bring together previously documented knowledge on interventions as well as commonly collected data from producers/ facilities (mainly from the Salary Matrix).
- Be able to give an indication, depending on how large the gap is, of which interventions are best suited to close the gap (see Figure below from the IDH report Better Business Through Living wage as guidance of IDH current thinking). For each intervention, there should be an overview of the costs of the intervention and to what percentage of the gap closure an intervention contributes.
- Include both quantitative and qualitative intelligence:
 - *Quantitative*. The tool should define what is the value of the living wage gap and what does it mean in terms of the company’s investments if a certain intervention is chosen. For example, if an increase in price is one of the key interventions suggested, the tool would assess what increase in price would be needed to close the living wage gap. Or if investing on in-kind benefits is one of the key interventions

- suggested, the tool would give an estimate of the amount needed to close which percentage of the living wage gap (also considering the cap in in-kind benefits).
- *Qualitative*. The tool should include all the information companies need to know to choose the best interventions, e.g. description of each intervention, pros and cons of each one, including contextual indicators that can influence the applicability and success rate of an intervention or mix of interventions. For instance, the tool should specify all that a company needs to know before deciding to invest on housing as an in-kind benefit to close the living wage gap.
 - Identify which are the key interventions that can add or redistribute value in each specific case, and how value can be best channeled back to workers (e.g. through increase in wages, through bonuses, through improved in-kind benefits, etc.). Stakeholder mapping and/or a SWOT analyses could be useful to analyze the potential array of interventions.
 - Be linkable to the results of a Salary Matrix assessment (living wage gap report). Based on the outcomes of a specific salary matrix, the tool should be able to identify which type of interventions are the best suited in each case.

The consultant should build on existent knowledge, such as:

- The Sustainable Procurement Kit, which helps assess the price to be paid to integrate living wage : <https://www.idhsustainabletrade.com/sustainable-procurement-kit/>
- IDH report Better Business Through Living Wage, that highlights actions companies can take to close the gap: <https://www.idhsustainabletrade.com/uploaded/2021/03/IDH-Better-Business-through-Living-Wage.pdf>
- Malawi Tea 2020 program documented learnings : www.malawitea2020.com
- The Income Driver Calculator tool that is developed for our work on Living Income.
- IDH internal knowledge from several teams (Insights & Innovation; IDH Roadmap on Living Wages; IDH Business Units).
- Key publications from relevant parties.
- Experience from key IDH partners.



5. Profile of the consultant

The team of consultants need to fulfil the following minimum criteria:

- Vast knowledge on living wage (benchmarks, how to calculate living wage gaps, type of strategies/interventions to close the gaps). Know the different frameworks, systems, databases, and methods related to the topic.
- Experience with modelling and IT.
- Experience with IDH key sectors on living wage, such as bananas, tea, flowers and apparel.
- Have a proven track record in the development of similar tools that are based on data and evidence.
- Co-ordinating with staff to pull information together from across the relevant teams.
- Be independent and credible.
- Flexibility to adapt to changing scope.
- Analytical and Result-oriented.
- Critical on quality & reliability of information.
- Dedicated adherence to deadlines.
- Sensitivity how to treat confidential information and cognizant of data privacy regulations.
- Excellent written and spoken English, culturally sensitive, analytical.

6. Proposal

IDH is asking consultants to prepare a proposal (max. 8 content pages) in which it is explained how the consultant will organize its engagement and team (when applicable) to contribute to the objectives as explained above.

The proposal should at least contain:

1. Your understanding of our needs and approach to the assignment.
2. Team composition & track record.
3. Proposal and workplan.
4. Resource allocation, costs and budget indication per deliverable (roles/days).

7. Selection criteria & procedure

The proposal will be assessed based on the following selection criteria:

- Quality of the proposal in line with the scope of work and deliverables of this assignment.
- Demonstrated experience of the team of consultants.
- Cost-effective budget, detailed per deliverable/service.

The following timelines apply to the procedure and assignment.

Selected applicants will be invited to present and discuss their proposals with IDH.

The proposal should be submitted to IDH via email by **19th July, 2021**.

A final decision will be made by the **26th of July, 2021**.

8. Contact at IDH

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