

# **WORLD BANANA FORUM - WORKING GROUP 02 (WG02)**

## **Meeting Minutes**

**22<sup>nd</sup> August 2011, Camara de Comercio de Guayaquil, Ecuador**

*NB: The decisions of the second day are summarised in a separate series of slides*

**Patricia Bresciani (PB)** chaired the morning session and **Miriam Neale (MN)** the afternoon session.

**Participants:** Patricia Bresciani, Dole Latin America, Costa Rica; Gilbert Bermudez, Colsiba, Costa Rica; Marcelo Ortega, Ministerio de la Coordinación Política, Ecuador; Mauricio Peña, Ministerio de la Coordinación de la Producción, Empleo y Competitividad, Ecuador (Day 1); Angel Rivero and Carmen Banegas, Fenacle, Ecuador (Day 1); Prospero Mendoza and Nancy Quezada, Fenacle, Ecuador (Day 2); Carolina Valarezo, Urocal and Coopempbal, Ecuador; Iris Munguia, Colsiba, Honduras (Day 1); Miriam Neale, Tesco Stores, United Kingdom; Alistair Smith, Euroban/Banana Link, France; Helge Fischer, Banafair, Nicaragua/Germany; Guillermo Rivera and Omar Casarrubia, Sintrainagro, Colombia; Dr Roberto Hoyos, Augura, Colombia (Day 1); Dr Roberto Perez, Banacol and Comision Negociadora de Augura, Colombia; Dra Gloria Alexandra Restrepo, Agricola Sarapalma, Colombia; Victor Quesada, Aseprola, Costa Rica; Pedro S, AEBE, Ecuador; Javier Villacis, Dole-Ubesa, Ecuador (Day 1); Bernardo Roehrs, Agroamérica, Guatemala; Eduardo Bluhm, Fairtrade International, Brazil, Mateo Wheelaghan-Duff, Ecuador (minutes secretary).

**Apologies:** Magne Svartbekk, Bama, Chile/Norway; Denis Loeillet, CIRAD, France; Jesper Nielsen, 3F Denmark; Anatole Ebanda Alima, Cameroonian Banana Producers' Association (ASSOBACAM); Luuk Boon, TASTE, Paises Bajo; Agroban, Ecuador.

### **I. Approval of minutes from last meeting**

MN reviewed the minutes from the last meeting. The minutes were approved.

### **II. Review objectives and methodology**

#### **a) Review of previous meeting in Machala**

The meeting in Machala in November 2010 concluded that 3 main activities need to be carried out:

1. Develop pilot initiatives in Ecuador, Colombia and West Africa
2. Complete the wages study
3. Develop strategies to address minimum wages in different countries

Victor Quesada, who had been contracted by WG02 to propose a methodology for calculating living wages in the Latin American industry, presented the key points of his study (see <http://www.fao.org/economic/worldbananaforum/wbf-working-groups/wg02/en/#c62633>) and introduced a summary of the discussion points during the last two-day meeting of the WG. Some of the discussion points were contained in an Annexe he produced in November 2010 at the WG coordinators' request ahead of the last meeting . Both this Annexe to his October 2010 paper (*in Spanish only*) and the presentation he made at this meeting are attached to these minutes .

## **b) Discussion on proposed objectives for pilot initiatives**

*Considerations:*

### **Potential for a West Africa pilot**

Information from NGO colleagues in Europe is that some Cameroon industry representatives and the Fako Agricultural Workers' Union are interested in participating in a common initiative on wages, but have not yet met with other stakeholder members of industry association Assobacam to take a formal decision.

A study on wages, social benefits and costs of living in a large plantation in Ghana has been initiated, but is currently covered by a confidential research contract between CIRAD and Compagnie Fruitière.

### **Definition of wages vs benefits**

We should focus on workers' total income rather than just cash wages and assess whether the worker's income is sufficient to cover his/her living expenses.

It is important to understand the cultural factors that influence living costs (e.g. high cost of firewood for cooking in communities where Guatemalan banana workers live.)

The pilot initiatives can give us an idea of what a living wage (or “decent remuneration”) should be.

### **Context for an Ecuador pilot**

In December 2010 the Ecuadorian government incorporated “decent wages” as a goal for all employees in the country over the coming three years.

\$264 legal minimum monthly wage in Ecuador is worryingly low because this has to support a family typically made up of 5-6 members

Since dollarisation (2000) banana workers' purchasing power has worsened (this is one of a number of factors). For the trade unions, it is essential that a single wage covers at least basic food needs.

The Government's aim is that the legal minimum wage reaches the level of the most basic family basket of commodities (CFV - "*Canasta Familiar Vital*") by the end of 2013. [The CFV was at nearly \$402 in June 2011.]

The value of rural area and urban area family baskets of commodities vary. Workers are still very far from being able to cover the cost of the fuller family basket of commodities – the "*Canasta Familiar Básica*" - CFB. [In June 2011 this was at nearly \$558 for the coastal provinces.] It is therefore very important to reduce existing wage inequalities between different areas.

### **Global wages survey – use of a “wage ladder”**

The World Banana Forum could take lessons from a recent survey of wages in the tea industry which has used the concept of a “wage ladder”. The idea of a “wage ladder” is to compile a series of benchmarks or indicators which allow progress towards a living wage to be measured.

The benefit of this approach is that different indicators can be used in different countries, if not all indicators are available in each country, and they can be calibrated according to the demographics of that country e.g. average family size. It is a tool that can be used as a basis for discussion with stakeholders to get consensus on the validity of different indicators.

### **Key indicators**

It is essential to define the goal of wages reaching the value of the CFV in order to avoid confusion. This allows us to use definitions that already exist and are produced by governments. The first objective or goal should be to reduce the gap between the basic family basket and workers’ actual wages. We should establish that the worker is receiving at least enough in his/her pocket to purchase the basic family basket.

Government minimum wage policies exist in each country, but they all need to guarantee that the minimum wage can at least cover the family food basket.

## **c) Overview of the tea industry wage initiative**

### **Objectives:**

- Tea industry wages initiative involves Ethical Tea Partnership (a group of companies), Unilever, Oxfam GB/Oxfam Novib and IDH (Dutch government backed Sustainable Trade Initiative)
- The sector has complicated wages and benefits systems
- Steps need to be taken to compare actual wages with benchmarks of living wages

### **Phase 1 of initiative**

- Definition of wages and which benefits are included (referencing ILO norms)
- Analysis of tax and how it impacts wages

- Comparison of minimum wages internationally
- Development of a wage ladder in 3 key producing countries

### **Phase 2 of initiative**

- Validate actual wages through detailed questionnaire at a sample of tea estates
- Consult stakeholders (industry, trade unions, government, NGOs) to know whether or not the 'wage ladder' has the right indicators
- Explore the obstacles to raising wages

### **Comments:**

- The World Banana Forum has involved the stakeholders from the beginning so we have a different perspective.
- We must not lose the perspective that we want to work in Africa.

### **Lessons for the WBF:**

1. Essential to have a well-defined criteria so that when we expand to global level problems do not arise
2. Understanding the salary for each country. Whether or no it includes transport costs
3. Defining a banana wage ladder where we include living wage, family food basket or vital food basket

### **Other factors to consider:**

1. The closer businesses are to the living place of the banana worker the lower the costs they will incur when traveling to work
2. \$25 of the \$264 of a worker's salary is deducted for the worker's social security payment which leaves the worker with around \$240
3. Important to consider gender differentiation and gender equality in the salary framework
4. Must consider the fact that workers receive various other forms of support and benefits that help them to support their family
5. Other guarantees also exist for the workers' rights in the form of social security
6. Each country has relevant institutes from which we can gather the data.

### **d) Reach a consensus of what wage information we need**

The working group split into two groups to develop a draft questionnaire for gathering actual wage data at farms. The draft is attached as an appendix.

Key considerations for gathering data:

- The draft questionnaire will need adapting for each pilot country
- If possible, find an average for a worker salary on a yearly basis
- If it is only seasonal/ temporal wage it could be possible to take a monthly average

- There could be difficulties monitoring outsourcing companies
- Working hours need to be measured as well, to understand wages for a regular working week
- The terms of any benefits or compensations included in the wage need to be defined
- The data gathered should be summarised in two parts to clarify what is monetary and what is non-monetary benefits that have a value.

#### **Agreed actions from day 1**

- **Use template of questionnaire to gather data**
- **Questionnaire should be adapted and agreed by each pilot group to ensure its credibility and effectiveness for that country**
- **External assistance may be necessary for each pilot to manage the gathering of data**

### **III. Discussion on indicators for a global wages survey**

The group agreed that the following indicators are important for a wage ladder in each key exporting country. There may be additional indicators which are important benchmarks for living costs in some countries, which could be added in to their wage ladder.

- 1. National average salary**
- 2. Salary negotiated collectively in agriculture sector**
- 3. Average family food basket (and average family basket of goods and basic services, where available)**
- 4. Poverty level**
- 5. Legal minimum wage**