

Expanded Living Wage Estimates for the Colombian Coffee Sector

Section 1: Concept Overview

Project Objective: Carry out a living wage and living income estimate for farmworkers and farmers in the Colombian coffee sector.

Brief Description:

As part Verité’s efforts to promote better working conditions in the coffee sector an alternative model for the payment of coffee harvesters will be piloted in Colombia, using an innovative compensation structure for farmworkers that will ensure they earn a decent wage while also including incentives for the adoption of best harvesting practices and skill development for workers. A separate independent Living Wage and Living Income study, generously funded by Keurig Dr Pepper (KDP), will be carried out to provide information and complementary data on workers’ incomes and farm profitability in the Colombian “Eje Cafetero,” specifically in the Departments of Caldas and Antioquia. This study will be led by Martha and Richard Anker, who developed the Anker methodology for measuring living wages and are founding members of the Global Living Wage Coalition (GLWC), with support from Social Accountability International (SAI). In keeping with the commitments of the GLWC, the Ankers’ living wage/living income estimates will be published.

In order to create a more comprehensive estimate of living wages and living incomes for the Colombian coffee sector more broadly, Verité seeks to expand the coverage of the current study to incorporate Huila, the largest coffee producing region in the country, and Cauca and Nariño, origins recognized for the quality of their coffee, but also for having a large number of smallholder coffee farmers and for being affected by armed conflict and coca cultivation. A reliable and recent Living Wage and Living Income estimate is key for informing decision making related to business operations and sustainability for local and international stakeholders working in the Colombian coffee sector. The expansion of the study will help to ensure that the living wage and living incomes are as accurate and relevant as possible for the entire coffee sector of Colombia, the third largest coffee producer in the world and the top producer of mild arabica coffee.

Country of Focus: Colombia

Key Performance Indicators:

| Indicator | Metric | Baseline | Project Target |
|--|--|----------|----------------|
| Participation in development or updating of living income/living wage studies | # Countries in which SCC members participate in the development of new living income/living wage studies | 0 | 1 |
| Steps taken to close the gap between established benchmarks and actual farmer households incomes/farm worker wages | # SCC members taking new and verifiable steps to close the gap on living income and living wage | 0 | 5 |
| Investments in activities at farm level to promote workers rights and well being | # coffee farm workers in SCC members’ supply chains who are provided training | 0 | 150 |



Please indicate how this project aligns with the 2025 Targets:

- Resilient supply
- Improve well-being & prosperity
- Strengthen market demand
- Conserve nature

The project will promote a resilient supply of Colombian coffee by improving both harvesting practices and worker retention – by providing workers with training and increased wages. The project will improve worker wellbeing and prosperity by carrying out a living wage and living income study and by leveraging the findings to inform the development of alternatives to piece rate pay that are mutually beneficial to farmers and farmworkers alike.

Project Status: New project planned to commence soon

Project Timeline: *Start date: September 1, 2021 End date: August 30, 2022*

Section 2: Partnerships

Involved Parties:

| Organization Name | Role in Project | Contribution |
|-------------------|-----------------------|--------------|
| Verité | Project Lead | In-kind |
| RGC | In-country partner | In-kind |
| Keurig Dr Pepper | International partner | Cash |
| SAI | Research Partner | In-kind |

Expectations for Partner Engagement:

Verité is seeking companies interested in co-funding the expansion of the Living Wage and Living Income study to new regions in the Colombian coffee sector to ensure that the study is as accurate and representative of Colombia’s diverse coffee sector as possible.

Deadline for partnership opportunities: 8/30/2021

Section 3: Funding

Project Costs:

| | |
|----------------------------|------------------|
| Total project costs | \$191,000 |
| Secured funding | \$61,093 |
| Funding needed | \$129,907 |

Explanation of Funding Use: Verité has secured \$61,093 in funding to cover a living wage/living income study in Antioquia and Caldas, through the generous support of KDP. This funding covers only the contract costs and expenses for field personnel to carry out the research and draft a report. An additional \$95,000 has been budgeted as an estimate to cover a similar study in Huila, Cauca, and Nariño. Additionally, \$34,907 has been budgeted to cover staffing costs related to managing the project, refining the research methodology, engaging with stakeholders, and finalizing the report findings from all research. The total budget for the project is \$191,000. Verité is therefore seeking \$129,907 in additional funding from committed companies interested in supporting the expansion of the study.

For more information on this project, please contact Quinn Kepes at gkepes@verite.org and Andrés Montenegro at amontenegro@verite.org