



## Sustainable Living Wage In Bangladesh Report

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## **THE SUSTAINABLE LIVING WAGE and THE REALITY THAT IS BANGLADESH**

There are many ways to look at Bangladesh. It is an inviting and enchanting country even while the levels of poverty are staggering. It is a country that has made great strides towards some of the UN Millennium Goals even while it has one of the highest levels of poverty in Asia.

Looking at the UN Millennium Goals as measurements of progress, Bangladesh has:

- increased gross primary education enrollment from 72% in 1980 to 98% in 2001
- eliminated the gender disparity in primary and secondary educational enrollment
- decreased infant mortality from 145 per 1,000 live births in 1970 to 46 per 1000 live births in 2005
- decreased early childhood mortality from 239 per 1,000 in 1970 to 77 per 1000 live births in 2005

However as of 2005, Bangladesh still had 36% of its population (150.4 million as of July 2007) living on less than \$1(US) per day and 88.2% of the population living on less than \$2 (US) per day. While significant progress has been made in reducing child malnutrition, the country still has one of the highest malnutrition rates in the world, with 51% of children under-5 underweight. Children in the poorest households are more than twice as likely to be moderately malnourished, and four times as likely to be severely malnourished, as children from the richest households.

The issue of “living wage” or Sustainable Living Wage as CREA has defined it must be seen in the contextual reality of each country as the country works to build a viable, competitive economy within the global workplace and marketplace. Workers work to improve their own lives and the lives of their family. Like parents around the world, they want something better for their children.

The underlying question for all living wage discussions should be: What standard of living does this wage allow or provide for? Unfortunately, too much of the discussion about wages gets mired in the quicksand of competitiveness of the factories, the companies and the brands. While that competitive reality is one lens through which the issues of wages must be examined, the other, equally important lens is that of the standard of living possible as a result of working, of working hard and working well.

Throughout the world, well-meaning persons and organizations spend millions of dollars each year in charitable efforts to address the results of poverty. As we examine the reality of Bangladesh (and so many other countries and communities) we need to ask ourselves how to make possible the systemic changes that are necessary to address the reality of poverty globally.

The work for a Sustainable Living Wage is about systemic change. It is about moving from charity to advocacy for policy change and then, as a result of that policy change, to the systemic change that will truly raise the standard of living of workers everywhere. As I often tell people in presentations, nothing is cheap. It is just a question of who pays the price. That is the central question for us as we read this report.

## INTRODUCTION

The Living Wage Study for the cities of Dhaka and Chittagong in Bangladesh was set up following the protocol of the Sustainable Living Wage Purchasing Power Index (PPI) methodology created by CREA (Center for Reflection, Education and Action) more than a decade ago. At that time, despite extensive discussion on living wages in many countries and communities, there was no clear definition of exactly what was meant by the term.

The PPI methodology was created to provide a standardized methodology that could be used any place in the world after a specific process of acculturation which is an integrated component of the process.

The PPI methodology is based on the concept of purchasing power earned and therefore available to the workers and their families for expenditures. It is *not* a measure of budgeting, that is, how one spends money. Cost of living and budgeting are not the same. One cannot budget what one does not have. One cannot budget what one cannot earn in the normal work week, that is, not counting on overtime. This is an important distinction because in the minds of some, a poor standard of living results from not budgeting or stretching your money well enough. What we will clearly demonstrate, using the PPI methodology, is the purchasing power available to workers in Dhaka and Chittagong.

In order to clarify the discussion and also to make possible the calculation of a living wage, CREA created a set of five definitions related to wage and income levels. This was done because we realized that there were no clear and precise definitions of living wage, despite all the discussions and negotiations on the topic. The Sustainable Living Wage standard is not merely about keeping people alive. Rather it is a standard that is reflective of the inherent dignity of each and all human persons. In addition, when we are discussing a Sustainable Living Wage (SLW) we are talking about an amount in each geographic location that allows the worker and his/her family to attain a specific standard of living.

The PPI methodology uses the concept of purchasing power as the basis for the calculation of the SLW. It uses work time required for purchase as the unit or “price” of each item. Essentially, the PPI methodology requires that each and all of the required items are affordable as a result of the normal work week. That is what makes it a “living wage” or, as we would normally call it, a sustainable living wage.

Translation of the costs of living in any country or location into any currency involves distortion. For example, the translation of costs in Bangladesh into US dollars or into Euros makes the cost of living in Dhaka or Chittagong seem artificially inexpensive. For those of us who earn dollars or euros in the US or in Europe, the cost of items Bangladesh is very inexpensive and seems cheap. This can make it harder to understand the living reality of workers in another country or another culture.

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A minimum wage, in any country, is the lowest amount that it is legal to pay a worker within a country or a state within a given country. It is important to see the minimum wage only as a base level for payment to workers. In some countries a minimum wage amount is tied to specific regions of the country or to specific industries. The minimum wage amount is determined by the government of the country, state or region, depending on the country.

It is important that the minimum wage be seen as just that: the minimum that can be paid. Discussions concerning wages can sometimes seem to imply that if what is being paid is the legal amount, then to pay more than that legal minimum would somehow be illegal. That is simply not true.

When wages and income are translated into purchasing power, we are able to see the relationship between the money one has and what needs to be bought. Because purchasing power brings together these two components, it automatically demonstrates the effects of inflation on the lives of workers and their families.

The use of time as the unit of measurement allows for three important types of comparison:

Trans-national: Comparison between countries - Cost of 1 kilo of rice in minutes of purchasing power (Initial data collected in 1996)

Jakarta, Indonesia	93 minPP
Matamoros, Mexico	35 minPP
Port au Prince, Haiti	106 minPP

Trans-cultural: Comparison between different cities or between urban and rural areas.

Cost of 1 kilo of rice in minutes of purchasing power (minPP)

Data from *Making the Invisible Visible: Mexico in 2000*

Note: These cities are located in the different minimum wage regions in Mexico. Each region has a different minimum wage as established by the Mexican government.

Matamoros, Mexico	67 minPP
Reynosa, Mexico	87 minPP
Nuevo Laredo, Mexico	70 minPP
Ciudad Acuna, Mexico	81 minPP
Juarez, Mexico	56 minPP
Tijuana, Mexico	89 minPP
Monterrey, Mexico	82 minPP

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Trans-temporal: Comparison over time.

Cost of 1 kilo of rice in minutes of purchasing power (minPP) in Matamoros, Mexico

1994	34 minPP
1998	38 minPP
1999	67 minPP
2002	76 minPP
2003	83 minPP
2006	92 minPP

This last is especially important because it allows us to calculate the purchasing power effects of wage increases.

IF WAGES:	AND IF PRICES:	THEN PURCHASING POWER	WORKERS EXPERIENCE
Stay the same	Stay the same	Remains the same	No change
Increase	Stay the same	Increases	Raising of the standard of living
Increase	Increase at same rate	Remains the same	No change
Stay the same	Increase	Decreases	Decrease in the standard of living

## **DEFINITIONS of WAGE or INCOME LEVELS**

### Marginal Survival Wage or Income:

does not provide for adequate nutritional needs  
prevents starvation, but malnutrition, illnesses and early deaths are the result.

### Basic Survival Wage or Income:

meets immediate survival needs, including basic food, used clothing, minimal shelter, fuel for cooking, crisis health care.

### Short Range Planning Wage or Income

meets basic survival needs  
provides small amount of discretionary income for minimal planning and setting aside for occasional purchase of needed item.

### Sustainable Living Wage or Income

meets basic needs, includes health care and education, and allows for savings  
allows for setting aside of savings for future purchase of items and meeting of needs  
provides ability to participate in culturally required activities such as births, weddings, funerals, etc.

### Sustainable Community Wage or Income

provides enough discretionary income to enable workers to support development of small businesses in the community, and community cultural and civic needs.

## ADVANTAGES OF THE PURCHASING POWER INDEX

The Purchasing Power Index:

.....is transparent and easily understood.

.....factors in effects of inflation, and effects of changes of wage and/or prices.

.....allows inclusion of the benefit of wage additions such as subsidies, benefits, bonuses and any other additions to income by deducting the cost of any items these additions supply from the total income needed by the worker. Care must be taken not to presume that a specific wage/benefit addition item takes the place of income needed for other essential items. Employers, not employees, decide upon wage addition items. The items may or may not supply life essentials to workers and their families.

.....allows for geographical specificity, while providing a clear methodology for comparison between geographic locations.

.....provides the data to track the effect on workers' purchasing power of jobs being moved from one area to another or from one group of workers to a new group in another country.

.....allows for specificity and comparison over time. Future studies can provide data in the same form: minutes of purchasing power required (minPP.) The minPP reveal the progress or decline of workers in their struggle to meet basic needs.

.....is inclusive of foods and other items particular to any group within any local population, because it is based on actual shopping.

.....allows for the cost of community or cultural demands in a worker's life to which s/he is required to contribute.

.....is based on affordability, not what is chosen for purchase. It states what is possible in terms of the purchasing power accruing as the result of a normal workweek.

.....removes the question of judgment of values involved in decisions as to how one spends one's money.

.....creates a means of comparing the purchasing power earned by workers/employees at different wage levels, including management wage levels.

.....allows comparison of the effects of wages paid by different employers whose workers do the same work.

The Purchasing Power Index uses set standards for determining the Sustainable Living Wage in each country and community where the standards are applied. The standards have been set for the following categories:

- Housing and related costs
- Nutrition
- Water – both potable and non-potable
- Personal hygiene and basic health care
- Non-consumables
- Clothing
- Transportation
- Education

### **HOUSING AND RELATED COSTS**

Housing and related costs are often the highest costs to the worker and the worker's family. These are costs that **MUST** be paid if the family, no matter how large or small, is going to live and function as a unit. There are numerous aspects to evaluating these costs that need to be examined in order to determine their relationship to the creation of a Sustainable Living Wage standard for any city, town or community in any country.

Discussion of housing for workers requires that we set the context for the reality in which many, if not all, workers live. Words or expressions such as apartment, owning one's home, home under construction, living rent-free convey to the average person living in the US or in Europe a sense of established living in well constructed housing units. For most workers in Bangladesh, a different understanding of homes and houses is needed.

The underlying question is the following: What should housing provide? This needs to be followed by a second question: For whom? Often there is an underlying assumption that as long as people are living in a situation that is better than what they had before OR allows them to be in a process of bettering conditions for themselves and their families, this is sufficient. Why should that be? Does not every worker, in return for a decent week's work, have the right to a decent standard of living?

For the Sustainable Living Wage, specific standards have been established. Whether the homes are in Dhaka or Chittagong or any other city, town or community, the standards that a home should provide are the same. The housing standards include many of the ordinary requirements for housing that are taken for granted in other parts of the world. While many workers live in homes that do not provide all of these items, that is from financial necessity rather than choice. Therefore, the standard for housing will be the cost of living spaces able to meet the standards that follow.

## **SUSTAINABLE LIVING WAGE STANDARDS FOR HOUSING**

A house should provide:

Shelter from the elements. This includes walls, roof, and a floor.

Protection from public exposure. This includes a door that locks as well as solid walls.

Ventilation. This includes windows that can open and shut.

Sufficient, accessible water for laundry, sanitary needs, and general washing of household items.

Adequate space to provide sleeping spaces for all members of the family as well as sufficient living space to be sheltered from rain and/or extreme heat when necessary.

Space for cooking.

Space for bathing.

Space for meeting sanitary needs so that there is no risk of contamination.

### Lighting

Depending on where one lives, what one is doing, the time of day, etc., lighting may come from electricity, kerosene lamps, candles or other sources. Because electricity is the preferred form of lighting, the cost of electricity will be used for the PPI standard.

### Cooking: fuel and stoves

Different homes have different types of fuel. Propane gas, wood and charcoal were some of the fuels used for cooking. Cooking requires a stove of some sort. Propane requires propane tanks to be hooked to the stove. Each of these has costs, some of which are on going and some that are a single time expense with repair or replacement expenses not usually part of the weekly expenses that must be met.

## **WATER: POTABLE and NON-POTABLE**

Two forms of water are necessities: potable and non-potable. All the water that is piped into dwellings is non-potable. Bottled water, potable or drinking water, must be purchased specifically. It is a cost that many cannot afford. Regular piped water, provided as part of municipal services, must also be paid for unless another water source is available.

Water for sanitary purposes is another cost. Water needs to be sufficient for personal hygiene, for laundry, for household cleaning. Without sufficient water, a healthy standard of living is not possible.



### **SUSTAINABLE LIVING WAGE STANDARD FOR WATER**

Non-Potable – 20 liters per day per person  
Potable – 2.0 liters per day per person in temperate climates  
4.5 liters per day per person in hot climates

### **SUSTAINABLE COMMUNITY WAGE STANDARD FOR WATER**

Non-Potable – 50 liters per day per person  
Potable – 2.0 liters per day per person in temperate climates  
4.5 liters per day per person in hot climates

*“All citizens should have access to resources sufficient to meet their basic needs and live a dignified life. Clean water is part of the social minimum, with 20 liters per person each day as the minimum threshold requirement. “*

*Human Development Report 2006*

*“Everyone has the right to a standard of living adequate for health and well-being of himself and his family, including food...”*

*Universal Declaration of Human Rights, Article 25(1)*

*“Promoting the improvement of nutrition (article 2) is among the highest ways that WHO can achieve its objective, “the attainment by all peoples of the highest possible level of health.”*

*Constitution of the World Health Organization, Article 1*

*“The States Parties to the present covenant recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing...”*

*International Covenant on Economic, Social and Cultural Rights, Article 11*

*“The right of everyone to have access to safe and nutritious food is consistent with the right to adequate food and the fundamental right of everyone to be free from hunger.”*

*Rome Declaration on Food Security, World Food Summit, 1996*

*“Access to nutritionally adequate and safe food is a right of each individual.”*

*World Declaration on Food, Rome, 1992*

## **SUSTAINABLE LIVING WAGE STANDARDS FOR NUTRITION and OTHER CONSUMABLES**

It is therefore appropriate within the context of the PPI to work from a standard that will look at the cost of food from the perspective of meeting the nutritional needs of workers and their families within particular cultural settings. In order to do this, it is necessary to distinguish the roles that food plays in preventing hunger, in providing adequate calories and/or in providing good nutrition. To prevent hunger is relatively easy. For example, sugar water, taken at intervals, will still the appetite and prevent the sensation of hunger. What is really happening is that the person will not have the sensation of being hungry. In poor families in many parts of the world, including the United States, it is not uncommon to see bottles of sugar water being fed to infants to still their hunger pangs and get them to sleep. (Giving Kool-Aid to children is another example of this approach to hunger.) While this provides momentary relief from the sensation of hunger, it does nothing to assist the body in attaining the calories it needs for survival for the day. (The exception being the few calories provided by the sugar in the sugar water.)

Caloric intake necessary for growth is a well-documented concept with standards existing for caloric need for all age groups, according to gender. The caloric intake standards used for the PPI are taken from the standards created by the US Department of Agriculture's Center for Nutrition and Promotion in their Dietary Guidelines for Americans 2005.

The PPI uses the standard of nutrition rather than calories. This is an important distinction. A person can achieve appropriate caloric intake through the consumption of carbohydrates. This food group is usually the cheapest form of food, it is usually the most readily available anywhere, and oftentimes what is termed "junk food" or "quick food" is high in carbohydrate content. To meet caloric needs in this way is not a health appropriate form of consumption and does not meet the nutritional standards described by the WHO or the other international covenants and agreements set forth above. The standard of nutrition assumes an appropriate balance of protein, fruits and vegetables, carbohydrates, potable water as well as sources of vitamins and minerals necessary for good health for anyone, anywhere.

Some might raise the question of the appropriateness of using nutrition standards from the US for persons and families from another country. Let us be very clear that what we are saying is that healthy nutrition standards are just that, healthy nutrition standards, and that the same standards of health need to be applied to all peoples. What will differ are the foods that are used to meet those standards. Those foods will be culturally appropriate both in terms of form and content. But the need for adequate protein, fruits and vegetables, carbohydrates, unsaturated fats, etc. remains the same for all.

Some might argue that this will require a change in eating patterns on the part of workers and their families. The only appropriate response is that much of what is seen as eating patterns is determined by access to food and the monies to purchase that food. The purpose of the PPI is to determine what income is necessary to allow for the purchasing of foods that provide adequate nutrition. How that food is prepared and served is up to the workers and their families.

### NUTRITION AND CALORIC INTAKE

Using the nutritional standards established by the U.S. Department of Health and Human Services and the U.S. Department of Agriculture, the following energy (through calories) intake is the standard for the PPI:

CATEGORY	AGE	Calories per day for moderate activity	Calories per day for heavy activity
Children	2-3	1400	
Females	4-8	1600	1800
	9-13	2000	2200
	14-18	2000	2400
	19-30	2200	2400
	31-50	2000	2200
	51+	1800	2200
Males	4-8	1600	2000
	9-13	2200	2600
	14-18	2800	3200
	19-30	2800	3000
	31-50	2600	3000
	51+	2400	2800

The nutritional guidelines by food groups are as follows:

**Nutrition Guidelines (USDA)**

Food Group	(2000 calories)	(2400 calories)	(3000 calories)
Fruit	2 cups	2 cups	2.5 cups
Vegetables	2.5 cups	3 cups	4 cups
Grain	6 oz	8 oz.	10 oz.
Meats/Beans	5.5 oz.	6.5 oz.	7 oz
Milk	3 cups	3 cups	3 cups
Oils	27 grams	31 grams	44 grams
Solid Fats/Sugars	35 grams	47 grams	66 grams

**HEALTH and HYGIENE CONSUMABLES**

There are other consumables that are part of a healthy lifestyle. While everyone is concerned with nutrition and calories, these can often be overlooked. Consumables such as soap, toothpaste, laundry detergent, sanitary napkins, shaving equipment, etc. are part of healthy lifestyles and are considered commonplace items. A sustainable living wage has to provide for these and the other similar items, many of which are often overlooked when considering a sustainable living wage.



## CLOTHING

The Sustainable Living Wage Standard for clothing is as follows: Each member of the family needs to have sufficient clothing so as to be appropriately dressed for school, work and social occasions. This standard requires sufficient numbers of each article of clothing, recognizing that members of the family work. While traditionally, the men in Bangladesh work and the women tend to the home, this continues to change as women work in factories and in many professions. Clothing for children requires adaptation for growing. In addition, during the rainy season, clothing does not dry as quickly when hung up to dry, therefore requiring sufficient clothing for cleanliness.

Pricing was done for individual clothing items for men, women and children. These prices were then assembled into sets for each groups.



## TRANSPORTATION

Transportation is required for several aspects of every day life. Rickshaw travel is the norm in Bangladesh with the cost dependent on where one is going. Transportation may be required for work, for shopping, for health care. In some cases, workers receive subsidized transportation provided by the specific factories for which they work or by a specific EPZ zone. However transportation for shopping and to meet other needs still remains a cost for which sufficient purchasing power is required.

Since the normal workweek is 6 days, 12 trips must be paid for as part of the Sustainable Living Wage (SLW). In addition, the SLW budgets at least one round trip for shopping and meeting other family needs.



## NON-CONSUMABLES

The transformation of a house into a home requires more than just walls, floor and roof. There are basic articles needed for bedding, personal cleanliness, cooking, eating, cleaning and laundry that transform any space into a home. We recognize that these are not items that are purchased all at once. However, anyone who has set up an apartment for the first time knows the myriad items that are needed to be “at home” in a given space. We also recognize that these items, once bought, do not have to be replaced on a frequent basis. However, this list is presented as a relatively minimal list of items needed. There are many other items that, when funds are available, help to enrich the lives of workers and their families. These include simple tools such as hammers, screwdrivers, nails, etc. that assist the worker and the worker’s family in the gradual transformation of the house into a home.

Bedding: For the purpose of this study, the following assumptions have been made.

- 1) Sleeping should not have to be done on the floor or the ground.
- 2) Sleeping requires some sort of bed and bedding.
- 4) Children should sleep separately from their parents. This requires separate sleeping sites (beds) for children.

Personal Cleanliness: Towels are necessary for bathing. As a standard, one towel and washcloth should be available for each person in the family. In addition, among the consumables, items such as soap, toothpaste, laundry detergent, and other items for personal hygiene are necessary.

Cooking Utensils: Basic cooking items include the following: large cooking pot, frying pan, large knife, spatula and cooking spoon. In addition, bowls to mix and prepare foods are necessary. There are other items of varying sizes that families use, but the items listed are basic necessities.

Eating Utensils: For each person in the family, there should be a plate, bowl, cup or glass, as well as eating utensils, including knives, forks, small and large spoons. In addition, a large bowl for setting out food is helpful.



## PRICING LISTS

CREA has developed core pricing and interview categories for housing and related costs, food, clothing, household items, school costs, etc. These core lists are specifically adapted for each country and community at the start of the project. The lists for the Bangladesh PPI project were reviewed by members of the HSI team as well as a representative from the local CSCC office. In addition, the field team members were free to add items that were named by interviewees during the study interviews. In this way, the lists were kept as culturally applicable as possible.

The PPI study for each of the cities required the gathering of data in the following categories.

Consumables: These include fruits and vegetables, bread and grain products, dairy products, meat and fish, and health and hygiene products. These items were priced in a range of local markets.

Non-consumables: These are household items that are generally used. They would need to be replaced on an as-needed basis. These items were priced at the open markets, and other places where workers shop.

Clothing: Standard items for men, women, children and babies were priced. Prices were collected for new clothing in markets where the workers shop.

Housing: The housing interview sheet includes the costs for housing, propane gas for cooking, electricity or other light source, as well as building materials, transportation to and from work and shopping, land use taxes and other related expenses. These prices were gathered during actual interviews with workers and their families.

Education: These items include uniforms, fees (even in the government run schools), textbooks and supplies.

Water: This includes both potable and non-potable water.



NOTE: See page 16 in this report for rationale for buying potable water



Basic Health Care: Includes both services and supplies

## THE WATER SITUATION IN BANGLADESH

Many of the interviewees reported that they get their water from “tubewells”. In some instances, they reported that the water is unlimited and they do not have to pay for it. When asked whether the water was drinkable, some said yes while others said no. Seeking to understand more about these “tube wells” as a specific type of water source, we began an extensive search for information regarding this type of water delivery system. The information we found is startling.

Until the early 1970’s, the more than 100m million inhabitants of Bangladesh and India got their water from rivers and ponds as well as shallow hand dug wells. Starting in the early 1970’s, international aid groups have dug thousands of tubewells throughout Bangladesh and India in an effort to provide water for community members that would not be plagued by the pollution that has historically been the source of cholera and other intestinal diseases in these countries. The tubewell is a simple structure, a set of steel pipes attached to a hand pump. Thousands of these tubewells were installed by UNICEF, the World Bank and Britain's Overseas Development Administration and other well-meaning organizations in an effort to provide an alternative source of water.

Starting in 1997, there were credible reports of high levels of arsenic in the water supplied by these tubewells. Arsenic levels of 50 parts per billion, 5 times the World Health Organization's recommended tolerance levels for arsenic. There are numerous wells throughout the country where the arsenic levels have been as high as several hundred times the recommended tolerance levels.

The arsenic in the tubewell water has been found to occur naturally in the fine alluvial sediments of the Ganges delta. Prior to the installation of the tubewells, the arsenic had lain undisturbed in the deep mud of the area. A curious finding during the early months of describing the situation was that the deeper tubewells were more likely to be pumping arsenic laden water while more shallow wells were more likely to be pumping cleaner water from relatively recent rainfall.

There are numerous credible articles on the situation in Bangladesh and nearby areas in India. These can be found by doing simply internet searches after typing in “tubewells Bangladesh” in the search engine.

For the sake of the Sustainable Living Wage calculation, this water situation poses a definite conundrum. The obvious response is to say that all water used for cooking and drinking should be bottled water to ensure protection from the possible arsenic contamination. Our review of the interview data made obvious the reality that few workers can afford to buy potable water.

*Our recommendation for the Sustainable Living Wage is that the cost of buying sufficient potable water be included.*

The exception would be where the original tubewells have been replaced to guarantee access to safe and healthy water.

### DATA SOURCES: WHERE WE PRICED

Pricing was carried out also at markets in different sections of Dhaka and Chittagong. Where markets had many stands providing the same items, pricing was done at as many stands as possible.

Markets provide fresh fruits and vegetables, meats, other foodstuffs as well as household articles. At other market stands, articles for personal hygiene are often found. The market stands vary in size and permanence depending on the city or town in which they are located. The following photos illustrate the variety of vendors and their stands.



## METHODOLOGY

The established methodology of the Purchasing Power Index research was used to calculate the Sustainable Living Wage for Bangladesh.

### Stage 1: Choosing local partner

CREA always works with local partners for several reasons.

There is the need for the translation and acculturation of the PPI materials including the pricing and interview sheets. The translation takes place in two dimensions.

First, there is the inclusion of items such as local fruits, vegetables, sources of protein, etc. in the appropriate sections in the pricing and interview sheets.

Second, the pricing and interview sheets need to be translated into the local language, in this case, Bengali or Bangla (both terms are considered appropriate).

HSI or Health Solutions International was our partner organization for this project. HSI provided a local coordinator as well as pricing and interview teams for both Dhaka and Chittagong.

### Stage 2: Translation and Acculturation of Pricing and Interview Sheets

This work was done prior to the commencement of the on-the-ground stage of the project in Bangladesh. The pricing and interview sheets were written in both English and Bengali to ensure clear communication between all members of the project team. The pricing sheets received their final review when the Team met the first day in Dhaka.

### Stage 3: Day 1: Training in Dhaka for the Pricing and Interview Team Members

Upon the arrival of Dr. Ruth Rosenbaum, Executive Director of CREA and Project Leader, on June 11<sup>th</sup>, meetings were held to discuss the PPI methodology and the pricing and interview planning. Based on the advice of the local HSI team leader, the decision had been made to have each pricing and interview team consist of one male and one female member. This decision was made based on the Bengali custom of having the male members of the family do the market shopping. This is in direct contrast to common practice in many other countries where anything related to food purchase and preparation is relegated to the women of the family. It is an excellent illustration of why it is so important to have local partners who are members of the local culture.

The training meeting with the local coordinator and the local pricing and interview team was held on Day 1 in Dhaka. The meeting provided sufficient time for a complete orientation to the PPI methodology, the Sustainable Living Wage standards, interview techniques, etc. We discussed the range of market types and places where pricing would take place, appropriate weights and measures for the pricing, etc. We also discussed the purpose of the project from the point of view of usefulness to Bangladesh.

We agreed to meet each day at the end of the day in order to review the data gathered from the pricing and the interviews. This was especially important in order to immediately address any issues that might have arisen during the day.

The last topic was a review of the photos that would be needed for the project in order to illustrate the reality of the Bangladeshi worker and his/her lifestyle. A list of all relevant photo topics was made as well as possible sites for the photos. We wanted to make sure that the photo locations would coordinate with the locations of the pricing and interviews.

### Stage 4: Pricing in Dhaka and Chittagong

Pricing data collection and interviews were conducted during the next days. Meetings were held each evening to review the data and assess progress each day. Daily review of the data with the pricing team prevented any pricing or interview anomalies. Questions, clarifications, ideas for any in depth pricing needed were immediately addressed.

Pricing was done at 15 locations in Dhaka and an additional 15 locations for Chittagong or each category on the pricing lists. This gives us a total of 30 prices for each item priced.

The heavy rains and the resulting extensive mudslides in and around Chittagong required some timing changes for the data collection in Chittagong. Because the team was local to the city, we were able to make use of their knowledge of the city during this time when the city was trying to address the damage from the mudslides and attend to the victims (186 confirmed dead) and their families.



### Stage 5: Interviews in Dhaka and Chittagong

There are two sets of interview data. The first set was done by CSCC staff during their regular interviews with workers in the factories. There are 175 of these interviews during which data was collected using a shortened interview list of questions. These questions covered the costs of rent, electricity, water and related housing costs as well the size of families, the number of family members working, family members in school, etc.

The second set of interview data was collected by the pricing and interview teams in Dhaka and Chittagong. These interviews were not limited to factory workers although some of those interviewed were, in fact factory workers.

People were interviewed in the markets, in their homes, on the streets, etc. Interviewees were all voluntary. The names of interviewees were not collected to maintain their privacy.

### Stage 6: Processing the data from Dhaka and Chittagong

Following the days of data collection, the data was entered into Excel spreadsheets. The original sheets were double checked to make sure all the data was entered correctly.

The data for each item and then each category of item was then analyzed for high, low and average prices and/or costs.



The data for each category was then analyzed as follows:

Housing:

Rent: The average cost for rent

Electricity: The average cost for electricity

Cooking Fuel: Average cost

Water: Average cost for water, separating the cost of potable and non-potable

Nutrition/Food:

For each food group, the cost was calculated as the average of the average price and the lowest price since shoppers know where the best prices can be found and have choice of purchase site. We did not use the lowest price because that is not always available.

Meals were then constructed.

Other Consumables:

Following the decisions made for the food items, the average of the average and lowest prices were used for each category of items.

Clothing:

The average cost of 3 sets of clothing for each adult and 5 sets of clothing for children were calculated. The higher number of sets for children is based on the reality that children grow throughout the year as well as have more “wear and tear” on clothing.

Transportation;

The average cost of 6 round trips to work was included.

Non-Consumables:

An annual amount was set aside for savings for non-consumable items. This annual amount was divided by 12 to be calculated as part of the monthly sustainable living wage.

Education:

Primary education in Bangladesh is provided by the government. However families still need to pay for uniforms (where required) and school supplies. The education costs include school fees, clothing (uniforms) and school supplies. The average of the education costs as reported during the interviews was calculated.



## Bangladesh Sustainable Living Wage Report

Food Category	Weekly Cost	Monthly Cost
Fruit	80	347
Vegetables	120	520
Grains	49	212
Meats/Beans	138	598
Milk	218	945
Oils	77	334
Fats and sugars	30	130
<b>Total Monthly Food Costs</b>		<b>3086</b>

CATEGORY	High	Low	Average	Average per Month
Housing:				
Rent (per month)	3200	450	1585	1585
Cooking Fuel (per month)	1200	100	366	366
Electricity (per month)	1000	80	256	256
Water:				
Potable Water (per week)	130	90	99	429
Non-Potable Water (per month)	350	120	199	199
Other Consumables (per week)	118	5	37	160
Clothing (per year)	5510	3277	4561	380
Education (per year)	4000	45	724	60
Transportation (per week)	120	60	90	390
Non-Consumables (set aside per month)				250
Total Monthly Food Costs (from table above)				3086
<b>Total Costs per Month</b>				<b>7161</b>

## WAGES in BANGLADESH

The standard work week is calculated as follows:

$$\begin{aligned} & 30 \text{ working days per month—4 week-end days (days off)} \\ & = 26 \text{ work days X 8 working hours/day} \\ & = 208 \text{ work hours per month} \end{aligned}$$

At the present time, the minimum wage in Bangladesh is 1100 Taka per month. This is an increase from the 930 Taka that was the monthly minimum prior to October when the government mandated the increase. In addition, workers receive from their employers a housing allowance that is equal to 30% of the basic (minimum) wage. There is also a 200 Taka monthly medical allowance added to the wages paid to the workers.

BASE wage	=	1100.00 Taka
Housing, Medical & Other Allowances	=	562.50 Taka
Gross Wage (per month)	=	1662.50 Taka

The Gross Wage (Base Wage + Housing Allowance + Medical Allowance) is used as the basis for comparison with the Sustainable Living Wage. Some might argue that it should be based on the base wage, however since the housing and medical allowances directly address or provide for components of the standards for the Sustainable Living Wage, the comparison is done with the Gross Wage.

In contrast, overtime and what it might provide, is never included in the Sustainable Living Wage calculations for several reasons. First, that work is exactly what its name implies, it is over and beyond regular work. Second, the availability of overtime can vary extensively. The ability to meet the Sustainable Living Wage standards should not be determined by whether or not overtime is available.

Overtime, when available, is paid at double the hourly rate. Overtime is calculated as follows:

$$\frac{\text{BASE Wage}}{208 \text{ monthly work Hours}} \times 2 \times \text{Actual OT hours} = \text{OT wages per month}$$

Wages in factories vary greatly. In general, wages in factories located in the EPZ are higher than factories located in the cities themselves. Within individual factories, wages also vary greatly based on the skills of the individual workers and the job or position the worker has. The issue of not enough trained, skilled workers is a continual challenge for the factories.

In one factory, some workers were paid as much as 5,000 Taka monthly as their base wage because of the skills and experience they had. In addition, in efforts to attract and keep skilled workers, factories offer bonuses such as the following:

Attendance bonus (monthly) = 150 Taka  
Bonus if only 1 absence = 100 Taka  
2 or more absences = no attendance bonus for the month

**Maternity Benefits:**

There are 16 weeks of maternity leave which is calculated as follows:

$$\frac{\text{Last 3 months worked}}{\text{Actual days worked}} = \text{Monthly Maternity Benefits}$$

Festival bonuses = 100% of Base Wage

Major medical payments if needed by worker are paid in full by the factory

Gifts of fruit and beef at varying times during the year

**COMPARISON OF SUSTAINABLE LIVING WAGE and GROSS WAGE**

Sustainable Living Wage (paid monthly) = 7161.00 Taka

Gross Wage (paid monthly) = 1662.50 Taka

**Gross wage = 23.2% of Sustainable Living Wage**

## MOVING FORWARD

The purpose of this study was to determine what would be a “Sustainable Living Wage in Bangladesh. The study focused on the cities of Dhaka and Chittagong since that was our mandate when the study was first commissioned.

The Study tells us the following:

1. The Sustainable Living Wage for anyone in Dhaka or Chittagong no matter the type or place of work where the wage is earned.
2. Provides a comparison between the Sustainable Living Wage and the Base and Gross wages paid to workers in the garment sector.
3. How far the industry has come in addressing the needs of workers at the same time as attracting competent workers with the skills necessary for a competitive garment industry.

The study invites us to think about the following:

1. Although it has made tremendous strides in the past decade, Bangladesh continues to have one of the highest rates of poverty in Asia.
2. The garment sector, as it seeks to expand, provides a viable industry for employment.
3. The Bangladesh garment industry must import all the materials needed for the industry including, but not limited to, cloth, accessories, etc.
4. The Bangladesh garment sector must be competitive with the garment industry in other countries in order to survive and continue to provide employment at sufficient wages for the workers.

So where do we go from here? As we wrote at the beginning of the study:

“The issue of “living wage” or Sustainable Living Wage as CREA has defined it must be seen in the contextual reality of each country as the country works to build a viable, competitive economy within the global workplace and marketplace. Workers work to improve their own lives and the lives of their family. Like parents around the world, they want something better for their children.

“The underlying question for all living wage discussions should be: What standard of living does this wage allow or provide for? Unfortunately, too much of the discussion about wages gets mired in the quicksand of competitiveness of the factories, the companies and the brands. While that competitive reality is one lens through which the issues of wages must be examined, the other, equally important lens is that of the standard of living possible as a result of working, of working hard and working well.

“The work for a Sustainable Living Wage is about systemic change. It is about moving from charity to advocacy for policy change and then ,as a result of that policy change, to the systemic change that will truly raise the standard of living of workers everywhere.”

## Bangladesh Sustainable Living Wage Report

No one Brand can do this by itself. But we need to remember that Brands, both individually and acting together as an industry, have brought about improved standards for working conditions, for environmental impact, for occupational health and safety. These changes also were not easy ones.

If we believe in the inherent dignity of the human being, if we believe in the Declaration of Human Rights, if we believe that change is possible, then we will find ways to work together to address the sustainable living wage issue for workers.

Yes, there are obstacles. And yes, it will cost money to do so. But we must remember that every other improvement on which Brands have worked in order to bring about improvement has also cost...and yet it was done and continues to be done.

We acknowledge that the issue of sustainable living wages is one of the most difficult to address. But it is not impossible.





