

CLOSING THE LIVING WAGE GAP 2022 - 2025

Baseline Impact Study 2022

Terms of Reference – Request for Proposals



**RAINFOREST
ALLIANCE**



ABOUT THE RA RAINFOREST ALLIANCE

Rainforest Alliance's (RA) mission is to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices, and consumer behavior. We work at the intersection of business, agriculture, and forests. Rainforest Alliance's Sustainable Agriculture Standard and Certification Program are tools for advancing best practices for land use, farm management, and the stewardship of natural resources. Our aim is to transform the way businesses operate, both at farm level and along value chains.

LIVING WAGE & THE RA 2020 SUSTAINABLE AGRICULTURE STANDARD

Farm workers are one of the occupational groups with the highest incidences of extreme poverty. The main reason for this is persistently low wages. These low wages are built into existing business models and minimum wages are often set too low to protect workers from falling into poverty. This is exacerbated by the high levels of informality and low labor rights protection that are prevalent in many agricultural supply chains.

In our 2020 Certification Program, we are going further to achieve living wages for agricultural workers through the introduction of several innovations that allow farmers to assess the gap to a living wage and measure progress. We are also promoting a shared responsibility approach that encourages companies to do their part as well. Our approach to living wage is aligned with the UN Guiding Principles for Human Rights and Business, which states that the right to earn a living wage is protected as a fundamental human right, and the realization of this right is a shared responsibility of states and businesses. Through the introduction of several innovations in our standard, we theorize that we help certified farmers (certificate holders, CH) and supply chain actors (SCA) to **discover** and **bridge** the gap between prevailing wages and living wages. Several aspects/innovations of the 2020 certification program which are relevant for this study are:

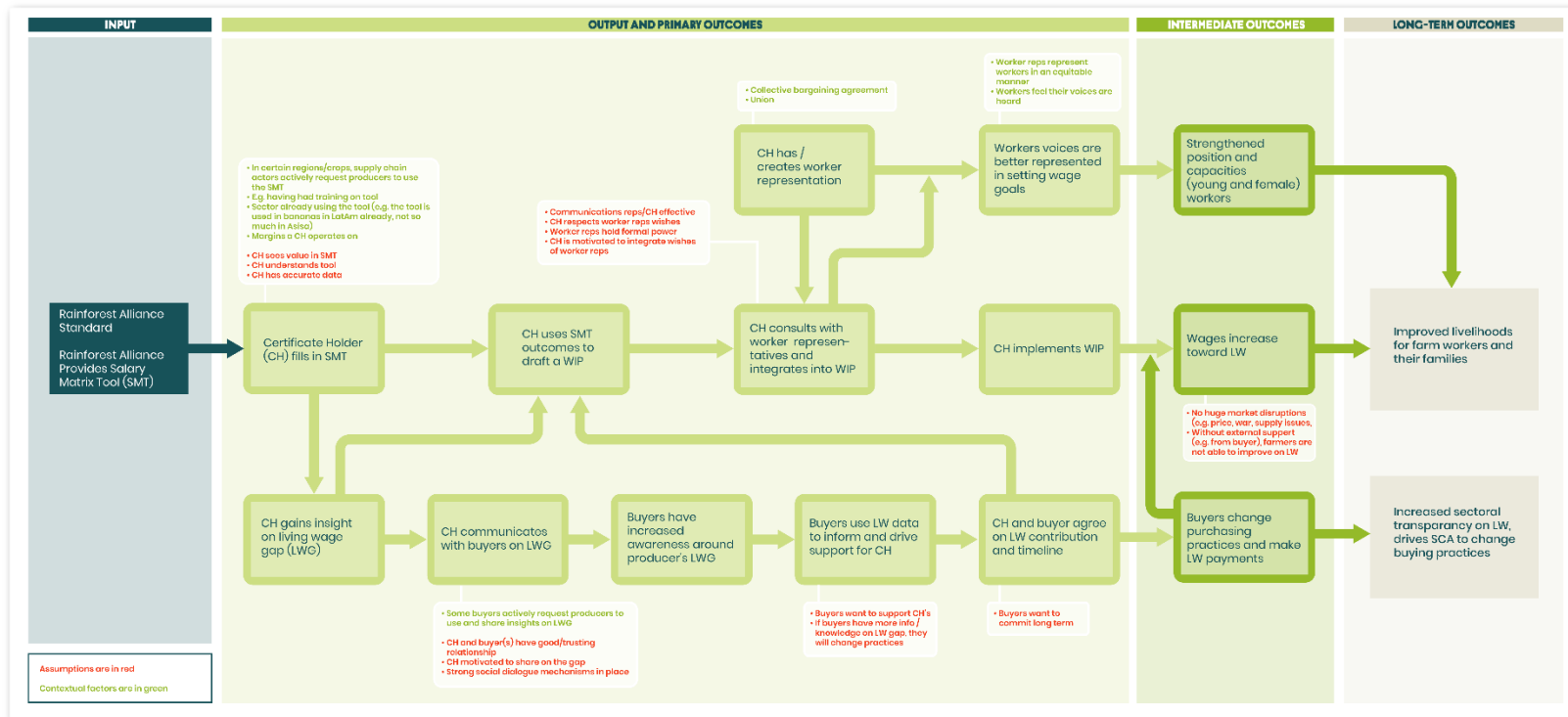
- All workers must receive at least the minimum wage in their country and be afforded all the protections under the International Labour Organization Conventions and Recommendations that set out basic principles and rights at work.
- Farms (excluding small farms) must track the total payment (wages plus cash and in-kind benefits) made to all workers yearly and compare it to the applicable **living wage benchmark** using the **salary matrix tool (SMT)**. The tool uses aggregated data and compares it to the applicable living wage benchmark to determine the gap to a living wage for all types of workers at field and factory level.
- If the total amount of compensation is below the benchmark for any type of worker, farm management, in consultation with worker's representatives, will need to implement a **wage improvement plan (WIP)**.

We posit that this approach will help farmers understand their actual labor costs and develop an informed and practical strategy to increase wages together with workers. Additionally, the approach should create transparency on the gap to living wage at various levels in the supply chain. Compared to the 2015 UTZ Code of Conduct and 2017 RA Sustainable Agriculture Standard, the new standard is more rigorous in terms of data collection and monitoring.

LIVING WAGE THEORY OF CHANGE

RA theorises that through using the RA standard tools, CHs will gain insight on the living wage gap of their workers. CH are expected to create a WIP in consultation with worker representatives. By doing so, we expect CH will be more ambitious in their plans to close the gap. In addition, the goal of the requirement for consulting workers is to raise their voices in the process. Here, contextual factors such as unionization and labor rights are expected to be of significant impact.

CH are not expected to be able to close their living wage gap within the current buying practices of SCA and will need their support long term. SCA are more willing to support producers if they know what their investments are buying into. We assume that if CH are willing to share (partly) their insights on the LW gap with their buyers, this will change the purchasing dynamics, as both parties are better informed and involved. In that sense, increased transparency is both a long-term impact as well as a means to create impact, namely of buyers adjusting their purchasing practices.





At the same time, RA's certification system may also have unintended effects. These have not yet been observed, but have been identified as possible side effects and therefore important to substantiate with evidence:

- Bargaining & information asymmetries. Buyers may gain leverage and power by having more accurate information on their suppliers, which they may use only to their own advantage.
- Buyers moving away from producers that perform poorly in terms of their living wage gap to minimize human rights risks in their supply chains (it should be noted this a possible unintended impact of human rights due diligence legislation requirements in importing countries)
- Mechanisation (can be result of more insight on wages), which leads to unemployment. Although mechanisation is not an option in all sectors, there is a general risk that that without commensurate increases in labour productivity, an increase of the prevailing wage could lead to job losses in the formal sector. Lowest skilled workers are the ones most likely to be pushed out of formal employment when production costs rise. Labor productivity and level of wages are not directly proportional in many developing countries, which further attests to the speculative nature of some of these unintended side effects and the need to substantiate with evidence any claims related to those effects materializing.
- Trade-off between other topics across the board, e.g. SCA focussing their support on other topics.
- Cherry picking by CH and SCA, which may increase wage inequality at farm level. CH and SCA could want to make improvements for those right under the gap, rather than those at the bottom, to be able to close the living wage gap on paper.
- CH may be inclined to set the bar of increasing living wages to the bare minimum to meet requirements, especially as the wage improvement plans are not timebound.
- Improving wages at the 'islands of excellence' of the certified farms can have positive or negative consequences for the region/country: can provide an example for all farms, or can create unrest because all workers want to improve on their wages.



PURPOSE & RESEARCH QUESTIONS

This study will explore RA's living wage approach as set out in the 2020 standard. Living wage is a key livelihood topic for RA, premised on a new data driven approach. Therefore, it is pivotal for us to gain a better understanding of its functioning and impact. We recognize that addressing the root causes of low wages requires a range of actors coming together on a broad set of interventions. That is why RA's approach includes advocacy work, landscapes & community projects and tailored supply chain services. This study will only take the certification program into scope, but the results will be used to inform RA's strategy across programs. The results of the study will be shared externally.

The purpose of this study is to gain insight into which elements of the ToC work (or not), under which circumstances and how they relate to each other. Gaining these insights will help us adjust our work where needed. This could be through, but is not limited to, adjustment of the standard, training, or other interventions (e.g., advocacy or landscapes and communities projects).

The overall research project is aimed to take place over the period of three years, from 2022 to 2025, with a baseline, midline and endline. The current ToR covers the baseline study for 2022.

As it is not feasible to study each element of the ToC, three elements have been identified as so-called "causal hotspots": pathways or assumptions in the ToC that are deemed most important to gain insight on. Each hotspot comes with its own set of research questions and may require different research methods. The hotspots and their research questions will be elaborated below.

Hotspot 1: Worker Representation

This hotspot focusses on creating a Wage improvement plan and the subsequent consultation with worker representatives and supply chain actors. We wish to gain insight into the modalities and effectiveness of including worker representation in creating a Wage improvement plan. We expect worker representation to differ vastly between different contexts. Therefore, it is important to understand the pitfalls and opportunities for making this approach successful, and to test whether the approach is beneficial (and for which parties) in general.

Main question: What does worker representation, for the purpose of drafting a Wage Improvement Plan, look like in practice, and how does it relate to the position of workers?

Sub-questions

- *How are worker representatives included in setting a Wage Improvement Plan?*
- *How are gender relations considered in the workers' representation?*
- *Do workers feel their involvement in creating the WIP strengthens their (power) position?*
- *How does the involvement of worker representatives compare over different contexts? (e.g., unionization, collective bargaining, etc).*
- *To what extent are CH motivated/inclined to engage with workers on their wages, and to set goals for increasing wages?*
- *How does the wage improvement plan work for farms with a farm/ sector collective bargaining agreement in place?*

Hotspot 2: Transparency

The second goal of this study is to test our theory that RA's approach to LW will increase transparency across the supply chains, which in turn has a positive impact on purchasing



practices and wages. Here, an important assumption is that when CH communicate (effectively) with SCA, there will be more willingness to make necessary contributions.

Main question: *What are the effects of the 2020 RA certification program on transparency around the living wage topic across supply chain actors?*

Sub-questions

- To what extent does the SMT provide new insights to CH and SCA?
- To what extent and how are the results of the SMT used by CH to communicate to buyers or other SCA?
- Which factors influence whether results are communicated by CH to SCA?
- What is the response of buyers when informed on identified living wage gaps?
- What other mechanisms need to be in place to facilitate making living wage contributions? (e.g. payment mechanisms, verification services, long term commitments, etc)
- Which information around the LW gap is important and feasible to share between producers and buyers, when trying to change buying practices?
- Which factors influence whether SCA are willing to contribute to closing the LWG?
- How does the living wage gap information feature in commercial contracts? Are there best practices in countries for buyers who pay higher prices to allow producers to pay living wages?
- What guarantees on payment of living wage do buyers expect from producers in return for higher prices/ other benefits?

Hotspot 3: Wage improvement

Please note: this topic will be studied by RA internally. Therefore, it does not need to be included in your research proposal. Ultimately, we want to assess how wages develop within the coming years, and what drives these developments.

Main question: *how do wages of certified farm workers develop over time?*

Sub-questions

- *How do wage developments differ across geographical and sectoral contexts?*
- *How do wage developments differ across genders?*

To answer these questions, we are currently collecting the following data through our certification system, which are indicator data for requirement 5.4.1 and 5.4.4:

- # and % of workers (per gender) whose wage plus in-kind-benefits are below Living Wage benchmark provided by the Rainforest Alliance
- Average size of Living Wage gap (% of LW)
- Average size of Living Wage gap for men and women (% of LW)

It will not be needed to add any sections on this causal hotspot in your research proposals, as the topic will be analyzed and reported on through internal capacity. It was included in this ToR however, as wage improvements are an important aspect of the intervention and an essential aspect of the overall evaluation. Therefore, RA will provide wage data to the evaluation team on the findings, which will also be included in the final report.

General questions

In addition to the hotspots described below, we want to gain insight on several general questions. The purpose of these questions is to provide context to the more in-depth hotspots.



- What do the WIP look like in practice?
- Are the proposed WIP feasible? (e.g. financially, practically, long term)
- Which challenges do Certificate Holders and other Supply Chain Actors face, in moving towards a living wage for farm workers? (legal, financial, etc.)
- Which unintended effects can be identified for certified farmers and their workers, by implementing the LW criteria?

SCOPE OF THE RESEARCH

As the advancement of implementing the LW related criteria differs over contexts, we expect to see this reflected in the research design. The issues and causes around living wage vary in different contexts. This also means that the implementation of the living wage criteria differs vastly. For example, in the banana sector in Latin America, buyers have had an active role in promoting the use of the SMT among producers.

To answer all research questions, several types of actors will be relevant. Firstly, CH and their employees are important to include within the scope. Secondly, (first) buyers will be relevant to include. In principle, interested parties are not expected to include other SCA actors in their research proposals. However, depending on the context of the crop/country, RA may request other SCA to be included in the scope and research methodology.

The countries below can be considered for the scope of this research. The table was made based on factors such as the amount of individually certified farms a country has, the available crops, safety conditions for staff, etc. RA requires at least two of the crops to be part of the research scope, and preferably (at least) two countries. Therefore, we encourage interested parties to reflect their considerations for prospective crops and the countries in which they would be able to conduct research.

Country	# workers per CH (average)	Relevant crops	Living Wage Benchmark
Kenya	875	Tea & coffee	Yes
Malawi	5590	Tea	Yes
Brazil	100	Coffee	Yes
Ecuador*	115	Banana	Yes
Costa Rica*	225	Banana	Yes
Colombia*	70	Banana	Yes
Guatemala*	340	Banana	Yes
Indonesia	1610	Tea & coffee	No
Vietnam	705	Tea & coffee	Yes
Laos	1350	Coffee	No

**an impact study on hotspot 1 (worker representation), is already being carried out in this country.*

DESIGN AND METHODOLOGY

RA encourages the selected evaluation team to make suggestions on the design and approach of this study and will work with the evaluation team to develop a detailed methodology. As the context of implementing the LW criteria differs vastly over geographies and sectors, we request the evaluation team to take this into account when designing their



methodology. Furthermore, interested parties are encouraged to include in their proposals which types of methods they want to include. As the different hotspots may require different methodological approaches, we appreciate this also requires different areas of expertise. Therefore, interested parties may also write a proposal focused on hotspot one or two, instead of applying for both hotspots.

The study will take place over a period of four years, with 2022 being a baseline. **Please note** that the current request for proposals only reflects the 2022 baseline. We expect the methods to reflect the possibility to be repeated over the duration of the entire four year project. At the same time, preliminary insights may lead to changes in the standard system during the span of the research project. As such, methodology may need to be adjusted to accommodate for these changes.

SUPPORT PROVIDED BY THE RAINFOREST ALLIANCE

This research will be managed internally at RA by a member of the Monitoring, Evaluation & Learning unit. They will be responsible for alignment with internal stakeholders and will be the main contact point for the research team. An internal reference group, made up of e.g. thematic experts, country representatives and Standard & Assurance employees, will be involved wherever needed, e.g. by providing feedback on deliverables. As part of the study will be executed internally by RA staff, good alignment and integration between the research team and RA staff will be needed.

RA will assist in establishing contact with certificate holders and SCA but has limited capacity to assist with local deployment of the evaluation team and logistics. These need to be factored into the proposal, planning, and budget.

RA will further provide:

- Any internal documentation needed for the research team concerning the scope of this research, including study reports on earlier LW related research
- Support and guidance on matters related to interpreting the RA Standard and developing appropriate methodology for the study

DELIVERABLES & TIMELINE

Proposals due	Jul 22
Proposal selection	Aug 5
Contracting	Aug
Inception report	Sep 12
Final report	Dec 16

BUDGET & PAYMENT SCHEDULE

Proposals should include a breakdown of daily rates of all team members, number of billable days per team member; travel/per diem/accommodation costs. The evaluation will be contracted by Rainforest Alliance Inc. in the US.

QUALIFICATIONS OF THE RESEARCH TEAM

- Research Institute or consultancy organization. Individual consultants will not be considered.
- Excellent track record in the design and implementation of evaluation research, preferably of certification programs in the agriculture sector, such as RA.



- Expertise in e.g. business economics, law, sociology, value chains, financial accounting, sustainability standards.
- Experience with an open process / evolving approach, to include deliberate learning loops to help RA finetune its LW approach.
- Excellent writing and analysis skills.

APPLICATION & SELECTION PROCESS

The procedure will be as follows:

1. The ToR is published on the RA website
2. Interested parties can email questions or remarks to Stef van der Weerd at svanderweerd@ra.org, by June 30th at the latest.
3. Based on questions received, RA will attach a Q&A to the ToR answering frequent questions. The Q&A will be published by July 8th.
4. Interested parties can send in a proposal, through Workhive, by July 22, 23:59 GMT+2
5. Evaluation of the proposals by the reference group. The reference group will evaluate the proposals based on the selection criteria as published in this ToR.
6. If deemed necessary, the service providers of the best proposals can be invited to do a pitch for the Evaluation Committee. This ranking will be made according to the scoring on the selection criteria.
7. Decision on selection of the service provider.
8. Inception meeting with the selected service provider.

SELECTION CRITERIA

There is no specified length for the proposal, but we encourage concise proposals. The proposal must be handed in a MS Word version in addition to a PDF submission. Proposals will be evaluated by an internal reference group at RA based on the following criteria.

1. Relevant track record of the research institute/consultancy
2. Relevant track record of the members of the evaluation team
3. Your view and initial thoughts on our evaluation questions
4. Your initial thoughts on a "fit-for-purpose" study design and methodology
5. Cost-effectiveness
6. Realistic planning and implementation schedule

The reference group will anonymously score each proposal on the above criteria on a six point scale, with a 0 representing completely missing and 6 being excellent (going beyond the assignment). Based on the overall scores, the reference group will select and discuss the three best proposals for an in-depth evaluation. Based on this discussion, and possibly after a round of pitches, the reference group will select an intended service provider. All bidders will receive a written notification on the outcome of the selection process.

RELEVANT LINKS

[The RA 2020 Sustainable Agriculture Standard: Farm Requirements](#)

[The RA 2020 Sustainable Agriculture Standard: Supply Chain Requirements](#)

[Annex S10: The Living Wage Benchmark](#)

[Annex s08: Salary Matrix Tool](#)

[Our approach to living wage](#)

[RA Living Wage Position Paper](#)



Question	Answer
RA currently has multiple requests for proposals listed on the website, is it possible to make a combined proposal for multiple studies?	Interested parties are welcome to send in proposals for multiple requests for proposals. It is however not possible to combine them into one proposal.
The RfP mentions an ongoing impact study on hotspot 1 in Colombia, Costa Rica, Ecuador and Guatemala. When will the results of these studies be available; should they be integrated into the study at hand?	The results of the mentioned study should be finalized late 2022. It differs from the RfP in that it focusses mainly on the legal parameters surrounding worker representation. As such, the results of the study will likely be of interest to the selected research team, but do not need to be integrated into the study at hand.
The RfP mentions multiple possible countries and crops to be covered in this study. What does RA consider an adequate coverage?	<p>The list mentioned in the RfP is meant to indicate in which countries and crops the study could reasonably be carried out from RA's perspective (e.g. availability of RA staff, nr of CH's, etc). The goal of this overview is for interested parties to assess to which extent the countries/sectors mentioned match their own expertise and capacities.</p> <p>We by no means expect proposals to cover all crops and countries listed.</p>
Are there any specific countries or crops that are of higher interest?	<p>There is no specific preference. A diverse mix of countries and crops would be ideal. However, we prefer interested parties to make a realistic assessment of their capacities and budget.</p> <p>We are flexible in negotiating the specific number and diversity of crops and countries during the initiation phase of the research, within the limit of the countries listed. Bidders are welcome to reflect the same flexibility in their proposals, but this is not necessary.</p>
Should interested parties include their reflections on hotspot 3 in their proposals?	We welcome reflections on the 3d hotspot, yet is not required as this hotspot will fall under the responsibility of RA staff.
Are there any guidelines for the Wage Improvement Plan that RA currently provides or will provide in the future?	There is currently no guidance for the Wage Improvement Plan. The outcomes of this study may be used to inform guidance on the WIP.
Can you share an indicative budget?	As per our internal policy, we can unfortunately not disclose the intended maximum budget at this time. Interested parties are welcome to include multiple budget scenarios in their proposal.