



# Mid-term evaluation of the project on living wages in the banana sector

IDH Management Response

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# Introduction

During 2023, IDH commissioned an external evaluation of the support our organization provides to companies working on living wages in the banana sector. The evaluation was conducted by AidEnvironment in close collaboration with our staff. Its purpose was “to evaluate observed changes regarding the progress achieved so far at the sector and field level in the banana trade, the contribution by IDH to these changes, and what IDH can do better to become more effective in the coming years.” This evaluation also supported the development of a methodology to monitor and/or evaluate the application of the Roadmap on Living Wages by other sectors within IDH. This acknowledges the fact that the work on living wages in bananas is considered as occupying a frontrunner position versus other sectors.

IDH Management has analyzed the report and its recommendations (see executive summary attached to this document). This document summarizes the actions that we have taken (or will take) to address the recommendations the evaluators have provided, where and when appropriate. Overall, the results of this evaluation will serve as one of the main inputs for our next strategic planning cycle (2025-2030); specifically, about the support we would like to provide to companies and other stakeholders working on living wages in the banana sector and beyond, leveraging the lessons learned so far. For example, our 2024 annual plan already includes supporting International Labor Organization (ILO) and the United Nations Global Compact (UNGC) in taking the living wage concept to a global scale, with the long-term objective of engaging governments from producing countries. Similarly, we will increase our efforts on supporting the closing of living wage gaps, including an emphasis on sustainable procurement, and deepening our relationships with producers and unions on the topic of living wage.

We are deeply grateful to all partners that kindly contributed to this evaluation, including the members of the Roadmap on Living Wages' committees (Steering Committee, Technical Advisory Group, Stakeholders Committee), international partners, as well as all retailers working on living wages in bananas, their partner traders/suppliers and producer groups. The support and advice you have provided will help us improve our work. Our deep appreciation also goes to the IDH team that supported this evaluation, and to the AidEnvironment evaluation team.

# Recommendations

The table below summarizes all the recommendations the evaluators have provided as well as the role they recommended for IDH for the different steps of the [Roadmap on Living Wages](#). The last column summarizes our management response, the actions taken so far and next steps.

Specific recommendations from evaluators for <a href="#">steps 1 to 3</a> of the Roadmap on Living Wages	IDH Management response and next steps
1. Improve guidance to involve local stakeholders in the	During 2023, we updated the content on our website regarding steps 1 to 3 of the Roadmap on Living Wages, including:



<p>Roadmap's journey steps 1, 2 and 3.</p>	<p>Under step 1: the revamping of the benchmark finder tool and the revision of the criteria for recognizing living wage benchmark methodologies (to be implemented in 2024) under step 1. We convened companies working on living wages to co-author a letter addressed to ILO, encouraging its direct engagement in making living wages a globally accepted term.</p> <p>Under step 2: the creation of a Salary Matrix Working Group (with representatives from organizations that manage sustainability standards and that have publicly adopted the use of the tool) and a Salary Matrix User Group (with representation of users of the tool from different sectors and geographies) to align on Salary Matrix improvements, as well as the maintenance of the helpdesk and e-guidelines for Salary Matrix users.</p> <p>Under step 3: the revision of the auditing guidelines for verifying living wage gaps and their adaptation to manufacturing under step 3.</p> <p>During 2024, we will focus on improving user friendliness of the Salary Matrix (see next recommendation below) and furthering the work with ILO and UNGC.</p> <p>To engage unions and worker representatives in all steps of the Roadmap, please find recommendations published online <a href="#">here</a>.</p> <p>We recommend companies to take the necessary time to onboard their partners and stakeholders, which they consider key to ensure progress and sustainability of any living wage effort. Such parties and how to engage them will depend on the relationship the leading/coordinating party has with the others, local circumstances, the sector, among others. So, we do not envision creating generic guidance on the matter but rather work closely with our private sector partners to provide such advice, as needed.</p>
<p>2. Continue to improve the user-friendliness of the Salary Matrix.</p>	<p>IDH agrees with this recommendation. During 2023, the creation of the Salary Matrix User group has enabled us to receive direct inputs regarding the tool's user friendliness; a focus on the matter will be maintained in the years to come. Inputs received through the helpdesk will also continue to be important sources of recommendations to improve user friendliness. During 2024 and beyond, we will also continue providing “super-user” training (virtual and in-person) for priority sectors depending on budget availability and participating companies' willingness to financially support such efforts.</p>
<p>3. Further promote capacity building services for medium-sized farms (with less than 5 - 10 workers) which have difficulties in using the Salary Matrix.</p>	<p>In 2023, we embarked on an analysis with the Salary Matrix Working Group to revisit the definition of small farms/facilities. Based on such analysis, even though companies of all shape and sizes are welcome to use the tool, the recommendation is that facilities with 10 or more permanent full-time workers use the tool, particularly in the framework of the work being done in banana supply chains under the different retail commitments that IDH supports. The e-guidance has been updated accordingly. During 2024, we will continue revising this threshold to see if other criteria (beyond size of the workforce), like size of the farm, should be added.</p>



	<p>In addition for the banana sector, during 2023, we launched the virtual super-user trainings for traders/suppliers and banana producing groups with participation of 50 people. In December 2023 and January 2024, we also implemented on-site trainings in alliance with local producer associations in Costa Rica, Colombia and the Dominican Republic with participation of over 100 traders and producers. We will continue to host such free-of-charge trainings as much as resources allow. Companies that would like to have focused trainings for only their own staff and/or supply chain partners, can also do so under a fee-for-service scheme.</p> <p>We have also allocated staff time in 2024 from a senior manager in Latin America to liaise with banana suppliers/traders and leading producer groups in the region. We will continue seeking resources to be able hire a full-time producer engagement manager.</p> <p>Finally, during 2024 and beyond, we will continue updating the e-guidance with more didactic materials.</p>
<p>4. Further promote that certifiers and other sustainability initiatives incorporate the living wage gap assessment tools fully in their systems.</p>	<p>Step 3 of the Roadmap on Living Wages was created to foster alignment in the way living wage gaps are verified. Its objective is to develop and promote the use of minimum guidelines to the development of auditing protocols by schemes and auditing bodies working on living wages, using tools like the Salary Matrix. Since the development of such guidelines, several schemes and auditing bodies have adopted them, as well as the use of the Salary Matrix in different ways: some have embedded the use of the Salary Matrix in their standards and the auditing guidelines in their auditing protocols; others offer it to their certificate holders as a complementary tool; and others offer stand-alone auditing services using the auditing guidelines. Moving forward, we will continue to offer the use of the Salary Matrix to any scheme Interested in adopting it.</p> <p>In addition, to promote that certifiers and other sustainability initiatives incorporate the living wage gap assessment tools (as the recommendation states), during the past three years, we co-financed and co-hosted with ISEAL a <a href="#">permanent working group</a> of schemes, auditing bodies and other compliance initiatives, piloting the use of the auditing guidelines and hosting bimonthly learning sessions. This has enabled participants to further their living wage uptake and understanding. For 2024, our budget will not allow for the continuation of this effort, but we will reconvene it in the future if resources allow.</p>
<p>5. Support pilots and build up experiences on how to reduce the burden of verification for producers.</p>	<p>In bananas, the ultimate objective is for certification schemes already active in the sector to provide such verification services as part of their ongoing audits. However, in practice, none have been able to provide the level of assurance that retailers participating in living wage commitments in bananas need to ensure the verification of living wage gaps. In some cases, because the depth required is not part of their auditing protocol and, adding to it, will increase the length and cost of the audits. In other cases, because there is still a need to build the capacity of their certificate holders and auditors.</p>



	<p>Moving ahead, we will support any pilot testing led by interested schemes to explore ways to provide such verification as part of their ongoing services (in bananas and beyond) but such pilot initiatives need to be led by the schemes and auditing bodies interested in servicing this market need.</p>
<p><b>Recommendations for <a href="#">step 4</a> are organized by four workstreams</b></p>	<p><b>IDH Management Response and Next Steps</b></p>
<p><b>Workstream 1:</b> Motivate and support individual retailers to undertake pilots of closing living wage gaps, through a bottom-up and inclusive approach leading to agreement with local actors (producers, labor unions) on the mechanism to adopt.</p> <p><u>Recommended role for IDH:</u></p> <p>Support gap closure pilots, not only by funding but also by contributing to develop practical guidance, provide training, enhance learning and support continuous improvement, as part of further methodology development of the Roadmap's step 4. Recommended tools to be developed or improved in this workstream include:</p>	
<p>1.1 A co-funding facility that is better accessible for pilot projects proposed by retailers and traders with their local partners, to pilot initiatives on closing living wage gaps.</p>	<p>The co-financing mechanism at IDH existed prior to the launch of the retail commitments to living wages in bananas. However, we have experienced low uptake by companies, which are required to provide a minimum of 35% of the funding required to implement such pilot projects. For 2024, we have limited resources to invest in implementation projects. However, if funding becomes available for such projects, we will disseminate the invitation more broadly not just at the retail/trader level but also encouraging producers and local stakeholders at origin to design and implement living wage pilot projects.</p>
<p>1.2 Guidance and facilitation to retailers, traders, and producers on the approach to build up mutual understanding and partnership relations, as a fundament for more long-term relations.</p>	<p>For 2024, we have partnered with GIZ to develop procurement guidelines for retailers that support living wage work. For such guidelines, proper consultation will be undertaken at all levels in the banana supply chains to inform their development and future implementation. This work builds on past work done on the matter by IDH and others. We have also hired a senior director to support the development of such work.</p>
<p>1.3 Practical guidance on different types of mechanisms to make available voluntary contributions, with the pros and cons.</p>	<p>During 2023, IDH commissioned the consultation and development of guidelines for buyers and sustainability standards on voluntary contributions to alleviate living wage gaps. The work will continue in 2024 and additional guidelines will be developed for producers, unions and supporting organizations.</p> <p>Specifically for bananas, during the first quarter of 2024, our team will develop an inventory of options that retailers and their supply chain partners can consider when deploying such contributions. In parallel, as of December 2023, the Salary Matrix has a new section where users can add voluntary</p>



	<p>contributions from buyers that were received and distributed to workers in a given year, as a temporary effort to alleviate living wage gaps.</p> <p>In addition, in 2024, we will develop a broader framework on sustainable procurement practices that support living wages In partnership with GIZ. Voluntary contributions to alleviate living wage gaps will be one part of such a framework.</p>
<p>1.4 Practical guidance to retailers and traders on more responsible procurement practices, with different types of practices, the capacities required and the key issues to be addressed.</p>	<p>See management response in 1.2.</p>
<p>1.5 Guidance followed by training and capacity building for producers to develop better business models which allow to close living wage gaps.</p>	<p>We have hosted learning sessions on how producers and traders have implemented actions to address living wage gaps. Similar learning sessions were held in 2023 to feature cases of unions working with producers for the same purpose. However, due to limited capacity on the ground, and knowing that virtual training works only to a certain extent (depending on sector and geography), we do not foresee IDH becoming a training facility for producers. We do welcome the possibility to support other organizations that have the mandate and capacity to do so.</p>
<p><b>Workstream 2:</b> Initiate and support joint initiatives for an area-based approach to agree on living wages and collective bargaining agreements at scale and addressing structural barriers to do so through multi-stakeholder social dialogue.</p> <p><u>Recommended role for IDH:</u></p> <p>Support social dialogue and coalitions to remove structural barriers, not only by convening businesses to join multi-stakeholder initiatives, but also play an active role in conducting diagnostic studies to identify structural barriers, build coalitions to address priority barriers, engage with stakeholders especially local governments, collaborate with partners like GIZ, World Banana Forum and Banana Link, and ensure that living wage tools to determine living wage gaps are properly used. Tools to be developed in this workstream include:</p>	
<p>2.1 A diagnostic tool to assess the current state of contextual factors and barriers relevant to payment of living wages in a given context (country, region, production area).</p>	<p>At IDH we recognized that other organizations with strong presence on the ground are better equipped to convene and engage local players in the type of work this recommendation entails. Those listed by the evaluators are good examples. We will continue to support, as much as resources allow, the work of such organizations and others that can help strengthen collective bargaining, social dialogue and address other structural barriers that might exist locally at origin. Additionally, we will continue to actively participate in the World Banana Forum sessions on living wages (and similar platforms in other sectors).</p> <p>As it relates to the development of a site-specific diagnostic tool, we will consider it during 2024 using existing tools like the <a href="#">Living Wage Action Guide</a></p>





	and others. IDH will also consider the idea of increased area-based focus for living wage strategies into its 2025-2030 multi-year plan.
2.2 Guidance and facilitation for bringing together relevant companies and local stakeholders in a given context.	Our foundation will be able to offer such services as in-kind support in priority sectors and in the framework of implementation projects led by partner companies or initiatives that are co-financed or convened by IDH. In addition, companies and other stakeholders interested in such support, will be able to access it under a fee-for-service scheme through IDH Solutions.
<b>Workstream 3:</b> Deepen collaboration with international institutions such as ILO and UNGC to acquire recognition of living wage as national benchmark for payment of living wages in production origins.	
3.1 Deepen collaboration with international institutions.	<p>IDH has already established such collaboration with ILO and UNGC, among many others. Specifically with ILO, we recognized its role to convene tripartite discussions on living wages, and the guidance it can provide to its tripartite constituents: member states, employers, and employees. Through the ILO, the concept of living wage can achieve true global scale. How our work can support living wage journeys is already featured in ILO's most recent <a href="#">report for discussion at the Meeting of Experts on Wage Policies, including Living Wages</a> (Geneva, 19–23 February 2024). In 2024, we will review and take into account <a href="#">the outcomes</a> of such meeting to inform our strategy moving forward.</p> <p>Similarly, UNGC features the Roadmap on Living Wages and its tools as part of the "<a href="#">Take Action</a>" section in their guidelines for companies. IDH and UNGC are closely working together on its <a href="#">Forward Faster</a> initiative on living wages.</p> <p>IDH is also working together with the World Business Council for Sustainable Development / Business Commission to Tackle Inequality (WBCSD/BCTI) initiative to which the IDH's CEO is a commissioner.</p> <p>We will continue to support those collaborations with the ILO, UNGC and other international institutions as we move forward in the years to come. We will also follow the discussions on integration of living wages in the EU's Corporate Sustainability Due Diligence Directive (CSDDD) and adjust accordingly.</p>
<b>Workstream 4:</b> Explore pre-competitive funding mechanisms which can be used by retailers to pay volume-based contributions while the fund ensures payment of living wages in a responsible way.	
4.1 Identify pre-competitive mechanisms for voluntary payments, not only by funding but also by contributing to design, learning, and monitoring the results of initiatives to test new funding mechanisms.	We appreciate this recommendation and see the potential value of it. However, at this point in time, we do not foresee IDH's mandate to fit this role and current capacity will not allow for the creation and management of such mechanism. We will gladly explore with other organizations that have such mandate and the capacity to do so.



Recommendations for <a href="#">step 5</a> are organised by four workstreams	IDH Management Response and Next Steps
1. Monitor progress of the project using the proposed KPIs, as a basis for combined accountability and evidence-based learning.	IDH's evaluation team and those working directly in banana living wage commitments will analyze the proposed KPIs to determine feasibility to implement as part of our new strategic planning cycle 2025-2030. The adopted KPIs will be recommended to partners of implementation projects co-financed by IDH and, where relevant, to living wage initiatives being implemented as part of our portfolio.
2. Associate learning with the above four workstreams on step 4, especially where guidance has been proposed.	Documenting learnings is part of our mandate. Thus, as long as resources allow, our Strategy & Insights team will document case studies with lessons learned and recommendations to support replication and scalability.
3. Organize learning and knowledge sharing sessions and events that include local actors, i.e. producers, exporters, certifiers, labor unions or representatives of local workers.	As the evaluators stated, IDH has supported several events, meetings, learning sessions, and summits on living wages to exchange experiences, with engagement of retailers, NGOs and other stakeholders. In bananas specifically, we have organized, facilitated and financed several learning events among retailers and with suppliers/traders, producers, and unions under the Better Together initiative in alliance with GIZ and other organizations like ETI, CNV, Banana Link, Fairtrade and Rainforest Alliance. We will continue to do so in the years to come. For 2024, we envision supporting the World Banana Forum conference in the spring. We will also organize and co-host with GIZ the Living Wage and Living Income Summit on June 26 <sup>th</sup> , where experiences across sectors will be shared and discussed.

Thanks again for your contributions. We welcome any questions, comments, or additional recommendations; please contact us at [livingwage@idhtrade.org](mailto:livingwage@idhtrade.org)