

ARI Anker Methodology®

What is the Anker Research Institute?

The Anker Research Institute (ARI), a global research initiative operating under the fiscal sponsorship of Social Accountability International (SAI), is widely recognized for having developed the Anker Methodology® for estimating living incomes and living wages, which ARI has applied in about 70 studies. ARI's mission is to engage with and disseminates high-quality research, analysis, and training related to living wages and living incomes based on the Anker Methodology® to inform and influence businesses, empower workers, and shape public policy, thereby helping to improve quality of life and promote sustainable livelihoods for workers and their families everywhere. ARI is a founding member of the Global Living Wage Coalition (GLWC), a unique knowledge-action partnership working to enable collaborative action to achieve a decent standard of living for working people and their families worldwide. Each ARI Anker Methodology® Benchmark study report includes a living wage estimate, a wealth of contextual information, an explanation of how the living wage Benchmark was estimated, comparisons to other wage indicators to help evaluate risk and gaps to living wage and is compatible with ARI Reference Values.

Number of estimates¹: 70

Availability of estimates: Publicly available for free

[Access to the estimates](#)
[Access to the methodology](#)
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How does the methodology meet the IDH criteria?

	Criterion	Narrative text from organisation
1	Collecting data: the living wage estimation organisation shall estimate the living wage based on data collected through field level research, online surveys (excluding those that are solely based on self-selected respondents), national statistics and/or modelling (modelling not accepted as a sole form).	The Anker Research Institute (ARI) collects and uses data to estimate the living wage in accordance with the Anker Methodology®, which was designed by this Institute. The data is both from primary sources, such as local surveys of food prices and housing costs, and health care and education costs, and from official and secure secondary sources, such as microdata from surveys and censuses conducted by governments, central banks, and national statistical offices, or prestigious international organizations government household and market surveys. These data are collected and analysed by ARI following strict protocols.. All estimated parameters and indicators, both from primary and secondary sources, are subjected to a quality control process. Additionally, when estimates are based on information from secondary sources, they are adjusted and validated based on the large number of quality-assured benchmarks produced by ARI.
2	Cost of living of a typical family: The living wage estimation organisation shall measure the cost of living of a typical family in a region. A typical family in a region means that the size of a family is estimated based on regional (or national) data through family size data or total-fertility data.	ARI estimates the reference family size for the zone or region of interest using the most geographically appropriate, timely and reliable data available, and based on two considerations. First, the total fertility rate, adjusted for the mortality of children under 5 years of age. Second, the average size of households that have between 2 and 8 members. In the first case, what is obtained is an estimate of the number of surviving children that women in the study area have on average. The resulting number of children is added to the number of 2 adults to obtain the family size. In the second case, the family size is obtained directly, for households where there are children (i.e., there are at least two members in the household), and there is not likely to be an extended family with more than 2 adults possibly working. The final decision results from a balance between both considerations, where the aim is not to underestimate or overestimate the size of the family in the region of interest.
3	Items of cost of living: The living wage estimation organisations shall transparently itemize the living expenses included in the calculation of the living wage	In the Anker Methodology®, designed and used by ARI, household spending for all possible items (with exception of tobacco) are measured

¹ Publicly available the 30th of May 2025

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	<p>estimations based on requirements listed in the COICOP 2018. Typical expense categories include the following but other items might be added based on local contexts:</p> <ul style="list-style-type: none"> - Nutritious food - Clothing and footwear - Housing (including rental costs, maintenance and furnishing) - Healthcare - Transportation - Information and communication - Recreation, sport and culture - Education services - Restaurants and accommodation services - Insurance and financial services - Personal care and other gender aspects (e.g. sanitary products) - Care (child+elder)* - Other - A small margin for unexpected events <p>The living wage estimation organisations shall provide an explanation on why they do not certain rubrics, for example, childcare.</p>	<p>and included in the living wage estimates. Thus, workers have complete agency over what they spend their income on.</p> <p>Therefore, the calculation of the cost of a basic but decent standard of living includes all expenditures of families in the study area, including expenditures on care, in the proportion currently spent in the areas studied. The amount spent on care is included in the miscellaneous and household furnishings expenditure groups in COICOP.</p> <p>In addition, ARI includes spending for pre-primary, and one adult in the reference family works part-time and so has time during working hours for care work. This expenditure is relatively unimportant in countries of the Global South (excluding well-off households), where care activities are carried out and financed very differently from the Global North. Caregiving activities, as they are generally unpaid in the Global South, are better taken into account when computing the number of full-time equivalent household workers.</p>
4	<p>Working adults: The living wage estimation organisation shall factor in the expected number of working adults in a family by dividing the total cost of living by 1+ the employment rate.</p> <p>Additionally, a living wage that factors in for a single earner by dividing the total cost of living by 1 to represent the single earner in a typical size family is also accepted.</p>	<p>ARI follows the Anker Methodology® and calculates the number of full-time equivalent workers as 1+probability of full-time work of the husband or wife, maintaining gender neutrality. The data used in the calculation, as well as the calculation formula, are presented transparently in each ARI estimate and report. A living wage calculation for a single earner in a typical size family is not presented in ARI's living wage reports. The reason is that ARI estimates the living wage for the typical family, and the typical family does not have a single earner. In addition, single earner families may have a different cost of living than the typical family with more than one working adult. ARI also considers that having more than one estimate of the living wage for an area can lead to confusion and encourage discrimination in the payment of wages.</p>
5	<p>Sufficient net income: The living wage estimation organisation shall provide the gross living wage estimate, which is the gross pay required to ensure sufficient net take home pay to cover for the cost of living. This is necessary because net living wage would not account for statutory deductions from pay (such as income taxes, social security taxes, and union fees) which will reduce the take home pay and money available for day-to-day expenses.</p>	<p>ARI provides the estimate of Net Living Wage and Gross Living Wage in all its living wage studies. ARI studies put a lot of effort into understanding all the taxes and deductions that affect workers' out-of-pocket wages, which is why there is always a section in ARI studies that explicitly addresses this topic. In ARI's annual update reports, where the living wage is updated for inflation, it is always taken into account whether there were changes in income tax and social security payroll deductions that impact the difference between the gross living wage and the net living wage.</p>
6	<p>Differences in context: The living wage estimation organisation shall assure that estimates are city/region-specific or at least account for urban and rural differences.</p> <p>For countries above a certain size (e.g. Australia, Argentina, Brazil, Canada, China, India, Russia, USA):</p> <ul style="list-style-type: none"> - Living wage estimation organisations shall indicate whether subnational estimates are provided or not, and if the location for which the subnational estimates applies are based on governmental/sub-governmental delimitation (e.g. when the estimate applies to a specific sub-national province). - Living wage estimation organisations shall provide guidance on how to proceed when there are not subnational estimates or there is no estimate available for a given region (e.g. suggest that they use the national estimate, or a neighbouring region estimate). 	<p>All ARI living wage reports include a section characterizing the area or region studied, based on the degree of urbanization, the type of economic activity, the level of economic development or poverty, and the political jurisdiction to which it belongs. In this way, ARI studies always indicate precisely the geographic scope and socio-economic context for which the estimated living wage is valid. ARI indicates whether it is valid for urban or rural areas. If the estimate is for a zone or region, this zone or region is defined in great detail.</p> <p>In the case of large countries where ARI has benchmarks for some areas or regions, ARI has adapted the Anker Methodology® to provide sub-national estimates for the other areas or regions.</p> <p>Where sub-national estimates do not yet exist, ARI guides users of its data on how to proceed in those cases.</p>

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7	<p>Conflict of Interest: The living wage estimation organisation must have no inherent conflicts of interests. Methodologies must have sufficient distance from funding sources to maintain integrity. In addition, individual estimations results must not be influenced by the funding source.</p> <p>Organisations who have other activities that can be perceived as a conflict of interest, such as auditing and certifying companies that use these estimations, need to publicly disclose what are the systems that have been implemented to avoid such conflicts.</p>	<p>ARI produces its living wage estimates with total freedom, and independently of the interests of those who fund the studies or use them. The way this is achieved is that only at the end of carrying out a study are the results and estimate communicated to the funders or the other members of the GLWC. They have a limited time to send questions or suggestions for changes. These requests are also evaluated freely and independently, and are only taken into account when they reveal an error in the work of the study researchers. In the same way, and in a second instance, the results are presented to a large and varied number of stakeholders; and ARI proceeds in the same way: it addresses questions and concerns so that the objectivity of the living wage estimates is maintained.</p>
8	<p>Transparency: The living wage estimation organisation shall publish a clear and consistent step-by-step methodology for data collection, the data sources used and calculation elements, including a description of each step of the data collection, the calculation formulas used and a breakdown of the different components of the living wage estimation (see criterion 3).</p>	<p>All the studies carried out by ARI are made public on ARI and GLWC websites. Reports include sections or paragraphs explaining the steps being followed in estimating the living wage. This includes an explicit mention of the values of the parameters important in the estimation, the way they were calculated, and the data that were used in the calculation, and the sources of that data. The decisions and assumptions and formulas used in the calculation and estimation process are also explicitly mentioned and justified. The general methodology, the Anker Methodology, has been publicly available since 2017.</p>
9	<p>Update of estimates: If there is no on the ground data collection research every year, the living wage estimation organisation shall at least adjust their estimates according to inflation every year.</p> <p>Further adjustments beyond inflation, through a full on the ground study, should take place as frequent as possible. Living wage estimation organisations are encouraged to do so as much as their resources allow and no longer than every 5 to 10 years (considering local circumstances). Living wage estimation organisations shall provide justification on the frequency of their full studies and why they are not conducted within the ideal timeframe (e.g. financial or capacity limitations).</p>	<p>ARI updates all of its living wage estimates every year for inflation. This is an intense activity, in which a very competent team of researchers works systematically.</p> <p>ARI is very aware and vocal about the need to "rebase" its studies around every 10 years.</p>
10	<p>Collection date and applicability: The living wage estimation organisation shall explicitly mention the date of the data collection for each category separately and to explicitly mention the period for which the estimate is applicable.</p>	<p>ARI duly complies with this requirement in all its studies.</p> <p>In addition to clearly stating the date of each the report in the report cover, the dates of fieldwork (field data collection) are explicitly mentioned, especially in the case of costs and prices. Also, each table in each report states clearly the date of data obtained from valid secondary sources, such as an official survey or census.</p>
11	<p>Local stakeholder participation: The living wage estimation organisation shall specify when estimates were developed by, or in direct partnership with, local independent research institutions and labour representatives and were subject to local stakeholders' consultation. Methodologies to describe how they consult local stakeholders.</p>	<p>ARI carries out all of its studies in collaboration with local researchers. Also, ARI is a pioneer in promoting the participation of a large number of local stakeholders in the preparation, discussion and dissemination of its studies, which gives it enormous credibility. There are many examples of this: from discussions with stakeholders before starting the study to inform them about the study and to decide on the best study locations; Focus Group Discussions with workers, discussions with NGOs, local authorities, local producers, food vendors, and visits to worker houses, local schools and local health care facilities. There are interactions and consulting with local researchers, and enumerators who know the country well, during the study itself. After completion of the study, the results are presented to national representatives of employers, government and workers at the national level.</p>
12	<p>Quality assurance: The living wage estimation organisation shall ensure that the methodology is verified by an independent party with no conflict of interest (based on the ILO principle, chapter 3 of the report from March 2024). The living wage estimation organisation shall describe its quality assurance process during the recognition process.</p>	<p>The Anker Methodology® designed and used by ARI has been reviewed, commented on and, finally, adopted by the international community as the "gold standard" of methodologies for estimating the living wage. It has been used and approved and stood the test of time. ARI is renowned for the quality of its work and living wage and living income estimates. Despite the proven quality and international acceptance of its benchmarks, ARI continues to follow its formal operating process of</p>

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		<p>subjecting each report to intense scrutiny.</p> <p>The first quality control is internal: ARI researchers, who were not directly involved in the development of the benchmark, carry out a critical review of the report.</p> <p>The second quality control is external: the report is sent to GLWC members for review, and they have 2 weeks to send comments and suggestions. Sometimes, the sponsors of the report themselves ask external experts to critically review the benchmark.</p>