

LIVING WAGE IN BURKINA FASO

A Living Wage Gap
assessment for fresh mango
exporter Fruiteq SARL





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Written by: Gert-Jan Lieffering
Editor: Alexis De Roode
Layout design: Fabyan Blomme

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MANAGEMENT SUMMARY

Eosta BV, a leading importer and distributor of organic fruits and vegetables, based in the Netherlands, conducted a ground-breaking Living Wage Gap assessment for organic mango supplier Fruiteq SARL in Burkina Faso in January and February 2020. This is the first Living Wage Gap assessment for an SME company in the fresh fruit and vegetable sector.

Eosta found that a price increase of 0.10 Euro per kg of fresh mango fruit would suffice to close the Living Wage Gap for workers and employees of Fruiteq, provided that the premium would go straight to the beginning of the production chain: the workers and employees of Fruiteq.

Decent wages should be a pre-competitive element in business. Through this report Eosta wants to initiate a discussion and raise awareness amongst her clients and final consumers, to make it possible that, in the future, the price of a mango reflects the true social cost of production, including Living Wages for workers in Burkina Faso.

A Living Wage is defined as a wage that supports a decent livelihood for families, not only covering basic needs but also providing opportunity for schooling, and allowing to save money for unexpected life events. Current social certification schemes only consider Legal Minimum Wages which are often far below Living Wage.

To determine the gap, setting a benchmark is the first challenge. As an SME starting from a front runner position, we had to look for an efficient and effective approach. We used the Wage Indicator Foundation benchmark for Burkina Faso and, after consultation with local experts, adapted it to a Rural Benchmark and an Urban Benchmark,

to acknowledge differences in cost of living. An Anker and Anker benchmark was not available.

We assessed the Living Wage Gap for the following groups of employees of Fruiteq SARL: 1 farm manager (rural), 10 field workers (rural), 120 harvest workers (rural), 62 packing house workers (urban) and 6 office personnel (urban).

Of these employees, 7 have a permanent contract with Fruiteq SARL. Most employees are hired directly or indirectly on a daily basis. This is common practice in Burkina Faso.

We found all monthly wages to be far above the formal Poverty Line for Burkina Faso. They were also at or above Legal Minimum Wage. However, the majority of wages were below our Living Wage benchmark. We found that monthly wages ranged from 26% to >100% of Living Wage.

To close the Living Wage Gap for all employees (assuming no administrative and handling costs) an approximate amount of 82,000 Euro would be needed. The Eosta trade volume is approximately 840,000 kg per season. Therefore, the cost of the Living Wage Gap per kg of fresh fruit is 0.10 Euro.

The employment structure of Fruiteq is mostly based on day labour. Therefore creative strategies need to be devised to make Living Wages in Burkina Faso possible.

Now that we have a clear cost of Living Wages for Burkina Faso mangoes, European clients can take responsibility by paying a decent price.



INDEX

Introduction	05
About Burkina Faso	06
Fruiteq Sarl	08
Living Wage Gap	10
Methodology	12
Minimum & Living Wage Benchmark	13
Wage Gap Analysis	14
Conclusion	22
Strategies - Closing the Gap	24



SUSTAINABILITY FLOWER

The Sustainability Flower is at the heart of everything we do. It is an integrated sustainability model where each petal shows a different impact domain of food production. There can be no sustainability without transparency. Therefore Nature & More uses the Sustainability Flower to measure, manage, market and monetize the sustainability performance of our growers. Living Wage is a very important aspect of the Economy petal, so we highlighted it.

INTRODUCTION

At Eosta we consider Living Wage to be one of the most important social topics for the coming years in the fresh fruit trade sector. A Living Wage is defined as a wage that supports a decent livelihood for families, not only covering basic needs but also providing opportunity for schooling, and allowing to save money for unexpected life events.

Implementing Living Wages is one of the most important measures towards resolving global poverty. It has a direct or indirect impact on nearly all UN Sustainable Development Goals.

Social certification (such as SA8000) has already brought several improvements for workers' rights, work safety and ensuring legal minimum wages. But Living Wage is still poorly addressed in current labour standards. The legal minimum wage in many countries is far below being a Living Wage.

The textile industry is already taking steps to implement Living Wages for workers. In the food sector the first studies have been done, but only in commodities like cacao, coffee and banana's.

The Dutch NGO IDH coordinates an international initiative called the Roadmap on Living Wages, a joint effort of leading organizations and companies committed to developing the necessary tools for measuring and closing living wage gaps in supply chains. To be able to measure gaps between current remuneration and recommended living wages we need: credible living wage benchmarks to compare current remuneration against; tools to measure current remuneration and gaps with recommended living wages; credible mechanisms to verify living wage related claims (in coordination with several sustainability certification programs like Rainforest Alliance and others); and field projects on closing living wage gaps that we all can learn from. To address those needs, IDH launched in 2019 the Roadmap on Living Wages.

It is Eosta's journey to continuously lead and innovate in the debate on sustainable food production and trade. Eosta started to build up first-hand experience with this subject in 2017, through a pilot in the avocado industry in Kenya (Living wage in practice, N. van Schouwenburg, 2018).

For Eosta, as a trading company with more than 200 suppliers and thousands of growers, the challenge is to develop a Living Wage Gap assessment methodology that is both efficient and effective. In order to close the wage Gap in the coming years, we need to collect ground data and develop local strategies and we need scalable tools and methods for that.

As long as Living Wage is not fully integrated into established social standards and social auditing, we will take on a pragmatic approach. Starting from a front runner position, we cannot strive for perfection. We will follow recommendations of IDH. Where benchmarks are not available, we will use our own interpretation based on verification with locals and experts in this field.

The underlying report describes the Living Wage study we carried out with our mango supplier Fruiteq SARL in Burkina Faso. Fruiteq is not a large multinational, but a relatively small enterprise that represents various smallholders and employs some 199 people. This report outlines our calculation of the wage Gap between Living Wage and the current wages.

We are confident that this exercise will provide valuable input for further development of methodology and for discussions on strategies towards guaranteeing a more decent income for workers in the fruit industry.

ABOUT BURKINA FASO

Burkina Faso is a low income, landlocked Sub-Saharan African country with limited natural resources. Its population was estimated at almost 18 million inhabitants in 2016. The economy is heavily reliant on agriculture, with close to 80% of the active population employed in the sector. Cotton is the country's most important cash crop.

The international poverty line for Burkina Faso is 1,90 USD (1150 CFA) per Capita per day. So above this line, a person in Burkina Faso is considered to have a lower middle income.

In 2018 38% of the population was below this threshold. In 2014 43,7% was still below this threshold. (World Bank, 2019).

Mango trees thrive well in the tropical arid climate in the West of the country, with Bobo Dioulasso as the regional capital. Here, mango production is managed by smallholder farmers. They use traditional agricultural methods, which are extensive and in a family setting. Mango export from Burkina Faso was traditionally dominated by exporters from Ivory Coast. This changed in the year 2002.



The economy is heavily reliant on agriculture, with close to 80% of the active population employed in the sector





FRUITEQ SARL



Since 2000, Dutch NGO ICCO has been working in Burkina Faso with UFMB, a mango farmers union. This resulted in the foundation of export company Fruiteq SARL in 2002. Since the start, director Adama Zongo has been the driving force to make the business a success. Being a landlocked country, Burkina Faso is dependent on the seaport of Abidjan in Ivory Coast to ship the fruit. Mangoes travel from Bobo Dioulasso to the port of Abidjan by train, where the produce is shipped onto the vessels for transport to Europe.

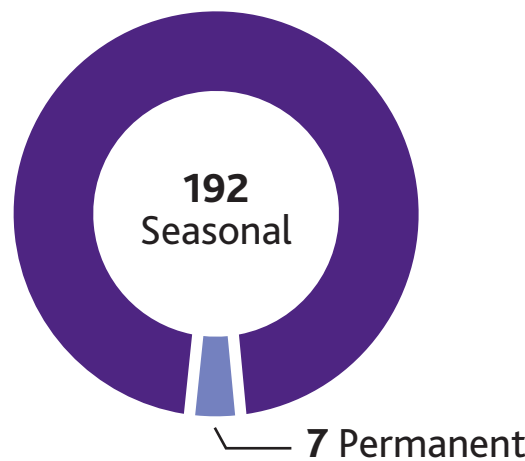
Approximately 20 days after harvest, the mangoes arrive at the warehouse of Eosta in the Netherlands. Over the years Fruiteq has suffered from severe logistical challenges, due to civil war outbreak in Ivory Coast and other incidents such as strikes in the port of Abidjan. Nevertheless, the company has proven to be resilient.



Function	Seasonal	Permanent	% of Living Wage
Farm Workers	10	0	26%
Farm Manager	0	1	93%
Harvesters	120	0	39%
Packing House Unskilled	49	0	34%
Packing House Skilled	13	0	44%
Administration	0	6	>100%
Total	192	7	



Tabel 1: Wage in Percentage of Living Wage, per employee category



Adama Zongo and his management team have expanded their commercial activities into drying of mango fruit. Factory and export company Timini was established as a joint venture in 2013, and is currently a thriving enterprise with 800 employees, processing 20,000 tons of fresh mango per year. Timini, being a separate judicial entity, is not within the scope of this report. We will only look at Fruiteq SARL employees, working with fresh mango export.

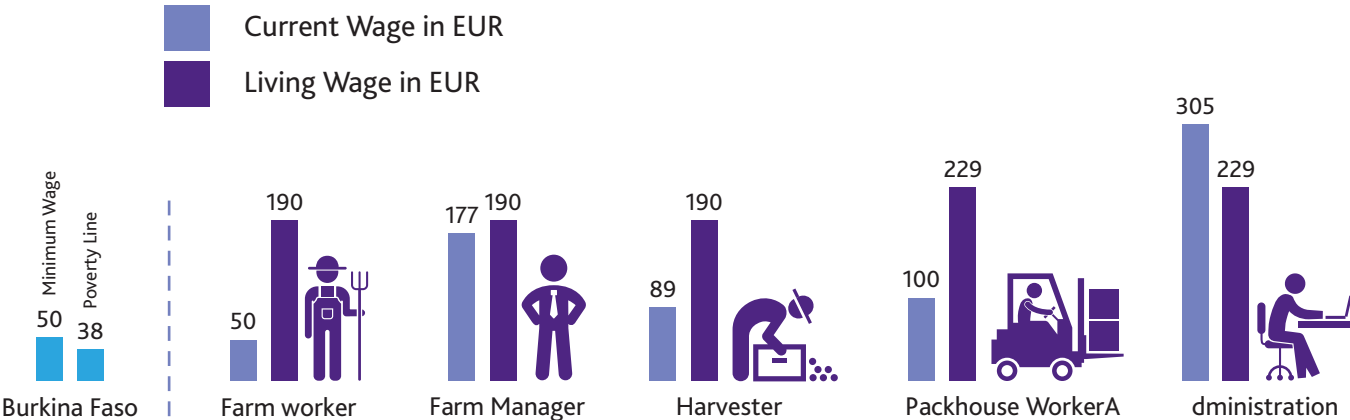
Fruiteq employs a total of 199 people during export season. Only 7 people are employed permanently, the other workers are all seasonal workers or day laborers. The export season is short and runs from the end of March until May, averaging 10 weeks of operations.

The export season is short and runs from end of March until May

LIVING WAGE GAP PER CATEGORY & VOLUME

We calculated the total amount of money that would theoretically be needed to bridge the wage Gap and give all Fruiteq employees a living wage. The total amount was divided by

the volume of trade with Eosta, resulting in a number of 0,10 EUR per kg of fruit. Therefore, a price increase of 10 cents per kilogram would in theory be sufficient to bridge the wage gap.



Tabel 2: Renumeration Fruiteq employees compared to Living Wage Minimum Wage and Poverty Line, Eosta 23 jan 2020.

	Function	#Workers	Months employed	Wage/ Month (CFA)	Living Wage Family (CFA)	Gap/ Month (CFA)	Total Gap Year (CFA)	Total Gap Year (EUR)
	Farm Worker	10	3	3,300	125,000	92,000	2,760,000	4,207
	Farm Manager	1	12	116,250	125,000	8,750	105,000	160
	Harvester	120	3	58,500	150,000	91,500	32,940,000	50,213
	Packing House Unskilled	49	3	50,424	150,000	99,576	14,637,672	22,314
	Packing House Skilled	13	3	66,000	150,000	84,000	3,276,000	4,994
	Administration	6	12	200,000	150,000	-50,000	-3,600,000	0.00
	Total						53,823,672	81,888

Tabel 3: Living Wage Gap total per year
* 656 CFA = 1 EUR

	Function	#Workers	Total Gap (EUR)	Gap per volume (EUR/Kg)
	Farm Worker	10	4,207	0.005
	Farm Manager	1	160	0.0002
	Harvester	120	50,213	0.059
	Packing House Unskilled	49	22,314	0.026
	Packing House Skilled	13	4,994	0.006
	Administration	6	0	0
	Total Gap per Kg			0.10
	Total Gap per carton			0.39
	Total Exported Volume 844,800 (Kg)			

Tabel 4: Living Wage Gap EUR per kg produce sold
*Eosta buys 100% of exported volume from Fruiteq

METHODOLOGY, ASSUMPTIONS AND SCOPE

For data collection and calculation of the current value of worker's wages, we used the Salary Matrix tool and methodology, designed by IDH. To work as best possible in the given context and with current data availability, several adjustments to the IDH format were made. Based on the learnings of this baseline calculation, and based on the expected addition of more detailed information going forward, we anticipate to further refine the calculations and finetune alignment with the IDH format in the next round of data collection and verification.

Data collection was done firstly through direct communication with director Adama Zongo in December 2019, by e-mail and telephone. This was followed by a visit to Fruiteq from 19 to 22 February 2020. During the visit, the management team and HR-manager were interviewed. Relevant documentation like pay slips, contracts and references on labor law were verified. We also did interviews with 4 workers from the packing house and farms. Some interviews were conducted at the workers' homes. The management was not present at these interviews. A translator facilitated the interview.

The scope of this assessment are workers contracted directly or indirectly by Fruiteq SARL, who are involved in the fresh mango export activities. We also assessed the wages of the farmworkers and manager of one farm location that is owned by Fruiteq. Smallholders supplying to Fruiteq were not assessed.

Fruiteq's harvest team workers are contracted through subcontractors, but are also included in this study as they represent a large part of the labour force involved in the export operations.

Seasonal farm workers work are hired on a daily basis. In our calculations of a monthly wage, we assumed a 5 day working week. In reality the number of working days varies, depending on the amount of containers that is ordered by customers in a specific week.

Calculating from day wage to monthly pay, we assumed an average of 22 working days per month, which is normally the case.

All calculation where done in West African Francs, CFA. We used the current conversion rate (January 2020) of 656 CFA to 1 EUR throughout the calculation.

The scope of the analyses are the workers directly involved in the fresh mango export activities



MINIMUM WAGE AND LIVING WAGE BENCHMARK

The legal minimum wages in Burkina Faso are given in the "Code social de Burkina Faso" (P. Abadie, 2010). It defines minimum wages for each professional sector.

For people working in the food industry, the absolute minimum wage (for an unskilled worker) is 191 CFA per hour, equaling 33600 CFA per month (51,24 EUR). An official workday covers 8 hours.

There are several methods to determine Living Wage benchmarks and several organisations who calculate them and work with them. IDH is developing criteria for recognizing Living Wage benchmark methodologies. These will provide us a guideline in choosing benchmarks as we move forward.

The Anker and Anker method is the most widely recognized methodology for calculating a Living Wage benchmark. However, it is very laborious and as a result the number of established benchmarks is still limited. No benchmark study with the Anker and Anker method was available for Burkina Faso at the time of this assessment.

The Wage Indicator Foundation (www.wageindicator.org) uses online data to determine Living Wage benchmarks. The method may not be as profound as the Anker and Anker method, but the global coverage of the benchmarks is much wider. In the summer of 2019, Wage Indicator finalized their Living Wage benchmark for Burkina Faso.

We used the Wage Indicator benchmark as a starting point. After consultation with experts in Burkina Faso and several interviews with Fruiteq employees, we adapted it to a realistic level, making a distinction between a Rural Benchmark and an Urban Benchmark.

The cost of living in rural areas is usually lower than in urban area's. Fruiteq's farmworkers and harvesters are living in rural areas, while packing house workers and management live in the urban area of Bobo Dioulasso.

We will adjust the benchmarks in any upcoming reports, if IDH criteria for uniform benchmarking along with the guidelines of the Living Wage roadmap become available and lead to a different outcome, or if better benchmarks become available.

Our benchmark results are as follows:
Living Wage benchmark for the urban area of Bobo Dioulassou: 150.000 CFA (229 EUR) per month.

Live Wage benchmark for the rural area of Haut Bassins and Cascades: 125.000 CFA (190 EUR) per month.

We determined the Living Wage in Urban areas on 150,000 CFA per month (229 EUR)

WAGE GAP ANALYSIS

Calculating the "Gap" between current wage and the desired living wage.

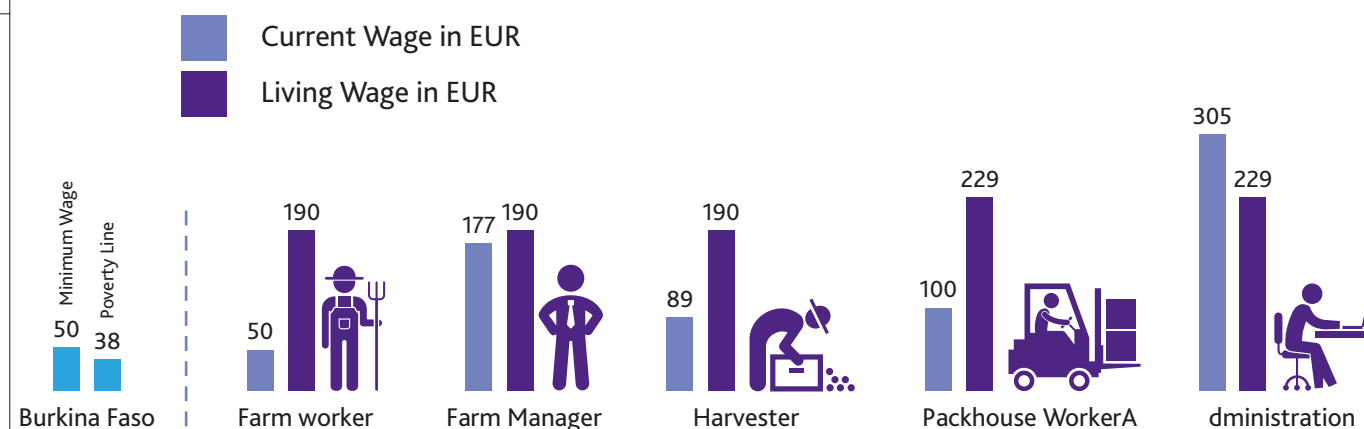


Table 5: Remuneration Fruiteq employees compared to Living Wage Minimum Wage and Poverty Line, Eosta 23 jan 2020.



FARM WORKERS

Fruiteq owns a plantation of 20 hectares with newly planted mangoes. A farm manager is contracted to look after the plantings: he is employed permanently. His base salary is 85.000 CFA per month, which is 68% of the Living Wage. On top of this he receives benefits in the form of transport and housing. The value of these benefits in kind is estimated at 31.250 CFA or 30% of the Living Wage. This adds up to 93% of the Living Wage benchmark.

Seasonal farmworkers for the Fruiteq farm are contracted on a daily basis. People from neighbouring villages are working on the farm, mainly doing weeding. Their wage is 1500 CFA per day. The workers (mostly women) receive a day target, which they usually reach within approximately 6 hours. Payments are done in cash. No extra benefits are provided. Overtime is not applicable. These workers earn the legal Minimum Wage. The monthly income is approximately 26% of the Living Wage.

The monthly income is approximately 26% of the Living Wage



Abdu Traoré

Farm manager
Fruiteq Farm



Abdu Traoré at the Fruiteq farm near Mondon Village, February 2020



Abdu is taking care for the 20 Ha mango farm and started working in 2014 with Fruiteq. He lives with his parents, 3 brothers and 1 sister and Mondon village, a small village in the region of Orodara, south of Bob Dioulasso. Abdu finished his secondary education at Bobo Dioulasso, in accounting. However his passion is with farming. Since young he was working with his father in farming, where he learned the ins and outs of arable farming.

Abdu is working on a permanent basis and is directly contracted by Fruiteq. He earns 85000 CFA basic salary per month (130 EUR). On top of his salary he receives an amount of money to pay for transport and housing.

During rainy season, he is allowed to seed beans between the mango trees, for his own benefit. Since the trees are still young, there is space for intercrops and the beans provide free nitrogen to the trees.

With his wage he supports his family, only Abdu and his sister are working. They provide food, medicines and can contribute in case of any emergency. He is able to save some money per month. His dream is to have his own farm, where he can work and provide a good income and which will provide him a pension for the future.



HARVEST WORKERS



The harvest teams represent the largest share of the work force: 120 people out of a total of 199 employees. The Harvest Workers are contracted through intermediaries, so-called “pisteurs”. Fruiteq SARL negotiates a price with the pisteurs, which is a total amount per quantity of fruit including export quality fruit. The pisteur then negotiates a price with both the farmer and the harvest workers. This system is common practice in the mango producing regions of Mali and Burkina Faso. It is an informal system. Wages and working times are not registered or monitored by Fruiteq. Harvest workers do not have a contract or social security, but they know their wages in advance. Although not perfect in the sense of transparency and auditability, this system has proven its efficiency through the years.

Each pisteur works with a group of approximately 120 workers. The harvest workers are always men between the age of 18 and 30 years. Harvest work can be dangerous as workers need to climb in high trees to pick the fruits. They harvest the fruit selectively for export, local market and the dried fruit market. Each field is harvested in a number

of picking rounds. Harvest teams stay in a specific area until all farms are done. The teams do not work exclusively for Fruiteq, they work for all exporters and farms in the region. We estimated the number of harvesters working for Fruiteq at 120.

Harvest workers receive a wage of 1500 CFA per day, which is the minimum wage. No productivity bonus is in place. The teams sleep in the villages near the farms, but amenities are very basic. Sometimes people sleep in the open air. We therefore did not attribute value-in-kind to housing. On work days, basic food is provided to the workers. Value-in-kind for food was valued at 9000 CFA per month.

In total, the Harvest Workers earn 39% of the Living Wage.

Harvest workers do no have contracts or social security



OFFICE PERSONNEL



Fruiteqs’ office personnel are well educated people who also have management functions in the Timini mango drying factory. Education level is relatively high (Bachelor and Masters degrees). They earn well over Living Wage. Their monthly wage is found to be 200.000 CFA on average. The Office Personnel works very long hours. In export season they might work 7 days per week, some days more than 12 hours a day, but in their own opinion they are well rewarded for it.

Education level of the office personnel is relatively high



PACKING HOUSE PERSONNEL



Fruiteq's packing house is located in Bobo Dioulasso. The harvested fruit is collected in crates at the farm and transported to the packing house. The fruit is washed, selected, sorted and packed in cartons of 4 kg. Cartons are stacked on pallets (240 cartons per pallet) which are loaded in a reefer container. The packing house has a capacity to process the fruit for one container (5280 cartons) per day.

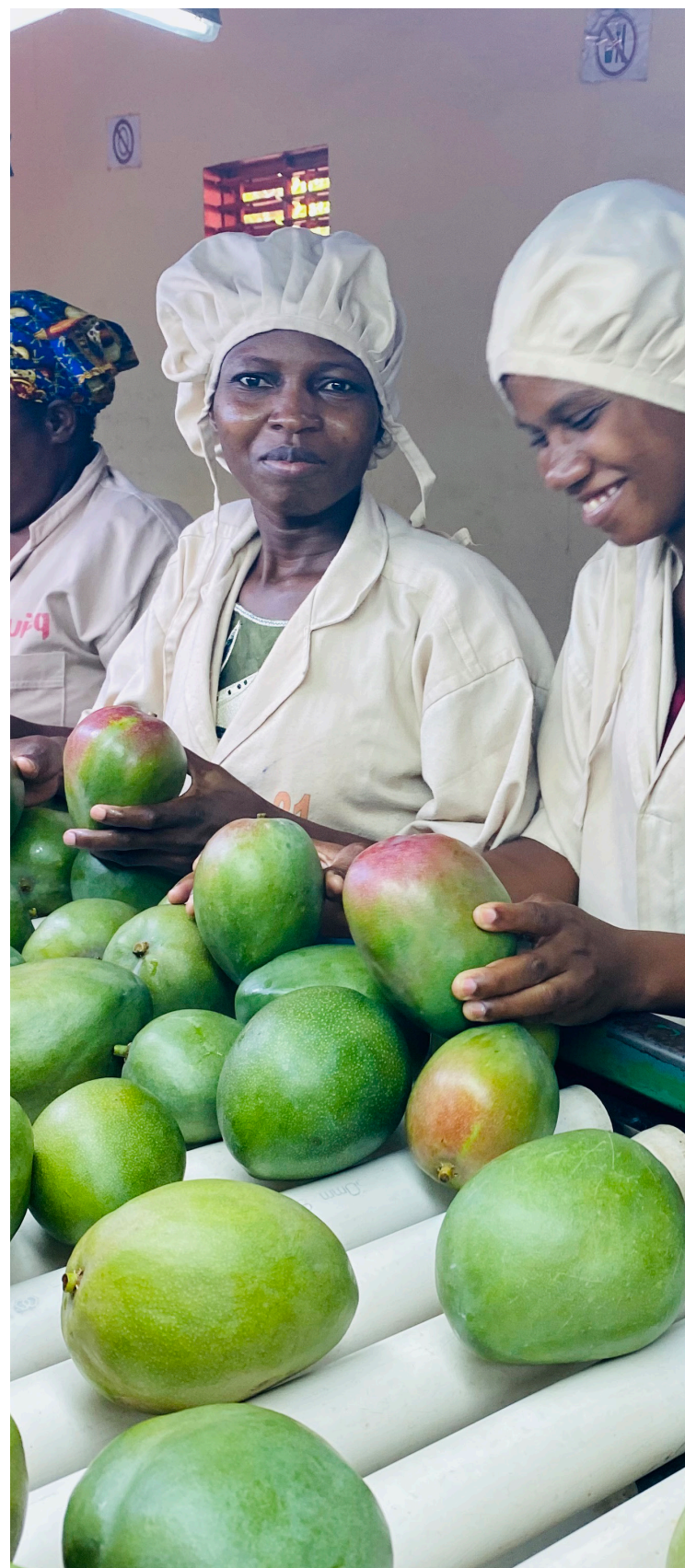
The packing house offers employment for 62 people, mostly women. These workers are hired on a daily basis. Work depends on export orders. People are hired without an official contract. Employees receive training on safety, packing operation and company policies (anti-discrimination, grievance procedure, etc). Working hours are recorded and there are clear rules on overtime payments.

Workers receive pay slips which specify hours worked, overtime and social security levy's paid by Fruiteq. Fruiteq has to pay social security taxes for each worker as stated by Burkina law.

There are two wage levels. Low skilled workers receive 1528 CFA per day (49 persons). Skilled workers receive 2000 CFA per day for skilled (13 persons). People can earn productivity bonuses for good performance and motivation, but there is no formal system to determine the amount. Nevertheless, average productivity bonus is 50% extra on top of the official wage. Payments are done in cash. Fruiteq is trying to move to bank payments, but workers prefer cash. Withdrawing money from the bank is complicated due to long waiting times, and because opening hours coincide with working hours.

In conclusion:
skilled workers earn 44% of the Living Wage,
unskilled workers earn 34% of the Living Wage.

Fruiteq pays social security for each worker



Marian Koulibali

Packhouse worker
Fruiteq Farm



Marian Koulibali (fourth from right) together with her mother, cousins and sister. Bobo Dioulasso



Marian has two children, her husband passed away 8 years ago. As a child she suffered from Polio, which caused malformation of her legs, she is not able to walk.

Marian works with Fruiteq 10 years – she started working in 2010. She works at the carton folding section of the packhouse. She is really happy to work with Fruiteq, this gives her an income during

the months of the export season (March-May). Outside the season she has no other form of income, which makes life challenging for the other 9 months of the year. Marina lives with her children and 9 other family members: her mother, her brother and his family and a cousin. Her brother is a driver and supports the family financially, when the mango season ends.



CONCLUSIONS

- Burkina Faso is a low income country. The legal minimum wage (lowest category) in the food industry is 1528 CFA/day or 33616 CFA/month. This is 34% of a Living Wage.
- There was no Anker and Anker methodology benchmark available for Burkina Faso at the time of the assessment. The Wage Indicator benchmark was used and slightly adjusted after local consultation. We decided on a Living Wage benchmark for a typical family of 150.000 CFA for urban life and 125.000 CFA for rural life.
- Mango exporter Fruiteq relies for 97% on seasonal workers who are hired per day.
- Seasonal workers' wages are based on the legal minimum wage, creating a considerable Gap with the Living Wage. Packing house workers on average earn 50% on top of their basic wage due to a productivity bonus.
- All 7 permanent workers, including the office workers and the farm manager, earn a wage that is over or close to Living Wage. These are schooled, trained employees with a high level of responsibility.
- In a country where 38% of the people live below the poverty line of 1150 CFA (1,75 EUR) per day, giving income to 199 people should be regarded as a significant and valuable social impact.
- Harvest workers are the biggest group of employees. They are subcontracted and are therefore prone to be excluded from social audits. Their working conditions are less protected, further analysis of this group is recommendable.
- If you assume that these employees have a total productivity of 40 export containers of fruit in a full season, the Living Wage Gap per kg of exported mangoes amounts to 0,10 EUR.



The value of the Living Wage Gap per Kg mango exported is 0,10 EUR



STRATEGIES TO CLOSE THE WAGE GAP AND IMPROVE LIVELIHOODS

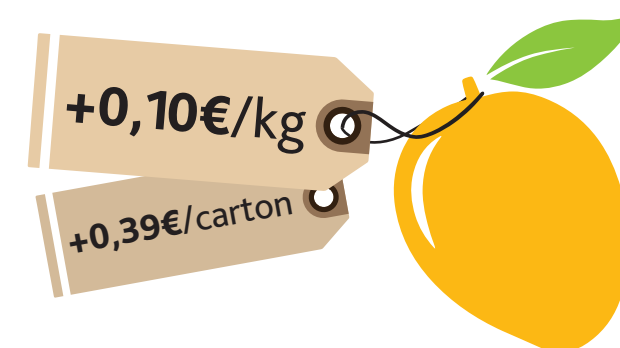
- Closing the Living Wage Gap is not a challenge for Fruiteq to solve alone. Decent wages should be a pre-competitive element in doing business. Eosta's first step is to initiate a discussion and raise awareness amongst her clients and final consumers, to make it possible that the price of a mango reflects the true social cost, which means a Living Wage for workers in Burkina Faso. In conclusion, an inclusive price should be generated for every kg of Burkina Faso mangoes, with an extra value of 0,10 EUR.

- Now that we have a clear value for Burkina Faso mangoes with Living Wages, European clients can take responsibility by paying a decent price. Currently Eosta is developing a premium system that assures transparency on direct payment of the premium into a fund that will be dedicated to systematically raise income for these workers. This will allow for workers in Burkina Faso to earn a living wage.

Strategies to realise Living Wages at Fruiteq's, as discussed with the Fruiteq management team

- A large part of the packing house workers earns a legal minimum wage. The productivity bonus of these workers is high (50% extra), but there is no clear system. Easy improvement can be made by making sure that incentives are clear and can be achieved in a normal working day. Productivity bonuses are now not included in the Living Wage calculation method. This is an issue that the standard setting organisations could look into.

- Fruiteq has initiated a project to professionalize mango cultivation. At 30 farms, small plots (5 ha) of irrigated high density orchards are established. For Harvest Workers, these new plantings will offer a better working environment. Harvesting



The price of mangos should reflect the true social cost including the assurance of a living wage

will be safer and easier, avoiding climbing in high trees. In 2023 these orchards will be come into full production. That will be a good moment to look into the payment structure of harvest teams.

- A first realistic step for Fruiteq is to start making written agreements with the sub-contractors (pisteurs) that employ the harvest teams. The agreement should at least state Fruiteq's labor policy on minimum wage, workers' rights and safety.

- Seasonal workers' wages are still far from being Living Wages. Strategies to raise wages structurally need to be discussed. Workers are now employed for the export season only and the workers that we interviewed had no other salary. Supporting employees to develop their own small business outside the season, through micro credit, seems a good option. The first step would be to analyse the socio-economic circumstances of these workers and investigate their needs and talents.



Special thanks to:



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