

Implementing a Living Wage in the Philippines:

A Worker-Led Approach

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Contents

1. Introduction

In recent years, the call for Living Wages has gained prominence with an increase in the number of national and global initiatives focusing on the topic. Although the concept of the Living Wage is not new, a pivotal moment was reached in February 2024 during the International Labour Organisation's (ILO)¹ tripartite meeting of experts on wage policies, including Living Wages. In its conclusions the ILO took a clear position on the definition and approach to the calculation of a Living Wage, stating which considerations should be made at global level to build consensus. However, the conclusions consistently highlighted for the need for national ownership to account for local context and socio-economic and cultural realities. Many agree that it should be up to national movements to determine what that means in their local context for the definition of a Living Wage, what forms the calculation and the governance to establish and grow their Living Wage movements.

As well as national ownership, the ILO also highlights the importance of social dialogue or the exchange of information between, or among, representatives of governments, employers and workers, to define a Living Wage.² Social dialogue can exist as a tripartite process, with the government as an official party to the dialogue or it may consist of bipartite relations only between labour and management (or trade unions and employers' organisations).³ Collective bargaining is an example of social dialogue.⁴

At Citizens UK we know how important it is to build consensus across different stakeholder groups to create a multisectoral Living Wage movement. Our work on Living Wages started as a community movement, then came to harness and include corporate and political power. Citizens UK's overarching theory of change is rooted in this broad-based organising and building alliances across these three (3) pillars: communities, businesses, and political power.

There are a number of other national Living Wage movements that have done this successfully. This report will highlight the important work of

¹The International Labour Organisation (ILO) is a United Nations agency whose mandate is to advance social and economic justice by setting international labour standards.

²International Labour Organisation, Social Dialogue, available at: <https://www.ilo.org/resource/social-dialogue-0#:~:text=Social%20dialogue%20is%20defined%20by,to%20economic%20and%20social%20policy>. (last accessed: July 22, 2024).

³ Ibid.

⁴ Ibid.

Living Wage Philippines, which grew from a worker-led campaign into a multisectoral movement involving a range of other stakeholders.

The report is divided into two (2) parts:

- Part I – Implementing a Living Wage in the Philippine Context; and
- Part II – A Toolkit to Develop a Worker-Led Living Wage Movement.

A. OBJECTIVES OF THE REPORT

This report was prepared by Atty. Joan dela Cruz⁵ for the Living Wage Foundation as part of its effort to document the experience of Global Living Wage Network members. This report aims to:

- Provide an overview of the Philippine labour force situation;
- Document the worker-led approach taken by Living Wage Philippines and reflect on lessons from it;
- Provide guidance for the wider global Living Wage movement when looking at how to approach a worker-led movement; and
- Highlight the perspective that Living Wage actors are looking to achieve, which is a minimum level of consistency globally with local specificity, and situate the role of global organisations in supporting national movements to address this.

B. BACKGROUND

The National Federation of Labour (NFL) is one of the oldest⁶ and largest labour organisations in the Philippines with more than 10,000 members all over the country.⁷ It has 28 local unions from manufacturing, transport, healthcare, service delivery etc.⁸ NFL advocates for the strengthening of labour unions in the country and ensuring democratic governance in the workplace.⁹ Aside from their formal organising work, NFL has also been organising the informal economy into associations, which are mostly composed of women.

Achieving fair and decent wages has long been pushed by the labour movement in the Philippines, and NFL has been at the forefront of this

⁵ She is a lecturer at the Ateneo de Manila University on Labour Law and Social Legislation, Special Topics in Development Studies: Legal Issues and Development, and Gender Issues: A Legal Framework with a Development Perspective.

⁶ NFL started in the 1950s in the manufacturing corporations in Mindanao and has expanded since then. National Federation of Labour (NFL), Presentation at Ateneo de Manila University (November 23, 2023).

⁷ National Federation of Labour (NFL), Presentation at Ateneo de Manila University (November 23, 2023).

⁸ Id.

⁹ See Living Wage Philippines, A Multi-Stakeholder Dialogue on Living Wage Concept Note (2024).

struggle. Thus, for NFL, the advocacy around Living Wages has a clear potential for supporting collective bargaining on liveable wages:

Historically, our efforts have been national in scope, primarily focused on legislative lobbying. The Living Wage Campaign represents an innovative and crucial step forward in our mission to secure liveable wages. By adopting a multi-stakeholder approach, this campaign ensures that all sectors—not just the labour movement—work together to achieve Living Wages for all.

Atty. General Du, President, National Federation of Labour (NFL)

In 2023, NFL partnered with Caritas Philippines, the humanitarian, development, and advocacy arm of the Catholic Bishops' Conference of the Philippines (CBCP) (collectively referred to as Living Wage Philippines), and the Living Wage Foundation to introduce Living Wage in the Philippines through the campaign entitled “A Fair Day’s Pay for a Fair Day’s Work.” The Campaign aims to champion a just wage that is in line with the current context of the country, and allows individuals and families to afford a decent standard of living through a multi-sectoral approach.¹⁰

Introducing a Living Wage in the Philippines through a multi-sector approach, based on the experience of workers and unions, aligns with Citizens UK’s theory of change of building power at a community, corporate and political level, and the Living Wage Foundation advocating for fair wages and social justice globally. Since 2021, the Living Wage Foundation has connected with Living Wage movements around the world to establish a Global Living Wage Network dedicated to the development of a “holistic approach that is fully appropriate to local contexts.”¹¹

¹⁰ Living Wage Philippines, A Multi-Stakeholder Dialogue on Living Wage Concept Note (2024).

¹¹ Living Wage Foundation, Lessons from our Global Living Wage Network 3-4 (2021), available at: <https://www.livingwage.org.uk/sites/default/files/2022-08/Lessons%20from%20Global%20Living%20Wage%20Network%20Report.pdf> (last accessed: July 23, 2024).

Part I: Implementing a Living Wage in the Philippine Context



2. The Philippine Context

A. PHILIPPINE LABOUR FORCE SITUATION

The Philippines is a lower-middle income country with a population of 116 million as of 2022.¹² Out of this total population, 78 million are part of the labour force, with approximately 51 million Filipinos who are part of the working population.¹³ Out of this working population, approximately 30 million are men, while 21 million are women.¹⁴ Despite ranking 16th place in the Global Gender Gap Index,¹⁵ the Philippines is ranked as the third worst country in the Association of Southeast Asian Nations (ASEAN) region in terms of gender inequality in labour force participation, ranking 106th place out of 149 countries.¹⁶

Wage and salary workers continued to account for the largest share of employed persons with 62.9% of total employed persons in February 2024.¹⁷ This was followed by self-employed persons at 27.2%, and unpaid family workers at 7.8%.¹⁸ Employers in own family-operated farm or business had the lowest share of 2.0% (Figure 1).¹⁹

¹² World Bank, Population, total – Philippines, Lower middle income, available at: https://data.worldbank.org/indicator/SP.POP.TOTL?locations=PH-XN&most_recent_value_desc=true (last accessed: April 21, 2024).

¹³ Philippine Statistics Authority (PSA), Unemployment Rate in February was estimated at 3.5%, available at: <https://psa.gov.ph/statistics/labour-force-survey> (last accessed: April 21, 2024).

¹⁴ Ibid.

¹⁵ World Economic Forum, Global Gender Gap Report 2023, available at: <https://www.weforum.org/publications/global-gender-gap-report-2023/> (last accessed: May 9, 2024).

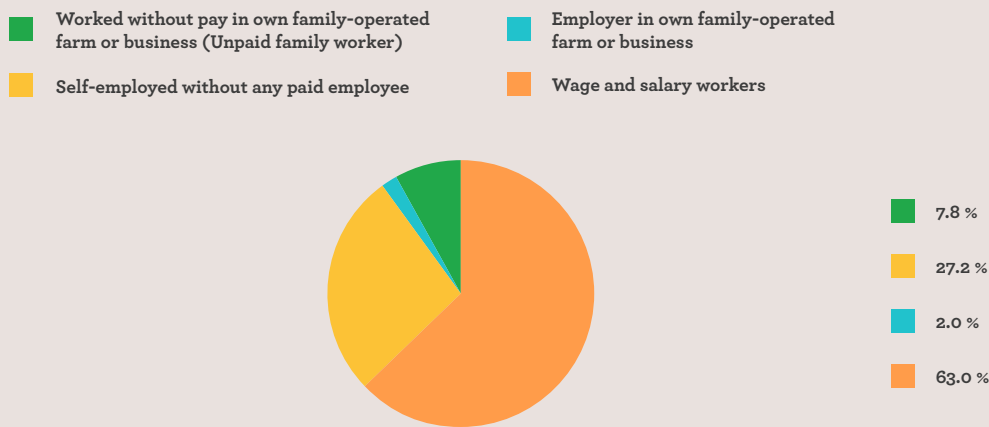
¹⁶ The Philippines ranked next to next to Indonesia and Myanmar which were ranked 118th and 109th, respectively; See National Economic Development Authority, Determinants of Female Labour Force Participation in the Philippines (2019).

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ibid.

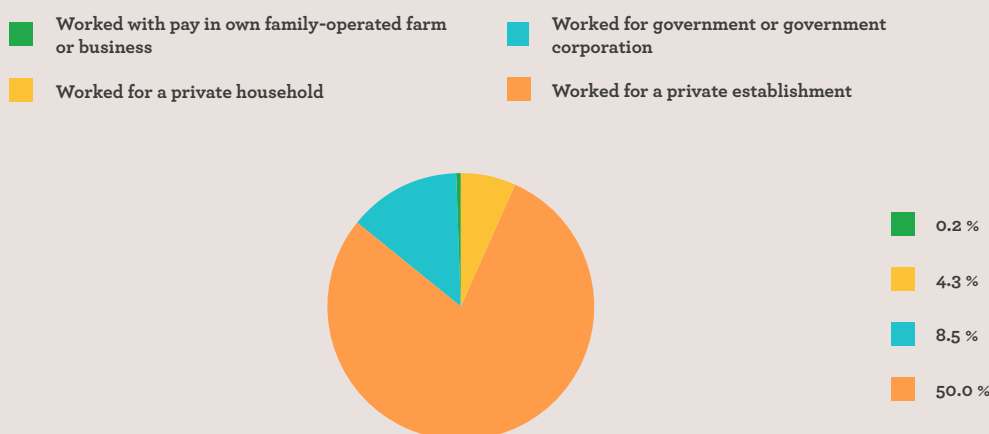
Figure 1: Share of Workers in the Philippines by Employment Type, 2024



Source: The Philippines ranked next to next to Indonesia and Myanmar which were ranked 118th and 109th, respectively; See National Economic Development Authority, Determinants of Female Labour Force Participation in the Philippines (2019).

Among wage and salary workers, those employed in private establishments remained to have the highest share of 79.3% of the wage and salary workers or 49.9% of the total employed.²⁰ This was followed by those employed in government or government-controlled corporations with a share of 13.5% of the wage and salary workers or 8.5% of the total employees (Figure 2).²¹

Figure 2: Classification of Wage and Salary Workers in the Philippines, 2024



As Figure 2 illustrates, at least half of Filipino employees are working for private establishments. But despite this, there is a decline of trade union movements in terms of “membership, bargaining power, political power and influence, and institutional vitality.”²² From the year 2014 to 2020, there

²⁰ Ibid.

²¹ Philippine Statistics Authority (PSA), Unemployment Rate in February was estimated at 3.5%, available at: <https://psa.gov.ph/statistics/labour-force-survey> (last accessed: April 21, 2024).

²² Marie E. Aganon, Melisa R. Serrano and Ramon A. Certeza, Union Revitalization and Social Movement Unionism in the Philippines at 1, available at <http://library.fes.de/pdf-files/bueros/philippinen/07130.pdf> (last accessed: July 17, 2024).

has been a steady decline of establishments with unions and collective bargaining agreements (CBA) (refer to Table 1).

Table 1: Number and Percent Share of Establishments Employing 20 or More Workers With Union and With Collective Bargaining Agreements (CBA), Total Establishments, Philippines: June 2014 to June 2020

	2014	2016	2018	2020
Total no. of establishments	35,209	31,277	32,517	34,543
Establishments with Union	2,059	2,099	2,039	1,464
Establishments with Union (% share)	6	7	6	4
Establishments with CBA	1,946	2,038	2,001	1,451
Establishments with CBA (% share)	6	7	6	4

Out of the 5.29 million paid employees, only 6% are union members and only 6.3% are covered by CBAs.²³ This trend has continued in the Philippines, despite the efforts of the Department of Labour and Employment to ease union registration and certification.²⁴

The numbers reflect the “severely restricted” capacity of private sector unions to influence change – be it social, economic or political.²⁵ Thus, the direct role for unions to help promote inclusive growth would be difficult to establish.²⁶ This fact is especially relevant in the Philippines where the minimum wage system remains the primary system to enforce wages in the private sector. This means that aside from company policy and individual contracts, wage and salary workers may depend on unions and collective bargaining to bargain for higher wages or a Living Wage.

The introduction of a worker-led movement to advance the voluntary Living Wage agenda in the Philippines can help achieve the more encompassing objective of the minimum wage system to help low-income households out of poverty.²⁷

²³ PSA, Highlights of the 2019/2020 Integrated Survey on Labour and Employment (ISLE) – Module on Unionism and Collective Bargaining: June 2020, August 12, 2022, available at: <https://psa.gov.ph/statistics/isle/node/167868> (last accessed: April 21, 2024).

²⁴ See Benedicto E.R. Bitonio, Jr., Industrial relations and collective bargaining in the Philippines, International Labour Office, Industrial and Employment Relations Department. - Geneva: ILO (2012), available at: <https://www.ilo.org/static/english/inwork/cb-policy-guide/philippinesindustrialrelationsandcollectivebargaining.pdf> (last accessed: April 21, 2024).

²⁵ Id. at 18.

²⁶ Ibid.

²⁷ See Bangko Sentral ng Pilipinas, The Price Effect of Minimum Wage: Evidence from the Philippines (2017), available at: https://www.bsp.gov.ph/Media_And_Research/Publications/BS2017_03.pdf (last accessed: April 21, 2024).

B. MINIMUM WAGE SYSTEM IN THE PHILIPPINES MENTIONS LIVING WAGE

In the Philippines, minimum wage varies depending on the region and type of employment. Each region weighs the various criteria differently when fixing the minimum wage through the Regional Tripartite Wage and Productivity Board (RTWPB). The RTWPB is composed of representatives from different national government agencies (i.e. Department of Labour and Employment, Department of Trade and Industry, and the National Economic and Development Authority), and a member from workers and employer sectors,²⁸ who are appointed by the President of the Philippines, upon the recommendation of the Secretary of Labour and Employment.²⁹

Minimum wage is set to cover the basic needs of a worker and their family given current economic and social conditions.³⁰ As of July 2024, the minimum wage rate in NCR is PHP 645, which is the highest rate in the Philippines, while that in the Bangsamoro Autonomous Region in Muslim Mindanao is the lowest.³¹ The difference in minimum wages and in the rate of wage increases across regions is “reflective of the changes in the cost of living in these areas as well as on other socio-economic factors like investment growth and employment generation.”³²

Philippine law sets ten (10) criteria to set minimum wage,³³ which can be categorised in four (4) major groups (Table 2).³⁴ The set criteria are intended to maintain the minimum standards of living “necessary for the health, efficiency, and general wellbeing of employees as defined in the country’s economic and social development program.”³⁵

²⁸ The President’s appointment is made on the basis of the list of nominees submitted by the workers and employers sectors, respectively, and who shall serve for a term of five (5) years.

²⁹ An Act to Rationalize Wage Policy Determination by Establishing the Mechanism and Proper Standards Therefor, Amending for the Purpose Article 99 of, and Incorporating Articles 120, 121, 122, 123, 124, 126 and 127 into, Presidential Decree No. 442, as Amended, Otherwise Known as the Labour Code of the Philippines, Fixing New Wage Rates, Providing Wage Incentives for Industrial Dispersal to the Countryside, and for Other Purposes, [Wage Rationalization Act], Republic Act No. 6727, Sec. 3 (1989).

³⁰ Bangko Sentral ng Pilipinas, The Price Effect of Minimum Wage: Evidence from the Philippines at 30.

³¹ WageIndicator.org provides an updated summary of the minimum wage of the regions in the Philippines, which can be accessed through this link: <https://wageindicator.org/salary/minimum-wage/philippines>

³² Id. at 34.

³³ This is prescribed under Republic Act (R.A.)A. No. 6727 and the Rules of Procedures for Minimum Wage Fixing; Bangko Sentral ng Pilipinas, The Price Effect of Minimum Wage: Evidence from the Philippines at 30.

³⁴ Ibid.

³⁵ Ibid.

Table 2: Criteria to Set Minimum Wage Under Philippine Law

<p>1. Welfare of workers and their families</p> <ul style="list-style-type: none"> • Demand for Living Wage • Wage adjustment for the consumer price index • Cost of living and changes therein • Needs of workers and their families • Improvements in standards of living
<p>2. Capacity to pay of employers/industry</p> <ul style="list-style-type: none"> • Fair return on capital invested and capacity to pay of employers • Productivity
<p>3. Comparable wages and incomes</p> <ul style="list-style-type: none"> • Prevailing wage levels
<p>4. Requirements of economic and social development</p> <ul style="list-style-type: none"> • Need to induce industries to invest in the countryside • Effects on employment generation and family income • Equitable distribution of income and wealth along the imperative of economic and social development

Notably, Philippine law recognises the “demand for Living Wages” as a criteria to set minimum wage. The criteria reflect three (3) different approaches for fixing minimum wages prevalent in the International Labour Organisation’s (ILO) literature since its establishment, namely: “the living-wage principle”, “the relation to wages of other groups of workers”, and “the capacity of industry to pay.”³⁶

In the 1920s, the “living-wage principle” had received its greatest application in Australia, New Zealand, the United States, and Canada based on assumptions on the need of an adult male worker who has a family to support, in contrast to a woman dependent solely on her wage.³⁷ The variations of the application of the principle is illustrated in Table 3, which shows how the initial implementation of minimum wage-setting was to ensure that workers, particularly women and young men receive just compensation.³⁸ In all these cases, Living Wages was still embedded within the framework of minimum wage-setting, which is one of the changing variables considered together with the difference in cost of living per locality.³⁹

³⁶ International Labour Organisation, Inclusive Labour Markets, Labour Relations, and Working Conditions Branch at 13-14.

³⁷ Ibid.

³⁸ Ibid.

³⁹ Ibid.

Table 3: Criteria to Set Minimum Wage Under Philippine Law

Minimum Wage Application		
	Male Worker	Female Worker
Australia and New Zealand	<ul style="list-style-type: none"> • Applied • Set according to the requirements of a family of average size 	<ul style="list-style-type: none"> • Applied • Set based on requirements of a woman dependent solely on her wage but not contributing to the maintenance of others
United States and Canada	<ul style="list-style-type: none"> • Not applied 	<ul style="list-style-type: none"> • Set based on the requirements of a woman without dependents

Source: International Labour Organisation

Since its implementation, minimum wage remains as one of the most fiercely debated issues in the Philippines and has been “the second most problematic among labour policies after restrictions on worker termination.”⁴⁰ Based on available data from 2017, only 85.2% or 51,437 of the 60,372 businesses inspected by the Department of Labour and Employment comply with the mandated minimum wages.⁴¹ In Metro Manila, compliance was at 87.1% or 16,281 of 18,692 businesses inspected.⁴² Compliance rate was highest in Regions I and VI at 89.5% and 89.4%, respectively.⁴³ It was lowest in Region VIII at 77.3%.⁴⁴

The failure to reach full compliance reflects one of the limits of the current system. Aside from this, the next section will discuss the limits of the current minimum wage system, including the importance of unions, and highlight the need to strengthen social dialogue, particularly through collective bargaining.

C. UNIONS’ ROLE IN INFLUENCING WAGES

As discussed, the purpose of minimum wages is to protect workers against unduly low pay.⁴⁵ It was initially implemented to ensure that workers, particularly women and young men receive just compensation.⁴⁶ Over time, the intention of minimum wage shifted “from safeguarding workers’ welfare

⁴⁰ Bangko Sentral ng Pilipinas, The Price Effect of Minimum Wage: Evidence from the Philippines at 34 citing Gerardo Sicat, Labour Policies and Philippine Companies: Analysis of Survey Opinions, University of the Philippines School of Economics Discussion Paper No. 13 (2009).

⁴¹ Id. at 34.

⁴² Ibid.

⁴³ Ibid.

⁴⁴ Ibid.

⁴⁵ International Labour Organisation, Minimum Wage Policy Guide at 4.

⁴⁶ Bangko Sentral ng Pilipinas, The Price Effect of Minimum Wage: Evidence from the Philippines at 30.

through fair pay to a more encompassing objective of helping low-income households out of poverty.”⁴⁷ However, despite increases in minimum wage in many countries, minimum wages remains to be inadequate to address increasing prices.⁴⁸

As the ILO explained, minimum wage systems should “not be seen or used in isolation, but should be designed in a way to supplement and reinforce other social and employment policies.” Thus, minimum wage policies, which set a floor, should be understood in relation with the importance of collective bargaining, which can be used to set wages above an existing floor.⁴⁹ This may include bargaining for a context-specific Living Wage above the minimum wage.

To illustrate the importance of unions in reaching a “collective bargaining zone,” Figure 3 provides a hypothetical wage distribution of a population of 56 wage-earners before the introduction of a minimum wage.⁵⁰ The red circle called the “minimum wage zone” shows that a minimum wage should in principle remain targeted at the lowest-paid employees, to eliminate “unduly low pay”; the blue circle is the “collective bargaining zone” and illustrates the principle that collective bargaining can be used to set wages above an existing floor.⁵¹

⁴⁷ Ibid.

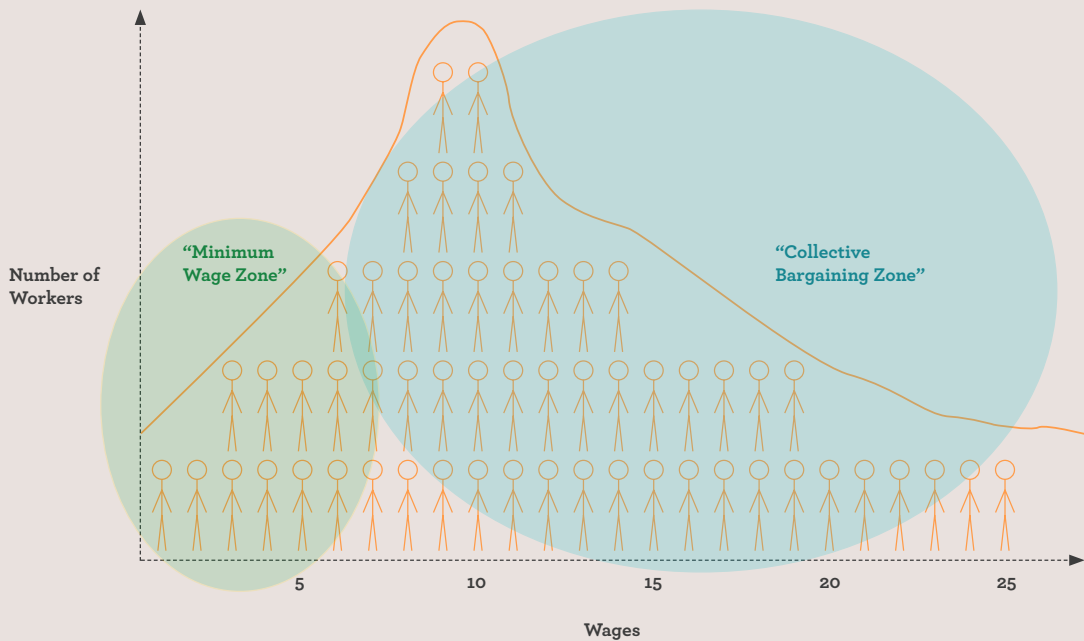
⁴⁸ See International Labour Organisation, Wage Policies, Including Living Wages (February 19-23, 2024) at 13, available at: https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_908626.pdf (last accessed: April 21, 2024).

⁴⁹ International Labour Organisation, Minimum Wage Policy Guide at 4-5.

⁵⁰ Ibid.

⁵¹ Ibid.

Figure 3: Hypothetical Wage Distribution for a Population of 56 Wage-Earners⁵²



Source: International Labour Organisation

However, in the context of the Philippines, as previously discussed, the capacity of private sector unions to influence change is severely restricted.⁵³ Seen in this light, collective bargaining remains to be an important mechanism to determine wages – and the operationalisation of context-specific Living Wage policies.⁵⁴

⁵² The level of wages is on the horizontal axis, and the number of wage earners is on the vertical axis. We see the full range of market wages, including a relatively small proportion of workers with extremely low pay on the left end of the wage distribution. For example, one (1) employees has a wage of \$1, two (2) employees are paid \$3, while five (5) employees receive wages of \$8 (Source: International Labour Organisation, Wage Policies, Including Living Wages at 5).

⁵³ See Benedicto E.R. Bitonio, Jr., Industrial relations and collective bargaining in the Philippines, International Labour Office, Industrial and Employment Relations Department at 18.

⁵⁴ International Labour Organisation, Meeting of Experts on Wage Policies, including Living Wages 4 (February 19-23, 2024), available at: https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_918126.pdf (last accessed: April 21, 2024)

3. The Living Wage Approach

A. LIVING WAGE REQUIRES A MULTI-SECTORAL FOCUS

The topic of Living Wages has consistently been a focal point in both international and national discussions, especially in relation to attaining the Sustainable Development Goals (SDG). The importance of earning a Living Wage to meet an individual and their family's needs underpins several of the SDGs, such as targets to reduce inequality, end poverty and hunger, and ensure decent work, economic growth, good health and well-being.⁵⁵

For example:

- Living Wage is crucial in poverty reduction by allowing people to make savings, and as a result be more resilient to economic shocks.⁵⁶
- The calculation of the Living Wage considers the cost of a healthy and balanced diet, which is essential to achieve Zero Hunger or food security.⁵⁷
- Earning a Living Wage means the difference between individuals affording essential medicines and health-care services, and/or having to regularly work overtime or multiple jobs to achieve good health and wellbeing.⁵⁸
- Advocating for a context-specific Living Wage will also help address the general global trend of women disproportionately receiving lower wages than men.⁵⁹

For the private sector, the United Nations Global Compact (UNGC) is a voluntary initiative based on commitments from businesses and firms worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. UNGC's Forward Faster (FF) initiative calls on private sector organisations to do more across their direct operations and in supply chains, and commit to targets linked to attaining the SDGs, including Living Wage.⁶⁰

⁵⁵ Living Wage Foundation, The Sustainable Development Goals and the Living Wage at 6.

⁵⁶ Id. at 7.

⁵⁷ Ibid.

⁵⁸ Id. at 8.

⁵⁹ Id. at 9.

⁶⁰ United Nations Global Compact, Forward Faster: Guiding companies on where they can make biggest, fastest impact before 2030, available at: <https://forwardfaster.unglobalcompact.org/home> (last accessed: June 24, 2024).

There are increasing regulatory requirements on Living Wages, for example with national specific regulation from the Securities and Exchange Commission (SEC) in the Philippines (this is discussed in more detail later in this chapter) or the European Parliament adopting the EU Corporate Sustainability Due Diligence Directive (CS3D) which references the right of workers to an adequate Living Wage.⁶¹ Even though this is a European directive, it will impact the global supply chains of large companies in scope.

Businesses are increasingly becoming subject to legal and regulatory measures that look more holistically at sustainability to address Environmental, Social and Governance (ESG) issues, and therefore address socially responsible business conduct (e.g. controls on carbon emissions). For larger businesses, these measures invariably carry a responsibility to ensure that suitable controls are implemented and applied throughout their group structures and supply chains.⁶² Thus, it is becoming increasingly recognised that while businesses have a right to focus on making profits, sustainable profitability depends on the “recognition of their interdependence of their links with other parties and interests,” such as its employees, its customers, its regulators, the natural environment and the general public.⁶³

Living Wages are also a remedy to alleviate the problem of working poverty and creates a “win-win situation.”⁶⁴ Mitigating the systemic risk of poverty and inequality is a primary long-term motivation for investors to promote action on Living Wages. Businesses that address Living Wage concerns will be seen as less risky investments and more likely to attract capital.

Employers can recruit and retain talent more easily, and workers are more likely to be committed to their jobs.⁶⁵ For example, in the United Kingdom (UK), 94% of Living Wage businesses say they’ve benefited since being certified as a Living Wage employer, with 62% of employers say paying a real Living Wage has improved recruitment of employees; and 60% of employers say paying a real Living Wage has improved retention of employees.⁶⁶ It has

⁶¹ See Annex, Part 1 no. 6 of the European Parliament legislative resolution of 24 April 2024 where Living Wage and living income are laid down: “The right to enjoy just and favourable conditions of work, including a fair wage and an adequate Living Wage income for self-employed workers and smallholders, which they earn in return from their work and production, a decent living, safe and healthy working conditions and reasonable limitations of working hours, interpreted in line with Articles 7 and 11 of the International Covenant on Economic, Social and Cultural Rights.” (Source: European Parliament, European Parliament legislative resolution of 24 April 2024 on the proposal for a directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937, available at: https://www.europarl.europa.eu/doceo/document/TA-9-2024-0329_EN.pdf (last accessed: July 7, 2024).

⁶² Ibid.

⁶³ Ibid.

⁶⁴ OXFAM Hong Kong, Living Wage, available at: <https://www.oxfam.org.hk/en/what-we-do/advocacy-and-campaign/hong-kong-advocacy/living-wage#:~:text=The%20latest%20living%20wage%20standard.salaries%20of%20their%20direct%20employees> (last accessed: June 2, 2024).

⁶⁵ Ibid.

⁶⁶ Living Wage Foundation, Twenty years of the Living Wage – The Employer Experience, available at: <https://www.livingwage.org.uk/twenty-years-living-wage-employer-experience> (last accessed: July 23, 2024).

also been observed that Generation Z and millennials generally place more emphasis on a company's values – by paying a Living Wage, employers can show their commitment to paying fair wages and attract more talent.⁶⁷

Achieving the SDG goals and their associated targets requires a multi-stakeholder focus – concerted and sustained action from global organisations, governments, civil society, and the private sector.

B. LIVING WAGE AS A “LEAP FORWARD TO SOCIAL JUSTICE”

In a recent pivotal development, the International Labour Organisation (ILO) held its first tripartite meeting on Living Wages, which is considered a “leap forward for social justice.”⁶⁸ The ILO defined Living Wage as:

- The wage level that is necessary to afford a decent standard of living for workers and their families, taking into account the country circumstances and calculated for the work performed during the normal hours of work;
- Calculated in accordance with the ILO's principles of estimating the Living Wage;
- To be achieved through the wage-setting process in line with ILO principles on wage setting.⁶⁹

An overview of the most widely used definitions of a Living Wage shows that all definitions generally point towards the idea of a level of wages that “enables workers and their families to reach a certain living standard.”⁷⁰ For example, the Global Living Wage Coalition defines a Living Wage as “[t]he remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and their family.”⁷¹

Based on the existing literature, the following are the common themes to most Living Wage definitions, a Living Wage:

- Relates exclusively to the needs of workers and their families;
- Focuses on wage outcomes for workers, rather than on particular wage-setting mechanisms;

⁶⁷ Ibid.

⁶⁸ International Trade Union Confederation, ILO agreement on Living Wage definition “a leap forward for social justice” (March 25, 2024), available at: <https://www.ituc-csi.org/ILO-agreement-on-living-wage-definition> (last accessed: May 11, 2024).

⁶⁹ International Labour Organisation, Meeting of Experts on Wage Policies, including Living Wages at 3.

⁷⁰ Id. at 30.

⁷¹ Ibid.

- Is a family-based concept, focused on the needs of workers and their families;
- Refers to pay for standard working hours, excluding overtime; and
- Defined in relation to the context of place and time.⁷²

In the Philippines, the concept of “Living Wage” has been translated to the Filipino phrase “magandang buhay” or a “good life.”⁷³ It was defined as “basic income that provides more than mere subsistence,”⁷⁴ which is linked to a set of capabilities used as indicators or domains of what constitutes a “good life.”⁷⁵ The domains include material and nonmaterial factors to illustrate the multidimensional aspect of the Living Wage concept.⁷⁶ For example, domain 3 measures savings, wealth and assets, while domains 4 and 5 measures social relationships, and leisure and spare time activities, respectively.⁷⁷ A domain may also look at both factors, which is the case for domain 1, which measures housing and quality of neighbourhood.⁷⁸ A similar approach was piloted in South Africa in 2015.⁷⁹

C. NATIONALLY LED LIVING WAGE INITIATIVES

When many multinationals from the United Kingdom’s (UK) Living Wage Employer network wanted to go further than paying the Living Wage in the UK, the Living Wage Foundation established the Global Living Wage project and network. This recognised the need to work in solidarity with other existing movements and initiatives, and that stronger holistic approaches were needed to see real progress at scale. It aims to bring the global movement together to promote shared best practice and incubate a multi-country Living Wage certification scheme. The Living Wage Foundation also collaborates to provide an important point of connection between national movements and new global initiatives. In recent years, more nationally led Living Wage movements have emerged.

Recognising the perceived inadequacy of applicable minimum wages, the Living Wage Foundation has for some years been exploring development of a global mechanism to support the advancement of Living Wage initiatives around the world. As actors in a range of countries and regions work to

⁷² Id. at 31.

⁷³ See Mendiola Teng-Callega, Jose Antonio R. Clemente, Ma. Ligaya Menguito, and Donald Jay Bertulfo, *Toward the Pursuit of What People Value* (2021).

⁷⁴ Id. at 60.

⁷⁵ Id. at 62.

⁷⁶ Id. at 69.

⁷⁷ Id. at 63.

⁷⁸ *Ibid.*

⁷⁹ Living Wage Foundation, *Lessons from our Global Living Wage Network* at 31.

build and strengthen their own national movements, many have sought to understand what lessons from the UK – (where the world’s first national Living Wage initiative was established⁸⁰) could be applicable to their local context. Since then, several nationally led Living Wage initiatives have emerged to promote Living Wages as shown below (Table 4).

Table 4: Nationally led Living Wage Initiatives

Type	Description	Example
Voluntary employer certification schemes	Voluntary certification of individual organisations according to nationally determined Living Wage calculations.	<ul style="list-style-type: none"> • Living Wage for US • Living Wage Foundation UK • Living Wage Movement Aotearoa New Zealand • Living Wage Canada <ul style="list-style-type: none"> o Ontario o British Columbia o Alberta • Oxfam Hong Kong
National benchmarks, advocacy and guidance approach	Living Wage initiatives that calculate a nationally owned Living Wage benchmark.	<ul style="list-style-type: none"> • Living Wage Canada <ul style="list-style-type: none"> o New Brunswick o Nova Scotia o Manitoba o Northwest Territories • Living Wage Ireland • Living Wage Singapore • Living Wage South Africa
National Living Wage movement	These may be focusing on building their own network within their national context, building business case, advocacy or working towards developing a Living Wage benchmark and/or certification approach.	<ul style="list-style-type: none"> • Social Compact (India) • Living Wage Bermuda • Living Wage Philippines

Source: The Living Wage Foundation

One of the ways to get and maintain commitment for organisations to pay a Living Wage is through voluntary employer certification⁸¹ schemes, which is the same scheme that the Philippines intends to adopt. These include examples like Living Wage for US, the Living Wage Foundation in the UK, and Living Wage Movement Aotearoa in New Zealand (NZ) – where individual organisations are certified based on their voluntary adherence to Living Wage payments.⁸²

⁸⁰ The term ‘national Living Wage’ initiative is used herein in the context of a Living Wage initiative in any country that aims to operate at a national level. It is not to be confused with the United Kingdom’s (UK) so called ‘National Living Wage’ – the term is used to describe its minimum wage for those over 23 years of age (Source: Living Wage Foundation, Lessons from our Global Living Wage Network).

⁸¹ In the United Kingdom (UK), the Living Wage Foundation uses the term accreditation to define the process of organisations committing to pay the Living Wage, but certification is used more widely globally, which has been adopted for this report.

⁸² Living Wage Foundation, Lessons from our Global Living Wage Network at 29.

(i) Living Wage for US

In 2018, Oxfam America and Business for Social Responsibility (BSR) launched an initiative to establish a National Living Wage Standard for employers in the United States.⁸³ Michelle Murray, formerly of the Global Living Wage Coalition, had been working on a parallel initiative with other experts as Living Wage On-Up.⁸⁴ The two (2) efforts joined forces under Oxfam America to incubate a new independent Living Wage certification organisation, which Murray now heads as CEO.

“Labour groups in the U.S. have long been working hard to raise wages for Americans as income inequality has grown to its highest level since the U.S. government began tracking data more than 50 years ago (US Census Bureau). Now that more companies are signing on to the idea that workers are valuable stakeholders in corporate success, it’s important to have metrics that are transparent and measurable to allow companies and consumers to publicly benchmark how employers are actually progressing against this commitment.”

Michelle Murray, CEO, Living Wage for US



In 2021, Living Wage for US released the first national “For US Living Wage Standard” (or the Standard), which is designed as a voluntary standard, setting out the requirements employers must meet for Living Wage certification.⁸⁵ The Standard was developed through a consultative process convened by Oxfam America, which included unions, labour advocates, leading employers, and gender justice organisations.⁸⁶ Since then, Living Wage for US has certified over 75 employers all over the country.⁸⁷

(ii) Living Wage Foundation in the United Kingdom (UK)

The UK’s Living Wage movement began from a grassroots community movement.⁸⁸ Citizens UK brought together people from local churches, mosques, schools and other local institutions to discuss issues affecting their communities.⁸⁹ As Citizen UK’s Executive Director, Matthew Bolton put it:

⁸³ Living Wage Foundation, Lessons from our Global Living Wage Network at 28.

⁸⁴ Ibid.

⁸⁵ Living Wage for US, Inc., Living Wage Employer Standard 2 (November 2021), available at: <https://livingwageforum.org/for-us-living-wage-standard-and-guidance/> (last accessed: April 22, 2024).

⁸⁶ Ibid.

⁸⁷ Living for US, Inc., Certified Employers, available at: <https://livingwageforum.org/living-wage-employers/> (last accessed: April 22, 2024).

⁸⁸ Living Wage Foundation, Lessons from our Global Living Wage Network at 11.

⁸⁹ Ibid.

“One of the dynamics of the UK movement – and I think probably one of its reasons for success is that it wasn’t set up to be a national Living Wage movement... as in [keeping with] the method of community organising, it was really a local listening campaign in East London off the back of local experiences of low pay that led to a local campaign to persuade hospitals and banks initially to pay the Living Wage because that is where local people worked cleaning and catering and so on.”

Matthew Bolton, Executive Director, Citizen UK



From the worker-led consultations, it became evident that low pay was the biggest and most persistent issue that these communities faced.⁹⁰ It has since evolved into a national certification function with initial certifications in local hospitals and wealthy multinational companies.⁹¹ Aside from community and corporate engagement, UK’s Living Wage movement also made sure to engage with local and national political leaders with a range of affiliations.⁹² Since then, the Living Wage Foundation has certified over 15,000 Living Wage Employers, putting £3 billion back into the pockets of low paid workers.⁹³

(iii) Living Wage Movement Aotearoa New Zealand (NZ)

The Living Wage Movement Aotearoa NZ began in May 2012. The Movement developed in an iterative way by first focusing on its goal of reducing inequality and poverty in the country, then on creating a formal governance structure a year after.⁹⁴ In 2013, it became an incorporated society that could receive funding to support training of leaders for the Movement. The incorporated society had a governance body and membership comprising the three (3) streams of civil society: faith based religious groups, unions and community/secular groups.⁹⁵ Trade unions initially pushed back, saying the Movement undermined legitimate industrial relations bargaining, but later on understood that it is necessary to work together to have enough leverage to win for workers.

“We can’t create a new model of winning unless we step back from our own power as unions and recognise that multiple sources of power are

⁹⁰ Ibid.

⁹¹ Ibid.

⁹² Id. at 18.

⁹³ Living Wage Foundation, Living Wage Employers, available at: <https://www.livingwage.org.uk/living-wage-employers> (last accessed: April 22, 2024).

⁹⁴ See Living Wage Movement Aotearoa New Zealand, About Us, available at: <https://www.livingwage.org.nz/about> (last accessed: April 22, 2024).

⁹⁵ Ibid.

necessary to have enough leverage to win for workers.”

Annie Newman, Treasurer of Living Wage Movement and Assistant National Secretary of E tū union

Since then, Living Wage Movement Aotearoa NZ has certified 360 businesses and now has a membership of 80 unions, faith, and community organisations.⁹⁶

“The people in our Movement, our robust certification system, and independently calculated rate have led to the Living Wage becoming the benchmark for decent pay in Aotearoa-New Zealand. Our certified Living Wage Employers also play a vital role in this. They take the concept of a Living Wage and make it a reality. Businesses from a variety of industries have become certified – banks, law firms, NGOs and fashion among them.”

Gina Lockyer, Executive Director Living Wage Movement Aotearoa New Zealand

The impact of national Living Wage movements building consensus around a national Living Wage rate also has an impact economically on minimum wages. In NZ and the UK, both movements have had significant impact on narrowing the gap between minimum wage and the Living Wage. In NZ, the gap between minimum wage and Living Wage has shrunk from a 30% gap to 20% demonstrating the influence of the campaign.⁹⁷ In the UK, entry level workers at certified organisations paying the Living Wage earned about 7% more than entry level workers who were working at organisations which were not Living Wage certified.

D. SOCIAL JUSTICE AS THE FOUNDATION OF THE LIVING WAGE CONCEPT IN THE PHILIPPINES

The Philippines may look at the experience of the Living Wage Movement Aotearoa NZ on holding back on the discussions on the calculation if it becomes a divisive issue. For Living Wage Movement Aotearoa NZ, not having a rate was important for the first year of the campaign to highlight the narrative of in-work poverty. However, the movement understood that there was pressure from the private sector to produce a Living Wage figure, which is why they announced this in 2013.

⁹⁶ Living Wage Foundation, Lessons from our Global Living Wage Network at 24-25.

⁹⁷ Living Wage Foundation, Introducing the Living Wage Movement Aotearoa New Zealand as our latest member of the Global Living Wage Affiliate Network (July 19, 2023), available at: <https://www.livingwage.org.uk/news/introducing-living-wage-movement-aotearoa-new-zealand-our-latest-member-global-living-wage> (last accessed: May 19, 2024).

Unique to the Philippines, which the movement may capitalise on, is that while most Living Wage definitions have been developed by civil society organisations and multistakeholder initiatives, the principles underlying the Living Wage is established in the Philippine Constitution. Specifically, the Constitution recognises the concept of a Living Wage in its sections relating to social justice and the family:

LABOUR

SECTION 3. The State shall afford full protection to labour, local and overseas, organised and unorganised, and promote full employment and equality of employment opportunities for all. It shall guarantee the rights of all workers to self-organisation, collective bargaining and negotiations, and peaceful concerted activities, including the right to strike in accordance with law. They shall be entitled to security of tenure, humane conditions of work, and a Living Wage. They shall also participate in policy and decision-making processes affecting their rights and benefits as may be provided by law. (emphasis and underscoring supplied).⁹⁸

THE FAMILY

SECTION 3. The State shall defend: (1) The right of spouses to found a family in accordance with their religious convictions and the demands of responsible parenthood; (2) The right of children to assistance, including proper care and nutrition, and special protection from all forms of neglect, abuse, cruelty, exploitation, and other conditions prejudicial to their development; (3) The right of the family to a family Living Wage and income; and (4) The right of families or family associations to participate in the planning and implementation of policies and programs that affect them (emphasis and underscoring supplied).⁹⁹

However, the Labour Code, one of the main implementing legislations to the social justice provisions of the Constitution, has not adopted Living Wage, but rather, minimum wage and the minimum wage system discussed above.¹⁰⁰ The Labour Code, however, has included Living Wage as a criteria in setting minimum wage (see Table 2).

Given this gap, there have been several policy documents issued by the Philippine Government to address the issue of low pay, such as the

⁹⁸ Phil. Const., art. XIII, Sec. 3.

⁹⁹ Phil. Const., art. XV, Sec. 1.

¹⁰⁰ See Labour Code, Art. 124.

Security and Exchange Commission’s (SEC) Sustainability Reporting Guidelines for Publicly-Listed Companies (PLCs) to achieve the 2030 Sustainable Development Goals (SDG).¹⁰¹ These guidelines aim to help PLCs assess and manage their non-financial performance across economic, environmental, and social dimensions, aligning with universal sustainability targets, including the SDGs.¹⁰² The SEC is set to implement the Revised Sustainability Reporting Guidelines for Publicly Listed Companies (PLCs) and the SuReForm in 2024, which will include a reporting on “Living Wage performance,” specifically the percentage of workers paid at least a Living Wage.¹⁰³

The SEC’s issuance is an example of government-led efforts using its regulatory powers to achieve the SDGs. Philippine corporations are also aligning with these efforts, with companies like Unilever Philippines and Boldr, who are actively supporting the Living Wage campaign by paying all their employees a Living Wage. There is no consensus yet on the applicable Living Wage in Metro Manila, but several groups have released their own figures, summarised below (Table 5).

Table 5: Summary of Current Estimates of Living Wage in the Philippines

Proponent	Estimated Living Wage Amount
IBON Foundation	Php 1,190/ day or Php 25,882/month
WRC/ CAP Living Wage Reference	Php 1,138/day or Php 27,319.57/month
Asia Floor Wage Alliance	Php 843.63/day or Php 20,247/ month
Wage Indicator Organisation	Php 745.26 or Php 17,886.25/ month
International Labour Organisation	Php 706/day or Php 16,944/ month

¹⁰¹ See Securities and Exchange Commission, Sustainability Reporting Guidelines for Publicly Listed Companies, Memorandum Circular No. 4, series of 2019 [SEC Memo. Circ. No. 4, s. 2019] (February 21, 2019), available at: <https://www.sec.gov.ph/wp-content/uploads/2020/09/2019MCNo4.pdf> (last accessed: April 22, 2024).

¹⁰² Ibid.

¹⁰³ Ibid.

As seen in Table 5, there are currently multiple sources of data available on Living Wage estimates for the Philippines. It appears that data might not be what is needed to grow the Living Wage commitment from employers. Instead, there is a need to focus on building a consensus through a multi-stakeholder approach. And given that there are multiple benchmarks available, the challenge is: (1) understanding what goes into the calculation, and (2) whether this has had national input to make sure the amount is locally specific. The next question would be: How do the local coalitions know which benchmark to use? This is where transparency and alignment among different actors is needed.

Transparency and alignment are key principles of work being led by the WageMap consortium. WageMap consortium is formed by six (6) organisations: Business for Social Responsibility (BSR), Living Wage Foundation, Living Wage For US, Loughborough University Centre for Research in Social Policy, NewForesight, and WageIndicator Foundation, to address the need to align Living Wage methodologies and meet the growing demand for accurate and consistent Living Wage data.¹⁰⁴ It is currently developing a Living Wage Reference Standard in consultation with global and national stakeholders. By doing this, national initiatives can focus on consensus building in their locations and their contexts.

¹⁰⁴ Business for Social Responsibility (BSR). One step closer to a Living Wage for all with new data collaboration (September 29, 2023), available at: <https://www.linkedin.com/pulse/one-step-closer-living-wage-all-new-data-collaboration-bsr/> (last accessed: June 24, 2024).

Part II: A Toolkit to Develop a Worker-Led Living Wage Movement



4. Worker-Led Living Wage Movement in the Philippines

A. STARTING WORKER-LED LIVING WAGE MOVEMENT THROUGH LIVING WAGE PHILIPPINES

As part of the Global Living Wage Network, this is one of the few times that a worker-led Living Wage movement is being initiated by a union (i.e. National Federation of Labour or NFL). To do this, NFL, through Living Wage Philippines, has identified the importance of engaging different stakeholders (i.e. government, private sector, Church, and unions) as partners in the initiative.

Introducing a voluntary Living Wage campaign in the Philippines aligns with the achievement of the Sustainable Development Goals (SDG) and the implementation of the social justice provision on Living Wages in the Philippine Constitution. In line with this, Living Wage Philippines identified the problem that “[c]ritical stakeholders do not see themselves as “partners,” which could be caused by the following factors:

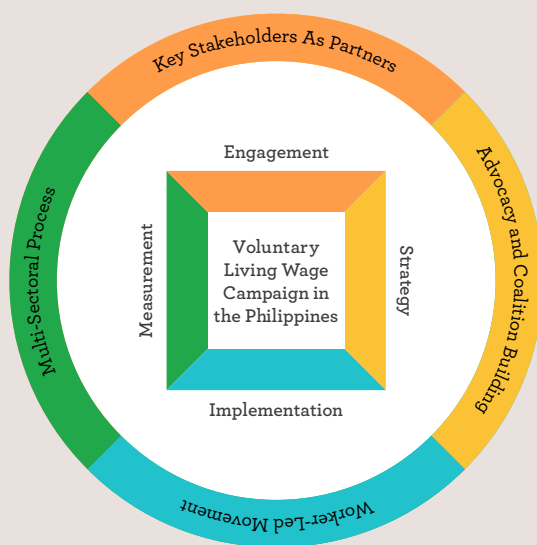
- Companies consider Living Wage as a cost/ decrease in profits; and
- Unions in the Philippines do not have a consensus on how to campaign for a Living Wage.

With this as the context, Living Wage Philippines envisions a country where employees earn a Living Wage through a voluntary Living Wage campaign where:

- Different sectors view each other as partners, with deeper social integration; and
- There is work-life balance for employees and no in-work poverty.

To achieve this, Living Wage Philippines identified the need to (1) engage key stakeholders (i.e. government, private sector, Church, unions) to see themselves as partners in the Living Wage campaign; and (2) internally organise unions in the Philippines to agree on the campaign for a Living Wage for all employees in the country. These components need to be institutionalised into a multi-sectoral process where all the stakeholders can discuss and agree on how to implement a voluntary Living Wage campaign.

Figure 4: Living Wage Philippines’ Theory of Change



Understanding that this process will take time - Living Wage Philippines engaged the key stakeholders in a roundtable discussion, which aimed to engage different stakeholders to (1) introduce a multi-stakeholder approach and the concept of voluntary Living Wage; and (2) explore strategies to advance the voluntary Living Wage agenda in the Philippines, which will include building on the advocacy and the coalition’s organisation.

Prior to the roundtable discussion, Living Wage Philippines spent time analysing the different stakeholders that had to be engaged through initial stakeholder mappings, building relationships with individual organisations, and incorporating their feedback in the design of the discussion. The process included understanding the unique perspective of Caritas Philippines in the campaign, and the role of the Catholic Church in the Philippines - as a critical stakeholder with significant decision-making and influence on Living Wage.¹⁰⁵

¹⁰⁵ See CBCP News, Living wage is a justice issue, labour group says, May 1, 2024, available at: <https://interaksyon.philstar.com/politics-issues/2024/05/01/274744/living-wage-is-a-justice-issue-church-labor-group-says/> (last accessed: July 22, 2024).

B. BUILDING ON BOLDR'S LIVING WAGE JOURNEY TO ILLUSTRATE THAT IT CAN BE ACHIEVED IN THE PHILIPPINES

Aside from the Catholic Church, it was important for Living Wage Philippines to highlight the stories of employers who are already implementing a Living Wage to illustrate that the concept can be achieved. This strategy helped Living Wage Philippines convince some participants in the roundtable discussion who might be skeptical of the feasibility of implementing Living Wage in the country.

Living Wage Philippines also recognised the unique experience of Boldr, as the first Business Process Outsourcing (BPO) company to implement Living Wage in the country. The Philippines ranks as one of the world's major BPO destinations, holding 10-15% of the global market.¹⁰⁶ BPO is when a company outsources a business function to be handled by another company.¹⁰⁷ For example, companies can outsource their marketing, payroll, human resources (HR), customer service and supply chain management functions.¹⁰⁸

The Philippines BPO industry contributes nearly \$30 billion to the economy each year.¹⁰⁹ In 2019, it is estimated that 1.3 million Filipinos were employed in over 1,000 BPO companies, and that figure is showing 8-10% growth every year.¹¹⁰

Low labour costs, a highly skilled workforce and competitive Information and Communications Technology (ICT) infrastructure have provided the major drivers for this growth.¹¹¹ At the same time, this sector faces numerous challenges related to decent work, such as:

- Real danger of skills shortages as employers struggle to find correctly trained workers and, once they are hired, to retain them for longer periods;
- High-stress work environments for employees with detrimental impacts on health;

¹⁰⁶ International Labour Organisation, Business process outsourcing in the Philippines: Challenges for decent work (December 2016) at iii.

¹⁰⁷ Forbes, What is Business Process Outsourcing (BPO)?, available at: <https://www.forbes.com/advisor/business/business-process-outsourcing/> (last accessed: July 14, 2024).

¹⁰⁸ Ibid.

¹⁰⁹ Nexford University, Future of the BPO Industry in the Philippines 2024 (April 15, 2024), available at: <https://www.nexford.edu/insights/the-future-of-bpos-in-the-philippines-and-growth-opportunities> (last accessed: May 13, 2024).

¹¹⁰ Ibid.

¹¹¹ International Labour Organisation, Business process outsourcing in the Philippines: Challenges for decent work at iii.

- More than 50% of workers are women, but they tend to be concentrated in low-paid, low-skilled jobs; and
- Trade union activities are almost non-existent in the BPO sector.¹¹²

Boldr's Living Wage journey began in March 2023 when it became the first BPO company to implement Living Wage. This milestone was achieved in the Philippines in collaboration with Ibon Foundation, a local economic think tank. It marked a significant uplift for 9% of its Filipino team members, ensuring that their earnings were aligned with the living wage prescribed by the foundation.

In Manila, the average BPO salary was 38.4% lower than the Living Wage, and the national minimum wage lagged even further behind at 49.8% less. By setting this precedent, Boldr not only enhanced the lives of its team members but also challenged industry norms, highlighting the stark disparity between prevailing wages and what is genuinely needed for a dignified life.

Since implementing Living Wage in its organisation, Boldr started attracting the right clients who valued the fact that they paid a Living Wage. This was something that their clients saw the value and importance of in their outsourcing partner. From this experience, Boldr learned that it is important to involve their clients in its Living Wage journey. Boldr also shares its four (4) lessons in implementing a Living Wage for the first time for companies who also want to implement a Living Wage or is curious with the process. Boldr recognised in its Living Wage journey that their work is not done – the Living Wage initiative is just the beginning of a broader movement towards more equitable and sustainable business practices. As part of its commitment to continuing this journey, inspiring change, and setting new standards for what it means to be a socially responsible business, it accepted the invitation of Living Wage Philippines to be part of the roundtable discussion to share their own journey and prove that paying a Living Wage can be achieved in the country.



¹¹² Ibid.

C. IMPORTANCE OF A MULTI-STAKEHOLDER APPROACH TO INTRODUCE VOLUNTARY LIVING WAGE

A multi-stakeholder approach to introducing Living Wage is crucial for several reasons:

1. **Representation:** Involving multiple stakeholders ensures that diverse range of perspectives, interests, and concerns are taken into account. Even though this approach can be time intensive, each stakeholder group brings unique insights and expertise to the table, enriching the decision-making process.

Ensuring consistency in the Multi-Stakeholder Process with the Programme Design

Living Wage Philippines made sure to engage key stakeholders from different sectors who can be involved in the process of introducing the voluntary Living Wage campaign. Some of the attendees had previous knowledge about the concept, while others admitted that it is the first time that they heard about this initiative and expressed an interest to learn more.

With the objective of having an intimate conversation among diverse stakeholders, Living Wage Philippines engaged 27 stakeholders with a distribution of representatives from:

- International organisations and civil society organisations;
- Organised labour or unions;
- Businesses and business-led non-government organisations;
- Academe and research institutions; and,
- National and local governments (See Annex A).

To ensure that the different voices could be heard, the organisers ensured that the groups were shuffled throughout the breakout discussions. This helped broaden the discussion and allowed for different opinions to surface.

2. **Legitimacy and Acceptance:** Engaging a broad range of stakeholders increases the legitimacy and acceptance of Living Wage initiatives. When key stakeholders are actively involved in the decision-making process, they are more likely to become champions of the resulting policies or regulations. This helps to build trust and credibility in the implementation of Living Wage standards.

Inviting the right organisations helps provide legitimacy and acceptance to a new idea

Having diverse representation is not enough, there is also a need to ensure that the right organisations were invited. This includes considering the track-record and experience of the organisations, and their interest with the Living Wage movement in the Philippines. For example, inputs from academics, who have written on the Filipino's conception of Living Wage helped deepen the discussion when the plenary was asked to describe a Philippines where Living Wage is implemented.

3. Collaborative Solutions: Complex issues like setting a Living Wage require collaborative solutions that consider various factors, such as: economic conditions, industry dynamics, regional differences in living costs, and societal needs. The perspective of the participants from the government through the Department of Labour and Employment and a representative from a local government unit, helped contextualise the economic factors that go into minimum wage-setting, such as the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment. By encouraging dialogue among different stakeholders, it broadened the perspective of minimum wage-setting beyond the economic conditions to the other factors that can be considered in setting a Living Wage.

The roundtable discussion also helped the participants hear challenges from partners who they do not usually work with to understand diverse perspectives. Having this healthy tension is important to broaden the discussion. For example, several of the participants resonated with Boldr's story and the challenges it faced in its Living Wage implementation, especially on the question of regional variations (i.e. Metro Manila and Tacloban), and on how to move economic opportunities from oversaturated cities (i.e. from Metro Manila into the provinces). This discussion broadened into questions of how to address the issue of informal employment, which remains a problem in the Philippines, with nearly two (2) out of five (5) workers in the Philippines less likely to have formal work arrangements and access to social protection and are more at risk during a crisis or shock.¹¹³ This exchange is an example of the

¹¹³ International Labour Organisation, Informal economy in the Philippines, available at: <https://www.ilo.org/regions-and-countries/asia-and-pacific/philippines/areas-work/informal-economy-philippines#:~:text=The%20informal%20economy%20consists%20of.country's%20labour%20laws%20and%20regulations> (last accessed: June 3, 2024).

recognition of the systemic issues that are related to the discussion of Living Wage, which is why framing the issue and the conversation with the right facilitator is crucial.

Engaging the right facilitator and asking the right questions is key

This is the first time in the Philippines that the concept of Living Wage has been discussed. The novelty of the concept is both an advantage and a challenge. It is an advantage because there is an openness to dialogue on a common vision. It is challenging because different groups may have their own idea of how Living Wage should be implemented. Thus, engaging a neutral facilitator was crucial.

The roundtable discussion was designed to foster conversations surrounding Living Wage within the context of the ongoing global campaign on fair wages, aligning with key initiatives of the Philippine Government, such as the Securities and Exchange Commission's (SEC) Sustainability Reporting. To achieve this, the facilitator helped frame the questions and guide the discussion for a 3-hour session by asking the participants to:

- Know: What will a Philippines where all employees earn a Living Wage look like?
- Feel: What possible challenges do you foresee as we try to further the Living Wage agenda?
- Do: What can you/ your organisation contribute to moving the Living Wage initiative?

These questions were framed after an input session on the context of the definition of a Living Wage from the sharing of the experience from the Living Wage Foundation in the UK.

4. **Balanced Approach:** Different stakeholders may have competing priorities or concerns related to implementing a Living Wage. For example, the private sector may worry about cost implications, while unions may emphasise their existing advocacies on legislation for a longer-term solution. A multi-stakeholder approach allows for a balanced consideration of these diverse interests, leading to solutions that are acceptable to the different stakeholders involved.

Starting the conversation is important, continuing it is the challenge

In answering the question - “What will a Philippines where all employees earn a Living Wage look like?” The participants linked this with the need to have “equity for all - to raise the quality of life for all,” which will need an understanding of national and local perspectives. A participant from a civil society organisation pointed out that while the discussion of Living Wage is important for those who are employed, we should take note that this does not capture the self-employed and those who are part of the informal economy, and so the long-term goal should also be to consider how these sectors can be covered by Living Wage.

The second question - “What possible challenges do you foresee as we try to further the Living Wage agenda?” proved to be more challenging for the plenary to reach a consensus. The role of the facilitator is crucial to remind the group that the plenary does not always need to reach a consensus, and the process involves letting all the ideas surface. For example, an initial discussion on needing to move for a legislated Living Wage, was balanced with the desire to come-up with realistic and time-bound solutions within a business setting, which will not necessarily involve politics.

5. Long-Term Sustainability: Sustainable implementation of Living Wage standards requires ongoing collaboration and dialogue among stakeholders. A multi-stakeholder approach fosters partnerships, information sharing, and capacity building, laying the foundation for long-term success in promoting fair wages and improving living standards for workers.

Start with an end in mind

The intention of the last question - “What can you/ your organisation contribute to moving the Living Wage initiative?” was for Living Wage Philippines to initially have a sense of the possible interest, and even commitment, of the different organisations after the roundtable. Before asking the participants to answer this, Living Wage Philippines made sure to set the expectation that it will be long journey - and that the roundtable discussion is just an initial step to try to build a consensus on the idea.

Thus, it is expected that the organisations will have varying levels of interest and commitment - from a strong commitment to host the next meeting to needing to assess what their organisation’s role can be in the movement. These mixed reactions are normal and expected - the goal is to build a coalition of like-minded organisations who can help rally behind

the movement. The challenge is to make sure that Living Wage Philippines capture the interest and commitments in the different strategies to advance the voluntary Living Wage agenda in the Philippines.

D. EXPLORING STRATEGIES TO ADVANCE THE VOLUNTARY LIVING WAGE AGENDA IN THE PHILIPPINES

After the roundtable discussion, Living Wage Philippines identified the following strategies to advance the Living Wage agenda in the Philippines:

1. Start Building the Organisation
 - a. Building on the results of the answers to the third question, Living Wage Philippines will identify key stakeholders from the roundtable discussion that it can engage with individually to deepen the conversation.
 - b. Parallel to these consultations, Living Wage Philippines will propose a set-up for the governing body and the process of registration as a non-government organisation with the Securities and Exchange Commission (SEC).
 - c. To sustain the initiative, Living Wage Philippines is working on securing additional funding for the administrative requirements of building the organisation and support to the succeeding phases of the movement.

2. Continue with the Advocacy
 - a. Recognising the crucial role that the private sector will play, Living Wage Philippines will engage existing private sector champions, who committed to help with the advocacy.
 - b. Aside from the private sector, other participants, who are still unsure of what concrete role they can play, have expressed interest to help promote the advocacy in their own networks.
 - c. A targeted advocacy strategy involving different platforms (e.g. social media) may be a good way to capture the interest of the different organisations, who are still unsure of the level of commitment they can provide to the movement.

3. Set-up the Research

- a. Making use of the interest of the academic and research institutions, including the research and data management office of Caritas Philippines, Living Wage Philippines will follow-through with the discussions separately to discuss the interest to develop a Living Wage calculator.
- b. A local university already expressed their interest to host the Living Wage calculator or partner with the other universities who also attended the roundtable discussion.

5. Emerging role of global organisations to advance the Living Wage Movement

Global organisations can play an instrumental role in advancing the Living Wage movement. Their efforts help to create a more equitable global economy where workers can earn wages that enable them to afford a decent standard of living.

A. ESTABLISHING GLOBAL NORMS THROUGH GLOBAL AGREEMENTS

Global organisations can support and coordinate global campaigns that promote Living Wages, often aligning these efforts with other social justice and labour initiatives. By mobilising public support, they can create pressure on organisations to adopt Living Wage policies.

Uni Global Union (UNI), a global union federation for the skills and services sectors, with affiliated unions in 150 countries, representing 20 million workers, uses its collective power to advance social and economic justice through global agreements.¹¹⁴ UNI has negotiated over 50 global agreements with multinational companies to secure and enforce the rights of workers throughout their global operations.¹¹⁵ In recent years, global agreements have expanded in scope to include issues such as maternity leave, the right to disconnect, policies to end discrimination and gender-based violence, remote work, as well as health and safety.¹¹⁶ With enough public support and organising, lobbying for global agreements on Living Wage may be included in the organisation's future agenda.

In the Catholic Church, existing social teaching of the Church, such as Rerum Novarum, which is the groundbreaking encyclical by Pope Leo XIII, affirming the workers' rights to just wages, fair treatment, and self-organisation.¹¹⁷

¹¹⁴ Uni Global Union, About us, available at: <https://uniglobalunion.org/> (last accessed: May 20, 2024).

¹¹⁵ Ibid.

¹¹⁶ Uni Global Union, Global issues, available at: <https://uniglobalunion.org/global-issues/> (last accessed: June 2, 2024).

¹¹⁷ See United States Conference of Catholic Bishops, Major Catholic Social Teaching Documents, available at: <https://www.usccb.org/beliefs-and-teachings/what-we-believe/catholic-social-teaching/upload/encyclicals-descriptions.pdf> (last accessed: June 24, 2024).

The social teachings of the Church provide a strong foundation that can be used to advocate for a Living Wage within the different Catholic organisations in the Philippines (e.g. National Council of Churches in the Philippines and the Philippine Council of Evangelical Churches).

B. BRIDGING THE GAP FROM GLOBAL PRINCIPLES TO LOCAL OWNERSHIP BY BUILDING A NETWORK

The International Labour Organisation's (ILO) recently concluded meeting of experts in Geneva recognised the important role that the organisation will play to operationalise the concept of Living Wage, while recognising the importance of local ownership.¹¹⁸ However, in order to do this, global networks of civil society organisations – as convenors – may help bridge the gap from global principles to creating local ownership.

For example, the WageMap initiative, discussed in relation to Table 5, recognises the need to address transparency and alignment on Living Wage methodology. WageMap aims to create a stakeholder consulted and universally accepted Living Wage Reference Standard in compliance with the ISEAL Code of Good Practice to then create a public database of globally comparable, locally specific Living Wage estimates. Rather than trying to establish itself as a 'global authority' on Living Wage, WageMap is acting as a convenor and facilitator of discussions that are needed to achieve alignment, including ensuring local representation and input.

The United Nations Global Compact's (UNGC) Forward Faster (FF) initiative highlights the important role that the private sector can play in the achievement of the Sustainable Development Goals (SDG) through five (5) key target areas, one of which is on Living Wages. This initiative was launched during a UN General Assembly in 2023 and will be rolled out using UNGC's extensive local networks to engage national and multinational organisations on paying Living Wages to directly employed and contracted staff.

C. TRANSFORMING LOCAL BEST PRACTICES INTO REGIONAL (AND GLOBAL) MODELS

Through existing global and regional networks, local networks can work with global organisations to help share their best practices at the regional, and even global, level. This will help foster collaboration with

¹¹⁸ International Trade Union Confederation, ILO agreement on Living Wage definition "a leap forward for social justice" (March 25, 2024) at 50.

international partners to develop scalable models that can be implemented at a regional or global scale, fostering wider adoption of effective Living Wage strategies, nuanced with considerations of cultural, economic, and regulatory differences.

For example, the UNGC's Philippine network - Global Compact Network Philippines (GCNP) is implementing the SDG Ambition Accelerator Programme. This is a ten-week programme for participating companies of GCNP designed to help corporate targets and accelerate the integration of the 17 SDGs into their core business management.¹¹⁹ The Programme is implemented at the regional level. Living Wage is one of the Forward Faster (FF) Initiatives of UNGC, cascaded to all regions and country networks.¹²⁰ Currently, in the region, there is an opportunity to promote achieving gender equality and Living Wage. Local networks may agree to form an initiative on these agenda and develop possible scalable best practices with their local partners.

D. CREATING ALIGNMENT ON LIVING WAGE INITIATIVES BY POOLING RESOURCES

Multinational employers resonated with the experience of Boldr, who had to speak with various think tanks and universities in the absence of national consensus on a Living Wage benchmark in the Philippines. They have highlighted the challenges of finding partners that can offer a credible approach to help them meet their Living Wage commitments across global operations, with some organisations holding back on committing to existing Living Wage certification schemes until they have a consistent approach in the other countries in which they operate.¹²¹

Rather than individual companies investing in developing a Living Wage benchmark, local Living Wage networks, once established, can help pool resources for this. Global organisations can support this by helping create alignment in a range of areas while maintaining local specificity.¹²² They can also help encourage multinational employers to take a truly global position on paying a real Living Wage to all their directly employed and contracted staff.¹²³

¹¹⁹ United Nations Global Compact (UNGC), SDG Ambition Accelerator, available at: https://unglobalcompact.org/take-action/sdg-ambition?fbclid=IwZXh0bgNhZW0CMTEAAAR1b-WKvPnOjpr9bYecB7HRVwjjg8kkPmFDwOz9JKd_AAHk_3csKssNPuG0_aem_ZmFrZWl1bW15MTZleXRlcw (last accessed: June 2, 2024)

¹²⁰ See UNGC, Living Wage, available at: <https://forwardfaster.unglobalcompact.org/living-wage> (last accessed: July 7, 2024).

¹²¹ Living Wage Foundation, Global Living Wage Affiliate Network, available at: <https://livingwage.org.uk/global-living-wage-affiliate-network> (last accessed: June 2, 2024).

¹²² Ibid.

¹²³ Ibid.

For example, the Living Wage Foundation launched the Global Living Wage (GLW) Affiliate Network, which currently has two (2) members: Living Wage for US and the Living Wage Movement Aotearoa New Zealand.¹²⁴ The Global Living Wage Affiliate Network offers multi-country certification and offers implementation support to employers on this.¹²⁵ This is envisioned as a start to increasing the number of Living Wage certification bodies being established around the world, and eventually a mechanism for global certification.¹²⁶

E. EMPOWERING LOCAL NETWORKS THROUGH OPERATIONAL SUPPORT AT THE START

Across the world, initiatives to promote a Living Wage require empowerment of national institutions to engage in social dialogue that are connected to the national wage policy frameworks. Operationalising Living Wage in a local context requires coordinated action among different stakeholders, which will require administrative and operational support, at the minimum. Local networks will need an initial funding support to start its operations, with the end view of becoming an independent and self-sustaining organisation. A similar model was developed in the United States (US) by Living Wage for US. It started with the support of Oxfam America and Business for Social Responsibility (BSR) incubating the work to develop a Living Wage certification system in the US with Michelle Murray. This later became the independent certification organisation, Living Wage for US.¹²⁷

¹²⁴ Ibid.

¹²⁵ Ibid.

¹²⁶ Ibid.

¹²⁷ Living Wage Foundation, Lessons from our Global Living Wage Network at 28.

6. Key lessons for organisations intending to start a Worker-Led Living Wage Initiative

Living Wage Philippines understood the value of building relationships with individual organisations throughout the planning process leading to the roundtable discussion. From this, five (5) key principles emerged as key lessons for the Philippines in starting their Worker-Led Living Wage Movement:

1. Listening to different voices in the room broadens a movement's perspective – The multi-stakeholder approach helped different stakeholders understand the context and experience of a sector that they might not usually engage with. This also allowed stakeholders to challenge and correct any existing assumptions that might have been present before the roundtable discussion. Seeing agreement on certain points, and identifying points that need further work, helps build local ownership, even if it might mean something different among the stakeholders.

The next step would be looking at how to include these different voices into a multi-sectoral governing body for Living Wage Philippines, which will be the subject of the group's next conversations.

2. Creating Strategic Partnerships – Internally aligning the Living Wage initiatives within the Catholic Church, through Caritas Philippines, and its vast network affiliated organisations also helped add credibility to the movement and broaden the stakeholder support.
3. Understanding the nuances of the issue – Manage the conversation and ask the right questions by maximising key interviews with

different stakeholders before a big event like the roundtable discussion.

4. Clearly communicating the long journey ahead - Understand the limitations of a first conversation, but at the same time take stock of the value that it will play in the next phases of the movement.
5. Identifying champions - Based on the commitments of the participants after the initial meeting, assess the reception of the different stakeholders to the idea and identify key organisations and individuals that can be engaged in the next phase of the movement, and champion progress towards a Living Wage.

7. Annexes

Annex A: Summary of Organisations who participated in the Roundtable Discussion

Stakeholder	Organisation	Profile
International organisations and Civil Society Organisations	1. United Nations Global Compact (UNGC)	A voluntary initiative based on commitments from businesses and firms worldwide to adopt sustainable and socially responsible policies, and to report on their implementation
	2. Oxfam Philippines	An international confederation of 20 organisations working together with partners and local communities in more than 90 countries, as part of a global movement for change, to build a future free from the injustice of poverty
	3. 11.11.11.	A coalition for international solidarity with about 60 NGOs, unions, movements, and various solidarity groups and more than 20,000 volunteers to make change happen
Unions	1. NAGKAISA! Labour Coalition	Biggest alliance of labour groups and workers organisations the Philippines
	2. Uni Global Union - Philippine Liaison Council	An affiliate of Uni Global Union, a global union federation for the skills and services sectors, with affiliated unions in 150 countries representing 20 million workers
	3. National Federation of Labour (NFL)	One of the oldest and largest labour organisation in the Philippines with more than 10,000 members all over the country
	4. Unified Filipino Service Workers	A union representing healthcare workers
	5. Siglo-Mindanao	One of the oldest labour unions in the Philippines
	6. Panday Sining	A labour union in the Philippines using art to advocate for the right to organise a demand higher wages
Businesses and business-led NGOs	1. Management Association of the Philippines (MAP)	A 63-year-old management organisation whose 761 members represent a cross-section of CEOs, COOs and other top management practitioners from the largest local and multinational companies operating in the Philippines
	2. Philippine Business for Social Progress (PBSP)	Largest business-led NGO and operates at the nexus of corporate citizenship, sustainable development, and poverty reduction
	3. SyCip Gorres Velayo & Co. (SGV)	Currently the Philippines' largest multidisciplinary professional services firm with nine (9) offices across the country
	4. Unilever Philippines	One of the world's largest consumer goods companies - Unilever Philippines forms part of a global network committed to making Sustainability commonplace
	5. Boldr	A Business Process Outsourcing (BPO) Company and the first B Corp. BPO in the Philippines
	6. Unilab Inc.	A pharmaceutical company in the Philippines

Faith-based organisations	1. Catholic Bishops Conference of the Philippines (CBCP) – Episcopal Commission on the Laity	The permanent organisational assembly of the Catholic bishops of the Philippines, with pastoral offices all over the country.
	2. Caritas Philippines	The social action arm of CBCP, under the direction and supervision of the Episcopal Commission on Social Action-Justice and Peace (ECSA-JP).
	3. Lipa Archdiocesan Social Action Commission (LASAC)	The social service arm of the Roman Catholic Archdiocese of Lipa.
	4. National Council of Churches in the Philippines (NCCP)	An ecumenical fellowship of non-Roman Catholic denominations in the Philippines working for unity in faith and order
	5. Philippine Council of Evangelical Churches (PCEC)	The largest network of denominations, churches, mission groups, and para-church organisations in the country.
Academe and research institutions	1. Ateneo de Manila University	A private, Catholic, teaching and research university, as well as a basic education institution in the Philippines
	2. Polytechnic University of the Philippines (PUP)	A state university in the Philippines with more than 20 campuses serving more than 80,000 students, the largest university in terms of student population
	3. University of the Philippines (UP) -Diliman	The main campus of the UP system, and its biggest constituent university in terms of degree-granting academic units, student population, faculty and library resources.
	4. Labour Education and Research Network (LEARN)	A workers' institute dedicated to broad social movement unionism actors
National and local governments	1. Securities and Exchange Commission (SEC)	The agency of the Philippine Government charged with the registration and supervision of corporations and securities, and capital market institutions and participants.
	2. Department of Labour and Employment (DOLE)	One of the executive departments of the Philippine Government mandated to formulate policies, implement programs and services, and serves as the policy coordinating arm of the Executive Branch in the field of labour and employment.
	3. Quezon City Local Government	The largest local government unit in Metro Manila in terms of land area and the most populous city in the Philippines.

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