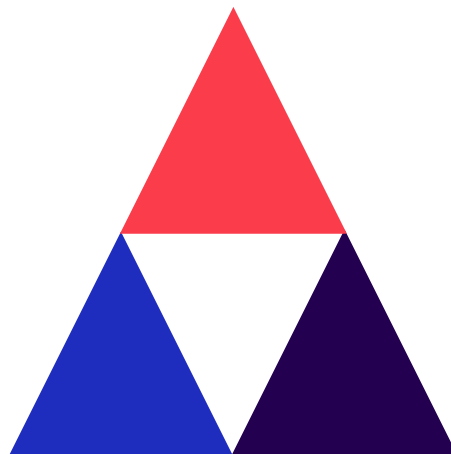




► Summary record of proceedings

Meeting of experts on wage policies, including living wages

(Geneva, 19–23 February 2024)



Conditions of Work and Equality Department

Geneva, 2024

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Summary record of proceedings

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► Introduction

1. The conclusions concerning the second recurrent discussion on labour protection¹, adopted by the International Labour Conference at its 111th Session (2023) provide the ILO with a mandate to contribute “peer-reviewed research on concepts and estimations of living wages, as well as technical assistance to Member States, upon request, in line with the 2022 resolution concerning the third recurrent discussion on employment, and on that basis a proposal to the Governing Body, for its consideration, for a tripartite follow-up discussion on wage policies, including living wages”.
2. At its 349th Session (November 2023) the Governing Body approved “the holding of a meeting of experts on wage policies, including living wages, in the first quarter of 2024, as part of the plan of action”.² In the same session, the Governing Body also adopted the dates, composition and agenda of the meeting.
3. The Meeting of experts on wage policies, including living wages took place in Geneva from 19 to 23 February 2024. It was composed of eight experts nominated by Governments, eight experts nominated by the Employers’ group, and eight experts nominated by the Workers’ group. Some of the experts were also accompanied by advisers. The Meeting was chaired by an independent Chairperson, Ms Nathalie Cely (Ecuador). The Vice-Chairpersons were Mr Matthias Thorns (Employer expert, Samsung), Mr Plamen Dimitrov (Worker expert, Confederation of Independent Trade Unions in Bulgaria), and Ms Charlotte Bernhard (Government expert, The Netherlands). There were also Government observers from 36 Member States, and representatives from the International Organisation of Employers (IOE) and the International Trade Union Confederation (ITUC). In addition, representatives of intergovernmental and international non-governmental organizations attended the meeting as observers.
4. In terms of gender composition, 32 per cent of the officers of the meeting, experts and advisors were women. Disaggregating by group, 26 per cent of employers, 33 per cent of workers and 33 per cent of government experts and advisors were women. In the case of observers from governments, intergovernmental organizations and international non-governmental organizations, 65.3 per cent were women.
5. Ms Manuela Tomei, Assistant Director-General of the ILO [F] for Governance, Rights and Dialogue, highlighted that, more than 100 years after the creation of the ILO, wages remained too low for millions of men and women to afford a decent standard of living for themselves and their families. While the reasons were manifold and there were no simple solutions, it was crucial to do more if the aim was to strive for social justice. In recent years, the topic of living wages has returned to the global agenda and the Office had received many requests on this issue from different actors. Given that the ILO is the only United Nations (UN) institution that brings together workers, employers and

¹ ILO, [Resolution concerning the second recurrent discussion on labour protection](#), ILC.111/Resolution IV., para. 24(j).

² This refers to the plan of action on labour protection for the period 2023–29 set out in ILO, [Matters Arising Out of the Work of the 111th Session \(2023\) of the International Labour Conference](#), GB.349/INS/3/2.

governments and has a mandate on labour and wage issues, there was strong expectation that the Office would play a leading role in the debate on living wages. The ILO is well placed to take on such a responsibility, as the question of wages features in the ILO Constitution, several Declarations, and various international labour standards. Moreover, through its technical assistance to Member States, the ILO has accumulated solid knowledge and practical experience on a range of wage policies. The aim of the meeting of experts is to define the ILO's guidance on the question of living wages, which should be anchored on the broader set of wage policies and operationalized in a way that is consistent with the principles contained in ILO labour standards.

6. The Chairperson [F], Ms Nathalie Cely, stressed the importance of adequate wage policies, including living wages, in a context in which the cost-of-living crisis was resulting in significant losses in real wages for workers and their families, especially among lowest-income households. These circumstances have resulted in growing demand for the ILO to play a leading role in the debate about wage policies and living wages. The setting of adequate wages is an essential mechanism for promoting decent living standards for workers and their families, while ensuring the sustainability of the enterprises that create the jobs for these workers. Strong labour institutions are needed to contribute to this goal. Reaching an agreement in the discussion would serve as an extraordinary basis for the technical support that the ILO could provide in the future to its Member States concerning wage policies, including on living wages.
7. The Secretary-General of the Meeting [F], Ms Sukti Dasgupta, Director of the ILO Conditions of Work and Equality Department, pointed out that the Preamble of the ILO Constitution stated that "universal and lasting peace can be established only if it is based upon social justice", and for that reason it called for an urgent improvement in labour conditions, including "the provision of an adequate living wage". After the Second World War, the Declaration of Philadelphia, which was adopted and annexed to the ILO Constitution, called for "policies in regard to wages ... to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection". Despite these inclusions, the ILO did not have a definition of "living wages", nor did it have tripartite guidance on how living wages should be operationalized. While challenging, the meeting had the historical opportunity to achieve these goals.
8. The background report to the Meeting³ (hereafter referred to as "the background report") provided information on wage policies, including the question of living wages, by placing it in the broader context of wage policies and wage-setting practices. Chapter 1 of the background report presented the wage-related Conventions adopted by the ILO, and used them to develop a number of principles to be considered in the determination of wages. Chapter 2 provided a review of the growing number of living wage initiatives at both the national level and in global supply chains, including methodologies to estimate living wages. While contributing to pushing the living wage agenda forward, these initiatives were not always in line with ILO principles – particularly in regard to the importance of social dialogue. Chapter 3 formulated several proposals to strengthen the ILO's role on the question of living wages, including: (i) a proposal for there to be an ILO definition of living wages; (ii) a number of requirements to be met by any living wage estimation methodology; (iii) developing a compendium of economic factors for wage setting; and (iv) the production of guidelines and training materials.

³ ILO, [Wage Policies, Including Living Wages](#), MEWPLW/2024 (2024).

► Opening statements

9. The Employer Vice-Chairperson [M], speaking on behalf of the experts nominated by the Employers' group, underlined the importance of the meeting in reaffirming the ILO's leadership role on the issue of wages, including the concept of living wages. He highlighted the opportunity to promote both the role of social partners in wage-setting processes and the coherence of living wage initiatives with ILO principles on wage setting.
10. The Minimum Wage Setting Convention, 1970 (No. 131), was adopted to give life to the reference to a "minimum living wage" in the Declaration of Philadelphia. The success of this Convention lay in the fact that it considers the two necessary pillars of a wage-setting process: (i) the needs of workers and their families; and (ii) economic factors. These two pillars are also embodied in the concept of adequate minimum wages, which provided a clear, balanced, realistic and implementable concept for the calculation and operationalization of minimum wages at the national level. This concept was reaffirmed in the ILO Centenary Declaration (2019). Sustainable and implementable wage policies must balance the needs of workers and their families with economic factors as neglecting one of the two pillars would turn wage policies ineffective. While several elements, such as the slowdown of economic growth, the disruptions of supply chains, productivity gaps, trade barriers, high levels of inflation and informality, have affected wages in recent years, this should not overshadow the positive and long-term trend of real wage increases. Recent figures from the eurozone unveiled consistent wage growth throughout 2023, which is expected to peak in 2024; while US forecasts anticipate that real wages are on pace to fully recover from inflation by the fourth quarter of 2024. The background report highlighted the need to address the root causes of low pay, which are: low productivity and competitiveness levels; the lack of an enabling environment for sustainable enterprises and job creation; and high levels of informality. Sustained wage growth is only possible when the economy is expanding and average labour productivity is growing.
11. The concept of a living wage denotes an estimation of the needs of workers and their families. This concept and the estimation of the cost of living is nothing new, but rather represent one of the two pillars of Convention No. 131. The use of the term "wage" for the concept of a living wage is ultimately misleading as a "wage" should be determined after due consideration of both of the wage-setting pillars set out in Convention No. 131 – namely, the needs of workers and their families and economic factors. However, living wages only consider the needs of workers and their families – while any wage setting needs to consider, however, also the second pillar: economic factors –; and therefore, the definition of a living wage needs to be clear in this regard. Agreement should be reached in the meeting for the ILO to play a leadership role in: providing key principles for living wage assessment; establishing key principles to be followed by living wage initiatives; reviewing the ILO methodology to calculate the cost of living; and elaborating a methodology to assess economic factors.
12. The Worker Vice-Chairperson [M], speaking on behalf of the experts nominated by the Workers' group, indicated that the topic under discussion was at the core of the ILO mandate contained in the Treaty of Versailles of 1919, which states, "The payment to the employed of a wage adequate to maintain a reasonable standard of life as this is understood in their time and country." Injustice, hardship and deprivation were still leading to unrest because, among other causes, the "working poor" do not have access to living wages. According to the ILO's 2024 *World Employment and Social*

Outlook report,⁴ close to 241 million workers were living in extreme poverty in 2023, and therefore, the issue of a living wage was one of the most urgent challenges in the world of work.

13. As stated in the Declaration of Philadelphia, the ILO has a “solemn obligation to further among the nations of the world programmes” that could contribute to achieving “policies in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection”. The declining labour share in GDP is a clear indicator of an inability to distribute economic progress equitably, and this could be attributed to decreased collective bargaining coverage and lack of government intervention in this regard. Given that a link exists between inequalities in society and economic growth, there is the need for fiscal redistribution to fill gaps in the market system and for public goods and services to be developed and further strengthened. The decoupling of productivity gains and wages in many countries has been leading to growing inequalities.
14. The Government Vice-Chairperson [F], speaking on behalf of the experts nominated by the Governments, emphasized the importance of the subject of living wages in improving the lives of millions of workers globally. Decent wages are at the heart of economic development and essential in reducing poverty and ensuring a decent and dignified life. She encouraged the Director-General of the ILO to include the outcome of the meeting of experts in the Global Coalition on Social Justice. Consensus should be reached on the definition of a living wage and on a methodology for estimating living wages. She also noted the importance of distinguishing a living wage from a minimum wage, as well as the importance of focusing the meeting of experts on living wages.
15. The expert from the Government of the United States of America [M] indicated that, in line with the goal and meaning of a living wage, one of the principles of the US Government’s “Good Jobs Initiative” calls for all workers to be paid a stable and predictable living wage, as well as for the pay to be fair, transparent and equitable and for wages to increase with skills and experience.
16. The expert from the Government of the Netherlands [F] outlined the Dutch Government’s commitment to promoting living wages as a fundamental aspect of reducing poverty, ensuring decent work for all workers, promulgating responsible business conduct policies and working on the Sustainable Development Goals (SDGs). A living wage is a human right, based on the needs of a single wage earner and his/her family; it constitutes the bare minimum and should not impede wage setting above its level. Existing and upcoming legislation on due diligence give a further push to companies to work on living wages in their supply chains. The ILO is the leading organization to develop a tripartite-agreed definition of a living wage and to provide parameters on estimating and operationalizing the concept of a living wage.
17. An observer from the Organisation for Economic Co-operation and Development (OECD) [F] acknowledged the significance of the concept of a living wage in addressing rising inequalities and in-work poverty. A review conducted by the OECD revealed large variations in the measurement criteria used to set living wages, showing that scope exists to ensure greater clarity, consistency and transparency in living wage estimation methodologies.
18. A living wage is more than a number, and none of the choices underpinning its computation are to be considered as purely technical. How basic needs are identified and priced, which family types are used in the calculations, how working patterns are defined, and whether non-wage income is considered are factors that impact living wage estimates and need to be debated openly.

⁴ ILO, [World Employment and Social Outlook: Trends 2024](#), 2024.

Furthermore, the realization of better wages will also depend on broader enabling conditions, such as respect for fundamental labour standards, including freedom of association and collective bargaining, as well as productivity factors in individual sectors, countries, supply chains and firms. Coordinated action is needed from various stakeholders, and it is important to assess the adequacy of a living wage in regard to its capacity to provide a “decent” standard of living, while being mindful of government policies and wage institutions. Collaboration and transparency in understanding and realizing living wages to achieve poverty eradication and human development goals are of the utmost importance.

19. An observer from the UN Global Compact (UNGC) [F] reported that, with more than 20,000 participating companies, the UNGC is the largest corporate sustainability initiative, and its members align their operations and strategies with ten UNGC principles covering human rights, labour, environment and anti-corruption. The UNGC had launched the Forward Faster initiative, which challenges businesses to publicly commit to ambitious targets linked to five issue areas (including living wages) identified to accelerate progress across all 17 SDGs. Companies that signed up to the living wage targets committed to paying a living wage in their own operations and to working with supply chain partners, contractors, and key stakeholders on joint action plans towards providing living wages and living incomes.
20. She expressed her hope that the meeting would have contributed to the following three main objectives: first, the development of a definition of a living wage that is aligned with human rights standards and focused on the needs of workers and their dependents, with a clear distinction between the definition, which should be rooted in human rights principles, and its operationalization, considering economic factors; second, the creation of agreed criteria for evidence-based and transparent living wage estimation methodologies; and third, guidance to companies through a template for a living wage implementation road map.

► General discussion

Point 1: “What are the key principles and institutions of wage-setting processes as well as the factors and parameters that should be taken into account for adequate wage-setting practices, including the needs of workers and their families and economic factors?”

21. The Employer Vice-Chairperson [M] expressed the support of the Employers’ group for the five key principles with their associated comments for effective wage setting proposed by the background report. With regard to the first principle – “Taking the needs of workers and their families and economic factors into account” – he stressed once more the importance of considering these the two pillars in the setting of wages. A proper methodology for the identification and evaluation of economic factors was needed in parallel with the revision of the methodology to assess the need of workers and their families. The results of the ILO’s ongoing “Setting Adequate Wages” project⁵, which includes activities related to pilot testing the methodology to estimate the needs of workers and their families, should provide evidence-based guidance to the Office to review the methodology to calculate the cost of living. It was also important to note that some of the elements included in the estimation of the cost of living, like healthcare and social protection, were the responsibility of the

⁵ [ILO, “Setting Adequate Wages”](#).

State. A lack of government interventions in providing these basic services should be considered in the ILO revised methodology. Moreover, Governments have also a responsibility to support workers in case their productivity is below their needs and the needs of their families.

22. On the second principle – “Empowering national institutions and social dialogue” – he stated that important to ensure that the autonomy and critical role of employers’ and workers’ organizations were preserved and respected. The ILO *Global Wage Report 2020–21*⁶ provided evidence that, even though most ILO Member States set minimum wages after consultation with employers’ and workers’ organizations, or with their full participation, such consultations were not always effective in practice. It remained a priority to effectively implement and improve these consultation mechanisms. As part of empowering social dialogue, he stressed the different roles that social partners play with regard to wages depending on the context and national circumstances, namely: an advisory role in the assessment and estimation of both the needs of workers and their families and the economic factors; their involvement in tripartite social dialogue for minimum wage setting processes; and their freely engagement in wage negotiations via collective bargaining. He also noted the central role of governments in the advancement of adequate wages and in the establishment of an enabling environment for sustainable enterprises.
23. On the third principle – “Using data and statistics for an evidence-based approach” it was important to point out that while data and statistics were central elements to an evidence-based approach to minimum wage setting, in many countries, national statistical offices were under-resourced and timely data were not available. The Office should continue its capacity-building to support constituents so that they have the data needed to allow for effective and adequate minimum wage setting and monitoring.
24. And finally on the fifth principle – “Taking into account national circumstances and root causes of low pay” – it was noted that it is important to underline that there is no one-size-fits-all solution when it comes to wage-setting processes, and there is a need for a comprehensive approach to address the issue of wage setting and to tackle the root causes of low pay, which include: low productivity; poor public essential services, such as education, health, transport, healthcare, etc; high levels of informality; poorly resourced labour inspectorates; inefficient adjustments of existing minimum wages; inefficient wage consultation mechanisms and under-resourced statistical offices and lack of wage data. He also stressed the fact that the conclusions should reflect the following quote from the report “any sustainable strategy to promote adequate wages should go beyond the realm of wage-setting mechanisms alone and include broader consideration of factors to raise productivity and ensure that productivity growth actually results in wage growth – which is possible only where strong and effective labour institutions and social dialogue exist.”
25. There is a need to constructively work together to reinforce existing wage-setting systems, so as to ensure that the needs of workers and their families, as well as economic factors, are considered in a manner that provides wages that afford a decent standard of living. While the Employers’ group was ready to engage in a discussion focused on the principles of wage policies, including living wages, the meeting should not be the forum for an in-depth discussion on the indicators or parameters that serve for a methodology to estimate a living wage, as this exercise should be done as a follow-up to the meeting through collaboration among the tripartite representatives.
26. The Worker Vice-Chairperson [M] indicated that the guiding principles and rights for wage setting should be freedom of association, equity and non-discrimination, good faith collective bargaining

⁶ ILO, [Global Wage Report 2020–21: Wages and Minimum Wages in the Time of COVID-19](#), 2020.

backed by an evidence-based approach, and the involvement of governments, workers and employers. To align with ILO standards, wage-setting practices need to respect these principles and aim at a wage level that covers the needs of workers and their families, as well as their material and personal development, to allow them to live in dignity. Freedom of association and collective bargaining were particularly important in ensuring the fair distribution of income.

27. Referencing the Minimum Wage-Fixing Machinery Convention, 1928 (No. 26), he recalled that this standard was adopted in response to the need to protect workers where collective bargaining was not properly regulated or absent, outlining the historical link between adequate living wages and collective bargaining. Even if minimum wages existed in about 90 per cent of ILO Member States, 57 million wage earners were still not covered by a minimum wage. In many cases, minimum wages meant living in poverty and working extensive overtime; hence the necessity of living wages as a prerequisite for minimum wages and overall wage negotiations.
28. On top of the existing ILO Conventions and Recommendations relevant to wage setting detailed in the background report, he noted that there are other instruments that provide guidance for wage setting and adjustment, such as: the Labour Inspection Convention, 1947 (No. 81); the Labour Clauses (Public Contracts) Convention, 1949 (No. 94); the Plantation Convention, 1958 (No. 110); the Labour Administration Convention, 1978 (No. 150); the Labour Relations (Public Service) Convention, 1978 (No. 151); the Part-Time Work Convention, 1994 (No. 175); the Home Work Convention, 1996 (No. 177); the Private Employment Agencies Convention, 1997 (No. 181); the Maritime Labour Convention, 2006 (MLC, 2006); the Work in Fishing Convention, 2007 (No. 188); the Domestic Workers Convention, 2011 (No. 189); as well as the Collective Bargaining Recommendation, 1981 (No. 163), and the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204). This proves that the institutional framework for wages is extensive, and what is missing is implementation or compliance in some cases.
29. It was noted that it is important to focus attention on the word “factors”, which seemed to be used interchangeably with the word “elements” in both the background report and the first point for discussion. In particular, the Minimum Wage Fixing Convention, 1970 (No. 131), refers to “the elements to be taken into consideration in determining the level of minimum wages”, including among them “(a) the needs of workers and their families taking into account the general level of wages in the country, the cost of living, social security benefits, and the relative living standards of other social groups”, and “(b) economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment”. The Minimum Wage Fixing Recommendation, 1970 (No. 135), outlines in Section II the “criteria for determining the level of minimum wages” including among them: “(a) the needs of workers and their families; (b) the general level of wages in the country; (c) the cost of living and changes therein; (d) social security benefits; (e) the relative living standards of other social groups; (f) economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment.” Even from a semantic point of view, the word “elements” refers to “the basic parts or components that make up a whole”, while the word “factors” refers to “the circumstances, conditions, or influences that contribute to or affect a situation or outcome”. Hence in relation to living wages, the “elements” – understood as the basic components or fundamental parts of something – are the needs of workers and their families, the relationship with other wages, the cost of living and its changes, the public goods and services appropriated by workers, and other incomes in the society; while the economic factors – which constitute something circumstantial – come in only to contextualize the value obtained through the previous elemental estimations.

30. Therefore, the elements to take into account for adequate wage-setting practices are: (a) a basket of goods and services that constitute the socially acceptable living standard of workers and their families; (b) the need to adjust the basket in relation to the patterns of consumption of other social groups in the country, especially other wage earners; (c) the accounting and valuation of the social goods and services that are provided to workers in a rights-based approach; and (d) the prevailing prices and the movements of prices within the typical basket.
31. Collective bargaining and tripartite negotiations are the institutional mechanisms for the determination and adjustment of the living wage, and it is important to contextualize methodologies to fit local context and to ensure validation through evidence-based practices.
32. The Government Vice-Chairperson [F] stated that well-informed collective bargaining processes and tripartite social dialogue are crucial. Therefore, transparent information based on reliable data is needed, both on the needs of workers and their families and on the economic factors. The informal sector is significant in many countries, but living wage estimates could also benefit workers in the informal sector if these estimates are taken as an input for the setting of wages in the informal sector. The gender dimension should also be considered in wage-setting processes and in determining living wages. The responsibility for paying living wages should rest not solely on local producers, but should be shared among all supply chain actors, including multinational enterprises (MNEs), which should adhere to the ILO MNE Declaration.
33. The expert from the Government of the United States [M] recalled that ILO Convention No. 131 underlines that the needs of workers and their families, as well as economic factors, need to be taken into consideration when determining the level of minimum wage. Working poverty was a widespread issue, as exemplified by the stagnant federal minimum wage in the United States for over a decade, which was not a unique case.
34. Wage-setting processes are influenced not only by economic factors, but also by political and social dynamics, including power imbalances and incomplete information across government, employers and workers, which results in the setting of wage levels that are different from what economic factors alone would have suggested as being appropriate. Current living wage initiatives were a response to the inadequacy of many wage-setting processes. Hence, a uniform definition and a clear methodology for estimating living wages would enable governments, workers' unions and employers to incorporate the needs of workers and their families more effectively in wage-setting processes, while acknowledging the need to balance these needs against economic factors.
35. The expert from the Government of the Netherlands [F] clarified that while there was no one-size-fits-all mechanism, well-informed social dialogue and collective bargaining remain the basis for wage-setting processes. Collective bargaining is to be promoted and the involvement of social partners in a transparent and predictable manner must be ensured to promote the attainment of a wage that is sufficient for the needs of workers and their families and represents a just sharing of the fruits of progress for all. Negotiations need to be held with an adequate degree of frequency to reflect underlying socio-economic developments, and transparent sharing of information on worker needs and economic factors is necessary to empower well-informed decision-making in wage-setting processes. Where large living wage gaps exist, wage setting should follow a growth path and attention should be given to improving economic conditions, skills development, labour productivity and overall economic growth. Price-setting and purchasing practices in supply chains play a key role in regard to economic factors and the economic situation of producers and suppliers.

36. The Employer Vice-Chairperson [M] urged the experts to remember the mandate of the meeting, and not to dwell on issues related to supply chains or multinationals. Wages in supply chains had already been discussed in the past, and a valid strategy on decent work in supply chains has been approved recently by the ILO. The conclusions from the meeting of experts on wage policies, including living wages, could be adapted and used to inform the work of the action programme on supply chains.
37. The Worker Vice-Chairperson [M] noted that several positions taken by the government experts aligned with those of the experts from the Workers' group. While it was important to focus on a definition and on the methodological principles to guide the debate, it was also important for the experts to remain open to discussing other issues that may have arisen during the meeting of experts, including the role of supply chains and multinational companies in wage-setting processes. In line with Convention No. 131, the proper place to consider economic factors is during wage setting through collective bargaining, but such factors do not have a place in the definition of living wages or the methodology to set living wages.

Point 2: “What would be an appropriate definition of a living wage within the broader wage-setting processes? What are the principles on which the methodologies to calculate and adjust living wage estimates should be based?”

38. The Worker Vice-Chairperson [M] recalled that according to the Treaty of Versailles of 1919, wages should be sufficient to maintain a reasonable standard of life and have regard for the circumstances of time and place, with the understanding that labour was not a commodity. Moreover, the discussion of the Minimum Wage-Fixing Machinery Convention, 1928 (No. 26), showed that a living wage was perceived as a prerequisite for the setting of minimum wages. The issue of minimum wages came back on the agenda of the ILO in the 1960s, when Convention No. 131 was discussed and the importance of taking into account the needs of workers and their families was included – noting that these needs are specifically what the notion of a living wage refers to.
39. He proposed the following definition: “A living wage is the remuneration level, payable in exchange for the work performed during normal hours of work, which is sufficient to afford a socially acceptable, equitable and decent standard of living for workers and their families, surpassing mere subsistence and fostering a quality of life.” He noted that living wages are the basis for minimum wage negotiations and should be seen from a rights-based perspective, and that this view has not only been historically held by ILO but is also found in other instruments of international law. The Universal Declaration of Human Rights states that everyone “has the right to the enjoyment of just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity”; while the International Covenant on Economic, Social and Cultural Rights (ICESR) recognizes “the right of everyone to the enjoyment of just and favourable conditions of work which ensure ... (a) Remuneration which provides all workers, as a minimum, with ... (ii) A decent living for themselves and their families”. An ILO definition of a living wage should refer to living wages as a human right, distinct from consideration of economic factors in wage setting.
40. The Workers' group sought to further develop four components of their proposed definition. First, the phrase “work performed during normal hours of work” referred to the time during which workers are at the disposal of the employer within the legal working time arrangement based on national practices, excluding overtime, night hours and holidays. These normal hours of work must allow for work-life balance, and therefore be no greater than eight working hours per day. Second, the concept of a living wage being “sufficient to afford a socially acceptable standard of living” meant

that a living wage must reflect what was deemed fair and just under prevailing cultural norms and must consider the expectations and values of a specific community; while a “decent standard of living” meant a way of life that provided for the essential needs and well-being of individuals and families, ensuring a reasonable level of comfort, security and dignity. Third, the inclusion of the phrase “workers and their families” meant that the patterns of consumption to be considered were those of the whole family group, and that such consideration was to be based on empirical analysis of the population at the country level. Fourth, the phrase “surpassing mere subsistence” was relevant in the definition because approaches to determining a living wage based on the poverty line are not acceptable, as they only cover needs at the level of biological subsistence.

41. Regarding the principles on which the methodologies to calculate and adjust living wage estimates should be based, the Workers’ group presented some additions to the Office’s list of principles presented in paragraph 98 of the background report, offering a total of eight principles, as follows. The basic ILO principle of consultation with employers’ and workers’ organizations should be respected. The measurement of the cost of living for workers and their families should be based on the particular context, including considering the importance of good nutrition, decent housing, quality education and healthcare, access to culture/leisure, and other essentials that constitute a socially acceptable standard of living. Estimates, data and methodologies should be publicly available, robust and transparent, so that anyone could replicate the result. Estimates should be validated by interviews with and surveys of the potentially concerned stakeholders, and should consider the net salary or, in case of using gross salaries, any deductions or retentions should be explicitly stated. Adjustments should consider the evolution in patterns of consumption of workers and their families, not only in terms of quantities, but also in the quality of the goods and services, as well as the inclusion of any new items or the exclusion of items that have lost relevance. Finally, it should be indicated whether the methodologies or estimates had been reviewed or validated.
42. The Employer Vice-Chairperson [M] reiterated that the concept of a living wage constituted one of the two pillars of wage-setting processes, wherein “economic factors” made up the second critical pillar, as clearly provided in Convention No. 131. He also noted that Convention No. 131 is up-to-date, whereas Convention No. 26 had interim status. He quoted the background report, indicating that the wider discussion on how to set wages also needs to consider economic factors for the operationalization of the living wage concept, and that this should be the starting point of any discussion about an appropriate definition of a living wage.
43. The concept of a living wage is and needs to be understood as the estimation of the needs of workers and their families, anchored in the national and local economic and social reality. The Employers’ group proposed to adjust the definition included in the background report as follows: “The concept of living wage is an estimation of the needs of workers and their families that is sufficient to afford them a decent standard of living, taking into account the national and current context, calculated for work performed during normal hours. This concept must be coupled with economic factors in a wage-setting process.”
44. Given that the concept of a living wage is an estimation of the needs of workers and their families, the reference to it as “wage level” is misleading, as it would undermine the role of social dialogue in the wage-setting process, especially the role of collective bargaining. The estimation of a living wage should not be used as a substitute for wage-fixing mechanisms such as collective agreements or negotiated wage policies, but rather as information that can be used to promote wage setting. In addition, any wage setting needs to consider the second pillar: economic factors.

45. Turning to the principles on which the methodologies to calculate and adjust living wage estimates should be based, the Employers' group agreed with the ILO adapting its current methodology to estimate the needs of workers and their families, but also stated that this Meeting of experts should not be a forum for an in-depth discussion on the indicators or parameters of that methodology. The proper consideration of possible indicators requires more time, expertise and background information, and thus the methodology will need to be developed at a later stage by the Office in close collaboration with tripartite representatives.
46. He expressed support for the eight suggested principles for an ILO methodology, with the Employers' associated comments, to estimate a living wage as listed in paragraph 98 of the background report. On measuring the needs of workers and their families, the four components current used by the ILO in its methodology – namely food, housing, health and education, and other essential goods and services – were deemed appropriate. Concerning the role of consultation with employers' and workers' organizations, since a living wage is an estimation of the needs of workers and their families, it should not be perceived as an outcome of social dialogue. While social partners can play a key role as a source of information for the estimation of a living wage; this, as such, is the output of applying established indicators which certainly should follow some principles and, therefore, should not be a subject matter for bargaining. Any adjustments to a living wage estimate will need to focus on long-term perspectives and not only consider short-term indicators. Particularly, inflation should not constitute an automatic short-term adjustment criterion.
47. The Employers' group suggested adding four additional principles with their associated comments to the eight proposed in the background report for an ILO methodology to estimate the needs of workers and their families. The first was the need to have evidence-based estimations and indicators to be used along with economic factors. The second principle concerned the acknowledgment of the role played by States as providers of public services and other sources of household income, noting that establishing an enabling environment for sustainable enterprises capable of operationalizing the concept of a living wage would require clear identification of deficiencies in public services provision.
48. States also have a responsibility to support workers (and their families) whose productivity was below the cost of living. In this element lay the difference between a living wage and a living income. He gave in this regard the concrete example of New Zealand, where, despite being a 3.30-dollar difference between the living wage (as estimated by a church-based organization) and the minimum wage, the Working for Families Scheme, a weekly government payment, allowed minimum wage workers to reach – and even surpass – the living wage amount. Likewise, many other countries foresee different mechanisms to support workers that earn below the cost of living. The two remaining additional principles introduced by the Employers' group were: (i) the need for sound peer review in the development of the methodology, including the selection of indicators; and (ii) national ownership through evidence-based indicators, mindful of the local contexts and realities.
49. The Government Vice-Chairperson [F] expressed the hope for a tripartite-agreed definition on living wages and offered the belief that the definition proposed in the background report formed a solid starting point. The definition respected the wording of the Universal Declaration of Human Rights and clarified that living wages should be paid for normal hours of work. It is important that a definition considers the national and regional contexts, and that it is broad enough to accommodate rapid and continuous changes in society. She suggested replacing "sufficient" with "necessary" in the definition to better reflect that a living wage was a starting point, not a maximum.

50. Moving on to the methodology, the Government Vice-Chairperson [F] recognized the importance of the suggested basic elements used to determine the needs of workers and their families – namely good nutrition, decent housing, education and adequate health – but considered the list too limited. Further elements that should be considered include potable water, recreation, cultural affairs, communication and access to technology. For some elements in this list, international standards are well-established and should be used to inform living wage estimations. She stressed the importance of the methodology being clear about family size and the number of wage earners, and suggested using family sizes and numbers of wage earners that are specific to each region. Finally, she stipulated the importance of involving local stakeholders, including social partners, in the estimation of living wages in their respective regions.
51. The expert from the Government of the United States [M] stated that a uniform definition of a living wage and a clear methodology would enable governments, trade unions, workers and employers to more effectively examine and advance the needs of workers and their families within existing wage-setting processes. Any definition of a living wage should include: recognition of full-time work during normal hours; identification of a broad basket of expenses, including food, housing, utilities and transportation, health and childcare, education, and discretionary spending/savings; and recognition that expenses are country or geography-specific.
52. Given the variety of ways any definition can be used and implemented, the definition of this crucial concept should not attempt to address issues related to implementation, including the need to balance it against economic factors.
53. Some key principles that should underpin a living wage methodology include: (i) the need for calculations, inputs and data sources to be transparent and publicly available; (ii) workers and their representatives being granted the ability to provide inputs into the methodology, including identifying the types of costs that are necessary to sustain their families and reviewing the accuracy of component costs against their lived experiences; and (iii) the importance of clearly identifying the size of a family unit and the number of wage earners in a given country or geographic location. Living wage estimates should include both an hourly and an annual figure, recognizing that some workers may receive an hourly wage that is at a living wage level, but if they do not secure enough hours of work, they would still fall below a living wage.
54. The expert from the Government of Netherlands [F] highlighted the importance of an internationally agreed and accepted definition of a living wage, with input from all ILO Member States. She indicated that the definition provided in the background report formed a good basis, but it was important to reflect the recognition of a living wage as a human right as per the Universal Declaration of Human Rights (Art. 23.3) and the ICESCR (Art. 11.1). Additionally, a clear differentiation should be made between the definition and the operationalization of a living wage.
55. When it comes to the determination of the principles for a tripartite-agreed methodology to estimate living wages, two main approaches were identified for calculating living wage estimates: (i) the living wage is interpreted in absolute terms as a threshold to be quantified through a basket of goods and services that would be needed for a decent living standard; or (ii) the living wage is interpreted in relative terms as a ratio to the average or median wage within a country. Regardless of the approach selected, it is essential that any methodology for estimating a living wage should include: the involvement of social partners and consultation on defining the living wage estimates; frequent adjustments to make sure the numbers are up-to-date and reflect the current socio-economic status of the country and/or region; and consideration of regional differences, including the composition of the basket of goods and services.

56. In addition to the elements proposed in the background report, the following elements should be considered to calculate a living wage estimate: potable water, clothing, transportation, communication, childcare and other essentials. In the event that there is no adequate social protection system in place, the calculation should also include savings for unexpected events, as well as retirement contributions. In principle, the methodology should assume a single wage earner, as this is in line with human rights and promotes decent living standards among single-parent families, but leeway should be granted to consider multiple wage earners in one household if this characteristic is typical in the country/region.
57. While in need of improvements, existing methodologies developed by private and NGO initiatives offer a good starting point, and should be used to speed up the efforts and reduce the costs associated with operationalizing living wages.
58. The Worker Vice-Chairperson [M] asked the Office to clarify the role of economic factors and whether they are meant to be taken into account at a later stage, as they were not mentioned in the definition suggested in the background report. Regarding the idea of leaving the discussion of certain issues to a later stage, as suggested by the Employer Vice-Chairperson [M], he responded that the meeting of experts was the right place to discuss as much as possible in depth and to then provide guidance to the Office.
59. He expressed surprise concerning the statement made by the Employer Vice-Chairperson [M] regarding the existence of mechanisms other than collective bargaining to define wages within social dialogue settings. He also noted the necessity of focusing the discussion on living wages by leaving out discussions around other issues, such as the living income. He also wondered why there was a need for peer review of the ILO methodology of the cost of living and how such a review would take place.
60. The Employer Vice-Chairperson [M] referred to paragraph 99 of the background report, which states that “while living wage estimates can inform wage-setting processes, they should not be seen as a binding constraint and should be considered as one element that may inform wage setting”. The statement, he said, was clear regarding the role of living wages as being one factor – but not the only factor – to be considered in the wage-setting process. The background report pointed out how “evidence on living wages can provide useful information but should be understood in the broader context of setting adequate wages and should be used alongside information on economic factors, including productivity and the desirability of attaining and maintaining high levels of employment”, and thereby clearly reiterates the two pillars for setting wages, namely: (i) assessing the needs of workers and their families – upon which the notion of a living wage relies; and (ii) economic factors. Furthermore, regarding the ILO methodology to assess the needs of workers and their families, he pointed out that it was a very solid and extensive document that already captured many technical aspects, such as the normative versus relative approaches, and he believed the meeting of experts was not the right time to undertake its revision.
61. He added that the meeting of experts could give the ILO the mandate to conduct a peer review of the ILO methodology for estimating living wages in consultation with tripartite representatives, and to set up the principles that the methodology should follow, but that the meeting was not the place to go into technical details regarding the ILO methodology. Additionally, it was necessary that peer review be applied to not only the ILO methodology, but also to other existing methodologies to estimate living wages. Finally, he reaffirmed the necessity of clarifying the difference between living wages and living income, as employers could be held accountable for the former, but not for the latter.

Point 3: “What are the strengths and weaknesses of current living wage initiatives and, in light of that, what are the key principles that living wage initiatives should follow? How could the concept of living wage be operationalized within the broader wage-setting process from an ILO perspective?”

62. The Employer Vice-Chairperson [M] pointed out how many of the existing private-led initiatives on living wages had been lacking transparency, peer-review and national ownership. Many of them do not provide a legitimate and coherent basis to estimate the needs of workers and their families, nor do they support the operationalization of the concept of a living wage. The lack of an authoritative and tripartite-agreed definition and the lack of an estimation methodology for living wages create important challenges in terms of data comparison, variation in methodologies and harmonization. This is worsened by a lack of transparency concerning sources of information, and a lack of involvement by social partners to inform key indicators. The background report outlined that, despite growing knowledge, experience in the operationalization of living wages is still scarce, and there is hardly any evidence that can be extracted from the monitoring and evaluation of these incipient experiences.
63. He added that existing initiatives suffer from several weaknesses and criticalities. First the lack of peer-review, transparency, and national and local ownership. Second, they often present living wages as a wage level, rather than as an estimation of the needs of workers and their families that can be used to inform the broader wage-setting process, and estimations are never coupled with economic factors in their implementation. Third, these initiatives jeopardize social dialogue processes and circumvent the role of social partners by undermining the value of tripartite social dialogue processes in regard to agreeing to minimum wages at the national or local level and by eroding the value of employers' and workers' organizations in their capacity to inform and influence wage-setting systems. Fourth, being designed and measured by external parties, these private initiatives are not grounded in the national economic and social reality, posing major challenges for their operationalization. Fifth, these initiatives do not include in their methodologies the role that the State should play in providing public services. Sixth, since there had been no international authoritative and tripartite-agreed definition of a living wage, the legitimacy of the definitions used by these initiatives is questionable, and substantial differences existed among these definitions.
64. Given the lack of consolidated evidence on the operationalization of living wages, it is difficult to draw conclusions about their effectiveness and their economic effects, or to identify good practices. Lastly, many of the existing initiatives confuse the concept of a living wage with the concept of a living income, which entails different elements and different sources for calculation.
65. The ILO has to play a key role in fostering consistency and harmonization among the different methodologies that currently exist, including through promoting key principles that any living wage initiative should follow, namely transparency, peer-review and consideration of the local context. These three principles must be considered together with the eight suggested ILO principles in paragraph 98 of the background report.
66. The concept of a living wage should be operationalized within the broader wage-setting process. First, any operationalization should incorporate a comprehensive approach that implements the ILO key principles for wage-setting processes, particularly: (i) assessing the needs of workers and their families alongside economic factors; (ii) empowering national institutions and social dialogue; (iii) ensuring national ownership; (iv) using data and statistics for an evidence-based approach; (iv)

ensuring gender equality and non-discrimination; (v) taking into account national circumstances; and (vi) addressing the root causes of low pay, such as low productivity. Second, ILO methodologies are needed to assess the needs of workers and their families, as well as to assess economic factors. Without such tools, proper operationalization is not possible. Third, capacity-building is needed for national constituents to implement these principles in a comprehensive manner. This requires a One-ILO approach and to appropriately resource the wage team within the ILO. Fourth, any operationalization of the living wage concept within the broader wage-setting systems should come jointly from the tripartite constituents on the ground, not at the global level. While average wages are increasing in many countries, levels of poverty and informality across the world remain high, impacting both enterprises and workers. The ILO needs to continue its actions to support constituents in addressing the root causes of low pay and in strengthening wage-setting institutions and policies. Considering the heterogeneity of living wage initiatives and their growing number worldwide, ensuring convergence with ILO principles for wage-setting processes is necessary to ensure that these initiatives will reinforce ILO principles rather than undermining them.

67. The Worker Vice-Chairperson [M] pointed out that in regard to existing living wage initiatives, the Workers' group had some positive perceptions as well as some reservations. Concerning the positive elements, some initiatives had been developed by or for multinationals to comply with their responsibility to respect human rights and demonstrate an interest in improving the salaries of workers in global supply chains and in assessing the needs of these workers and their families. These initiatives also respond to the ongoing negotiations on the European Union (EU) Corporate Sustainability Due Diligence Directive and reporting requirements, and align with the increased interest in a binding UN treaty on transnational corporations and other business enterprises with respect to human rights. Some of these initiatives have advanced proposals for living wage calculations, and in some cases, if implemented, these could improve existing statutory minimum wages.
68. During the International Labour Conference (ILC) 2021 General Discussion Working Party: Inequalities and the world of work, it was reiterated that although global supply chains have contributed to economic growth and job creation, as well as to development and value-added activities, they also create social, economic and environmental challenges, particularly for developing countries. In some cases, these challenges are reflected in a race to the bottom when it comes to wages and working conditions, which has been a result of purchasing practices and pricing models. As such, the living wage initiatives can be seen as a positive step forward in recognizing the fact that wages must not be used as a means to secure a comparative advantage in the marketplace.
69. Regarding the less positive aspects of private living wage initiatives, the background report reflects the fact that existing initiatives often do not comply with ILO principles in the operationalization of living wages. The principles are to be read as a package; none of the requirements are optional and none can be used in isolation. Wages have to be discussed with social partners, not for the reason of mere compliance, but as a genuine exercise in social dialogue so that enterprises' activities will be in harmony with the development priorities, social aims and structure of the country in which they operate, as stated in the ILO MNE Declaration. Private initiatives that estimate living wage-setting benchmarks that are disconnected from reality must not override social dialogue and national ownership. Hence, these initiatives should be aligned with all of the ILO principles concerning methodologies for estimating living wages, which hopefully will be adopted in the meeting.
70. At the same time, the idea is not to create one global ILO methodology that will replace national initiatives. All enterprises should be encouraged to embrace and implement the ILO principles, but a

clear anchoring at the national level is required, meaning that enterprises willing to use the methodological approach of the ILO should engage in national-level discussions with national social partners. Governments should promote and provide a framework for such discussions to allow for national implementation and a realistic convergence between living and minimum wages.

71. A clarification was requested from the Office as to why the comparison between minimum and living wage estimates reported in table 7 of the background report presented figures that were so different. To the Workers' group, such a discrepancy represented an example of why private initiatives were misleading: if taken as a basis, convergence between minimum and living wages seemed to be an illusion. The Worker Vice-Chairperson [M] indicated that closing the gap between minimum and living wages was a more realistic exercise than what was portrayed in table 7, but this requires tripartite commitment, time-bound strategies and the implementation of all the principles that the experts had been discussing. Nonetheless, even a good ILO definition of living wages and sound principles for a methodology will not be sufficient on their own to address business models based on precarious jobs and union busting practices paired with governments that do not comply with their duty to respect fundamental principles and rights. A serious commitment to strengthening industrial relations and respect for trade union rights is needed for workers to be equal partners in wage negotiations along supply chains.
72. The operationalization of a living wage constitutes three dynamic and interlinked layers. The first layer is the living wage calculation defined only by the workers' needs, with periodic adjustment based on tripartite consensus. The second layer comprises minimum wage negotiations based on ILO Convention No. 131 and using the predetermined living wage from the first layer as the basis for the calculation of the first pillar of minimum wage setting, namely the needs of workers' and their families. It is at this second layer that the other pillar of minimum wage setting – namely, economic factors – enters the discussion. This important negotiation implies, among others, the existence of national development and employment strategies, and should be done through collective bargaining and/or tripartite social dialogue mechanisms. The third layer comprises collective bargaining at various levels, as well as the coordination of these bargaining levels. During collective bargaining negotiations, the minimum wage, which has already been set in layer two based on the living wage, constitutes the starting point.
73. The ILO Review of Wage Setting through Collective Bargaining (2023)⁷ pointed out that collective bargaining negotiations can refer to wage payment systems and the wage structure. The wage structure includes: setting of the base wage, the wage scale, and the perspective pay differentials between job posts, as well as how wage adjustments are reflected throughout the wage scale. Wage composition includes elements like the base wage, allowances, in-kind benefits, results-based and performance-related components, and financial participation linked to productivity gains. The information that is typically needed to support wage-bargaining processes includes economic factors, labour market characteristics, the sectoral context and the enterprise performance. Global framework agreements between global trade union federations and multinationals provide an overarching framework that should improve wage negotiations through collective bargaining along supply chains. This multi-layered approach is a good way to look at wider wage-setting processes, which should start with the setting of a living wage. The wage-setting process should not be envisioned as a pyramid, because the process is dynamic across the different layers of activity and operates in relation to ongoing adjustments to the cost of living and the broader economic context.

⁷ ILO, [A Review of Wage Setting through Collective Bargaining](#), 2023.

74. The ILO methodology summarized in box 1 of the background report, which had been developed and used to provide technical assistance to Member States, could serve as a good basis for estimating the needs of workers and their families. Elements to be included when calculating the cost of a basket of goods and services for a living wage are: food and nutrition; housing and shelter; utilities and energy; clothing and footwear; healthcare; education; transportation; communication; personal care and hygiene; recreation and leisure; savings and emergency funds; and miscellaneous expenditure. These should not be calculated or weighted far from where these expenditures take place, and they will not be the same in each country.
75. Minimum wage negotiations should be driven by the aim of convergence towards a living wage and should consider all of the components previously mentioned. The process of defining the needs of workers and their families relies on relatively stable structural variables, which are mostly collected from relevant expenditure or household budget surveys; though adjustments are where more conjunctural factors become relevant. The most important element is the cost of living, which in the very short term affects the purchasing power of wages. When it comes to adjusting living wages, it is necessary to collect prices and recalculate weights for the specific basket used to estimate the living wage; applying the average consumer price index is not sufficient.
76. Another important point concerning the methodological principles and operationalization of wage setting relates to the need to close the gender pay gap and end wage discrimination, as per the fundamental principle of equal pay for work of equal value. As stated by Franklin D. Roosevelt, “It seems to me to be equally plain that no business which depends for its existence paying less than a living wage to its workers has any right to continue existing in this country” (Statement on the National Industrial Recovery Act, 16 June 1933).
77. To reply to the clarification requested by the Worker Vice-Chairperson [M] in regard to the gap between living wage estimates and minimum wage values reported in table 7 of the background report, the Secretary-General of the Meeting [F] highlighted some of the factors that might explain this gap, pointing that it could be due to the fact that living wage estimates were calculated using methodologies disconnected from local realities and that they did not involve social dialogue and had little consideration for how they would be operationalized. On the other hand, it could also be a result of the fact that minimum wages were inadequate in some countries. As outlined in the ILO’s *Global Wage Report 2022–23*,⁸ several countries have not adjusted minimum wages for several years – in some instances for more than a decade.
78. The Government Vice-Chairperson [F] acknowledged that most governments did not produce living wage estimates, as highlighted in the background report. Regarding the key principles to be followed by living wage initiatives, all the experts of the Government group unanimously recognized the need to reflect local or regional differences as being essential, even within countries, and concluded that living wage initiatives should not be one-size-fits-all endeavours. To integrate these local and regional differences, it is crucial to involve local/regional stakeholders, including social partners, both to draw on their awareness of the local context and to see greater benefits in terms of local ownership and implementation.
79. Several concerns arose among the experts of the Government group during their group meetings regarding implementation and potential effects on the informal economy. Setting wages at a higher level might, in some instances and locales, have had the involuntary effect of leading people into false self-employment – including via the platform economy – or into the informal economy where

⁸ ILO, [*Global Wage Report 2022–23: The Impact of COVID-19 and Inflation on Wages and Purchasing Power*](#), 2022.

the enforcement of living wage standards is more difficult. The Government Vice-Chairperson [F] observed the need to recognize the lower or non-existent wage standards experienced in some countries by vulnerable workers, such as agricultural workers, seafarers, domestic workers and those in the fishing industry.

80. Enforcement and monitoring are another key principle for the implementation of living wages, but several experts of the Government group reported challenges in this space due to limited capacity. The Government Vice-Chairperson [F] reported the many examples discussed among the experts of the Government group, namely: the approaches taken by Brazil and Colombia in regard to local differences, the sectoral approach of Panama, the consideration of the informal sector in the Philippines, the wage-setting processes in Türkiye, Malawi, Zimbabwe and Morocco, and the voluntary living wage in the United Kingdom of Great Britain and Northern Ireland.
81. It is important to maintain a human rights-based approach while being mindful of the specific needs of various regions and the importance of small- and medium-sized enterprises. Learning opportunities can be drawn from experiences around the world, and it was suggested that the concept of a living wage could be operationalized at the ILO level by trying to establish a common understanding of the concept and by compiling information and best practices from various initiatives to derive practical recommendations, including in regard to new forms of work, such as platform work and the gig economy. Economic developments have an important role to play in wage setting and there is a need to clarify what economic factors are involved, such as inflation, labour productivity, pricing and purchasing practices, economic forecasts and so on.
82. The expert from the Government of the United States [M] emphasized the benefits of disaggregating the cost components of a living wage in order to understand the two mechanisms available to ensure workers earned a living wage – namely raising wages or reducing certain costs incurred by workers. Disaggregated cost components of a living wage provided evidence on how much households spent in each category (that is, food, housing, health, education and so on). This information could help workers to negotiate with employers concerning the provision of some of these items and could also support both workers and employers in joining their efforts to make governments invest in providing some services (such as health, education, transport, and so on). It is important to coordinate living wage policies, wage-setting mechanisms, tax policies and social benefits policies to improve the welfare of families and the working poor. Existing initiatives suffer from inconsistency in definitions and methodologies, in addition to lacking transparency, which negatively impacts conversations at the bargaining table or in human resources departments, as time has to be spent in all discussions to define foundational concepts. The ILO has a key role in operationalizing the living wage concept, notably by further developing and refining the methodology, providing technical assistance and guidance to different stakeholders, and ensuring transparency and public access to living wage thresholds.
83. The expert from the Government of Morocco [M] highlighted that the conclusions of the meeting of experts should include references to the social and economic specificities of ILO Member States, including those related to social protection policies and government subsidies for housing, education and other social benefits, as well as regional economic, social and cultural disparities. Numerous ILO Member States use the concept of a minimum wage defined through tripartite consultations and social dialogue, as well as in consideration of factors such as the inflation rate, the consumer price index and existing social benefits. Hence, all wage policies should be coherent with social protection, fiscal and labour market policies.

84. The expert from the Government of the Netherlands [F] pointed out the existence of the important work done by many living wage initiatives led by multinational companies, NGOs, trade unions, academia and governments – such as the case of Ireland, where a living wage policy has been adopted, and the cases of Romania and Slovenia, where a living wage basket approach has been included in the process of minimum wage fixing. However, current living wage initiatives also demonstrate challenges, namely the need for a living wage definition, the existence and use of reliable data, difficulties accounting for differences between and within countries, and the need for effective involvement by social partners. Finally, she mentioned that many living wage initiatives operate in supply chains, and this is the result of several international instruments, such as the ILO MNE Declaration, the United Nations Guiding Principles on Business and Human Rights, and existing and upcoming European Union legislation on responsible business conduct and corporate due diligence, as well as requests from companies themselves. This demonstrates a growing interest among local employers and producers, in addition to reflecting their need for support, as their ability to pay a living wage is closely linked to the prices paid by buyers, as outlined in an ILO brief on “Setting Adequate Wages: The Question of Living Wages”⁹.
85. The expert from the Government of Brazil [F] pointed out that Latin American countries have been working on minimum wage policies, and that there have only been a few initiatives connected with living wages, with some linked to the export sector and others promoted by institutions advocating for higher minimum wage levels. The common denominator among all of these initiatives is concern over the fact that minimum wages were below living wage estimates.
86. The strength of the ILO meeting of experts is that it can provide a clear definition and a better methodology that can unify different ways of measuring living wages that rely on information from local stakeholders concerning the needs of workers and their families. Such a unified approach could improve the minimum wage policies of countries in the Latin America region, as well as their coordination with social policies, by better balancing workers’ salaries and government transfers to these workers. When it comes to the implementation, challenges remain in relation to dialogue with local actors and also regarding the transparent collection of information at the local level.
87. The expert from the Government of the Islamic Republic of Iran [M] considered the key strengths of living wage initiatives were wages actually being increased to match the cost of living, the possibility of tailoring living wages to local contexts, benefits in terms of raising awareness on the needs of low-wage workers, and their capacity to motivate voluntary actions by employers. Weaknesses include only having partial coverage due to being focused on specific sectors, weak enforcement mechanisms, limited social dialogue, inadequate data and methodologies, and potential unintended impacts on employment.
88. Given this landscape, the principles behind living wage initiatives could be improved through: the promotion of evidence-based living wages through social dialogue; linking living wages to minimum wage-setting processes; developing statistical and data collection methodologies; the provision of technical assistance for cost-benefit analyses; strengthened enforcement and compliance mechanisms; regular reviews and adjustments; monitoring of impacts on unemployment, prices and competitiveness; and complementing living wages with workers’ protection and social security. The ILO could play a convening role in: the production of a consequential methodology on living wages; providing guidance on balancing economic factors; strengthening tripartite dialogue; and integrating living wages within other initiatives to promote decent work.

⁹ ILO, [“Setting Adequate Wages: The Question of Living Wages”](#), ILO Brief, October 2022.

89. The expert from the Government of Gabon [M] pointed out that his country did not have a living wage policy, but deemed such an initiative to have potential positive aspects. The role of living wages in reducing poverty and inequalities, stimulating the economy, improving the health and wellbeing of workers, and reinforcing social justice was to be outlined. Nonetheless some potentially negative consequences were also worthy of notice, namely the high costs for enterprises, the potential impact on employment, the challenges related to formulating the definition of living wages and the risk of increasing inflation.
90. Key principles that need to be considered include local and regional differences, as well as the importance of social dialogue and taking a progressive and flexible approach to implementation, followed by constant evaluation and impact measurement. The ILO needs to provide guidance and technical assistance to governments and social partners concerning the implementation of living wages, including in regard to the inclusion of living wages in collective bargaining agreements and government legislation, as well as guidance on the certification that might be issued to enterprises that pay living wages to their workers.
91. The Employer Vice-Chairperson [M] addressed the point raised by the Worker Vice-Chairperson [M] in relation to international supply chains, by pointing out that 85 to 90 per cent of workers are employed purely in the domestic economy, which represents 85 per cent of gross domestic product (GDP), and therefore that should be the focus of the discussion on living wages. Moreover, studies have shown that the wages found in export enterprises were higher than those in purely domestic enterprises, hence the narrative of low wages in global supply chains was not supported by any reasonable research. He suggested to not introduce this concept of “layers” in wage setting, but rather to stay with the idea of two pillars (that is, needs of workers and their families, and economic factors), as established in Convention No. 131.
92. The Employer Vice-Chairperson [M] noted that experts from the Government group had also expressed concerns about economic factors not being considered, such as rising unemployment, informality and other factors that could negatively impact the development of countries.
93. He also remarked that the remarks from the Government Group raised several important issues, such as the need to reflect local realities, the need to engage with stakeholders, the need to consider informality and the impact of wage setting on the development of the country, as well as the need to support small- and medium-sized enterprises. The platform economy was a complex topic: many of the workers on these platforms are independent contractors and not employees, and focusing on them would bring the discussion back to the issue of a living income rather than a living wage. In light of the standard-setting discussion on decent work in the platform economy scheduled for the 2025 and 2026 ILC, it was better to not address the issue in the current meeting.
94. In addition, the Employer Vice-Chairperson [M] mentioned that governments had an important role to play when it came to social transfers, as pointed out by the expert from the Government of Morocco [M], and if the productivity of a worker was not sufficient to cover for the cost of living, governments would have a key role to play through social transfers. The experts from the Employers’ group were aligned with the statement made from the expert from the Government of Gabon [M] on the need to focus not only on living wages, but also on the broader ecosystem, including companies’ sustainability and productivity, and welcomed the intervention from the expert from the Government of the United States [M] concerning the role of governments in providing essential services. Additionally, alignment also existed with what was stated by the expert from the Government of Brazil [F] on how to work with the different concepts of living wages and social

transfers, and on the role to be played by the ILO in promoting coordination among the different living wage initiatives.

95. The Worker Vice-Chairperson [M] pointed out the need for the discussion to focus on the methodology to assess the needs of workers and their families – which is what the living wage concept refers to – and on its implementation. There was no need to develop an ILO methodology to assess economic factors.
96. He added that the concerns raised by the Government Vice-Chairperson [F] about the challenges posed by the high percentage of workers in the informal economy are understandable. It is, however, important not to enter into problematic issues such as the alleged negative impact of minimum wage increases on employment, as that is outside the scope of the discussion. The connection made by the Employer Vice-Chairperson [M] between low productivity and workers' wages was flawed, considering that workers were operating in factories organized by the employers, with the technology provided by the employers and according to an organization of work imposed by the employers. It was important to consider the argument raised on the role of governments with regard to social transfers and public services, but it should not be used to disregard the obligation of employers to pay living wages in favour of States filling the gap.

Point 4: “How could the ILO provide additional support to its constituents and strengthen its global leadership on the question of wage policies, including living wages?”

97. The Worker Vice-Chairperson [M] outlined how living wages should be a prerequisite for wage setting and adjustment. The overwhelming misalignment of wages with workers' needs has led multinationals and consultancy firms to unilaterally develop living wage benchmarks without considering ILO principles for wage negotiation. The ILO is the only multilateral institution where the issue of wages was part of the original mandate, since its 1919 Constitution. Wage-setting practices should therefore be based on the ILO's international standards and principles, and should involve social partners. The ILO wage team was the most appropriate team to provide technical assistance to countries on defining and calculating a living wage, based on agreed principles and methodology, as well as technical assistance on monitoring the results of their living wage policy.
98. The minimum requirements for a sound methodological operationalization of living wages have to include consultation with social partners and institutionalization through national frameworks based on ILO principles for wage setting and collective bargaining. The ILO needs to take the lead in seeking the alignment of existing initiatives with ILO principles. The conclusions should reflect the ILO methodology for estimating the needs of workers and their families – as summarized in box 1 of the background report – which is a useful tool, especially because of its focus on adapting to specific regional and country circumstances.
99. A more complex issue is the role that the ILO should play in: contributing to national ownership of the concept of a living wage; facilitating the convergence of living wages and minimum wages; and strengthening wage-fixing and adjustment machinery based on ILO principles. In some countries there has already been a convergence between living wages and minimum wages thanks to tripartite dialogue or bipartite negotiations, but these remain a limited number of cases.
100. The ILO should produce a review of existing wage-setting policies to be regularly submitted to the Governing Body, with a particular focus on tripartite strategies for convergence between living wages and minimum wages. The ILO could offer technical assistance to countries as part of Decent Work

Country Programmes to set an adapted, tripartite-agreed methodology and a calendar for convergence between living wages and minimum wages. This work should be integrated within the already existing ILO Programme and Budget, and include the involvement of other departments, like NORMES and EMPLOYMENT, as well as those involved in the implementation of the ILO strategy on decent work in supply chains. In the framework of the ILO MNE Declaration and its tools and follow-up, the ILO should provide guidance to constituents and MNEs as to the expectations around the responsibilities of MNEs in regard to wage policies, including living wages.

101. The ILO should strengthen the evidence base for wage setting, including by developing a compendium of economic factors for wage setting. One possibility is developing a dynamic dashboard for monitoring wage policies and their contextual variables. Based on Convention No. 131 and Recommendation No. 135, the dimensions of the monitoring process should include: welfare, wages distribution and reduction of inequalities, macro and microeconomic as well as fiscal dimensions, economic development, and employment creation. For evidence-based monitoring purposes, available data from public sources such as International Monetary Fund Article IV reports, World Bank databases, and national statistical offices could be compiled and made available for national-level negotiations.
102. The ILO should also strengthen collective bargaining, a fundamental mechanism to ensure the appropriate setting of wages. For collective bargaining to be effective and efficient it has to rely on transparency and access to information required for meaningful negotiations in line with the Collective Bargaining Recommendation, 1981 (No.163), including information on global value chains. As recognized in the adopted conclusions of the ILC 2021 General Discussion Working Party: Inequalities and the world of work¹⁰: “Social dialogue, including collective bargaining, contributes to the fair distribution of the gains generated through value-added along global supply chains.” In this respect, freedom of association and the right to collective bargaining should be fully respected and promoted, and the ILO should increase its efforts and find synergies with the ILO Integrated Strategy for the Promotion and Implementation of the Right to Collective Bargaining¹¹, which was recently adopted by the ILO Governing Body. It is also fundamental for the ILO to promote the conclusions of the ongoing meeting of experts with other UN agencies and international institutions, as well as regional institutions such as the EU.
103. The Employer Vice-Chairperson [M] underlined the need for greater global leadership from the ILO on wage policies, including living wages. The following issues should be a priority for the ILO: the provision of technical expertise and capacity-building to foster effective and sustainable minimum wage setting with evidence-based information and social dialogue at its heart; the promotion of meaningful consultations with social partners in minimum wage-setting processes; and the provision of support to strengthen effective social dialogue and the effective participation of employers’ and workers’ organizations in wage-setting processes. He stressed the fact that it will be important for the ILO to strengthen all forms and tools of social dialogue, including tripartite minimum wage commissions. The Office should continue and deepened its support towards the improvement of: the institutional aspects of minimum wage systems; the quality of consultation processes; the use of evidence for setting minimum wage rates; and evaluations of the impact of minimum wages.

¹⁰ ILO, [*Reports of the General Discussion Working Party: Inequalities and World of Work – Proposed Resolution and Conclusions Submitted to the Conference for Adoption*](#), ILC.109/Record No. 9A(Rev.1). (2021).

¹¹ ILO, [*ILO Integrated Strategy for the Promotion and Implementation of the Right to Collective Bargaining*](#), GB.349/POL/2 (2023).

104. Turning to the role of the ILO regarding the concept of a living wage, he emphasized the importance of the ILO agreeing on a tripartite definition, which should then inform other living wage initiatives to incentivize their alignment. The ILO should promote the convergence of living wage initiatives with the key principles of wage-setting processes, including the promotion of transparency, the use of peer review and the consideration of local contexts and realities. The ILO should develop a communication strategy to reach external stakeholders, as well as constituents on the ground. The ILO's comparative advantage in developing a methodology for the estimation of the needs of workers and their families should be complemented by the development of a methodology to estimate economic factors, accompanied, as a second stage, by a compendium of such factors. Doing so will be central to efforts to promote the concept of a living wage that is fully aligned with Convention No. 131. The estimation of a living wage and/or benchmarks is not a substitute for wage-fixing mechanisms at the company level or for minimum wage-setting process, but rather it is a source of information meant to inform the process of wage setting.
105. A One-ILO approach is needed to address the root causes of low pay, which should pair ILO action on minimum wage setting with measures to promote an enabling environment for sustainable enterprises and raised productivity levels, which will require a coherent approach across the national, sectoral and enterprise levels. The ILO Enabling Environment for Sustainable Enterprises (ESEE) Project should be strengthened to increase its operational capacity, with the same being true for the ILO SCORE Program and the Productivity Ecosystems for Decent Work Programme. He highlighted that productivity growth is intimately related to decent work and social justice. At the macroeconomic level, productivity growth drives wages and per-capita income growth. Therefore, he stressed the need to have more ILO programs to tackle the root causes of low wages.
106. National wage levels in a country are linked to the quality of public essential services, and there is a need for Member States to ensure their development and improvement. Tackling informality in line with the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), remains a priority in order to ensure the effectiveness of minimum wages. This also includes strengthening labour inspectorates, which can supply technical information and advice to employers and workers concerning the most effective means of complying with legal provisions. Given that the ILO requires sufficient resources for this work, the ILO wage team should be transformed into a dedicated branch.
107. In order to conclude with what the Employers Group wanted as outcomes of the meeting of experts, he stressed that it is important to: establish clear ILO principles for wage-setting processes; agree on a tripartite ILO definition of the concept of a living wage that recognizes the necessity to couple it with economic factors in wage-setting processes; and provide a mandate to the Office to review the ILO methodology to calculate the cost of living based on agreed ILO principles so that it can be tested at the local level to inform constituents. This methodology for calculating the cost of living should acknowledge the role played by Member States in the provision of public services and other sources of household income impacting the estimation of a living wage. In addition to the already mentioned methodology on and compendium of economic factors, a guidance document for employers on wage-setting processes and evidence-based peer-reviewed indicators that promote transparency and consider local contexts and realities should be produced.
108. The Government Vice-Chairperson [F] stressed the importance of all experts participating to agree on the definition of a living wage and on tripartite-agreed requirements for a methodology to estimate living wages. Clarity was needed on the principles for wage-setting processes to implement living wages. Once the methodology was agreed, the ILO should provide technical assistance to build

capacity in countries requesting support. The ILO should also provide technical assistance on how to collect relevant data and indicators to construct a reference household basket of goods and services. The Government group agreed on the importance of economic factors, and the ILO should provide guidance on macro/economy-wide, industry-specific and firm-specific economic factors, which should at least include productivity, employment figures, pricing and purchasing practices, inflation, and economic forecasts. The ILO should further provide capacity-building to the tripartite constituents in areas related to wage setting, as well as implementation and enforcement of wage policies, and the Office can collaborate with national tripartite and bipartite institutions and regional training institutions in this regard.

109. The ILO should continue its work in the promotion of the ratification of relevant Conventions to create an enabling environment for the setting of living wages. To operationalize the concept of a living wage, the ILO should establish a common understanding about the concept and compile information about the different living wage initiatives around the world, in order to derive practical recommendations. The ILO should undertake further research on wage setting, including on living wage initiatives and new forms of work, such as platform work and the gig economy. Such research should also include building the evidence base for the positive economic impacts of implementing living wages. The Office may propose a general survey on instruments related to wage setting, and possibly include material related to the question of living wages in the next flagship reports on social dialogue and social protection. The ILO should take full advantage of the Global Coalition for Social Justice and the upcoming Summit of the Future in 2024, as well as the World Summit for Social Development in 2025 to promote the importance of living wages.
110. The expert from the Government of the United States [M] indicated that the ILO can play an important role in providing technical assistance and guidance to governments and entities to support the adoption of the ILO methodology and to help tripartite constituents in the implementation of the living wage concept through the wage-setting process. The ILO should take steps to expand the knowledge and evidence base around the impacts that result from workers receiving a living wage, especially given the widespread misconception that raising the minimum wage has a negative effect on employment. The ILO should also continue to track living wage initiatives around the world.
111. The expert from the Government of the Islamic Republic of Iran [M] aligned himself with the statement from the Government group and added several avenues through which the ILO could strengthen its leadership and support on wage policies, including living wages. First, the ILO should continue to provide technical assistance on living wages, capitalizing on its expertise to provide guidance on data collection, methodologies and review mechanisms for evidence-based living wage estimations. Second, the ILO should leverage its unique tripartite structure and regional offices to facilitate global and regional knowledge exchange on wage-setting practices through forums, networks and conferences. Third, the ILO should provide capacity-building support by developing training programmes, policy tools and guides for governments and social partners around the effective design and implementation of wage policies aligned to ILO standards. Fourth, the ILO should undertake research and analysis on the impacts of various wage policy options to inform country approaches. Fifth, the ILO should seek to integrate decent wage perspectives into broader economic and social policy advice across the multilateral system, building on ongoing partnerships. Sixth, the ILO should continue to assist countries in developing labour force surveys to close information gaps and improve evidence for wage policies. Finally, the ILO can provide guidance on embedding living wage objectives within minimum wage-fixing mechanisms through social dialogue, based on its expertise in international labour standards and diverse country contexts.

112. The expert from the Government of Brazil [F] supported the statement of the Government group.
113. The expert from the Government of the Netherlands [F] underlined the importance of finalizing an outcome document that agreed on: a definition of a living wage; a tripartite-agreed methodology to estimate living wages; and the parameters on how to operationalize a living wage through wage-setting processes.
114. The ILO should continue promoting the ratification and implementation of the core Conventions and all other relevant Conventions on wages and wage setting to create the enabling environment for the implementation of a living wage. The ILO should also promote exchanges of available information by developing a platform on relevant initiatives, including the practices and statistical methodologies used in different countries. It is important to build upon existing living wage initiatives, which hold a vast amount of information and data, and to look for cooperation with them. This would also reduce the costs associated with computing and compiling data for living wages estimates and the operationalization of living wages. To help national governments and social partners across the globe, awareness will need to be raised on the living wage definition and on the ILO criteria for estimating and operationalizing living wages.
115. The ILO should facilitate wage-setting processes by developing means that support well-informed social dialogue and collective bargaining. This can be done, on the one hand, by providing support in estimating the needs of workers and their families through the use of the tripartite-agreed parameters for calculating country-specific living wage estimates, and on the other hand, by compiling a compendium on economic factors for wage setting, which should include supply chain factors, such as prices and purchasing practices, as this influences the economic situations of producers and suppliers. The ILO should provide technical support with the view to: (i) improve labour productivity and skills development, which are essential to achieving full and productive employment; and (ii) enhance the capacity of stakeholders on wage setting and the implementation of living wages, including in supply chains. The ILO should provide information to MNEs and other companies, through the ILO Helpdesk for Business, concerning the concept of a living wage, methodologies for living wage estimates, and ILO principles for wage setting, in order to ensure they pay fair prices to local producers, and thereby preventing local producers from having to shoulder the increased expenses associated with paying living wages on their own. The ILO can include living wages as a topic in the ILO priority action programme on Decent Work Outcomes in Supply Chains and in the Global Coalition for Social Justice.
116. The substitute expert from the Government of the Philippines [F] aligned herself with the statement of the Government group and shared few additional points based on country experience. Despite not having ratified Convention No. 131, the Philippines introduced minimum wage-setting mechanisms in line with that Convention, with tripartite institutions in place. The demand for a living wage is one of ten criteria used in setting the minimum wages. Given that Convention No. 131 already enumerates the economic factors, costs and pricing indicators, elements, and principles of minimum wage determination, she asked: what are the missing elements relevant to decent work that should specifically feed into a definition of a living wage and a living wage methodology? She also asked whether the living wage concept refers to the income of an individual worker or if it refers to the total family income (that is, if there is more than one wage earner in a family), as the latter approach is currently being adopted in the case of the Philippines. The Philippines living wage definition, which was the result of tripartite consensus, reads as follows: “[T]he amount of family income needed to provide for the family’s food and non-food expenditures with sufficient allowance for savings/investments for social security so as to enable the family to live and maintain a decent

standard of human existence beyond mere subsistence level, taking into account all of the family's physiological, social and other needs."

117. She noted that the estimates of living wages had been so far treated as an aspiration, mainly due to the Philippines' level of economic development and productivity. The difference between the minimum and living wages is a sensitive issue, as workers will usually push for the amount of minimum wage to be equivalent to the living wage. In developing countries like the Philippines, the operationalization of the concept of a living wage has been restrained because of the general structure of the economy, wherein most enterprises are categorized as micro- and small-sized enterprises. While most discussions on living wages focus on workers in the private sector, it would be important to also consider coverage of workers in the public sector.
118. The expert from the Government of Gabon [M] aligned himself with the statement of the Government group and suggested four areas of action for the ILO. First, capacity-building, including the provision of training and tools to help governments, employers' organizations and workers' organizations understand and implement living wage policies, as well as technical support to implement fair and inclusive wage-setting systems and to promote social dialogue on wage policies, including living wages. Second, research and knowledge sharing, including data collection and analysis in different countries and contexts, the dissemination of best practices and lessons learned, and the organization of conferences and workshops to share knowledge and experiences. Third, advocacy and awareness-raising, including, among others: lobbying governments and international organizations to adopt living wage policies; raising public awareness of the importance of a living wage for social justice and economic development; and mobilizing social partners to support living wage policies. Finally, collaboration and partnerships, including with: governments, to develop and implement living wage policies; international organizations, to promote living wages as part of sustainable development agendas; and civil society organizations, to raise awareness of the living wage and support local initiatives.
119. The Worker Vice-Chairperson [M] reminded the experts that the Workers' group did not support the development of any methodology that was not focused entirely on the needs of workers and their families. The definition of a living wage did not need to be aligned with Convention No. 131, as the concept of a living wage existed before this Convention, as it was rooted in the Constitution of the ILO and was reaffirmed in the Philadelphia Declaration. He expressed agreement for the proposal to strengthening labour inspection and was open to the idea of living wages as a topic in one of the ILO flagship reports, as proposed by the Government group. He also expressed agreement on the need to include living wages as part of Global Social Justice Coalition.
120. The Employer Vice-Chairperson [M] highlighted three points. First, he noted the need to move from concepts into implementation, and hence the need to focus on the real domestic economy, often largely made of small- and micro-sized enterprises, and not on large MNEs. Second, he reiterated the importance of economic factors as an essential condition to reach an agreement, stating that the development of a methodology to assess the needs of workers and their families should be accompanied by the development of a methodology to assess economic factors. Third, he expressed broad agreement concerning the need for ILO support in the development of a compendium of economic factors covering different countries. While exchanging experiences on different living wages initiatives was an important exercise, caution should be used when comparing initiatives, as many were not peer reviewed and were far removed from the local reality.

► Consideration of the draft conclusions

121. The Meeting turned to considering the draft conclusions proposed by the Office with the aim of achieving consensus thereon in order to submit them to the Governing Body at its 350th Session in March 2024.
122. The Employer Vice-Chairperson [M] indicated that the draft conclusions proposed by the Office reflected well the discussion of previous days, including the different approaches of distinct groups. There were several points that needed to be discussed, including: the definition of the concept of a living wage; the way in which wage setting was portrayed; the different roles played by social partners and governments, especially regarding the role of the State as a provider of income support; and the convergence between living wages and minimum wages.
123. The Worker Vice-Chairperson [M] reported an overall positive outlook about the draft conclusions proposed by the Office. Changes would be proposed, among others, to the definition of living wages, the wording of the recurrent topic of the root causes of low pay, and the role of the State.
124. The Government Vice-Chairperson [F] stated that the draft conclusions were balanced and a good reflection of the crucial elements discussed.

Paragraph 1

Having met in Geneva on 19–23 February 2024, the meeting of experts on wage policies, including living wages, recalled that wage policies have been a central subject of the ILO since its creation in 1919 as reflected in its Constitution, several of its Declarations and international labour standards.

125. Paragraph 1 was adopted without amendments.

Paragraph 2

The preamble of the ILO Constitution calls for the provision of “an adequate living wage”. The Declaration of Philadelphia (1944) calls on the ILO to promote “policies in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection”. The ILO Centenary Declaration for the Future of Work (2019) states that “all workers should enjoy adequate protection in accordance with the Decent Work Agenda, taking into account ... an adequate minimum wage statutory or negotiated”. The list of ILO international labour standards of general or sectoral application that are particularly relevant for wages are presented in the Appendix. While the ILO regulatory framework for wages is extensive, its implementation remains incomplete, including in supply chains. After more than 100 years, there is no tripartite agreement on the definition of living wages, nor on its operationalization.

126. The Employer Vice-Chairperson [M] introduced amendments for the fifth sentence to include “effective” before the word “implementation”, to replace “incomplete” with “a challenge”, and to remove “including in supply chains”, as the issue was not unique to supply chains. He also introduced an amendment to replace “living wages” in the last sentence with “the living wage concept”.
127. The Worker and the Government Vice-Chairpersons [M/F] supported the amendment to include “effective”.

128. Regarding the remaining amendments, the Worker Vice-Chairperson [M] expressed preference for the Office text, pointing out that the difference between “living wage” and “the living wage concept” was more than semantic. He did not support replacing “incomplete” with “a challenge” because figures indicated that workers were still living below the minimum wage, highlighting a lack of implementation of the regulatory framework. There was no reason to exclude the reference to supply chains, as the initiatives of MNEs in recent years are a clear indication of the importance of living wages in such a context.
129. The Government Vice-Chairperson [F] supported the amendment to replace “incomplete” with “a challenge”; though she did not support replacing “living wage” with “the living wage concept”, considering that throughout the general discussion, reference had been made to the former term rather than the latter.
130. The expert from the Government of the Netherlands [F] did not support the removal of “including in supply chains”, as this was the only reference to supply chains in the document.
131. The Employer Vice-Chairperson [M] indicated that if the reference to supply chains was maintained, then other elements should be added to the list, such as the informal sector; micro-, small- and medium-sized enterprises (MSMEs); and weak governance zones, to name a few. In paragraphs 70, 71 and elsewhere in the background report, as well as in the ILC resolution concerning the second recurrent discussion on labour protection, reference was made to the “concept of living wages” hence the need to reflect it in the conclusions.
132. The Worker Vice-Chairperson [M] supported the amendment to replace “incomplete” with “a challenge”, and introduced an amendment to delete the last sentence, which was supported by the Government and the Employers’ group.
133. The Employer Vice-Chairperson [M] withdrew the amendment to delete “including in supply chains”.
134. Paragraph 2 was adopted as amended.

Paragraph 3

Over the years, there have been positive trends in real wages. Globally, real wages have increased every year since 2006, until the decline in real wages in 2022 due to the sharp acceleration of price inflation. However, in many countries, there has been a decoupling between productivity gains and wages and a declining labour share in GDP over the past 40 years. Millions of wage workers are still living in poverty in the world, highlighting that the issue of living wages remains an urgent challenge. The root causes of low pay are many, including low productivity, informality, and weak institutions. However, decent wages are central to economic and social development and essential in reducing poverty and inequality, as well as in ensuring a decent and dignified life and in advancing social justice.

135. The Worker Vice-Chairperson [M] explained that the repeated reference in the draft conclusions to low productivity, informality and weak institutions as the only “root causes for low pay” was incorrect and needed to be nuanced. He introduced an amendment after “The root causes of low pay are many,” to delete the rest of the sentence and substitute it with “which cannot be attributed to an individual productive factor, among those are unfair distribution of value, limited technological adoption, low total factor productivity, informality, weak institutions and compliance systems”.

136. The Employer Vice-Chairperson (M) indicated that the addition was making the text complicated and expressed preference for the Office text. He supported the reference to “compliance systems” but not the rest. He introduced an amendment to add two sentences taken directly from the background report following the second sentence, which should read: “More notably, real wages have increased more rapidly in developing countries than in high income countries. Average productivity growth has been a key factor enabling real wage increase, particularly in Asia”. He further proposed amendments to add “high-income” between “in many” and “countries”, to eliminate “over the past 40 years”, and to delete “wage” in “Millions of wage workers...”, as the sentence was relevant to workers in general. In the same sentence, he introduced an amendment to remove “are still living in poverty in the world” and replace it with “across the world continue to earn very low wages, particularly in the informal economy”.
137. The Government Vice-Chairperson [F] introduced a subamendment to add “anti-competitive practices and power imbalances” at the end of the Workers’ group’s amendment.
138. In response to a question about the meaning of “individual productive factor”, the Worker Vice-Chairperson [M] clarified that the original text only referred to productivity and that the amendment was meant to include additional productive factors. “Total factor productivity” included both labour and capital productivity, which would balance the text and the responsibility for low productivity between workers and employers. He supported the subamendment introduced by the Government group.
139. The Government Vice-Chairperson [F] supported the Workers’ group’s amendment, but introduced a subamendment to delete “productive” from “individual productive factor”, which the Worker Vice-Chairperson [M] supported.
140. The Worker Vice-Chairperson [M] did not support the amendments introduced by the Employers’ group, stating that the reference to “Asia” added regional imbalance.
141. The Employer Vice-Chairperson [M] agreed that “particularly in Asia” could be deleted, but stressed that it would mean excluding an important regional example of how productivity affected growth. He did not support the amendment proposed by the Government group of adding “anti-competitive practices and power imbalances”, as these were not mentioned in the background report and were unclear.
142. The Government Vice-Chairperson [F] supported the amendment to add “More notably, real wages have increased more rapidly in developing countries than in high-income countries”, but preferred the Office text of “Millions of wage workers are still living in poverty in the world ...” over the text proposed by the Employers’ group.
143. The Worker Vice-Chairperson [M] stated that the decoupling between wages and productivity was a trend referenced by multiple sources and did not support deleting “over the past 40 years”.
144. The expert from the Government of the United States [M] stressed that there was abundant literature on the direct impact of anti-competitive practices on wages.
145. The Employer Vice-Chairperson [M] stated that the group would have been inclined to heavily amend the section on income share, but proposed only a limited amendment to facilitate reaching consensus. He mentioned examples of countries with increasing or constant labour share, and indicated that reference to the last 40 years was too generic.

146. The Worker Vice-Chairperson [M] introduced a subamendment so that the sentence “Average productivity growth has been a key factor enabling real wage increase, particularly in Asia.” would instead read “Structural transformation and a comprehensive set of policy reforms have resulted in average productivity growth as a key factor enabling real wage increases.”.
147. The Government and the Employer Vice-Chairpersons [F/M] supported the subamendment.
148. The Worker Vice-Chairperson [M] commented that the amendment introduced by the Employers’ group on the increase of real wages in developing countries would have to be time-bound.
149. An expert from the secretariat of the meeting [M] indicated that real wage increases being more rapid in developing countries than in high-income countries was true, on average, for the period 2006–22.
150. The Government Vice-Chairperson [F] introduced a subamendment to revise “More notably” to “Generally” in the amendment proposed by the Employers’ group.
151. The Worker Vice-Chairperson [M] introduced a subamendment to replace “Generally” with “During this period, on average,”. With this subamendment, the sentence was supported by both the Employers’ group and the Government group.
152. The Worker Vice-Chairperson [M] proposed a subamendment to add “and are still living in poverty in the world” to the sentence “Millions of workers across the world continue to earn very low wages” and to remove “particularly in the informal economy”.
153. The Employer Vice-Chairperson [M] did not support the subamendment, as it was adding back the concept of living in poverty that was removed from the original proposal. He also wanted to retain “particularly in the informal economy”.
154. The Worker Vice-Chairperson [M] indicated that poverty, as well as forced labour and child labour, also existed in the formal economy.
155. The Employer Vice-Chairperson [M] stated that “particularly in the informal economy” would not exclude the formal economy, but would add emphasis on the informal economy as reflected in the literature.
156. The Government Vice-Chairperson [F] introduced a subamendment to replace “particularly in the informal economy” with “including in the informal economy”, which the Employer Vice-Chairperson [M] supported.
157. The Worker Vice-Chairperson [M] introduced a subamendment to add “those in the lower tier of the supply chain and” between “including” and “in the informal economy”.
158. The Government Vice-Chairperson [F] introduced a subamendment to add “– in the formal and informal economy –” after “Millions of workers” and to delete everything after “living in poverty”.
159. The Worker Vice-Chairperson [M] supported the subamendment provided that “and are still living in poverty” was retained.
160. The Employer Vice-Chairperson [M] introduced an amendment to delete “, highlighting that the issue of living wages remains an urgent challenge”.
161. The Worker and Government Vice-Chairpersons [M/F] supported the inclusion of “high-income”, the deletion of “wage” before “workers”, and the deletion of “over the past 40 years”.

162. The Employer Vice-Chairperson [M] supported the subamendment to include “– in the formal and informal economy –”, and all three groups supported the subsequent part of the sentence to read “across the world continue to earn very low wages and they are still living in poverty.”, deleting everything after “poverty”.
163. The three groups supported the deletion of the sentence that started with “The root causes of low pay...” as well as the deletion of “However,” at the beginning of the last sentence.
164. Paragraph 3 was adopted as amended.

I. Key institutions and principles of wage setting

165. Given that throughout the document reference was made to the ILO’s principles of wage setting, but those principles had never been defined, the addition of “ILO” before the word “principles” was considered and supported by the three groups.
166. The heading of Section I was adopted as amended.

Paragraph 4

In accordance with international labour standards, wage-setting practices should be based on the following institutions and principles:

167. The chapeau was adopted without amendments.

Subparagraph (a)

Collective bargaining and tripartite social dialogue: Collective bargaining and statutory minimum wage fixing through tripartite social dialogue should be the proper modality for setting and adjusting wages. National practices vary widely. While in some countries tripartite social dialogue takes place mostly in statutory minimum wage systems, in others wage setting is carried out solely by social partners through collective bargaining. In most countries, statutory minimum wages and collective wage bargaining coexist.

168. The Employer Vice-Chairperson [M] introduced five amendments to this subparagraph. The first amendment replaced the wording “Collective bargaining and tripartite” with “Empowering national institutions and”, because while the heading was about institutions and principles, the original text directly started with collective bargaining, which could not be considered as an institution. He also noted that the original text did not reflect that social dialogue was not limited to only collective bargaining, and that wage setting took place at different levels and not only through collective bargaining. The second amendment added wording taken from paragraph 35 of the background report, namely “Genuine social dialogue increases the chances of a wage policy responding to the needs of the various parties and contributes to national development”, after the words “social dialogue:”. The third amendment added the wording “Bipartite dialogue by means of voluntary” before the wording “collective bargaining and statutory minimum wage”, so as to bring it in line with the Committee on Freedom of Association wording. The fourth amendment replaced “should be the proper modality” with “are important modalities” before the wording “for setting and adjusting wages”. The fifth amendment proposed to add, after “National practices vary widely”, the wording

“and, in the majority of countries, minimum wages are statutory”, as reflected in the ILO Global Wage Report 2020–21.¹²

169. The Worker Vice-Chairperson [M] asked the Office for clarification on whether collective bargaining was an institution.
170. An expert from the Office [M] said that the terms “institution” and “mechanism” were both used to refer to collective bargaining.
171. The Worker Vice-Chairperson [M] reiterated that collective bargaining was an institution and that no one could argue something else.
172. The Employer Vice-Chairperson [M] cited paragraph 36 of the background report that referred to institutions – “The most frequent way is through specific institutions such as tripartite minimum wage commissions, wage boards or other tripartite bodies with general competence for economic and social affairs.” – for coherency and consistency purposes.
173. The Worker Vice-Chairperson [M] expressed his concern with the Employer Vice-Chairperson’s [M] suggestion regarding the issue of institutions and of collective bargaining not being considered an institution. Collective bargaining is a fundamental principle and right at work and is to be considered a labour market institution whose main role is to define the conditions of work for those whom they represent, including on wages and within wage-setting systems. It is only in the context of minimum wage setting that a role for tripartite commissions and tripartite social dialogue existed. The meeting was not the appropriate place to enter into any discussion on the role of collective bargaining and its classification as a labour institution, since this could be derived from extensive literature on labour relations and from international labour standards. For the Workers’ group, it was clear that collective bargaining was a fundamental principle and right at work, as well as an institution.
174. The Employer Vice-Chairperson [M] emphasized that the only intention of their proposal was to clarify and strengthen the text, and that no one denied that the right to collective bargaining was enshrined in the fundamental Conventions. He also noted that the Employers’ group had no intention to remove the reference to collective bargaining in the text, but there was a need to start with the broader concept of social dialogue. With regards to institutions, he mentioned that it was clear what institutions were – as quoted from the background report – but there was no need to go further in detail in the conclusions.
175. The Worker Vice-Chairperson [M] strongly encouraged the Employers’ group and the Office to check the ILO flagship report *Social Dialogue: Collective Bargaining for an Inclusive, Sustainable and Resilient Recovery* (2022)¹³, and in particular the reference therein to collective bargaining as an institution.
176. An expert from the Office [M] clarified that the Social Dialogue report referred to “collective bargaining” both as an institution and as machinery.
177. The Worker Vice-Chairperson [M] re-emphasized that this enabling right is not machinery, among others. It is a fundamental principle and right. In wage-setting systems, collective bargaining is a key institution. In some countries, minimum wages are set not through tripartite social dialogue, but directly and only through collective bargaining.

¹² ILO, [Global Wage Report 2020–21](#).

¹³ ILO, [Social Dialogue Report 2022: Collective Bargaining for an Inclusive, Sustainable and Resilient Recovery](#), 2022.

178. The Employer Vice-Chairperson [M] referred to the compilation of decisions of the Committee on Freedom of Association, which is tripartite-agreed text, and which referred to collective bargaining as a machinery for voluntary negotiation.
179. The expert from the Government of the United States [M] wondered if the Employers' group proposal was still needed, given the clarification from the Office regarding collective bargaining being both an institution and a machinery.
180. The Government Vice-Chairperson [F] submitted an amendment to replace "and" with "and/or" between the words "collective bargaining" and "statutory minimum wage fixing".
181. The Worker Vice-Chairperson [M] supported the Government proposed amendment for the change to "and/or" and did not support any of the amendments proposed by the Employer Vice-Chairperson [M] to the subparagraph.
182. The Employer Vice-Chairperson [M] withdrew all the amendments introduced to the subparagraph and supported the amendment proposed by the Government group.
183. The chapeau of subparagraph (a) was adopted as amended by the Government group.
 - **Collective bargaining, underpinned by freedom of association, is a key mechanism for determining wages. Good faith collective bargaining aimed at reaching mutually acceptable agreements can result in a more equitable distribution of economic growth. A strong and well-informed collective bargaining process requires that all social partners have access to the same information in a transparent manner, that their autonomy is respected and an enabling environment for collective bargaining is ensured. Collective bargaining coverage has declined in recent decades.**
184. The Employer Vice-Chairperson [M] introduced an amendment suggesting changing the order of the items in the bulleted list by moving the second bullet point related to tripartite social dialogue up to the top of the list and the first bullet point dealing with collective bargaining down to be the second item in the list.
185. On the bullet point on collective bargaining, he introduced five amendments. The first was to replace the word "key" with "important" before the word "mechanism". The second was to substitute the words "Good faith" with "Voluntary". The third was to replace the word "same" with "relevant" before the word "information". The fourth was to insert the words "as is necessary" after the words "transparent manner". The fifth was to replace the word "ensured" with "promoted" after the words "collective bargaining is".
186. The Worker Vice-Chairperson [M] supported none of the amendments. He affirmed that wage setting was much broader than minimum wage setting, and that collective bargaining was the only institution, mechanism, and fundamental principle and right at work that had a primacy role in wage setting. He acknowledged that while there were tripartite-agreed statutory minimum wages in some countries, the primacy of collective bargaining in wage-setting processes was to be recognized. In particular, with regard to the third amendment proposed, it had to be noted that the suggested concept of relevancy in relation to the information should find a better place somewhere else, as it was not clear here what it referred to: whether it was in relation to collective bargaining on wages more generally or to wage increases more specifically.

187. The Employer Vice-Chairperson [M] clarified that the reason of changing the order of the bullet points was because tripartite social dialogue for statutory minimum wages covered many more workers, while collective bargaining had a narrower base and set wages beyond the minimum wage.
188. The Government Vice-Chairperson [F] did not support the amendment introduced by the Employer Vice-Chairperson [M] proposing the inversion of the order of the first two bullet points.
189. Of the five amendments proposed by the Employer Vice-Chairperson [M], she supported neither the first amendment to substitute “key” with “important”, nor the third one to substitute “same” with “relevant”, nor the fifth one to substitute “ensured” with “promoted”. She supported the second amendment substituting “Good faith” with “voluntary” before the words “collective bargaining”.
190. The Employer Vice-Chairperson [M] thanked the Government group for the support on the amendment to replace “Good faith” with “voluntary”, as this language was also in line with the Right to Organise and Collective Bargaining Convention, 1949 (No. 98). On the third amendment, he clarified that some language was necessary to reflect the situation in practice, as in the real world if you are part of the executive board of an enterprise you would naturally have access to different and potentially confidential information. He also mentioned that, if the word “relevant” did not capture these different needs and availabilities in terms of information, he was open to looking for an alternative word.
191. The Government Vice-Chairperson [F] introduced a subamendment to the third amendment introduced by the Employer Vice-Chairperson [M] proposing to introduce the word “same” before “relevant information”, which the Employer Vice-Chairperson [M] supported.
192. The Worker Vice-Chairperson [M] restated the need for all social partners to have access to the “same information” and not to “relevant information”. It was not clear how the concept of relevance applied in this context, and whether it was intended to be in regard to collective bargaining in general, to wages or to wage increases. He suggested to look for another better suited place to include the concept of relevance.
193. The Employer Vice-Chairperson [M] introduced a subamendment that, using the language of the Collective Bargaining Recommendation, 1981 (No. 163), proposed to insert the words “as is necessary for meaningful negotiations” after “information” in such a way that the text would read as follows: “all partners have access to information, as is necessary for meaningful negotiations”. He withdrew the third amendment on the condition that the subamendment proposed was retained.
194. The Worker Vice-Chairperson [M] proposed a subamendment to replace “as is necessary” with “required”.
195. The Employer Vice-Chairperson [M] indicated that Recommendation, 1981 (No 163) had specific language to treat confidential information and emphasized that the most important wording in this context was “necessary for meaningful negotiations”. He indicated that he would accept “required for meaningful negotiations” as a compromise.
196. The Worker Vice-Chairperson [M] proposed two amendments. The first was to include a full stop after the words “access to the same information”, and the second was to include after the full stop language from Paragraph 7(2)(a) of the Collective Bargaining Recommendation, 1981 (No. 163), namely, “Public and private employers should, at the request of workers’ organisations, make available such information on the economic and social situation of the negotiating unit and the undertaking as a whole, as is necessary for meaningful negotiations”.

197. The Employer Vice-Chairperson [M] supported the amendments introduced by the Worker Vice-Chairperson [M], and proposed a subamendment to them to include additional language from the same Paragraph of Recommendation No. 163 after “for meaningful negotiations”, namely “Where the disclosure of some of this information could be prejudicial to the undertaking, its communication may be made conditional upon a commitment that it would be regarded as confidential to the extent required; the information to be made available may be agreed upon between the parties to collective bargaining”.
198. The Worker Vice-Chairperson [M] and the Government Vice-Chairperson [F] supported the subamendment introduced by the Employer Vice-Chairperson [M].
199. The Worker Vice-Chairperson [M] restated his disagreement with the amendments to replace “good faith” with “voluntary” and “ensured” with “promoted”.
200. The Employer Vice-Chairperson [M] pointed out that regarding the substitution of “good faith” with “voluntary”, it reflected wording from Article 4 of Convention No. 98: “to encourage and promote the full development and utilization of machinery for voluntary negotiation”. He emphasized the importance of this paragraph of the conclusions being consistent with the text of Convention No. 98.
201. On the issue of the voluntary nature of collective bargaining, the Worker Vice-Chairperson [M] quoted two paragraphs from the 2018 Compilation of Decisions of the ILO Committee on Freedom of Association¹⁴, namely 1317 and 1318. The first one reads as follows: “Article 4 of Convention No. 98 in no way places a duty on the government to enforce collective bargaining, nor would it be contrary to this provision to oblige social partners, within the framework of the encouragement and promotion of the full development and utilization of collective bargaining machinery, to enter into negotiations on terms and conditions of employment. The public authorities should however refrain from any undue interference in the negotiation process.” The second one reads as follows: “Although nothing in Article 4 of Convention No. 98 places a duty on the government to enforce collective bargaining by compulsory means with a given organization, as such an intervention would clearly alter the voluntary nature of collective bargaining, this does not mean that governments should abstain from any measure whatsoever aiming to establish a collective bargaining mechanism.” Based on these two paragraphs, the Worker Vice-Chairperson [M] reinforced the importance of keeping the wording “an enabling environment for collective bargaining is ensured”, as it was in the original text proposed by the Office.
202. The Employer Vice-Chairperson [M] pointed out how the “voluntary” nature of collective bargaining and the concept of “encourage and promote” being attributed to the government were present in Convention No. 98, and as a fundamental Convention, its language should not be subject to ad hoc reinterpretation. Furthermore, he also noted that even the paragraphs of the 2018 Digest of the Committee on Freedom of Association quoted by the Worker Vice-Chairperson [M] referred to the voluntary nature of collective bargaining.
203. The Government Vice-Chairperson [F] introduced a subamendment to replace the word “promoted” with the words “provided for” after “an enabling environment for collective bargaining is”.
204. The Employer Vice-Chairperson [M] and the Worker Vice-Chairperson [M] agreed with the proposed subamendment.

¹⁴ ILO, [Compilation of Decisions of the Committee on Freedom of Association](#), 2018.

205. Following consultations, the Worker Vice-Chairperson [M] supported the first amendment of the Employer Vice-Chairperson [M], and the Employer Vice-Chairperson [M] withdrew the second amendment.
206. The Government Vice-Chairperson [F] supported the text as amended following consultations.
207. The first bullet point was adopted as amended.
- **Tripartite social dialogue is at the heart of an adequate statutory minimum wage system. Although a majority of ILO Member States set minimum wages only after consultation with employers' and workers' organizations, such consultations are not always effective.**
208. The Employer Vice-Chairperson [M] introduced three amendments. The first suggested adding the following full sentence: "Wage-setting processes through social dialogue should preserve and respect the autonomy and critical role of workers' and employers' organizations", after "wage system". The second amendment was to remove "Although," at the beginning of the last sentence, and the third was to replace "are not always effective" with "should be strengthened".
209. The Worker Vice-Chairperson [M] did not support the first and second amendments, and introduced a subamendment to the third amendment to substitute "should be strengthened" with "should be more effective".
210. The Government Vice-Chairperson [F] supported the Worker Vice-Chairperson [M] subamendment.
211. Following consultations, the Employer Vice-Chairperson [M] withdrew the amendment to delete "Although" and supported the Workers' group subamendment.
212. The Worker Vice-Chairperson [M] and the Government Vice-Chairperson [F] supported the text as amended following consultations.
213. The second bullet point was adopted as amended.
214. Subparagraph (a) was adopted as amended.

Subparagraph (b)

(b) Take into account the needs of workers and their families, and economic factors: Both the needs of workers and their families and economic factors should be considered in setting wages. As highlighted in the ILO Minimum Wage Fixing Convention, 1970 (No.131), which remains the norm for the establishment of minimum wage systems, the elements to be taken into account when determining minimum wages are:

215. The Employer Vice-Chairperson [M] introduced an amendment to replace "highlighted" in the second sentence with "provided".
216. The Worker Vice-Chairperson [M] and Government Vice-Chairperson [F] supported the amendment.
217. The chapeau of subparagraph (b) was adopted as amended.
- **the needs of workers and their families, taking into account the general level of wages in the country, the cost of living, social security benefits, and the relative living standards of other groups;**
218. The first bullet point was adopted without amendments.

- **economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment.**

219. The second bullet point was adopted without amendments.

220. Subparagraph (b) was adopted as amended.

Subparagraph (c)

Ensure gender equality and non-discrimination: wage policies and wage-setting mechanisms should promote gender equality, equity, and non-discrimination.

221. Subparagraph (c) was adopted without amendments.

Subparagraph (d)

Utilize robust data and statistics for an evidence-based approach: Designing and implementing adequate wage policies require representative data, timely and credible statistics and data analysis. Unfortunately, in many countries, national statistical offices are under-resourced and timely data is unavailable.

222. The Worker Vice-Chairperson [M] introduced an amendment to substitute the word “credible” with the word “reliable” at the end of the first sentence,

223. The Employer Vice-Chairperson [M] and the Government Vice-Chairperson [F] supported the amendment.

224. Subparagraph (d) was adopted as amended.

Subparagraph (e)

Consider national circumstances and root causes of low pay. There is no one-size-fits-all solution when it comes to wage-setting processes. There is also a need to tackle root causes of low pay, such as low productivity, a high incidence of informality or weak compliance systems.

225. The Worker Vice-Chairperson [M] introduced an amendment to include after “such as” the words “unfair distribution of value, limited technological adoption, low total factor productivity, informality, weak institutions and compliance systems, anti-competitive practices, and power imbalances” and to delete the rest of the sentence.

226. The Employer Vice-Chairperson [M] did not support the amendment.

227. The Government Vice-Chairperson [F] supported the amendment.

228. Following consultations, the Employer Vice-Chairperson [M] presented an amendment agreed by all groups, introducing a full stop after the words “low pay” and deleting the rest of the sentence.

229. Subparagraph (e) was adopted as amended.

II. An ILO definition of a living wage

230. The Employer Vice-Chairperson [M] introduced an amendment to add “concept” after “wage”.

- 231. The Worker and Government Vice-Chairpersons [M/F] did not support the amendment, pointing out that the purpose of the meeting was to provide a definition and methodology for a living wage, not for a living wage concept.
- 232. After consultations, the Government Vice-Chairperson [F] proposed an amendment supported by the three groups for the heading of Section II to read “The ILO living wage”.
- 233. The heading of Section II was adopted as amended.

Paragraph 5

A living wage can be defined as: “the remuneration that is sufficient to afford a decent standard of living for workers and their families, taking into account the national and current context and calculated for the work performed during normal hours of work.” In a wage-setting process, this concept of a living wage must be considered together with economic factors.

- 234. The Worker Vice-Chairperson [M] introduced four amendments. The first was to insert “equitable and socially acceptable” after the word “decent”. The second was to add “surpassing a mere subsistence level” after the word “families”. The third was to substitute “the national and current context” with “country circumstances and preferences”. And the fourth was to remove the last sentence. The insertion of “socially acceptable” was meant to cover the general level of wages in the country, which was not included in the original definition, and was a shorter way to express the language used in Convention No. 131. The addition of “equitable” reflected the language used in paragraph 9 of the draft conclusions and addressed the gender and non-discrimination dimensions. The inclusion of “surpassing the mere existence level” was meant to avoid confusion with some private initiatives, such as those creating benchmarks based on international poverty lines. The substitution of “national and current context” by “country circumstances and preferences” was because the Workers’ group preferred the language of the background report, which was clear and focused, while “national and current context” was ambiguous and open to interpretation. The exclusion of the last sentence was because “economic factors” have no direct relation to the definition of living wages. Economic factors have a role to play in the wage-setting process, which would be addressed in the operationalization part of the conclusions, but do not have a place in the definition of living wages.
- 235. The Employer Vice-Chairperson [M] did not support the amendment to include “equitable and socially acceptable”, as these concepts were already covered by the word “decent”, which was also aligned with Article 3 of the Convention No. 131, nor did he support the inclusion of “surpassing the mere subsistence level”, as the concept was already embedded in the concept of a “decent standard of living”. He did not support replacing “the national and current context” with “countries circumstance and preferences”.
- 236. The Employer Vice-Chairperson [M] introduced three amendments. First, to add “The concept of” at the beginning of the first sentence, reminding that this was the language used by the ILC resolution concerning the second recurrent discussion on labour protection, which gave the mandate to this meeting. Second, to include “estimation of a” before “remuneration” and to include “level” after “remuneration”, as referred to in several passages of the background report. Finally, to remove the second sentence and instead add: “This concept of a living wage must be considered together with economic factors in a wage-setting process.” He also proposed to include this new sentence inside the quotation marks, so that economic factors would become part of the definition.

237. The Worker Vice-Chairperson [M] disagreed with the understanding of the Employer Vice-Chairperson [M] regarding the mandate of the meeting, citing paragraph 24(j) of the ILC resolution concerning the second recurrent discussion on labour protection. The mandate was expressed in the proposal to the Governing Body, namely “for a tripartite follow-up discussion on wage policies, including living wages”, which did not mention the word “concept”. He recalled item (c) of the decision of the Governing Body, which reads “provide guidance on the definition of a living wage”. He did not support the inclusion of the sentence on economic factors inside the definition, since it would confuse the definition with the way in which living wages should be operationalized and implemented. He did not support the inclusion of “estimation of a”, since estimations would not address the concrete needs of workers, and he did not support either the inclusion of “level”.
238. The Government Vice-Chairperson [F] introduced an amendment to substitute “sufficient” with “necessary” and introduced a subamendment to the amendment proposed by the Workers’ group to only refer to “country circumstances” rather than “countries circumstances and preferences”. She did not support the amendment to include the sentence of economic factors inside the definition of living wages, but equally did not support its deletion. She proposed separating the original second sentence into another paragraph, following paragraph 5, and including “and social” before the word “factors”. She did not support the amendments to include “The concept of”, “estimation of a” and “level”. She did not support the amendment to add “equitable and socially acceptable” and “surpassing the mere subsistence level”, since these were already contemplated within a “decent standard of living”.
239. The Worker Vice-Chairperson [M] supported the amendment to replace “sufficient” with “necessary”, but did not support the proposal of having a paragraph on economic factors in the present section. This point should be under Section V on “The operationalization of living wages”. Regarding the “decent standard of living”, he voiced his concerns about the need to qualify and make clear the meaning of that expression.
240. The Employer Vice-Chairperson [M] clarified that the idea of a “remuneration level” had been first presented by the Workers’ group in their definition and that it had been mentioned in the background report. He did not support the amendment to change “sufficient” to “necessary” or to move the sentence on economic factors to a separate paragraph. While economic factors did not play a role in the estimation of the needs of workers and their families, they must be considered in the wage-setting process alongside the data from assessing the needs of workers and their families.
241. After consultations, the Government Vice-Chairperson [F] proposed a new formulation supported by the three groups for the paragraph to read:
- “In line with the ILO Constitution and the Philadelphia Declaration, and consistent with the spirit of the Universal Declaration of Human Rights (UDHR), the ILO denotes that the concept of the living wage is:
- 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, as outlined below;
 - to be achieved through the wage-setting process in line with the ILO principles on wage setting.”

- 242. Considering the new formulation of paragraph 5, the Government Vice-Chairperson [F] withdrew the amendment to introduce a new paragraph on economic factors.
- 243. Paragraph 5 in its new formulation was adopted as amended.

Paragraph 5 bis

- 244. The Employer Vice-Chairperson [M] introduced an amendment to add a paragraph after paragraph 5 to define the term “remuneration”, that should read “The term remuneration includes the ordinary, basic or minimum wage or salary and any additional emoluments whatsoever payable directly or indirectly, whether in cash or in kind by the employer to the worker and arising out of the worker’s employment”. The text came from the Equal Remuneration Convention, 1951(No. 100).
- 245. The Worker Vice-Chairperson [M] and the Government Vice-Chairperson [F] did not support the inclusion, as it was not relevant to wages and they pointed out that they were not in favour of wages to be paid in kind.
- 246. The Employer Vice-Chairperson [M] stated that adding the definition of “remuneration” is fundamental, given that paragraph 6 defined “normal hours”. He noted that Convention No. 100 is a fundamental Convention, ratified by 174 countries.
- 247. An expert from the Office [M] quoted the Protection of Wage Convention, 1949 (No. 95), in which Article 1 defined “wages” as “remuneration or earnings, however designated or calculated, capable of being expressed in terms of money and fixed by mutual agreement or by national laws or regulations, which are payable in virtue of a written or unwritten contract of employment by an employer to an employed person for work done or to be done or for services rendered or to be rendered”.
- 248. The Worker Vice-Chairperson [M] agreed that the Protection of Wage Convention, 1949 (No. 95), would be best to define wages.
- 249. Considering the new formulation of paragraph 5, the Employer Vice-Chairperson [M] withdrew the amendment to add the paragraph.

Paragraph 6

The “normal hours” of work refers to the time at the disposal of the employer within the legal working time determined by regulations and national practices. This definition aims to clearly exclude overtime and holidays.

- 250. The Government Vice-Chairperson [F] manifested doubts regarding the fact that the paragraph explicitly mentioned the exclusion of “holidays” and whether this was aligned with the ILO definition.
- 251. The expert from the Government of the United States [M] indicated that, if the inclusion of the word “holidays” was meant to exclude from the living wage the differential a worker would get if he/she was working during a holiday, then he would agree.
- 252. The Worker Vice-Chairperson [M] introduced an amendment to delete “aims to clearly”, which was supported by the Employer and Government Vice-Chairpersons [M/F].
- 253. The Employer Vice-Chairperson [M] supported the concept, as clarified by the expert from the United States [M], and introduced an amendment to add “work performed during” before “holidays”.

254. The Worker Vice-Chairperson [M] quoted the General Survey concerning working-time instruments¹⁵, noting that it only mentioned overtime and not holidays. He introduced an amendment to remove “and holidays” that both the Employers’ and the Government group supported.
255. Paragraph 6 was adopted as amended.

Paragraph 7

The concept of a living wage is aligned with “...the right to just and favourable remuneration ensuring for himself [the worker] and his[/her] family an existence worthy of human dignity...” which constitutes an internationally recognized human right, included in the Universal Declaration of Human Rights, that all enterprises, regardless of their size, sector, operational context, ownership and structure, should respect in their operations, as stated in alignment with the UN Guiding Principles on Business and Human Rights and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

256. The Employer Vice-Chairperson [M] said that the text from the Universal Declaration of Human Rights referred to the concept of remuneration, which was different from a living wage. International human rights had specific meanings that could not be changed or reinterpreted. He introduced an amendment so that it would read: “The idea behind the concept of living wage is alluded to in Article 7 of the International Covenant on Economic, Social and Cultural Rights (ICESCR) where State Parties ‘recognize the right of everyone to the enjoyment of just and favourable conditions of work, which ensure, in particular:... (ii) a decent living for themselves and their families in accordance with the provision of the present Covenant’ and also ‘... the right to just and favourable remuneration ensuring for himself [the worker] and his[/her] family an existence worthy of human dignity...’ as entrenched in the Universal Declaration of Human Rights. However, the concept of living wages itself is not referred to in these instruments. In line with the UN Guiding Principles on Business and Human Rights, States have an obligation to protect human rights and all enterprises, regardless of their size, sector operational context, ownership, and structure, should respect human rights.”
257. The Government Vice-Chairperson [F] introduced a subamendment to add “Remuneration which provides all workers, as a minimum, with” before “... (ii) a decent living for themselves and their families...” and “throughout their operations” at the end of the paragraph proposed by the Employers’ group.
258. While favouring the original Office text, in the spirit of compromise, the Worker Vice-Chairperson [M] introduced a further subamendment to add the numeral (i) in Article 7 of the ICESCR on fair wages: “(i) Fair wages and equal remuneration for work of equal value without distinction of any kind, in particular women being guaranteed conditions of work not inferior to those enjoyed by men, with equal pay for equal work;”.
259. The Employer Vice-Chairperson [M] supported the subamendments of the Government and Workers’ groups as long as they directly quoted the UN Guiding Principles.
260. Despite expressing preference for the Office original text, the Government Vice-Chairperson [F] introduced two subamendments. First to replace “alluded to in” with “consistent with the spirit of”. Second, while their preference would be to delete the sentence starting with “However”, if it was to

¹⁵ ILO, [Ensuring Decent Working Time for the Future: General Survey concerning Working-Time Instruments](#), ILO.107/III(B) (2018).

be kept, they suggested rewording it to “However, the term living wages is not used in these instruments”.

261. The Employer Vice-Chairperson [M] supported the second subamendment of the Government group, but not the use of “consistent with the spirit of”. He emphasized that they should not interpret the definition of a living wage from the Human Rights Declaration as the term “living wage” was not mentioned in the Declaration itself.
262. The Worker Vice-Chairperson [M] supported the subamendment to use “consistent with the spirit of”. He did not support the amendment of the Employers’ group to delete the text “which constitutes an international recognized human right” and preferred to keep the text proposed by the Office.
263. The Worker Vice-Chairperson [M] said that if the other groups wanted to keep the last sentence proposed by the Employers’ group, they were flexible to accept it with the subamendment of the Government group.
264. The expert from the Government of the United States [M] clarified that “consistent with the spirit of” met the objective of not reinterpreting the ICESCR better than “alluded to”. The use of “alluded to” meant that the drafters of Article 7 were referring to the concept of a living wage, which was what the Employers’ group sought to avoid. The use of “consistent with the spirit of” shifted the focus to what they believed the concept of a living wage was.
265. When answering a question from the Worker Vice-Chairperson [M] regarding the reason for deleting the reference to the MNE Declaration, the Employer Vice-Chairperson [M] indicated that the UN Guiding Principles were the authoritative instrument on business and human rights and hence the most relevant to be quoted.
266. After consultations, the Employer Vice-Chairperson [M] introduced a subamendment for the paragraph to read “The concept of a living wage is consistent with the spirit of Article 7 of the International Covenant on Economic, Social and Cultural Rights that State Parties ‘recognize the right of everyone to the enjoyment of just and favourable conditions of work, which ensure, in particular: (a) Remuneration which provides all workers, as a minimum, with (i) Fair wages and equal remuneration for work of equal value without distinction of any kind, in particular women being guaranteed conditions of work not inferior to those enjoyed by men, with equal pay for equal work (ii) a decent living for themselves and their families in accordance with the provision of the present Covenant’ and also... ‘the right to just and favourable remuneration ensuring for himself [the worker] and his [/her] family an existence worthy of human dignity... [UDHR Article 23.3].’ The UDHR and the Covenant are internationally recognized human rights. In line with the UN Guiding Principles on Business and Human Rights and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), States have an obligation to protect human rights and all enterprises, regardless of their size, sector, operational context, ownership, and structure should respect human rights throughout their operations.”
267. The Worker Vice-Chairperson [M] supported the subamendment and introduced a further subamendment to add a semicolon after “States have an obligation to protect human rights”, that the Employer Vice-Chairperson [M] supported.
268. The Government Vice-Chairperson [F] supported the text as subamended.
269. Paragraph 7 was adopted as amended.

III. Methodologies to estimate living wages

270. The heading of Section III was adopted without amendments.

Principles that the estimation of living wages should follow:

271. The first subheading was adopted without amendments.

Paragraph 8

Living wage estimates translate the living wage concept into a monetary value. These estimates can contribute to an evidence-based social dialogue for wage setting. Living wage methodologies should follow a number of principles:

- 272. The Worker Vice-Chairperson [M] introduced an amendment to add “national”, before “monetary value”, which was supported by both the Employer and Government Vice-Chairpersons [M/F].
- 273. The Employer Vice-Chairperson (M) introduced an amendment to replace “contribute to” with “inform”.
- 274. The Government Vice-Chairperson [F] introduced an amendment to add “estimation” before “methodologies” and supported the amendment introduced by the Employers’ group.
- 275. The Worker Vice-Chairperson [M] introduced a subamendment to use “contribute to and inform”. He did not support the addition of “estimation”, as estimation is only one part of the methodology, as treated under subparagraph 8(a).
- 276. The Government Vice-Chairperson [F] withdrew the amendment.
- 277. The Employer Vice-Chairperson [M] supported the subamendment to use “contribute to and inform”.
- 278. The chapeau of paragraph 8 was adopted as amended.

Subparagraph (a)

estimation of the needs of workers and their families through evidence-based methodologies;

- 279. The Government Vice-Chairperson [F] introduced an amendment to add, after “methodologies”, the following: “based on an assessment, using local prices, of the costs of at least five components of food, housing, health and education and a fifth category comprising other goods and services that are essential”. This text was taken from the Office proposed text under subparagraph 17(c).
- 280. The Employer Vice-Chairperson [M] did not support the amendment, as the concept was developed later in the text.
- 281. The Worker Vice-Chairperson [M] indicated that the suggested fifth category should not be a separate category. He reminded that the Office suggested a methodology with four categories only, in addition to other essential goods and services, hence there should be flexibility to adapt to national realities with regards to other essential elements. Secondly, he indicated that this issue would be better placed under “General considerations regarding methodologies”.
- 282. The Government Vice-Chairperson [F] withdrew the amendment.
- 283. Subparagraph (a) was adopted without amendments.

Subparagraph (b)

consultation with workers' and employers' organizations on living wage estimates and involvement of social partners in their development, with a view to ensuring national and/or local ownership;

284. The Employer Vice-Chairperson [M] introduced an amendment to add “the most representative” before “workers' and employers' organizations”. He referenced Article 1 of the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), clarifying that the addition aimed at avoiding pro-forma processes that were only done to “tick the box” of consultations.
285. The expert from the Government of the United States [M] expressed concerns related to wage-setting contexts where consultations would be needed with local employers' or workers' organizations that would not qualify as “most representative” at the national level.
286. The Employer Vice-Chairperson [M] indicated that the most representative organization would not necessarily need to be at the national level but could also be at the local level. After the Government Vice-Chairperson [F] noted that Convention No. 144 referred to the most representative organizations at the national level, the Employer Vice-Chairperson [M] introduced a subamendment to add “at the respective level” after “the most representative”.
287. The Worker Vice-Chairperson [M] did not support the inclusions of “the most representative” and “at the respective level”.
288. The Employer Vice-Chairperson [M] withdrew the addition of “at the respective level” and introduced a subamendment to remove “the most” before “representative”.
289. The Worker and Government Vice-Chairpersons [M/F] supported the subamendment.
290. The Worker Vice-Chairperson [M] introduced a further amendment to replace “in their development” with “throughout their development”, which was supported by the Employer Vice-Chairperson [M] and the Government Vice-Chairperson [F].
291. Subparagraph (b) was adopted as amended.

Subparagraph (c)

transparency, including details with regard to data sources and methods of processing, that are open to scrutiny, are comprehensive and replicable;

292. Subparagraph (c) was adopted without amendments.

Subparagraph (d)

robustness of the data in terms of representativeness and transparent data collection methods;

293. Subparagraph (d) was adopted without amendments.

Subparagraph (e)

public availability of the estimates, data and methodologies;

294. The Government Vice-Chairperson [F] introduced an amendment to include “timely” before “public availability”. This was accepted by the Employer and Worker Vice-Chairpersons [M].

295. Subparagraph (e) was adopted as amended.

Subparagraph (f)

specification on whether estimates are gross or net, namely whether items such as social security contributions are included or not;

296. Subparagraph (f) was adopted without amendments.

Subparagraph (g)

regular adjustments to consider changes in the cost of living and the evolution in the patterns of consumption;

297. The Government Vice-Chairperson [F] introduced amendments to remove “and the evolution in” and add “, and the purchasing power of workers” at the end.

298. The Employer Vice-Chairperson [M] did not support the addition of the reference to purchasing power of workers, as this was captured by the “changes in the cost of living”.

299. The Worker Vice-Chairperson [M] asked for clarification on the reason for deletion of “the evolution in” when referring to the patterns of consumption. The subparagraph was dealing with adjustment and the reference to the evolving patterns of consumption seemed appropriate. He also asked clarification on the reasons for inclusion of “purchasing power of workers”, as the purchasing power of workers was in fact determined by their wages and the cost of living.

300. The expert from the Government of the Islamic Republic of Iran [M] explained that what reduced workers’ wages the most was inflation, as it eroded their capacity for consumption.

301. The Worker and Employer Vice-Chairpersons [M] supported the removal of “the evolution in”, but did not support the addition proposed by the Government Vice-Chairperson [F].

302. The Government Vice-Chairperson [F] withdrew the amendment to add “and the purchasing power of workers”.

303. Subparagraph (g) was adopted as amended.

Subparagraph (h)

quality control, including sound technical review, validation by relevant stakeholders and periodic review for continuous improvements;

304. The Worker Vice-Chairperson [M] introduced an amendment to replace “relevant stakeholders” with “social partners”, which the Employer Vice-Chairperson [M] did not support.

305. The Government Vice-Chairperson [F] introduced a subamendment to replace “relevant stakeholders” with “relevant stakeholders, including social partners”.

306. The Worker Vice-Chairperson [M] said that the ILO was the only tripartite organization in the United Nations in which social partners were the only relevant stakeholders.

307. The Employer Vice-Chairperson [M] said that if they did not include relevant stakeholders they would not agree to the change, as you could have governments and other experts doing technical reviews alongside social partners.

308. The Worker Vice-Chairperson [M] indicated that the final validation was a political step that should be done by social partners.
309. The expert from the Government of the United States [M] introduced a subamendment for the subparagraph to read “quality control, including sound technical review by relevant stakeholders, validation by social partners...”, which was supported by the Worker Vice-Chairperson [M], but not by the Employer Vice-Chairperson [M].
310. The Employer Vice-Chairperson [M] introduced a subamendment for the subparagraph to read “quality control, including sound technical review and validation, by social partners and/or relevant stakeholders ...”, which was not supported by the Worker Vice-Chairperson [M], who flagged that current living wage initiatives did not involve social partners enough.
311. The expert from the Government of the United States [M] introduced a subamendment for the subparagraph to read “approval by social partners after quality control, including sound technical review and validation by relevant stakeholders...”, which was not supported by the Employer Vice-Chairperson [M].
312. The Employer Vice-Chairperson [M] indicated that introducing the concept of validation by social partners risked creating a veto right on the approval of living wages, and introduced a subamendment for the subparagraph to read “consultation of social partners on the design, validation and establishment of living wage estimation methodologies. Quality control including sound technical review by social partners and the relevant stakeholders...”, which was not supported by the Workers’ group.
313. The Employer Vice-Chairperson [M] noted that subparagraph (b) already captured consultations with social partners and introduced a subamendment to delete (h), which the Worker Vice-Chairperson [M] did not agree with, as paragraph (h) was dealing with quality control, not consultations.
314. The Assistant Director-General of the ILO [F] indicated that (b) captured the principle that employers’ and workers’ organizations needed to be consulted throughout the process to ensure ownership and was followed by a list of elements for these consultations to be meaningful.
315. The Worker Vice-Chairperson [M] insisted that (b) only dealt with the involvement of social partners in the design, but not in the validation.
316. The Worker Vice-Chairperson [M] introduced a subamendment to the subparagraph to read “quality control, including sound technical review, validation, as well as periodic review for continuous improvements”, which was supported by the Employer Vice-Chairperson [M] and the Government Vice-Chairperson [F].
317. Subparagraph (h) was adopted as amended.

Subparagraph (i)

promotion of gender equality and non-discrimination;

318. Subparagraph (i) was adopted without amendments.

Subparagraph (j)

acknowledgement of the role to be played by the State in the provision of affordable, accessible and quality public services; and

319. The Employer Vice-Chairperson [M] introduced an amendment to add “disaggregation of the estimated costs that represent the lack of provision of public services, as well as the responsibility of the State to provide income support to workers in the case that their productivity is below their needs and that of their families” after “quality public services”.
320. The Worker Vice-Chairperson [M] indicated that they had an issue with mentioning the role of the State, which was not included in the background report, and introduced an amendment to delete the subparagraph. They expressed concerns that low productivity was being blamed on workers and that poor public service provision was being blamed on governments, while employers’ responsibility was never acknowledged. The role of the State was taking the discussion towards a living income, whereas the focus of the meeting was living wages. How the role of the State in providing public services would be measured in the methodology should be clarified by the Office.
321. The Employer Vice-Chairperson [M] indicated that the proposed wording reflected the discussion from the first two days, during which experts of the Government group, such as those from Morocco [M], Gabon [M] and Brazil [F], provided examples of how their countries use social transfers to support workers whose productivity is below the cost of living. Regarding the first part of the sentence, the Employer Vice-Chairperson [M] reinforced the importance of the role played by the States, because if they did not provide services such as, for instance, healthcare or education, this would put pressure on wages.
322. The Government Vice-Chairperson [F] did not support the addition. The topic should not be treated in this part and the issue should be formulated in a different way. When the State was not providing public services, it should not come at the cost of workers. Productivity should be the responsibility of the enterprise and not of the State.
323. The expert of the Government of Brazil [F] disagreed with the notion that in Brazil transfers were connected to low productivity.
324. The Employer Vice-Chairperson [M] supported the idea that the lack of provision of public services should not fall on workers, and expressed a willingness to reformulate their proposed text, as long as it captured the idea that States had the responsibility of providing goods and services to those workers most in need.
325. The expert from the Government of the United States [M] said he was struggling to understand how and where the disaggregation of the government transfer would show up in the estimate.
326. The Employer Vice-Chairperson [M] indicated that there were two parts in the paragraph, one on productivity and one on data disaggregation. It was important that the methodology clearly identified whether a worker was paying for education or healthcare, since it should be free.
327. The Worker Vice-Chairperson [M] stated that accessible, quality public services were not free of charge, as they were paid by taxes and social security contributions. The role of State could be added, especially in relation to labour inspection, but not in the present paragraph.
328. An expert from the Office [M] said that if there was no free access to health or education, this would increase the cost for workers.

- 329. The Employer Vice-Chairperson [M] cited article 13.2(a) of the ICSECR, which states that “primary education shall be compulsory and available free to all”. This was not the reality even though it was a human right, and this was the point of this sentence.
- 330. The expert from the Government of the United States [M] suggested that the methodology could disaggregate all elements of the living wage basket by identifying the cost of food, education and other necessities, even if included in the form of a gross payroll cost borne by the worker or the employer.
- 331. The Worker Vice-Chairperson [M] indicated that this was not the right place to discuss disaggregation, and that it should be discussed in paragraph 9. He introduced an amendment to delete subparagraph (j).
- 332. Given that the role of State was discussed later in subparagraph 15(h), the Government and Employer Vice-Chairpersons [F/M] supported the deletion of subparagraph (j).
- 333. Subparagraph (j) was deleted.

Subparagraph (k)

consideration of the regional or local context and socio-economic and cultural realities.

- 334. The Employer Vice-Chairperson [M] introduced an amendment to add “including the concept of household composition”.
- 335. The Worker Vice-Chairperson [M] introduced an amendment to delete “cultural” before “realities”, as this would be covered by “local context and socio-economic realities”. They did not support the Employers’ group’s amendment, as family composition was covered by paragraph 9, which was confirmed by the Office.
- 336. The Government Vice-Chairperson [F] did not support the deletion of “cultural”, and introduced an amendment to add “ensuring consistency of national legal frameworks on wage setting” after “realities”.
- 337. The Employer Vice-Chairperson [M] did not support the deletion of “cultural”, and supported the amendment of the Government group.
- 338. An expert from the Office [M] said that the idea of using cultural in the sentence was to consider the specificity of consumption in each context, as they knew that the consumption basket differed from place to place.
- 339. The Worker Vice-Chairperson [M] withdrew the deletion of “cultural” and introduced a new amendment to replace “cultural realities” with “cultural consumption patterns”, which was not supported by the Employer Vice-Chairperson [M].
- 340. The Worker Vice-Chairperson [M] agreed on retaining the original Office text “cultural realities”.
- 341. The Employer Vice-Chairperson [M] withdrew the amendment to include “including the concept of household composition”.
- 342. The Government Vice-Chairperson [F] withdrew the amendment to include “and ensuring consistency with national legal frameworks on wage setting”.
- 343. Subparagraph (k) was adopted without amendments.

General considerations regarding methodologies

344. The second subheading was adopted without amendments.

Paragraph 9

Methodologies to estimate living wages should be based on the identification of a basket of goods and services that provides for a decent and equitable living standard of the worker and his/her family, and the prevailing prices which determine the cost of living. The basket typically includes various essential items and services that individuals or families require to meet their basic needs. For some elements in this basket, international standards are well-established and should be used. Furthermore, the methodology should be clear on the family size and the number of wage earners. It is also key to adopt a calculation methodology that identifies failures in governments' provision of public services. Living wage estimates should be presented in various wage units, including hourly, monthly, and annual figures, and should be the result of an empirical analysis of the population, including surveys and censuses, at country or regional level.

345. The Employer Vice-Chairperson [M] introduced an amendment to add “quarterly” between “monthly” and “and annual figures”.
346. The Worker Vice-Chairperson [M] introduced amendments to add “local” to qualify “prevailing prices” in the first sentence, and to delete “basic” in the expression “basic needs”. “Basic needs” refers to “poverty lines”, while “needs” was the concept established in all the documents. He introduced a further amendment to add, after the sentence that ended in “needs”, the following text: “The ILO proposes a methodology to calculate living wage estimates that costs four components: food, housing, health, and education, in addition to other necessary goods and services.” Lastly, he introduced an amendment to delete the sentence starting with “It is also key to adopt...”, in line with the discussion that took place on the role of the State.
347. The Government Vice-Chairperson [F] introduced an amendment to replace the first two sentences with “Methodologies to estimate living wages should be based on an identification and assessment of a basket of goods, using local prices of the costs of at least the following components: food, housing, health and education, and other essential goods and services, in accordance with national circumstances. This basket should provide for a decent and equitable living standard of the worker and his/her family”. She further introduced the following amendments: to add in the last sentence “disaggregated by components and” after “Living wage estimates should be”; to include “robust” before “empirical analysis”; and to remove the final part of the last sentence that read “of the population, including surveys and censuses, at country or regional level”, affirming that surveys and censuses were burdensome for governments.
348. Considering their own proposal, the Government Vice-Chairperson [F] did not support the amendment from the Workers’ group regarding the insertion of the sentence “The ILO proposes a methodology to calculate living wage estimates that costs four components, food, housing, health, and education, in addition to other necessary goods and services”. She supported the amendment to delete the sentence starting with “It is also key to adopt...”.
349. The Employer Vice-Chairperson [M] considered the Government group proposal to be more elegant and supported their amendment. He did not support the proposal to delete the sentence starting with “It is also key to adopt...”. He supported the amendments to add “disaggregated by components

and” and “robust” in the last sentence. He did not support the deletion of the final part of the last sentence – that is, “of the population, including surveys and censuses, at country or regional level” – due to being in disagreement with the Government Vice-Chairperson's [F] explanation. He did not support the amendment to delete “basic” from the expression “basic needs”, pointing that the qualification “basic” should be kept in the text since all methodologies in the background report referred to “basic needs”.

350. The Worker Vice-Chairperson [M] introduced a subamendment to the amendment to the first sentence introduced by the Government group to change “essential” to “necessary”, reminding the Government group that they proposed “necessary” instead of “sufficient” in the definition. If that was accepted, they could support the text proposed by the Government group. He disagreed with keeping “basic” in the text because the use of “basic needs” by voluntary living wage initiatives had been considered inadequate. The ILO Constitution and the ILO Declaration of Philadelphia referred to the “needs of workers and their families”, without any reference to “basic” or “essential”.
351. He supported the amendment for the inclusion of “robust” in the last sentence as well as the inclusion of “and disaggregated by components” after the Government group clarified that this phrasing was meant to provide more insight on the different components mentioned in their proposed new first sentence. He did not support the deletion of the final part of the last sentence – “of the population, including surveys and censuses, at country or regional level” – and this proposed amendment was then withdrawn by the Government Vice-Chairperson [F].
352. An expert from the Office [M] indicated that the inclusion of “basic” might be misleading, and it would be adequate to refer to “the needs of workers and their families to reach a decent standard of living” in order to be consistent with the definition of a living wage proposed by the Office in the draft conclusions.
353. The Government Vice-Chairperson [F] supported the amendment to change “essential” to “necessary”.
354. The Government and Worker Vice-Chairpersons [F/M] supported the inclusion of “quarterly”.
355. The Employer Vice-Chairperson [M] argued that the term “basic needs” could be found in many living wage initiatives, national constitutions, and labour codes, quoting examples from Brazil (“basic living needs”), and Ecuador (“fair pay with decent wages meeting the basic needs”), as well as different living wage initiatives.
356. The Worker Vice-Chairperson [M] responded that “many national labour laws” was a vague statement, and noted that some countries might use “basic needs” in the context of the minimum wage setting, but that the point under discussion was living wages.
357. The Employer Vice-Chairperson [M] introduced a subamendment to remove “and equitable” in the second sentence to be coherent with the language in paragraph 5.
358. The Worker Vice-Chairperson [M] did not support the removal of “and equitable”. “Decent” did not necessarily cover “equitable”, and this was the only part of the conclusions where “equitable” appeared.
359. The Employer Vice-Chairperson [M] indicated that the ILO defined decent work as “productive work for women and men in conditions of freedom, equity, security and human dignity”.

- 360. The Worker Vice-Chairperson [M] clarified that decent work was different from a decent living standard.
- 361. The Government Vice-Chairperson [F] agreed that the text should be aligned with the definition.
- 362. The expert from the Government of the United States [M] supported the request for consistency with the definition of living wage, and indicated that the term “equitable” was unclear, supporting its deletion.
- 363. The Worker Vice-Chairperson [M] supported the subamendment to delete “and equitable”.
- 364. An expert from the Office [M] indicated that replacing “essential” with “necessary” would have little practical impact on the methodology, as the terms would be interpreted as synonymous.
- 365. The Employer Vice-Chairperson [M] supported replacing “essential” with “necessary”.
- 366. Regarding the amendment to remove the sentence starting with “It is also key to adopt...”, the Employer Vice-Chairperson [M] asked for confirmation that disaggregated data would clearly show governments’ lack of provision of public services. After receiving confirmation from the Office, the Employers’ group supported the deletion.
- 367. Paragraph 9 was adopted as amended.

Paragraph 9bis

- 368. The Worker Vice-Chairperson [M] introduced an amendment to add a paragraph after paragraph 9 that should read “Increasing efforts are focusing on purchasing practices in supply chains. The focus on living wages has also been reflected in regulatory initiatives and public policy initiatives to promote decent wage outcomes in supply chains. The ILO methodology should be used to redress wages in supply chains.” The first two sentences were quotations from the background report.
- 369. The Employer Vice-Chairperson [M] did not support the amendment, as the text did not fit under general considerations regarding methodologies.
- 370. After agreeing that the topic of supply chains would be treated somewhere else in the document, the Worker Vice-Chairperson [M] withdrew the amendment.

IV. Strengths and weaknesses of current living wage initiatives¹⁶

- 371. The Employer Vice-Chairperson [M] introduced an amendment to the title seeking to replace “Strengths and weaknesses” with “Assessment” for a more neutral tone.
- 372. The Worker Vice-Chairperson [M] expressed that the section was organized in line with the heading, one paragraph on strengths, one paragraph on weaknesses, and then a third paragraph on alignment with the ILO methodology. Hence, he did not support the amendment.

¹⁶ Initially Section IV contained three paragraphs numbered 10, 11 and 12, respectively. Following negotiations, an alternative text was considered by the experts, summarizing the three paragraphs into one and hence resulting in the suppression of paragraphs 11 and 12. For this reason, the numbering of the paragraphs of the adopted conclusions from this point on will not mirror those of the record of proceedings, which follows in its order the original numbering of the draft conclusions. For ease of reference, the final numbering will also be indicated in a footnote placed next to each paragraph number.

- 373. The Government Vice-Chairperson [F] introduced an amendment to delete Section IV in its entirety, as it read as a description and did not fit in the narrative. Some text would be retained and moved after paragraph 3 as a new paragraph.
- 374. The Worker Vice-Chairperson [M] reminded the mandate of the meeting agreed by the Governing Body, quoting: "(b) Review recent initiatives on living wages, including aspects such as the definition of living wages that these initiatives use, their geographical coverage, the type of actors involved, the mechanisms used in their implementation, methodologies used and more specifically whether they are based on the use of estimates or benchmarks." Considering that it was one of the assignments, he highlighted the need to reflect this in the conclusions and did not support the proposal to remove the section.
- 375. The Employer Vice-Chairperson [M] introduced a subamendment to replace "Assessment" with "Review", as used in the Governing Body document.
- 376. The Worker Vice-Chairperson [M] and the Government Vice-Chairperson [F] supported the subamendment proposed by the Employer Vice-Chairperson [M].
- 377. The heading of Section IV was adopted as amended.

Paragraph 10

In recent years, there has been a sharp increase in initiatives on living wages, including by multinational enterprises, individually or as part of a multi-stakeholder initiative. Although these initiatives present different degrees of advancement, they have given significant visibility to the concept of a living wage, highlighting that workers and their families should earn enough from their work to live in dignity. Some of these initiatives propose estimates that are above the existing legal minimum wage in countries of operation and have exposed the inadequate level of the agreed minimum wage. Consequently, in some cases, by paying a wage based on a living wage estimate, multinational enterprises have improved the living standard for some workers and their families, in line with human rights expectations.

- 378. The Government Vice-Chairperson [F] introduced the following amendments: to remove "sharp" before "increase"; to insert "implementing" before "living wages" in the first sentence; and to delete the last sentence. She also proposed to move paragraph 10 to immediately after paragraph 3.
- 379. The Employer Vice-Chairperson [M] proposed an amendment to insert "voluntary" before "initiatives" in the first sentence, and to insert "perceived" before "inadequate level" in the third sentence. He did not support the deletion of the last sentence, but introduced an amendment to delete ", in line with human rights expectations".
- 380. The Worker Vice-Chairperson [M] did not support the deletion of the last sentence. He supported the amendment to include "voluntary" before "initiatives", but did not support the inclusion of "implementing" before "living wages" in the first sentence, as living wage initiatives can be involved in areas other than implementation, such as estimation.
- 381. The Employer Vice-Chairperson [M] introduced a subamendment to refer to "estimating and implementing" in the first sentence before "living wages".
- 382. The Secretary-General of the Meeting [F] confirmed that there had been a significant increase in the number of living wage initiatives, as also testified by the upsurge in requests received by the Office.

383. An expert from the Office [M] indicated that there was an overwhelming number of initiatives estimating living wages, but there were also tools, road maps and actions towards implementing living wages.
384. The Government Vice-Chairperson [F] withdrew the deletion of “sharp”, supported the insertion of “voluntary”, and withdrew the insertion of “implementing”.
385. The Worker Vice-Chairperson [M] did not support the amendment of adding “perceived”, as minimum wages are not perceived but rather calculated in real money.
386. Answering a question from the Workers’ group, the Secretary-General of the Meeting [F] confirmed that most initiatives had been linked to due diligence and the Universal Declaration of Human Rights.
387. Based on this information, the Worker Vice-Chairperson [M] did not support the deletion of “, in line with human rights expectations”.
388. The Government Vice-Chairperson [F] did not support the amendment to add “perceived” and withdrew the proposal to delete the last sentence, highlighting the need to maintain the part on human rights.
389. The Employer Vice-Chairperson [M] introduced a further subamendment to the third sentence to remove “in countries of operation and have exposed the inadequate level of the agreed minimum wage” and to replace it with “where inadequate levels of agreed minimum wages prevail”.
390. The Worker Vice-Chairperson [M] introduced an amendment to the beginning of the third sentence to replace “Some” with “Most”, as the background report indicated that the vast majority of living wage estimates are above minimum wages.
391. The Workers’ and the Government group did not support the amendment to replace the last part of the third sentence with “where inadequate levels of agreed minimum wages prevail”.
392. The Government Vice-Chairperson [F] did not support the amendment to change “Some” to “Most”.
393. The Employer Vice-Chairperson [M] proposed returning to the Office text with the condition that “Some” was maintained over “Most”, to which the Worker Vice-Chairperson [M] did not agree.
394. Following consultations, an alternative formulation was proposed by the Office to replace paragraphs 10, 11 and 12 with a single paragraph to be considered by the experts. This new paragraph read as follows: “In recent years, there has been a sharp increase in voluntary initiatives on living wages, including by multinational enterprises, individually or as part of a multi-stakeholder initiative. These initiatives present different degrees of advancement, and they have given significant visibility to the concept of a living wage. Many of these initiatives produce estimates that are above the existing legal minimum wage. Consequently, in some cases, by paying a wage based on a living wage estimate, multinational enterprises have improved the living standard for some workers and their families. However, many of these initiatives do not yet take into account ILO principles of wage setting, particularly tripartite social dialogue, or collective bargaining nor other national institutions. Local context, and root causes of low pay, as well as economic factors are also not always taken into account, particularly in operationalizing living wages. Ensuring alignment of the living wage initiatives with the ILO principles of wage-setting processes is necessary.”
395. The Employer Vice-Chairperson [M] introduced an amendment to the alternative formulation to remove “Ensuring” before the word “alignment” in the last sentence.

- 396. The Worker Vice-Chairperson [M] supported the amendment and introduced two amendments to the alternative formulation: the first was to change “and” to “and/or” between the words “tripartite social dialogue” and “collective bargaining”; and the second was to remove “nor other national institutions”, as it was not clear what type of other institutions could play a role in wage setting beyond the two already mentioned.
- 397. The Employer Vice-Chairperson [M] supported the first amendment but did not support the second, as examples of these other types of national institutions were presented in the background report.
- 398. The Worker Vice-Chairperson [M] invited the meeting to consider verbatim the language included in the background report and agreed to withdraw the second amendment, and instead introduced a third amendment seeking the inclusion of additional text reading “involved in such determinations such as minimum wage commissions” after “national institutions”.
- 399. The Employer Vice-Chairperson [M] proposed a sub-amendment further quoting from the background report, including the words “wage boards, and other tripartite bodies” after “wage commissions”.
- 400. The Worker Vice-Chairperson [M] did not support the subamendment.
- 401. The Employer Vice-Chairperson [M] withdrew it.
- 402. The Government Vice-Chairperson [F] supported the amendments introduced by the Employer and the Worker Vice-Chairpersons [M].
- 403. The paragraph in its new formulation was adopted as amended.

Paragraph 11

On the other hand, most of these initiatives are not grounded on all the principles of wage setting mentioned above. In particular, economic factors are often not considered when operationalizing a living wage. With a few exceptions, these initiatives do not include tripartite social dialogue or collective bargaining in the determination of wage levels, nor take into account other national institutions involved in such determination such as minimum wage commissions. Most of the time, these initiatives are not designed to address the root causes of low wages such as low productivity and informality. Furthermore, many of these initiatives lack central elements such as transparency, peer-review, national ownership or an explicit reference to the role of the State in the provision of public goods.

- 404. The Government Vice-Chairperson [F] introduced an amendment to delete paragraph 11, as it was too critical of current living wage initiatives, as well as paragraph 12.
- 405. The Employer and the Worker Vice-Chairpersons [M] did not support the deletion.
- 406. The Worker Vice-Chairperson [M] introduced an amendment to replace “low productivity and informality” with “unfair distribution of value, limited technological adoption, low total factor productivity, informality, weak institutions and compliance systems, anti-competitive practices, and power imbalances”. He also introduced an amendment to replace “to the role of the State” with “to the centrality of a robust tax base and fair payment of taxes to the” in the last sentence.
- 407. The Employer Vice-Chairperson [M] did not support either proposal. He introduced an amendment to the third sentence to add “in the design and operationalization of living wage, hindering their

legitimacy and ownership by national actors,” while deleting “or collective bargaining in the determination of wage levels”.

- 408. The Worker Vice-Chairperson [M] introduced an amendment to replace “In particular” with “For example” in the second sentence and to move the contents of the sentence to the end of the third sentence, as social dialogue should come before economic factors. He did not support the Employers’ group’s amendment.
- 409. The Employer Vice-Chairperson [M] did not support moving the second sentence.
- 410. By reason of the new formulation of paragraph 10 considered and adopted by the experts, this paragraph was deleted.

Paragraph 12

Ensuring convergence of the living wage initiatives with the ILO principles of wage-setting process is necessary to ensure that they reinforce these principles rather than undermine them.

- 411. The Employer Vice-Chairperson [M] introduced an amendment to replace “Ensuring” with “Promoting”.
- 412. The Worker Vice-Chairperson [M] introduced an amendment to replace the Office text with the following: “The ILO is the only tripartite and labour standard setting UN agency on wages in the UN and multilateral system. Therefore, living wage initiatives should comply with the ILO principles for an estimation of living wages as well as wage-setting processes to make sure these principles are reinforced”.
- 413. The Employer Vice-Chairperson [M] did not support the amendment.
- 414. By reason of the new formulation of paragraph 10 considered and adopted by the experts, this paragraph was deleted.

V. The operationalization of living wages

- 415. The heading of Section V was adopted without amendments.

Paragraph 13¹⁷

The operationalization of living wages should not be a one-size-fits-all approach and should reflect local or regional differences within countries. Collective bargaining and tripartite social dialogue should be crucial mechanisms to operationalize living wages.

- 416. The Employer Vice-Chairperson [M] introduced an amendment to replace “Collective bargaining and tripartite social dialogue” with “Social dialogue, including collective bargaining”, explaining that there are forms of social dialogue other than collective bargaining and tripartite social dialogue. He mentioned the Minimum Wage Commissions of Germany and the United Kingdom as examples.
- 417. The Worker Vice-Chairperson [M] introduced an amendment to replace “should be” with “are”, and to add “contributing to the fair distribution of the gains generated through value-added along global supply chains” at the end of the sentence, which was taken from the adopted conclusions of the ILC

¹⁷ This paragraph corresponds to paragraph 11 of the adopted conclusions.

2021 General Discussion Working Party: Inequalities and the world of work.¹⁸ This was to reflect that the fair distribution of the gains generated along global supply chains should happen through improved wage-setting systems.

418. The Worker Vice-Chairperson [M] did not support the amendment introduced by the Employers' group, as collective bargaining is the key mechanism when it comes to wage setting, while not all forms of social dialogue are applicable to wages. Collective bargaining should not be subordinated to social dialogue, but rather should act as the main mechanism for wage setting.
419. The Employer Vice-Chairperson [M] did not support the amendment of adding the reference to global supply chains.
420. The Government Vice-Chairperson [F] introduced an amendment to change "and" to "and/or" between "Collective bargaining" and "tripartite social dialogue" to reflect the fact that there are countries with no collective bargaining but that do have bipartite mechanisms in enterprises. She did not support the amendment introduced by the Employers' group, but supported the amendment introduced by the Workers' group of adding a reference to value-added in global supply chains.
421. The Employer and the Worker Vice-Chairpersons [M] did not support the amendment introduced by the Government group.
422. The Employer Vice-Chairperson [M] introduced a subamendment for the second sentence to read "Both bipartite and tripartite social dialogue, particularly collective bargaining...".
423. The three groups considered changing the word order of the subamendment so that it would read "Both tripartite and bipartite social dialogue, particularly collective bargaining". In this way, collective bargaining would be linked to bipartite dialogue. This formulation was supported by all three groups.
424. The Employer and Government Vice-Chairpersons [M/F] supported the amendment introduced by the Worker Vice-Chairperson [M] to replace "should be" with "are".
425. The Employer Vice-Chairperson [M] introduced a subamendment to add a full stop after "to operationalize living wages" and to replace "contributing to the fair distribution of the gains generated through value-added along global supply chains" with a direct quotation from the adopted conclusions of the ILC 2021 General Discussion Working Party: Inequalities and the world of work, which would read: "Social dialogue, including collective bargaining, contributes to the fair distribution of the gains generated through value-added along global supply chains."
426. The Worker and Government Vice-Chairpersons [M/F] supported the subamendment.
427. Given that it had been withdrawn from subparagraph 8(k), the Government Vice-Chairperson [F] introduced an amendment to add "and should be consistent with national legal frameworks on wage setting" in the first sentence, after "differences within countries".
428. The Employers' group supported the amendment.
429. The Worker Vice-Chairperson [M] introduced a subamendment to add "in line with international labour standards".
430. The Employer Vice-Chairperson [M] did not support this subamendment, indicating that it was not fitting to speak of international labour standards in a sentence that was underlining the importance

¹⁸ ILO, [ILC.109/Record No. 9A\(Rev.1\)](#).

of avoiding a one-size-fits-all approach in order to accommodate local and regional contexts and national legal frameworks.

431. The Worker Vice-Chairperson [M] clarified that the addition was trying to cover the fact that in some countries there were no trade union organizations and they wanted national legal frameworks to be in line with international labour standards.
432. The Employer vice-Chairperson [M] introduced a subamendment to add “ratified” before “international labour standards”.
433. The Worker Vice-Chairperson [M] pointed out that the ILO fundamental Conventions should be respected by all Member States regardless of national legal frameworks and thus did not support the addition of “ratified”.
434. The Employer Vice-Chairperson [M] said that it was not possible to be in line with all existing international labour standards. They withdrew the subamendment to include “ratified”, and introduced a subamendment to add “and in line with the obligations of the country” instead of “in line with international labour standards”, so as to cover all the fundamental principles and rights at work which countries need to align with.
435. The Government Vice-Chairperson [F] did not support the latest subamendment from the Employer Vice-Chairperson [M], and withdrew the amendment to add a reference to national legal frameworks.
436. Paragraph 13 was adopted as amended.

Paragraph 14¹⁹

Any sustainable strategy to promote living wages should go beyond the realm of wage-setting mechanisms alone and include a broader consideration of factors to raise productivity and ensure that productivity growth actually results in wage growth – which is possible only where strong and effective labour institutions and social dialogue exist.

437. The Worker Vice-Chairperson [M] first proposed two amendments: to replace “to promote” with “for upward convergence between minimum and”; and to replace “go beyond the realm of” with “be included in”. He then proposed to insert a full stop after “mechanisms” and then add “These should account for sustainable economic growth, structural transformations, poverty reduction, fair distribution in order to”, and delete “alone and include a broader consideration of factors to”. He further introduced the following amendments: to replace “productivity growth” with “its growth”; to add “real” before “wage”; to replace “growth” with “increases”; to replace “where” with “through”, to insert “market” between “labour” and “institutions”; and to replace “and social dialogue exist” with “, including collective bargaining”. The amendments were introduced because the Office text was unbalanced, as it talked about productivity as the only factor leading to wage growth. The Worker Vice-Chairperson [M] wanted to add a list of factors that were as important in leading wage growth. The paragraph as proposed was also adding specificities to the concept of convergence between minimum and living wages.
438. The Government Vice-Chairperson [F] introduced an amendment to add “that contribute to low pay, as discussed in paragraph 3 above” after “factors”, followed by a full stop. The next sentence should

¹⁹ This paragraph corresponds to paragraph 12 of the adopted conclusions.

then start with “It is important to have” and everything other than “strong and effective labour institutions and social dialogue” should be deleted.

439. The Employer Vice-Chairperson [M] did not support the amendments introduced by the Workers’ group claiming that the word “convergence” was used in the background report only to refer to living wage initiatives converging with ILO living wage principles. When minimum wages and living wages eventually converged there would be no more social dialogue and the minimum wage would be determined by equivalence to the living wage, which undermined the idea of wage setting and social dialogue. That would also undermine the idea that, according to Convention No. 131, there are two pillars to wage setting: the needs of workers and their families and economic factors. He introduced a subamendment to use the word “coherence” instead of “convergence”.
440. The Employers’ group did not support the remaining amendments proposed by the Workers’ group, as they considered the Office text to be clearer and more straightforward. While recognizing the role of structural transformation and skills development in increasing productivity, there were other aspects involved, and the paragraph was not meant to be exhaustive.
441. The Worker Vice-Chairperson [M] highlighted that their amendments were meant to underscore the fact that the convergence of minimum and living wages should be negotiated, agreed and adjusted according to economic factors. The operationalization of living wage estimates was based on economic factors, but reference should not only be made to productivity as there were more factors that could speed up the process of convergence. Without a target, the operationalization of living wages would only be an academic exercise.
442. The Worker Vice-Chairperson [M] did not support the amendment introduced by the Government Vice-Chairperson [F], as the paragraph was not dealing with low pay.
443. The expert from the Government of the United States [M] indicated that the text proposed by the Office had the purpose of identifying strategies to promote living wages outside of the wage-setting process. Hence, the Workers’ group’s amendment to add “to be included in wage-setting mechanisms” was in contrast with the original intent. He suggested that the concept of “convergence between minimum and living wages” be moved to paragraph 15. The Government group’s reference to paragraph 3 was because those factors causing low wages, if addressed, could also play a role in promoting wage growth.
444. The Assistant Director-General of the ILO [F] clarified that paragraph 14’s intent was to convey the idea that, to have a strategy that helped to sustain living wages over time, there was a need to “go beyond the domain of wage-setting mechanisms”. In doing so, one should consider a “broader consideration of factors” that raise productivity. The increase in productivity would translate into wage increases only in the presence of effective labour institutions.
445. The Employer Vice-Chairperson [M] indicated that the notion of “convergence” should be discussed elsewhere and in different terms. The messages provided by the Office were clear in its original formulation.
446. The Worker Vice-Chairperson [M] stressed out that it was important to acknowledge that there was no one direction and direct link between increases in productivity and wage increases. Higher wages would be possible in the face of slow productivity increase if better and fairer distribution occurred because of well-functioning labour market institutions and collective bargaining.

447. After consultations, the Employer Vice-Chairperson [M] proposed to go back to the Office text and introduce an amendment to add “, sustainable economic growth and structural transformation”, after “Any sustainable strategy to promote living wages should go beyond the realm of wage-setting mechanisms alone and include a broader consideration of factors”, which was supported by the Workers’ and Government groups.
448. The Worker Vice-Chairperson [M] introduced a subamendment to add “with the aim” after the amendment from the Employers’ group and before “to raise productivity”, which was supported by the Employer and Government Vice-Chairpersons [M/F]. He also proposed amendments to replace “where” with “through” and to replace “and social dialogue” with “, including collective bargaining”.
449. The Government Vice-Chairperson [F] did not support the subamendment to replace “and social dialogue” with “, including collective bargaining”, and that proposal was then withdrawn by the Worker Vice-Chairperson [M].
450. Consideration was given to including punctuation to make the sentences more readable. All parties supported adding “, such as” after “a broader consideration of factors”; adding a full stop after “to raise productivity”; and starting the next sentence with “It should also”.
451. The Employer and Government Vice-Chairpersons [M/F] supported replacing “where” with “through”, adding “market” between “labour” and “institutions”, and deleting “exist”.
452. Paragraph 14 was adopted as amended.

Paragraph 15²⁰

The operationalization of the concept of a living wage within the broader wage-setting process should be evidence-based and take into account the ILO key principles of wage-setting processes already mentioned, in particular:

453. The Government Vice-Chairperson [F] introduced an amendment to delete “the concept of” from the first sentence.
454. The Worker Vice-Chairperson [M] supported the amendment.
455. The Employer Vice-Chairperson [M] did not support the amendment, which was withdrawn by the Government Vice-Chairperson [F].
456. The Worker Vice-Chairperson [M] reintroduced the amendment to delete “the concept of”, but subsequently withdrew it.
457. The chapeau of paragraph 15 was adopted without amendments.

Subparagraph (a)

Considering the needs of workers and their families and economic factors in wage-setting processes. The needs of workers and their families and economic factors are the two pillars of wage-setting processes. Living wage estimates should follow the principles or requirements identified earlier and should be used alongside information on economic factors.

458. Subparagraph (a) was adopted without amendments.

²⁰ This paragraph corresponds to paragraph 13 of the adopted conclusions.

Subparagraph (b)

Strengthening and empowering national wage-setting institutions and social dialogue. This includes strengthening the capacity of national wage-setting institutions and the ability of social partners to bargain collectively on wage issues and to participate in tripartite social dialogue on wages. Collective bargaining can take place at different levels and can include different elements such as wage payment systems, wage structure, or wage composition.

- 459. The Worker Vice-Chairperson [M] introduced amendments to the first sentence to add “social dialogue” after “Strengthening” and to remove “and social dialogue” and replace it with “, particularly collective bargaining”. He also proposed to add “minimum” in front of “wages” at the end of the second sentence.
- 460. The Employer Vice-Chairperson [M] introduced an amendment to delete “national” from the first and second sentences to allow for more inclusive language.
- 461. The Government Vice-Chairperson [F] introduced an amendment to replace “and” after “to bargain collectively on wage issues” with “and/or”.
- 462. The Employer Vice-Chairperson [M] supported the inclusion of “social dialogue”, but did not support the inclusion of “, particularly collective bargaining” or the inclusion of the word “minimum”. He also did not support replacing “and” with “and/or”.
- 463. The Worker Vice-Chairperson [M] insisted that collective bargaining was a key wage setting institution mechanism. There was a need to include “minimum” before “wages”, as tripartite social dialogue was applicable only to minimum wages. If the inclusion of “minimum” was accepted, the Worker’s group could support the proposal to include “and/or”.
- 464. The Deputy to the Secretary-General of the Meeting [M] suggested not to include “minimum”, as this was about strengthening institutions on wages in general.
- 465. The Worker Vice-Chairperson [M] introduced a subamendment to end the sentence after “tripartite social dialogue”.
- 466. The Assistant Director-General of the ILO [F] stated that the discussion on living wages needed to be contextualized and that part of the reason why the conversation was happening was that minimum wages were not always satisfactory and wage bargaining was not always capable of delivering fair and adequate wages. Having social dialogue not with a view of determining a living wage but rather to gain a better understanding of the articulation between living wages and other wages was part of the conversation and the intention of the subparagraph.
- 467. The Government Vice-Chairperson [F] supported the amendments proposed by the Workers’ group to add “social dialogue”, to include “, particularly collective bargaining”, and to include “minimum” before wages. She also expressed that for several countries the addition of “and/or” was important.
- 468. The Government and the Worker Vice-Chairpersons [M/F] supported the deletion of “national” in both sentences.
- 469. The Employer Vice-Chairperson [M] supported the amendment to add “social dialogue” after “Strengthening” and to replace “and social dialogue” with “particularly collective bargaining”.

- 470. The Worker Vice-Chairperson [M] withdrew the subamendment to add “minimum” and introduced an amendment to replace “wages” with “wage policies” at the end of the second sentence, which was supported by the other parties.
- 471. The Employer and Worker Vice-Chairpersons [M] supported the use of “and/or”.
- 472. Subparagraph (b) was adopted as amended.

Subparagraph (c)

Promoting convergence plans between minimum wages and living wages: In many countries, there is a gap between minimum wages and living wages. Living wages should be a pre-requisite for minimum wages. Therefore, negotiations of minimum wages should be driven by the aim of realistic and gradual convergence towards a living wage, taking into account national circumstances and economic factors.

- 473. The Employer Vice-Chairperson [M] introduced three amendments. First, to replace “convergence plans” in the first sentence with “coherence”. Second, to replace the second sentence with “Well functioning minimum wage-setting systems are needed to promote coherence between minimum wages and living wage estimates. Minimum wage-setting systems should be strengthened in line with Convention No. 131.” Third, to replace “driven by the aim of realistic and gradual convergence towards a living wage” with “coherent”.
- 474. The Worker Vice-Chairperson [M] introduced an amendment to the first sentence: to add “upward” so the text reads as “promoting upward convergence” and likewise to add “upward” in the third sentence for it to read as “gradual upward convergence”.
- 475. The Government Vice-Chairperson [F] introduced an amendment to the first sentence calling for the deletion of “plans between” and changing the next part to “of statutory minimum wages towards living wages”. She introduced an amendment for the text after the colon to read: “In countries, where living wage estimates exist, there is a big gap between minimum wages and living wage estimates.” Finally, she introduced amendments to replace “pre-requisite” in the third sentence with “an aspiration”, and to change “minimum wages” to “statutory minimum wages” in the fourth sentence.
- 476. Responding to the Employers’ claim that convergence between minimum and living wages would undermine social dialogue, the Worker Vice-Chairperson [M] explained that this was not the case. Once the two converged, the role of collective bargaining would be to negotiate higher minimum wages. Moreover, he noted that living wages were a moving target and recognized the role of economic factors in determining the speed at which minimum and living wages would converge.
- 477. The Government Vice-Chairperson [F] supported the Worker Vice-Chairperson’s [M] call to add the word “upward” to the first and third sentences, but did not support the Employer Vice-Chairperson’s [M] call to use “coherence” instead of “convergence”. She withdrew the amendment to include “statutory”, and supported the amendment to add “Minimum wage-setting systems should be strengthened in line with Convention No. 131”.
- 478. Regarding the term “convergence”, the Worker Vice-Chairperson [M] stated that, unlike “coherence”, it referred to a process. He introduced a subamendment to use “upward harmonization”, which referred to a process, direction, and the goal.
- 479. The Employer Vice-Chairperson [M] did not support the subamendment.

480. Following consultations, the Employer Vice-Chairperson [M] presented a text agreed by all groups: “Promoting incremental progression from minimum wages to living wages: Living wages should be achieved through negotiations of minimum wage-setting processes, taking into account national circumstances and economic factors. Minimum wage-setting systems should be strengthened in line with Convention No. 131.”
481. The Worker Vice-Chairperson [M] declared that the text presented was not the final version that had been negotiated. He introduced a subamendment to add the word “either” before “through negotiations of minimum wage-setting processes” and then continued by adding “or through collective bargaining”.
482. The Employer Vice-Chairperson [M] introduced a subamendment for the wording in this paragraph to be “Living wages should be achieved through the wage-setting process in line with ILO principles on wage setting, ...”.
483. The Worker Vice-Chairperson [M] did not support this subamendment, and introduced a further subamendment to add “statutory” before “minimum wage-setting processes”.
484. The Employer Vice-Chairperson [M] introduced a further subamendment for the sentence to read “Living wages should be achieved through the wage-setting process in line with ILO principles, either through the negotiation of statutory minimum wages or collective bargaining, ...”.
485. The Government and Workers’ group [F] supported the subamendment.
486. Consideration was given to replacing “the wage-setting process” with “wage-setting processes”, which was supported by all groups.
487. The Employer Vice-Chairperson [M] introduced a subamendment to add “on wage setting” after “ILO principles”, which was supported by the Worker and Government Vice-Chairpersons [M/F].
488. Subparagraph (c) was adopted as amended.

Subparagraph (d)

Ensuring national and/or local ownership. The operationalization of living wages should be a process anchored at national level. National ownership, with participation of social partners, is required for successful implementation. This should ensure that national and local circumstances are considered.

489. The Government Vice-Chairperson [F] introduced an amendment to add “and local” to the third sentence, for it to read “National and local ownership”.
490. The Employer and Worker Vice-Chairpersons [M] supported the amendment.
491. Subparagraph (d) was adopted as amended.

Subparagraph (e)

Ensuring gender equality and non-discrimination: The operationalization of living wages should aim to close gender pay gaps and end wage discrimination, taking as a basis the principle of equal pay for work of equal value.

492. Subparagraph (e) was adopted without amendments.

Subparagraph (f)

Using data and statistics for an evidence-based approach. Information and data are needed to support social dialogue and the operationalization of living wages. Information and data on economic factors, labour market characteristics, sectoral context and enterprise performance are needed for an evidence-based wage-setting process and periodic living wage adjustments.

493. The Worker Vice-Chairperson [M] introduced an amendment to insert “official” before “data” in the first sentence. For the second sentence he introduced an amendment to replace “social dialogue” with “wage-setting institutions”, noting that the reason to collect data was to support wage-setting institutions, which was beyond social dialogue. For the third sentence he introduced an amendment to add “including purchasing practices and pricing,” after “economic factors,”.
494. Responding to a query from the Employer Vice-Chairperson [M] on what constituted official data, the Worker Vice-Chairperson [M] stated that “official data” referred to officially justified data, such as national statistics, and it included data from social partners.
495. The Employer Vice-Chairperson [M] supported the addition of “official” and the use of “wage-setting institutions” instead of “social dialogue”. He did not support the addition of “including purchasing practices and prices”, as the topic had been covered earlier in the text.
496. Consideration was given to replacing “official” with “robust and reliable”, as the reference to official data was very restrictive and official data were in some cases available only every few years. The three groups supported this subamendment.
497. The Government Vice-Chairperson [F] supported the replacement of “social dialogue” with “wage-setting institution” and the inclusion of “, including purchasing practices and prices”.
498. The Worker Vice-Chairperson [M] withdrew the proposal to include “, including purchasing practices and prices”.
499. Subparagraph (f) was adopted as amended.

Subparagraph (g)

Taking into account the root causes and challenges of low pay. Low productivity, informality and exclusion of certain categories of workers from legal coverage contribute inter alia to low pay. Creating an enabling environment for sustainable enterprises, as well as measures to raise productivity, is key to supporting employers to increase wages. Furthermore, efforts to operationalize living wages need to be accompanied by measures to encourage formalization, in line with the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204).

500. The Employer Vice-Chairperson [M] introduced two amendments to the third sentence: to add “allowing sustainable wage growth and” after “is key to”, and to replace “employers to increase wages” with “the payment of higher wages”.
501. The Worker Vice-Chairperson [M] introduced an amendment after “taking into account the root causes and challenges of low pay” to add “as unfair distribution of value, limited technological adoption, low total factor productivity, informality, weak institutions and compliance systems, anti-competitive practices, and power imbalances”. He introduced a further amendment to delete “Low

productivity, informality and” and to replace it with “This also requires the extension of labour protection to redress the”. Contextually, “contribute inter alia to low pay” should be removed.

502. The Government Vice-Chairperson [F] supported all amendments.
503. The Employer Vice-Chairperson [M] did not support the amendments put forward by the Worker Vice-Chairperson [M], stating that the original wording was clear and straightforward.
504. The Worker Vice-Chairperson [M] did not support the Employer Vice-Chairperson’s proposed amendment of replacing “employers to increase wages” with “the payment of higher wages”, as the new formulation did not clearly address the responsibility of employers.
505. The Government Vice-Chairperson [F] introduced the following subamendments: to add “such as” after “Challenges of low pay”, to delete “limited technological adoption”, and to delete “anti-competitive practices, and power imbalances”. With these amendments the sentence was supported by the Employer and Worker Vice-Chairpersons [M].
506. The Employer Vice-Chairperson [M] introduced a subamendment in the second sentence to use the wording of the ILC resolution concerning the second recurrent discussion on labour protection and to rephrase it as “This also requires extending access to labour protection to all workers”.
507. The Worker Vice-Chairperson [M] did not support the subamendment, as they wanted to address the challenges of low pay in this paragraph. As highlighted in the background report, 18 per cent of countries do not legally cover agricultural workers or domestic workers or both. It was important to address the key exclusions, either through extension of access to labour protection or by changing the workers’ legal status through the labour code. He introduced a subamendment to the subamendment of the Employers’ group to add “to redress the exclusion of certain categories of workers from legal coverage” after “all workers”.
508. The Employer Vice-Chairperson [M] claimed that the background report referred to extending minimum wage coverage. Labour protection was something else and required wording from the ILC resolution concerning the second recurrent discussion on labour protection²¹. He introduced a subamendment for the second sentence to read “This also requires extending the coverage of minimum wage systems to all workers to redress...”.
509. The Worker Vice-Chairperson [M] and Government Vice-Chairperson [F] supported the subamendment.
510. The Worker Vice-Chairperson [M] supported the amendment of adding “allowing sustainable wage growth and” and replacing “employers to increase wages” with “the payment of higher wages”.
511. Subparagraph (g) was adopted as amended.

Subparagraph (g bis)

512. The Government Vice-Chairperson [F] introduced an amendment to add a new subparagraph after subparagraph (g) that should read: “Raising awareness of living wages. Clear communication of living wage levels and how they are set, broad, inclusive collaboration in the development, implementation and monitoring of living wage frameworks.” This was introduced based on concerns that governments did not have sufficient information on living wages.

²¹ ILO, [ILC.111/Resolution IV](#).

513. The Employer Vice-Chairperson [M] did not support the amendment, as it was not the role of the Office to promote estimates from private initiatives.
514. The Government Vice-Chairperson [F] withdrew the amendment.

Subparagraph (h)

The role of the State. Governments need to invest in the quality and delivery of public services, including health, education, and infrastructure, in order to reduce the burden of these costs on workers and employers. Furthermore, strengthening compliance systems, including labour inspectorates, is key to ensuring that workers receive the wages to which they are entitled.

515. The Employer Vice-Chairperson [M] introduced two amendments: to add “and responsibility” after “role” in the first sentence; and to add “social protection” in the second sentence so it reads as “... health, education, social protection and infrastructure ...”.
516. The Worker Vice-Chairperson [M] introduced an amendment to delete the subparagraph, as the role of the State in providing public services should not be mixed with the operationalization of living wages. The provision of public services by the State is a process funded by sources that are not necessarily linked to wages, and it is a redistribution issue that affects policies more generally, not only wage policies.
517. The Government Vice-Chairperson [F] introduced amendments to the first and third sentences: in the first sentence to add “Recognizing” at the beginning; and in the third sentence to replace “including” with “such as” and to add “and other relevant authorities,” after “labour inspectorates”. She did not support the amendment of adding “and responsibility”, but supported the addition of “social protection”.
518. The Employer Vice-Chairperson [M] did not support the deletion of the subparagraph as proposed by the Workers’ group. He supported the amendments to include “Recognizing”, to replace “including” with “such as”, and to add “and other relevant authorities,”.
519. The Worker Vice-Chairperson [M] withdrew the amendment to delete the second part of the subparagraph regarding the need to strengthen labour inspectorate; and he supported the amendments to replace “including” with “such as” and to add “and other relevant authorities,”. Regarding the second sentence, however, he indicated that the choice of wording was poor, as the provision of public services by the Government was an obligation and was not aimed at reducing “the burden of these costs on workers and employers”. Public services were funded through taxes and social security contributions paid by workers and employers.
520. The Employer Vice-Chairperson [M] indicated that the background report was clear on the fact that if there was poor provision of public services the estimations of the needs of workers and their families would be affected. He also questioned the direct link between taxes and provision of services in the context of living wages, as the living wages were for the lowest tier workers who probably paid little to no taxes.
521. The Worker Vice-Chairperson [M] rebutted that in some countries living wages were several times higher than the minimum wage and the argument that only the working poor would receive them was not true. If this consideration on the role of State was included, it would disincentivize the provision of public services, as higher levels of taxes and better provision of public services would result in lower estimates of the living wage.

- 522. The Employer Vice-Chairperson [M] indicated that large gaps between minimum and living wages were an indication of minimum wage-setting systems that were not working properly, and countries that suffered from this problem were also those where there was a lack of public services provision.
- 523. The Worker Vice-Chairperson [M] indicated that public services were paid by taxes, and hence the cost was not zero, and that this should be accounted for in calculating living wages.
- 524. The Government Vice-Chairperson [F] introduced a subamendment to replace “in order to reduce the burden of these costs on workers and employers” with “to contribute to realizing a decent standard of living”.
- 525. The Employer and the Worker Vice-Chairpersons [M] supported the subamendment. The Worker Vice-Chairperson [M] also supported the Employers’ group’s amendment to add “social protection” to the second sentence, as well as the amendments proposed by the Government group.
- 526. The Employer Vice-Chairperson [M] withdrew the amendment to include “and responsibility”, which had not been supported by the Government group.
- 527. Subparagraph (h) was adopted as amended.

VI. Recommendations for future actions by the Office

- 528. The Employer Vice-Chairperson [M] introduced an amendment to the title to delete “by the Office”, but this was not supported and hence was withdrawn.
- 529. The title of Section VI was adopted without amendments.

Paragraph 16²²

The Office will continue to strengthen wage-setting processes by:

- 530. The Government Vice-Chairperson [F] proposed an amendment to add “provide support toward” after “continue to” and replace “strengthen” with “strengthening”.
- 531. The Worker and the Employer Vice-Chairpersons [M/M] supported the amendment.
- 532. The chapeau of Paragraph 16 was adopted as amended.

Subparagraph (a)

promoting the ratification and implementation of all relevant Conventions and international labour standards;

- 533. The Employer Vice-Chairperson [M] introduced an amendment to remove “all” and add “up-to-date” before “Conventions”.
- 534. The Worker Vice-Chairperson [M] did not support the amendment.
- 535. The Assistant Director-General of the ILO [F] clarified that the Office had the mandate to promote all Conventions that were not outdated, including those with interim status. Given that a final decision had not been made on those, the Office still had to monitor application and provide assistance.

²² This paragraph corresponds to paragraph 14 of the adopted conclusions.

- 536. Based on the Office's explanation, the expert from the Government of the United States [M] did not support the addition of "up-to-date".
- 537. The Employer Vice-Chairperson [M] introduced a subamendment to add "particularly" before "relevant up-to-date Conventions", noting that in sectoral meetings and in the ILO Centenary Declaration reference is made to "up-to-date Conventions".
- 538. The expert from the Government of the United States [M] introduced a subamendment to add "in accordance with the Office's practices" between "promoting" and "the ratification".
- 539. The Employer Vice-Chairperson [M] supported the subamendment, but introduced a further subamendment to use "mandate" instead of "practices".
- 540. The Worker Vice-Chairperson [M] did not support the subamendment introduced by the expert from the Government of the United States [M].
- 541. The Employer Vice-Chairperson [M] withdrew his amendment.
- 542. Subparagraph (a) was adopted without amendments.

Subparagraph (b)

strengthening wage-setting institutions, including minimum wage fixing, through more effective social dialogue and collective bargaining;

- 543. The Employer Vice-Chairperson [M] introduced an amendment to replace "and collective bargaining" with ", including voluntary collective bargaining".
- 544. The Government Vice-Chairperson [F] introduced an amendment to add at the beginning of the sentence "providing technical assistance to tripartite constituents on", and then to change the "and" in "social dialogue and collective bargaining" to "and/or".
- 545. The Worker Vice-Chairperson [M] indicated that social dialogue and tripartite social dialogue were being used interchangeably and requested clarity from the Office on which was correct.
- 546. An expert from the Office [M] stated that tripartite social dialogue was associated with minimum wage fixing. Some other forms of social dialogue may exist, for example, in wage protection, but this was not covered here.
- 547. The Worker Vice-Chairperson [M] requested the Office to check that all the language used throughout the conclusions reflected this explanation.
- 548. The Worker and the Employer Vice-Chairpersons [M] supported the amendment to replace "and" with "and/or".
- 549. The Worker Vice-Chairperson [M] supported the amendment to add "Providing technical assistance to tripartite constituents on". He did not support the amendment to replace "and collective bargaining" with ", including voluntary collective bargaining".
- 550. The Employer Vice-Chairperson [M] supported the addition of "Providing technical assistance to tripartite constituents on", but introduced a subamendment to replace "on strengthening" with "to strengthen", which was supported by the Worker and the Government Vice-Chairpersons [M/F].
- 551. Answering a question from the Government Vice-Chairperson [F] about the appropriateness of the term "voluntary" in connection with collective bargaining, an expert from the Office [M] explained

that there was a need for balance between the voluntary nature of collective bargaining and the obligation of Member States to respect, promote and realize it as a fundamental principle.

- 552. The Government Vice-Chairperson [F] did not support the addition of “voluntary”.
- 553. Reflecting a clarification provided by the Office, consideration was given to including “tripartite” before “social dialogue” throughout the text of the conclusions.
- 554. The Employer Vice-Chairperson [M] introduced subamendments to delete “voluntary” and “tripartite”. With these subamendments the Workers’ and the Government group supported the subparagraph.
- 555. Subparagraph (b) was adopted as amended.

Subparagraph (c)

producing guidelines covering a review of policies and wage-setting processes;

- 556. The Worker Vice-Chairperson [M] introduced an amendment to add “, including upward convergence between minimum and living wages” at the end of the sentence.
- 557. The Government Vice-Chairperson [F] introduced an amendment to replace “producing guidelines covering” with “providing guidance on”.
- 558. The Employer Vice-Chairperson [M] supported the Government group’s amendment but not the Workers’ group’s insertion.
- 559. The Worker Vice-Chairperson [M] introduced a subamendment to replace “guidance” with “guidelines” in the Government group’s amendment.
- 560. The Assistant Director-General of the ILO [F] clarified that the Office “produces guidelines to provide guidance” to constituents.
- 561. The Government Vice-Chairperson [F] withdrew the amendment. She supported the amendment to add “, including upward convergence between minimum and living wages”.
- 562. The expert from the Government of the United States [M] proposed a subamendment to replace “upward convergence” with “towards coherence”.
- 563. The Worker Vice-Chairperson [M] introduced a subamendment to replace “, including upward convergence between minimum and living wages” with “, including through incremental progression from minimum to living wages”, which was not supported by the Employer Vice-Chairperson [M].
- 564. The Worker Vice-Chairperson [M] withdrew his amendment.
- 565. Subparagraph (c) was adopted without amendments.

Subparagraph (d)

assisting governments in gathering data and information for evidence-based bargaining and make it available to social partners, in line with the Collective Bargaining Recommendation, 1981 (No. 163) and the ILO integrated strategy for the promotion and implementation of the right to collective bargaining recently endorsed by the Governing Body;

- 566. The Employer Vice-Chairperson [M] introduced an amendment to delete everything after “evidence-based” and replace it with “wage setting and meaningful collective bargaining”.
- 567. The Worker Vice-Chairperson [M] introduced an amendment to replace the last part of the sentence starting from “and make it available...” with “in line with relevant international labour standards and the ILO integrated strategy for the promotion and implementation of the right to collective bargaining recently endorsed by the Governing Body and make it available to social partners”.
- 568. The Worker Vice-Chairperson [M] supported part of the Employers’ group proposal, namely, to add “wage setting and collective bargaining”.
- 569. The Employer Vice-Chairperson [M] supported the subamendment of and replacing the last part of the sentence with the text proposed by the Workers’ group.
- 570. The Government Vice-Chairperson [F] supported the amendment to add “wage setting and collective bargaining” as subamended by the Workers’ group, and also supported the replacement of the last part of the sentence.
- 571. Subparagraph (d) was adopted as amended.

Subparagraph (e)

developing a methodology to assess economic factors for wage setting, including a compendium of such factors;

- 572. The Government Vice-Chairperson [F] introduced an amendment to add “, including purchasing practices in supply chains” after “such factors”.
- 573. The Worker Vice-Chairperson [M] introduced two amendments: first, to delete “methodology to assess” and replace it with “compendium on”; and second, to replace “a compendium” with “macroeconomic, microeconomic, employment, welfare, equity and fiscal factors and purchasing and pricing practices”.
- 574. The Government Vice-Chairperson [F] proposed a new formulation for subparagraph (e), which would read: “developing an assessment framework for wage setting taking into consideration ILO Convention 131, including various economic factors, such as the requirements of economic development, levels of productivity, the desirability of acquiring and maintain a high level of employment, economic sustainability of enterprises, industry-specific factors, macroeconomic conditions, and labour market conditions, including levels of informality”.
- 575. The Worker and Employer Vice-Chairpersons [M] supported the new text proposed by the Government group.
- 576. Subparagraph (e) was adopted as amended.

Subparagraph (e bis)

577. The Employer Vice-Chairperson [M] introduced an amendment to add a new subparagraph after 16 (e), which should read “building on the recent ILO Strategy on Decent Work in Supply Chains, promoting the uptake of the principles of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.”
578. The Worker and Government Vice-Chairpersons [M/F] supported the amendment.
579. Subparagraph (e bis) was adopted as amended.

Subparagraph (f)

producing a guidance document for employers for wage-setting processes; and

580. The Worker Vice-Chairperson [M] introduced an amendment to add “and for workers” after “for employers”.
581. The Employer Vice-Chairperson [M] and the Government Vice-Chairperson [F] supported the amendment.

Subparagraph (g)

providing capacity-building and technical assistance to constituents on wage setting.

582. The Government vice-Chairperson [F] introduced an amendment to delete the subparagraph, as it was a repetition.
583. An expert from the Office [F] indicated that producing a document providing guidance to constituents on wage setting was different from training and capacity-building.
584. The Government Vice-Chairperson [F] proposed a subamendment to merge subparagraph 16(g) with subparagraph 16(f).
585. The Employer and Worker Vice-Chairpersons [M] supported the subamendment.
586. Subparagraph (g) was merged with subparagraph (f) and was adopted as amended.

Paragraph 17²³

The Office will engage in a set of activities related to living wages, by:

587. The Government Vice-Chairperson [F] introduced amendments to replace “engage in” with “carry out”, which was supported by the Employer and Worker Vice-Chairpersons [M], and add “on the basis of para. 5” at the end of the sentence, which was not supported by the Employer and Worker Vice-Chairpersons [M].
588. The Government Vice-Chairperson [F] withdrew the amendment to add “on the basis of para. 5.”.
589. The chapeau of paragraph 17 was adopted as amended.

²³ This paragraph corresponds to paragraph 15 of the adopted conclusions.

Subparagraph (a)

raising awareness on living wage, including as information to be used for wage-setting processes and institutions;

- 590. The Worker Vice-Chairperson [M] introduced an amendment to add “guidance in relation to its use” before “for wage-setting processes” and to remove “as information to be used”.
- 591. The Employer Vice-Chairperson [M] did not support the amendments as guidance on living wages was dealt with in other sections and the subparagraph should focus on awareness-raising.
- 592. The Worker Vice-Chairperson [M] introduced a subamendment to remove “guidance” and add “provision of information”.
- 593. The Government Vice-Chairperson [F] supported the text as subamended.
- 594. The Employer Vice-Chairperson [M] introduced a further subamendment to add “through guidance and information” after “including” and remove the rest of the text.
- 595. The Worker and Government Vice-Chairpersons [M/F] supported the subamendment.
- 596. Subparagraph (a) was adopted as amended.

Subparagraph (b)

promoting convergence of living wage initiatives to ILO principles based on interaction and coordination;

- 597. The Worker Vice-Chairperson [M] introduced an amendment to merge subparagraphs 17(b) and 17(e), and to replace “convergence” with “alignment”, to differentiate it from the convergence of minimum and living wages.
- 598. The Government Vice-Chairperson [F] introduced amendments to replace “to” with “with” before “ILO” and to delete “based on interaction and coordination”.
- 599. The Employer Vice-Chairperson [M] did not support merging the subparagraphs, as subparagraph (b) should focus on “promoting alignment of living wage initiatives with ILO principles” only.
- 600. The Government Vice-Chairperson [F] withdrew her previous amendments and proposed a new formulation for the subparagraph, which should read: “engaging with living wage initiatives to promote alignment of living wage initiatives with ILO principles”.
- 601. The Worker Vice-Chairperson [M] supported the new amendment and withdrew their amendment to merge the subparagraphs.
- 602. The expert from the Government of the United States [M] introduced a subamendment to the Government group’s amendment to replace “alignment of living wage initiatives with ILO principles” with “alignment with ILO living wage principles”.
- 603. The Employer and Worker Vice-Chairpersons [M] supported the subamendment introduced by the expert from the Government of the United States [M].
- 604. Subparagraph (b) was adopted as amended.

Subparagraph (c)

providing, upon request, technical assistance to constituents on the methodology developed by the ILO to estimate the needs of workers and their families. This methodology is multidimensional and estimates separately, based on local prices, the cost of five components: food, housing, health and education and a fifth category comprising other goods and services that are essential. While the estimation of food and housing needs to draw from international standards, health and education are estimated following a relative approach anchored on the national or regional expenditure patterns. The methodology, which has been tested in various countries, has the advantage of being transparent, of using data from national statistical offices and of being easily adaptable to specific regional and country circumstances;

605. The Employer Vice-Chairperson [M] introduced an amendment to delete everything after the first sentence.
606. The Worker Vice-Chairperson [M] indicated that the sentence starting with “This methodology” should be aligned with paragraph 9, and introduced an amendment to add “Regularly reporting to the Governing Body on the developments of the implementation of the methodology” at the end of the subparagraph.
607. The Government Vice-Chairperson [F] supported the amendment of the Employers’ group regarding the deletion. She introduced an amendment to add “for the purpose of living wage” after the word “families” at the end of the first sentence, which was supported by the Worker and Employer Vice-Chairpersons [M]
608. The Worker Vice-Chairperson [M] supported the deletion of the last part of the paragraph. He introduced a subamendment to add a new sentence at the end of the subparagraph, which read: “The Office should report to the Governing Body on the developments of the implementation of the methodology of living wages”. The Employer Vice-Chairperson [M] did not support the Office reporting to the Governing Body.
609. The Government Vice-Chairperson [F] said that she had a suggestion for a new subparagraph, which might be the adequate place to address the concerns on reporting to the Governing Body. She introduced a subamendment to add a new subparagraph after (c) (subparagraph (c bis)), which should read: “reviewing the ILO methodology to estimate the needs of workers and their families to align it with the principles of living wage and regular reporting to the Governing Body on the developments of the implementation of the methodology of living wages”.
610. The Worker Vice-Chairperson [M] questioned the need to revise the methodology, since they considered that it was aligned with the agreed principles.
611. An expert from the Office [M] considered the ILO methodology to be aligned, but also noted that it could benefit from a revision to ensure that it met and was compliant with those principles.
612. The Employer Vice-Chairperson [M] supported the proposal of the Government group concerning the review of the methodology, but disagreed on reporting to the Governing Body.
613. The Assistant Director-General of the ILO [F] indicated that the Governing Body would review the conclusions and outcomes of the meeting and would decide on the type of follow-up. Adding the subparagraph risked confining the reporting to the issue of the review of the methodology, while the Governing Body might decide on a broader reporting.

- 614. The Worker Vice-Chairperson [M] withdrew the proposal on the reporting to the Governing Body.
- 615. The Government Vice-Chairperson [F] proposed a subamendment to her own amendment to remove the text starting with “and regular reporting...”, which was supported by both the Employer and Worker Vice-Chairpersons [M].
- 616. Subparagraph (c) was adopted as amended.
- 617. Subparagraph (c bis) was adopted as amended.

Subparagraph (d)

developing a communication campaign on the agreed definition of a living wage, the ILO principles for wage setting and the ILO methodology for living wage setting. The ILO Helpdesk for Business on international labour standards could be used to reach out to enterprises, including multinational enterprises;

- 618. The Employer Vice-Chairperson [M] introduced amendments to replace “campaign” with “strategy” and to replace “could be used to reach out to enterprises, including multinational enterprises” with “can be a relevant tool for information in this regard”.
- 619. The Worker Vice-Chairperson [M] introduced an amendment to divide the subparagraph into two, as the first sentence referred to a campaign for the constituents, while the second sentence was specific to businesses using the Helpdesk.
- 620. The Employer Vice-Chairperson [M] did not support the amendment, as their own proposal characterized the ILO Helpdesk for Business on international labour standards as “a relevant tool and source of information in this regard”, which was directly linked to the first part of the subparagraph. The reason for their amendment was that the ILO Helpdesk for Business did not do active outreach to enterprises, but rather enterprises needed to go to it for information.
- 621. The Government Vice-Chairperson [F] introduced an amendment to replace the “agreed definition of a living wage” with “ILO living wage”, as what the three parties had agreed on was not a definition.
- 622. The Worker Vice-Chairperson [M] supported the amendments to replace “strategy” and to use “ILO living wage”. He withdrew the amendment to split the subparagraph.
- 623. The Employer Vice-Chairperson [M] did not support using “ILO living wage”, as it would be interpreted as the wage paid to ILO staff. He introduced a subamendment to refer to “ILO approach to living wages”.
- 624. The use of “ILO living wage” was considered problematic as it might lead to misinterpretations. Consideration was given to the wording “ILO and living wages”.
- 625. The Worker Vice-Chairperson [M] did not support using “ILO and living wages” or the “ILO approach to”.
- 626. The Employer Vice-Chairperson [M] introduced a subamendment to delete “the” and add an “s” to “wage” so that the text would read “developing a communication strategy on living wages”.
- 627. The Worker Vice-Chairperson [M] introduced a subamendment to put the term “the ILO living wage” in inverted commas, and suggested to refer to it throughout the document in this way. He said they had already negotiated the title and that going back on this would pose issues.

628. The Employer Vice-Chairperson [M] did not support the subamendment to insert “the ILO living wage” in inverted commas. Their proposal “developing a communication strategy on living wages” was perfect as it was clear about the role of the ILO.
629. The Worker Vice-Chairperson [M] indicated that the proposal of the Employers’ group could not be the solution, as questions would arise on which living wage initiatives the communication strategy should be on.
630. The Government Vice-Chairperson [F] supported the amendment of the Employers’ group, and said that it was clear that text was referring to what the ILO was doing, since the document was about the role of the ILO.
631. The Employer Vice-Chairperson [M] introduced a subamendment to add, after “developing a communication strategy”, “on the outcome of the meeting of experts ... with regard to ILO living wage principles and operationalization” to ensure that the goal of the strategy would be clear.
632. The Worker Vice-Chairperson [M] did not support the last subamendment proposed by the Employers’ group, but he did support the previous amendment proposed by the Employers’ group to use “developing a communication strategy on living wages”.
633. Subparagraph (d) was adopted as amended.

Subparagraph (e)

undertaking further research on living wages, compiling information about the different living wage initiatives, and sharing knowledge and lessons learned from living wage initiatives; and

634. The Employer Vice-Chairperson [M] introduced an amendment to add “trends and developments” after “living wages” and to remove the rest of the sentence. This was to give a general mandate to the Office and to avoid putting the Office in the position of having to comment on strengths and weaknesses of private living wage initiatives.
635. The Government Vice-Chairperson [F] introduced a subamendment to keep “and sharing knowledge and lessons learned from living wage initiatives”, as this remained an important goal.
636. The Worker Vice-Chairperson [M] supported the text as subamended by the Government group.
637. The Employer Vice-Chairperson [M] introduced a subamendment to delete “and lessons learned”.
638. The Assistant Director-General of the ILO [F] indicated that learning from other living wage initiatives was important and that would be covered by “lessons learned” without the need to restrict it to “lessons learned from living wage initiatives”.
639. The Government Vice-Chairperson [F] introduced a subamendment to delete “from living wage initiatives”, and the text as subamended was supported by the Employer and Worker Vice-Chairpersons [M].
640. Subparagraph (e) was adopted as amended.

Subparagraph (f)

promoting the outcome of the meeting in the multilateral system, and through partnerships with other UN bodies, including through the Global Coalition for Social Justice.

- 641. The Government Vice-Chairperson [F] introduced an amendment to add “within the ILO and” before “in the multilateral system”.
- 642. The Employer Vice-Chairperson [M] did not support the amendment.
- 643. The Worker Vice-Chairperson [M] supported the amendment.
- 644. The Government Vice-Chairperson [F] withdrew the amendment.
- 645. Subparagraph (f) was adopted without amendments.

Subparagraph (f bis)

The Government Vice-Chairperson [F] introduced an amendment to add a subparagraph after subparagraph (f) which should read “facilitating knowledge sharing and collaboration among countries and other stakeholders to support living wage implementation. This could include developing good practice guides, fostering peer learning opportunities, and providing platforms for social dialogue”, but subsequently withdrew it.

Paragraph 18²⁴

The Office will continue its activities to address the root causes of low pay and low purchasing power, notably by:

- 646. The Employer Vice-Chairperson [M] introduced an amendment to delete “and low purchasing power”.
- 647. The Worker Vice-Chairperson [M] introduced an amendment to delete “to address the root causes of low pay and low purchasing power”, which was supported by the Employer and Government Vice-Chairpersons [M/F].
- 648. The chapeau of paragraph 18 was adopted as amended.

Subparagraph (a)

offering technical assistance to constituents on skills development, productivity improvement, and strengthening an enabling environment for sustainable enterprises, as well as employment and macroeconomic policies for decent employment generation;

- 649. The Worker Vice-Chairperson [M] introduced an amendment to add “and social protection” after “employment”.
- 650. The Employer and Government Vice-Chairpersons [M/F] supported the amendment.
- 651. Subparagraph (a) was adopted as amended.

Subparagraph (b)

providing technical assistance to support transition to formality in line with Recommendation No. 204;

- 652. Subparagraph (b) was adopted without amendments.

²⁴ This paragraph corresponds to paragraph 16 of the adopted conclusions.

Subparagraph (c)

supporting constituents on data collection, including through labour force and establishments surveys;

653. Subparagraph (c) was adopted without amendments.

Subparagraph (d)

strengthening effectiveness of labour inspectorates to enhance compliance;

654. The Government Vice-Chairperson [F] introduced an amendment to include “and other relevant authorities” after “labour inspectorates”.

655. The Employer and Worker Vice-Chairpersons [M] supported the amendment.

656. Subparagraph (d) was adopted as amended.

Subparagraph (e)

supporting Members in the development and provision of affordable, accessible and quality public services.

657. The Government Vice-Chairperson [F] introduced an amendment to include “States” after “Members”.

658. The Employer and Worker Vice-Chairpersons [M] supported the amendment.

659. Subparagraph (e) was adopted as amended.

Appendix

660. The Worker Vice-Chairperson [M] indicated they were in favour of having an Appendix, and introduced an amendment to add the Collective Bargaining Convention, 1981 (No. 154).

661. The Employer Vice-Chairperson [M] was not convinced about the need for an Appendix, as the most relevant standards were already referred to in the text. If they were to keep the Appendix, they would introduce an amendment to replace “relevant” with “related” in the title of the Appendix and delete the word “Relevant” throughout the Appendix. He also introduced an amendment to include the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), and to clearly indicate those Conventions and Recommendations that had interim status²⁵. He supported the amendment to add the Collective Bargaining Convention, 1981 (No.154).

662. The Government Vice-Chairperson [F] supported having an Appendix.

663. The Government and Worker Vice-Chairpersons [F/M] supported all of the Employers’ group’s amendments.

664. The Appendix was adopted as amended.

²⁵ Namely the Minimum Wage-Fixing Machinery Convention, 1928 (No. 26), the Minimum Wage-Fixing Machinery Recommendation, 1928 (No. 30), and the Minimum Wage-Fixing Machinery (Agriculture) Recommendation, 1951 (No. 89).

► Closing remarks

- 665.** The Employer Vice-Chairperson [M] thanked the Office for their support, the Chairperson for her guidance throughout the discussion and the Workers' and Government groups for their collaboration.
- 666.** The Worker Vice-Chairperson [M] highlighted the historic step taken by the meeting of experts in reaching conclusion on living wages. He expressed gratitude to the members of his own group, to the Chairperson for her diplomatic but firm leadership and to the Employers' and Government groups.
- 667.** The Government Vice-Chairperson [F] thanked the Office for their work and support, the Chairperson for her guidance, and the members of her own group as well as the Employers' and Workers' groups. She expressed satisfaction with the outcome document and indicated that she was looking forward to continuing the cooperation with the ILO and others on the topic of living wages.
- 668.** The Chairperson [F] highlighted the pivotal role played by the three groups in reaching the meeting objective. Through constructive and collaborative discussions, they have been able to bring clarity to the concept of living wages. She expressed gratitude to the experts of the three groups as well as to the personnel of the Office. Everybody had been working to guarantee that living wages would become a reality for all workers.

► Annex 1

Meeting of experts on wage policies, including living wages

Geneva, 19–23 February 2024

Conclusions

1. Having met in Geneva on 19-23 February 2024, the meeting of experts on wage policies, including living wages, recalled that wage policies have been a central subject of the ILO since its creation in 1919 as reflected in its Constitution, several of its Declarations and international labour standards.
2. The preamble of the ILO Constitution calls for the provision of “an adequate living wage”. The Declaration of Philadelphia (1944) calls on the ILO to promote “policies in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection”. The ILO Centenary Declaration for the Future of Work (2019) states that “all workers should enjoy adequate protection in accordance with the Decent Work Agenda, taking into account ... an adequate minimum wage, statutory or negotiated”. The list of ILO international labour standards of general or sectoral application that are particularly relevant for wages are presented in the Appendix. While the ILO regulatory framework for wages is extensive, its effective implementation remains a challenge, including in supply chains.
3. Over the years, there have been positive trends in real wages. Globally, real wages have increased every year since 2006, until the decline in real wages in 2022 due to the sharp acceleration of price inflation. During this period, on average, real wages have increased more rapidly in developing countries than in high-income countries. Structural transformation and a comprehensive set of policy reforms have resulted in average productivity growth as a key factor enabling real wage increases. However, in many high-income countries, there has been a decoupling between productivity gains and wages and a declining labour income share in GDP. Millions of workers – in the formal and informal economy – across the world continue to earn very low wages and they are still living in poverty. Decent wages are central to economic and social development and essential in reducing poverty and inequality, as well as in ensuring a decent and dignified life and in advancing social justice.

I. Key institutions and ILO principles of wage setting

4. In accordance with international labour standards, wage-setting practices should be based on the following institutions and principles:

(a) **Collective bargaining and tripartite social dialogue:** Collective bargaining and/or statutory minimum wage fixing through tripartite social dialogue should be the proper modality for setting and adjusting wages. National practices vary widely. While in some countries tripartite social dialogue takes place mostly in statutory minimum wage systems, in others wage setting is carried out solely by social partners through collective bargaining. In most countries, statutory minimum wages and collective wage bargaining coexist.

- Collective bargaining, underpinned by freedom of association, is an important mechanism for determining wages. Good faith collective bargaining aimed at reaching mutually acceptable agreements can result in a more equitable distribution of economic growth. A strong and well-informed collective bargaining process requires that all social partners have access to the same information. Public and private employers should, at the request of workers' organizations, make available such information on the economic and social situation of the negotiating unit and the undertaking as a whole as is necessary for meaningful negotiations. Where the disclosure of some of this information could be prejudicial to the undertaking, its communication may be made conditional upon a commitment that it would be regarded as confidential to the extent required. The information to be made available may be agreed upon between the parties to collective bargaining such that their autonomy is respected and an enabling environment for collective bargaining is provided for. Collective bargaining coverage has declined in recent decades.
- Tripartite social dialogue is at the heart of an adequate statutory minimum wage system. Wage-setting processes through social dialogue should preserve and respect the autonomy and critical role of employers' and workers' organizations. Although a majority of ILO Member States set minimum wages only after consultation with employers' and workers' organizations, such consultations should be more effective.

(b) **Take into account the needs of workers and their families, and economic factors:** Both the needs of workers and their families and economic factors should be considered in setting wages. As provided in the Minimum Wage Fixing Convention, 1970 (No.131), which remains the norm for the establishment of minimum wage systems, the elements to be taken into account when determining minimum wages are:

- the needs of workers and their families, taking into account the general level of wages in the country, the cost of living, social security benefits, and the relative living standards of other groups;
- economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment.

(c) **Ensure gender equality and non-discrimination:** wage policies and wage-setting

mechanisms should promote gender equality, equity, and non-discrimination.

- (d) **Utilize robust data and statistics for an evidence-based approach:** Designing and implementing adequate wage policies require representative data, timely and reliable statistics and data analysis. Unfortunately, in many countries, national statistical offices are under-resourced and timely data is not available.
- (e) **Consider national circumstances and root causes of low pay.** There is no one-size-fits-all solution when it comes to wage-setting processes. There is also a need to tackle root causes of low pay.

II. The ILO living wage

5. In line with the ILO Constitution and the Philadelphia Declaration, and consistent with the spirit of the Universal Declaration of Human Rights (UDHR), the ILO denotes that the concept of the living wage is:
 - 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, as outlined below;
 - to be achieved through the wage-setting process in line with ILO principles on wage setting.
6. The "normal hours" of work refers to the time at the disposal of the employer within the legal working time determined by regulations and national practices. This definition excludes overtime.
7. The concept of a living wage is consistent with the spirit of Article 7 of the International Covenant on Economic, Social and Cultural Rights (The Covenant) where State Parties "recognize the right of everyone to the enjoyment of just and favourable conditions of work, which ensure, in particular: (a) [r]emuneration which provides all workers, as a minimum, with
 - (i) [f]air wages and equal remuneration for work of equal value without distinction of any kind, in particular women being guaranteed conditions of work not inferior to those enjoyed by men, with equal pay for equal work (ii) a decent living for themselves and their families in accordance with the provision of the present Covenant"; and also with that of Article 23 (para. 3) of the UDHR which recognizes "...the right to just and favourable remuneration ensuring for himself [the worker] and his[/her] family an existence worthy of human dignity...". The Covenant and the UDHR are internationally recognized human rights instruments. In line with the UN Guiding Principles on Business and Human Rights and the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (MNE Declaration), States have an obligation to protect human rights; and all enterprises, regardless of their size, sector, operational context, ownership and structure, should respect human rights throughout their operations.

III. Methodologies to estimate living wages

Principles that the estimation of living wages should follow:

8. Living wage estimates translate the living wage concept into a national monetary value. These estimates can contribute to and inform an evidence-based social dialogue for wage setting. Living wage methodologies should follow a number of principles:
 - (a) estimation of the needs of workers and their families through evidence-based methodologies;
 - (b) consultation with representative employers' and workers' organizations on living wage estimates and involvement of social partners throughout their development, with a view to ensuring national and/or local ownership;
 - (c) transparency, including details with regard to data sources and methods of processing, that are open to scrutiny, are comprehensive and replicable;
 - (d) robustness of the data in terms of representativeness and transparent data collection methods;
 - (e) timely public availability of the estimates, data and methodologies;
 - (f) specification on whether estimates are gross or net, namely whether items such as social security contributions are included or not;
 - (g) regular adjustments to consider changes in the cost of living and the patterns of consumption;
 - (h) quality control, including sound technical review, validation, as well as periodic review for continuous improvements;
 - (i) promotion of gender equality and non-discrimination;
 - (j) consideration of the regional or local context and socio-economic and cultural realities.

General considerations regarding methodologies

9. Methodologies to estimate living wages should be based on an identification and assessment of a basket of goods, using local prices of the costs of at least the following components: food, housing, health and education, and other necessary goods and services, in accordance with national circumstances. This basket should provide for a decent living standard of the worker and his/her family. For some elements in this basket, international standards are well-established and should be used. Furthermore, the methodology should be clear on the family size and the number of wage earners. Living wage estimates should be disaggregated by components and presented in various wage units, including hourly, monthly, quarterly and annual figures, and should be the result of robust empirical analysis of the population, including surveys and censuses, at country or regional level.

IV. Review of current living wage initiatives

10. In recent years, there has been a sharp increase in voluntary initiatives on living wages, including by multinational enterprises, individually or as part of a multi-stakeholder initiative. These initiatives present different degrees of advancement, and they have given significant visibility to the concept of a living wage. Many of these initiatives produce estimates that are above the existing legal minimum wage.

Consequently, in some cases, by paying a wage based on a living wage estimate, multinational enterprises have improved the living standard for some workers and their families. However, many of these initiatives do not yet take into account ILO principles of wage setting, particularly tripartite social dialogue and/or collective bargaining nor do they take into account other national institutions involved in such determination such as minimum wage commissions. Local context, and root causes of low pay, as well as economic factors are also not always considered, particularly in operationalizing living wages. Alignment of the living wage initiatives with the ILO principles of wage-setting processes is necessary.

V. The operationalization of living wages

11. The operationalization of living wages should not be a one-size-fits-all approach and should reflect local or regional differences within countries. Both tripartite and bipartite social dialogue, particularly collective bargaining, are crucial mechanisms to operationalize living wages. Social dialogue, including collective bargaining, contributes to the fair distribution of the gains generated through value-added along global supply chains.
12. Any sustainable strategy to promote living wages should go beyond the realm of wage-setting mechanisms alone and include a broader consideration of factors, such as sustainable economic growth and structural transformation, to raise productivity. It should also ensure that productivity growth results in wage growth – which is possible only through strong and effective labour market institutions and social dialogue.
13. The operationalization of the concept of a living wage within the broader wage-setting process should be evidence-based and take into account the ILO key principles of wage-setting processes already mentioned, in particular:
 - (a) **Considering the needs of workers and their families and economic factors in wage-setting processes.** The needs of workers and their families and economic factors are the two pillars of wage-setting processes. Living wage estimates should follow the principles or requirements identified earlier and should be used alongside information on economic factors.
 - (b) **Strengthening social dialogue and empowering wage-setting institutions, particularly collective bargaining.** This includes strengthening the capacity of wage-setting institutions and the ability of social partners to bargain collectively on wage issues and/or to participate in tripartite social dialogue on wage policies. Collective bargaining can take place at different levels and can include different elements such as wage payment systems, wage structure, or wage composition.
 - (c) **Promoting incremental progression from minimum wages to living wages.** Living wages should be achieved through wage-setting processes in line with ILO principles on wage-setting, either through the negotiation of statutory minimum wages or collective bargaining, taking into account national circumstances and economic factors. Minimum wage-setting systems should be strengthened in line with Convention No. 131.
 - (d) **Ensuring national and/or local ownership.** The operationalization of living wages should be a process anchored at national level. National and local ownership, with participation of social partners, is required for successful implementation. This should ensure that national and local circumstances are considered.
 - (e) **Ensuring gender equality and non-discrimination.** The operationalization of

living wages should aim to close gender pay gaps and end wage discrimination, taking as a basis the principle of equal pay for work of equal value.

- (f) ***Using robust and reliable data and statistics for an evidence-based approach.*** Information and data are needed to support wage-setting institutions and the operationalization of living wages. Information and data on economic factors, labour market characteristics, sectoral context and enterprise performance are needed for an evidence-based wage-setting process and periodic living wage adjustments.
- (g) ***Taking into account the root causes and challenges of low pay, such as unfair distribution of value, low total factor productivity, informality, weak institutions and compliance systems.*** This also requires extending the coverage of minimum wage systems to all workers to redress the exclusion of certain categories of workers from legal coverage. Creating an enabling environment for sustainable enterprises, as well as measures to raise productivity, are key to allowing sustainable wage growth and supporting the payment of higher wages. Furthermore, efforts to operationalize living wages need to be accompanied by measures to encourage formalization, in line with the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204).
- (h) ***Recognizing the role of the State.*** Governments should invest in the quality and delivery of public services, including health, education, social protection and infrastructure to contribute to realizing a decent standard of living. Furthermore, strengthening compliance systems, such as labour inspectorates and other relevant authorities, is key to ensuring that workers receive the wages to which they are entitled.

VI. Recommendations for future action by the Office

- 14. The Office should continue to provide support toward strengthening wage-setting processes by:
 - (a) promoting the ratification and implementation of all relevant Conventions and international labour standards;
 - (b) providing technical assistance to tripartite constituents to strengthen wage-setting institutions, including minimum wage fixing through more effective social dialogue, including collective bargaining;
 - (c) producing guidelines covering a review of policies and wage-setting processes;
 - (d) assisting governments in gathering data and information for evidence-based wage setting and meaningful collective bargaining in line with relevant international labour standards and the ILO integrated strategy for the promotion and implementation of the right to collective bargaining endorsed by the Governing Body at its 349th Session, and make it available to social partners.
 - (e) developing an assessment framework for wage setting taking into consideration Convention No. 131, including various economic factors, such as the requirements of economic development, levels of productivity, the desirability of acquiring and maintaining a high level of employment, economic sustainability of enterprises, industry- specific factors, macroeconomic conditions, and labour market conditions, including levels of informality;
 - (f) building on the ILO Strategy on Decent Work in Supply Chains endorsed by the

Governing Body at its 347th Session, promoting the uptake of the principles of the MNE Declaration;

- (g) producing guidance documents for employers and for workers for wage-setting processes and providing capacity building and technical assistance to constituents on wage setting.
- 15.** The Office should carry out a set of activities related to living wages by:
- (a) raising awareness on living wage, including through guidance and information;
 - (b) engaging with living wage initiatives to promote alignment with ILO living wage principles;
 - (c) providing, upon request, technical assistance to constituents on the methodology developed by the ILO to estimate the needs of workers and their families for the purpose of a living wage;
 - (d) reviewing the ILO methodology to estimate the needs of workers and their families to align it with the principles for estimating a living wage;
 - (e) developing a communication strategy on living wage, the ILO principles for wage setting and the ILO methodology for living wage setting. The ILO Helpdesk for Business on international labour standards can be a relevant tool and source of information in this regard;
 - (f) undertaking further research on living wage trends and developments, sharing knowledge and lessons learned; and
 - (g) promoting the outcome of the meeting in the multilateral system, and through partnerships with other UN bodies, including through the Global Coalition for Social Justice.
- 16.** The Office should continue its activities, notably by:
- (a) offering technical assistance to constituents on skills development, productivity improvement, and strengthening an enabling environment for sustainable enterprises, as well as employment, social protection and macroeconomic policies for decent employment generation;
 - (b) providing technical assistance to support transition to formality in line with Recommendation No. 204;
 - (c) supporting constituents on data collection, including through labour force and establishments surveys;
 - (d) strengthening the effectiveness of labour inspectorates and other relevant authorities to enhance compliance;
 - (e) supporting Member States in the development and provision of affordable, accessible and quality public services.

Appendix

Non-exhaustive list of international labour standards related to wage policies and wage setting

Conventions

Fundamental Conventions

- [Freedom of Association and Protection of the Right to Organise Convention, 1948 \(No. 87\)](#)
- [Right to Organise and Collective Bargaining Convention, 1949 \(No. 98\)](#)
- [Equal Remuneration Convention, 1951 \(No. 100\)](#)
- [Discrimination \(Employment and Occupation\) Convention, 1958 \(No. 111\)](#)

Governance Conventions

- [Labour Inspection Convention, 1947 \(No. 81\)](#)
- [Tripartite Consultation \(International Labour Standards\) Convention, 1976 \(No. 144\)](#)
- [Labour Inspection \(Agriculture\) Convention, 1969 \(No. 129\)](#)

Technical Conventions

- [Minimum Wage-Fixing Machinery Convention, 1928 \(No. 26\) \[SRM interim status\]](#)
- [Labour Clauses \(Public Contracts\) Convention, 1949 \(No. 94\)](#)
- [Protection of Wages Convention, 1949 \(No. 95\)](#)
- [Minimum Wage Fixing Machinery \(Agriculture\) Convention, 1951 \(No. 99\)](#)
- [Plantations Convention, 1958 \(No. 110\)](#)
- [Minimum Wage Fixing Convention, 1970 \(No. 131\)](#)
- [Labour Administration Convention, 1978 \(No. 150\)](#)
- [Labour Relations \(Public Service\) Convention, 1978 \(No. 151\)](#)
- [Collective Bargaining Convention, 1981 \(No. 154\)](#)
- [Protection of Workers' Claims \(Employers' Insolvency\) Convention, 1992 \(No. 173\)](#)
- [Part-Time Work Convention, 1994 \(No. 175\)](#)
- [Home Work Convention, 1996 \(No. 177\)](#)
- [Private Employment Agencies Convention, 1997 \(No. 181\)](#)
- [Maritime Labour Convention, 2006](#)
- [Work in Fishing Convention, 2007 \(No. 188\)](#)
- [Domestic Workers Convention, 2011 \(No. 189\)](#)

Recommendations

- [Minimum Wage-Fixing Machinery Recommendation, 1928 \(No. 30\) \[SRM interim status\]](#)
- [Protection of Wages Recommendation, 1949 \(No. 85\)](#)
- [Labour Clauses \(Public Contracts\) Recommendation, 1949 \(No. 84\)](#)
- [Minimum Wage-Fixing Machinery \(Agriculture\) Recommendation, 1951 \(No. 89\)](#)

[\[SRM interim status\]](#)

- [Plantations Recommendation, 1958 \(No. 110\)](#)
- [Minimum Wage Fixing Recommendation, 1970 \(No. 135\)](#)
- [Workers' Representatives Recommendation, 1971 \(No. 143\)](#)
- [Collective Bargaining Recommendation, 1981 \(No. 163\)](#)
- [Protection of Workers' Claims \(Employer's Insolvency\) Recommendation, 1992 \(No. 180\)](#)
- [Part-Time Work Recommendation, 1994 \(No. 182\)](#)
- [Home Work Recommendation, 1996 \(No. 184\)](#)
- [Transition from the Informal to the Formal Economy Recommendation, 2015 \(No. 204\)](#)

► Annex 2

Meeting of experts on wage policies, including living wages Geneva, 19 – 23 February 2024

Final list of participants

Chairperson

Ms Zaskia Nathalie CELY	Presidenta Ejecutiva, Centro de Competitividad e Innovación, Ecuador
-------------------------	--

Government experts and advisers

NETHERLANDS

Ms Charlotte BERNHARD <i>Vice-Chairperson of the Government group</i>	Senior Policy Advisor, Ministry of Foreign Affairs, The Hague
--	---

Adviser

Ms Helle Ekmann JENSEN	Senior Advisor, Ministry of Employment, Copenhagen
------------------------	--

BRAZIL

Ms Paula MONTAGNER	SubSecretária de Estadísticas e Estudos del Trabajo, Ministério de Trabajo e Empleo, Brasília
--------------------	---

Adviser

Mr Eduardo TEXEIRA SOUZA	Counsellor, Mission permanente du Brésil auprès de l'Office des Nations Unies à Genève et des autres organisations internationales en Genève, Genève
--------------------------	--

GABON

Mr Tanguy NZUE OBAME	Directeur des Relations Internationales, Ministère du Travail et de la Lutte contre le chômage, Libreville
----------------------	--

Adviser

Mr Ferdinand MANGONGO

Conseiller, Mission permanente de la République gabonaise auprès de l'Office des Nations Unies à Genève et des autres organisations internationales en Suisse, Genève

IRAN (ISLAMIC REPUBLIC OF)

Mr Ehsanollah
HASHEMINEJAD

Deputy of Work relation and Compensation Office, Ministry of Labour, cooperative and social welfare, Tehran

Adviser

Mr Gholamhossein
HOSSEININIA

Labour Counselor, Mission permanente de la République islamique d'Iran auprès de l'Office des Nations Unies et des autres organisations internationales à Genève, Genève

KAZAKHSTAN

Mr Baglan KASSENOV

Head of Division on wages, Department of Labour and Social Partnership, Ministry of Labour and Social Protection, Astana city

MOROCCO

Mr Larbi TABIT

Inspecteur du travail - Direction du travail, Ministère de l'Inclusion économique de la Petite entreprise de l'Emploi et des Compétences, Rabat

Adviser

Mr Ottman SAMSAME

Conseiller, Mission permanente du Royaume du Maroc auprès de l'Office des Nations Unies et des autres organisations internationales à Genève, Genève

PHILIPPINES

Mr Benedicto Ernesto R.
BITONIO, Jr

Undersecretary, Labor Relations, Policy and International Affairs, Department of Labor and Employment, Manila

Adviser

Ms Maria Criselda R. SY

Executive Director IV, National Wages and Productivity Commission, Department of Labor and Employment, Manila

UNITED STATES OF AMERICA

Mr Patrick OAKFORD

Principal Deputy Assistant Secretary of Labor for Policy, Department of Labor, Washington DC

Adviser

Ms Jennifer GOODYEAR

Labor Attaché, Mission permanente des États-Unis d'Amérique
auprès de l'Office des Nations Unies et des autres organisations
internationales à Genève, Genève

Employers' experts and advisers

Mr Matthias THORNS
*Vice-Chairperson of the
Employers' group*

Global Director for Labor Relations and Human Rights,
Samsung

Mr Farooq AHMED

Secretary-General, CEO, Bangladesh Employers Federation
(BEF)

Ms Béatrice CHAN CHING YIU

Présidente de la commission sociale, Groupement des
Entreprises de Madagascar (GEM)

Ms Liu (Penny) HANSONG

Director of International Department, China Enterprise
Confederation (CEC)

Ms Renate HORNUNG-DRAUS

Managing Director, Confederation of German Employers'
Associations (BDA)

Mr Juan Antonio LEDEZMA
VERGARA

Presidente de la Comisión Laboral del Consejo Nacional de la
Empresa Privada, Delegado Negociador de la Comisión
Nacional de Salario Mínimo, Consejo Nacional de la Empresa
Privada (CONEP)

Mr Alberto MORISAKI CÁCERES

Gerente de Estudios Económicos, Asociación Automotriz del
Perú (AAP)

Mr El Sayed Ibrahim Ahmed
TORKY

Senior adviser and head of labour affairs unit, Federation of
Egyptian Industries (FEI)

Advisers

Mr Flemming DREESEN

Senior Counsellor, Confederation of Danish Employers (DA)

Mr Irinel Eduard FLORIA

Labor and Social Dialogue Task Force Coordinator, Employers
Confederation Concordia

Mr Johan GENNEBY

Area Lead, Global Sustainability, H&M Group

Mr Christos IOANNOU

Advisor to the Board, Hellenic Federation of Enterprises (SEV)

Ms Gail-Ann KING

President, Barbados Employers' Confederation (BEC)

Mr Ryan Blake LARSEN

Group Director, Labor Relations, Walmart Inc.

Mr Adewale OYERINDE	Director-General, Nigeria Employers' Consultative Association (NECA)
Ms Ewa STAWORZYNSKA	Director, Corporate Responsibility and Labor Affairs, United States Council for International Business (USCIB)

Employers' secretariat

Mr Luis Rodrigo MORALES-VELEZ	Director for Industrial Relations and ILO Coordination, International Organisation of Employers (IOE)
Mr Jason PEGAT TOQUET	Advisor, International Organisation of Employers (IOE)
Mr Paul NOLL	International Organisation of Employers (IOE)

Workers' experts and advisers

Mr Plamen DIMITROV <i>Vice-Chairperson of the Workers' group</i>	President, Confederation of Independent Trade Unions (CITUB)
Ms Candace ARCHER	Policy Director, American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)
Mr Kamarul Baharin BIN MANSOR	Secretary-General, Malaysian Trades Union Congress (MTUC)
Ms Prihanani BOENADI	Vice-President, Indonesian Trade Union Confederation (KSPI)
Ms Christina HAJAGOS CLAUSEN	Sector Director of Textile, Garment, Leather and Shoe
Mr Leandro HORIE	Economist, Inter-Union Department of Statistics and Socio-Economic Studies (DIEESE)
Mr Kwabena OTOO	Director of Research and Policy, Trades Union Congress (TUC)
Mr Afzal RAHMAN	Policy Officer, Trades Union Congress (TUC UK)

Advisers

Mr Thomas JANSON	International Secretary, UNIONEN
Mr John MACGABHANN	Assistant General Secretary, Teachers' Union of Ireland (TUI)

Mr Ben RICHARDS	Senior Policy Advisor, UNI GLOBAL UNION
Mr Jon RICHARDS	Assistant General Secretary, UNISON (UK), Public Services International
Ms Linnea WIKSTROM	Building and Woodworkers International (BWI)

Workers' secretariat

Ms Maité LLANOS	Deputy Director, International Trade Union Confederation (ITUC), Geneva Office
Mr Daniel KOSTZER	Chief Economist, International Trade Union Confederation (ITUC)

Government observers

ARGENTINA

Dr Gerardo Alfredo CORRES	Director de Asuntos Internacionales de la Secretaría de Trabajo, Empleo y Seguridad Social de la República Argentina
---------------------------	--

AUSTRALIA

Ms Alison DURBIN	Minister Counsellor, Permanent Mission of Australia to the United Nations Office and other international organizations in Geneva
------------------	--

AUSTRIA

Ms Iris DEMBSHER	Head of International Social Policy Unit, Federal Ministry of Labour and Economy
------------------	--

BAHAMAS

Ms Sasha D.T. DIXON	Counsellor, Permanent Mission of the Commonwealth of the Bahamas to the United Nations Office and other international organizations in Geneva
---------------------	---

BELGIUM

Ms Thérèse BOUTSEN	
--------------------	--

Minister Counsellor, Mission permanente de la Belgique
auprès de l'Office des Nations Unies et des institutions
spécialisées à Genève

BOTSWANA

Mr Michael Sean
KOORAPETSE

Labour Attaché, Permanent Mission of the Republic of
Botswana to the United Nations Office and other international
organizations in Geneva

CANADA

Mr Nicolas PICARD

Manager, Workplace Policy, Labour Program – ESDC

CHILE

Mr Eliel HASSON

Labour Attaché, Misión Permanente de Chile ante las
Organizaciones Internacionales con sede en Ginebra

COLOMBIA

Mr Ramon Maria MUÑOZ
CASTRO

Consejero en relaciones exteriores, Misión permanente de
Colombia ante las Naciones Unidas en Ginebra

COSTA RICA

Ms Rosa Isela HERNÁNDEZ
RODRÍGUEZ

Jefa del Departamento de Salarios Mínimos y Secretaria
técnica del Consejo Nacional de Salarios, Ministerio de Trabajo
y Seguridad Social

CROATIA

Ms Tena RILOVIC

Minister Counsellor, Permanent Mission of the Republic of
Croatia to the United Nations Office and other international
organizations in Geneva

DEMOCRATIC REPUBLIC OF THE CONGO

Mr Socrate Célestin NSIKU
WA NSIKU

Conseiller, Mission permanente de la République
démocratique du Congo auprès de l'Office des Nations Unies
et des autres organisations internationales à Genève

DOMINICAN REPUBLIC

Ms Wendy OLIVERO

Ministra Consejera, Misión Permanente de la República
Dominicana ante las Organizaciones internacionales en
Ginebra

ECUADOR

Ms Carolina MIÑO
HOLGUÍN

First Secretary, Misión Permanente de la República del Ecuador ante la Oficina de las Naciones Unidas y otras Organizaciones Internacionales en Ginebra

FINLAND

Ms Päivi KANTANEN

Ministerial Adviser, Ministry of Economic Affairs and Employment

GERMANY

Mr Kai MORGENBRODT

Legal Officer, Federal Ministry of Labour and Social Affairs

ICELAND

Ms Unnur
HALLSTEINSDOTTIR

Legal Advisor, Ministry of Social Affairs and Labour

INDIA

Mr Piyush Kumar PATHAK

Deputy Director, Ministry of Labour & Employment

(*) Ms Barkha TAMRAKAR

First Secretary, Permanent Mission of India to the United Nations and other International Organizations in Geneva

INDONESIA

Ms Wina RETNOSARI

Counsellor, Permanent Mission of the Republic of Indonesia to the UN, WTO and other International Organizations in Geneva Switzerland

IRELAND

Mr Oisín GILMORE

Economist, Low Pay Commission, Department of Enterprise, Trade and Employment

ITALY

Mr Pio Angelico
CAROTENUTO

Officer, Ministry of Labour and Social Policies

(*) Ms Annalisa
TUCCIARONE

Officer, Ministry of Labour and Social Policies

* These two observers were participating with an agreed alternating arrangement; only one observer attended each sitting.

MALAWI

Ms Lindizga KAWAMBA First Secretary, Permanent Mission of the Republic of Malawi to the United Nations in Geneva

MEXICO

Ms Sara LUNA CAMACHO Primera Secretaria, Misión Permanente de México ante la ONU y otros organismos internacionales con sede en Suiza

NAMIBIA

Ms Meriam NICODEMUS Labour attaché, Permanent Mission of Namibia to the United Nations Office in Geneva

NETHERLANDS

Ms Ellen VAN LINDERT Senior policy advisor, Ministry of Social Affairs and Employment

PARAGUAY

Dr Monica RECALDE DE GIACOMI Ministra de Trabajo, Empleo y Seguridad Social, Ministerio de Trabajo, Empleo y Seguridad Social

PORTUGAL

Ms Manuela SOUSA Senior Officer, Directorate-General for Employment and Labour Relations, Ministry of Labour, Solidarity, and Social Security

SLOVENIA

Ms Urška DRAKSLER Undersecretary, Ministry of Labour, Family, Social Affairs and Equal Opportunities

SPAIN

Mr Alfredo NOVALES BILBAO Consejero de Trabajo, Migraciones y Seguridad Social, Representación Permanente de España en ONU y OOII en Ginebra

SWEDEN

Ms Emelie BARBOU DES PLACES Deputy Director, Ministry of Employment

SWITZERLAND

Ms Lea BÜRGY Scientific advisor, State Secretariat for Economic Affairs (SECO)

TUNISIA

Ms Noura MLAIH	Sous-directeur des salaires, Direction Générale de la législation du travail, de la négociation et des salaires, Ministère des Affaires sociales
----------------	--

TÜRKIYE

Ms Feyza KALE AKIN	Labour Expert, Ministry of Labour and Social Security
--------------------	---

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

Ms Flora STRANGE	Senior Policy Advisor, Department for Business and Trade
------------------	--

UNITED STATES OF AMERICA

Mr Basel SALEH	Chief International Economist, US Department of Labor
----------------	---

ZIMBABWE

Ms Monica VIMBAYI HANGA	Minister Counsellor, Permanent Mission of the Republic of Zimbabwe to the United Nations Office and other international organizations in Geneva
-------------------------	---

Persons representing the United Nations, specialized agencies and other official international organizations

EUROPEAN UNION (EU)

Ms Svenja FOHGRUB	Counsellor, Labour and Social Affairs, EU Delegation to the UN and other international organizations in Geneva
Mr Edouard TURKISCH	Principal Administrator, European Commission, Directorate-General for Employment, Social Affairs and Inclusion

ORGANISATION FOR ECONOMIC-CO-OPERATION AND DEVELOPMENT (OECD)

Ms Romina BOARINI	Director of the WISE Centre for Well-Being, Inclusion, Sustainability and Equal Opportunity
Ms Carlotta BALESTRA	Acting Head of Inequalities of the WISE Centre for Well-Being, Inclusion, Sustainability and Equal Opportunity

UNITED NATIONS GLOBAL COMPACT

Ms Griet CATTART Head of Labour

Persons representing international non-governmental organizations

CEEMET – EUROPEAN TECH & INDUSTRY EMPLOYERS

Ms Isabel SOBRINO MATE Senior Policy Advisor

IndustriALL Global Union

Mr Atle HØIE General Secretary

INTERNATIONAL ARTS AND ENTERTAINMENT ALLIANCE (IAEA)

Mr Beat Lorenz SANTSCHI Delegate

INTERNATIONAL TRANSPORT WORKERS' FEDERATION (ITF)

Mr Laurence BALL Policy Advisor

INTERNATIONAL UNION OF FOOD, AGRICULTURAL, HOTEL, RESTAURANT, CATERING, TOBACCO AND ALLIED WORKERS' ASSOCIATIONS (IUF)

Ms Setlana BOINCEAN International Officer in Agriculture & Plantations

WORLD EMPLOYMENT CONFEDERATION (WEC)

Mr Michael FREYTAG Public Affairs Manager