



# A POST-EARTHQUAKE LIVING WAGE ESTIMATE FOR APPAREL WORKERS IN THE SONAPI EXPORT PROCESSING ZONE

March 3, 2011

## PORT-AU-PRINCE, HAITI

### INTRODUCTION

Using a worker-to-worker survey approach, the Solidarity Center determined a post-earthquake living wage standard for SONAPI export apparel workers in Port-au-Prince<sup>1</sup>. Prior to the disaster, the minimum wage for these workers was 125 Haitian gourdes (about \$3)<sup>2</sup> per day, a reduced rate that did not adequately support their basic needs<sup>3</sup>. Since the earthquake, the overall cost of living has increased, yet the minimum wage remains the same. As a result, Haitian workers find it increasingly difficult, if not impossible, to provide for themselves and their families. Workers' inability to earn sufficient wages perpetuates poverty, which in turn breeds socioeconomic and political instability, and ultimately hinders the reconstruction process.

### METHODOLOGY

In October 2008, the Worker Rights Consortium (WRC)<sup>4</sup> prepared a living wage estimate for CODEVI export apparel workers in the Haitian border town of Ouanamithe<sup>5</sup>. Based on the WRC's research design, the Solidarity Center conducted a similar study to determine the post-earthquake living wage for SONAPI export apparel workers in Port-au-Prince. The Solidarity Center used the same locally appropriate basket of goods to calculate the cost of living for a three-member household, comprised of one adult wage-earner and two minor dependents (ages 8–14)<sup>6</sup>.

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<sup>1</sup> SONAPI is the largest export processing zone in Haiti. The facility is comprised of 47 factories in Port-au-Prince and employs approximately 15,000 workers (<http://www.sonapi.ht/>).

<sup>2</sup> 1 US dollar = 40 Haitian gourdes (HTG)

<sup>3</sup> In October 2009, after heated debate, the Haitian government raised the legal minimum wage from 70 gourdes (about 1.75) per day to 200 gourdes (about \$5) for most workers and to only 125 gourdes (about \$3.15) for apparel workers in export processing zones (<http://www.state.gov/r/pa/ei/bgn/1982.htm>).

<sup>4</sup> The Worker Rights Consortium is an independent labor rights monitoring organization that conducts investigations on working conditions in factories around the world (<http://www.workersrights.org/>).

<sup>5</sup> CODEVI is an export processing zone located in the Haitian town of Ouanamithe, along the Haitian-Dominican border. The facility produces logo apparel for university licensees, as well as denim products and T-shirts (<http://workersrights.org/freports/GrupoM.asp>).

<sup>6</sup> Using demographic data provided by the World Bank, the WRC based its 2008 living wage calculation for CODEVI workers in Ouanamithe (Haiti) on the assumption that the average free-trade zone worker was financially responsible for two minor dependents. To remain consistent with the WRC's research design, the Solidarity Center also calculated its living wage estimate based on a three-member household comprised of an adult SONAPI wage-earner and two minor dependents. However, it is important to note that, according to both the Haitian Institute of Statistics and Information and "CIA World Factbook," the total fertility rate is approximately three children per woman of childbearing age. Furthermore, the United Nations Population Fund reported that Haiti's birthrate tripled after the January 2010 earthquake. Therefore, the Solidarity Center's living wage estimate serves as a starting point in the minimum wage debate.

The Solidarity Center employed a unique worker-to-worker surveying approach to determine the average prices paid for the basic necessities listed in the charts (Pages 4–9). Specifically, the Solidarity Center trained a group of export-apparel workers to obtain this information from randomly selected, fellow apparel workers<sup>7</sup> in the SONAPI export processing zone between April and June 2010. Though a small sample size, the worker-to-worker approach allowed greater accessibility to and candor from the target population. In December 2010 and January 2011, a local Haitian consultant compared and verified the reported data in nearby markets to ensure accuracy<sup>8</sup>. While some expenses had slightly increased, costs generally remained the same.

After tabulating the final results, the Solidarity Center determined that the average monthly expenses of a SONAPI worker totaled 29,971 Haitian gourdes (about \$749). Therefore, based on the standard 48-hour work week (eight hours per day, six days per week), an employee must receive at least 1,152 Haitian gourdes (about \$29) per day, or approximately nine times the current minimum wage, to earn a living wage.

Since the earthquake, several stakeholders have proposed the large-scale creation of export-apparel jobs to revive the impoverished country. However, unless these jobs pay a living wage, Haitian workers will remain destitute and unable to meet their basic needs. This study aims to raise awareness—at the national and international levels—of the wages necessary to generate sustained economic development in Haiti. The study also serves as a tool to empower Haitian workers as they advocate for fair wages, through their unions and in solidarity with the international labor movement.

## **CATEGORIES OF EXPENSE**

In keeping with the WRC’s methodology, the Solidarity Center used the following categories of expense to classify the various costs of a SONAPI apparel worker: food (and water), housing, energy, clothing, health care, transportation, education and child care, as well as adequate funds for savings and miscellaneous discretionary spending. A description of each category—as defined by the WRC and, in some cases, adapted for relevance by the Solidarity Center—is provided below:

**Housing:** Given that some of the surveyed workers still reside in tents, determining the post-earthquake cost for permanent housing proved difficult. On average, surveyed workers reported that they paid \$17.45 per month for rental fees prior to the earthquake. Since then, lodging costs have skyrocketed due to the shortage of sound structures and available real estate. Therefore, the local Haitian consultant researched current market rates for homes in Port-au-Prince comparable to those of SONAPI workers before the disaster. The consultant averaged these quotes to derive the figure in the chart below.

Rental fees reflect the minimal cost of basic lodging for a family (two bedrooms, a room for dining and leisure, a kitchen, and a bathroom). Housing expenses also include two beds (and bedding), a table and chairs, a wardrobe, sofa bed, basic cookware, dishes, a radio and cleaning supplies. Because many SONAPI workers do not have basic plumbing or a well at their home, the cost of potable water for drinking, cooking, bathing, and cleaning, is factored in as well. It is important to note that since the earthquake, the cost of water has temporarily decreased for some, as relief organizations provide this resource to certain communities.

**Energy:** As is typical with economically disadvantaged families in Port-au-Prince, the surveyed workers contribute a negligible amount to a collective electricity bill shared with neighbors, which allows them to wire their homes to a public power network. The bulk of energy costs come from the purchase of charcoal, which according to a 2009 study by the Haitian Ministry of Labor, 95 percent of the population in Port-au-Prince uses to prepare food.

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<sup>7</sup> For the survey, 15 export-apparel workers were interviewed.

<sup>8</sup> The local Haitian consultant conducted the follow-up investigation in the Tabarre and Bon Repos markets located to the east and north of the SONAPI free trade zone.

**Food:** These expenses correspond to a representative diet that is adequate both in terms of caloric intake (averaging 2,200 calories per person/per day as suggested by experts on local diet and nutrition) and basic nutritional needs, according to standards established by the United Nations Food and Agriculture Organization. The food prices in the chart (Pages 4–9) represent the average cost workers pay for these items in local markets to feed themselves and two minor dependents.

**Clothing:** Garment expenses include three complete sets of clothing and two pairs of shoes per year for one adult and two children. The cost of one cap for an adult is also included. In addition to these pieces, attire for occasional events such as funerals, communions, and marriages, as well as the cost of laundry, is also factored into this category.

**Health Care:** The following items comprise the typical out-of-pocket health care expenses borne by a family: doctor visits (three per person per year) with two laboratory analyses, dentist visits (one per person per year), eyeglasses (one pair every two years for one family member), prescription drugs and over-the-counter medications. This category also includes costs for first aid supplies and personal hygiene items such as soap, toothpaste, and feminine hygiene products.

In Port-au-Prince, women typically have access to free prenatal and maternal care through government-subsidized and/or NGO-operated clinics. While standard child delivery is usually free, Caesarean births and complicated deliveries incur costs, which are not included in the calculation. Aside from two maternity garments and a monthly dose of prenatal vitamins, maternity-related costs such as diapers and infant formula are not included, as they are assumed to be roughly equivalent to the expenses associated with older, school-age dependent children (e.g. school costs, food costs, etc.).

**Education:** Educational expenses are calculated for one child of primary school age and one child of secondary school age, both attending “private” schools. While the 1987 Constitution provides for free, public school education for Haitian children, 90 percent of students attend schools run primarily by religious organizations or private operators given the severe lack of government funding allocated for public education. Educational expenses include the average cost of tuition, mandatory uniforms, books, and materials used across all grades, and transportation to and from school each day.

**Child Care:** A figure for child care expenses is not included in this living wage estimate, as the education category covers the cost of schooling (and supervision) for two children. If one or both of a worker’s dependents are below primary school age, the funds allocated for education-related costs could instead be spent on child care.

**Transportation:** Three transportation expenses are included: 1) transportation to and from the factory for the worker, multiplied by the average number of work days in a month, 2) transportation to and from markets or stores where workers purchase food and other goods, once per week, and 3) transportation to a worker’s hometown once per year for the purpose of an annual family visit. The latter is included because most apparel workers have migrated away from their extended families for reasons related to employment or marriage.

**Savings:** After calculating the living wage based on the categories above, an additional 10% is applied for savings (7.5%) and discretionary spending (2.5%). Savings accounts for funds set aside for emergencies and substantial future expenses. Discretionary spending represents occasional expenditures not included in the living wage calculation—such as religious observances, university education, and leisure activities.

## CONCLUSION

Based on the figures above, the Solidarity Center estimates the monthly living wage for a SONAPI export apparel worker in Port-au-Prince's to be 29,971 Haitian gourdes (approximately \$749). This figure represents the actual cost of living and serves as a baseline for an appropriate minimum wage that will promote sustainable economic development. To ensure that it accurately reflects the economic reality, this figure should be continuously monitored and updated.

**TABLE OF EXPENSE CATEGORIES<sup>9</sup>**

<b>HOUSING (two bedrooms, dining/living room, kitchen, and bathroom)</b>	<b>Unit Cost (Haitian Gourdes)</b>	<b>Unit</b>	<b>Quantity/ Frequency of Replacement</b>	<b>Monthly Cost (Haitian Gourdes)</b>	<b>Monthly Cost (US\$)</b>
Rent	5,215.00 <sup>10</sup>	per household	monthly	3,911.25	97.78
Bed (mattress, frame, box spring)	6,116.67	bed	2 beds per 10 years	76.46	1.91
Bedding (sheets, pillows, pillowcases)	1,167.67	set	2 sets per year	145.96	3.65
Table and 4 chairs	3,983.33	table	1 table per 10 years	24.90	0.62
Wardrobe	1,563.33	set of shelves	1 per 5 years	19.54	0.49
Other seating (sofa bed, bench)	7,750.00	one	1 per 10 years	48.44	1.21
Jars and pans (set of 4–6)	278.57	set	1 set per 2 years	8.71	0.22
Dishes (including glasses and cutlery)	1,223.33	set	1 set per 2 years	38.23	0.96
Radio	1,700.00	radio	1 per 5 years	21.25	0.53
Household cleaning supplies	162.67	month	monthly	122.00	3.05
Water	21.65	one, 5-gallon container per day	daily	487.13	12.18
<b>Lodging Subtotal (per month)</b>	<b>29,182.22</b>			<b>4,903.85</b>	<b>122.60</b>

<sup>9</sup> In keeping with the WRC's 2008 living wage study, the Solidarity Center's study assumed that in addition to the SONAPI adult wage earner (and two minor dependents), a family has an additional wage earner whose income covers one-quarter of the household expenses. Thus, the living wage for a full-time worker must be sufficient to cover the expenditures of three of the four family members. The analysis assumes that the three family members whose expenses must be fully covered by the living wage are one adult and two school-age children. The chart includes the costs of each good and service for these three family members, including their portion of the overall household-related costs (i.e. Housing and Energy).

<sup>10</sup> Given that some of the surveyed workers still reside in tents, determining the post-earthquake cost for permanent housing proved difficult. On average, surveyed workers reported that they paid \$17.45 per month for rental fees prior to the earthquake. Since then, lodging costs have skyrocketed due to the shortage of sound structures and available real estate. Therefore, the local Haitian consultant researched current market rates for homes in Port-au-Prince comparable to those of SONAPI workers before the disaster and subsequently derived this figure.

<b>ENERGY</b> (Energy costs are typically included in rent)	<b>Unit Cost</b> (Haitian Gourdes)	<b>Unit</b>	<b>Quantity/ Frequency of Replacement</b>	<b>Monthly Cost</b> (Haitian Gourdes)	<b>Monthly Cost</b> (US\$)
Charcoal	220.00	small bag for 5 days	6 times per month	990.00	24.75
<b>Energy Subtotal (per month)</b>	<b>220.00</b>			<b>990.00</b>	<b>24.75</b>

<b>FOOD</b> (diet for 1 adult and 2 children)	<b>Unit Cost</b> (Haitian Dollars)	<b>Unit</b>	<b>Quantity/ Frequency of Replacement</b>	<b>Monthly Cost</b> (Haitian Dollars)	<b>Monthly Cost</b> (US \$)
Coconut	64.75	pound	8.79	569.15	14.23
Sweet Potato	32.81	pound	2.93	96.14	2.40
Rice	65.46	pound	14.73	964.16	24.10
Oil	129.75	pound	12.91	1,675.07	41.88
Peas	31.95	pound	25.13	802.83	20.07
Pigeon peas	0.92	can	1.53	1.40	0.04
Potato	63.33	pound	9.58	606.73	15.17
Garlic	42.00	pound	21.33	895.86	22.40
Onion	51.33	pound	7.71	395.78	9.89
Cabbage	40.54	pound	3.61	146.33	3.66
Chayote	20.00	pound	4	80.00	2.00
Carrot	40.50	pound	5.64	228.42	5.71
Avocado	28.75	pound	2.03	58.36	1.46
Banana	46.42	pound	8.17	379.22	9.48
Plantains	45.67	pound	3.8	173.53	4.34
Papaya	25.00	pound	2.88	72.00	1.80
Orange	62.88	pound	4.59	288.64	7.22
Chicken	129.29	pound	2.9	374.93	9.37
Salami	23.89	pound	1.5	35.83	0.90
Milk	108.50	pound	3.22	349.37	8.73

Eggs	66.92	dozen	17.6	1,177.85	29.45
Bread	33.67	loaf	5.76	193.92	4.85
Pasta	39.33	pound	1.67	65.68	1.64
Coffee	14.29	package	4	57.14	1.43
Seasoning	58.00	package	19.46	1,128.68	28.22
Salt	7.42	pound	2	14.83	0.37
Sugar	70.00	pound	2.97	207.90	5.20
Mango	42.08	pound	2.29	96.37	2.41
Lime	25.00	pound	6.8	170.00	4.25
Celery	300.00	pound	0.2	60.00	1.50
Pineapple	325.00	pound	0.2	65.00	1.63
Lunch near factory in SONAPI free trade zone	50.14	lunch	25	1,253.49	31.34
<b>Food Subtotal (per month)</b>	<b>2,085.57</b>			<b>12,684.63</b>	<b>317.12</b>

<b>CLOTHING</b>	<b>Unit Cost (Haitian Gourdes)</b>	<b>Unit</b>	<b>Quantity/ Frequency of Replacement</b>	<b>Monthly Cost (Haitian Gourdes)</b>	<b>Monthly Cost (US\$)</b>
<b>Adult (one adult)</b>					
Cap/hat	106.67	hat	1 per year	8.89	0.22
Blouse/shirt	1,030.00	shirt	3 per year	257.50	6.44
Pants or skirt	1,058.33	pair of trousers or skirt	3 per year	264.58	6.61
T-shirt/undershirt	162.50	shirt	3 per year	40.63	1.02
Socks	92.00	pair	3 per year	23.00	0.58
Underwear	288.33	pair	3 per year	72.08	1.80
Pajamas	450.00	set	1 per year	37.50	0.94
Shoes	533.33	pair	2 per year	88.89	2.22
Rubber sandals	202.33	pair	1 per year	16.86	0.42
<b>Children (two children)</b>					
Blouse/shirt	553.85	shirt	3 per year per child	276.92	6.92
Dress	391.67	dress	1 per year per child	65.28	1.63
Pants or skirt	617.31	pair of trousers or skirt	3 per year per child	308.65	7.72
Underwear	186.54	pair	3 per year per child	93.27	2.33
Socks	104.67	pair	3 per year per child	52.33	1.31
Shoes	707.69	pair	2 per year per child	235.90	5.90
Rubber sandals	196.92	pair	1 per year per child	32.82	0.82
Laundry Costs (for 3 people)	133.93	month	monthly	133.93	3.35
<b>Clothing Subtotal (per month)</b>	<b>6,816.07</b>			<b>2,009.03</b>	<b>50.23</b>

<b>HEALTHCARE (costs for 1 adult and 2 children)</b>	<b>Unit Cost (Haitian Gourdes)</b>	<b>Unit</b>	<b>Quantity/ Frequency of Replacement</b>	<b>Monthly Cost (Haitian Gourdes)</b>	<b>Monthly Cost (US\$)</b>
Doctor visit + 2 lab tests/analysis	167.31	visit	3 per year per person	125.48	3.14
Dentist visit	125.00	visit	1 per year per person	31.25	0.78
Prescription drugs	763.20	prescription (for 3 people)	monthly	763.20	19.08
Over-the-counter medication	178.46	medication (for 3 people)	monthly	178.46	4.46
First aid supplies	125.00	item (for 3 people)	monthly	125.00	3.13
Eye glasses	300.00	pair	1 pair per two years	12.50	0.31
Prenatal care/maternity costs	633.33	pregnancy	1 birth per 5 years	10.56	0.26
Personal hygiene (soap, toothpaste, feminine hygiene products)	253.33	average monthly cost (for 3 people)	monthly	253.33	6.33
<b>Healthcare Subtotal (per month)</b>	<b>2,545.63</b>			<b>1,499.78</b>	<b>37.49</b>

<b>EDUCATION (private school)</b>	<b>Unit Cost (Haitian Gourdes)</b>	<b>Unit</b>	<b>Quantity/ Frequency of Replacement</b>	<b>Monthly Cost (Haitian Gourdes)</b>	<b>Monthly Cost (US\$)</b>
<b>Primary school (1 child)</b>					
Tuition fees	939.55	month	10 months per year	782.95	19.57
Uniform cost	936.11	uniform	annually	78.01	1.95
Books and other educational materials	1,460.00	set	annually	121.67	3.04
Transportation fees	30.00	roundtrip (daily)	25 days per month	750.00	18.75
<b>Secondary school (1 child)</b>					
Tuition fees	1,600.00	month	10 months per year	1,333.33	33.33
Uniform cost	689.29	uniform	annually	57.44	1.44
Books and other educational materials	1,928.57	set	annually	160.71	4.02
Transportation fees	51.43	roundtrip (daily)	25 days per month	1,285.71	32.14
<b>Education Subtotal (per month)</b>	<b>7,634.94</b>			<b>4,569.83</b>	<b>114.25</b>



<b>TRANSPORTATION</b>	<b>Unit Cost (Haitian Gourdes)</b>	<b>Unit</b>	<b>Quantity/ Frequency of Replacement</b>	<b>Monthly Cost (Haitian Gourdes)</b>	<b>Monthly Cost (US\$)</b>
Roundtrip transport to/from factory in SONAPI free trade zone	15.36	roundtrip	25 days per month	383.93	9.60
Transportation to/from market	10.00	roundtrip	once per week	40.00	1.00
Transportation to/from hometown	662.86	roundtrip	1 per year, per 3 people	165.71	4.14
<b>Transportation Subtotal (per month)</b>	<b>688.21</b>			<b>589.64</b>	<b>14.74</b>

<b>SUMMARY OF EXPENSES</b>	<b>Monthly Cost (Haitian Dollars)</b>	<b>Monthly Cost (USD)</b>
<b>Housing</b>	<b>4,903.85</b>	<b>122.60</b>
<b>Energy</b>	<b>990.00</b>	<b>24.75</b>
<b>Food</b>	<b>12,684.63</b>	<b>317.12</b>
<b>Clothing</b>	<b>2,009.03</b>	<b>50.23</b>
<b>Healthcare</b>	<b>1,499.78</b>	<b>37.49</b>
<b>Education</b>	<b>4,569.83</b>	<b>114.25</b>
<b>Transportation</b>	<b>589.64</b>	<b>14.74</b>
<b>SUBTOTAL</b>	<b>27,246.77</b>	<b>681.17</b>
<b>MISCELLANEOUS EXPENSES (2.5%)</b>	<b>681.17</b>	<b>17.03</b>
<b>SAVINGS (7.5%)</b>	<b>2,043.51</b>	<b>51.09</b>
<b>MONTHLY TOTAL</b>	<b>29,971.45</b>	<b>749.29</b>