Annex D. Updated living wage benchmarks to December 2014 for the four pilot living wage benchmarks

Table 2 indicates updates of the living wage benchmarks to December 2014 for the four pilot studies that take into consideration inflation. Note that each benchmark is first updated to December of the year when the benchmark was estimated and then increased by inflation in 2014 when the benchmark was estimated in 2013. Results for Malawi show why it is best to use area specific inflation rates whenever they are available (see note c to table 2).

Table 2. Updated gross living wage benchmarks for the four pilot living wage countries [a]

Country	Date of benchmark	Original living wage	Living wage December 2013	Living wage December 2014	Comment
Dominican Republic	October 2013	14,956 [b] ($343)	15,021 (+0.4%)	15,258 (+1.6%) ($348)	
Kenya	March 2014	18,542 ($216)	Na	19,284 (+4.0%) ($217)	Only urban CPI available
Malawi	Feb 2014	1,531 pd ($4.1) 35,222 pm ($82)	Na	1,597 pd (+4.3%) ($4.1) 36,173 pm ($78)	Rural CPI used. Inflation lower than in urban (+14.8%) [c]
South Africa	May 2013	3,153 [b] ($303)	3,238 (+2.7%)	3,410 (+5.3%) ($294)	Only urban CPI available

Notes: [a] Gross living wage benchmark equals the net living wage plus taxes and mandatory deductions from pay.

[b] Original Dominican Republic and South Africa living wage benchmarks in reports were adjusted to be consistent with current approach where mandatory deductions from pay are included in gross living wage; cash allowances and in kind benefits are considered forms of pay and so considered separately from the living wage estimate.

[c] The big difference in inflation in 2014 between urban and rural areas of Malawi is due to the different baskets of goods and services that were used to estimate urban and rural inflation rates. In particular, percentage for food was 68.0% for rural areas and 35.2% for urban areas. This had a big effect on estimated inflation rates, because there was very little inflation in food prices in this period according to Malawi CPI statistics.