

2022/2023

SANTA ISABEL, NICARAGUA  
**FAIR & LIVABLE  
WAGE REPORT**

ENSURING FAIR AND LIVABLE WAGES FOR  
EVERYONE ON THE FARM.



**PREPARED BY**  
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Chief Impact Officer & Coffee Buyer

At Finca Santa Isabel, Think Coffee pays the farm owner, Jaime Lovo, directly for this coffee. Jaime employs workers. This report is about the steps we take to ensure a fair and livable wage for them.



# INTRODUCTION

**OUR GOAL IS TO ENSURE A FAIR AND LIVABLE WAGE FOR EVERYONE WHO WORKS ON THE FARM. A “FAIR AND LIVABLE WAGE” IS GENERALLY UNDERSTOOD TO MEAN A WAGE SUFFICIENT TO ENABLE WORKERS AND THEIR FAMILIES TO MEET THEIR BASIC NEEDS.**

**PAYING A FAIR PRICE TO THE SELLER IS JUST ONE OF MANY IMPORTANT ELEMENTS TO ENSURING A FAIR AND LIVABLE WAGE FOR THE PEOPLE WHO DO THE HARD WORK OF PICKING OUR COFFEE.**

## FIRST

we do our best to determine what constitutes a “fair and livable wage” in the immediate vicinity of the farm. As a guidepost, we rely on standards established by the Global Living Wage Coalition and other leading NGOs;

## SECOND

we ensure that the price we pay is sufficient to support a fair and livable wage for both farmworkers and farm owners alike. To do this, we have conversations with the coffee seller – whether the exporter or the farmer – and make the requirement of a fair and livable wage for everyone who works on the farm integral to our price negotiations, and

## THIRD

we verify that the amount paid to everyone on the farm meets or exceeds a fair and livable wage standard. In some cases, wages are paid on a salaried basis. In other cases, the farmer or worker is paid based on the amount of coffee they pick. In the latter scenario, we do our best to accurately convert the amount paid for picked coffee cherries to a weekly or monthly wage and measure that against the applicable fair and livable wage standard. In some circumstances, food, shelter and transportation are provided free of charge, and we factor those benefits into the calculation of whether the fair and livable wage standard has been met.

# WHAT WE DO. WHY WE DO IT.



## THE PROBLEM

Many Nicaraguan farm workers are not paid enough to provide for basic needs. They live in inadequate shelter with dirt floors, leaky roofs and other unsanitary conditions. Food insecurity is common. As a result, coffee workers often leave their communities in search of better working and living conditions. In turn, farm owners often struggle to find people to work on their farms, leading to a vicious cycle that far too often leads to coffee farms shutting down altogether.

## OUR MISSION

Since 2017, we have been unwavering in our commitment to improve the lives of the people who work hard to grow and harvest our coffee. By spending much of the year visiting coffee farms, we establish strong partnerships with farm owners and producers and are able to better understand the needs of farmworker communities. We also learn firsthand how to create greater equity in the coffee supply chain. Integral to our efforts is ensuring not only that we pay a fair price for our coffee but that the price we pay benefits farmworkers in the form of fair and livable wages.

**75%**  
OF THE WORLD'S  
**COFFEE FARMERS**  
ARE ESTIMATED TO LIVE  
**BELOW THE POVERTY LINE**  
(PERFECT DAILY GRIND)

# THE SOLUTION

In order to address endemic poverty related to coffee farming, buyers must pay a fair price for coffee – one that allows farm owners to cover all of their costs and be able to pay themselves too. But paying a fair price is not enough. Little will be solved unless farm workers benefit from the price paid by receiving a fair and livable wage.

The Global Living Wage coalition defines a living wage as: “Remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events.” In the case of Northwest Nicaragua, the area where Santa Isabel is located, the Global Living Wage Coalition has determined that the minimum livable wage is \$276 monthly for the year 2022, which was the year of our last harvest.

# \$276

According to the “Living Wage Update Report: Northwest Nicaragua 2022” published by the Global Living Wage Coalition, the living wage standard was 9,815 cordoba or \$276 monthly in 2022.



# \$3.00

PRICE PAID PER POUND OF GREEN COFFEE

## THE NEGOTIATED PRICE

After many discussions with our farmer-partner, Jaime Lovo, we agreed to a price of \$3.00 per pound of green coffee, which was enough for him to pay his workers livable wages and provide him and his family, as the farm owners, with a livable income for the 2022 harvest.

# DETERMINING THE STANDARD WAS MET

At Finca Santa Isabel, workers are paid one of two ways: salary for non-coffee pickers or per lata of coffee cherries for coffee pickers. (A lata of coffee cherry is approximately 12 kilograms.) In general, the workers who get paid on salary live on the farm year-round and have meals and transportation provided to them free of charge. The coffee pickers work seasonally during the harvest. They also receive free housing, meals and transportation.

*For workers paid per lata of coffee cherry picked, we converted the amounts paid to a monthly rate based on the following:*

- Jaime presented to us that the average number of lata picked per day per worker is 6.7, which he confirmed in writing to Enrique Hernandez, our Chief Impact Officer (CIO). This amount is consistent with what we have observed during our visits to the farm.
- The amount paid by Jaime per lata was 70 cordoba. This was verified by our CIO, who personally witnessed payments being made during his visits and was further confirmed by Jaime in writing.
- With payments of 6.7 lata per day for 26 working days per month at 70 cordoba per lata, the monthly compensation received by a typical picker on Jaime's farm is 12,194 cordoba or \$332, which exceeds the standard established by the Global Living Wage Coalition.

*For workers paid by salary, we verified that the amount paid met the minimum standard of \$9815 cordoba or \$276 monthly based on the following:*

- The minimum amount paid in cash per day to each worker was 350 cordoba, or 10,500 cordoba per month. Jaime has provided us with proof of the amounts paid.
- All meals are provided free of charge to family members of the workers, but we have only included in our livable wage calculation the value of meals provided to the individual workers because family members often do not stay for extended periods at Finca Santa Isabel. We have estimated the value of meals to be 1,588 cordoba monthly. (See Appendix A for further detail.)
- The total of monetary and in-kind benefits for salaried workers is approximately 12,088 cordoba or \$446, which exceeds the standard set by the Global Living Wage Coalition.

<b>Anker Benchmark for 2022 Harvest</b>	<b>10,190 NIO/month</b>
<b>HARVEST WORKERS</b> paid per lata	
lata	12 kg of coffee cherry
amount paid per lata	70 NIO
avg # of lata paid per person/month	174 lata
average pay per month	12,194 NIO/month
<b>relation to Anker Benchmark</b>	<b>19.67%</b>
<b>FULL-TIME WORKERS</b> paid on salary	
monthly salary	10,500 NIO
food cost in-kind per month	1,588 NIO
housing/utilities in-kind per month	863 NIO
total monthly compensation	12,088 NIO
<b>relation to Anker Benchmark</b>	<b>18.63%</b>

**NIO= Nicarguan Cordoba**





## WORKING CONDITIONS ON THE FARM

- In order for Jaime to operate his farm, he employs approximately 46 cherry pickers during harvest and 6 full-time employees year-round.
- During the harvest, pickers work Monday to Saturday with Sundays off. They work daily shifts from 6 am to 2 pm.
- Most pickers live in the nearby city of Totogalpa in the department of Nueva Segovia, which is approximately 2 hours away from Jaime's farm. For pickers, Jaime provides accommodations and meals during the work week in the harvest season. He also provides transportation between worker homes and the farm on days off. These benefits were not included in our fair and livable wage calculation for workers who are paid per lata.
- While we have used the amount of 6.7 lata per day as the "average" amount picked by a worker, that amount is actually at the low-end of picker volume and many pickers pick – and are paid for – quite a bit more.
- All employees are paid bi-weekly in cash and are exempt from paying any local or state taxes since they are agricultural workers.

# OUR 2024 GOALS

We acknowledge that our sourcing methodology may be imperfect and our efforts may often fall short of our goals. The challenges facing the coffee industry are enormous, and they are complicated by the fact that from region to region there are different farming and exporting structures in place, as well as ever-changing environmental, economic and political conditions. There simply cannot be a one-size-fits-all solution to the problem of endemic poverty in farming communities across the globe. We believe, however, that our efforts, and our failures, and the honest, detailed discussion of them represent a significant step toward improving living and working conditions and making our industry more sustainable.

## 1

### MAINTAIN COMMUNICATION

We will continue to make regular visits to our farmer partner and his workers, ensuring the livable wage standards are being met and are sufficient for everyone who works on the farm. Additionally, we will ensure that the wage increases keep pace with inflation.

## 2

### LEARN AND GATHER DATA

We will continue to maintain written records of interviews and data that we collect in an effort to improve our standards and keep ourselves accountable. We will incorporate key elements of our fair and livable wage standards into our contracts to ensure that there is a clear understanding between us and our seller that the price we pay is meant to benefit everyone in the supply chain.

## 3

### PUBLISH RESULTS

We will continue to deliver tangible results and openly share details with the public. We are confident that full transparency will help drive positive change for coffee workers in Nicaragua.



## OTHER NOTES

Think Coffee buys all of the coffee produced by Finca Santa Isabel. Since Jaime does not need to sell some of his coffee at a price below the amount we pay, he is better able to pay a livable wage to all of his workers.

## OUR VISITS

Integral to our commitment to ensuring a livable wage for everyone on the farm is regular engagement with the farming community. Over the past two years we have made visits to Finca Santa Isabel on the following dates: January 2022 (two weeks), June 2022 (two weeks), January 2023 (two weeks), September 2023 (1 month).

## ACKNOWLEDGEMENTS



We would like to express our gratitude to the Global Living Wage Coalition and Anker Research Institute for their work in promoting equitable and sustainable wages for all. They have provided us with essential tools for ensuring a livable wage for the workers on the farms we buy coffee from.



For more information on their work, visit:  
<https://globallivingwage.org/living-wage-benchmarks/northwest-nicaragua/>

We also wish to express our gratitude to our partner at origin, Jaime Lovo of Finca Santa Isabel, for his dedication to producing high-quality coffee and for his invaluable support in uplifting his farming communities. His steadfast commitment to excellence is an inspiration to us, and we are proud to be associated with such an esteemed partner who is willing to create a stronger, more sustainable industry for everyone.

# APPENDIX A

In October of 2017, the Global Living Wage Coalition (GLWC) published the “Living Wage Report for Northwest Nicaragua” (the “2017 Report”). In the 2017 Report, GLWC determined that the gross livable wage per person for a family of four with 1.62 wage earners was 8,047 cordoba or \$265 per month. In subsequent years, GLWC issued reports that made adjustments to this gross livable wage calculation based on the rate of inflation.

In the 2017 Report, GLWC provided a detailed breakdown of the expenses included in the livable wage calculation. We adjusted these expenses based on the same rate of inflation that GLWC assumed in making its yearly gross livable wage adjustments.

According to the 2017 Report, the monthly cost for meals for a family was 5372 cordoba. When adjusted for inflation, that monthly cost in 2022 was 7330 cordoba. Since meals are generally eaten on the farm only 26 days per month, we adjusted the cordoba allocable to meals to 6352 for purposes of calculating whether the gross livable wage standard has been met. Although all family members are provided with three meals per day on farm working days, we could not confirm the number of family members living on the farm at any given time. Accordingly, we have only assumed one member of the family of four (the worker) actually ate meals during the 26 working days of the month. Based on the individual worker alone (and none of their family members) eating meals on the farm, we assigned a value of 1588 cordoba for the meals Jaime provided, although the actual value is likely to be considerably higher since family members often do eat on the farm.