

Establishing Fair Mica Worker Incomes and Wages in Madagascar and the Negligible Impact on Costs to Consumers

Executive Summary and BASIC Report





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Executive summary

Established in 2017, the Responsible Mica Initiative (RMI) aims to improve workplace practices and eradicate child labor within the mica processing and mining industries. Initially focused on India, the initiative expanded its efforts to Madagascar in 2022. In its seven years of work, RMI has introduced programs to improve workplace health and safety, return children to school, deliver vital health, education and government services to the villages providing labor for the mines, and implement state-of-art blockchain tools to monitor and secure the mica supply chain. In 2022 and 2023, RMI sponsored research that can be used to identify, design and implement the next steps needed to improve the lives of mica-dependent communities and eliminate child labor.

The Need for a Living Income and Wage

Historically, a root cause of poverty throughout the mica-rich regions of India and Madagascar has been the low prices paid to workers for the mica they collect or pick. Conditions have been exacerbated by the lack of a formalized market and supply chain transparency, leaving the supply chain susceptible to weak governance and ill-intentioned actors. These conditions have led to the payment of minimal prices for mica. To supplement meagre incomes and because village childcare and schooling has been virtually non-existent, parents had little choice but to bring their children with them to collect mica.

To date, RMI's three program pillars have created health and safety workplace standards for mica processors and mica artisanal small-scale minors, implemented community empowerment programs in India and soon in Madagascar, bringing better schools, health and nutrition services, and access to government services to mica-dependent villages, and sought to create a legal framework for the mica sector where inexistant. To accelerate those programs and their impacts, both in India and Madagascar, and to permanently change the eco-sphere of mica dependent communities and lift them out of poverty RMI and its members initiated new research and work, focusing on paying workers fairly and raising the price of mica to do so.

Fair incomes and wages are recognized as a key component of human rights and due diligence measures.

In particular, providing sufficient incomes and wages to adults and enabling parents to sustain their entire family are highly likely to have a direct impact on child labor reduction. If families could earn a living income or wage, current mica child laborers can be expected to recover their childhood, attend school, and realize their potential.

The fact that the economic barriers to ensuring a living wage or income upstream are negligible for a low value mineral like mica makes it a good supply chain mineral with which to begin efforts to adjust market prices. A successful mica case study could then pave the way for adjusting price in other mineral supply chains.

Living Wage & Living Income Defined

▶ As per the Global Living Wage Coalition, a *Living Wage* is “the 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, transportation, clothing, and other essential needs including provision for unexpected events”.

Similarly, a *Living Income* represents the income equivalent for a worker who would not receive a regular salary nor a formal pay slip, but mainly a non-formalized income, like for instance a piece-rate payment.

To accomplish this next phase of its work, RMI commissioned:

Economic Impact Study by BASIC

In 2022 the Fair Wage Network (FWN) and BASIC to: (1) determine the amount of a living income or wage in the two Indian states of Jharkhand and Bihar and (2) assess the economic impact of higher raw material prices on costs along the downstream supply chain and to end-market consumers. [Associated report and overview for India](#) were released in April 2023.

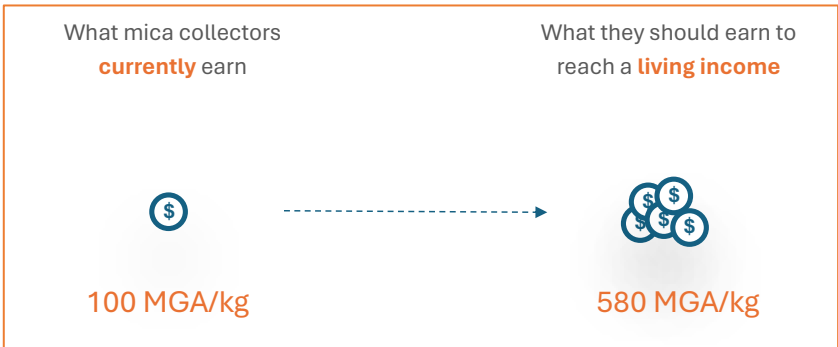
RMI commissioned BASIC to assess the economic impact on the supply chain – from collection to the cost of finishing goods - of paying a fair but higher price for mica. Relying on the Anker Living Wage and Income Research Institute’s 2022 assessment, BASIC created a model of the structure of the mica value chain actors and products and assigned prices, costs, taxes and margins for each of the items in the value chain up to and including mica-based finished products. The model is hosted on a platform on [BASIC’s website](#). The full BASIC report – “*The Mica Value Chain in Madagascar*” – highlighted in this overview can be found in full [here on RMI’s website](#).

In 2023, again BASIC to conduct a similar assessment of the economic impact of an increase in price for raw mica from Madagascar on the costs of end-products containing mica. This second assessment builds on living income thresholds defined by the Anker Living Wage and Income Research Institute for rural Madagascar and is presented here below and in annexes.

Determining A Living Income or Wage for Madagascar - Key Findings

The findings of BASIC report conclude:

- A living income for a typical mica picker family of two adults and three children in rural Madagascar or a similar living income for a mica family member worker in a sorting site was estimated in 2022 at 580,000 MGA/month (~ 143 USD/month as of July 2024)¹ by the recognized Anker Living Wage and Income Research Institute.
- To achieve the target living income, the average price paid to mica pickers would need to be increased six-fold, raising the average price of mica to 580 MGA per kilogram (~0.13USD/kg) from 100 MGA per kilogram (~0.023 USD/kg) using 2022 data.



¹ <https://www.globallivingwage.org/wp-content/uploads/2023/07/Madagascar-Rural-Living-Wage-2022-Update.pdf>
For the latest revisions of these estimates, visit: <https://align-tool.com/source-map/madagascar>



- To guarantee the target living income along the entire value chain within Madagascar, the incomes or wages of workers should be increased between 1.3 and 2.6 times, depending on the position. For sorters in sorting sites as an example, the average price paid to mica workers would need to be increased 2.4-fold, raising the average price of mica to 120,08 MGA per kilogram (~0.0264 USD/kg) from 50 MGA per kilogram (~0.011 USD/kg) using 2022 data.
- Paying a fair but higher price for mica – a price that would support families living in rural and urban areas - and including the costs of market formalization and implementation of responsible workplace practices, would almost always have an impact of less than a 0.1% increase in the cost of common end-products that use mica such as paints, electrical batteries, electrical and thermal vehicles, among others.

Item	Current situation price	Mining groups scenario price	Change
<i>Intermediate products</i>			
EV battery	5,750 USD/battery	5,750.22 USD/battery	+ 0.22 USD (+0.004%)
Vehicle droning insulation	3.60 USD/kg	3.63 USD/kg	+ 0.03 USD (+ 0.694 %)
<i>Final products</i>			
Total EV price	36,856.70 USD/car	36,856.94 USD/car	+0.24 USD (+0.001%)
Total thermal vehicle price	28,210.12 USD/car	28,210.13 USD/car	+0.0099 USD (< + 0.0001%)
DIY exterior/interior grade paint	18.50 USD/kg	18.50 USD/kg	+0.0012 USD (+0.001%)
DIY anti-corrosion paint	25.00 USD/kg	25.01 USD/kg	+0.0062 USD (+0.025%)

Goal and Implementation Steps

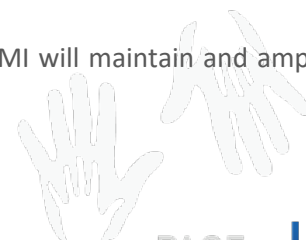
RMI's goal is, by 2030, to work with mica supply chain members to ensure that (1) 100% of the workers engaged in mica picking in their supply chains in Madagascar receives at least the higher price per kilogram of mica recommended by BASIC and (2) that 100% of workers working in mica sorting sites earn at least a living income or wage.

To reach the 2030 target, RMI will move forward with programs across all program pillars and, in particular, ensure that higher mica prices will directly benefit mica pickers. There remain several challenges that must be overcome to achieve this goal:

- The complexity and length of the mica supply chain.
- The artisanal and informal nature of upstream mica picking
- Limited supply chain transparency, which hinders the implementation of formal and verifiable payment systems.

As well, there is a lack of examples from other industries that could serve as models for a solution.

To address these critical barriers to change and achieve our 2030 goals, RMI will maintain and amplify programs under each of its three pillars.



- 1. Strengthen Supply Chain Traceability** – The many tiers of the mica supply chain from mines and processors in Madagascar to end market producers requires visibility into actors, prices, incomes and wages, taxes and other levies. Traceability will be vital before and even after sector formalization is established to ensure constant visibility into payments and to ensure that control systems are maintained. The blockchain-based platform created by [Tilkal](#) is the cornerstone of this work. Already, an enhanced version of the platform is under development which will include supply chain mapping starting at the mica picking or mine level as well as information related to the ESG performance of each RMI member’s upstream supply chain.
- 2. Expand Workplace Standards** - Provisions for paying at least a living income to workers at mica sorting and processing sites will be encouraged, as stated in the [Global Workplace ESG and Due Diligence Standard for Mica Processors](#). RMI has already hired a dedicated person in Madagascar to facilitate in-person training to help mica exporters adopt and comply with the standard. The standard also includes other provisions such as a prohibition on child labor and improved workplace health, safety and environmental requirements.
- 3. Raise awareness and align negotiation power** – Playing the role of a facilitator, RMI engaged in a set of discussions between all Malagasy supply chain’s actors, which led to the development of a commercial contract template, to be further discussed and signed between supply chain’s actors, on individual basis, and which include among other clauses the price to be paid to mining groups (with the objective to pay a fair price for mica contributing at least to a living income) and the absence of child labor.
- 4. Establish a Minimum Mica Price** - The feasibility of setting an official minimum price for mica which would translate into a living income or wage has started to be discussed with government authorities. If agreed and enforced at the sourcing level, a minimum price would de-facto apply and cascade downstream to all industries using mica while uniformly benefiting the entire mica picking community.
- 5. Sector Formalization & Worker Associations** – RMI will sustain its work with Madagascar government authorities to formalize the sector as per the provisions of the Madagascar Mining Code, and especially under the formalization and registration of mining groups or associations of mica pickers. A miners’ associations would formally register its members, recognize a minimum fair price for mica and prohibit the use of child labor, among other features.
- 6. International Support & Coalitions** – RMI will continue engagement with institutions committed to eradicating child labor as part of broader initiatives to improve working conditions for all workers. Reflecting RMI’s newest initiative focused on incomes and wages, in 2022 RMI joined the discussions hosted by the *Global Living Wage Coalition* which is committed to enabling workers around the world to afford a decent life for themselves and their families.
- 7. Member Engagement** – In addition to their participation and financial support for RMI, members can participate on an individual basis with organizations to build support for and implement RMI programs. Members also join RMI or speak on behalf of RMI work at forums designed to elevate awareness of child labor issues and the role that can be played through private-public sector partnerships to advance solutions. Wherever RMI’s voice is heard the *UN Guiding Principles on Business and Human Rights* (UNGPs) serve a vital baseline for goals, strategy and programs.





RMI and its members are confident that pursuit of these six broad initiatives, implemented within RMI’s program pillars, will enable workers in the mica sector to receive at least living incomes and wages by 2030. While working on these pillars, RMI has embraced the *UN Guiding Principles on Business and Human Rights* (UNGPs) and incorporated its due diligence processes, offering to RMI members a concrete answer to existing and upcoming Human Rights & Due Diligence regulations, on the specific mica case.

RMI is confident that continued progress on these programs will provide the framework for success and enable us to work with members, program partners, and community and government leaders to lift mica pickers and workers out of poverty and create fair, responsible and sustainable mica supply chains.



Mining association from Isonjo, June 2024, Madagascar

Appendix

About Mica

Mica is a mineral used in a wide range of applications. Cosmetics, certain automotive and other specialty paints, electric vehicle batteries, electrical appliances and more rely on mica's exceptional optical and conductive properties. Mica is a family of 37 minerals mined around the world but India, and specifically the northeast states of Jharkhand and Bihar, remains one of the major sources of mica accounting for approximately 30% of global mica exports². In these states, mica is collected mostly by artisanal miners and often associated with exploitative working conditions.

In India's "mica belt" that straddles Jharkhand and Bihar, high poverty associated with poor access to quality education, health and nutrition, as well as a lack of additional sources of livelihood, force many disenfranchised families to bring their children, sometimes as young as five years of age, with them to supplement their income by collecting mica with their parents. In Madagascar, it is estimated that around 10,000 children³ work as mica pickers, meaning 50% of the estimated 20,000 persons engaged in mica collection.

About the Responsible Mica Initiative

RMI Mission

The Responsible Mica Initiative (RMI) is a global 'Coalition for Action'— putting policy into practice — comprised of multiple organizations committed to establishing fair, responsible and sustainable mica supply chains globally that will eliminate unacceptable working conditions and eradicate child labor.

RMI uses a multi-stakeholder and holistic approach that engages companies, civil society organizations, industry associations and governments to develop and implement three integrated program pillars that will establish responsible workplace standards, empower local communities and establish a legal framework for the mica sector.

About mica and mica sourcing

Mica is a versatile mineral with a wide range of applications across electrical appliances, paints, heavy industries, cosmetics, electronics, automotive and plastic industries, among others. The global market for mica has grown by 20% in export volume between 2016 and 2021⁴ and is expected to expand further in the coming years due to the energy transition. Mica is used as an insulator in a typical electrical vehicle, as a component of solar panels and wind turbines, and more.

India and Madagascar are two of the world's largest sources of mica, responsible together for 40% of global mica production. In the absence of alternative means of livelihood villagers engage in both surface and deep mining to collect mica in an unregulated environment which presents unsafe working conditions including the worst forms of child labor. Field research by Terre Des Hommes Netherlands and SOMO in 2019 revealed that at least 10,000 children were involved collecting mica in Madagascar.

² Source: UN Comtrade database, Nov. 2022 figures

³ Source : TDH Netherlands and SOMO 2019 report, "[Child Labor in Madagascar Mica Sector](#)"

▶ BASIC Economic Report - Madagascar



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