

# Ecuador

## Overview

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25%

Population below international poverty line

variable

National minimum wage

€376

per month

Rural living wage

30%

Agricultural workforce

9%

Agriculture share of GDP

5

very high

Risk to workers' rights

## Context

The population of Ecuador is roughly 17 million people,<sup>[1]</sup> with nearly 64% of the population<sup>[2]</sup> living in urban areas. Approximately one third of the population is employed in the agricultural sector,<sup>[3]</sup> a sector that constitutes just about 9% of the nation's GDP.<sup>[4]</sup>

Smallholders account for roughly 75% of farmers in the country, yet only hold roughly 17% of all agricultural land in Ecuador. In addition, smallholders provide nearly 60% of the basic food basket of Ecuador, greatly contributing to local food security for millions of Ecuadorians in both rural and urban areas.<sup>[5]</sup> Following the global trend, issues of land grabbing and unequal land distribution are prominent in Ecuador and are a significant threat to the livelihoods of many smallholder farmers.<sup>[6]</sup> Ecuador is the number one exporter of bananas in the world,<sup>[7]</sup> making banana production very important to Ecuador's national economy and a core commodity for income generation.<sup>[8]</sup>

The top produced commodities in Ecuador are sugar cane, bananas, fresh cow milk, palm oil fruit and maize.<sup>[9]</sup> As for the top export commodities in terms of quantity, these are bananas, cocoa beans, plantains, palm oil and prepared fruit.<sup>[10]</sup>

## Wages

## Minimum wage

The official minimum wage for unskilled labor in Ecuador is 400 USD (326 EUR) per month.<sup>[11]</sup> Agricultural labour in banana, coffee and cocoa plantations and other tropical fruit is largely paid per piece.<sup>[12]</sup> Approximately half of the workers in Ecuador are employed in the informal sector, where minimum wages and social protections are not effectively enforced.<sup>[13]</sup>

## Living wage

The **Global Living Wage Coalition** has developed a living wage benchmark based on the Anker methodology, which focuses on the banana sector of the Southern Coastal region of Ecuador.

According to the benchmark, the living wage for a worker in the Southern Coastal Region of Ecuador is 462 USD (376 EUR) per month<sup>[14]</sup>. This calculation focusses on the rural areas of the main banana growing regions and it is based on a family of 4 with 1.61 workers. In Ecuador, workers with formal contracts who are part of the National Social Security System (IESS) receive the nationally enforced minimum wage plus 13<sup>th</sup> and 14<sup>th</sup> month bonuses. Because many banana plantation workers are informally employed, the estimated living wage from the Global Living Wage Coalition benchmark was developed considering the lack of additional bonus payments.<sup>[15]</sup>

## What's happening

### WHATSHAPPENING-LABEL-

#### Living Wage Update: Rural Ecuador, Southern Coastal Region ↗

Update in the living wage estimate for the southern coastal region of Ecuador, focussing on banana workers. Global Living Wage Coalition.

### INITIATIVE

#### Living Wage Advocacy Initiative ↗

Pilot project in Ecuador and Ghana to establish living wage benchmarks to improve wage negotiations for banana workers.

### RESOURCE

#### Living Wage Benchmark, rural Ecuador ↗

Living wage estimate for the southern coastal region of Ecuador, focussing on banana workers. Global Living Wage Coalition.

### RESOURCE

#### Tracking living and minimum wages in the banana sector ↗

A report commissioned by the World Banana Forum in May 2015 with information for 9 banana producing countries.

### RESOURCE

#### Sweet fruit, bitter truth ↗

Report on the working conditions in the banana and pineapple sectors in Costa Rica and Ecuador. Oxfam Germany, 2016.

## Footnotes

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5. FAO. Family Farming Knowledge Platform. <http://www.fao.org/family-farming/countries/ecu/en/>
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13. U.S. Department of State. (2019). <https://www.state.gov/reports/2019-country-reports-on-human-rights-practices/ecuador/>
14. Global Living Wage Update Rural Ecuador. (2021) [https://www.globallivingwage.org/wp-content/uploads/2021/09/Updatereport\\_Ecuador\\_June2021\\_13Sept21-FINAL.pdf](https://www.globallivingwage.org/wp-content/uploads/2021/09/Updatereport_Ecuador_June2021_13Sept21-FINAL.pdf)
15. Global Living Wage Coalition (2016). Living Wage Report Rural Ecuador. [https://www.globallivingwage.org/wp-content/uploads/2020/07/LW-Report\\_Ecuador\\_2016\\_en.pdf](https://www.globallivingwage.org/wp-content/uploads/2020/07/LW-Report_Ecuador_2016_en.pdf)