

Nicaragua



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13%

Population below international poverty line

€103

per month

Agriculture minimum wage

€232

per month

Rural living wage

€320

per month

Urban living wage

31%

Agricultural workforce

15%

Agriculture share of GDP

Context

Nicaragua has a population of 6.5 million people,^[1] with approximately 59% of inhabitants living in urban areas.^[2] Almost a third of the population is employed in agriculture,^[3] a sector that accounts for 15% of Nicaragua's GDP.^[4] Among Central American countries Nicaragua has the lowest per capita income and poverty levels remain extremely high in rural areas.^[5]

Three-quarters of all Nicaraguan farmers cultivate plots of less than 3.5 hectares, yet these smallholder farmers are responsible for more than half of the country's agricultural exports. In Nicaragua, agriculture is typically characterized by a lack of infrastructure, unskilled labour, and minimal basic services. This sector has about three-quarters of its workforce employed informally. Additionally, Nicaragua's agricultural sector is particularly vulnerable to weather events such as hurricanes.^[5]

Nicaragua's top commodities in production are sugar cane, milk, maize, and rice.^[6] In terms of export quantity, the top commodities are raw sugar, molasses, coffee, and bananas.^[7]

Wages

Minimum Wage

Nicaraguan law establishes a minimum wage that varies per industry, ranging from 4,414 Nicaraguan córdoba (103 EUR) per month in the agricultural sector to 9,880 Nicaraguan córdoba (231 EUR) per month in the construction and financial sectors.^[8] Still, according to government calculations, the average legal minimum wage is just enough to cover 35% of the basic costs of living. In addition, minimum wages are only enforced in the formal sector, and the informal sector in Nicaragua accounts for the majority of employment, an estimated 77%.^[9]

Living Wage

The Global Living Wage Coalition has developed **2 living wage benchmarks** for Nicaragua, one for Managua and one for Northwest Nicaragua.

The living wage in Managua is estimated to be 12,101 Nicaraguan córdoba (283 EUR) per month and is based on a family of 4 with 1.68 full-time workers.^[10] This benchmark focuses on workers employed by the manufacturing sector in the Las Mercedes Industrial Park and Free Trade Zone near the airport of Managua. This area provides incentives for international industries to operate in Nicaragua and is very important for creating employment opportunities for the youth in Nicaragua. However, the current minimum wage for manufacturing workers in the Free Zones turned out to be 75% lower than the estimated living wage.^[11]

The living wage estimate for Northwest Nicaragua is 9,900 Nicaraguan córdoba (232 EUR) per month and is based on a family of 4 with 1.62 full-time workers.^[12] This estimate focuses on workers employed in coffee, banana and other agricultural sectors. The Northwest region of Nicaragua is dominated by agricultural labour, employing an estimated 1 million agricultural workers each year. When comparing the estimated living wage and the agricultural minimum wage, the living wage turns out to be almost twice the minimum wage for agricultural workers.^[13]

What's happening

INITIATIVE

[Platform for sustainable coffee](#)

The Nicaraguan Platform for Sustainable Coffee (Nicafé) addresses critical issues in the coffee sector such as profitability and smallholder inclusion as a multi-actor platform for dialogue.

RESOURCE

[Poor work conditions in sugarcane](#)

This report shows the lack of decent labour conditions in the sugarcane industry in Central America and assesses what stakeholders are doing to ensure decent labour conditions.

RESOURCE

[The economic lives of smallholder farmers](#)

An analysis of smallholder farmer incomes based on household data from nine countries. FAO, 2015.

RESOURCE

[Living Wage Benchmark, northwest Nicaragua](#)

Living wage estimate for Northwest Nicaragua, focussing on banana and coffee workers. Global Living Wage Coalition, 2017.

RESOURCE

[Living Wage Benchmark, Managua, Nicaragua](#)

Living wage estimate for Managua, Nicaragua, focussing on the

Footnotes

1. World Bank. (2019). <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=NI>
2. World Bank. (2019). <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=NI>
3. World Bank. (2019). <https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS?locations=NI>
4. World Bank. (2019). <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?locations=NI>
5. IFAD. (2017). <https://www.ifad.org/en/web/operations/country/id/nicaragua>
6. FAOSTAT. (2018). http://www.fao.org/faostat/en/#rankings/commodities_by_country
7. FAOSTAT. (2018). http://www.fao.org/faostat/en/#rankings/commodities_by_country_exports
8. WageIndicator Foundation. (2020). <https://wageindicator.org/salary/minimum-wage/nicaragua>
9. U.S. Department of State. (2019). <https://www.state.gov/reports/2019-country-reports-on-human-rights-practices/nicaragua/>
10. Global Living Wage Coalition (2019). <https://www.globallivingwage.org/living-wage-benchmarks/managua-nicaragua/>
11. Anderson, L., Anker, R., and Anker, M. (2019). Living Wage Report: Managua, Nicaragua. https://www.globallivingwage.org/wp-content/uploads/2020/05/LW-Report_Managua-Nicaragua_2019.pdf
12. Global Living Wage Coalition. (2020). https://www.globallivingwage.org/wp-content/uploads/2019/01/Update-Report_Northwest-Nicaragua_2020.pdf
13. Anderson, L., and Hernani-Limarino, W. (2017). Living Wage Report: Nicaragua. <https://www.globallivingwage.org/wp-content/uploads/2019/01/2017-LW-Nicaragua-Benchmark.pdf>