

Peru

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Context

Peru has a population of 32.5 million people.^[1] The majority of Peruvians, 78%, live in urban regions,^[2] while only 22% lives in rural areas.^[3] The agricultural sector assumes 27% of total employment in Peru.^[4] A sector that represents 7% of the national GDP.^[5]

Despite the prosperity Peru and its agriculture have witnessed during the last two decades, this wealth has yet to reach the country's smallholder farmers, the majority of which lives in poverty. Smallholders make up 80% of agricultural holdings, with plots of less than 5 hectares. Although the returns on such farms are significantly low, the lack of other opportunities pushes rural inhabitants to keep on working on these family farms. Thus, only a small percentage of farmers, mostly with large holdings, enjoy the country's newly-gained wealth from agricultural exports.^[6]

The top produced crops in Peru are sugar cane, potatoes, rice, plantains and fresh cow milk.^[7] Peru's top export commodities in terms of quantity are grapes, avocados, dry onions, green coffee and bananas.^[8]

Wages

Minimum Wage

The minimum wage in Peru is set by law for the private sector at 930 Peruvian Sol (209 EUR) per month. It is based on 8 hours per day, with at least one day of rest per week.^[9] It is estimated that the national minimum wage in Peru is below the poverty income level. Furthermore, approximately 70% of the workforce is in the informal economy where wages do not reach the level of a minimum wage.^[10]

The **Global Living Wage Coalition** has developed 2 Reference Value studies for rural Peru based on the Anker methodology, one for living wage and one for living income.

Living Wage

The Anker Living Wage Reference Value in rural Peru is estimated at 1,582 Peruvian Sol (356 EUR) per month, which is 70% higher than the national minimum wage. This is the wage required for workers in a typical rural area of Peru to afford a basic but decent standard of living. The value is constituted of a net living wage of 1,266 Peruvian Sol (285 EUR) per month, plus 316 Peruvian Sol (71 EUR) per month to cover the pension contribution and taxes.^[11]

Living Income

The Anker Living Income Reference Value is estimated at 2,050 Peruvian Sol (462 EUR) per month for a typical rural family of 2 adults and 3 children. This is the living income estimate for a typical family in rural Peru to cover the monthly cost of a basic but decent standard of living. This value, turned out to be 28% higher than the income of a family relying on the national minimum wage and 68% higher than the typical family income where the members rely on the average rural wage.^[12]

What's happening

RESOURCE

[Living Wage Reference Value, Rural Peru](#)

Living wage estimate for workers in a typical rural area of Peru to afford a basic but decent living standard. Global Living Wage Coalition, 2020.

RESOURCE

[Living Income Reference Value, Rural Peru](#)

Living income estimate for a typical family in rural Peru to afford the monthly cost of a decent standard of living. Global Living Wage Coalition, 2020.

INITIATIVE

[Banana Link](#)

An organization based in the UK which focuses on raising awareness around the hurdles to the ethical trading of bananas and pineapples.

INITIATIVE

[Global Coffee Platform](#)

The Global Coffee Platform is the leader organization in sustainable coffee and has established ten country platforms including one in Peru.

RESOURCE

[Better Livelihoods in the gold sector](#)

This report focuses on Solidaridad's gold programme in Ghana and Peru.

INITIATIVE

[Rokbar](#)

Rokbar is a fully traceable and CO2 neutral chocolate produced, processed, made, and owned by women.

RESOURCE

[The External Costs of Banana Production](#)

This report focuses on putting a price in the environmental and social issues surrounding the banana sector.

Footnotes

1. World Bank (2019). <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=PE>
2. World Bank (2019). <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=PE>
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4. World Bank (2020). <https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS?locations=PE>
5. World Bank (2018). <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?locations=PE>
6. World Bank. 2017. *Gaining Momentum in Peruvian Agriculture : Opportunities to Increase Productivity and Enhance Competitiveness*. World Bank, Lima. © World Bank.
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7. FAOSTAT (2019). http://www.fao.org/faostat/en/#rankings/commodities_by_country
8. FAOSTAT (2019). http://www.fao.org/faostat/en/#rankings/commodities_by_country_exports
9. Wage Indicator Foundation (2020). *Minimum Wage-Peru*.
<https://wageindicator.org/salary/minimum-wage/peru>
10. U.S. Department of State. 2019 *Country Reports on Human Rights Practices: Peru*.
<https://www.state.gov/reports/2019-country-reports-on-human-rights-practices/peru/>
11. Global Living Wage Coalition (2020). *Anker Living Wage Reference Value: Rural Peru 2020*.
https://www.globallivingwage.org/wp-content/uploads/2020/11/Rural-Peru-LW-Reference-Value_EN-FINAL.pdf
12. Global Living Wage Coalition (2020). *Anker Living Income Reference Value: Rural Peru 2020*.
https://www.globallivingwage.org/wp-content/uploads/2020/11/Rural-Peru-LI-Reference-Value_EN-FINAL.pdf