

# EL SALVADOR

## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (US\$)
<b>Legal Minimum Wage</b>	<ul style="list-style-type: none"> <li>US dollars 246.60 per month is the applicable legal minimum wage (LMW) for industry since January 1, 2015. The factories assessed were tier-2 facilities, which fall into the category of "industry," which is different from those manufacturing facilities that export their products. The applicable LMW for 2014 was 237 (salary valid from January 1 to December 31, 2014).</li> </ul>		<b>\$246.60</b>
<b>Industry/ sector wage comparator</b>  <b>Sectoral Average Wage— Manufacturing</b>	<ul style="list-style-type: none"> <li>The sectoral average wage for manufacturing is \$264.80/month (2014).</li> <li>Because of deflation in El Salvador from 2014 to 2015, the figure was not adjusted.</li> </ul>	<u>EHPM</u>	<b>\$264.80</b>

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (US\$)
<b>National Poverty Line (3.73-member family)</b>	<ul style="list-style-type: none"> <li>The 'extended basket' value is calculated based on Canasta Básica Alimentaria (CBA). The CBA represents the total cost of a basic basket of food items capable of meeting a minimum caloric intake threshold (including bread, tortillas, rice, beans, sugar, milk, meat, eggs, vegetables for the total of 2,200 calories and 46 grams of protein). Individuals and households earning less than this amount are considered to be in 'extreme poverty.' The total CBA for one family was US\$205.89/month in August 2015. The calculation was based on a household size of 3.73.</li> <li>The Canasta Ampliada ('extended basket') has historically been used in national statistics to represent 'relative poverty.' However, the figure is no longer officially published by DIGESTYC.</li> <li>The 'expanded basket' is calculated as twice the value of the CBA for one family (3.73 members). This follows the rule of thumb (based on Engel's law) that the poorest will spend more of their income, in comparison to other non-poor groups, on food. It is therefore \$411.78/ family/month (August 2015)</li> </ul>	<u>DIGESTYC</u>	<b>\$411.78</b>

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## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (US\$)
<b>World Bank 'international poverty line' (2011 PPP\$ 3.10 / day)</b>	<ul style="list-style-type: none"> <li>Poverty is measured by the World Bank at Purchasing Power Parity (PPP) \$3.10/day. PPP \$1.90 (in 2011 PPP\$) per day per person represents the international 'extreme poverty line' for extremely poor countries.</li> <li>The 2011 PPP conversion factor for El Salvador in 2014 is USD\$0.50.</li> <li>The \$3.10 equivalent is <math>(\\$0.50 * 3.1) = 1.55</math></li> <li>On a monthly basis, this is <math>(1.55 * (365/12)) = \\$47.15</math></li> <li>Adjusted for inflation, this amount is <math>[108.91 \text{ (CPI 2015)}/110.18 \text{ (CPI 2014)} * \\$ 47.15] = \\$ 46.60/\text{person}/\text{month}</math></li> <li>The household equivalent of \$46.60 assuming two consumption units and one earner is \$93.20/month.</li> </ul>	<u>WB 2011 ICP</u>	<b>\$93.20</b>
	<ul style="list-style-type: none"> <li>The household equivalent of \$46.60 assuming three consumption units and one earner is \$139.80/month.</li> </ul>		<b>\$139.80</b>
<b>Living Wage estimate</b>  <b>Living Wage estimated by Equipo de Investigaciones Laborales SV (3.73-member family)</b>	<ul style="list-style-type: none"> <li>Following the study "Towards a living wage in the maquila sector in Central America" conducted initially in 2013 by the Maquila Solidarity Network and four civil society organizations in Central America, the local CSO Equipo de Investigaciones Laborales SV estimated a living wage value based on value of the Canasta de Mercado (CM), or Market Basket, which includes a group of food items, goods and services that help a typical Salvadoran family to cover their basic needs. The CM includes 196 goods and 42 services that are representatives of the monthly consumption patterns of an average Salvadoran family of 3.73 members. The goods and services that comprised the CM are related to health, food, housing, cloth, education, transportation, and recreation.</li> <li>The estimated living wage is based on the October 2015 CM, which was \$590.49, plus a 10 percent for savings, which in total makes \$649.53.</li> <li>This living wage does not include the cost of childcare.</li> </ul>	Equipo de Investigaciones Laborales SV	<b>\$649.53</b>

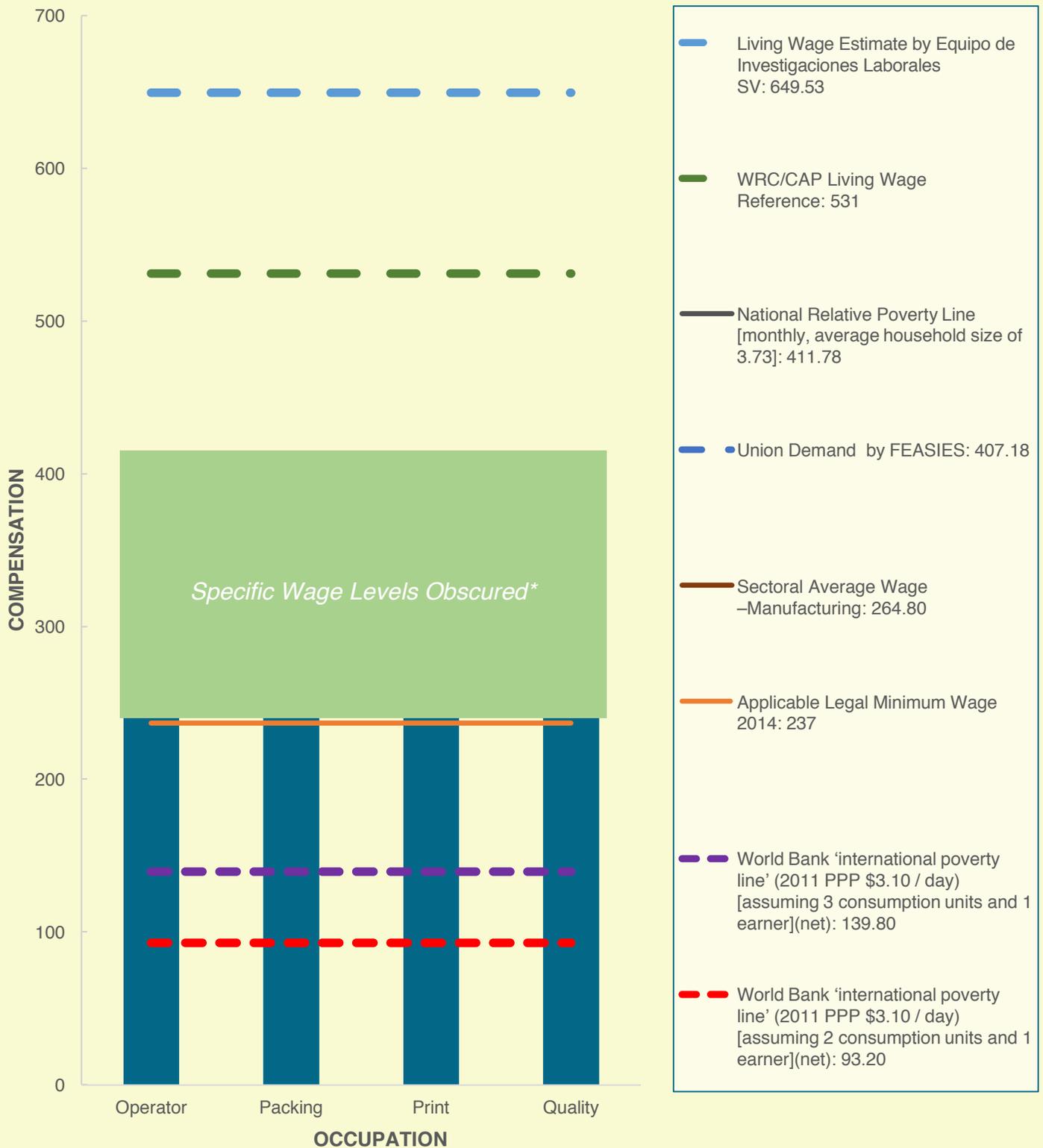
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## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (US\$)
<p><b>Living Wage estimate</b></p> <p><b>Worker Rights Consortium/ CAP (1 adult, 2 children, and 1 earner)</b></p>	<ul style="list-style-type: none"> <li>The figure comes from a paper prepared for the Center for American Progress (CAP) by the Worker Rights Consortium (WRC). Living wage figure for Dominican Republic for 2011 was DOP 21,236.96 (based on the 2008 WRC living-wage figure and adjusted using consumer-price-inflation from the World Bank, see p.16 and Table 2 on p.18 of the report). The WRC assumed that the average worker has a family of four, and that one of the family members represents an additional wage earner whose income covers one-quarter of a family's expenses. The living wage for a full-time worker is based on the amount that is sufficient to cover the expenditures of three of the four family members—one adult and two school-age children.</li> <li>Figure of 518.60 for El Salvador (2011) was extrapolated from Dominican Republic 21,236.96 DOP/household/month (2011) using PPP\$ conversion factors and adjusting for CPI inflation (see p.16 and Table 2 on p.18 of the report).</li> <li>Adjusted for inflation rate using IMF WEO CPI (to 2015 value): 531</li> </ul>	<p><u>Worker Rights Consortium/ CAP</u></p>	<p><b>\$531</b></p>
<p><b>Union Demand</b></p> <p><b>Minimum Wage Proposal presented to the Government</b></p>	<ul style="list-style-type: none"> <li>Local CSO Fundación de Estudios para la Aplicación del Derecho (FESPAD) proposes a legal minimum wage of \$300.00 per month or \$10.00 daily; without distinction of urban or rural areas, or economic sector.</li> </ul>	<p><u>Fundación de Estudios para la Aplicación del Derecho (FESPAD)</u></p>	<p><b>\$300.00</b></p>
<p><b>Union Demand</b></p> <p><b>Minimum Wage Proposal presented to the Government</b></p>	<ul style="list-style-type: none"> <li>Estimation is based on the June 2015 CBA, which was \$203.59. These organizations consider that the legal minimum wage should be twice this value; hence, they proposed a salary of \$407.18 for 2016.</li> </ul>	<p>Local CSO network CEDM, including the union federation (FEASIES)</p>	<p><b>\$407.18</b></p>

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## EL SALVADOR *Currency: US Dollar (USD)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

\* Specific wage levels have been obscured in an abundance of caution to avoid the potential disclosure of information that may be competitively sensitive.