

The Fair Wage Guide (FWG) project was started in 2005 with the intention of improving wages for piece-rate workers in the developing world. The FWG is a free, online tool that collects data from workers and creates one standardized method for the calculation of piece-rate payments. The generous support and assistance we have received from dozens of NGOs, alternative trade organizations, businesses, and foundations around the world have been instrumental in the success we have achieved so far.

For the first time, we are sharing results from the data we have collected in the FWG, while maintaining anonymity of our users. This report is a snapshot of data from 850+ businesses and NGOs diligently working to improve wages for informal workers. These businesses conservatively represent 60,000+ workers from 81 countries. We have also included results collected during our 2009 survey of FWG users.

In this report, you will read that while most workers are doing well, there is still progress that needs to be made improving wages for informal workers. We aim to provide additional reports as data and resources are available.

FWG 2009 User Survey Results

In 2009, we conducted a survey of FWG users to determine the impact the tool is having on workers around the world. We received a positive 20 percent response rate. We found that after using the FWG:

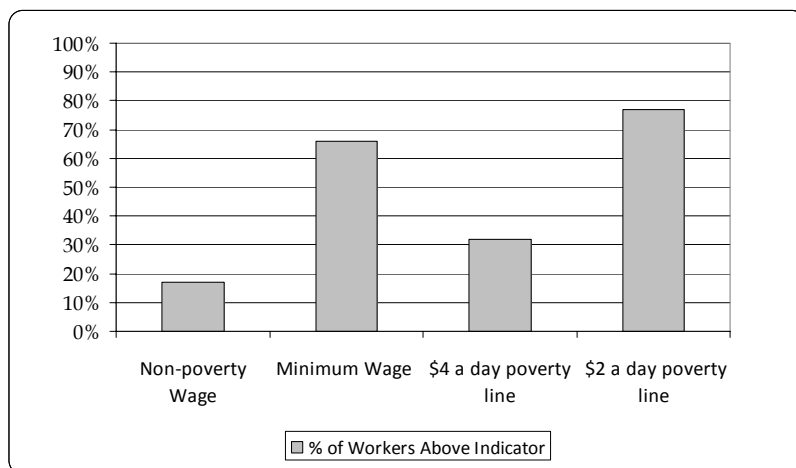
- 95 percent of users report that it is a useful tool to improve wages.
- 80 percent of users report increased earnings for workers from 5 to 200 percent.
- 25,000 workers have seen their incomes increase by 20 percent, on average.

Total Data Breakdown

Since 2006, **8,597 products** and **23,626 wages**, conservatively representing 60,000 workers, have been collected in the FWG. Chart A below shows how the wages of workers compare to international and local economic indicators.

Key Finding: Approximately 35 percent of workers are earning less than their local minimum wage and 25 percent of workers are earning less than \$2 per day.

A. Wage Performance on Four Economic Indicators for FWG Users (N = 23,626 in 81 countries)



See Appendix A for definitions of economic indicators.

Regional Data Breakdown

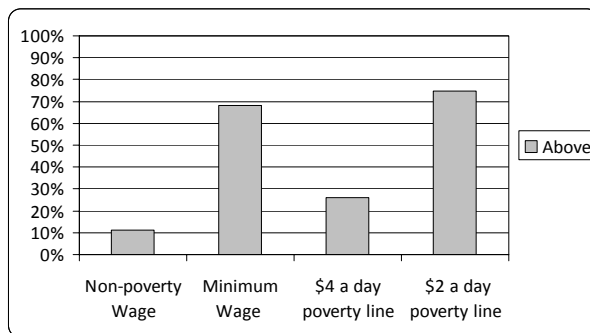
Charts B, C, D and E compare workers' earnings to economic indicators by region. The majority of the data is from workers in Asia and the Pacific Islands, with data from 19,385 workers. In Latin America and the Caribbean, we have collected data from 2,327 workers, and in Africa, we have data from 1,580 workers. Our smallest sample size is from Europe and Eurasia with data from 58 workers.

Findings:

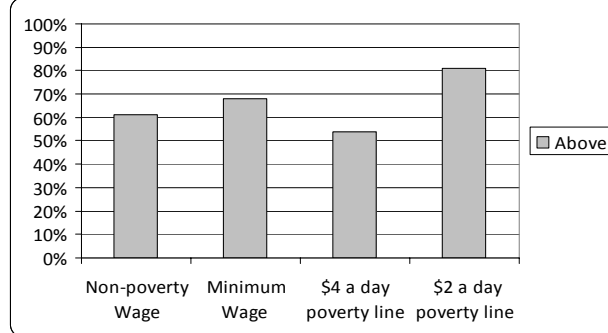
- Africa fares the best of payment of non-poverty wages with more than 60 percent of workers exceeding the economic indicator.
- 55 percent of workers in Latin America are earning below their legal minimum wage.
- 68 percent of workers in Asia are earning more than the local minimum wage.
- 26 percent of workers in Asia are earning more than \$4 a day.
- 66 percent of workers in Latin America are earning more than \$4 a day.

Wages compared to economic indicators for workers by region

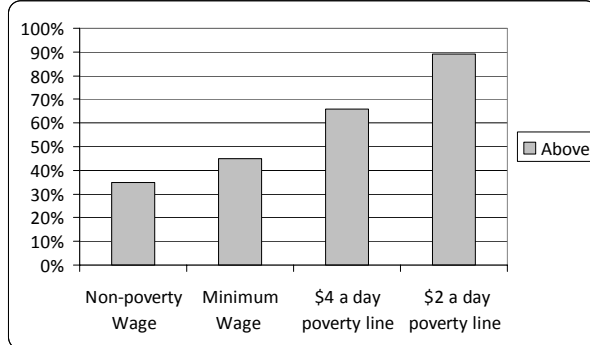
B. Asia and Pacific Islands (n=19,385)



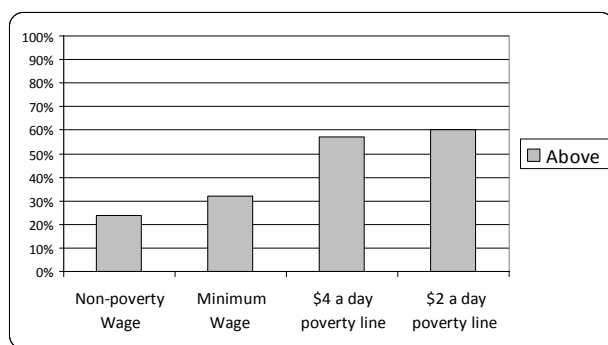
C. Africa (n=1,580)



D. Latin America & the Caribbean (n=2,327)



E. Europe and Eurasia (n=58)



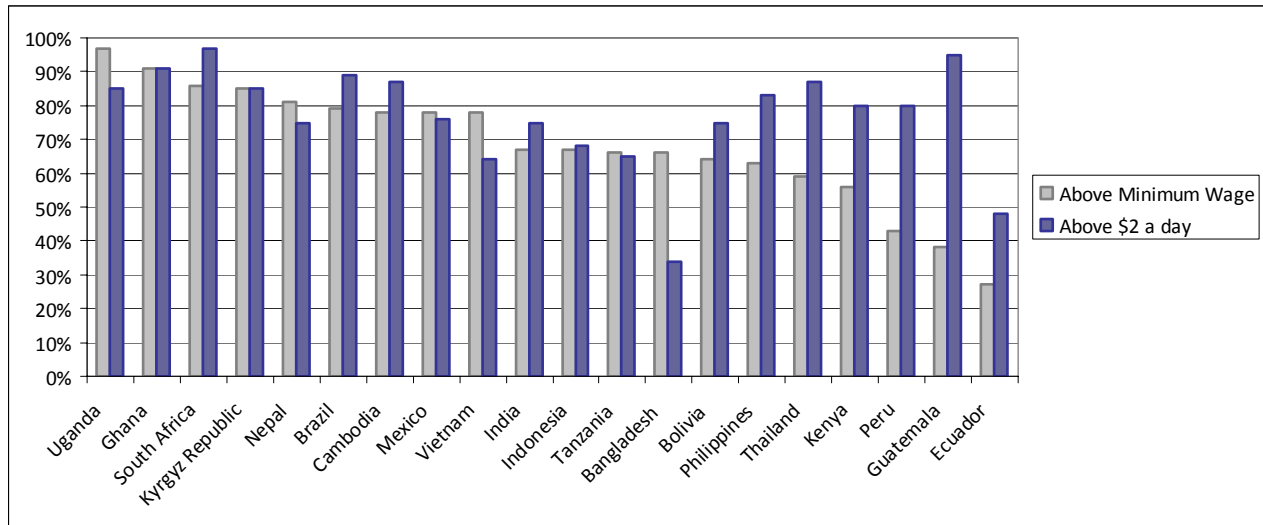
Country Data Breakdown

We have collected the most wage data for workers living in the 20 countries listed below in chart F. The top five countries include India, Guatemala, Kenya, Peru and Ghana. **Seventy-seven percent of all the data in the FWG represents workers from India.**

Findings:

- India, the country with the most wage data, reports 35 percent of workers earn below the local minimum wage.
- 90 percent of workers in Uganda and Ghana are earning more than the local minimum wage.
- Majority of workers in Ecuador, Guatemala and Peru are earning less than minimum wage.

F. Wages Performance on Two Economic Indicators for Top 20 Countries using the FWG



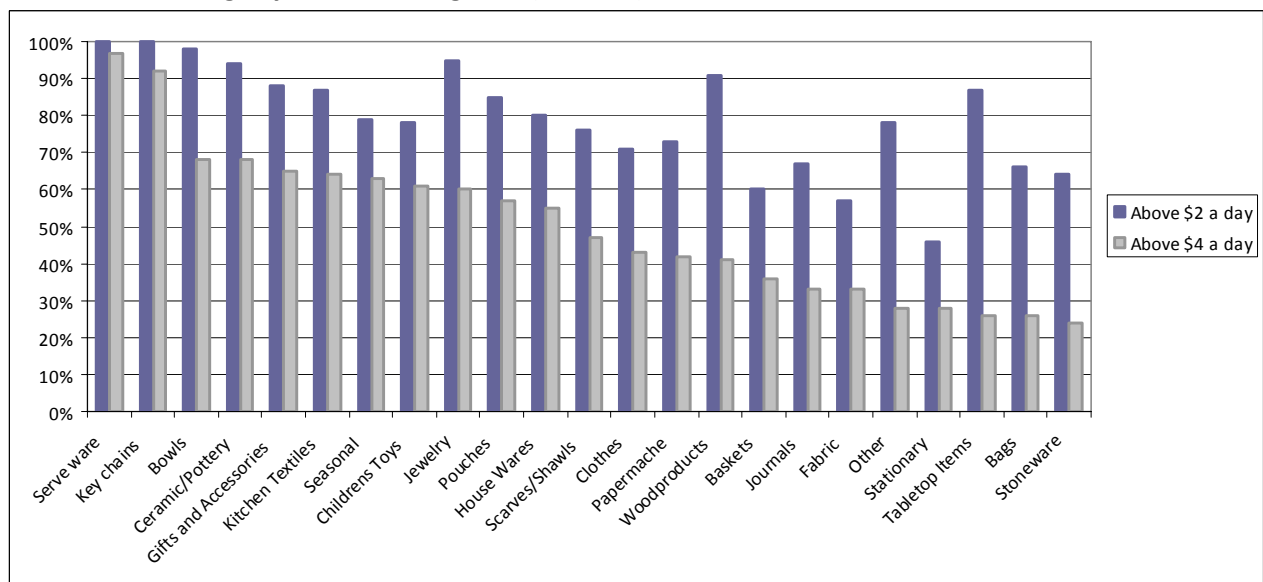
Product Category Data Breakdown

Chart G shows how earnings for workers vary based on the products they are producing. Different factors may contribute to earnings including cost of living, minimum wage rates, production time, material costs and supply and demand.

Findings:

- Most profitable products include serve ware, key chains, bowls and ceramics/pottery.
- Least profitable products include stone ware, bags, tabletop items and stationary.

G. Workers Earnings by Product Categories (n=8,597)



We will continue to keep all product tests confidential and anonymous. We hope that by releasing the aggregate data, all of us interested in supporting piece-rate workers can understand the magnitude of the issue and the impact we have collectively had to date. If you would like permission to reprint all or part of this report or have any questions or comments, please contact Audrey Seagraves at audrey@worldofgood.org. Thanks again for your continued support of our work.

Appendix A

Definitions of Economic Indicators

Non-Poverty Wage

The Non-Poverty Wage Indicator is a calculation based on the US non-poverty rate of \$7.74/hour.

Sweatfree Communities developed a definition and methodology to calculate the non-poverty wage for every country accounting for differences in cost of living and GDP. You can see the full methodology and wage chart [here](#).

Minimum Wage

Minimum wages vary from country to country and in some cases from region to region and state to state within countries. The FWG uses minimum wage data collected from a variety of sources including the International Labor Organization's [minimum wage database](#), U.S. Department of State [human rights reports](#) and individual country websites. When available, we provide different wage rates for urban and rural areas. In addition, for countries with more complicated minimum wage structures including India, Indonesia and Mexico, the wage data is broken down by state and in the case of India, skill levels. We update minimum wage data on a yearly basis, or when one of our users alerts us to a new wage rate in their country.

\$4 a day poverty line and \$2 a day poverty line

The World Bank created international poverty lines defined as \$1, \$2, \$4 and \$11 per day. Behind this approach is the assumption – based on national poverty lines from a sampling of developing countries – that after adjusting for cost of living differences, \$1 per day is the minimum consumption required for subsistence in low income countries. The \$2 per day poverty line is the minimum poverty indicator in the Fair Wage Guide.