

# Living Wage Update Report Rural Guatemala, Central Departments 2022

Living Wage Update Report No. 2022-04-13



 <p>Cost of decent standard of living for a family</p> <p><b>GTQ 5,081</b> (USD 657)</p>	 <p>Living wage per month</p> <p><b>GTQ 3,487</b> (USD 451)</p>
---	---



Photo by [Nestlé](#)

# Living Wage Update Report Rural Guatemala, Central Departments 2022

By:

*Agnes Medinaceli\**

*Alejandra Gonzales\*\**

*Lykke E. Andersen\*\*\**

*Richard Anker\*\*\*\**

*Martha Anker\*\*\*\**

## **Abstract:**

*This estimate has been revised to reflect the actual inflation rate in the country during 2022. The 2022 update previously published was calculated with the IMF projected inflation for the year.*

This report provides updated estimates of family living expenses and living wage for rural areas in the Central Departments of Guatemala. This region focuses on agriculture, particularly on coffee. The update for June 2022 takes into account inflation since the original Anker living wage study carried out in September 2016 (Voorend, Anker and Anker, 2016).

**Keywords:** Living costs, living wages, Anker Methodology, Guatemala

**JEL classifications:** J30, J50, J80.

---

\* SDSN Bolivia, E-mail: [agnes.medinaceli@gmail.com](mailto:agnes.medinaceli@gmail.com).

\*\* SDSN Bolivia, E-mail: [Alejandra.Gonzales@sdsnbolivia.org](mailto:Alejandra.Gonzales@sdsnbolivia.org).

\*\*\* SDSN Bolivia, E-mail: [Lykke.E.Andersen@gmail.com](mailto:Lykke.E.Andersen@gmail.com).

\*\*\*\* Anker Research Institute, E-mail: [marthaandrichard@gmail.com](mailto:marthaandrichard@gmail.com).

## 1. BACKGROUND

This report updates the Anker living wage and living expenses to June 2022 for rural areas in the Central Departments of Guatemala.<sup>1</sup> These departments are known for various agricultural products, particularly (although not exclusively) coffee. The update takes into account the amount of inflation since the original study in September 2016. This is done by updating the September 2016 net living wage and living expenses to June 2022 by inflation. Without accounting for inflation, the net living wage estimated in 2016 would not be sufficient for workers to have a basic but decent standard of living in June 2022 because the purchasing power of the living wage would have decreased compared to what it was in 2016.

The gross living wage (aka living wage) is updated to June 2022 by taking into consideration income taxes and mandatory deductions from pay that workers would need to pay on the updated June 2022 living wage, using current laws.

## 2. LIVING WAGE ESTIMATE IN ORIGINAL COUNTRY REPORT FROM SEPTEMBER 2016

The original living wage country report estimated the net living wage as GTQ 2,572 (US\$ 343) in September 2016. This was the required take-home pay for workers for decency. The gross living wage, which also takes into account income taxes and mandatory deductions from pay for social security, was estimated as GTQ 2,689 per month (US\$ 359)<sup>2</sup> in September 2016. The living expenses for a basic but decent standard of living for a reference family in the original country report was estimated as GTQ 3,938 per month (US\$ 525) in September 2016 (Voorend, Anker and Aker, 2016).

## 3. INFLATION RATE USED FOR UPDATE

The National Statistics Institute of Guatemala (INE, Instituto Nacional de Estadística – Guatemala),<sup>3</sup> is the government body responsible for computing and reporting price indices in Guatemala. It reports the consumer price index, which is a monthly indicator based on data for 8 regions in Guatemala and price changes for the 34 products of the basic basket of products from the National Household Expenditure Survey (Encuesta Nacional de Ingresos y Gastos Familiares - ENIGFAM).

The expenditure weights structure of the CPI (base December 2010 = 100) is constructed with the household consumption expenditure information of the urban and rural populations that were surveyed in the ENIGFAM, without excluding any segment or stratum of the population.<sup>4</sup> Price information is collected for the 8 regions of Guatemala: Metropolitana (1), Norte (2), Nor-Oriente (3), Sur-Oriente (4),

<sup>1</sup> This is an update for the Living Wage Report, Rural Guatemala, Central Departments: Provided in the Coffee Sector September 2016 <https://bit.ly/3kMqEfk>.

<sup>2</sup> Using an exchange rate of 7.5 GTQ=1US\$.

<sup>3</sup> <https://www.ine.gob.gt/>

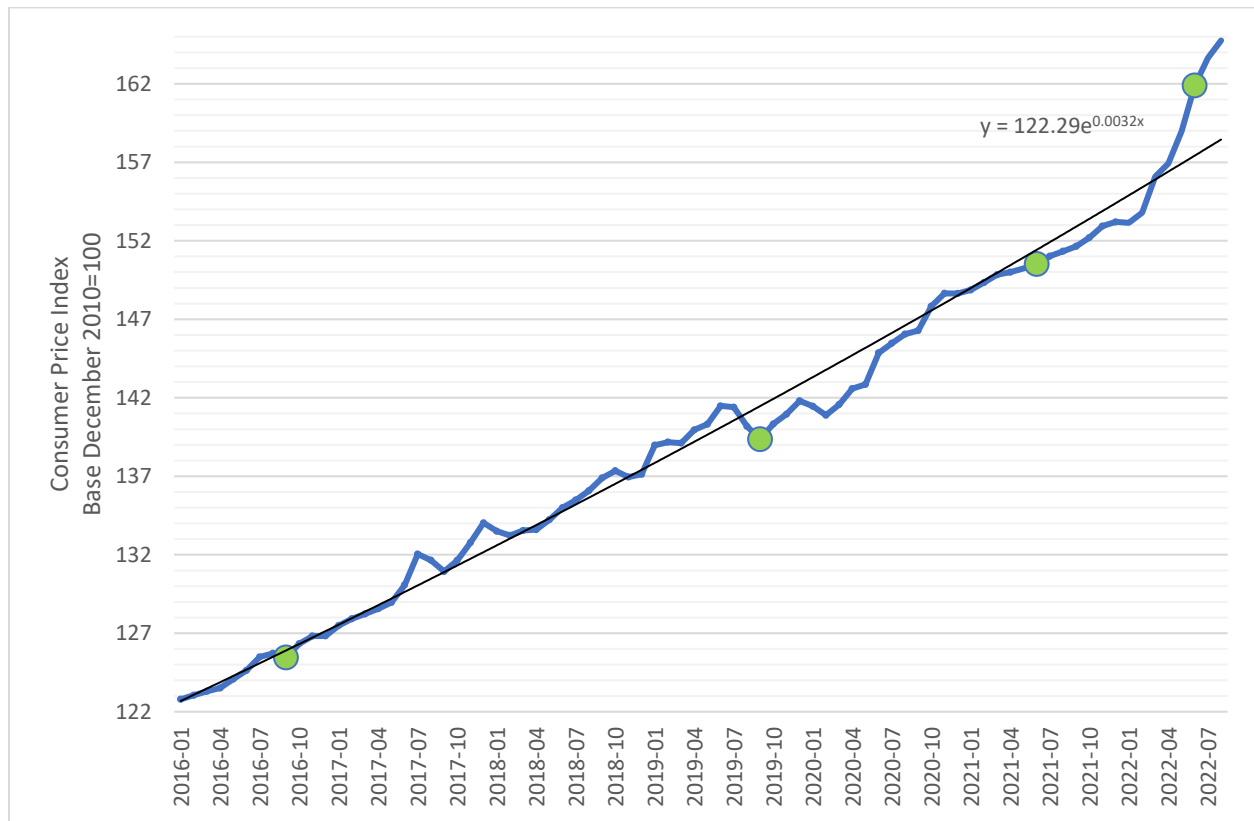
<sup>4</sup> The consumption basket used to calculate the CPI consists of the following: food and non-alcoholic beverages; alcoholic beverages and tobacco; clothing and footwear; housing, water, electricity, gas and other fuels; furniture and household items; health care; transportation; communications; recreation and culture; education; restaurants and hotels; and miscellaneous goods and services.

Central (5), Sur-Occidente (6), Nor-Occidente (7), and Peten (8). This report uses the national CPI, which reflects the average inflation in the country and is based on the largest possible sample of data points, and therefore represents the most reliable inflation data.

#### 4. RECENT LEVEL OF INFLATION

Between September 2016 and December 2021, prices in Guatemala increased steadily. During the first half of 2022 prices increased substantially. The total increase in prices between September 2016 and June 2022 was 29% (see Figure 1).

**Figure 1: General Consumer Price Index, Guatemala, January 2016 – August 2022**



Notes: Green circles indicate the months of the original study and updates. The black line is the fitted exponential trendline.  
 Source: Authors' calculations based on CPI data from INE.

#### 5. MANDATORY DEDUCTIONS

In September 2016, at the time of the original living wage report, workers paid 4.83% in payroll deductions, consisting of contributions to the Guatemala Institute of Social Security (Instituto Guatemalteco de Seguridad Social - IGSS). In March 2022, the same social security contribution applied. Moreover, just as in 2016, the living wage is well below the lowest tier of income tax, meaning that there

is no income tax due on a living wage.<sup>5</sup> Therefore, in May 2022 only the 4.83% social security contribution is taken into consideration for the gross living wage update.

## 6. UPDATED LIVING WAGES AND FAMILY EXPENSES FOR JUNE 2022

The updated net living wage, or take-home pay, for June 2022 is GTQ 3,319 (USD 429) per month. The gross living wage (aka living wage), which also takes into account income taxes and mandatory payroll deductions, is GTQ 3,487 (USD 451) per month for June 2022. It is important to note that this includes the obligatory productivity bonus (not taxed) of GTQ 250 per month, as part of the payment of the living wage.

Table 1 provides details of the original and the updated living wages and family living expenses in GTQ and USD.

**Table 1: Family living expenses and living wage for coffee growing region in Central Departments of Guatemala (in Guatemalan Quetzal and US Dollars per month)**

	September 2016 Original Study		June 2021 Update Report		June 2022 Update Report	
	GTQ	USD <sup>a</sup>	GTQ	USD <sup>a</sup>	GTQ	USD <sup>a</sup>
<b>Family living expenses (1)</b>	3,938	525	4,725	611	5,081	657
<b>Net living wage (2)</b>	2,572	343	3,086	399	3,319	429
<b>Income taxes and payroll deductions on living wage (3)</b>	118	16	157	20	168	22
<b>Gross living wage (4)= (2) + (3)</b>	2,689	359	3,242	419	3,487	451
<b>Exchange rate to USD</b>	7.5		7.73		7.74 <sup>b</sup>	

Note: <sup>a</sup> USD values are indicative only because exchange rates are volatile. <sup>b</sup> Average exchange rate for June 2022. Source of exchange rate: <http://www.banguat.gob.gt/cambio/>

Source: Authors' calculations.

## 7. REFERENCES

Voorend, K., Anker, R., & Anker, M. (2016) *Living Wage Report, Rural Guatemala, Central Departments. Context provided in the coffee sector*. Available online: [https://www.globallivingwage.org/wp-content/uploads/2018/05/Guatemala\\_Living\\_Wage\\_Benchmark\\_Report.pdf](https://www.globallivingwage.org/wp-content/uploads/2018/05/Guatemala_Living_Wage_Benchmark_Report.pdf)

<sup>5</sup> <https://taxsummaries.pwc.com/guatemala/individual/taxes-on-personal-income>