

Towards Living Wages in Palm Oil

Strategic Advocacy Priorities for Trade Unions of IPOWU network in Colombia, Ghana, Indonesia

Cross-country diagnosis: Not one wage problem but layered structural inequalities

The research on wages for the International Palm Oil Worker Union (IPOWU) across Colombia, Ghana and Indonesia confirms that palm oil workers face measurable and persistent wage gaps. This 4-pager shows the most strategic relevant findings of the research - to date - for advocacy purposes.

Across all three countries we see these issues arising:

- A significant share of workers interviewed within the scope of the research earns below Living Wage¹ estimate levels. In Ghana 72% of the workers interviewed earn below this level, in Indonesia 57% and in Colombia 46% of the interviewed workers earn below a living wage.
- All countries have a significant gap between the Statutory Minimum Wage rate(s) and Living Wage estimates.
- Wage systems often rely on productivity or target-based mechanisms and working extra hours overtime to meet a living wage level, which show that income security and decency is linked to working overtime and meeting higher targets.
- CBAs are not many and not sectoral. Where they exist, they govern working time and working conditions well, although some have indications on deductions from pay if targets are not met.
- Wage theft risks persist in unrecorded overtime, unpaid waiting time (such as during bad weather) and deduction from pay if targets are not met.
- Gender segregation, especially in jobs, remains structural, even where formal wage gaps on equal pay for equal work are limited.
- When accounting for the caloric demands of sustained plantation labour, Living Wage estimates increase by approximately 11–15% across the three countries, strengthening the case for ensuring that Living Wage discussions in agricultural sectors reflect the realities of physically demanding work.

Indonesia: Enforcement of Minimum Wage and bridging the Living Wage gap

Indonesia has a complex multi-level minimum wage structure (provincial and district levels). The data shows:

- Significant Minimum Wage non-compliance exists throughout the areas researched. 38% of the workers interviewed do not receive the applicable Minimum Wage.
- Yet, the gap between statutory Minimum Wages and Living Wage estimates is comparatively smaller than in Colombia and Ghana.

¹ WageIndicator Typical Family Lower Bound - Guidance from October 2025

- This suggests that *if the MW is actually complied with*, it provides a stronger base toward covering basic needs than in the other two countries.

Strategic implication for Indonesian unions

The pathway to Living Wage can be seen in the context of:

- 1. Enforce Minimum Wage compliance**
 - Push for stronger labour inspection
 - Use documented Minimum Wage underpayment cases as leverage in negotiations
 - Demand transparent payslips and clearer wage components.
- 2. Close the gap between actual paid wages and Living Wage estimates**
 - Address target-based wage systems that suppress decent base wages.
 - Push to embed wage improvements in guaranteed wage components.
 - Reduce dependency on overtime and variable bonuses.
- 3. Strengthen collective bargaining beyond Minimum Wage**
 - Negotiate sectoral or company-level wage floors above statutory minimum.
 - Embed Living Wage estimates into CBA negotiations.
 - Ensure guaranteed wage components are strengthened rather than temporary bonuses.

Core strategic message: In Indonesia, the statutory minimum wages are closer to Living Wage estimates than in the other countries, but minimum wage enforcement and target-based wage systems are an issue. Strengthening Minimum Wage compliance combined with closing the remaining Living Wage gap brings palm oil workers significantly closer to a Living Wage.

Colombia & Ghana: Structural Minimum Wage inadequacy

In Colombia and Ghana, the Minimum Wage picture is different, although dependency on overtime and target-based pay to meet a decent wage level is equally an issue as in Indonesia. The data shows:

- Widespread compliance with statutory Minimum Wages in almost all places interviewed
- Yet, the Statutory Minimum Wages remain far below Living Wage estimates.
- Even when workers are paid the legal Minimum Wage, it is by far insufficient to cover basic needs.
- This creates a structural wage trap. Minimum Wage compliance does not equal adequacy.

Strategic implication for Colombian and Ghanaian unions

In Ghana and Colombia, a focus on Minimum Wage compliance alone is insufficient. The strategic focus must shift to structural and regular Minimum Wage increase(s) with regular indexation to inflation. In practice this could mean an advocacy focus on:

- 1. Raise the statutory Minimum Wage toward Living Wage levels**
 - Advocate for significant Minimum Wage increases.
 - Use Living Wage data as evidence in national wage-setting debates.

- Position palm oil as a benchmark sector for rural wage adequacy.
2. **Close the gap between actual paid wages and Living Wage estimates**
 - Address target-based wage systems that suppress decent base wages.
 - Push to embed wage improvements in guaranteed wage components.
 - Reduce dependency on overtime and variable bonuses.
 3. **Strengthen collective bargaining beyond Minimum Wage**
 - Negotiate sectoral or company-level wage floors above statutory minimum.
 - Embed Living Wage estimates into CBA negotiations.
 - Ensure guaranteed wage components are strengthened rather than temporary bonuses.

Core strategic message:

In Colombia and Ghana, the key barrier to Living Wage is not non-compliance, it is the fact that the Minimum Wage itself is significantly lower than the Living Wage estimate levels. Additionally, the dependency on overtime and target-based wage systems causes people to work much more to reach a decent level of pay.

Wage systems: A shared structural risk

Across all three countries, wage adequacy is undermined by structural features:

- Productivity targets that affect the ability to reach a decent take-home pay with regular working time.
- Overtime dependency to reach decent income.
- Variable bonuses replacing guaranteed wage components.
- Limited transparency in wage calculations and target-setting.

Union priority across all countries:

- Demand clarity in wage calculation systems
- Embed improvements into guaranteed base wages.
- Resist substitution of base wage increases with temporary premiums.
- Monitor and document overtime-driven wage dependency.

Living Wage must be earned within normal working hours, not through excessive overtime.

Gender dimension: Structural segregation

Although large formal gender wage gaps for equal pay for equal work are not always evident for identical roles, the research shows:

- Strong occupational segregation.
- Lower female participation in higher-paid categories.
- Limited access to permanent contracts for women in some contexts.

Union strategies should therefore:

- Push for equal access to permanent contracts.
- Address job classification systems.
- Monitor gender-disaggregated wage progression.

Strategic framing for international coordination

The three-country comparison provides a powerful international narrative:

Country	Core Issues	Primary Union Strategies
Indonesia	<ul style="list-style-type: none">• Minimum Wage non-compliance• Wage system design reliant on overtime and targets	<ul style="list-style-type: none">• Enforce Minimum Wage• Embed Living Wage in guaranteed wages
Colombia	<ul style="list-style-type: none">• Minimum Wage structurally below Living Wage• Wage system design reliant on overtime and targets	<ul style="list-style-type: none">• Advocate significant Minimum Wage increase• Embed Living Wage in guaranteed wages
Ghana	<ul style="list-style-type: none">• Minimum Wage structurally below Living Wage• Wage system design reliant on overtime and targets	<ul style="list-style-type: none">• Advocate significant Minimum Wage increase• Embed Living Wage in guaranteed wages

Key international advocacy messages:

1. Minimum Wage compliance is mandatory by law but not met everywhere
2. Statutory Minimum Wages should meet Living Wage levels
3. Living Wage concept must be embedded in guaranteed wage components
4. Productivity-linked systems must not replace base wage adequacy
5. Reliance on overtime and other premiums is not a sustainable solution for meeting an adequate wage level

One step closer to Living Wage

The findings provide the IPOWU network evidence-based leverage.

In Indonesia, the focus on Minimum Wage compliance can rapidly narrow the Living Wage gap. In Colombia and Ghana, the battle is political. The Minimum Wage must move significantly and structurally towards meeting a Living Wage level. Across all countries, collective bargaining remains central to embedding wage security, less dependency on overtime and insecure target-based wage payments.

The strategic advantage of this research is comparative clarity. It shows that the "Living Wage strategy" is not one-size-fits-all but requires country-specific advocacy.

For the IPOWU network it creates a coordinated but differentiated advocacy roadmap: nationally grounded yet internationally aligned.