

Fairwork

PLATFORM HYBRID MODELS

Fairwork Ecuador Ratings 2023



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Executive Summary

This report examines digital labour platforms that provide on-demand work in Ecuador via apps or web interfaces in the service sector, including domestic work, food delivery, and ridesharing/transportation. The report highlights service-providing platforms' innovation environment and incorporates important experience around platform cooperativism.

Our research shows that a number of platforms are struggling to maintain their position in a weak market where economic growth has stagnated, as well as employment rates. Only a few local platforms seem to be introducing innovative, participatory, and fairer practices into the way they do business. However, in addition to corporatist models, Ecuador is now seeing experimentation in the creation of platforms designed by organizations like CARE, or new pilots of hybrid models between unions, cooperatives, and private companies like Digitaxi.

This year's report, which marks the third cycle of our research in Ecuador, evaluates 10 digital labour platforms according to five principles of Fairwork. These platforms are: Asoclim, Tipti, Digitaxi, AloApp, Didi, Cabify, Uber, Uber Eats, PedidosYa, and Rappi. Five of these platforms are ridesharing, four are on-demand delivery services, and one provides care and domestic services. Of these, nine platforms were included in last year's report: Asoclim, Tipti, AloApp, Didi, Cabify, Uber, Uber Eats, PedidosYa, and Rappi. Only three out of the 10 platforms studied this year were founded in the country with Ecuadorian capital. The other seven are international companies operating in Ecuador, and five of them work under the law of a foreign country.

The scores presented in this report indicate that reforms are needed to move towards a more equitable and decent platform economy. Platforms must aspire to improve workers' pay by considering task-specific and work-related costs. They must also work to constantly improve working conditions, especially in light of the rapidly changing economic situation in Ecuador. Platforms must, furthermore, recognize worker-led initiatives that provide workers with a chance to shape platform policies, and should fully embrace the collective voice of their workers.

ONLY A FEW LOCAL PLATFORMS SEEM TO BE INTRODUCING INNOVATIVE, PARTICIPATORY, AND FAIRER PRACTICES INTO THE WAY THEY DO BUSINESS.

Key Findings



FAIR PAY

This year, only two out of 10 platforms could evidence that workers' gross pay is at or above the minimum wage, which is set at 450 USD a month: Tipti and Asoclim. When assessing minimum wage, the scores took into account not only the amount earned by the worker for hours worked, but also the cost of providing task-specific equipment and paying for work-related costs out of pocket.

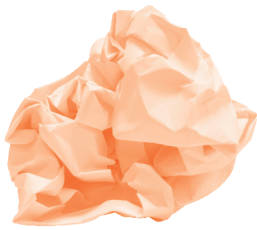
The scores also factored in waiting times between jobs. Adding in these additional costs – such as unpaid waiting time, travel costs, vehicles, petrol, mobile phone data and insurance – meant that the minimum wage point could not be awarded unequivocally to the other eight platforms. When extending this net calculation to consider the living wage, which was calculated by the National Institute of Statistics and Census (INEC) at 767 USD in February of 2023, none of the platforms could evidence this principle of fair pay, and we see workers often working very long hours just to cover their expenses.



FAIR CONDITIONS

While the risks arising directly from COVID-19 are still present during the work of platform workers in 2023, we must also factor in the security issues resulting from the increase in crime in the country. We therefore also examined the measures taken by the platforms to support and protect their workers from criminal acts.

This year, three platforms were awarded the first point by presenting evidence of actions taken to protect workers: Asoclim, Digitaxi, and Tipti. These platforms have taken basic steps to mitigate the risks of lone working by providing adequate support and designing processes with occupational safety and health in mind, at no additional cost to the worker. Only Tipti was awarded the second point, as it minimizes the risk of sickness and injury.



FAIR CONTRACTS

Most platforms operating in Ecuador do not have clear Terms and Conditions.

Only three platforms were awarded the first point: Asoclim, Tipti and Digitaxi. An important criterion for awarding points for fair contracts was that the platforms recognised Ecuadorian law as the legal system for addressing worker-related issues. Five of the 10 platforms analysed applied the jurisdictions of other countries and were therefore unable to gain this point. Only Asoclim was able to provide evidence that the contract does not include clauses which exclude liability for negligence nor unreasonably exempt the platform from liability for working conditions.



FAIR MANAGEMENT

Arbitrary termination or deactivation is a big concern for platform workers, who lack the recourse available to formal employees.

The risk of account blocks and dismissal from platforms without notice is high for most workers in our study. Workers can face deactivation from platforms for arbitrary reasons, without due process. Several workers told us that they felt that the platform privileged the interests of customers over workers in disputes, and that platforms often took a long time to respond to communications. That is why we assess whether platforms have due process for decisions affecting workers. The Fairwork scoring system stipulates that platforms must include their policies for disciplinary action and deactivation in their terms and conditions, as well as provide clear processes for workers to appeal decisions. Only Tipti has codified its deactivation policies, providing workers with greater clarity; the platform takes practical measures to promote equality of opportunity for workers and supports women to hold middle management positions in the company. Therefore, Tipti earned the two points of this principle. Asoclim, Digitaxi and AloApp have no managerial algorithmic technologies, meaning workers communicate directly with human representatives and are not automatically sanctioned; hence, they were awarded one point.



FAIR REPRESENTATION

The first point of this principle requires that documented mechanisms exist for worker voice to be expressed, that freedom of association is not inhibited, and that the management would be willing to recognise or negotiate with a collective body of workers.

Asoclim and Digitaxi obtained the first and second points. Both platforms operate with a social business model based on cooperativism. While in Asoclim each of the workers is a member of the platform and operates in a context of equality and access to decision-making, Digitaxi combines unions, cooperatives, and a private company to give workers a voice and representation. No other platform could meet the criteria for fair representation.

EDITORIAL

The era of novelty and disruption comes to an end

After five years of operations, the platform economy in Ecuador seems to be reaching a point of maturity. Several of the country's pioneering platforms have exited the market (e.g. Glovo, Cabify, Ocre, Minkana, Kiarame, etc.) due in part to the effects of the COVID-19 crisis, but also due to the arrival of more platforms competing for a relatively small and stagnant market. Those that have held on seem to have stabilised their market segments thanks to two parallel effects of the crisis period of the last few years.

On the one hand, an acceleration in the process of digitization of the economy, and especially a considerable expansion of the digital market and online payments, has allowed the expansion of the services of these platforms. On the other hand, the persistence of precarious and informal work and the general deterioration of socio-economic conditions in the country leaves an area of opportunity for these platforms to continue offering relatively easy and quick access to a source of income, which has guaranteed them a constant supply of labour.

However, after this first phase of crisis, collective imaginaries and local institutional arrangements have begun to adapt to these new socio-technical conditions. The strength of platform workers' organisations and the work carried out by Fairwork and other local organisations concerned with the working conditions of these workers have begun to find an echo among policymakers. Indeed,

a new law to regulate the operation of these platforms and the working conditions they offer is under discussion in the National Assembly, and Fairwork Ecuador is committed to monitoring and accompanying the process of discussion on this law to ensure that the principles we promote are reflected in it. For this to happen, it is essential that all parties involved are open to dialogue and adopt a position of collaboration. If the outcome of such a law makes platform operations unsustainable, this fast and flexible source of income that a good part of the population needs could be lost. But on the other side too, without fair and caring conditions for the health, integrity and welfare of workers, no platform economy is possible. The time of novelty and disruption, during which everything seemed possible due to limited understanding of how these platforms work, lack of regulations, or naivety, is coming to an end. The problems and side effects of the unregulated operation of these platforms are becoming more and more evident, as are

the opportunities and advantages they offer. At Fairwork Ecuador we advocate for finding a common ground, which includes a basic set of labour standards that allows all stakeholders to take equal advantage of the benefits offered by these new socio-technical configurations.

For this, dialogue is fundamental. In our work over the last four years, we have found several partners who have been able to engage in an open dialogue with our project and have allowed us to help them to improve the working conditions they offer to their workers. Unfortunately, this has not always been the case. Local platforms have certainly been the most open to such dialogue, and this is reflected in the scores they have achieved. Fairwork Ecuador is committed to continue working to establish

such a dialogue with both local and international platforms.

This third Fairwork report for Ecuador presents an overview of the evolution of the platform economy in the country over the last year, and the current outlook in the face of a very complex international economic scenario.

A NEW LAW TO REGULATE THE OPERATION OF THESE PLATFORMS AND THE WORKING CONDITIONS THEY OFFER IS UNDER DISCUSSION IN THE NATIONAL ASSEMBLY.



Towards Decent Labour Standards in the Platform Economy

Fairwork evaluates and ranks the working conditions of digital platforms. Our ratings are based on five principles that digital platforms should adhere to in order to be considered to be offering ‘fair work.’ We evaluate platforms annually against these principles to show not only what the platform economy is today, but also what it could be.

The Fairwork ratings provide an independent perspective on labour conditions of platform work for policymakers, platform companies, workers, and consumers. Our goal is to show that better, and fairer, jobs are possible in the platform economy.

The Fairwork project is coordinated from the Oxford Internet Institute and the WZB Berlin Social Science Centre. Our growing network of researchers currently rates platforms in 32 countries across five continents. In every country, Fairwork collaborates closely with workers, platforms, advocates, and policymakers to promote a fairer future of platform work.

Fairwork countries

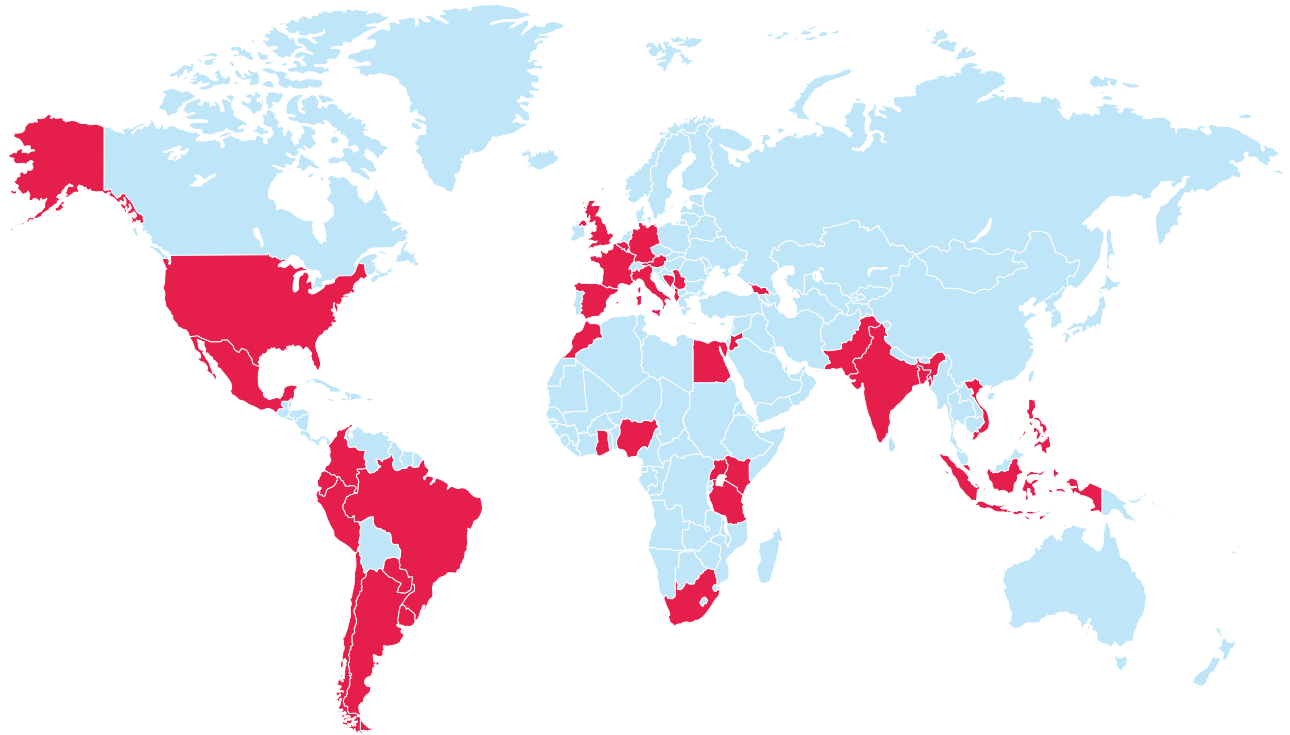


Figure 1. Map of Fairwork countries.

AFRICA

Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, Tanzania, Uganda

ASIA

Bangladesh, India, Indonesia, Jordan, Lebanon, Pakistan, Philippines, Singapore, Vietnam

EUROPE

Albania, Austria, Belgium, Bosnia and Herzegovina, France, Georgia, Germany, Italy, UK, Serbia, Spain

SOUTH AMERICA

Argentina, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay

NORTH AMERICA

Mexico, USA

The Fairwork Framework

Fairwork evaluates the working conditions of digital labour platforms and ranks them on how well they do. Ultimately, our goal is to show that better, and fairer, jobs are possible in the platform economy.

The five Fairwork principles were developed at several multi-stakeholder workshops at the International Labour Organisation. To ensure that these global principles were applicable in the Ecuadorian context, we then revised and fine-tuned them in consultation with different stakeholders in Quito.

Further details on the thresholds for each principle, and the criteria used to assess the collected evidence to score platforms can be found in the Appendix.



STEP 1

The five principles



Fair Pay

Workers, irrespective of their employment classification, should earn a decent income in their home jurisdiction after taking account of work-related costs. We assess earnings according to the mandated minimum wage in the home jurisdiction, as well as the current living wage.



Fair Conditions

Platforms should have policies in place to protect workers from foundational risks arising from the processes of work and should take proactive measures to protect and promote the health and safety of workers.



Fair Contracts

Terms and conditions should be accessible, readable and comprehensible. The party contracting with the worker must be subject to local law and must be identified in the contract. Regardless of the workers' employment status, the contract is free of clauses which unreasonably exclude liability on the part of the service user and/or the platform.



Fair Management

There should be a documented process through which workers can be heard, can appeal decisions affecting them, and be informed of the reasons behind those decisions. There must be a clear channel of communication to workers involving the ability to appeal management decisions or deactivation. The use of algorithms is transparent and results in equitable outcomes for workers. There should be an identifiable and documented policy that ensures equity in the way workers are managed on a platform (for example, in the hiring, disciplining, or firing of workers).



Fair Representation

Platforms should provide a documented process through which worker voice can be expressed. Irrespective of their employment classification, workers should have the right to organise in collective bodies, and platforms should be prepared to cooperate and negotiate with them.

STEP 2

Methodology Overview

The Fairwork project uses three approaches to effectively measure fairness of working conditions at digital labour platforms: desk research, worker interviews and surveys, and interviews with platform management. Through these three methods, we seek evidence on whether platforms act in accordance with the five Fairwork Principles.

We recognise that not all platforms use a business model that allows them to impose certain contractual terms on service users and/or workers in such a way that meets the thresholds of the Fairwork principles. However, all platforms can influence the way in which users interact on the platform. Therefore, for platforms that do not set the terms on which workers are retained by service users, we look at a number of other factors including published policies and/or procedures, public statements, and website/app functionality to establish whether the platform has taken appropriate steps to ensure they meet the criteria for a point to be awarded against the relevant principle.

In the case of a location-based work platform, we seek evidence of compliance with our Fairwork principles for location-based or ‘gig work’ platforms, and in the case of a cloudwork platform, with our Fairwork principles for cloudwork platforms.

Desk research

Each annual Fairwork ratings cycle starts with desk research to map the range of platforms to be scored, identify points of contact with management, develop suitable interview guides and survey instruments, and design recruitment strategies to access workers. For each platform, we also gather and analyse a wide range of documents including contracts, terms, and conditions, published policies and procedures, as well as digital interfaces and website/app functionality. Desk research also flags up any publicly available information that could assist us in scoring different platforms, for instance the provision of particular services to workers, or the existence of past or ongoing disputes.

The desk research is also used to identify points of contact or ways to access workers. Once the list of platforms has been finalised, each platform is contacted to alert them about their inclusion in the annual ranking study and to provide them with information about the process. All platforms are asked to assist with evidence collection as well as with contacting workers for interviews.

Platform interviews

The second method involves approaching platforms for evidence. Platform managers are invited to participate in semi-structured interviews as well as to submit evidence for each of the Fairwork principles. This provides insights into the operation and business model of the platform, while also opening a dialogue through which the platform could agree to implement changes based on the principles. In cases where platform managers do not agree to interviews, we limit our scoring to evidence obtained through desk research and worker interviews.

Worker interviews

The third method is interviewing platform workers directly. A sample of 8–10 workers are interviewed for each platform. These interviews do not aim to build a representative sample. They instead seek to understand the processes of work and the ways it is carried out and managed. These interviews enable the Fairwork researchers to see copies of the contracts issued to workers and learn about platform policies that pertain to workers. The interviews also allow the team to confirm or refute that policies or practices are really in place on the platform.

Workers are approached using a range of different channels. In 2023 this included a strategy of direct communication with workers, contacting them through delivery requests, rides, or waiting for them at different locations in the city. After creating bonds of trust, several of them put us in touch with other workers on the platforms. In other cases, we circulated messages directly through platforms such as WhatsApp to other workers. In all these strategies,

workers were informed of the Fairwork project. Due to restrictions stemming from the COVID-19 pandemic, all interviews were conducted in open and public spaces.

The interviews were semi-structured and made use of a series of questions relating to the 10 Fairwork (sub) principles. In order to qualify for the interviews, workers had to be over the age of 18 and have worked with the platform for more than two months. All interviews were conducted in Spanish.

Putting it all together

This threefold approach provides a way to cross-check the claims made by platforms, while also providing the opportunity to collect both positive and negative evidence from multiple sources. Final scores are collectively decided by the Fairwork team based on all three forms of evidence. Points are only awarded if clear evidence exists on each threshold.

How we score

Each of the five Fairwork principles is broken down into two points: a first point and a second point that

can only be awarded if the first point has been fulfilled. Every platform receives a score out of 10. Platforms are only given a point when they can satisfactorily demonstrate their implementation of the principles. Failing to achieve a point does not necessarily mean that a platform does not comply with the principle in question. It simply means that we are not – for whatever reason – able to evidence its compliance.

The scoring involves a series of stages. First, the in-country team collates the evidence and assigns preliminary scores. The collated evidence is then sent to external reviewers for independent scoring. These reviewers are both members of the Fairwork teams in other countries, as well as members of the central Fairwork team. Once the external reviewers have assigned their scoring, all reviewers meet to discuss the scores and decide final scoring. These scores, as well as the justification for them being awarded or not, are then passed to the platforms for review. Platforms are then given the opportunity to submit further evidence to earn points that they were initially not awarded. These scores then form the final annual scoring that is published in the annual country Fairwork reports.

**FURTHER DETAILS
ON THE FAIRWORK
SCORING SYSTEM
ARE IN THE APPENDIX**



BACKGROUND

Overview of the Ecuadorian Platform Economy

The already difficult socio-economic conditions that Ecuadorians face have worsened over the past year. Despite the opportunities for change opened by the crisis, such as reforming labour and tax laws or reducing dependence on the extractivist model, local politicians have failed to rise to the challenges presented to them. Economic growth has stagnated, as have employment rates. Public investments in infrastructure, education and health are still below the levels of 2014.

The only variable that seems to be moving forward is the process of digitization of the economy, public institutions and, more generally, social life. Despite the positive effect of this increased digitization on its development, the platform economy also seems to have stagnated. Several platforms are struggling to maintain their position in a weak market, while others have decided to close operations or introduce changes to their business models in order to survive – unfortunately, many of them at the expense of workers. Only a few local platforms seem to be taking advantage of this momentum by introducing innovative, participatory, and fairer practices in the way they do business.

The Shadows of a Grim Post-Pandemic World

As we highlighted in our second report¹, the COVID-19 pandemic and the extension of the lockdown policy until 2021 plunged an already weakened Ecuadorian economy far beyond any previous crisis (-7.8% of GDP

in 2020) and prevented full recovery (+4.2% of GDP in 2021, the lowest in Latin America)². Contrary to last year's optimistic expectations, and despite the rise in oil prices triggered by the war in Ukraine, the latest official forecasts have lowered the GDP estimate for 2022 by 0.1 percentage points to +2.7% GDP growth. This means that, after seven years of recession and stagnation, the economy has barely recovered to the level it was at in 2015. The complex international situation, with a protracted war in Europe threatening to spread to other already unstable regions, record inflation levels worldwide, rising interest rates and a global financial system in trouble, threatens to push the world into a new global crisis. Under these gloomy conditions, the optimistic forecasts of the Ecuadorian authorities for 2023 (GDP growth of +3%)³ seem unattainable.

The employment rate for the first two months of 2023 seems to confirm this pessimism. While by December 2022,

the regular employment rate⁴ reached 36% of the labour force (3 points below the pre-pandemic level and 13 points below 2015), by February 2023 this indicator has dropped back to 33%⁵, reflecting the difficulties the Ecuadorian economy faces in overcoming its structural problems (extractivism, low industrial development, and a low-skilled population, among others) in a turbulent international context. This indicator reflects the ceasing of operations of several companies, the elimination and merger of several public institutions, and the loss of more than half a million formal jobs in the last three years. Furthermore, this means that about 67% of the labour force is still unemployed, underemployed, or working in informal activities.

Regarding migration, there are no official numbers yet on the entries and exits of non-nationals in 2022, but from previous reports, we know that until 2021 there were about half a million immigrants, mainly from Venezuela and Colombia⁶. Nonetheless, other sources that also consider informal migration, estimate that by December 2022 that only Venezuelans were about 800,000, out of which about 300,000 were in transit to somewhere else⁷. This floating population, mostly undocumented and under very vulnerable conditions, is one of the main labour sources for the platform economy.

The Digitization of Ecuadorian Society

The only variable that seems to keep evolving positively is the digitization of the Ecuadorian society. By January 2023, Internet penetration had reached 81.3% of the population, representing about 1.1 million new people going online in the last year. A similar situation can be observed with mobile phones: more than 16 million connections were active in January 2023, representing 92.3% of the population (an increase of 4 points since last year). Not only the number of users, but also the quality of connection continues to improve. The average speed of fixed Internet connections reached 46.32 Mbps at the beginning of 2023; an increase of 14 Mbps on the previous year. Mobile Internet connection has also improved, but at a slower pace (an increase of 0.7 Mbps since 2022)⁸.

Finally, digital commerce and electronic payments have also shown an increase. The number of people with a bank account has increased to 64.2% (from 50% in 2022), 14.8% have credit cards (9% in 2022) and 38.3% have debit cards (28% in 2022). This evolution has continued expanding the use of digital payments, reaching 39.9% of the population in 2023 and 13.4% for payments

using mobile phones⁹. This shows that the changes in consumption habits and payment systems started during the lockdown have continued to complete the transition of Ecuador towards an advanced digital economy – offering new opportunities for platforms to expand their business locally.

The Ecuadorian Platform Economy

Although official figures are not available, several studies have appeared in the last year that attempt to measure and characterise the Ecuadorian platform economy. Based on official data from the National Employment Survey (ENEMDU), Maya et al. (2022)¹⁰, estimate that the number of platform delivery workers has increased from around 7,400 in 2019 to 18,800 in 2021. They are mostly men (92%), between 18 and 40 years old (80%), with at least a bachelor's degree (45%) or higher (24%) and are mostly Ecuadorian (91%). This study also highlights that 86% of these riders receive less than the legal minimum wage.

A second report produced by the research centre FARO and published by the ILO (2022)¹¹ – based on 20 semi-structured interviews, a focus group of nine people and a survey of 754 people applied in 2020 – corroborates the same worker profile. Beyond other relevant qualitative insights into the working conditions faced by these workers, this report reveals that on average they work seven days a week for a total of 45h/week, 55% earn less than the legal minimum wage, and 32% are migrants.

Finally, a report published in October 2022 by the Ecuadorian Chamber of Technological Innovation¹², which represents local private technology companies, provides a broader view of the Ecuadorian platform economy, focusing on the five main delivery and road transport platforms operating in the country. Based on an online survey of a sample of 1,958 delivery drivers and drivers of these platforms¹³, this report provides additional information to better understand the current situation of the sector. According to the data provided by the five platforms included in the study, in December 2021 these platforms employed 35,268 platform workers (riders and drivers). Of course, this figure could be an overestimate, due to the use of several apps by the same worker (only 52.6% of workers use only one application, 25.7% use two and 22% use three or more). Their results corroborate the characterisation of delivery riders of Maya et al. (2022): that is, male, young (26–30 years old),

with a secondary education. But they also provide some additional data: the platform workers they surveyed have 3 to 4 dependants, are mostly single (53%), and 37% are migrants. This population differs slightly from the drivers they surveyed, who are a little older (31–35 years), have university degrees, are mostly Ecuadorian (94%), and are married (50%). This study also offers some clues about the time spent working on the platform and the income the workers earn: 61% of the drivers surveyed work eight or more hours a day, as do 66.6% of delivery drivers. We know from our interviews that many of them work 10 to 12 hours a day.

Although the methodology used to compare average earnings with the legal minimum wage does not provide a standardised hourly wage, it does provide some interesting insights that need to be verified with real data. The more workers use a platform, the less they earn, proportionally. Thus, according to this report, those working less than four hours a day earn proportionally more (1.87 times the minimum wage) than those working eight hours or more (1.12 times the minimum wage). However, in total, only 34% of full-time workers (eight or more hours a day) earn more than 600 USD/month and 12% more than 800 USD/month. In both cases, drivers are better off than riders. However, the report does not explain how they derive the income per worker, nor whether they have taken into account the costs incurred by workers in providing the service (gas, insurance, capital replacement, etc.). Failure to do so overestimates the proportion of workers earning a living wage. Still, apart from the methodological limitations of the study, it provides a first estimate of the overall economic income of these workers: 389.54 USD million, which represents 0.37% of GDP in 2022. However, this does not include platform revenues, nor their distribution between local taxes and profit transfers to company headquarters in other countries. Considering the double (user and driver) or triple commission (rider, consumer, and restaurants) system used by most of these platforms, we can estimate that platforms receive between 30% and 50% of the turnover, which would be equivalent to another 160 to 350 USD million. These and other studies that are beginning to emerge show the growing interest that the platform economy is beginning to have in the country, and the need for more accurate, technically and officially certified data on how it works. Only with real data will we be able to measure the real impact of this new economy

and implement better policies and regulations to unlock its potential and ensure fairer working conditions.

The Ecuadorian Legal Context

In the last few years, several countries in Latin America have undertaken reforms to regulate the operation of digital platforms. In March 2022, Chile became the first country in Latin America and the Caribbean to enact a regulatory framework to legislate work on digital platforms. Chilean law contains special protections for workers, and extends – to a certain level – the protection afforded by the general rules of the Labour Code in matters such as working hours and remuneration. This new regime distinguishes two types of platform workers: dependent digital platform workers and independent digital platform workers. The law obliges companies to be based in the country to comply with current legislation, enter into service provision contracts with workers, promote access to social security, and guarantee the right to disconnection, the protection of personal data, and the guaranteeing of collective rights.

In Ecuador, in August and October 2021, two bills were presented at the National Assembly from different political parties seeking to regulate digital platforms in the country. Both focused on the recognition of the employment relationship between the platform and the workers. The two bills were merged in the legislature together and this draft was first discussed by the Commission on Workers' Rights and Social Security of the National Assembly at the end of 2021, including some elements of the Chilean Law such as the recognition of the dependent and independent labour relationship, access to social security, non-digital self-employment, and direct sales.

The Ecuadorian legislative process establishes that the Commission as well as the Plenary of the Assembly should promote citizen participation for the construction of the platform labour law. Thus, since 2021, the Commission has summoned public entities to provide official information and evidence. Researchers, lawyers, representatives of platform companies, representatives of workers, small entrepreneurs and associations of self-employed workers have presented their own criteria, creating an important public deliberation. However, disagreement has revolved around the scope and content of the law, provoking a tense confrontation between digital platforms and workers.

IN THE LAST FEW YEARS, SEVERAL COUNTRIES IN LATIN AMERICA HAVE UNDERTAKEN REFORMS TO REGULATE THE OPERATION OF DIGITAL PLATFORMS. IN MARCH 2022, CHILE BECAME THE FIRST COUNTRY IN LATIN AMERICA AND THE CARIBBEAN TO ENACT A REGULATORY FRAMEWORK TO LEGISLATE WORK ON DIGITAL PLATFORMS.

In February 2022, the second draft of the bill reached the plenary session of the National Assembly with the participation of platform workers and independent firms, who called on the legislature to ensure that the law











has more robust social protection standards. Platform representatives advocated for no regulations. As a result, the law only addresses delivery platforms and excludes all other types of platforms from the legal debate (ride-hailing, care, direct sales, among others). The decision was made without providing any rationale or explanation.

Although workers and researchers have helped highlight the importance of regulating platform work, platform companies and several business associations oppose the passage of this legislation, arguing that it could lead to job destruction and hinder innovation. The legal scenario is still uncertain. By June of 2023, the members of the Commission on Workers' Rights and Social Security will be renewed, and the President of the Republic has the power to partially veto the law, which would trigger a third round of legislative drafting or a total veto, suspending the debate of the law for a period of one year.



Fairwork Ecuador Scores 2023

Minimum standards of fair work

Asoclim	8 /10	
Tipti	5 /10	
DigiTaxi	5 /10	
AloApp	1 /10	
Cabify	0 /10	
Didi	0 /10	
Pedidos Ya	0 /10	
Rappi	0 /10	
Uber	0 /10	
Uber Eats	0 /10	

THE BREAKDOWN OF SCORES FOR INDIVIDUAL PLATFORMS IS AVAILABLE AT

WWW.FAIR.WORK/ECUADOR

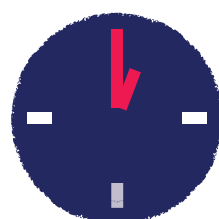
Explaining the scores

We scored 10 platforms in Ecuador along five principles of Fairwork. Out of the 10 platforms covered in this study, five are for ride-hailing, four are for delivery services and one is for care services. AloApp, Didi, Cabify, and Uber are ride-hailing platforms that operate internationally. Rappi, Uber Eats, and PedidosYa operate in different countries of Latin America. The remaining three platforms are homegrown startups.



Fair Pay

Only two platforms (Tipti and Asoclim) could provide evidence that they pay their workers at or above the minimum wage, which in 2023 is 450 USD per month. When assessing minimum wage, the scores took into account not only the amount paid by the platform to the worker for hours worked, but also the cost of providing task-specific equipment and paying for work-related costs out of pocket, including waiting time between jobs, travel costs, vehicle maintenance, mobile phone data, gas, and any traffic fines incurred. No platform presented proof that they pay their workers at or above the living wage.



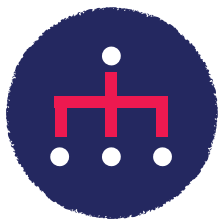
Fair Conditions

Platform workers are subject to health and safety risks during the course of their work. These risks include, among others, accidents, aggressive or discriminatory behaviour, sexual harassment, and insecurity. Three platforms (Asoclim, Tipti and Digitaxi) were able to provide evidence of action taken towards providing workers with sufficient protection for their health and safety. Digitaxi has implemented measures to protect workers from criminal acts. Additionally, all of them have policies in place to mitigate risks associated with lone working. Further, Asoclim's workers receive training in administration, accounting, taxation, service provision and home maintenance, as well as socialisation on labour rights, care, and gender equity. Only Tipti earned the second point by taking meaningful steps to ensure that workers do not suffer significant costs because of accident, injury or disease resulting from work; and by implementing policies that guarantee that the payment system does not encourage workers to take on excessively risky behaviour.



Fair Contracts

Three platforms, Asoclim, Tipti and Digitaxi have clear and accessible terms and conditions. They are made available in Spanish and abide by local laws. Additionally, they have a data protection policy available which complies with Ecuadorian law. Some platforms could evidence that they notify their workers of proposed changes to terms and conditions. Because Asoclim workers are members of the Cooperative, this is the only platform that was awarded the two points, because Asoclim and the workers share the risks and liabilities of engaging in the work.



Fair Management

Four platforms, Digitaxi, Tipti, Asoclim and AloApp could evidence an effective communication channel between the worker and the platform, as well as a documented process to appeal decisions affecting workers. Platforms provide different mechanisms for communication such as Whatsapp groups with area managers, and offline and online support. Evidence showed that workers are not disadvantaged if they raise concerns. Both Asoclim and Tipti highlight the importance of the involvement of women in the platform. Only Tipti has codified its deactivation policies, providing workers with greater clarity and earning it two points. Asoclim, Digitaxi and AloApp have no managerial algorithmic technologies, meaning workers directly communicate with human representatives and are not automatically sanctioned, earning it one point.























Fair Representation

This principle requires that documented mechanisms exist for worker voice to be expressed, that freedom of association is not inhibited, and that the management would be willing to recognise or negotiate with a collective body of workers. Asoclim and Digitaxi operate with a social business model based on cooperativism, and provided evidence that they were progressing towards implementing mechanisms of collective worker voice. All of Asoclim's workers are members of the platform and operate in a context of equality and access to decision-making. Digitaxi combines unions, cooperatives, and a private company to give workers a voice and representation. No other platform could meet the criteria for fair representation.

PLATFORM IN FOCUS

Asoclim

Asoclim is an Ecuadorian social enterprise founded in 2020, which offers cleaning, care, cooking and household services through a web application. Asoclim's workers are part of the Unión Nacional de Trabajadoras Remuneradas del Hogar y Afines (UNTHA), an organisation recognized by the Ecuadorian government as a trade union.

Principle	First point	Second point	Total
 Principle 1: Fair Pay	 Ensures workers earn at least the local minimum wage after costs	 Ensures workers earn at least a local living wage after costs	 1
 Principle 2: Fair Conditions	 Mitigates task-specific risks	 Ensures safe working conditions and a safety net	 1
 Principle 3: Fair Contracts	 Provides clear and transparent terms and conditions	 Ensures that no unfair contract terms are imposed	 2
 Principle 4: Fair Management	 Provides due process for decisions affecting workers	 Provides equity in the management process	 2
 Principle 5: Fair Representation	 Assures freedom of association and the expression of worker voice	 Supports democratic governance	 2

Asoclim's total score





Asoclim was created by 24 members of UNTHA within the framework of the Popular and Solidarity Economy (PSE) – an economic approach that emphasises the well-being of individuals and communities rather than profit maximisation – to offer decent jobs, access social security, invoice clients, and pay taxes. The PSE is based on the principles of social justice, cooperation, democratic decision-making, and ecological sustainability. It aims to empower marginalised communities and promote economic autonomy through community-based and collective enterprises, such as cooperatives, mutual aid networks, and community currencies. It thus seeks to challenge the dominance of the capitalist market economy by creating alternative economic structures that prioritise human and environmental needs over profit. The PSE has gained traction in many countries, especially in Latin America, where it has been integrated into government policies and programmes aimed at reducing poverty and inequality.

All of Asoclim's members decide the internal organisational structure of the company and carry out organisational and entrepreneurial capacity-building processes to generate employment opportunities that are compatible with women's empowerment and which contribute to their financial autonomy.

Asoclim runs a web application that allows clients to order its services in four cities in Ecuador: Quito, Guayaquil, Cuenca and Esmeraldas. The platform receives orders through the web, verifies the information and sends them to the group of workers to distribute the orders among themselves in an equitable manner. One of Asoclim's main challenges has been to find a business model that allows them to be sustainable as a company without exploiting their members. Asoclim's first two years left financial surpluses that were reinvested in worker training and marketing strategies, but Asoclim has also learned

from past experiences to improve its business model, working conditions and management processes, while being able to enrol new clients.

Asoclim was one of the 10 platforms assessed in our second Fairwork Ecuador report in 2022, scoring six out of ten (Fair Contracts 3.1, 3.2; Fair Management 4.1, 4.2; and Fair Representation 5.1, 5.2). This year, they scored eight out of ten, adding points for Fair Pay 1.1, and Fair Conditions 2.1. Asoclim's workers are earning more income, as they have been able to increase their hourly remuneration by raising their market share and adjusting the rates for their clients. Asoclim provided the Fairwork research team with evidence that its workers earn more than the local minimum wage, though less than the living wage.

Asoclim's members contribute voluntarily to the social security system, which provides them with health coverage and full benefits. Workers receive training in administration, accounting, taxation, service provision, household maintenance, as well as socialisation on labour rights, care, and gender equity. This is made possible through agreements with the Ecuadorian Professional Training Service (SECAP), universities, and other social organisations that collaborate with them. Unfortunately, Asoclim has not yet reached a point of financial sustainability where it can grant sufficiently paid leave or broader social coverage to its workers, so Fairwork awarded it the first, but not the second point for Fair Conditions.

Asoclim is a platform cooperative without labour contracts between employer and worker. Membership of the cooperative allows workers to decide on the operations of the company, its functions and obligations. Fairwork awarded both Fair Contracts points and both Fair Management points, recognizing that decisions that affect workers are made in an institutionalised and democratic way in monthly assemblies with the participation of its members.

Asoclim's model is perhaps unique, in that a social collective (in this case the UNTHA union) has found a way to build a digital platform to generate decent jobs for its workers. Asoclim has also preserved the participatory logic and internal democracy of workers' organisations, institutionalising periodic assemblies in which decisions are made. For this reason, Fairwork awarded it both points for Fair Representation.

Workers' Stories

Pedro, Digitaxi driver*

Pedro is 51 years old and has worked most of his life as an official cab driver. This job has allowed him to support his two children and wife, but working conditions have changed in the past few years due to street insecurity and COVID-19. In 2020, the confinement caused by the pandemic resulted in transportation restrictions, which forced him to develop new strategies to gain more clients, such as making private trips or driving at night.

However, over the past two years, Ecuador's public space has become more dangerous as muggings and crime rates more generally have risen. Today, personal safety is the priority for drivers, while traffic restrictions are slowly being lifted and Carlos can drive longer hours.

Carlos and his colleagues started looking for ways to protect themselves while working and found in Digitaxi a solution to some of the risks of their job as drivers. His cab cooperative offered him the opportunity to train as a platform worker and continue driving with more confidence. He argues that one of the advantages of these types of apps is that they allow him to know the passenger beforehand and provide some security. He joined Digitaxi at the beginning of 2023, and he uses the app while working at night. "I hope that at least this way we have someone to help us if something happens," he told us. Because Digitaxi is a new platform, Pedro is not yet generating enough income using the app, however he expects this to change in the near future.

Ana, Asoclim worker*

Ana is an activist committed to women and Afro-Ecuadorian rights. Over the course of her 54 years she has held various jobs including domestic worker, saleswoman, and schoolteacher. Anna has found that her different roles as a working mother and civil rights activist often clash, and she seeks flexible working conditions in order to fulfil all her responsibilities and obligations.

She never expected that being a member of UNTHA would offer her the possibility to be part of a project like Asoclim, becoming a member and supporting decent job opportunities. For Ana, Asoclim combines job training with women's empowerment. She now feels prepared to perform more professionally in her work and to assert her rights and denounce possible violations.

Ana divides her time now between working at Asoclim, activism, and family. Even though she still has to work several jobs to make up her income, she believes that the social enterprise will continue to grow in the near future and that Asoclim's members will be able to improve their earnings and enjoy more social security benefits.



* Names in this section have been changed to protect the workers' identity

Platform Models

Business models in the platform economy are based in an online marketplace that connects service providers and customers who need specific goods, services or tasks to be completed. The platforms act as intermediaries between the two parties, enabling them to interact and transact with each other in a streamlined and efficient manner. In so doing, platforms have disrupted traditional models of employment and work, raising concerns about issues including worker classification, labour rights, and algorithmic bias.

Platforms are becoming “a fact of life”,¹⁴ and any product or service can now be delivered through a platform. There are different definitions of platforms, stemming from economics, management, and use of algorithms, however, their business models involve a transaction occurring in a ‘two-sided market’¹⁵ and the ‘network effect’¹⁶ that emerges from these transactions, which creates a business ecosystem¹⁷. A two-sided market refers to a platform that brings together two distinct user groups to exchange value, such as buyers and sellers or drivers and riders in ride-hailing platforms. The platform earns revenue by charging fees or commissions on each transaction. Additionally, the network effect can emerge in these markets, where the value of the platform increases as more users join, creating a self-reinforcing cycle of growth. As a consequence, platform operators may prioritise strategies that maximise network growth, rather than providing transparency in decision-making.

Platforms use ‘positive feedback loops through network effect when more people use the platform products, the more incentives there are for complement producers to introduce more complementary products, causing a virtuous cycle’¹⁸.

A Variety of Business Models

Platforms are rapidly becoming a new tool of business strategy which makes it easier for demand and supply to meet. ICT-based innovations have brought about many changes in the creation and processing of services. Firms are adopting platform business models to encourage continuous innovative development and sustain a leading position to generate revenue. Platforms allow actors within the ecosystem to build services, technologies, and complementary goods, and their business models articulate business logic, and evidence how business creates values to users¹⁹.

According to Kenney and Zysman²⁰, the most salient types of digital platforms are: (i) platforms for platforms as the internet – such as Apple’s iOS or Google’s Android; (ii) *platforms that make digital tools available online and support the creation of other platforms and marketplaces such as GitHub*, the open-source software programs repository; (iii) *platforms mediating work* – such as UpWork; (iv) *retail platforms* – such as eBay or Etsy; and (v) *service-providing platforms* – such as Uber.

Our report focuses on service-providing platforms in Ecuador’s innovation environment, also incorporating important experiences around platform cooperativism. We map the different business models that Ecuadorian

platforms are using, the problems they are facing and the solutions they are finding in order to grow.

Tipti is one of the most important ecommerce companies in Ecuador. The platform slogan “more time for you” is inspired by San Francisco’s Instacart model. Tipti innovates by hiring culinary-trained staff to pick products at supermarkets. Its most important feature is smart shopping by gourmet shoppers. Shoppers are hired as employees through a recruitment process using an artificial intelligence program. They receive specialised training and have an employment contract. People hired in this area can develop a career within the company; they can first be promoted to supervisors and then become part of the staff that goes on to operate in other countries such as Mexico. Tipti is one of the few companies in Ecuador that differentiates its staff between shoppers and deliverers. Those who work in delivery do not have an employment contract and their income is based on the number of orders they receive. Using algorithms, the platform assures its workers of a minimum number of orders so that they can earn more than minimum wage, and they are assigned more work based on their performance.

Another platform, Picker, started as a delivery company and changed its business model to an e-commerce platform after a few years in the market. Picker uses delivery drivers from other platforms operating in the country with the aim of allowing retail businesses and restaurants to lower their delivery costs by paying a fixed monthly fee. In order to make its model more agile in legal and fiscal terms, the platform opted to become an SAS company, a type of commercial company that is incorporated by one or more individuals or legal entities, through a simplified procedure and at no cost. The SAS mechanism²¹ is designed to stimulate the economy through the formalization of companies, making them profitable by expanding their productive processes.

A further business model is that used by FastFarma. FastFarma²² uses a hybrid retail model known as “dark stores”, also known as dark supermarkets or dark retail. These are retail stores designed and optimised specifically for online ordering, rather than for in-person shopping. Unlike traditional retail stores, dark stores are not open to the public and are only used for picking and packing online orders. By using dark stores, retailers can more efficiently fulfil online orders, reduce delivery times,

and improve the overall customer experience. FastFarma is a B2C business supported mainly by WhatsApp, and has replicated Tipti’s strategy of hiring shoppers who purchase medicines from other pharmacies when they do not have the product in inventory.

Platforms can also base their business models on service fees charged to the retailer (grocery shopping platforms), or on markup (courier and prepared food platforms). The first model involves the platform negotiating their margin with the store to maintain the same price perch, typically having a 15% margin for service and delivery fees given the consumer’s budget is less flexible. The second model based on markup – i.e., a cost percentage-based system that represents the profit on each unit sold – attracts higher margins of up to 25%. The amount of markup that other firms achieve depends on a variety of factors, including supply, demand, competition, and the perceived value of the product or service.

How technology affects the business model

Platforms comprise a set of subsystems and interfaces that make connections between buyers and sellers within a technological system²³. Based on modularity and design, firms build complex products from smaller subsystems that can be designed independently yet function together as a whole²⁴. Some start-ups begin with platforms that combine WhatsApp, social media, and call centres before they are ready to design their own apps, as in the case of Go Girl, Asoclim, and FastFarma. Through Instagram and Facebook, they offer a phone number that customers can use via WhatsApp to book a ride or to order medicines; the request is shared with drivers or delivery workers who accept the order, and they use fixed rates rather than dynamic tariffs based on algorithms.

Alternatively, many entrepreneurs decide to develop their own technology. We have found an important difference between companies that develop their own technology and those that purchase technology from third parties. Because companies that develop their own technology have control over the algorithm and can therefore adapt it to the needs of the platform, the evolution of platforms is socio-technical – cultural and economic changes in the company are reflected in its algorithms, and in turn the technology conditions the working conditions and economic margins of the business. In contrast, companies that buy their

applications have little knowledge of how the technology layer of the business works, resulting in a high dependency on the application vendor without achieving independent management of the algorithms. This causes barriers to business growth, as in the case of Go Girl, which has been losing market share in cities such as Quito where the application does not work.

Some platforms recognize that incubators and accelerators have added value to their businesses. Several founders argue that if they had to do it all over again, they would go to incubators and accelerators at earlier stages of startup design because they have “a different science”. The important thing is to find the right incubators, because each incubator’s level of expertise does not fit all companies. For example, there are incubators with expertise in technology, agriculture or early-stage development – the Buen Trip Hub and Buen Trip Venture have played an important role in Ecuador, opening networks and know-how to platforms, and a direct connection between founders. Picker’s business model evolved with the mentorship of Buen Trip and is one of its successful ventures. The networks formed between platforms, founders, incubators, and accelerators have stabilised the idea that companies should internationalize, and that Mexico is the market that Ecuadorian start-ups should reach in order to grow their business. Venture capitalists are willing to invest in companies that manage to enter this market and make the business work. Reaching Mexico means becoming more visible in order to raise capital, as has been the case for Tipti, Go Girl, FastFarma, and others.

From unicorn to zebra platforms

Many entrepreneurs aim to build “unicorn” companies. However, others aspire to become “zebra” companies, which are designed to sustain themselves over time with greater sustainability and healthier finances, allowing them to keep workers with a longer-term horizon. This is the case for Tipti, a company that has changed the concept on which its business is based, and which is now looking for greater stability and sustained growth. At the same time, new platform business models based on cooperativism are emerging all over the world. Rooted in the idea of a corporate sharing economy, cooperatives have developed digital platforms that create a new paradigm of contemporary labour relations; so-called “platform cooperativism”.

PLATFORM COOPERATIVISM IS A TERM THAT DESCRIBES TECHNOLOGICAL, CULTURAL, POLITICAL, AND SOCIAL CHANGES. PLATFORM COOPERATIVISM IS A RECTANGLE OF HOPE. IT’S NOT A CONCRETE UTOPIA; IT IS AN EMERGING ECONOMY. SOME OF THE MODELS THAT I DESCRIBE, ALREADY EXIST FOR TWO OR THREE YEARS, WHILE OTHERS ARE STILL IMAGINARY APPS. SOME ARE PROTOTYPES, OTHERS ARE EXPERIMENTS; ALL OF THEM INTRODUCE ALTERNATIVE SETS OF VALUES (SHOLZ (2016) ²⁵).

These new practices believe in the collective ownership of the platform and the development of more democratic business and governance models, for workers and users. However, we are also witnessing *hybrid models* that allow cooperatives to adapt to the digital shift in which they combine corporative and cooperative practices, as in the case of Digitaxi. This reinvention of the traditional cooperative work model results in the creation of platforms that are managed and owned by the workers themselves, and not mediated by large corporations.

Another key aspect of platform cooperativism is the development of the technological infrastructure, i.e. the app. Although in many countries there is an important tradition of cooperatives or free software collectives being willing to collaborate with collaborative platforms, there are other contexts in which software development is fundamentally private, or is even provided by transnational companies. This has been evident in several cases, in which technology companies offer platform services to federations of traditional cooperatives, generating a hybrid between cooperative and corporation.

Ecuador is now an environment of experimentation for the creation of platforms designed by organizations like CARE, or new pilots of hybrid models between unions, cooperatives, and private companies, like Digitaxi.



Asoclim uses the notion of “social enterprise” promoted by CARE²⁶ to define its business, an initiative committed to the welfare and empowerment of self-employed women. It was born from the trade union organization UNTHA (National Union of Domestic Workers) to offer professional cleaning and home care services. As a social enterprise, Asoclim is managed and operated by its 24 members. Its client portfolio currently includes 103 companies and organizations and 1109 individual clients in the cities of Quito and Guayaquil, as well as in the provinces of Imbabura, Esmeraldas, Cañar, El Oro, and Carchi²⁷. Asoclim is part of the project “Women, Dignity and Work” led by CARE in Ecuador, Colombia, and Brazil. The social enterprise allows its members to gain an income to cover their basic needs and those of their families, and to have their labour rights recognised in accordance with the legislation of the country. Its business model operates under the umbrella of democratic employee-owned business and dignified work, creating a democratic workplace that allows workers to collaborate and to improve their quality of life by promoting economic inclusion and workplace participation. It also allows a

layer of peer-to-peer accountability, mitigating the risk of free riding.

Asoclim faces obstacles which include access to capital, business development assistance, legislation, and policy. Unlike private sector start-ups, platform cooperatives do not have spaces like incubators or accelerators to support social businesses. One of the main risks therefore remains in trying to create a cooperative micro-environment within a capitalist macro-environment, while being subject to market pressures like any other capitalist enterprise. It remains to be seen how Asoclim will navigate this challenging environment, while remaining faithful to the idea of working relations based on the common good.

One of the ways that taxi cooperatives have responded to the incursion of platforms such as Uber or Cabify into the country is to create their own platforms. EasyTaxi and InDriver are two examples of how local cooperatives intend to compete with international platforms. That said, cooperatives have found it difficult to keep their business afloat, and some have disappeared or been taken over

by international companies. This is the case for EasyTaxi, which was bought by Cabify.

Digitaxi was born in this context with an alternative business model. In collaboration with the Pichincha Taxi Union and with several taxi cooperatives operating in Quito, private capital was invested in an app focused on passenger safety. The platform allows cooperative members to join Digitaxi on a voluntary basis, paying a fixed value per ride of 0.25 USD, which enables the driver to keep most of the value set by the digital taxi meter which complies with city regulations. Digitaxi is the first technology-driven app to pay taxes in the transportation sector, and is committed to providing a safe passenger experience through biometric protocols that identify and verify the driver's identity, emergency assistance, and free internet data for passengers to share their location in real time with family and friends. The company works closely with union leaders and cooperative managers to improve the service and working conditions of drivers. From the moment drivers are enrolled they receive training from the company, which has 3500 drivers undergoing training and 2000 certified drivers.

ONE OF THE WAYS THAT TAXI COOPERATIVES HAVE RESPONDED TO THE INCURSION OF PLATFORMS SUCH AS UBER OR CABIFY INTO THE COUNTRY IS TO CREATE THEIR OWN PLATFORMS.

Algorithmic management is a key building block of Digitaxi's business model, and it follows the European Data Protection Directive²⁸ and the Ecuadorian Law of Data Protection²⁹. Because algorithms are not just a tool used to organize the company operations, but a game-changing management approach that impacts workers on many levels, Digitaxi does not use technology to profile workers, predict their behaviour and performance, time each ride or surveillance. The app is not designed to penalize drivers, so they can use their own judgement to choose the route for the assigned destination. Neither does the app sort drivers into categories to get more rides, but instead incorporates fair and transparent algorithmic management to protect drivers' data and passenger safety.

Digitaxi is a hybrid between a private company and a worker-owned platform that seeks to create a solidarity economy in the digital space. On the one hand, it supports the right of the union and the cooperatives to determine the value of labour and, by extension, the workers. On the other hand, it is based on a capitalist structure. Workers retain their status as worker-members within their cooperatives, and they vote on wage structures, worker protections and working conditions. The union and the cooperatives offer their infrastructure to Digitaxi to operate on a digital platform and share part of the business. Worker-owners and gig workers share two conditions: a temporary work agreement and a digital platform as an intermediary between workers and customers. The difference between them is the term "gig worker"³⁰, where gig signifies non-employee (independent contractors or self-employees). By contrast, worker-owners vote together, manage themselves democratically and receive a portion of the company's profits³¹.

Ecuadorian platform cooperativism is only starting, and is yet to hit any dilemmas relating to cooperative governance, economic viability, and worker-ownership. Platforms are required to be sustainable and scalable, but the capacity of platform cooperatives to scale is not automatic; Asoclim has been supported by CARE, and taxi unions and cooperatives by private investment. That said, the greatest asset of platform cooperatives is the human and social capital; if this is lost, the very notion of platform cooperativism is in jeopardy.

ECUADORIAN PLATFORM COOPERATIVISM IS ONLY STARTING, AND IS YET TO HIT ANY DILEMMAS RELATING TO COOPERATIVE GOVERNANCE, ECONOMIC VIABILITY, AND WORKER-OWNERSHIP.

MOVING FORWARD

Platform Changes

Platforms have the ability to improve conditions for their workers, while continuing to provide income opportunities. In this third year of scoring in Ecuador, Fairwork has deepened its engagement with platforms by working more directly with them. Local platforms have been more willing to embark on a dialogue on their challenges, barriers and possibilities for improving working conditions. These relationships have enabled new avenues of collaboration and advice on each of the Fairwork principles.

This report shows the diversity of platform business models operating in the country and their new hybrid practices related to platform ownership, technological development and governance. In most cases, the platforms respond to commercial business models and in other exceptional cases to associations of workers seeking new business solutions to increase the work of their members. We have found that some platforms show a greater concern for workers' needs than others. Therefore, there is nothing inevitable about the working conditions in the platform economy.

Fairwork's engagement with policy makers and the government is meant to ensure that the business imperatives of platforms are balanced with workers' needs. The inclusion of Fairwork's principles in the legislative debate in Ecuador continues to be of paramount importance in furthering efforts to promote legal regulation that improves working conditions and protects the ability of platforms to grow.



Pathways of Change

Fairwork's theory of change relies on a humanist belief in the power of empathy and knowledge. If they have the economic means to choose, many consumers will be discerning about the platform services they use. Our yearly ratings give consumers the ability to choose the highest scoring platform operating in a sector, thus contributing to pressure on platforms to improve their working conditions and their scores. In this way, we leverage consumer solidarity with workers' allies in the fight for fairer working conditions. Beyond individual consumer choices, our scores can help inform the procurement, investment, and partnership policies of large organisations. They can serve as a reference for institutions and companies who want to ensure they are supporting fair labour practices.

This is the third annual round of Fairwork ratings for Ecuador, and we are seeing increasing influence and impact. In this regard, we see four pathways to change (Figure 2).

Our first and most direct pathway to improving working conditions in digital labour platforms is by engaging directly with platforms operating in Ecuador. Many platforms

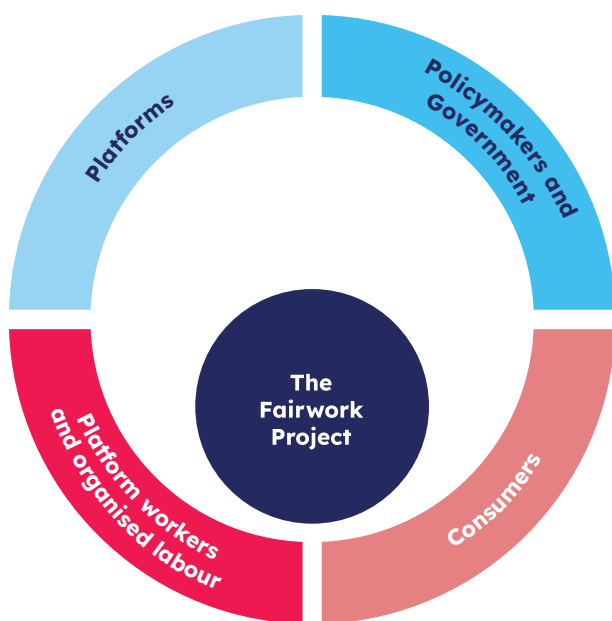
are aware of our research, and eager to improve their performance relative to last year, and to other platforms. For example, Asoclim engaged with us by providing detailed information about their policy changes and evidence of their positive effects for workers.

We also engage with policy makers and government to advocate for extending appropriate legal protections to all platform workers, irrespective of their legal classification. Over the past year, Fairwork has met on several occasions with members of the National Assembly to present Fairwork Ecuador reports. Our research findings have been integrated into the discussions on platform work regulation, both during the plenary sessions of the Assembly and in the committee meetings responsible for examining the law. The existence of a black market for workers' profiles and the prevalence of poor working conditions have been presented as compelling evidence for the need to regulate platform work.

Finally, and most importantly, workers and their organizations are at the core of Fairwork's model. Firstly, our principles have been developed and are continually refined in close consultation with workers and their representatives (Figure 3). Our fieldwork data, combined with feedback from workshops and consultations involving workers, informs how we systematically evolve the Fairwork principles to remain in line with their needs. Finally, we have consulted the most important platform workers union (FRENAPP) to ensure our scores reflect the priorities of workers.

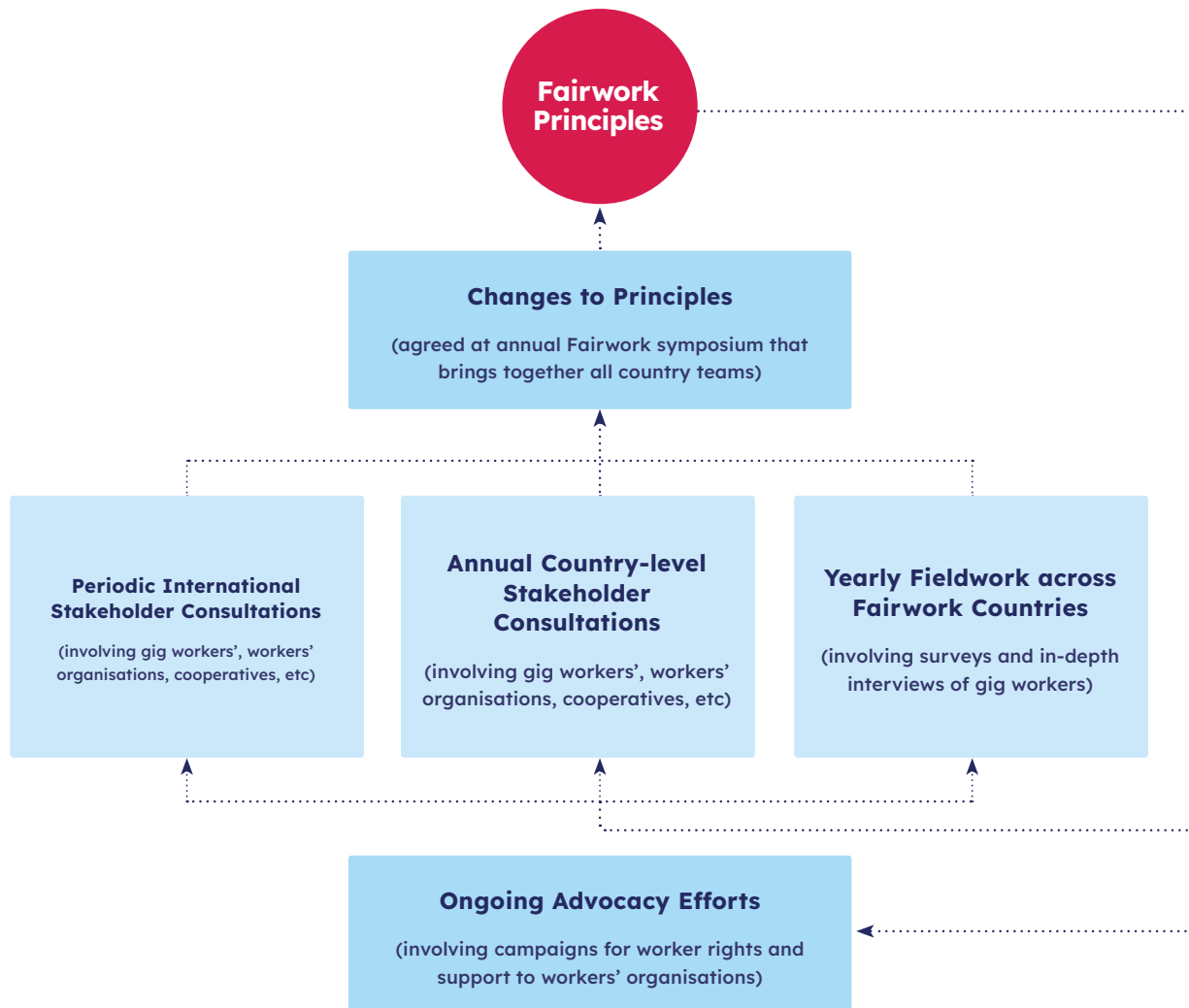
There is nothing inevitable about poor working conditions in the platform economy. Notwithstanding their claims to the contrary, platforms have substantial control over the nature of the jobs that they mediate. Workers who find their jobs through platforms are ultimately still workers, and there is no basis for denying them the key rights and protections that their counterparts in the formal sector have long enjoyed. Our scores show that the platform economy, as we know it today, already takes many forms, with some platforms displaying greater concern for workers' needs

Figure 2: Fairwork's Pathways to Change



than others. This means that we do not need to accept low pay, poor conditions, inequity, and a lack of agency and voice as the norm. We hope that our work – by highlighting the contours of today’s platform economy – paints a picture of what it could become.

Figure 3: Fairwork Principles: Continuous Worker-guided Evolution



The Fairwork Pledge

As part of this process of change, we have introduced the Fairwork pledge. This pledge leverages the power of organisations' procurement, investment, and partnership policies to support fairer platform work. Organisations like universities, schools, businesses, and charities who make use of platform labour can make a difference by supporting the best labour practices, guided by our five principles of fair work. Organisations who sign the pledge get to display our badge on company materials.

The pledge constitutes two levels. The first is as an official Fairwork Supporter, which entails publicly demonstrating support for fairer platform work, and making resources available to staff and members to help them in deciding which platforms to engage with. We are proud to announce that we have six official Fairwork Supporters in the UK: **The Oxford Internet Institute, The University of Oxford School of Geography and the Environment, The Church of England Diocese of Oxford, the Good Business Charter, The New Economics Foundation and Caribou Digital.**

A second level of the pledge entails organisations committing to concrete and meaningful changes in their own practices as official Fairwork Partners, for example by committing to using better-rated platforms where there is a choice. **Meatspace Press** have become official Fairwork Partners in the UK.

MORE INFORMATION ON THE PLEDGE, AND HOW TO SIGN UP, IS AVAILABLE AT

WWW.FAIR.WORK/PLEDGE



APPENDIX

Fairwork Scoring System

Which companies are covered by the Fairwork principles?

The International Labour Organisation (ILO) defines a “digital labour platform” as an enterprise that mediates and facilitates “labour exchange between different users, such as businesses, workers and consumers”³². That includes digital labour “marketplaces” where “businesses set up the tasks and requirements and the platforms match these to a global pool of workers who can complete the tasks within the specified time”³³. Marketplaces that do not facilitate labour exchanges – for example, Airbnb (which matches owners of accommodation with those seeking to rent short term accommodation) and eBay (which matches buyers and sellers of goods) are obviously excluded from the definition. The ILO’s definition of “digital labour platform” is widely accepted and includes many different business models³⁴.

Fairwork’s research covers digital labour platforms that fall within this definition that aim to connect individual service providers with consumers of the service through the platform interface. Fairwork’s research does not cover platforms that mediate offers of employment between individuals and employers (whether on a long-term or on a temporary basis).

Fairwork distinguishes between two types of these platforms. The first, is location-based or “geographically-tethered” platforms where the work is required to be done in a particular location such as

delivering food from a restaurant to an apartment, driving a person from one part of town to another or cleaning. The second is “cloudwork” or online work platforms where the work can, in theory, be performed from any location via the internet.

The thresholds for meeting each principle are different for location-based and cloudwork platforms because location-based work platforms can be benchmarked against local market factors, risks/harms, and regulations that apply in that country, whereas cloudwork platforms cannot because (by their nature) the work can be performed from anywhere and so different market factors, risks/harms, and regulations apply depending on where the work is performed.

The platforms covered by Fairwork’s research have different business, revenue and governance models including employment-based, subcontractor, commission-based, franchise, piece-rate, shift-based, subscription models. Some of those models involve the platforms making direct payments to workers (including through sub-contractors).

How does the scoring system work?















The five Principles of Fairwork were developed through an extensive literature review of published research on job quality, stakeholder meetings at UNCTAD and the ILO in Geneva (involving platform operators, policymakers, trade unions, and academics), and in-country meetings with local stakeholders.

Each Fairwork Principle is divided into two *thresholds*. Accordingly, for each Principle, the scoring system allows the first to be awarded corresponding to the first threshold, and an additional second point to be awarded corresponding to the second threshold (see Table 1). The second point under each Principle can only be awarded if the first point for that Principle has been awarded. The thresholds specify the evidence required for a platform to receive a given point. Where no verifiable evidence

is available that meets a given threshold, the platform is not awarded that point.

A platform can therefore receive a maximum Fairwork score of ten points. Fairwork scores are updated on a yearly basis; the scores presented in this report were derived from data pertaining to the 12 months between September 2022 and March 2023, and are valid until March 2024.

Table 1 Fairwork Scoring System

Principles	First point	Second point	Total
 Principle 1: Fair Pay	 Ensures workers earn at least the local minimum wage after costs	 Ensures workers earn at least a local living wage after costs	 2
 Principle 2: Fair Conditions	 Mitigates task-specific risks	 Provides a safety net	 2
 Principle 3: Fair Contracts	 Provides clear and transparent terms and conditions	 Ensures that no unfair contract terms are imposed	 2
 Principle 4: Fair Management	 Provides due process for decisions affecting workers	 Provides equity in the management process	 2
 Principle 5: Fair Representation	 Assures freedom of association and the expression of collective worker voice	 Supports democratic governance	 2

Maximum possible Fairwork Score



Principle 1: Fair Pay

1.1 – Ensures workers earn at least the local minimum wage after costs (one point)

Platform workers often have substantial work-related costs to cover, such as transport between jobs, supplies, or fuel, insurance, and maintenance on a vehicle³⁵. Workers' costs sometimes mean their take-home earnings may fall below the local minimum wage³⁶. Workers also absorb the costs of extra time commitment, when they spend time waiting or travelling between jobs, or other unpaid activities necessary for their work, such as mandatory training, which are also considered active hours³⁷. To achieve this point platforms must ensure that work-related costs do not push workers below local minimum wage.

The platform takes appropriate steps to ensure both of the following:

- Payment must be on time and in-full.
- Workers earn at least the local minimum wage, or the wage set by collective sectoral agreement (whichever is higher) in the place where they work, in their active hours, after costs³⁸.

1.2 – Ensures workers earn at least a local living wage after costs (one additional point)

In some places, the minimum wage is not enough to allow workers to afford a basic but decent standard of living. To achieve this point platforms must ensure that work-related costs do not push workers below local living wage.

The platform takes appropriate steps to ensure the following:

- Workers earn at least a local living wage, or the wage set by collective sectoral agreement (whichever is higher) in the place where they work, in their active hours, after costs^{39,40}.

Principle 2: Fair Conditions

2.1 – Mitigates task-specific risks (one point)

Platform workers may encounter a number of risks in the course of their work, including accidents and injuries, harmful materials, and crime and violence. To achieve this point platforms must show that they are aware of these risks and take basic steps to mitigate them.

The platform must satisfy the following:

- Adequate equipment and training is provided to protect workers' health and safety from task-specific risks⁴¹. These should be implemented at no additional cost to the worker.
- The platform mitigates the risks of lone working by providing adequate support and designing processes with occupational safety and health in mind.

2.2 – Ensures safe working conditions and a safety net (one additional point)

Platform workers are vulnerable to the possibility of abruptly losing their income as the result of unexpected or external circumstances, such as sickness or injury. Most countries provide a social safety net to ensure workers don't experience sudden poverty due to circumstances outside their control. However, platform workers usually don't qualify for protections such as sick pay, because of their independent contractor status. In recognition of the fact that most workers are dependent on income they earn from platform work, platforms should ensure that workers are compensated for loss of income due to inability to work. In addition, platforms must minimise the risk of sickness and injury even when all the basic steps have been taken.

The platform must satisfy ALL of the following:

- Platforms take meaningful steps to ensure that workers do not suffer significant costs as a result of accident, injury or disease resulting from work.
- Workers should be compensated for income loss due to inability to work commensurate with the worker's average earnings over the past three months.
- Where workers are unable to work for an extended period due to unexpected circumstances, their standing on the platform is not negatively impacted.
- The platform implements policies or practices that protect workers' safety from task-specific risks⁴². In particular, the platform should ensure that pay is not structured in a way that incentivises workers to take excessive levels of risk.

Principle 3: Fair Contracts

3.1 – Provides clear and transparent terms and conditions (one point)

The terms and conditions governing platform work are not always clear and accessible to workers⁴³. To achieve this point, the platform must demonstrate that workers are able to understand, agree to, and access the conditions of their work at all times, and that they have legal recourse if the other party breaches those conditions.

The platform must satisfy ALL of the following:

- The party contracting with the worker must be identified in the contract, and subject to the law of the place in which the worker works.
- The contract/terms & conditions are presented in full in clear and comprehensible language that all workers could be expected to understand.
- Workers have to sign a contract and/or give informed consent to terms of conditions upon signing up for the platform.
- The contracts/terms and conditions are easily accessible to workers in paper form, or via the app/platform interface at all times.
- Contracts/terms & conditions do not include clauses that revert prevailing legal frameworks in the respective countries.
- Platforms take adequate, responsible and ethical data protection and management measures, laid out in a documented policy.

3.2 – Ensures that no unfair contract terms are imposed (one additional point)

In some cases, especially under “independent contractor” classifications, workers carry a disproportionate amount of risk for engaging in a contract with the service user. They may be liable for any damage arising in the course of their work, and they may be prevented by unfair clauses from seeking legal redress for grievances. To achieve this point, platforms must demonstrate that risks and liability of engaging in the work is shared between parties.

Regardless of how the contractual status of the worker is classified, the platform must satisfy ALL of the following:

- Every worker is notified of proposed changes in clear and understandable language within a reasonable timeframe

before changes come into effect; and the changes should not reverse existing accrued benefits and reasonable expectations on which workers have relied.

- The contract/terms and conditions neither include clauses which exclude liability for negligence nor unreasonably exempt the platform from liability for working conditions. The platform takes appropriate steps to ensure that the contract does not include clauses which prevent workers from effectively seeking redress for grievances which arise from the working relationship.
- In case platform labour is mediated by subcontractors: The platform implements a reliable mechanism to monitor and ensure that the subcontractor is living up to the standards expected from the platform itself regarding working conditions.
- In cases where there is dynamic pricing used for services, the data collected and calculations used to allocate payment must be transparent and documented in a form available to workers.

Principle 4: Fair Management

4.1 – Provides due process for decisions affecting workers (one point)

Platform workers can experience arbitrary deactivation; being barred from accessing the platform without explanation, and potentially losing their income. Workers may be subject to other penalties or disciplinary decisions without the ability to contact the service user or the platform to challenge or appeal them if they believe they are unfair. To achieve this point, platforms must demonstrate an avenue for workers to meaningfully appeal disciplinary actions.

The platform must satisfy ALL of the following:

- There is an easily accessible channel for workers to communicate with a human representative of the platform and to effectively solve problems. This channel is documented in the contract and available on the platform interface. Platforms should respond to workers within a reasonable timeframe. There is a process for workers to meaningfully and effectively appeal low ratings, non-payment, payment issues, deactivations, and other penalties and disciplinary actions. This process is documented in a contract and available on the platform

interface⁴⁴.

- In the case of deactivations, the appeals process must be available to workers who no longer have access to the platform.
- Workers are not disadvantaged for voicing concerns or appealing disciplinary actions.

4.2 – Provides equity in the management process (one additional point)

The majority of platforms do not actively discriminate against particular groups of workers. However, they may inadvertently exacerbate already existing inequalities in their design and management. For example, there is a lot of gender segregation between different types of platform work. To achieve this point, platforms must show not only that they have policies against discrimination, but also that they seek to remove barriers for disadvantaged groups, and promote inclusion.

Platforms must satisfy ALL of the following:

- The platform has an effective anti-discrimination policy laying out a clear process for reporting, correcting and penalising discrimination of workers on the platform on grounds such as race, social origin, caste, ethnicity, nationality, gender, sex, gender identity and expression, sexual orientation, disability, religion or belief, age or any other status⁴⁵.
- The platform has measures in place to promote diversity, equality and inclusion on the platform. It takes practical measures to promote equality of opportunity for workers from disadvantaged groups, including reasonable accommodation for pregnancy, disability, and religion or belief.
- Where persons from a disadvantaged group (such as women) are significantly under-represented among a pool of workers, it seeks to identify and remove barriers to access by persons from that group.
- If algorithms are used to determine access to work or remuneration or the type of work and pay scales available to workers seeking to use the platform, these are transparent and do not result in inequitable outcomes for workers from historically or currently disadvantaged groups.
- It has mechanisms to reduce the risk of users

discriminating against workers from disadvantaged groups in accessing and carrying out work.

Principle 5: Fair Representation

5.1 – Assures freedom of association and the expression of worker voice (one point)

Freedom of association is a fundamental right for all workers, and enshrined in the constitution of the International Labour Organisation, and the Universal Declaration of Human Rights. The right for workers to organise, collectively express their wishes – and importantly – be listened to, is an important prerequisite for fair working conditions. However, rates of organisation amongst platform workers remain low. To achieve this point, platforms must ensure that the conditions are in place to encourage the expression of collective worker voice.

Platforms must satisfy ALL of the following:

- There is a documented mechanism⁴⁶ for the expression of collective worker voice that allows ALL workers, regardless of employment status, to participate without risks.
- There is a formal, written statement of willingness to recognise, and bargain with, a collective, independent body of workers or trade union, that is clearly communicated to all workers, and available on the platform interface⁴⁷.
- Freedom of association is not inhibited, and workers are not disadvantaged in any way for communicating their concerns, wishes and demands to the platform, or expressing willingness to form independent collective bodies of representation⁴⁸.

5.2 – Supports democratic governance (one additional point)

While rates of organisation remain low, platform workers' associations are emerging in many sectors and countries. We are also seeing a growing number of cooperative worker-owned platforms. To realise fair representation, workers must have a say in the conditions of their work. This could be through a democratically governed cooperative model, a formally recognised union, or the ability to undertake collective bargaining with the platform.

The platform must satisfy at least ONE of the following:

1. Workers play a meaningful role in governing it.

2. In a written document available at all times on the platform interface, the platform publicly and formally recognises an independent collective body of workers, an elected works council, or trade union. This recognition is not exclusive and, when the legal framework allows, the platform should recognise any significant collective body seeking representation⁴⁹.

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- 35 Work-related costs include direct costs the worker may incur in performing the job. This may include, for instance, transport in between jobs, supplies, vehicle repair and maintenance, fuel, road tolls and vehicle insurance. However, it does not include transport to and from the job (unless in-between tasks) nor taxes, social security contributions or health insurance.
- 36 The ILO defines minimum wage as the “minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract.” Minimum wage laws protect workers from unduly low pay and help them attain a minimum standard of living. The ILO’s Minimum Wage Fixing Convention, 1970 C135 sets the conditions and requirements of establishing minimum wages and calls upon all ratifying countries to act in accordance. Minimum wage laws exist in more than 90 per cent of the ILO member states.
- 37 In addition to direct working hours where workers are completing tasks, workers also spend time performing unpaid activities necessary for their work, such as waiting for delivery orders at restaurants

and travelling between jobs and undertaking mandatory training (i.e., training activities that must be completed for workers to continue accessing work on the platform). These indirect working hours are also considered part of active hours as workers are giving this time to the platform. Thus, 'active hours' are defined as including both direct and indirect working hours.

38 In order to evidence this, where the platform is responsible for paying workers the platform must either: (a) have a documented policy that ensures the workers receive at least the local minimum wage after costs in their active hours; or (b) provide summary statistics of transaction and cost.

39 Where a living wage does not exist, Fairwork will use the Global Living Wage Coalition's Anker Methodology to estimate one.

40 In order to evidence this, where the platform is responsible for paying workers the platform must either: (a) have a documented policy that ensures the workers receive at least the local living wage after costs in their active hours; or (b) provide summary statistics of transaction and cost data evidencing all workers earn a minimum wage after costs.

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42 The ILO recognises health and safety at work as a fundamental right. Where the platform directly engages the worker, the starting point is the ILO's Occupational Safety and Health Convention, 1981 (C155). This stipulates that employers shall be required "so far as is reasonably practicable, the workplaces, machinery, equipment and processes under their control are safe and without risk to health", and that "where necessary, adequate protective clothing and protective equipment [should be provided] to prevent, so far as is reasonably practicable, risk of accidents or of adverse effects on health."

43 The ILO's Maritime Labour Convention, 2006 (MLC 2006), Reg. 2.1, and the Domestic Workers Convention, 2011 (C189), Articles 7 and 15, serve as helpful guiding examples of adequate provisions in workers' terms and conditions, as well as worker access to those terms and conditions.

44 Workers should have the option of escalating grievances that have not been satisfactorily addressed and, in the case of automated decisions, should have the option of escalating it for human mediation.

45 In accordance with the ILO Convention No. 111 concerning Discrimination in Respect of Employment and Occupation and applicable national law.

46 A mechanism for the expression of collective worker voice will allow workers to participate in the setting of agendas so as to be able to table issues that most concern them. This mechanism can be in physical or virtual form (e.g. online meetings) and should involve meaningful interaction (e.g. not surveys). It should also allow for ALL workers to participate in regular meetings with the management.

47 For example, "[the platform] will support any effort by its workers to collectively organise or form a trade union. Collective bargaining through trade unions can often bring about more favourable working conditions."

48 See ILO (2021) World Employment and Social Outlook 2021: The role of digital labour platforms in transforming the world of work International Labour Office – Geneva.

49 If workers choose to seek representation from an independent collective body of workers or union that is not readily recognised by the platform, the platform should then be open to adopt multiple channels of representation, when the legal framework allows, or seek ways to implement workers' queries to its communication with the existing representative body.

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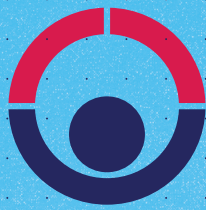


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