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# ANKER LIVING INCOME REFERENCE VALUE

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## RURAL BURKINA FASO 2020



**LIVING INCOME**

**CFA 86,367**  
PER MONTH  
(US\$146)

Anker   
Research  
Network

**GLOBAL**   
LIVING WAGE  
COALITION

*The Anker Reference Values are endorsed by the Global Living Wage Coalition (Fairtrade International, Rainforest Alliance, Social Accountability International and ISEAL Alliance). Development of the methodology was initiated and supported by Fairtrade International and German Federal Ministry for Economic Cooperation and Development (BMZ). Further support was received from Rainforest Alliance, Social Accountability International and Clif Bar & Company.*



# Anker Living Income Reference Value<sup>1</sup>

## Rural Burkina Faso 2020

### 1. Anker Living Income Reference Value for Rural Burkina Faso in 2020

The Anker Living Income Reference Value for 2020 for rural Burkina Faso is 86,367 CFA (146 USD)<sup>2</sup> per month with a 95% confidence around it from 75,076 CFA to 99,384 CFA. This is the estimated monthly cost of a basic but decent standard of living for a typical rural family in Burkina Faso.

*“A living income is the net annual income required for a household in a particular place to afford a decent standard of living for all members of that household. Elements of a decent standard of living include: food, water, housing, education, healthcare, transport, clothing, and other essential needs including provision for unexpected events” (Living Income Community of Practice).*

### 2. Anker Reference Value Methodology

Anker Living Income Reference Values utilize a new methodology developed by Richard Anker, Martha Anker, and Ian Prates. This methodology is based on a statistical analysis of 40 internationally comparable, quality-assured Anker methodology studies spread across low-income and middle-income countries carried out primarily under the auspices of the Global Living Wage Coalition. Anker Reference Values are internationally comparable, consistent with results from existing quality-assured Anker living wage and living income benchmark studies and easy to update every year, and so are especially valuable for countries where it has not yet been possible to organize and fund a full quality-assured Anker methodology living wage or living income study.

Anker Living Income Reference Values represent a living income for typical families in rural (urban) areas of low- and middle-income countries. Since they are based on a statistical analysis, they have a margin of error for typical rural (urban) areas of a country which is generally around +/- 10% using a 95% confidence interval. Since Reference Values are not location-specific within countries and represent the situation in typical rural (urban) locations, the margin of error is likely to be larger for unusual locations with atypical living costs within a country such as large cities with high living costs, or poorer (richer) areas with relatively low (high) living costs and norms.

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<sup>1</sup> Prepared by: Sally Smith, Ian Prates, Richard Anker and Martha Anker

<sup>2</sup> Exchange rate used to convert to US dollars is 591.6. This is the average exchange rate for the three-month period from November 2019 through January 2020 according to IMF data.

### **3. Country Context—Burkina Faso**

#### *Geography and demographics*

Burkina Faso is a land-locked country in West Africa with Mali and Niger to the north and Côte d'Ivoire, Ghana, Togo, and Benin to the south. It has a hot tropical climate with savanna in the southern half of the country, semi-arid steppe in the northern half, and a small area of desert in the very north bordering the Sahara Desert.

Around 70% of the population of 21 million lives in rural areas, although increasing numbers are migrating to cities. High fertility rates and declining mortality rates are resulting in a burgeoning youth population (over 65% of people are under 25) and sustained population growth which is putting pressure on Burkina Faso's limited natural resources.

#### *Economy*

Burkina Faso is a low-income country with a gross national income per capita of \$1,755 in international dollars (PPP) and \$670 in USD in 2018. The economy is heavily reliant on agriculture, which produced 35 % of GDP and employs around 80% of its population. Cotton is one of the main export products and Burkina is one of the most important cotton producing countries in Africa, although gold exports have gained importance in recent years. GDP and real incomes have been on an upwards trajectory for most of the last two decades, but the economy is highly vulnerable to internal and external risks and shocks including fluctuations in the price of cotton, gold, and oil, growing insecurity from terrorism (particularly in the north and east of the country), desertification and recurring drought (both of which are exacerbated by climate change). Inflation is low at around 1% in the last 5 years with IMF projecting 1.4-2% inflation per year for the next 5 years.

#### *Poverty*

In 2014, 40% of the population lived below the national poverty line, a substantial reduction from 53% in 2003. Poverty levels are three times higher in rural areas than in urban areas, with 93% of poor people living in rural areas. Poverty is also much higher in 4 of the 13 administrative regions of Burkina Faso – Nord, Boucle du Mouhoun, Centre-Ouest, and Est, where at least half of the population lives below the poverty line. In contrast, fewer than 10% of people in the Centre region where the capital Ouagadougou is located are poor, with Cascades and Sahel also exhibiting relatively low poverty rates. The poverty rate is highest among large, rural, farming households with a male household head over the age of 50, although female-headed households have lower per capita consumption than male-headed households when all other factors are controlled.

### *Standard of living*

Food insecurity and malnutrition are persistent challenges in Burkina Faso. Depending on the time of year, up to half of all households are food insecure in terms of calorie intake, and 10% of children under 5 suffer from acute malnutrition.

Health and education outcomes have improved but are still among the worst globally, with Burkina Faso ranked 182 out of 189 countries on UNDP's Human Development Index for 2019. Average life expectancy at birth was 61 years in 2017, with around 8% of children dying before the age of 5 (2018 figures). Only 63% of boys and 68% of girls complete primary school (2018 figures).

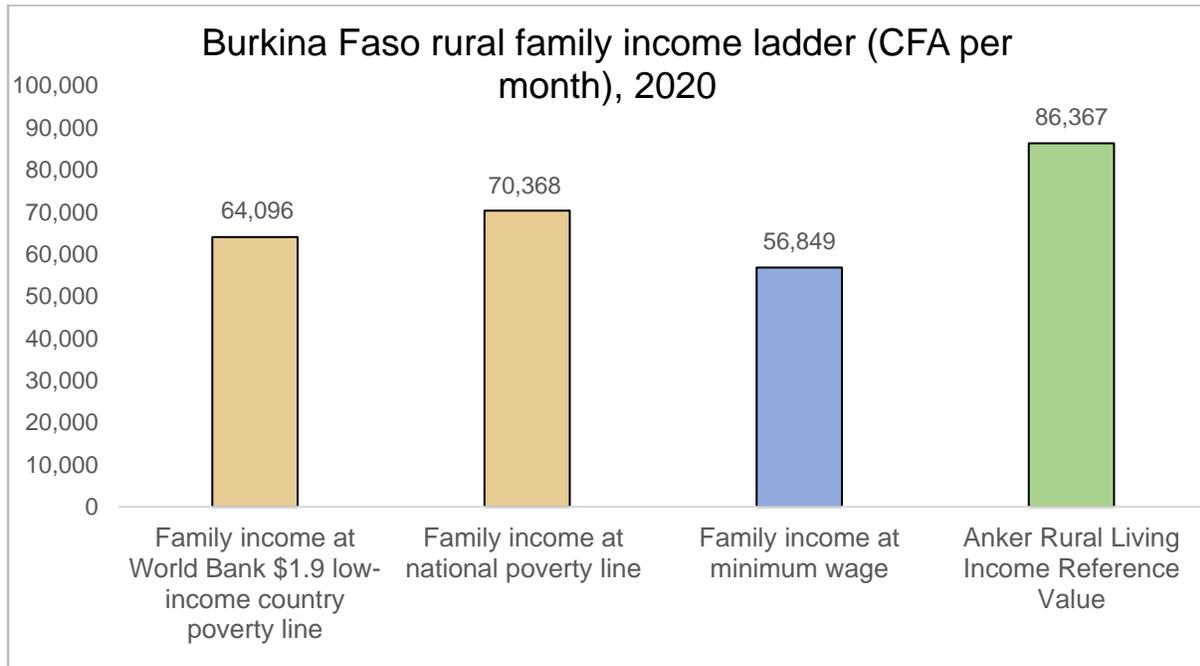
Housing conditions in rural areas are generally very poor. Nearly 8 out of 10 houses have no toilet, and less than 3% have electricity.

### *Labor market*

According to ILO modeled estimates for rural Burkina Faso, 83% of males aged 25+ and 64% of females aged 25+ are in the labor force (in work or are actively looking for work); around 3% of males and 8% of females are unemployed. A further 19% of males and 13% of females are time-related underemployed. Note that these labor force participation rates are on the low side for Sub-Saharan Africa.

## **4. Family income ladder and gaps to a living income, rural Burkina Faso**

Figure 1 below provides a family income ladder for rural Burkina Faso and so context for gaps to a living income. It compares the Anker Living Income Reference Value for rural Burkina Faso with three other indicators of family income. The Anker Living Income Reference Value is 35% higher than family income at the World Bank \$1.90 poverty line for low-income countries such as Burkina Faso, and 23% higher than family income at the national poverty line. It is 52% higher than income of a typical rural family with 1.64 adults earning the minimum wage (assuming no mandatory deductions from pay or income tax). Given much higher poverty rates in rural areas and in some regions of the country, it is likely that gaps to living income vary considerably across Burkina Faso and so the Anker Living Income Reference Value may be too high for some locations (such as Nord, Boucle du Mouhoun, Centre-Ouest, and Est regions) and too low for other locations (such as Centre, Cascades, and Sahel regions). To better understand and measure location-specific living income gaps within Burkina Faso, further analysis and quality-assured Anker methodology studies are required.

**Figure 1**

**Notes:** <sup>a</sup> Burkina Faso's national poverty line was set in 2014; inflation has been around 6% since 2014 according to IMF data. <sup>b</sup> The World Bank low-income country \$1.90 (PPP 2011) poverty line family income estimate used PPP for 2020 that was estimated using a formula suggested by the World Bank which uses the latest available PPP from the World Bank (2018) and inflation rates from the IMF for Burkina Faso and the United States since 2018. <sup>c</sup> Family income at minimum wage was calculated by multiplying the minimum wage by a typical number of full-time equivalent workers per family for rural Burkina Faso. Minimum wage was last increased in 2012; there has been around 6% inflation since 2012. <sup>d</sup> The Anker Living Income Reference Value is estimated directly based on statistical analysis and therefore does not have an explicit family size or number of full-time workers per family. <sup>e</sup> The family size used for expositional purposes to estimate family income at the national poverty line and the World Bank poverty line was 5.5 (2 adults and 3.5 children). This family size is between: (i) rural average household size of 5.3 when single-person households (that do not have children) and very large households (that are likely to be extended families with more than 2 adult workers) are excluded; and (ii) family size of 7.3 implied by the rural total fertility rate adjusted for rural child mortality in 2018 of 5.3 (which assumed that the rural TFR and U5MR decreased at the same rates as at the national level between 2010/11 and 2017/2018 DHS). <sup>f</sup> The number of full-time equivalent workers per family used for expositional purposes to estimate family income at the national poverty line, World Bank poverty line, and the minimum wage of 1.64 was estimated based on ILOSTAT data on labor force participation rates, unemployment rates and part-time employment rates for rural males and females ages 25+.