
ANKER LIVING WAGE REFERENCE VALUE



Anker 
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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 Wage Reference Value¹

Rural Tunisia 2020

1. Anker Living Wage Reference Value for Rural Tunisia in 2020

The Anker Living Wage Reference Value for 2020 for rural Tunisia is TND 695 per month (USD 245)² with a 95% confidence interval around it from TND 636 to TND 759. This is the estimated monthly wage a worker needs to be able to afford a basic but decent standard of living for a typical size family in rural Tunisia in 2020.

“A living wage is the remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. 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 Wage 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 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 Wage Reference Values represent a living wage for typical families in rural (or urban) areas of low-income 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.

¹ Prepared by: Yapo G. N'Guessan, Richard Anker, Martha Anker and Ian Prates.

² Exchange rate used to convert to US dollars is 2.84. This is the average exchange rate for the three-month period from February to April 2020 according to IMF data.

3. Country context: Tunisia

Geography and demographics

Tunisia is Africa's northernmost country, bordered by the Mediterranean Sea to the North, Algeria to the west and Libya to the southeast. Tunisia's topography is mountainous in the north, an extension of the Saharan Atlas Mountains, while the central part of the country features dry plains, and to the south lie semiarid and arid areas merging into the Sahara Desert. The climate is Mediterranean on the northern coast, while it is semi-desert or desert in inland areas.

The population in Tunisia is around 11.7 million, growing at an annual rate of 1.1%³ with women having on average 2.2 births. Around 38% of the population is under age 25 and close to 70 percent of the population lives in an urban area.

Economy

Tunisia is a lower-middle-income country with a gross national income per capita of \$10,800 in international dollars (PPP) and \$3,360 in USD in 2019. Under a quasi-monarchic regime that ruled the country for more than two decades, Tunisia experienced sociopolitical stability and sustained economic growth with an average annual real GDP growth rate of 4.7% and real GDP per capita growth rate of 3.3% between 1990 and 2010. However, underlying social inequality, regional disparities, poor governance and high unemployment rates, among other grievances, contributed to give rise to a revolution in 2011, called the Jasmine Revolution, that took the world by surprise.⁴ Since then, the country has struggled to transition to full democracy with recurrent social tensions and domestic and regional security shocks (terrorist threats and civil war in the neighboring country of Libya). Consequently, the average annual real GDP growth rate fell to 1.8% and real GDP per capita growth rate to 0.7% between 2011 and 2019. Inflation averaged 5% over this period, compared to an average of 3% during the preceding decade, and has been particularly high in 2018 and 2019 at around 7%.

Additionally, the World Bank⁵ projects that real GDP will contract by 9% in 2020, a sharp contrast to the 2.2% expansion projected before the COVID-19 outbreak, which is badly affecting Tunisia and its major trade partners of the European Union. The economy is projected to recover afterwards with real GDP growth of 5.9% and 2% in 2021 and 2022 respectively. According to the IMF, inflation is projected to remain around 5% for the next two years.

The service sector represented around 60% of GDP in 2019 with 55% of total employment. The agricultural sector represented 10.4% of GDP with around 13% of total employment.

³ <https://data.worldbank.org/country/TN>

⁴ World Bank 2014. Tunisia-the unfinished revolution.

⁵ <http://pubdocs.worldbank.org/en/745711574194322059/mpo-tun.pdf>

Poverty

Based on the latest poverty assessment study in Tunisia (2010)⁶, the proportion of the population below the national poverty line decreased from 32.4% in 2000 to 15.5% in 2010, with the extreme poverty rate falling from 12% to 4.6%. In non-communal areas (similar to rural areas), 22.6% of people were poor, compared to 14% in medium-sized towns and 9% in cities. There were also large disparities in the distribution of poverty across geographic regions. Poverty rates were highest in the Center-West region where the poverty rate—at 32.3%—was more than two times higher than at the national level, followed by the North-West (25.7%) and South-West (21.5%) regions. The Center-East and Greater Tunis regions had the lowest poverty rates at 8% and 9.1%, respectively.

Standard of living

Ranking 91 out of 189 countries on UNDP's Human Development Index, Tunisia is the third-best performer in Africa after Mauritius and Algeria. The standard of living has improved markedly over time. Between 1990 and 2018, according to the World Bank, life expectancy at birth increased from 68.8 years to 76.5 years, and the under-5 mortality rate decreased from 55.3 to 16.9 per 1,000 live births. The expected years of schooling increased from 10.5 years to 15.1 years and mean years of schooling increased from 3.4 years to 7.2 years.

There is widespread access to basic public services in rural areas. Close to 99% of the population in rural areas had access to electricity in 2018 according to a national survey,⁷ compared to less than 14% in 1990. Around 96% of the rural population is using safely managed drinking water sources and safely managed sanitation services.

Labor market

According to 2015 Labor Force Survey microdata tabulations, labor force participation rates (LFPRs) in Tunisia are high for both urban and rural males in prime working ages (25-54), at 92.5% and 91.1%, respectively. Labor force participation rates are much lower for women aged 25-54, at 41.5% for urban women and 21.0% for rural women. Unemployment rates for ages 25-54 were much higher for females compared to males at 15.7% compared to 9.9% for urban areas and 15.3% compared to 9.1% for rural areas. The part-time employment rate, according to ILO-modelled estimates (defined as less than 35 hours per week), for men and women ages 25+ were 17.6% and 26.0%, respectively.

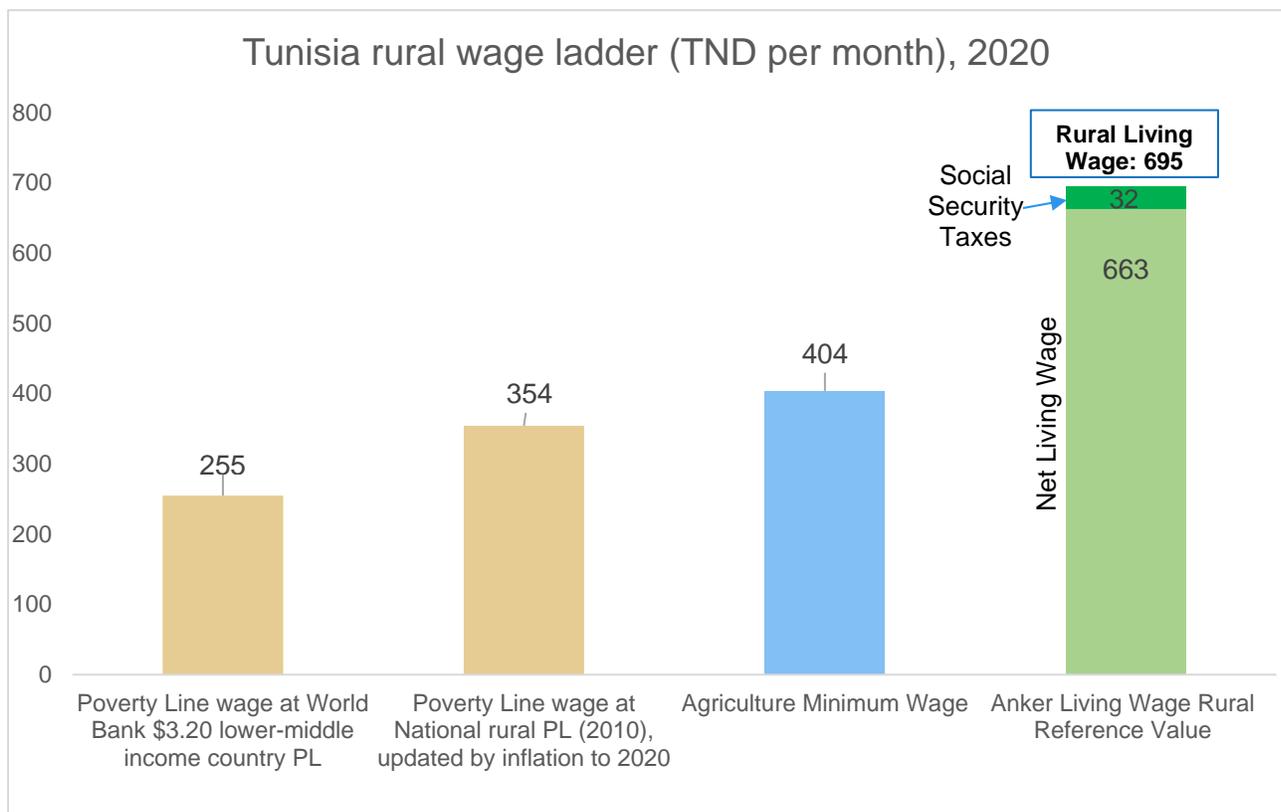
⁶ INS Tunisia, AFDB, World Bank 2012. Measuring poverty, inequalities and polarization in Tunisia (2000-2010).

⁷ INS, MDICI, UNICEF, 2019. Multiple Indicator Cluster Survey (MICS 2018).

4. Wage ladder and gaps to a living wage

Figure 1 below provides a wage ladder for rural Tunisia and some context on gaps to a living wage. It compares the gross Anker Living Wage Reference Value for a typical family in rural Tunisia to three other family wage indicators. The Anker Living Wage Reference Value is higher than all three of these wage comparators. The Anker Living Wage Reference Value is 2.7 times the World Bank \$3.20 poverty line wage for lower-middle income countries such as Tunisia, and 2.0 times the national poverty line wage. It is 1.7 times the agricultural minimum wage. Note that to more precisely measure living wage gaps for specific rural locations in Tunisia, further analysis and quality-assured full Anker methodology studies would be needed.

Figure 1



Notes:

^a Latest national poverty lines for Tunisia for rural areas, medium-sized towns, and cities were last estimated in 2010. Even though Tunisia does not have a practice of regularly updating its poverty lines, we updated these by inflation to 2020, because the 2010 value would be out of date. Two problems with this approach to updating the national poverty lines are: first, there has been considerable inflation since 2010 (68%) and the reported national CPI may not be fully appropriate for all three poverty lines; and second, a poverty line should theoretically increase with economic development (as well as with inflation) and this was not taken into account when we updated the 2010 national poverty lines. This means that our 2020 estimated national rural poverty line wage is approximate and probably too low.

^b The World Bank poverty line for Tunisia was estimated using the World Bank \$3.20 PPP per capita per day poverty line for lower-middle income countries like Tunisia.

^c Family size of 4.5 (2 adults and 2.5 children) was used for expositional purposes to estimate the rural poverty line wage and the World Bank poverty line wage. Although we could not find information on the distribution of household size by number of members for Tunisia, a 2014 Census tabulation indicates that average rural household size was 4.39 in 2014. The national total fertility rate for Tunisia is 2.2, implying a family size of around 4.2, but undoubtedly a higher total fertility rate and implied family size in rural areas. We decided to use a rural family size of 4.5, because both the average rural household size (around 4.4) and the rural total fertility rate-implied family size (greater than the 4.2) are around 4.5.

^d Number of rural full-time equivalent workers per family of 1.46 is used for expositional purposes to estimate poverty line wages. It was estimated using ILOSTAT data, which are based on 2015 labor force survey data for rural areas. Labor force participation rates and unemployment rates are for rural males and rural females ages 25-54. Part-time employment rates are for all-Tunisia for males and females ages 25+, as data for rural areas were not available.

^e Mandatory payroll taxes for CNSS are 4.57% on agricultural wages. Income tax would not be paid on a rural living wage as it is less than the income tax-free threshold.

^f The Anker Living Wage Reference Value is estimated directly based on statistical analysis and therefore does not have an explicit number of full-time workers per family or reference family size (although rural reference family size falls from 6 to 4 with development in Anker living wage benchmark studies).

^g The monthly minimum wage was last increased on May 1st, 2019. Minimum wage for agricultural workers is TND 15.50 per day for a 48-hour week.