
ANKER LIVING WAGE REFERENCE VALUE

RURAL & URBAN GABON 2021



LIVING WAGE PER MONTH

RURAL: FCFA 200,770
(US\$369)

URBAN: FCFA 268,721
(US\$494)

Anker 
Research
Institute

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 Wage and Living Income Research Institute – Founded by Richard Anker and Martha Anker, the Global Living Wage Coalition, and Clif Bar & Company. Social Accountability International (SAI) is the institutional host.



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Anker Living Wage Reference Value¹

Rural and Urban Gabon 2021

1. Anker Living Wage Reference Value for Rural Gabon in 2021

The Anker Living Wage Reference Value for 2021 for rural Gabon is FCFA 200,770 per month (USD 369²) with a 95% confidence interval around it from FCFA 185,077 to FCFA 217,738. The Anker Living Wage Reference Value for 2021 for urban Gabon is FCFA 268,721 per month (USD 494) with a 95% confidence interval around it from FCFA 248,844 to FCFA 288,979. These are the estimated monthly rural and urban wages workers need to be able to afford a basic but decent standard of living for a typical size family of 5 persons.

“A living wage is the remuneration received for a standard work week 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” (Global Living Wage Coalition).

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 with Richard Anker, Martha Anker and Ian Prates.

² Exchange rate used to convert to US dollars is 544.25. This is the average exchange rate for the three-month period from January–March 2021 according to IMF data.

3. Country context: Gabon

Geography and demographics

Gabon is located in Central Africa, bordered by the Atlantic Ocean to the West, Equatorial Guinea and Cameroon to the north, and Republic of Congo to the east and to the south. Lying on the equator, Gabon has a hot and humid typical equatorial climate. With a surface area of 268,000 km², Gabon's topography has a narrow coastal plain, a hilly mountainous interior, and savanna grassland and forest in the far-east and south.

Gabon is a sparsely populated country with around 2.2 million people and an annual population growth rate of 2.5%.³ With approximately 90% of its citizens living in cities, the country has one of the highest urbanization rates in Africa. On average, women have 3.9 births and 54% of Gabon's population is under age 25.

Economy

With a gross national income per capita of \$14,350 in international dollars (PPP) and \$7,170 in USD in 2019, Gabon is classified as one of the few countries in Sub-Saharan Africa with an upper-middle income status by the World Bank. Discovery of large oil fields early after independence⁴ made Gabon the fifth-largest oil producer in Africa and together with socio-political stability, this allowed the country to experience very strong economic growth between 1960 and 1975—with an average annual real GDP growth rate of 12.2% and real GDP per capita growth rate of 10.6%. However, economic growth considerably slowed after this, with the economy fluctuating between deep recessions and weak recoveries due to oil crises and shrinking oil rents and other internal mismanagement inefficiencies. Real GDP growth rate fell to an annual average of 0.35% between 1976 and 2000, while the real GDP per capita growth rate was negative, averaging -2.1% per year over that period. Economic growth slightly rebounded during the last ten years, with real GDP growing at an annual average rate of 3.7%. However, real GDP per capita increased by an average of only 0.37% between 2000 and 2019. Taking into consideration the COVID-19 global pandemic, the IMF is projecting a growth rate of only 2.3% for real GDP in 2021 after a contraction of 2.7% in 2020. The inflation rate is projected to be around 2% in 2021.

The challenge facing Gabon's economy is its heavy dependence on oil, which accounted for 80% of exports, 45% of GDP, and 60% of fiscal revenue, on average, over the past five years⁵, especially with oil reserves depleting and oil prices unfavorable and volatile.

According to World Bank figures (2019), agriculture accounted for only 5.6% of GDP, but 30% of total employment. The service sector represented 41% of GDP with around 60% of employment.

³ <https://databank.worldbank.org/source/world-development-indicators>

⁴ World Bank (2020), Systematic Country Diagnostic

⁵ <https://www.worldbank.org/en/country/gabon/overview>

Poverty

Based on the latest poverty assessment study in Gabon (2017)⁶, the poverty rate decreased from 41.8% in 2005 to 33.4% in 2017, with the extreme poverty rate at 8.26% in 2017 using the national poverty line. However, the absolute number of poor people actually increased during this period (from 541,000 in 2005 to 749,000 in 2017⁷) due to rapid population growth and the fact that the oil industry, the predominant sector of the economy, employs few people. Moreover, the poverty rate was much higher in rural areas (59.5%) than in urban areas (29.4%). However, because of the high urbanization rate in Gabon, 76% of poor people live in urban areas.

Data show large disparities in the distribution of poverty across geographic regions in Gabon. Rural southern regions have the highest poverty rate (68.1%), followed by rural northern regions (67%), and rural eastern regions (60%), whereas the rural western regions have a poverty rate of 40%. Libreville, the capital city, and neighboring town of Port Gentil, together home close to 50% of the country's population, have the lowest poverty rates at 21% and 22.3% respectively with poverty rates in other smaller urban areas at 32.2%. Based on the World Bank \$5.50 (PPP) poverty line for upper-middle income countries (which the World Bank classifies Gabon as), 32.2% of people in Gabon are considered as poor.

Standard of living

With the discovery of oil in the early 1960s and the very strong economic growth that followed, Gabon invested massively in infrastructure and government social service supplies, substantially improving standards of living of its population. For example, between 1970 and 1990, according to the World Bank world development indicators, life expectancy at birth increased from 47 years to 61 years and the under-5 mortality rate decreased from 127 to 92 per 1,000 live births, although another important indicator, primary school completion rate, only increased from 62.5% to 66.0%. With the sharp drop of oil rent in the 1980s and Gabon's inability to diversify its sources of income, investments for improving living conditions could not keep pace with population growth as the economy stalled.

Despite its relatively high GDP per capita, Gabon ranks 119 out of 189 countries on UNDP's Human Development Index in 2020. Its standards of wellbeing, although better than the average of Sub-Saharan Africa (SSA) countries, are below those of the other upper-middle income economies to which Gabon belongs. For example, taking 2019 World Bank figures, while the infant mortality rate for Gabon was at 31.1 per 1,000 live births—lower than the average of Sub-Sahara Africa (51.7)—it was far above the average for typical upper-middle income countries (11.3) and closer to the average for lower-middle income countries (37.0). At 66.5 years, life expectancy at birth in Gabon was higher than the average for Sub-Sahara Africa (61.6), but lower than for upper-middle income countries (75.5) and even lower-middle income countries (69). It is also important to mention that living conditions are more problematic in Gabon rural areas, where only 62.5% of people have access to electricity compared to 97.0% in urban areas. More

⁶ Enquête Gabonaise pour l'Évaluation et le Suivi de la Pauvreté (EGEP).

⁷ Gabon, Rapport sur L'Évaluation de la Pauvreté 2020 (World Bank).

than 50% of the rural population is using unclean water sources and more than 82% do not have improved decent toilets.⁸

Labor market

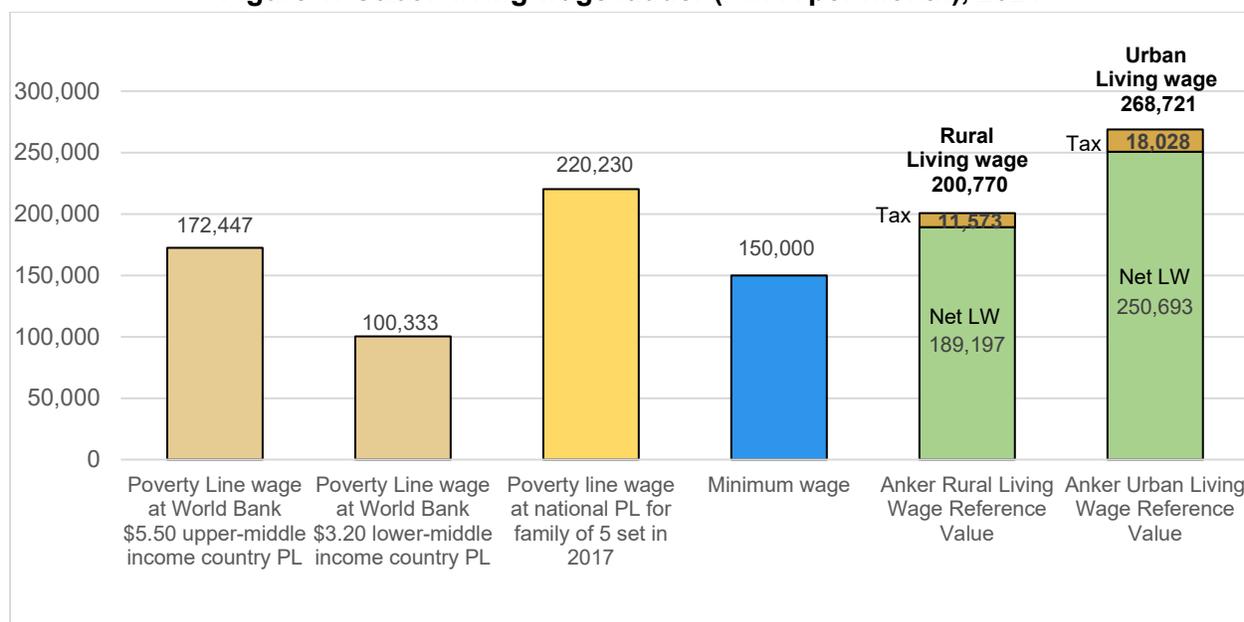
According to the latest ILO-modeled estimates for 2019 for Gabon, labor force participation rates (LFPRs) for ages 25+ are unrealistically low, especially for rural areas at 72.3% and 50.7% for males and females (79.4% and 55.9%, respectively, for urban areas) probably in part because the ILO is now using a new definition of the labor force which excludes subsistence farmers.⁹ However, not all countries are using this new definition. For example, ILOSTAT LFPR estimates for 2019 for neighboring countries Cameroon and Republic of Congo are much more realistic at 92.4% and 87.1% for rural and urban males ages 25+ and at 86.1% and 75.2% for rural and urban females ages 25+. Unemployment rates for Gabon in (2019) for ages 25+ according to ILOSTAT estimates are high and much higher for females compared to males at around 26% for rural and urban females compared to around 12% for rural and male. Part-time employment rates for 2019 according to ILOSTAT estimates are high at 19.0% for males and 34.2% for females for ages 25+.

4. Wage ladder and gaps to a living wage

Figure 1 below provides a wage ladder for Gabon and some context on gaps to a living wage. It compares the gross Anker Living Wage Reference Value for a typical family in rural and urban Gabon to four other family wage indicators. The reason for including urban as well as rural Reference Values in figure 1 despite Gabon's high urbanization rate (90%) is that many companies interested in payment of living wage will be associated with agricultural products. The urban and rural Anker Living Wage Reference Values are both considerably higher than three of these four wage comparators in figure 1. Anker Living Wage Reference Values are around 2-2.7 times the World Bank \$3.20 poverty line wage for lower-middle income countries, and 16-56% higher than the World Bank \$5.50 poverty line wage for upper-middle income countries. We include two World Bank poverty line wages in figure 1 because Gabon is more similar to a lower-middle income country for its people, despite being classified as an upper-middle income country by the World Bank based on its GNI per capita in USD (which is due in large part to its mineral wealth, see note a to figure 1 for further explanation). Anker Reference Values are 34%-79% higher than the wage of a typical family earning the minimum national wage. The Anker Living Wage Reference Value for rural Gabon is 9% lower than the national poverty line wage, while the Anker Reference Value for urban Gabon is 22% higher than the national poverty line wage. Note that to more precisely measure living wage gaps for specific rural locations in Gabon, further analysis would be needed.

⁸ Gabon Demographic and Health Survey 2012.

⁹ The Anker methodology considers all activities that contribute to economic outputs as labor force activities. This includes subsistence farming. In 2013, the ILO narrowed the scope of the previous definition of work to include only activities done for pay or profit. This new definition does not include some unpaid activities such as subsistence farming. See: <https://ilostat.ilo.org/topics/employment/>

Figure 1: Gabon living wage ladder (FCFA per month), 2021

Notes: ^a The World Bank poverty line wage for Gabon was estimated using both the World Bank poverty line for lower-middle income countries (\$3.20 PPP) and upper-middle income countries (\$5.50 PPP). Gabon is an upper-middle income country according to the World Bank classification which is based on GNI per capita in USD. But the reason for Gabon's upper-middle income country classification is partly due to the fact that Gabon is an oil rich country. As a result, Gabon's GNI per capita in USD is not fully reflective of the typical household consumption level of upper middle-income countries. Also, the poverty line estimated for Gabon by Jolliffe & Prydz (2016) of the World Bank is equal to only 3.63 PPP, corroborating the idea that household consumption patterns in Gabon are closer to that of lower-middle-income countries (3.20 PPP poverty line) than to upper-middle countries (5.50 PPP poverty line). ^b The Gabon National Statistical Office estimated an unrealistically high national poverty line for 2017 (equal to 7.63 PPP per person per day) (Enquête Gabonaise pour l'Évaluation de la Pauvreté (EGEP)). As no adult equivalence scale was provided, we multiplied this per person poverty line by our estimated reference family size of 5 (see note e below), resulting in an unrealistically high national family poverty line of 370,363 FCFA and 214,825 FCFA national poverty line wage for 2017. ^c Note that there is only a national poverty line for Gabon – which undoubtedly overestimates the rural poverty line and underestimates the urban poverty line relatively speaking. ^d Inflation was 5.8% from 2017 to 2021. ^e Family size of 5 was used for rural Gabon. This was determined using World Bank and DHS data for 2012 and 2018 respectively. Rural family size of 5 is a compromise between the rural (urban) mortality-adjusted total fertility rate of around 5.7 (3.7), which implies a nuclear family size of nearly 7.7 (5.7), and a rural (urban) average household size excluding single person households of around 4.6 (4.8). ^f Number of full-time equivalent workers is based on ILOSTAT modelled estimates for rural males and rural females ages 25+ on labor force participation rates (LFPRs), unemployment rates, and part-time employment rates. Since ILOSTAT estimates of LFPRs for Gabon for ages 25+ for rural (and urban) areas are unrealistically low at 72.3% (and 79.4%) for males and 50.7% (and 55.6%) for females, we used ILO LFPR estimates for neighboring countries Cameroon and Republic of Congo that are more realistic (92.4% and 86.1% for rural males and females ages 25+ and 87.1% and 75.3% for urban males and females 25+). ^g 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). ^h National minimum wage was last increased on 2010. ⁱ Mandatory deductions on the rural living wage are 11,573 FCFA. This consists of 9,035 FCFA payroll deductions for social security (National Fund for Social Security (CNSS) and National Fund for Health (CNAMGS) and 2,539 FCFA for Complementary tax on salaries (TCTS). Personal income tax would not be assessed on our rural living wage for family of 5 persons. ^j Average exchange rate from January 2021 to March 2021 is used and was equal to 544.25 FCFA for 1 USD.