ANKER LIVING WAGE
REFERENCE VALUE

RURAL ZIMBABWE 2022

LIVING WAGE
USD 247 PER MONTH

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The Anker Living Wage and Income Research Institute engages in and disseminates high quality research, analysis, and training related to living wage and living income (based on the Anker methodology) to inform and influence companies, empower working people, and shape public policy, thereby helping to enhance quality of life and sustainable livelihoods for working people and their families everywhere. Social Accountability International (SAI) is the institutional host.

The Global Living Wage Coalition (led by Fairtrade International, Rainforest Alliance, Social Accountability International (SAI) in partnership with ISEAL and Martha and Richard Anker). Martha and Richard Anker, Fairtrade International and German Federal Ministry for Economic Cooperation and Development (BMZ) initiated and supported the development of the Anker Reference Value methodology. Rainforest Alliance, SAI, and Clif Bar & Company provided further support.

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Anker Rural Zimbabwe Reference Value 2022

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Abstract:

This report provides estimates of family living expenses and living wages for typical rural areas of Zimbabwe. The report uses statistical regressions of available data from household surveys in Zimbabwe and available Anker Living Wage and Living Income Benchmarks to estimate living costs at the mesoregion level. The estimates are presented alongside additional socioeconomic data to contextualize the results.

Keywords: Living wage, Anker Methodology, Zimbabwe, rural, living costs, Labor market

JEL classifications: J30, J50, J80, I30, I32, R20, R23

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Anker Living Wage Reference Value

Rural Zimbabwe 2022

1. Anker Living Wage Reference Value for Rural Zimbabwe
The Anker Living Wage Reference Value for 2022 for rural Zimbabwe is 247 USD per month with a 95% confidence level, ranging from 225 USD to 262 USD. This is the living wage required by workers in typical rural areas of Zimbabwe to be able to afford a basic but decent living standard. The Reference Value is comprised of a net living wage (i.e., take-home pay) of 208 USD per month plus an estimated 39 USD which would need to be paid by law as contribution for Social Security (4.5%; 11 USD) and Income Tax (28 USD) on the living wage.

The Living Wage may be defined as:

“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, health care, transportation, clothing, and other essential needs including provision for unexpected events.” (Global Living Wage Coalition)

2. Anker Reference Value Methodology

Anker Living Wage Reference Values are based on a 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 organise 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 statistical analysis, they have a margin of error for typical rural (urban) areas of a country which is generally around + or - 10% using a 95% confidence interval. Since Reference Values are not location-specific within countries and represent the situation in typical rural (or urban) locations, the margin of error might 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.
3. Country context

Geography and demographics

Zimbabwe is located in Southern Africa. It is a landlocked country, sharing a border in the north with Zambia, in the northeast and east with Mozambique, in the south with South Africa, and in the southwest and west with Botswana. With an area of 390,800 square kilometers, it is the 61st largest country in the world.\(^1\) There are four physio-geographic regions, namely the Eastern Highlands, the Highveld, the Middle veld, and the Low veld. Zimbabwe lies in the tropics, with a rainy season from November to March.

Zimbabwe’s population was 15.09 million in 2021, making it the 74th most populous country in the world.\(^2\) The population growth rate was 1.5% in 2021, according to World Bank data. 68% of the country resided in rural areas, whereas only 32% lived in urban areas in 2021.\(^3\) However, the urban population (1.7%) was growing slightly faster than the rural population (1.4%) in 2021, indicating that the country is slowly urbanizing. In 2021, females comprised a larger share of the population at 52.3% compared to males at 48.0%.\(^4\)

The total fertility rate in Zimbabwe was 3.5 births per woman in 2021 – although this has declined from 4.2 births per woman in 2012, it is above replacement level. In 2019, the total fertility rate was much higher in rural areas (4.5 births) than in urban areas (3.0 births), according to the Multiple Indicator Cluster Survey.\(^5\) The age dependency ratio – or the population (ages 15 and below and 64 and above) as a share of the working age population (15-65 years) – was relatively high at 80% in 2021.\(^6\) This is because Zimbabwe is a very young country, with 41% of the country aged 0-14 years, while only 3% of the population was 65 years and above in 2021. The average household size in Zimbabwe was 4 persons in 2019.\(^7\)

Economy

Zimbabwe has had a turbulent economic history. The country’s economic performance over the last two decades has been characterized by low growth and high volatility from macroeconomic instability; from 2001–2021, there was a net decline in GDP per capita of 2.8% per year on


\(^{3}\) Ibid.

\(^{4}\) Ibid.


\(^{6}\) World Bank. 2022. “World Development Indicators.”


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average. The country defaulted on external debt in 2000 due to imprudent policy choices, and subsequently there was a major recession from 2001-2008, with the GDP per capita falling from $2,801 (in World Bank 2017 PPP, purchasing power parity dollars) to $1,388 (2017 PPP) during that period. From 2009 to 2018, steady growth at an annual average of 7.9% saw the economy improve with a commensurate improvement in incomes – GDP per capita rose to $2,497 (2017 PPP) in 2018, although it remained below 2001 levels. However, there was another recession over the period 2019-2020 due to macroeconomic challenges, a record drought, a cyclone (Idai), and the Covid-19 pandemic. In 2021, Zimbabwe had a GDP per capita of $2,225 (2017 PPP) in 2021 and a GDP of $33.58 billion (2017 PPP). After a contraction of 6.2% in 2020, GDP growth rebounded to 5.8% in 2021.

The first recession resulted in hyperinflation, while the second more recent recession also saw near-hyperinflation. Inflation was 10.6% in 2018, 255.3% in 2019, and 557.2% in 2020, before declining (but still at a very high level) to 98.5% in 2021. However, inflation has accelerated again since the beginning of 2022 due to monetary expansion and the war in Ukraine, reaching 285% year-on-year in August 2022. Zimbabwe’s economy is over-reliant on primary commodity exports (mainly gold, platinum, and tobacco), making the country vulnerable to external price fluctuations in the global commodity markets.

Zimbabwe’s economy is highly dependent on services, which contributed 49.9% to GDP in 2020 – this has however declined from 60% in 2018. Accordingly, the contribution of industry (including construction) to GDP increased from 21.1% in 2018 to 35.8% in 2020. The share of agriculture, forestry, and fishing to GDP was 7.6% in 2020, according to World Bank data. However, there is a high degree of informality in Zimbabwe, with output informality in 2020 at 6.2.2% of GDP.

Social Conditions: Inequality and Poverty

With an economy that has been turbulent for the majority of the last three decades, poverty has actually increased in Zimbabwe. Using the World Bank’s $2.15 (2017 PPP) a day poverty line for
low-income countries, the population in poverty has increased from 21.6% in 2011 to 39.8% in 2019.\textsuperscript{20} The poverty headcount using the national food poverty line was 43.1% of the total population in 2021.\textsuperscript{21} This was significantly higher in rural areas (55.5%) than in urban areas (15.5%) in 2021.\textsuperscript{22} The trend of rising poverty in Zimbabwe in the 2010s is in contrast to the rest of Sub-Saharan Africa, where poverty has been declining.

Child poverty is worse than total poverty in Zimbabwe. 61.3% of the children in Zimbabwe were poor in 2017.\textsuperscript{23} However, child poverty is predominantly a rural phenomenon, where 76.3% of the children are poor, compared to only 20.0% in urban areas.\textsuperscript{24}

Furthermore, not only did poverty increase during the previous decade, but inequality also grew in Zimbabwe. The Gini index increased from 43.2 in 2011 to 44.3 in 2017 and then to 50 in April-May 2019.\textsuperscript{25} As another measure of inequality, the share of national income held by the bottom 50% was only 9.2%, while the top 10% of the population held 59% of the total national income in 2021.\textsuperscript{26} In terms of wealth inequality, the top 10% held 70.2% of the wealth, whereas the bottom 50% only held 2.2%, according to the World Inequality Database.

\textit{Standard of Living}

The standard of living in Zimbabwe is commensurate with high levels of poverty and inequality, that is, standards are well below global norms. There has been very little improvement over the years, as Zimbabwe’s Human Development Index value increased from 0.509 to 0.593 between 1990 and 2021, a change of only 16.5%.\textsuperscript{27} Even though the UNDP classifies it as ‘medium human development’, the country is still ranked 146 out of 191 countries on the UNDP’s Human Development Index.

Life expectancy at birth in 2021 was 59.3 years – a decrease of 0.2 years from 1990.\textsuperscript{28} To put this into perspective, the average for lower middle-income countries was 69 years in 2020, while the world average was 73 years in 2020.\textsuperscript{29}

\textsuperscript{20} World Bank. 2022. “World Development Indicators.”
\textsuperscript{21} World Bank. 2022. \textit{Reversing the Tide: Reducing Poverty and Boosting Resilience in Zimbabwe.}
\textsuperscript{22} Ibid.
\textsuperscript{24} Ibid.
\textsuperscript{25} World Bank. 2022. \textit{Reversing the Tide: Reducing Poverty and Boosting Resilience in Zimbabwe.}
\textsuperscript{28} Ibid.
There have been improvements with regards to health outcomes. Immunizations are relatively high – for example, 85% of children aged 12-23 months had received the vaccine for measles in 2021.\textsuperscript{30} The maternal mortality ratio – deaths per 100,000 live births – has declined from 685 in 2005 to 458 in 2017.\textsuperscript{31} The infant mortality rate – deaths per 1,000 live births – has also declined from 55 in 2007 to 38 in 2020. The prevalence of wasting – weight for height – has also decreased from 7.2% of under-5 children in 2005 to 2.9% in 2019.\textsuperscript{32} Similarly, the prevalence of stunting – height for age – fell from 35.3% of under-5 children in 2005 to 23.5% in 2019.\textsuperscript{33}

Zimbabwe does perform well in terms of some education indicators. Literacy rates were high for both men (89.4%) and women (92.1%) in 2019, according to data from the Multiple Indicator Cluster Survey.\textsuperscript{34} The gross primary school enrollment was 97% in 2020, with near equal enrollment across gender, while the primary completion rate was 90% in the same.\textsuperscript{35} However, net secondary enrollment was low at 49% in 2013 – the most recent data available – indicating that many children drop out of school after primary school.\textsuperscript{36}

In terms of living conditions, the population living in slums, which are often characterized by indecent housing, went up from 3% in 2000 to 34% in 2018.\textsuperscript{37} In 2015, although 97% of households in urban areas had access to an improved source of water, this number was lower for rural households, where 69% had an improved water source.\textsuperscript{38} Sanitation was worse in rural areas, where 48% of households had an unimproved toilet facility, than in urban areas, where this was true for only 5% households in 2015.\textsuperscript{39} This is consistent with the fact that only 42.4% of the population had access to basic handwashing facilities, including soap and water, in 2020.\textsuperscript{40}

\textit{Labour Market}

Zimbabwe’s labor force was estimated to be 7.4 million in 2021, and its labor force participation rate was estimated as 84\%.\textsuperscript{41} As a young country, the age dependency ratio of those aged 14 and below was 74\% in 2021. The unemployment rate was 7.4\% in 2019, but had increased from 2014, when it was 4.8\%.\textsuperscript{42}

\textsuperscript{30} World Bank. 2022. “World Development Indicators.”
\textsuperscript{31} Ibid.
\textsuperscript{32} World Bank. 2022. “World Development Indicators.”
\textsuperscript{33} Ibid.
\textsuperscript{34} ZIMSTAT and UNICEF. 2019. \textit{Zimbabwe Multiple Indicator Cluster Survey 2019, Survey Findings Report}.
\textsuperscript{35} World Bank. 2022. “World Development Indicators.”
\textsuperscript{36} Ibid.
\textsuperscript{37} Ibid.
\textsuperscript{39} Ibid.
\textsuperscript{40} World Bank. 2022. “World Development Indicators.”
\textsuperscript{41} Ibid.
\textsuperscript{42} Ibid.
The distribution of employment across sectors was as follows in 2019: 66% of total employment was in agriculture, 7% of employment was in industry, while services employed 27% of the population.\textsuperscript{43} The high employment in agriculture, which has very low value added to GDP as noted earlier, indicates low productivity in the economy. Furthermore, the level of informal employment is also pervasive in Zimbabwe, accounting for 80% of total employment in 2019.\textsuperscript{44}

\textbf{4. Minimum Wage and gaps to living wage}

Figure 1 below, provides a wage ladder for rural Zimbabwe and some context to our living wage. It compares the Anker Reference Value living wage for rural Zimbabwe with five other indicators. The gross Anker Reference Value of USD 247 is much higher than four of the wage comparators and much lower than one of the comparators. It is 2.1 times the national poverty line wage for October 2022 (see note “b” to the wage ladder below), and 2.7 times the World Bank $3.65 poverty line wage for a lower-middle income country (see note “c” to the wage ladder below). While Zimbabwe does not have an official minimum wage, the Government proposed in July 2022 a minimum wage of 77 USD for 2023 (see note “i” to the wage ladder below). In contrast, unions representing the manufacturing and mining sectors have proposed a 400 USD minimum wage (see note “i” to the wage ladder below).

The Anker Reference Value living wage for rural Zimbabwe is 3.2 times higher than the government proposed minimum wage and 38% lower than the union proposed minimum wage for mining and manufacturing sectors. The Anker Reference Value is 4.2 times higher than the lowest (61 USD) and 2.0 times higher than the highest (123 USD) wage for farm workers in a Collective Bargaining Agreement from January 2022 of National Employment Council for the Agricultural Industry in Zimbabwe (NEC-Agriculture) (see note “h” below).

\begin{itemize}
\item \textsuperscript{43} Ibid.
\item \textsuperscript{44} World Bank. 2022. “Zimbabwe Country Economic Memorandum: Boosting Productivity and Quality Jobs.”
\end{itemize}
Figure 1: Zimbabwe Rural Wage Ladder (USD per month), 2022

Notes:

a It is challenging to estimate a living wage for Zimbabwe, because of its high degree of economic instability in recent years when it has endured hyperinflation, abandoned its currency for significant periods of time, and experienced abrupt up and down swings in economic growth. Reflecting this instability is that the World Bank stopped reporting in 2018 key economic indicators of household well-being for Zimbabwe, such as household consumption expenditures per capita, exchange rate, and private household consumption purchasing power parity (PPP). For this reason, we estimated our living wage Reference Value for Zimbabwe in USD using the latest available World Bank data for important economic indicators (2017), which we adjusted to take into consideration the likelihood that the purchasing power of the USD in Zimbabwe has increased since 2017, especially for domestic goods and services, as evidenced by a recent evaluation of the World Bank that the USD was overvalued by around 30% in September 2022.45

b Zimbabwe’s national poverty line is indicated in the October 2022 Poverty Datum Line from Zimstat, the Zimbabwe Statistical Office. We converted this to USD using the official exchange rate for October 2022, which was 625.0.

c The World Bank international poverty line wage for Zimbabwe was estimated using the new World Bank per capita poverty line for lower-middle-income countries ($3.65 PPP). The PPP value we used to estimate the World Bank Poverty Line Wage was 118.49, based on the PPP Conversion Factor, GDP (124.35), adjusted by the typical difference between PPP, Private Consumption and PPP, GDP for Zimbabwe (0.95).

d Family size of 5 (2 adults and 3 children) was used for expositional purposes to estimate the national poverty line wage and the World Bank poverty line wage. This is in keeping with a rural total fertility rate of 4.1 and a child mortality adjusted rural total fertility rate of 3.8 which implies a family size of slightly less than 6; and a rural average household size of 4.6 when single person households (that do not include children) and especially large households with more than 8 members (that probably includes more than 2 workers) are excluded. One reason for the big difference between average household size and the total fertility rate implied household size is that 41% of households in Zimbabwe are female-headed according to the World Bank and this depresses average household size.

e Number of full-time equivalent workers per family of 1.75 is used for expositional purposes to estimate poverty line wages. This was determined using male and female rates for ages 25+ from ILOSTAT for labor force participation.

(M=94.6%; F=91.4%), unemployment (M=0.5%; F=0.6%), and part-time employment (M=31.2%; F=44.2%). Part-time employment was defined as workers who work less than 30 hours per week.

Latest available prevailing wages data are in LCU from the 2019 Labor Force Survey, but it is difficult to know what these would be in 2022 because of the very high inflation and instability of the Zimbabwean economy and currency. For this reason, they are not included in the wage ladder.

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).

For expositional purposes, we included the lowest and highest wage according to the November 1st 2022 Collective Bargaining Agreement from the National Employment Council for the Agricultural Industry in Zimbabwe (NEC-Agriculture).

Zimbabwe does not have an official minimum wage. The government has proposed a minimum wage of USD 77 per month for 2023. Local affiliates of IndustriALL Global Union which organize in the manufacturing and mining sectors have proposed a minimum wage of USD 400 per month.

Workers would have to pay social security tax (4.5%) and income tax (at 20% marginal rate) on the Anker Reference Value living wage.

46 http://www.necagriculture.co.zw/General%20Agriculture%20Minimum%20Wage%20December%202022.pdf
47 https://www.industriall-union.org/unions-reject-poverty-minimum-wages-in-zimbabwe