

ANKER LIVING WAGE REFERENCE VALUE

NATIONAL
RURAL
ZAMBIA
2022

LIVING WAGE
ZMK 2,483
PER MONTH
(US\$148)



Anker
Research
Institute

GLOBAL
LIVING WAGE
COALITION

The Anker 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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National Rural Zambia Reference Value 2022

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Abstract:

This report provides estimates of living wages for typical rural areas of Zambia. The report uses statistical regressions of available data from household surveys and available Anker Living Wage and Living Income Benchmarks to estimate living wages for rural Zambia. This estimate is presented alongside additional socio-economic-demographic data to contextualize the results.

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

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

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Anker Living Wage Reference Value

Rural Zambia 2022

1. Anker Living Wage Reference Value for Rural Zambia

The Anker Living Wage Reference Value for 2022 for rural Zambia is ZMK 2,483 (US\$148) per month with a 95% confidence level, ranging from ZMK 2,224 (US\$ 132) to ZMK 2,771 (US\$ 167).¹ This is the living wage required by workers in typical rural areas of Zambia 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 ZMK 2,334 (US\$ 139) per month plus an estimated ZMK 149 (US\$ 9) which would need to be paid by law as contribution for health insurance (1%) and to Social Security (5%) on the living wage. The living wage is defined as:

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 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 + 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

¹ Exchange rate to USD used was 16.83 which is the average exchange rate from May 2022-July 2022. The living wage values in USD are provided for expositional purposes only, because exchange rates are volatile.

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

Zambia is bordered by Tanzania in the north-east, Malawi to the east, Mozambique in the south-east, Zimbabwe to the south, and Botswana and Namibia to the south-west. With an area of 752,600 square kilometers, Zambia is the 39th largest country in the world.² The country has a tropical climate, with a rainy season from October to March. Zambia's terrain is mostly high plateau, and the Zambezi River, which the country is named after, forms its southern boundary.

The most recent demographic data available put the population of Zambia at 18.9 million in 2021, making it the 65th most populous country in the world.³ The population growth rate, according to World Bank data, was 2.9% in 2021. The country is still largely rural, with 55% living in rural areas compared to 45% in urban areas in 2021.⁴ However, the urban population growth rate (4.1%) was much higher than the rural population growth rate (1.9%) in 2021, indicating that Zambia is urbanizing rapidly.

Zambia's sex ratio at birth – or male births per female births – was 1.00 in 2021, and males and females had an equal share of the total population.⁵ Although the total fertility rate has declined from 6.0 births per woman in 2000 to 4.5 births per woman in 2020, it is still quite high. There is also a large difference between total fertility rate in rural areas (5.8 births) compared to urban areas (3.4 births).⁶

Zambia has a very young age distribution. Its median age was 16.7 in 2015.⁷ 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) – is relatively high at 84% in 2021.⁸ The age distribution is dominated by young people, however, as the old age dependency ratio was only 4% in 2021. Life expectancy at birth was 64 years in 2020, with females (67 years) living longer than males (61 years).⁹ The average household size, according to the 2018 Demographic and Health Survey, was 5 persons – this was higher in rural areas (5.2 persons) than in urban areas (4.7 persons).

² World Population Review. 2022. "Largest Countries in the World 2022."

<https://worldpopulationreview.com/countryrankings/largest-countries-in-the-world>. Accessed on 24th November 2022.

³ World Bank. 2022. "World Development Indicators."

<https://data.worldbank.org/indicator/SP.POP.TOTL?locations=ZM>. Accessed on 24th November 2022.

⁴ Ibid.

⁵ Ibid.

⁶ Zambia Statistics Agency. 2018. *Demographic Health Survey Report 2018*.

⁷ UNICEF. 2022. "Children in Zambia." <https://www.unicef.org/zambia/children-zambia>. Accessed on 24th November 2022.

⁸ World Bank. 2022. "World Development Indicators."

⁹ Ibid.

Economy

Zambia is a resource-rich country, with significant mineral deposits – it is Africa's second-largest copper producer. Despite this, it is a low-income country, with a GDP of 62.4 billion (in World Bank 2017 PPP, purchasing power parity dollars) and a GDP per capita of 3,299 (2017 PPP) in 2021.¹⁰ In the early part of the 21st century, Zambia was able to grow at a steady pace, with an average growth of 7.4% from 2004–2014, which led to the World Bank elevating it to lower-middle-income status.¹¹ This growth was a consequence of improved economic management in the 1990s, increased copper production, higher commodity prices, and expansion in the construction and services sectors.¹² However, following 2015, there was a sharp decline in copper prices, which along with a decline in agriculture output due to El-Nino related rains led to a slowdown in economic growth and a reversal from its lower-middle income status back to low-income status.¹³ The economy took a further hit due to the Covid-19 pandemic, which led to a contraction of 2.8% in 2020.¹⁴ In 2021, there was a rebound however, with GDP growing at 3.6% on the back of high copper prices and recovery in agriculture (following a drought in 2019).¹⁵

The slower growth since 2015 – largely because of lower commodity prices, especially copper – has worsened Zambia's fiscal and macroeconomic outlook.¹⁶ The IMF has gone one step further and said that the country is dealing with a “legacy of years of mismanagement, with an especially inefficient public investment drive.”¹⁷ Zambia's central government debt-to-GDP ratio has risen sharply in recent years, going from 17% in 2010 to 49% in 2015 and 104% in 2020.¹⁸ This, coupled with external imbalances, led to Zambia falling into a debt crisis and defaulting on its Eurobonds in November 2020. The IMF has since stepped in, approving a US\$ 1.3 billion 38-month arrangement under the Extended Credit Facility in August 2022 to stabilize the economy and resolve the debt crisis.¹⁹ They project that debt restructuring and fiscal adjustment through this program will help improve the economic outlook and lead to more inclusive future growth.

Inflation in Zambia has been high over the past decade, averaging at 9.4% per year from 2010-2020.²⁰ Inflation in 2020 was 15.7% and in 2021 it was 22.0%; however, this is expected to reduce

¹⁰ Ibid.

¹¹ World Bank. 2018. “Country Partnership Framework for Zambia FY19-FY23.” Report No. 128467-ZA. Washington DC: World Bank.

¹² Ibid.

¹³ Ibid.

¹⁴ World Bank. 2022. “World Development Indicators.”

¹⁵ World Bank. 2022. “The World Bank in Zambia: Overview.” <https://www.worldbank.org/en/country/zambia/overview>. Accessed on 3rd December 2022.

¹⁶ World Bank. 2018. “Country Partnership Framework for Zambia FY19-FY23.”

¹⁷ IMF. 2022. “Request for an arrangement under the extended credit facility.” IMF Country Report No. 22/292. Washington DC: International Monetary Fund.

¹⁸ World Bank. 2022. “World Development Indicators.”

¹⁹ IMF. 2022. “Request for an arrangement under the extended credit facility.”

²⁰ World Bank. 2022. “World Development Indicators.”

(although still relatively high), as the IMFs projected annual inflation for 2022 is 13% and for 2023 is 9.5%.²¹ Inflation has been high due to the external imbalances and currency depreciation as well as recent shocks from high prices of fuel and fertilizers due to the war in Ukraine.

Zambia's economy is highly dependent on mining, which remains the key export sector. Although agriculture, forestry, and fishing's share of GDP has declined steadily, from 16% in 2000 to 3% in 2021, structural transformation has not taken place as manufacturing's share of GDP has not increased, remaining around 9% over the past two decades.²² Instead, the economy has increasingly become reliant on the non-tradables sector, including construction, trade, financial services, transport, and communications for growth.²³

Social Conditions: Inequality and Poverty

Poverty in Zambia is high – in 2015, the proportion of the population living below the national poverty line was estimated at 54%.²⁴ Poverty is also a particularly rural phenomenon – it was estimated, using the national poverty line, that 77 % of the rural population was poor in 2015, while only 23% of the urban population was estimated to be poor.²⁵ Using the World Bank's 2.15 (2017 PPP) a day poverty line, 61.4% of the total population was estimated to be poor in 2015. Poverty is further skewed by region, with the Northern and Western provinces having higher incidence of poverty compared to the Southern and Copperbelt provinces.

As a young country, children in Zambia suffer multiple forms of poverty. At least 41% of children are estimated to suffer from at least three deprivations or more (such as adequate housing, education, health, water, and so on).²⁶ Moreover, 64% of Zambian children are either monetarily poor or deprived, with significant overlaps.²⁷

Growth which has not been inclusive has also meant that inequality is high. The World Bank estimates the Gini Index for 2015 to be 57.4. Moreover, the top 1% of the populations share of income was estimated at 23.2% in 2015, while the bottom 50% of the populations share was only 7%.²⁸ Of the country's wealth, the topmost decile was estimated to have 80% of the wealth according to the World Inequality Database. The UNDP's gender inequality index, which measures inequality along the three dimensions of reproductive health, empowerment, and economic status, gave a score of 0.54 to Zambia in 2021, ranking it 138 out of 170 countries.²⁹

²¹ IMF. 2022. "Request for an arrangement under the extended credit facility."

²² World Bank. 2022. "World Development Indicators."

²³ World Bank. 2018. "Country Partnership Framework for Zambia FY19-FY23."

²⁴ World Bank. 2022. "World Development Indicators."

²⁵ World Bank. 2018. "Country Partnership Framework for Zambia FY19-FY23."

²⁶ Ministry of National Development Planning, Republic of Zambia. 2018. *Child Poverty in Zambia: A Multiple Overlapping Deprivation Analysis*.

²⁷ Ibid.

²⁸ World Inequality Database: Thailand. 2022. <https://wid.world/country/zambia/>. Accessed on 3rd December 2022.

²⁹ United Nations Development Program. 2022. "Human Development Reports – Zambia Country Profile." <https://hdr.undp.org/data-center/specific-country-data#/countries/ZMB>. Accessed on 5th December 2022.

Standard of living

With high levels of poverty and inequality, standards of living in Zambia are also below global levels, despite modest progress in recent decades. The lack of inclusive growth combined with rapid population growth have inadequate supplies of necessary services for human capital accumulation. Though Zambia's Human Development Index (HDI) value increased from 0.412 to 0.565 between 1990 and 2021, leading to UNDP classification as 'medium human development', the country is still ranked 154 out of 191 countries on the HDI.³⁰ For the average person born in Zambia, life expectancy at birth has increased from 44 years in 2000 to 64 years in 2020, according to World Bank data.³¹ 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 2020.³²

On a positive note, there have been notable improvements in some health outcomes. Levels of infant mortality and under-5 mortality have consistently declined since the mid-1990s suggesting improvements in maternal care and health care provision. The infant mortality rate has declined significantly, from 90 deaths per 1000 live births in 2000 to 42 deaths per 1000 live births in 2020.³³ Similarly, under-5 mortality has declined from 156 deaths per 1000 live births in 2000 to 61 deaths per 1000 live births in 2020.³⁴ Correspondingly, deliveries at home have decreased from 56% in 2001-02 to 15% in 2018, while deliveries in a health facility increased from 44% to 84% over the same period.³⁵

Childhood wasting has decreased, from 6% in 2001-02 to 4% in 2018.³⁶ Immunizations are also high, with 75% of children aged 12-23 months receiving all basic vaccinations and only 1% did not receive vaccinations in 2018 according to the Demographic and Health Survey. However, childhood anemia is high – 58% of children aged 6-59 months were anemic in 2018. Childhood stunting has declined but remains high, decreasing from 54% in 2001-02 to 35% in 2018.³⁷

In terms of education, the adult literacy rate has increased from 61% in 2007 to 87% in 2018, with males (91%) having a slightly higher rate than females (83%) in 2018.³⁸ Zambia has achieved high primary school completion rates, with most recent data from 2013 putting this at 80%.³⁹

³⁰ Ibid.

³¹ World Bank. 2022. "World Development Indicators."

³² Our World in Data. 2022. "Life Expectancy." https://ourworldindata.org/grapher/life-expectancy-at-birth-total-years?tab=chart&country=MOZ~OWID_WRL~Lower+middle+income. Accessed on 17th November 2022.

³³ World Bank. 2022. "World Development Indicators."

³⁴ Ibid.

³⁵ Zambia Statistics Agency. 2018. *Demographic and Health Survey Summary Report 2018*.

³⁶ Ibid.

³⁷ Ibid.

³⁸ World Bank. 2022. "World Development Indicators."

³⁹ Ibid.

However, net attendance ratios for secondary school were low in 2018 (40), and much worse in rural areas (28.7) than in urban areas (55.9).⁴⁰

On indicators measuring living conditions, Zambia performs poorly. Only 44.5% of the population had access to electricity in 2020, although this has increased from 22.0% in 2010.⁴¹ Moreover, only 8% of residents in rural areas had electricity, compared to 69% in urban areas in 2018.⁴² The share of the population using at least basic water services was 65.4% in 2020; however this was significantly worse in rural areas (48.2%) than in urban areas (86.7%).⁴³ Additionally, the prevalence of internet in Zambia was very low, at 7.3% in 2018, and this was even lower in rural areas (2.1%) compared to urban areas (14.3%).⁴⁴

Labour Market

Zambia's working age population was estimated to be 9.95 million in 2020.⁴⁵ The sectoral distribution of employment in 2021 was as follows: agriculture employed 57.8% of the labor force, industry employed 10.2%, while 32.0% of the employed population was in the services sector.⁴⁶ However, informal employment is very high in Zambia, at 86% in 2021, affecting more women (90.2%) than men (82.4%).⁴⁷

4. Wage Ladder

Figure 1 below provides a wage ladder for rural Zambia and some context to a living wage. It compares the Anker Living Wage Reference Value for rural Zambia with five other indicators. The Anker Living Wage Reference Value for rural Zambia is ZMK 2,483 (USD 148). It is higher than all five wage comparators. It is 75% higher than both the World Bank's international poverty line wage of 2.15 PPP for low-income countries such as Zambia as well as Zambia's national poverty line wage updated to 2022 by inflation. There are a number of minimum wages by sector and occupation in Zambia, but none for agriculture. The Anker Rural Living Wage Reference Value is nearly 50% higher than the lowest non-agriculture minimum wage for comparison. Moreover, it is more than twice the lowest negotiated wage in 2022 for farm workers between the Zambia National Farmers Union (ZNFU) and the Zambia Farm Employers. Finally, the Anker Rural Living

⁴⁰ Zambia Statistics Agency. 2018. *Demographic and Health Survey Report 2018*.

⁴¹ World Bank. 2022. "World Development Indicators."

⁴² Zambia Statistics Agency. 2018. *Demographic and Health Survey Report 2018*.

⁴³ Our World in Data. 2022. "Share of rural population using at least basic water services, 2000 to 2020." <https://ourworldindata.org/grapher/rural-population-with-improved-water?tab=chart&country=~ZMB>. Accessed on 14th December 2022.

⁴⁴ Zambia Statistics Agency. 2018. *Demographic and Health Survey Report 2018*.

⁴⁵ Zambia Statistics Agency. 2020. *Labour Force Survey Report 2020*.

⁴⁶ ILOSTAT. 2022. "Zambia Country Profile." <https://ilo.org/data/country-profiles/>. Accessed on 14th December 2022.

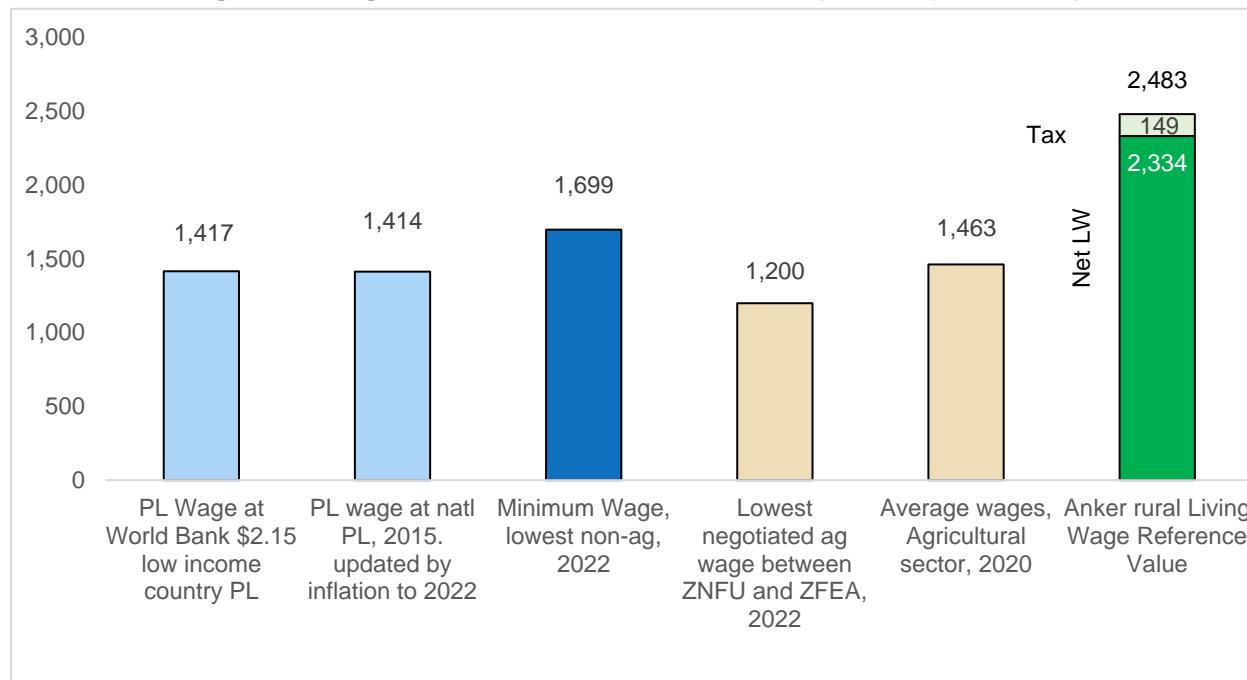
⁴⁷ ILOSTAT Explorer. "Informal employment rate by sex (%) – Annual."

https://www.ilo.org/shinyapps/bulkeexplorer51/?lang=en&segment=indicator&id=EAP_2WAP_SEX_AGE_RT_A.

Accessed on 14th December 2022.

Wage Reference Value is 70% higher than average wage for the agriculture sector in 2020 using data from the Labor Force Survey.

Figure 1: Wage ladder for rural Zambia, 2022 (in ZMK per month)



Notes: ^a Zambia national poverty line is indicated in the *2015 Living Conditions Monitoring Survey Report* (2016)⁴⁸. Value for 2015 was updated by inflation to mid-2022. ^b The World Bank international poverty line for Zambia was estimated using the new World Bank per capita poverty line for low-income countries (2.15 PPP). ^c Family size of 6.0 (2 adults and 4 children) was used for expositional purposes to estimate the rural poverty line wage and the World Bank poverty line wage. This family size is in keeping with a rural total fertility rate adjusted for child mortality and the downward trend in fertility of 5.3 (which implies a nuclear family size of over 7) and a rural average household size of more than 5. The rural average household size is 5.2 overall as well as when single person households (which are without children) and very large households of 10+ members (which are likely to include more than 2 adult earners) are excluded. ^d Number of full-time equivalent workers per family of 1.76 is used for expositional purposes to estimate poverty line wages. Male and female rates for ages 25+ from ILOSTAT modeled estimates were used for rural labor force participation rates (M=96.4; F=81.8), rural unemployment rates (M=9.0; F=9.7), and national part-time employment rates (M=12.3; F=13.4). Part-time employment rate was defined as workers who work less than 30 hours per week. ^e Average agricultural wage is from the 2020 Labor Force Survey, available on the ILOSTAT website. Value was not updated by inflation to 2022 because this was felt to be too speculative. ^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 Zambia has several minimum wages according to occupation and sector. Lowest non-agricultural minimum wage was used, because there is no minimum wage for agriculture. ⁱ For expositional purposes, the lowest negotiated wage in 2022 for farm workers between the Zambia National Farmers Union (ZNFU) and the Zambia Farm Employers Association (ZFEA) was used.

⁴⁸ https://rise.esmap.org/data/files/library/zambia/Documents/Clean%20Cooking/Zambia_LCMS%202015.pdf