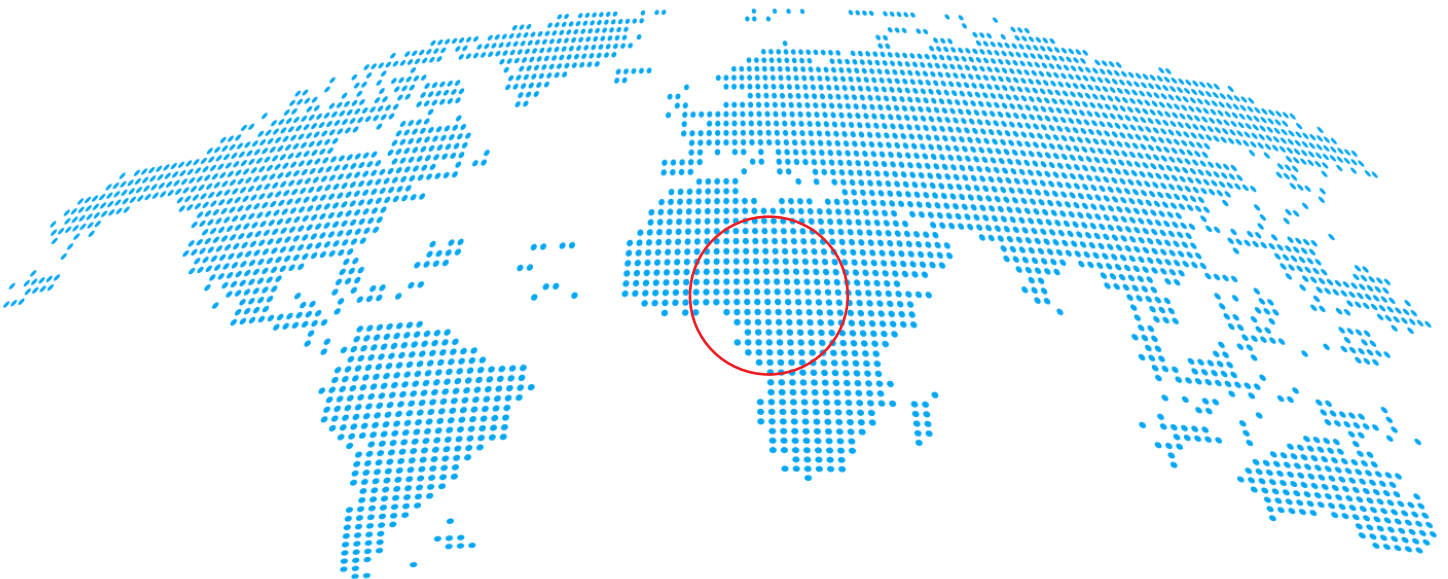


ANKER LIVING WAGE REFERENCE VALUE 2022

RURAL CHAD

┌ **LIVING WAGE** ┐
XAF **73,234** PER MONTH
└ (US\$ 116) ┘





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



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ABSTRACT

Rural Chad Reference Value 2022

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This report estimates living wages for typical areas of rural Chad. The report uses statistical regressions of available data from household surveys and available Anker Living Wage and Living Income Benchmarks from developing countries around the world to estimate living wages for rural Chad. These estimates are presented alongside additional socio-economic-demographic data to contextualize the results.

Keywords: Living wage; Anker Methodology; Chad; rural; labor market

JEL Classification: I30; J30; J31; J80

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ANKER LIVING WAGE REFERENCE VALUE

Rural Chad

1. Anker Living Wage Reference Value for Rural Chad in 2022

The Anker Living Wage Reference Value for 2022 for rural Chad is XAF 73,234 (USD 116) per month with a 95% confidence around it from XAF 64,630 (USD 103) to XAF 83,487 (USD 133). This is the wage required for workers to be able to afford a basic but decent living standard in a typical rural area of Chad. The Reference Value is comprised of a net living wage (i.e., take-home pay) of XAF 70,230 (USD 112) plus an estimated XAF 3,004 (USD 5) which would need to be paid by law as contribution to social security (XAF 2,563, USD 4) and for income tax (XAF 400, USD 1).

Living wage is 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 rigorous statistical analysis of 40 internationally comparable, quality-assured Anker Methodology studies for developing countries. It was developed by the Anker Research Institute which is a founding member of the Global Living Wage Coalition.

Anker Reference Values are internationally comparable, consistent with results from existing Anker Methodology living wage and living income benchmark studies and easy to update every year. Thus, they are of special value to countries, or areas within a country, where a full quality-assured Anker Methodology living wage or living income study has not yet been conducted.

Anker Living Wage Reference Values represent a living wage for typical families in rural or urban areas of developing countries. Since they are based on a statistical analysis, they have a margin of error for typical urban (or rural) 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 urban

(rural) regions, the margin of error is likely to be larger for 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

Chad is a landlocked country located in north-central Africa. With 1,284,000 square kilometers, it is the 5th largest country in Africa and the 21st largest country in the world by size. Chad is bordered on the north by Libya, on the east by Sudan, on the south by the Central African Republic, and on the west by Cameroun, Nigeria, and Niger. Chad has a hot and tropical climate and three major bioclimatic zones: the northernmost Saharan zone with the Saharan Desert covering roughly half of the country, the central Sahelian zone with vegetation ranging from steppe to savannah, where N'Djamena, the capital city and Lake Chad are found, and a relatively fertile Sudanian zone in the south with woodland savannah and deciduous forests for vegetation.

Chad's population was nearly 17 million in 2021. Its annual population growth rate is high at 2.9% although it has declined from 3.9% in 2002 according to the World Bank. Chadian women are having 5.6 births per women on average, the 4th highest total fertility rate in the world. Seventy-six percent of the population in Chad is under 25 years and more than 76% live predominantly in rural areas. The age dependency ratio is very high at 95.1% in 2021 and average household size, according to the latest Chad Multiple Indicator Cluster Survey 2019 was 5.9.

Economy

Plagued by recurrent violent conflicts since its independence from France in 1960 and poor governance, The Chadian economy did not grow at a sustained enough rate for four decades to significantly improve the life of its citizens. Between 1960 and 2000, real gross domestic product (GDP) grew at an average rate of only 1.8%, while real GDP per capita growth averaged -0.8% according to World Bank data. With the onset of the oil production, the economy started experiencing growth from the early 2000's. Consequently, GDP in USD increased seven-fold from 2001 to 2014 (from \$1.7 billion to \$13.9 billion). Similarly, GDP per capita in USD went from \$197 in 2001 to \$1,020 in 2014. However, between 2015 and 2021, GDP per capita in constant USD fell from \$776 in 2015 to \$605 in 2021 due to oil price shocks, growing national and regional insecurity, and the Covid-19 crisis.

Chad with a public debt that reached 47.6 percent of GDP in 2020 is experiencing difficulties paying its debt and it is classified as in debt distress, although the country benefited from a debt service relief in 2020. With a GNI per capita of \$1,591 in international dollars (PPP) and \$696 in USD in 2021, Chad is among the least developed countries in the world, and it is classified as a low-income country by the World Bank.

The Chadian economy, led by its oil sector, is expected by the World Bank to recover with 2.8% and 3.5% GDP growth for 2022 and 2023 respectively. These forecasts are subject to risks as Chad's economy is highly dependent on crude petroleum, making it vulnerable to the volatility of international oil prices, as the oil sector represented 90% of export and 40% of government revenues in 2020. There are also many uncertainties regarding the internal security situation with the country being in a political transition after the sudden death of the President Idriss Deby Itno in April 2021, who ruled the country for more than two decades. In addition to national security challenges, Chad faces worsened regional insecurity across the Sahel, notably in Mali, Burkina Faso and Libya and ongoing intercommunity conflicts in the neighboring countries of Central Africa Republic, Cameroun, South Sudan, and not to mention attacks of terrorist groups from Nigeria.

Social Conditions

Poverty and Inequality

Poverty is high in Chad, although it has declined significantly in the 21st century due to the sustained periods of economic growth with the onset of oil production in the early 2000's. The poverty headcount ratio at the national poverty line decreased from 54.8% in 2003 to 42.3% in 2018 according to the latest poverty assessment. , Poverty in Chad is more of a rural phenomenon as close to half of the rural population is poor (49.7%) compared to 19.3% of the urban population. Based on the World Bank \$2.15 (PPP) poverty line for low-income countries, 30.9% of people in Chad were considered poor in 2018, down from 57.8% in 2003.

There are large differences in poverty rates across the 23 regions of Chad. The region of N'Djaména, the capital city, has the lowest poverty rate at 13.8%, followed by the regions of Chari-Baguirmi, Ennedi-Est/Ennedi-Ouest and Borkou/Tibesti with poverty rates of 21.7%, 22.2%, and 26.9% respectively. The regions with the highest poverty rates, where more than half of the population is poor, are the regions of Logone Oriental (52.9%), Mandoul (57.8%), Mayo Kebbi Est (58.7%), Tandjilé (60%), Guera (60.1%) and Mayo-Kebbi Ouest (63.1%). In the other regions, poverty rates are between 27% and 49%. Poverty rates are highest in the border areas near the Central Africa Republic, Sudan and Nigeria. In addition, the Sahel region in Chad is especially vulnerable to climate change with frequent episodes of drought and flooding which push many rural households engaged in subsistence farming into poverty.

According to the World Inequality Database , the top 1% of the population is estimated to hold 13.8% of the country's wealth; the share of the top 10% was 46.7%, while the share of the bottom 50% was estimated at 14.3% of total wealth in 2021. The Gini index, which is an indicator of income inequality, shows that inequality reduced slightly from 39.8 in 2003 to 37.5 in 2018.

Standard of Living

Chad's economic progress and poverty reduction noted above can be seen across a range of improved indicators of health, education and living conditions. Between 2000 and 2020, life expectancy at birth increased in Chad from 47.7 years to 54.5 years; under-five mortality rate decreased from 187 deaths per 1,000 live births to 110 deaths per 1,000 live births; and infant mortality rate decreased from 99.7 deaths per 1,000 live births to 67.4 deaths per 1,000 live births. The number of births attended by skilled health staff increased from 13.7% in 2000 to 38.8% in 2019, and immunization rate for measles increased from 28% in children ages 12-23 months in 2000 to 55% in 2021. For education, expected years of schooling in Chad increased from 4.8 years in 2000 to 8 years in 2021 when mean years of schooling increased from 1.3 years to 2.6 years. Primary education completion rate increased from 22% in 2000 to 41% in 2018. However, despite these improvements, Chad has low levels of education, health and other social indicators as shown by it being ranked 190 out of 191 countries on UNDP's Human Development Index (HDI) for 2021, with a HDI of 0.394. For example, in 2020 for Sub-Saharan African for comparison, life expectancy at birth was 62 years, under five mortality rate was at 73 deaths per 1,000 live births and infant mortality rate was at 50 deaths per 1,000 live births according to World Bank development indicators.

It is also important to notice that the improvement of living conditions has been more evident in urban areas than in rural areas. For example, in 2000, only 3.2% of the population of Chad had access to electricity, with 10% and 1.3% connection rates for urban areas and rural areas respectively. In 2020 (twenty years later), 40% of the urban population has access to electricity whereas less than 2% of people living in rural areas has electricity. In rural areas, 3.5% of the population has at least basic sanitation services compared to 39.7% in urban areas. Close to 40% of people has safe drinking water services in urban areas compared to barely 2% in rural areas in 2020.

Furthermore, gender inequality is a major source of concern as Chad ranked 148 out of 156 countries in the world on the World Economic Forum's Global Gender Gap index for 2021, only doing better than Mali and Democratic Republic of Congo in Sub-Saharan Africa.

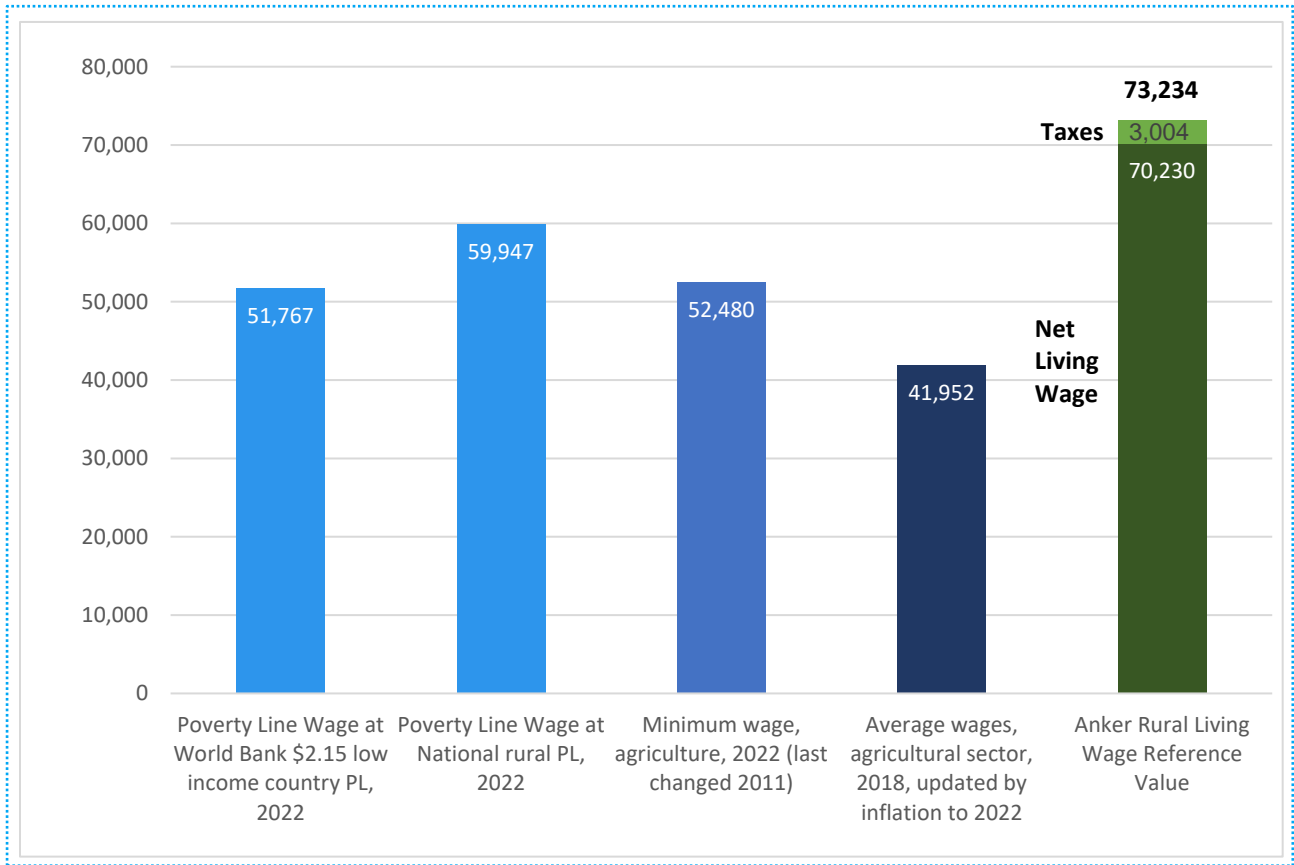
Labor market

The labor force participation According to ILOSTAT data, the working age population (15-64 years) was 6.8 million in 2018 and labor force participation rates (LFPR) for ages 25+ in 2019 was 94.4% for rural males and 59.9% for rural females. Employment is dominated by the informal economy, which accounted in 2018 for nearly 97% of the total, including 99.8% in agricultural activities and 90.1% in the non-agriculture sector. The agriculture sector accounted for 75% of total employment, followed by the service sector with 23% of total employment in 2021. Unemployment rates for ages 25+ were high in Chad before the pandemic (2019), with higher rates in urban areas compared to rural areas where it was 9.3% for males and 4.3% for females. Low-skilled jobs and self-employment with relatively low productivity dominate employment in Chad.

4. Wage ladder and gaps to a living wage, Chad 2022

Figure 1 shows a wage ladder for rural Chad to provide context on gaps to a living wage. It compares the Anker Living Wage Reference Value for rural Chad with four other wage indicators. The Anker Living Wage Reference Value is 41% higher than the World Bank international poverty line wage for low-income countries (\$2.15 internationally comparable purchasing power dollars) and 22% higher than the Chad national rural poverty line wage. It is 40% higher than the agriculture minimum wage and 75% higher than the average wage in the agricultural sector. It is also important to keep in mind that, as mentioned previously, the majority of workers in Chad do not have formal employment relations and so many workers in Chad do not receive even the minimum wage.

Figure 1. Rural Chad Wage Ladder (XAF per month), 2022



Notes:

a Chad national rural poverty line is indicated in the 2018 Report of the Quatrième Enquête sur les Conditions de vie des ménages et la Pauvreté au Tchad (2020). We updated this value by inflation to mid-2022.

b The World Bank international poverty line for Chad 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 national rural poverty line wage and the World Bank poverty line wage. This family size is in keeping with a rural child mortality adjusted total fertility rate of 5.4 (implying a nuclear family size of 7.4) and an adjusted average household size of 5.7 (excluding single-person households without children and very large households likely to have more than two adult earners).

- d Number of full-time equivalent workers per family of 1.68 is used for expositional purposes to estimate poverty line wages. Male and female labor force participation rates, unemployment rates and part-time employment rates used are for ages 25+ and are from ILOSTAT. They are rural labor force participation rates (M=94.4, F=59.9) and rural unemployment rates (M=9.3, F=4.3). Part-time employment rates are national rates because separate rural and urban part-time rates are not available (M=10.7, F=11.1). Part-time employment rate was defined as workers who work less than 30 hours per week.
- e Average wage for agricultural is from the 2018 Labor Force Survey, available on the ILOSTAT website. Although speculative, we updated this value by inflation to mid-2022.
- 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 National minimum wage was last increased on January 21st, 2011. Chad has two minimum wages (agricultural and non-agricultural). For expositional purposes, the agricultural minimum wage is used.