

ANKER LIVING WAGE REFERENCE VALUE

RURAL CÔTE D'IVOIRE 2020



LIVING WAGE

CFA 124,364
PER MONTH
(US\$212)

This report for 2020 has been revised and takes into consideration revised World Bank purchasing power parity estimates. The previous value was CFA 100,590 (USD 174).

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.



Anker Reference Values are endorsed by the Global Living Wage Coalition (led by Fairtrade International, Rainforest Alliance, Social Accountability International and ISEAL). Development of the Anker Reference Value 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 Value, Rural Cote d'Ivoire, 2020

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Abstract:

This report estimates a living wage for typical rural areas of Côte d'Ivoire for 2020. It uses statistical regressions of living wage estimates from comparable Anker Living Wage and Living Income Benchmarks studies to estimate a living wage for rural Côte d'Ivoire. This estimate is presented alongside additional socio-economic-demographic data to contextualize the estimate.

Keywords: Living wage, Anker Methodology, Côte d'Ivoire, rural, labor market

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

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1. Anker Living Wage Reference Value for Rural Côte d'Ivoire in 2020

The Anker Living Wage Reference Value for 2020 for rural Côte d'Ivoire (Ivory Coast) is CFA 124,364 (USD 212)¹ per month for 2020, with a 95% confidence around it from CFA 115,118 (197 USD) to CFA 134,478 (230 USD). This is the wage required for rural workers to be able to afford a basic but decent living standard in a typical rural area of Côte d'Ivoire. The Reference Value is comprised of a net living wage (i.e. take-home pay) of CFA 115,037 (USD 196) per month and plus an estimated CFA 9,327 (USD 16) which would need to be paid by law in social security (CFA 7,835; USD 13) and general income tax (CFA 1,492; USD 3) on the living wage.²

“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 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 (urban) areas of low- 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.

3. Country context Côte d'Ivoire

Geography and demographics

Côte d'Ivoire is on the west coast of Africa, bordering Burkina Faso, Ghana, Guinea, Liberia, and Mali. It has a population of around 25 million, with almost 60% of the populace currently under

¹ Exchange rate used to convert to US dollars is 585.58. This is the average exchange rate for the three-month period from May 2020 through July 2020 according to the IMF.

² In Côte d'Ivoire employees earning a wage need to pay mandatory contributions to social security at a rate of 6.3% of gross salary, and a progressive income tax (IGR).

age 25. The population is expected to continue growing rapidly due to women having on average around 4.5 births (with a higher number of births per woman in rural areas than in urban areas). Most people live in the south of the country, with the highest concentration residing in and around the coastal cities, while the forested interior of the south and most of the semi-arid northern savanna remain sparsely populated. Just over half of people in Côte d'Ivoire live in an urban area.

Economy

Côte d'Ivoire is a lower-middle-income country according to the World Bank with a gross national income per capita in 2018 of \$1,600 using the Atlas method and \$4,020 in internationally comparable dollars (PPP³). After suffering an economic crisis in the 1980s and civil conflict in the 2000s, the economy has stabilized and since 2011 has achieved some of the highest rates of GDP growth in the world. However, real per capita income has grown at a slower rate and has still not recovered to levels achieved in the 1970s. Inflation is low in the Côte d'Ivoire. It has been around 1% in the last few years and is projected by the IMF to be around 2% in 2020 and for the next several years.

Côte d'Ivoire is heavily dependent on agriculture, particularly exports of cocoa (it is the largest exporter of cocoa in the world), coffee, and palm oil. Consequently, the economy is highly sensitive to fluctuations in commodity prices and to climatic conditions.

Poverty

Poverty levels remain high, at 46% of the population at the national poverty line and 57% at the World Bank international poverty line for lower-middle-income countries (2015 figures). Poverty is particularly acute in rural areas – 57% of the rural population was below the national poverty line in 2015. There are also substantial regional variations in poverty rates, with the south of the country generally having lower rates of poverty while the northeast, northwest, and some central regions have poverty rates exceeding 60%.

Standard of living

Food and nutrition insecurity has declined since 2011, but 11% of the population remains food insecure and women-headed and agricultural households are particularly at risk of food insecurity.

Health and education outcomes are improving but still poor, with average life expectancy at birth of 57 years and an illiteracy rate of 42% among 15-24 year olds. Schooling and healthcare involve significant out-of-pocket expenses. Côte d'Ivoire also has one of the highest rates of gender inequality in the world. For example, 78% of boys complete primary school compared to 65% of girls and almost 1 in 10 girls are married by the age of 15.

³ "Purchasing power parity [PPP] conversion factor is the number of units in a country's currency required to buy the same amount of goods and services in the domestic market as U.S. dollar would buy in the United States." <https://datacatalog.worldbank.org/2005-ppp-conversion-factor-gdp-lcu-international-1>

Around half of rural houses are constructed from natural or basic materials (mud, bamboo, wood, etc.) and only 22% of rural households use toilets that meet acceptable sanitary standards.

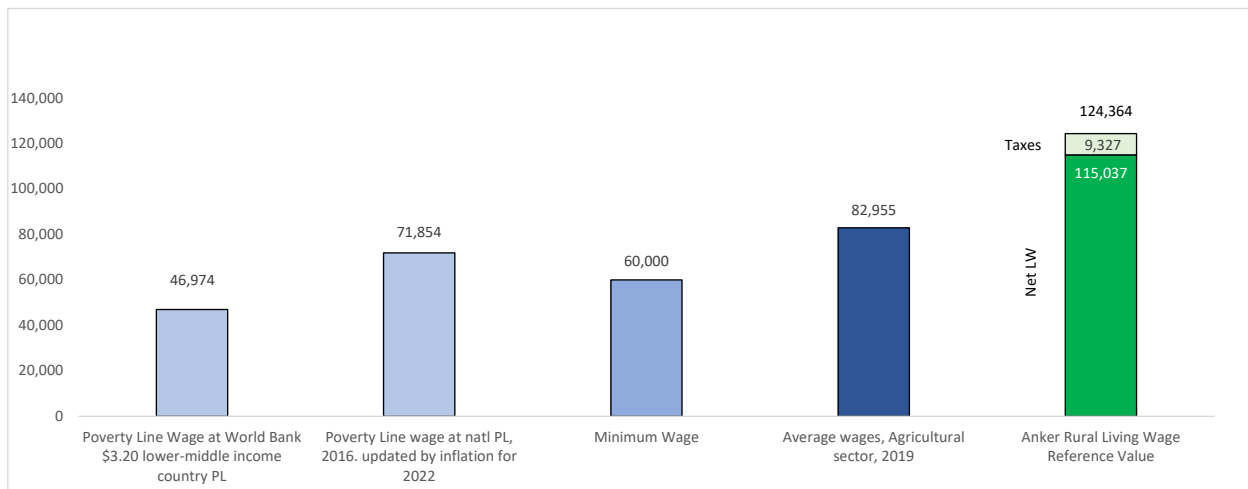
Labor market

According to ILO modeled estimates, 65% of males aged 15+ and 48% of females aged 15+ are in the labor force. The unemployment rate is low at 3.2% among males and 3.8% among females with higher rates in urban areas compared to rural areas. The agriculture sector accounts for 68% of employment in rural areas and 39% of all employment nationally.⁴

4. Wage ladder and gaps to a living wage, rural Côte d'Ivoire

Figure 1 below provides a wage ladder for rural Côte d'Ivoire and so context on gaps to a living wage. It compares the Anker Living Wage Reference Value for rural Côte d'Ivoire with four other wage indicators. The Anker Living Wage Reference Value is more than twice (2.65 times) the World Bank poverty line wage for lower-middle income countries and 73% higher than the 2016 national poverty line wage updated by inflation to 2022. It is more than twice (2.1 times) the minimum wage, and 50% higher than the average wage for the agriculture sector in 2019. Given that poverty levels differ considerably across Côte d'Ivoire (see above), it is likely that living wages and so gaps to living wage will also vary considerably across Côte d'Ivoire.

Figure 1: Rural Côte d'Ivoire Wage Ladder (CFA per month), 2020



Notes: ^a Côte d'Ivoire's national poverty line is indicated in the official government statement from 2018, which indicates a value for 2016 based on the *Enquête sur le Niveau de Vie des Ménages Report* from 2015.⁵ Value for 2016 was updated by inflation to mid-2020. ^b The World Bank international poverty line for Côte d'Ivoire was estimated using the World Bank per capita poverty line for lower-middle-income countries (\$3.20 PPP). ^c Family size of 5.5 (2 adults and 3.5 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 rural total fertility rate of around 5.4 (implying a family size of 7.4) and an adjusted average household size of around 5.3 (excluding single-person households without children and very large households likely to have more than two adult earners). ^d Number of full-

⁴ ILO modeled estimates for 2020 from ILOSTAT.

⁵ <https://www.gouv.ci/actualite-article.php?recordID=9149>; <https://www.ins.ci/templates/doccss/env2015.pdf>

time equivalent workers per family of 1.61 is used for expositional purposes to estimate poverty line wages. Male and rates for ages 25+ from ILOSTAT based on the 2016 labor force survey data were used for the rural labor force participation rates (M=82.9, F=57.5), rural unemployment rates (M=0.6, F=0.9) and part-time employment rates (M=19.1, F=47.1). Part-time employment rate was defined as workers who work less than 30 hours per week. ^e Average wages are from the 2019 Labor Force Survey, available on the ILOSTAT website. ^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 in 2013.