
ANKER LIVING WAGE REFERENCE VALUE

RURAL MOROCCO 2020



LIVING WAGE

MAD 2,249
PER MONTH
(US\$233)

Anker 
Research
Network

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 Reference Value¹

Rural Morocco 2020

1. Anker Living Wage Reference Value for Rural Morocco in 2020

The Anker Living Wage Reference Value for 2020 for rural Morocco is MAD 2,249 per month (USD 233)² with a 95% confidence interval around it from MAD 2,083 to MAD 2,428. This is the estimated monthly wage a worker needs to be able to afford a basic but decent standard of living for a typical size family in rural Morocco in 2020. It consists of a net living wage (i.e. take-home pay) of MAD 2,097 plus MAD 152 in mandatory payroll deductions for social benefits (4.48%) and health insurance (2.26%) since income tax would not need to be paid on the rural living wage.

“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, healthcare, transport, clothing, and other essential needs including provision for unexpected events” (Living Income Community of Practice).

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, Richard Anker, Martha Anker and Ian Prates.

² Exchange rate used to convert to US dollars is 9.66. This is the average exchange rate for the three-month period from January to Mars 2020 according to IMF data.

3. Country context: Morocco

Geography and demographics

Morocco lies at the north-western corner of Africa, bordered by the Mediterranean Sea to the North, the Atlantic Ocean to the West, Algeria to the east and southeast, and the disputed land of Western Sahara to the south. Inland, Morocco's topography is dominated by the Atlas Mountains which are rugged mountain chains, between which lie vast plateaus of grasslands. The climate is mostly Mediterranean on the coasts, desert like inland, and continental in the mountains.

Morocco has a population of around 36.5 million, growing at an annual rate of 1.2%.³ Women are having on average 2.5 births and 43% of the population is under age 25. More than 60 percent of the population lives in an urban area.

Economy

The Kingdom of Morocco is a lower-middle-income country with a gross national income per capita of \$7,680 in international dollars (PPP) and \$3,190 in USD in 2019. Thanks to its strategic location (neighboring Southern European countries), socio-political stability, institutional reforms and ambitious government investment programs, the country has experienced sustained economic growth over the last twenty years with an average annual real GDP growth rate of 4% and real GDP per capita growth rate of 2.7%. Inflation averaged 1.2% over the last ten years, and Morocco ranked third in 2020 in the World Bank 'ease of doing business' measure in Africa (after Mauritius and Rwanda). Economic growth has largely been driven in recent years by the service sector which accounted for half of GDP and 45% of employment in 2019 according to World Bank figures. Agriculture accounts for 12% of value-added GDP and 34% of employment (down from 47% of total employment thirty years ago).

Morocco has achieved significant social and economic progress but more still needs to be done to accelerate its move to an upper-middle income country status. Making economic growth more resilient and inclusive is among the challenges that need to be overcome to attain this goal. Additionally, the COVID-19 shock is now abruptly pushing the economy into a severe recession, the first one since 1995, with real GDP being projected to contract by 4% in 2020, a sharp contrast to the 3.6% expansion projected before the outbreak.⁴

Poverty

According to national statistics (HCP 2016),⁵ only 4.8% of the population lived below the national poverty line in Morocco in 2014, a reduction from 15.3% in 2001. The poverty rate was higher in rural areas (9.5%) than in urban areas (1.6%). Two administrative regions had especially high

³ <https://data.worldbank.org/country/MA>

⁴ World Bank, 2020. Morocco economic monitor.

<http://documents1.worldbank.org/curated/en/278731594708906277/pdf/Morocco-Economic-Monitor.pdf>

⁵ Haut-Commissariat du Plan, 2016, Enquête Nationale sur la Consommation et les Dépenses des ménages 2013/2014.

poverty rates: Drâa-Tafilalet (14.6% with 20.6% in rural areas) and Béni Mellal-Khénifra (9.3% with 14.7% in rural areas). The regions of Settat-Casablanca and Tanger-Tetouan-Al Hoceima (that include the major cities of Casablanca and Tangier) had the lowest poverty rates at 2% and 2.3% respectively. It is important to keep in mind that Morocco's poverty rates may be unrealistically low, because Morocco's poverty lines are based on improbable assumptions such as: (i) over half of household expenditure being for food and (ii) food costs being identical in rural and urban areas.

Standard of living

Morocco, ranked 121 out of 189 countries in UNDP's Human Development Index, has experienced an important improvement in its standard of living over the last three decades. For example, according to the World Bank, life expectancy at birth increased from 65 years in 1990 to 76.5 years in 2018 and the under-five mortality rate decreased from 79 per 1,000 to 21.4 per 1,000. Net primary school enrolment increased from 56% to 99% and primary completion rate increased from 51% to 94% over the same period. Similar improvements are noticed at the secondary education level. There is also greater access of the poor to basic public services. For example, in rural areas, access to electricity grew from 14% in 1992 to 94% in 2018 and the number of people using basic sanitary services increased from 46% in 2000 to 79% in 2017.

Nevertheless, additional actions are needed to further reduce inequalities. The Gini index, which measures economic inequality, was 39.5 in 2014 which is still high. Rural areas lag behind in terms of access to social services such as education, health, sanitation or water. About 40% of people use safely managed drinking water services in rural areas compared to 87% in urban areas in 2018 according to ENPSF.⁶ Around 90% of urban households use a modern toilet (toilet with siphon connected to a sewer system) versus less than 8% of rural households. Similarly, 31% of women have never attended school in urban areas compared to close to 54% in rural areas.

Labor market

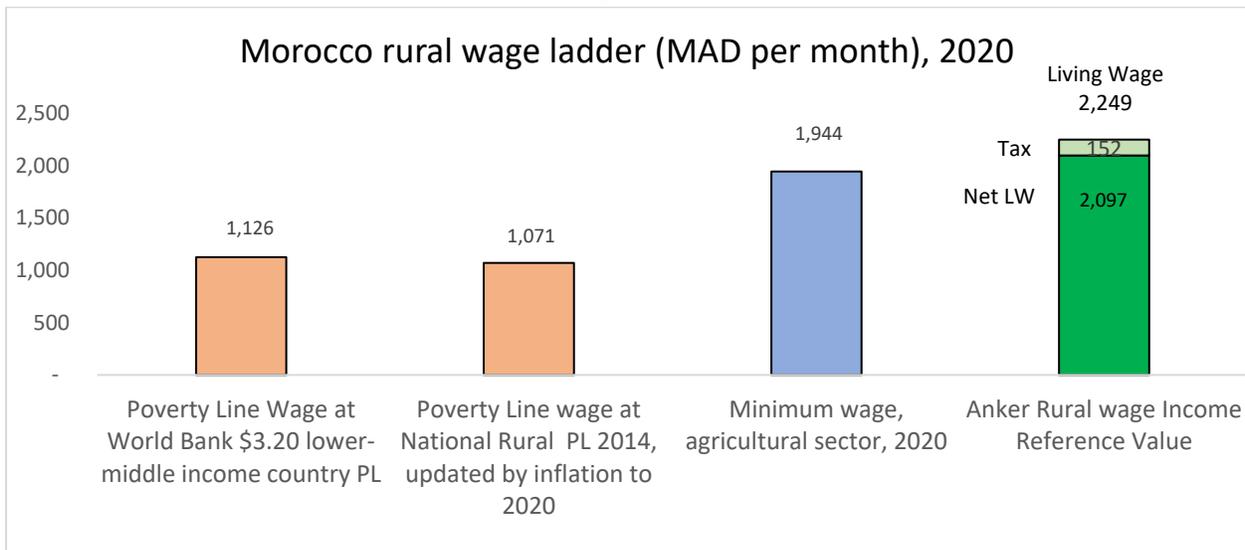
According to 2017 Labor Force Survey micro data, labor force participation rates for prime working ages 25-59 are high for rural males at 94.8% and somewhat lower at 89.9% for urban males. Labor force participation rates are much lower for women ages 25-59 at 35.3% for rural women and 21.9% for urban women. The unemployment rates for ages 25-59 were 3.1% for rural males and 2.3% for rural females, with much higher unemployment rates for urban males and females ages 25-59 at 7.1% and 15.3% respectively. The part-time employment rate according to ILO modelled estimates (defined as less than 35 hours per week) was 11.9% for males for ages 15+ and 47.1% for females ages 15+.

⁶ Ministère de la Santé du Royaume du Maroc, Enquête Nationale sur la Population et la Santé Familiale, 2018.

4. Wage ladder and gaps to a living wage

Figure 1 below provides a wage ladder for rural Morocco and some context on gaps to a living wage. It compares the gross Anker Living Wage Reference Value for a typical family in rural Morocco to three other wage indicators. The Anker Living Wage Reference Value is around twice the World Bank \$3.20 poverty line wage for lower-middle income countries such as Morocco, and the national poverty line wage. It is 16% higher than the wage of a typical rural family (with 1.56 full-time equivalent workers) earning the agricultural minimum wage. To more precisely measure living wage gaps for specific rural locations in Morocco, further analysis and quality-assured Anker methodology studies would be needed; although for the Sousse area—where Fairtrade-certified fruit farms and processing factories are located near to or in a town—the rural Reference Value upper confidence limit of MAD 2,428 or the semi-urban Reference Value for Morocco of MAD 2,614 could be considered.

Figure 1



Notes: ^a National rural poverty line for Morocco, which is per person, was set in 2014. We updated this by inflation to 2020. There has been around 6% inflation since 2014. Note that the per person poverty line is only 8% higher for urban areas than for rural areas (which is an unrealistically small differential) in part because it assumed that food costs are the same in rural and urban areas. Also, food share in the urban and rural poverty lines (at 50% and 54% respectively) are unrealistically high (especially for urban) for a country at Morocco’s level of development.

^b The World Bank poverty line for lower-middle income countries (\$3.20 PPP) was estimated using the World Bank poverty PPP for 2020 which was estimated using a formula suggested by the World Bank that uses the latest available PPP from the World Bank and inflation rates from the IMF for Morocco and the United States since then.

^c Family size of 4.5 (2 adults and 2.5 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 between: (i) child mortality adjusted total fertility rate for rural Morocco of 2.48 which implies a nuclear family size of around 4.5, and

(ii) average household size for rural areas excluding single person households (that do not have children) and especially large households (that probably include more than 2 potential adult earners) of 4.62.

^d Number of full-time equivalent workers per family of 1.56 is used for expositional purposes to estimate poverty line wages and average rural household expenditure per worker. It was estimated using information on labour force participation rates and unemployment rates for males and females from the 2017 Labor Force Survey Report, and national part-time employment rates from the ILO modelled estimates.

^e Payroll taxes are 6.74% for social security (4.48% for social benefits and 2.26% for health insurance). Income tax would not be assessed on a rural living wage, because income tax is not paid on income below MAD 2,500 per month.

^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 Minimum wage was last increased on July 1, 2019. Minimum wage differs by sector. For example, minimum wage is MAD 2,699 for private sector.