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WAGES IN AFRICA

Recent trends in average wages, gender pay gaps and wage disparities

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Abstract

Average real wages have increased by about 20 per cent in Africa between 2006 and 2017, supported by labour productivity gains. The growth in real average wages has been slightly steeper in northern Africa (22 per cent) than in sub-Saharan Africa (15 per cent). However, in the most recent years average real wages appear to have declined, both in northern Africa and in sub-Saharan Africa. Taking Africa as a whole, they have fallen by 5 per cent between 2014 and 2017. This trend is partly attributable to the situation in specific countries that exert a strong influence on the subregional averages. These trends nonetheless still concern only a limited share of the working population in Africa: wage earners represented only about one in three workers in Africa in 2017, though this proportion is slowly increasing. In the same year, men accounted for two-thirds of wage employees, a gender imbalance that has changed little over the previous ten years. According to ILO data, 57 per cent of wage employees in Africa in 2016 were in informal employment.

Analysis of data from a sample of ten countries highlights a range of situations in terms of disparities among the wages received by paid employees. For instance, wage inequality appears to be high in southern African countries, but lower in the countries of northern Africa. In Namibia and South Africa, the 10 per cent best-paid employees earn wages that are more than 20 times those received by the 10 per cent lowest-paid wage earners. In Egypt and Tunisia, the wages of the top 10 per cent are respectively four times and five times the wages of the bottom 10 per cent.

Looking at the structure of female wage employment, the report shows that female wage employees are often young and better educated than their male counterparts. Many more female than male wage employees work in the public sector and in social services. Female wage employees also appear to be rather polarized with regard to their occupations, often holding either unskilled or highly professional positions. At each educational level, female wage employees are on average less well paid than their male counterparts, in almost all countries. A "factor-weighted" measure of the gender pay gap, which allows us to control for differences in the composition of male and female paid employment in terms of sector, working time, age and education level, shows that male employees are on average substantially better paid than female employees in almost all the countries studied.

Adequate legislation, and wage-setting institutions such as minimum wage policies and collective bargaining, can help to address unduly low wages and wage inequalities. Inclusive collective bargaining frameworks, where collective bargaining agreements cover a large share of employees, are likely to be more effective, as are minimum wage systems with a broad scope of application, adequate minimum wage rates and diligent enforcement. Since they tackle the broad issue of wage inequalities, minimum wages and collective bargaining can also reduce pay inequalities between men and women, especially when female employees are clustered in low-paying job positions. The inclusion in collective agreements of clauses specifically designed to address the various roots of the differences between men and women in terms of earnings can also help in reducing gender pay gaps.

Introduction

The international community has stressed the role of labour income in the sustainable development of both industrialized and emerging economies. As part of the 2030 Agenda for Sustainable Development adopted by the United Nations General Assembly in 2015, Sustainable Development Goal (SDG) target 10.4 calls for countries to "adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality". More recently, the ILO Centenary Declaration for the Future of Work, adopted at the 2019 International Labour Conference on the occasion of the centenary of the International Labour Organization (ILO), has called for the institutions of work to be strengthened to ensure the protection of all workers. This includes in particular the setting of adequate minimum wages, statutory or negotiated.

Within this framework, this document, which complements the ILO's Global Wage Report 2018/19 (ILO, 2018a), focuses on wage trends in Africa. It depicts the evolution of real average wages since the global economic crisis of 2008, offering insights into the economic context for the continent and also presenting an overview of existing wage disparities within countries, including those related to gender.

This study was prompted by a sustained interest in wage policies in Africa. Over recent years, many African countries that already had legal provisions for minimum wages have reviewed their policies, while others have implemented new minimum wage systems. This interest is well exemplified by the recent decision of South Africa to implement a national minimum wage, which came into effect on 1 January 2019. Prior to this, a national minimum wage was introduced in 2014 in Cape Verde, and in 2018 in Mauritius. Other countries, such as Kenya and Namibia, have also undertaken reviews and adjustments of their minimum wage policies.

The assessment of wage disparities, and specifically those related to gender, can contribute to informing the design of measures targeting the challenges that women are facing in Africa. This seems timely, since the African Union Strategy for Gender Equality and Women's Empowerment 2018–2028[1] includes the implementation of the protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa (better known as the Maputo protocol), which includes the promotion of national laws and judicial systems to achieve and protect wage equality.

While some publications focusing on earnings at national level are available, there are few comprehensive analyses of trends at continental or subregional level. There is certainly a need for such work to support the regional coordination of wage policies, given the importance, pointed out by certain authors, of wage policy coordination in a context of emerging trade imbalances between countries (Hoffer and Spiecker, 2011). In Europe, minimum wage coordination has been seen as an important component of economic integration, creating a level playing field, and as a way to advance both European economic integration and the idea of the European social model (Fernández-Macías and Vacas-Soriano, 2016).

Like the Global Wage Report, the present document was made possible by work undertaken by the ILO in partnership with national institutes of statistics and research centres to improve the collection of data concerning the wages received by workers within African countries (see box 1). In particular, two workshops on wage statistics, bringing together representatives of national statistical offices, were held in 2017 and 2018. These have enabled the computation of better estimates on wage trends for the continent. As a result, data on wage trends were collected from 28 countries. Though these data are still short of comprehensive coverage, they cover 84 per cent of wage employees in Africa in 2017. Moreover, detailed information on the structure of wage employment and wage disparities within ten selected African countries were provided by national household surveys that included questions on wages.

[1] Adopted in July 2018 at the 31st Summit of Heads of State and Government in Nouakchott, Mauritania.

In the following sections, we first describe the trends in average wages in Africa since 2006, also presenting insights into the economic growth and labour productivity gains observed since that year. We then examine the evolution of the population of wage earners, in particular in terms of gender composition, before providing an overview of the wage disparities among wage employees within the ten selected countries, with a particular focus on the gender pay gap. The last section highlights policies that can be useful in tackling low pay and pay inequalities, including the differences in pay between women and men.

Box 1. Wage statistics in Africa

The collection of data on average wages

For the 2018/19 Global Wage Report and the present companion document, a major effort has been made to collect more and better data on wages and wage growth from economies in Africa. Two regional workshops on wage statistics were held on the continent. The first was held in Cairo, Egypt, in December 2017 and focused on a selection of East African countries, namely Ethiopia, Madagascar, Malawi and Uganda, as well as Egypt. The second workshop took place in Abidjan, Côte d'Ivoire, in April 2018 and gathered data from a number of West African countries, namely Benin, Cameroon, Côte d'Ivoire, Gabon, Ghana, Nigeria and Senegal.

The workshops helped to increase Africa's representation in the Global Wage Report. Through a specific questionnaire addressed by the ILO to each country, data on average nominal wages were collected from 28 countries and data on real wages from 24 countries. As a result of these efforts, 84 per cent of employees in Africa are covered in the 2018/19 edition of the Global Wage Report, representing approximately 91 per cent of the continent's total wage bill – though it must be pointed out that these countries do not all produce data on wages every year. Statistical treatment of non-response enabled information on wage growth to be established covering the years 2007–17.

Most countries in sub-Saharan Africa do not conduct stand-alone surveys on wages, so data on wages for these countries are usually collected through administrative records such as social security forms and treasury single accounts, as well as regular censuses and household surveys (labour force surveys, living standard measurement studies, etc.). Extracting wage-related data from these types of sources can be challenging. Administrative records pose some difficulties as they are generally structured for administrative purposes rather than statistical ones and are therefore not always disaggregated by sex; similarly, the coverage of the target population is usually defined by legal and/or administrative procedures. Another common difficulty in this regard is that of distinguishing between different labour-related concepts, notably income concepts. Indeed, some data sets provide only data on total disposable income, with no additional information on the nature of the income received.

The data collected usually refer to nominal wages, corresponding simply to the amount of money paid to wage employees. However, it is important also to take into account the level of prices in the country under consideration: inflation reduces the purchasing power of nominal wages if those do not change at the same pace. For this reason, "real" wages (or adjusted wages) are computed, using a price index that reflects the price level of a basket of consumer goods and services purchased by households ("consumer price index"): an increase or decrease in real wages therefore corresponds to an increase or decrease in the amount of goods and services that nominal wages can buy.

Finally, regional estimates of average real wage growth are calculated using a methodology that has been developed for the ILO Global Wage Report (see ILO, 2018a, appendix 1), with countries grouped according to ILO norms.

Micro-data sources to explore the patterns in wage inequalities

In addition to the collection of data on average wages in each countries, national micro-data sources (i.e. those with a set of information available at the level of individuals) were directly used by the ILO to explore the patterns in terms of inequalities within a selection of ten African countries: Cape Verde, Egypt, Ethiopia, the Gambia, Madagascar, Malawi, Namibia, South Africa, Tanzania and Tunisia. These data sets all derive from the information collected through household surveys, in most cases national labour force surveys (see table 1). Household surveys have the advantage of broad coverage, usually including workers in the informal economy as well as employees in the formal economy.

Table 1. National micro-data sources used for a sample of ten African countries

Country	Data source (producer)
Cape Verde	Survey on the minimum wage (ILO and Instituto Nacional de Estatística-Cabo Verde)
Egypt	Egypt Labour Market Panel Survey V. 1.4 (OAMDI, 2018. Economic Research Forum; Central Agency for Public Mobilization and Statistics)
Ethiopia	National labour force survey (Central Statistical Agency)
The Gambia	Labour force survey (Gambia Bureau of Statistics)
Madagascar	National survey on employment and the informal sector (Institut National de la Statistique; Ministry of Economy of Madagascar)
Malawi	Labour force survey (National Statistical Office of Malawi; Ministry of Labour)
Namibia	Labour force survey (Namibia Statistics Agency)
South Africa	Labour force survey (Statistics South Africa)
Tanzania	Integrated labour force survey (National Bureau of Statistics)
Tunisia	Tunisia Labour Market Panel Survey (Economic Research Forum; Institute of National Statistics of Tunisia)

Real wage growth supported by productivity gains

Average real wages up over the past decade, despite a recent decline

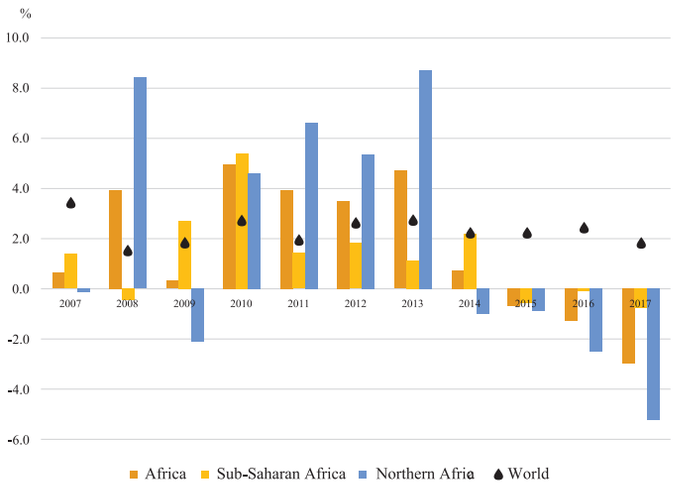
On the basis of the information provided by countries, average real wages – i.e. average wages adjusted by changes in prices to reflect unbiased trends in terms of purchasing power – in Africa appear to have increased overall through the global economic crisis of 2008–09 and its aftermath, rising by 19 per cent on average for the continent between 2006 and 2017 (figure 1 b)). The growth has been slightly steeper in northern Africa (22 per cent) than in sub-Saharan Africa (15 per cent), especially up to 2013.

However, in the most recent part of this period, average real wages seem to have declined somewhat. Taking Africa as a whole, they have fallen by 5 per cent between 2014 and 2017, with a sharper decline of 8 per cent in northern Africa. The steep fall here in 2017 can be attributed in part to high inflation rates owing to the currency devaluation in Egypt, followed by a slower adjustment of real wages (see box 2 for comments on inflation in the African region).[2] Nigeria has also reported falling real wages in 2017. These two large countries exert a strong influence on the regional average. When both Egypt and Nigeria are taken out of the sample, real wages in Africa show a moderate increase during the most recent years (see ILO, 2018a).

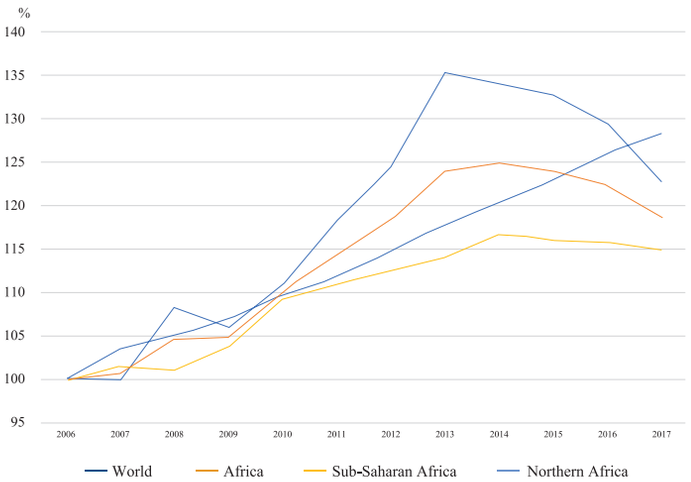
[2] Concerning Egypt specifically, the average weekly nominal wage in enterprises with ten or more employees, computed by the Egyptian national statistics office (CAPMAS), increased by 11.5 per cent in 2017. Meanwhile, consumer prices have risen by 29.5 per cent.

Figure 1: Real average wage growth in Africa, 2007–17

(a) Annual real average wage growth (%)



(b) Cumulative real average wage growth (2006 = 100)



Source: ILO estimates based on official figures.

The statistics on real wage trends must, however, be interpreted cautiously. Beyond the issues related to the partial geographical coverage of the continent, the methodology and the type of data sources used to compute nominal wages by national statistics offices are not homogeneous across countries, and may sometimes cover the population of wage employees or reflect their wage levels only partially.[3]

Box 2. High levels of inflation on the African continent

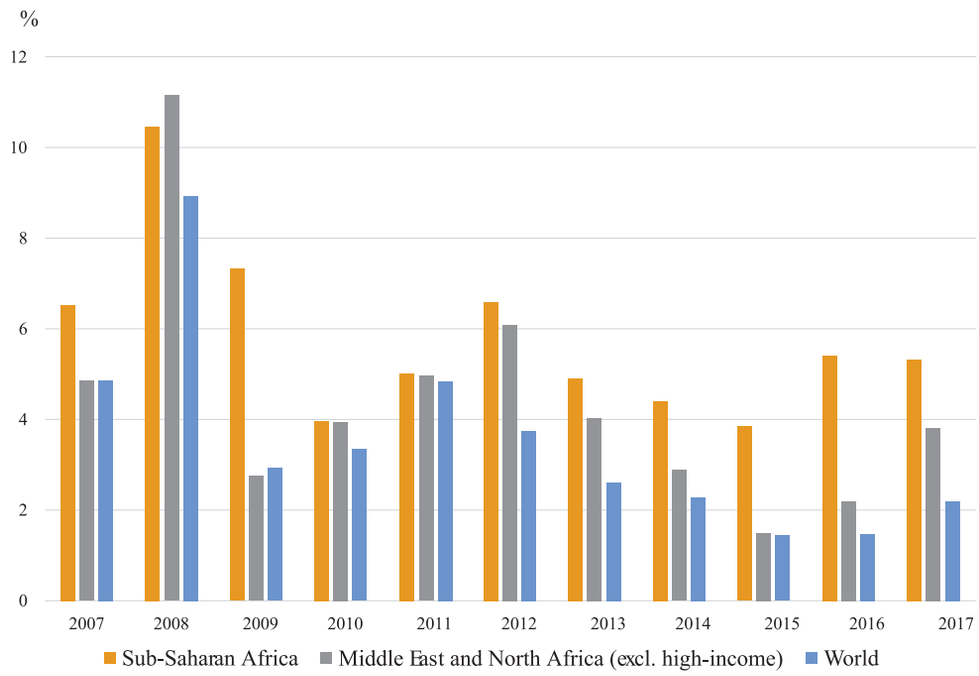
Changes in consumer price indices show that inflation levels were generally higher over the past decade in Africa than those observed on average for the rest of the world (figure 2). The average annual inflation rate in sub-Saharan Africa was 5.8 per cent over the period 2007–17, i.e. 2.3 percentage points above the average rate in high-income countries (3.5 per cent). In low- and middle-income North African and Middle Eastern countries, the average inflation rate was 3.6 per cent.

In 2016, inflation rose significantly both in sub-Saharan Africa (from 3.9 to 5.4 per cent) and in low- and middle-income North African and Middle Eastern countries (from 1.5 per cent to 2.2 per cent), a situation that can be partly explained by the depreciation in exchange rates and the widening of fiscal deficits, exacerbated by a context of commodity price shock.* Inflation remained at high levels in most of the African regions in 2017. More specifically, prices rose significantly in eastern sub-Saharan countries such as Kenya owing to the drought that reduced the maize harvest, causing chronic shortage (AfDB, 2018b). In North Africa, inflation has almost doubled, driven by developments in Libya and Egypt. In the latter country, inflationary pressure was fuelled by the depreciation of the Egyptian pound following an exchange rate adjustment, while in Libya one of the main drivers was the cessation of food subsidies in 2016 owing to lack of resources. Falling oil prices have also stoked exchange rate depreciations in oil-exporting countries, contributing to import inflation.

* The value of many of Africa's exports, including oil, gold and coffee, fell between 2014 and 2016, cutting revenues and sharpening macroeconomic imbalances (see AfDB, 2018a).

[3] For instance, some countries provide time series on wages only for the formal sector, or only within medium-sized or large enterprises (e.g. Algeria, Botswana, Egypt, Lesotho, Mauritius, Tanzania); in other cases, the time series are provided for the public sector only (e.g. Central African Republic, Guinea, Tunisia).

Figure 2. Inflation in sub-Saharan Africa, in the Middle East and North Africa, and globally, 2007–17



Source: World Bank, World Development Indicators.

Economic growth and labour productivity gains recorded until recently

As wages result from a process of remuneration of the factors of production, the trend in labour productivity, determined by the joint evolution of gross domestic product (GDP) and employment, is one of the main elements that can help to explain the observed evolution of wages.

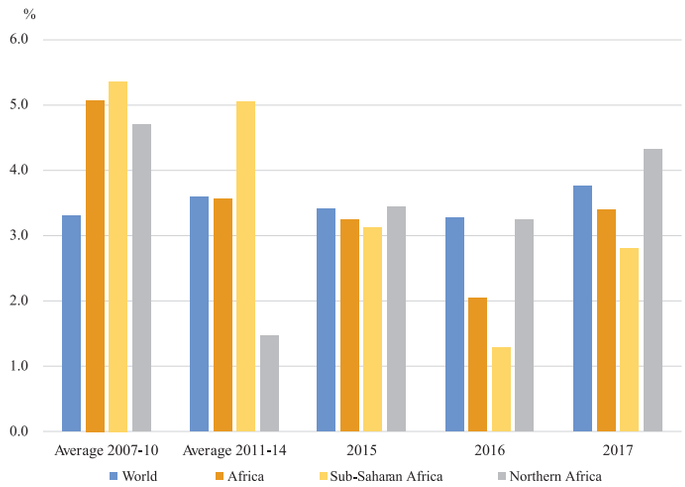
During the global crisis of 2008–09 and its aftermath, African countries generally experienced economic growth higher than the world average. On the basis of World Bank data, the average annual growth of real GDP in Africa can be estimated at 4.3 per cent during the period 2007–14, one percentage point above the global estimate for the same period (figure 3).[4] However, in northern Africa real GDP growth dwindled over the period 2011–14, in a context of civil unrest in parts of the region.

Employment growth on the continent lagged behind these generally high levels of economic growth. Over the period 2007–14, for example, employment across Africa as a whole grew by 2.7 per cent per year, 1.6 percentage points less than the average economic growth rate over the same period (figure 4).[5] This implies that labour productivity increased in Africa by 1.6 per cent per year on average over the period 2007–14, as indicated by the data for real output per worker presented in figure 5. The growth in labour productivity was higher in sub-Saharan Africa (2.2 per cent) than in northern Africa (1 per cent).

[4] The average annual growth of African real GDP over 14–2007 is even 3 percentage points above what was observed for high-income countries according to the World Bank classification (1.3 per cent).

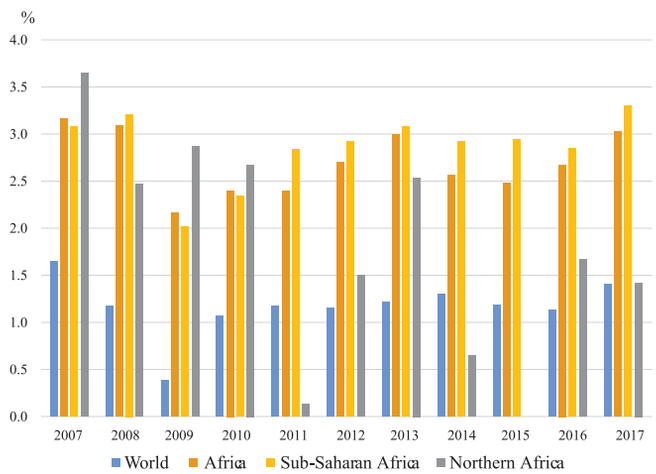
[5] Africa's working-age population is projected to increase from 705 million in 2018 to almost 1.0 billion by 2030. At the current rate of labour force growth, Africa needs to create about 12 million new jobs every year to prevent unemployment from rising (see AfDB, 2019).

Figure 3. Real output growth, globally and in Africa, 2007–17 (GDP, constant 2011 international $)



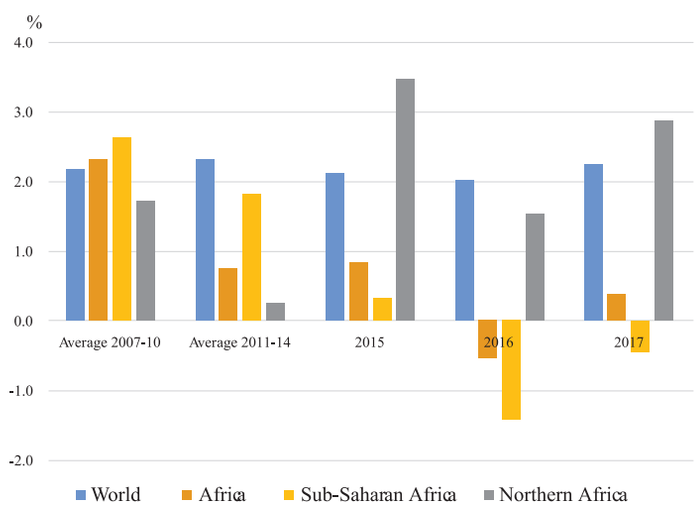
Source: ILO calculations based on World Bank, World Development Indicators.

Figure 4. Employment growth, globally and in Africa, 2007–17



Source: ILO modelled estimates

Figure 5. Labour productivity, globally and in Africa, 2007–17 (annual growth of output per person employed, constant 2011 international $)



Source: ILO modelled estimates.

Recently, the continent has experienced a slowdown in economic growth that has not been systematically reflected in commensurate changes in employment levels. More specifically, real GDP growth dropped by 1.6 percentage points between 2014 and 2016 (from 3.6 per cent to 2 per cent), while annual employment growth remained stable at around 2.5 per cent. This phenomenon is due to the trends observed in sub-Saharan Africa, where real annual GDP growth fell by 3.8 percentage points between 2014 and 2016 – owing partly to a drop in oil prices and regional shocks such as drought in East Africa and southern Africa – whereas employment growth remained stable at around 2.9 per cent. In 2017, despite a slight increase driven partly by recovering commodity prices, economic growth in sub-Saharan Africa was still lower than employment growth for the same year. In northern Africa, annual real output growth recovered strongly after the Arab Spring, reaching 3.4 per cent in 2015, 3.2 per cent in 2016 and then 4.3 per cent in 2017, rising at a higher pace than employment, which grew not at all in 2015, and then at 1.7 per cent in 2016 and 1.4 per cent in 2017.[6]

As a result of the comparative trajectories of GDP and employment, labour productivity across the whole of Africa recorded a loss in 2016 (−0.5 per cent); but it recovered in 2017 (+0.4 per cent), driven by the dynamism of productivity in northern Africa (+2.9 per cent). In sub-Saharan Africa, productivity losses were still recorded in 2017. Overall, labour productivity has increased between 2006 and 2017 by nearly 17 per cent, in both sub-Saharan Africa and northern Africa.[7]

Wage employment: Still limited, and characterized by gender imbalances

Wage employment relatively low, and disproportionately male

Not all workers receive a wage: this form of labour income applies only to paid employees, who still represent a limited share of employment in Africa, especially in the sub-Saharan region (figure 6). According to ILO estimates, paid workers accounted for 29 per cent of all people in employment in Africa in 2017 (22.5 per cent in sub-Saharan Africa), as against 26 per cent in 2006 (20 per cent in sub-Saharan Africa). This share is little over half what is observed worldwide: 52 per cent on average in 2017 (87 per cent in high-income countries).

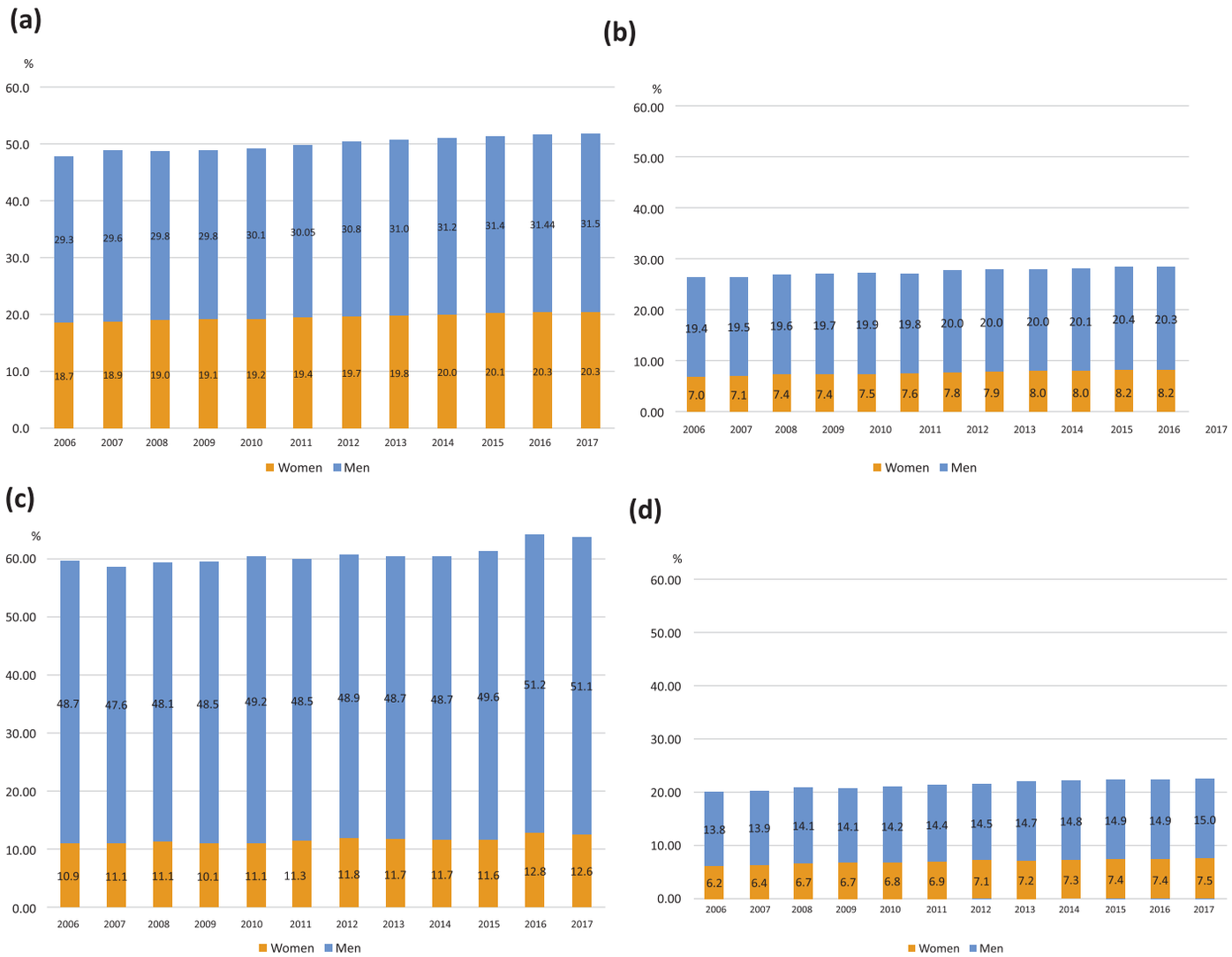
In sub-Saharan Africa, the share of wage employment has recently stagnated (figure 6(d)). Though wage employees represented 22 per cent of all people employed in 2013, almost 2 percentage points more than in 2006, this proportion changed hardly at all over the period 2013–17 (from 21.9 to 22.5 per cent). This means that, in absolute terms, wage employment grew at a rate very similar to that observed for overall employment between 2013 and 2017. The shares of male and female employees in total employment have both risen slowly between 2006 and 2017, with an increase of 1.2 percentage points (from 13.8 per cent to 15.0 per cent) for men, and of 1.3 percentage points (from 6.2 per cent to 7.5 per cent) for women.

The expansion of wage employment has been more marked in northern Africa (figure 6(c)), where the share of employees in total employment rose by 4 percentage points between 2006 and 2017, and the share of female and male wage employment respectively by 1.7 percentage points (from 10.9 per cent to 12.6 per cent) and 2.4 percentage points (from 48.7 per cent to 51.1 per cent).

[6] The performance of northern Africa in 2017 is partly due to the greater than expected production and export of oil by Libya, as well as improved agricultural productivity in Morocco resulting from the combined positive effects of a good rainy season and implementation of the Morocco Green Plan (see AfDB, 2018a).

[7] According to the AfDB, labour productivity growth was positive overall between 2005 and 2016 in northern Africa (Algeria, Egypt, Libya, Mauritania, Morocco and Tunisia), driven especially by growth in the agricultural and services sectors (AfDB, 2018a).

Figure 6. Share of employees in total employed population (%): (a) World; (b) All Africa; (c) Northern Africa; (d) Sub-Saharan Africa



Source: ILO modelled estimates.

For purposes of comparison, the change in the share of wage employment worldwide between 2006 and 2017 was close in magnitude to that for northern Africa (+3.8 percentage points), with slightly under half of the increase accounted for by rising female wage employment (figure 6(a)). [8]

It is clear from these trends that the imbalances in the gender composition of wage employment have changed little during the last decade, either in sub-Saharan Africa or in northern Africa. In conjunction with their lower participation in the labour market, women are still in a minority among the employed population: in 2017, they made up just 33 per cent of employees in sub-Saharan Africa, and under 20 per cent in northern Africa (the worldwide figure is 40 per cent). In terms of jobs, female employees tend to be concentrated in specific sectors, in particular in the public sector and in social services (see box 3 on the composition of female wage employment).

[8] However, in high-income countries, the increase in the share of wage employees among people in employment between 2006 and 2017 was led by an increase in the share of female wage employees in total wage employment (from 38 per cent to 39.4 per cent), while the share of male employees rose only minimally (from 47.3 per cent to 47.8 per cent).

Box 3. Structure of female wage employment

On the basis of the data from household surveys (see box 1), it is possible to depict the composition of wage employment in ten selected countries (Cape Verde, Egypt, Ethiopia, the Gambia, Madagascar, Malawi, Namibia, South Africa, Tanzania and Tunisia) according to personal and occupational characteristics (gender, age, sector, activity, occupation and education), for both the whole population of wage employees and female wage employees only (see table 2).

Female wage employees appear in many cases to have recently entered the labour market, as far as this may be inferred from their age: in five out of the ten countries (Ethiopia, Gambia, Madagascar, Tanzania, Tunisia), younger workers (below 30 years) were over-represented in the population of female employees at the time the surveys were carried out. However, in Malawi, Namibia and South Africa, the proportion of younger wage employees is roughly the same in female wage employment as in the whole of wage employment, and in Cape Verde and Egypt younger workers were on the contrary under-represented in female wage employment. The fact that female employees above age 30 tend to be under-represented in a number of countries might be partly explained by the lower participation of women in the labour market at the ages when they may be bearing and raising children.*

As regards educational level, female wage employees appear often to be better endowed than their male counterparts. The share of people with education above secondary level is higher among female wage employees in six countries out of the ten studied (Cape Verde, Egypt, Namibia, South Africa, Tanzania, Tunisia). More specifically, in these countries female employees are more likely to have been trained beyond high school, or through vocational education, than male employees.

Turning to areas of employment, much higher proportions of female than male employees work in the public sector, except in Ethiopia, the Gambia, Madagascar and Malawi. This gender bias is partly attributable to the types of jobs in which women are employed: in all the ten countries except Malawi, female employees are more likely to work in social services than male employees. Female wage employees are also much less likely to work in construction and utilities than male employees, in all the countries sampled, and they are more likely to work in accommodation and food in half of the countries (Cape Verde, Ethiopia, the Gambia, Namibia and Tanzania).

Female wage employees also appear to be rather polarized with regard to their occupations, often holding either unskilled or highly professional positions. Indeed, in line with their overall higher educational achievement, female wage employees often hold senior professional positions: they are more likely to be found at this occupational level than their male counterparts in all the countries sampled except Ethiopia, Malawi and Tanzania. On the other hand, female employees are more often unskilled workers (including domestic workers) than male employees in Ethiopia, the Gambia, Madagascar, Malawi and Tunisia.

* The trend in participation rates for women starts to diverge most markedly from that of men at about 25–35 years old, coinciding with the beginning of the usual period of motherhood (ILO, 2018a).

Table 2. Composition of wage employment in selected African countries (%)

Group	Cape Verde 2015		Egypt 2018		Ethiopia 2012		The Gambia 2013		Madagascar 2012		Malawi 2012		Namibia 2016		South Africa 2015		Tanzania 2014		Tunisia 2014	
	All	Female	All	Female	All	Female	All	Female	All	Female	All	Female	All	Female	All	Female	All	Female	All	Female
Gender																				
Male	57		83		67		74		64		59		57		55		68		73	
Female	43	100	17	100	33	100	26	100	36	100	41	100	43	100	45	100	32	100	27	100
	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Age																				
16–30	30	27	27	21	54	62	34	42	39	43	46	48	35	34	25	23	41	51	24	33
31–40	30	33	32	32	23	20	26	25	21	20	23	22	28	29	29	29	23	20	26	25
41–50	19	21	23	24	11	9	14	13	16	16	12	12	17	18	22	23	16	13	24	20
51–70	15	14	18	24	7	3	13	5	13	12	11	11	11	11	15	16	12	9	18	11
	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Sector																				
Private	61	52	66	38	47	50	67	67	75	78	83	87	77	71	79	75	75	70	65	63
Public	39	48	34	62	53	50	33	33	25	22	17	13	23	29	21	25	25	30	35	37
	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Activity																				
Agriculture & fisheries	5	1	12	5	16	11	4	7	12	10	61	74	13	7	6	5	21	12	8	6
Mining & quarrying	0	0	0	0	1	1	0	0	2	2	0	1	3	1	3	1	1	0	1	0
Construction & utilities	16	5	18	4	14	10	11	1	7	1	7	3	12	3	9	3	7	2	15	1
Manufacturing	6	6	13	8	10	10	7	1	13	17	3	1	7	4	11	8	6	5	14	23
Trade	10	11	11	6	5	6	7	4	8	7	4	3	9	11	13	13	11	11	5	6
Transport & communications	10	7	10	3	6	3	12	4	8	3	3	0	5	2	6	3	12	2	4	1
Accomodation & food	7	10	3	1	4	8	6	10	3	3	1	1	6	9	4	5	6	14	4	1
Real estate & finance	2	2	1	2	3	3	2	2	1	1	0	0	3	5	14	14	1	2	1	1
Public administration	11	10	8	11	7	6	7	4	9	5	5	2	6	6	6	5	6	4	12	11
Social services	32	47	23	58	21	26	43	66	25	29	9	7	27	37	14	22	17	27	10	20
Other services	0	0	1	2	13	16	0	0	11	23	7	7	9	15	14	22	13	21	25	29
	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Occupational level																				
Manager	3	3	4	5	4	2	2	1	3	2	1	0	4	4	6	5	2	2	3	2
Senior professional	15	23	17	42	13	12	15	20	18	21	8	7	10	14	5	6	5	3	11	21
Middle professional	11	12	6	9	23	28	4	2	7	8	1	0	7	8	10	12	12	20	7	11
Semi-skilled	46	38	58	37	16	9	49	35	27	23	13	8	40	41	28	36	50	45	48	31
Unskilled	24	23	15	7	38	43	27	39	38	37	77	84	33	28	52	42	25	18	28	33
Domestic					3	3			5	8			4	3			5	12		
	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Education																				
Below high school	38	28	34	18	54	53	53	55	52	52	81	88	29	23	47	43	77	71	66	53
High school	41	43	3	3	9	9	33	33	22	22	12	8	44	50	33	33	8	11	17	18
Vocational & above high school, inc. univ.	20	28	63	79	34	34	14	13	26	26	6	4	17	21	20	24	15	18	17	29
	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Note: Figures refer to wage employees above 15 years old

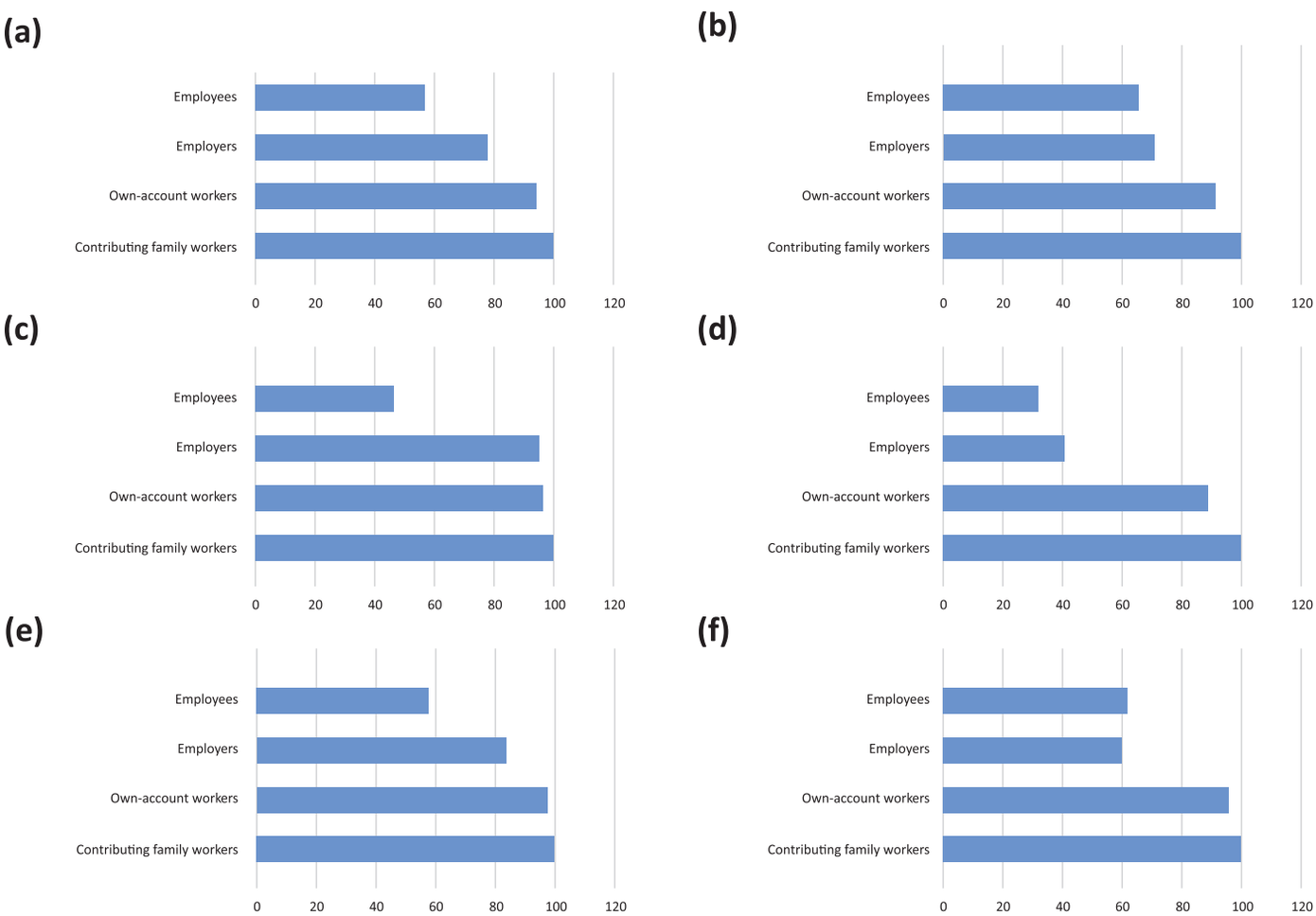
Source: ILO calculations based on the sources indicated in box 1.

Apart from the gender imbalances, another remarkable feature of the composition of wage employment in Africa is its youthfulness: workers between 16 and 30 years old represent between one-third and one-half of the population of wage employees in all the ten countries for which detailed data on the structure of wage employment are available (see table 2), except in Egypt, Tunisia and South Africa, where the shares are only slightly smaller. This is in line with the composition of the labour force in the region, characterized by a significant share of young people in comparison with what is observed on average in other regions of the world.[9] Moreover, in a number of countries, young workers are over-represented among female wage employees, a feature which can be attributed partly to the lower participation of women in the labour market at the age range that usually coincides with motherhood.

Informality accounts for more than half of all wage employees

Working as a wage employee does not imply necessarily benefiting from a formal job and the associated rights at work, social protection and working conditions. Indeed, according to ILO data, 57 per cent of wage employees in Africa in 2016 were in informal employment (figure 7). The proportion varies from one subregion to another: informality accounts for half of all wage employees in northern Africa and 60 per cent overall in sub-Saharan Africa, while in southern Africa, one out of three wage employees is informal.

Figure 7. Share of informal employment in total employment by employment status, 2016: (a) All Africa; (b) Eastern Africa; (c) Northern Africa; (d) Southern Africa; (e) Central Africa; (f) Western Africa



Source: ILO, 2018b.

[9] According to ILO modelled estimates, people aged below 30 years represented 38 per cent of the population of Africa between 15 and 65 years old in 32) 2017 per cent in sub-Saharan Africa and 39 per cent in northern Africa), as against 28 per cent worldwide.

Informality is even more common outside wage employment. In Africa, 94 per cent of own-account workers are in the informal sector and this pattern is similar in all of the subregions. Also, more employers (78 per cent) than employees are informal. This pattern applies in all subregions and is particularly marked in northern Africa, where 95 per cent of employers are informal.[10]

Wage disparities in selected countries: A varied picture, including with regard to the gender pay gap

Wage disparities in selected countries

The analysis of average wages, as presented above, is useful to assess overall trends in wages in specific countries or (sub)regions. However, it does not enable an assessment of the way wages are distributed among paid employees. For this latter purpose, various complementary indicators can be used, generally computed from sources that contain information on the earnings received by each employee for whom data are collected (see box 4 for a definition of each of the indicators used below).

Table 3 presents a selection of these indicators for the ten African countries for which the ILO had access to this kind of data set (see box 1 for a description of the data used). In this section, and in the rest of the paper, the estimates are based on hourly earnings so as to avoid capturing wage disparities that could be due to differences in working time: for example, monthly wages could be lower for people working part time even if they are paid at the same hourly rate as the rest of the wage employee population.

Within Africa, wage disparities vary in magnitude from country to country. For instance, among the ten countries studied, those in southern Africa (Namibia and South Africa) show high levels of wage disparities (Gini coefficient respectively 62 and 64 per cent), with very high levels of earnings for the employees at the top of the wage ladder in comparison to the rest: in these two countries, the 10 per cent best-paid employees (i.e. those paid above the ninth decile of wages) earn wages that are at least respectively 28 and 22 times the wages perceived by the 10 per cent lowest-paid wage earners (i.e. those paid below the first decile). In contrast, wage employees in northern African countries (Egypt and Tunisia) seem to experience less disparity in wages (Gini coefficient respectively 32 and 37 per cent), the wages being dispersed over a relatively narrow wage ladder: the wages of the top 10 per cent are about five times the wages of the bottom 10 per cent in Tunisia, and four times in Egypt.

[10] The "informal sector" is an enterprise-based concept and is defined in terms of the characteristics of the place of work: units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned. In contrast, the concept of "informal employment" refers to jobs as the units of observation. "Informal employers" and "own-account workers" refer to employers and own-account workers in the informal sector. In the case of employees, informal employment is defined in terms of the employment relationship: for a job held by an employee to be considered informal, the employment relationship should not be, in law or in practice, subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits (advance notice of dismissal, severance pay, paid annual or sick leave, etc.).

Table 3. Different measures of wage disparities in selected countries for selected years (hourly earnings)

Country	Year	Gini coefficient	Share of the total wage bill (%) received by employees paid					D9/D1	D9/D5	D5/D1	P99/D1
			Below first decile	Below median	Below 75th percentile	Above ninth decile	Above 99th percentile				
Cape Verde	2015	39.4	3	23	46	28	6	6.1	2.9	2.1	12.0
Egypt	2018	31	3	30	55	25	5	3.9	1.9	2.1	8.7
Ethiopia	2013	44	1	19	45	30	5	12.7	2.9	4.4	24.9
The Gambia	2012	43.9	2	21	45	33	8	7.2	2.7	2.7	19.8
Madagascar	2012	46.9	1	18	41	33	6	13.3	3.3	4.0	26.7
Malawi	2012	50.8	2	19	40	38	10	9.4	3.3	2.9	35.0
Namibia	2016	62	1	10	27	46	9	28.0	7.0	4.0	70.0
South Africa	2015	63.9	1	11	27	51	15	22.2	5.3	4.2	95.0
Tanzania	2014	53.6	1	16	41	33	6	18.5	4.6	4.0	38.3
Tunisia	2014	37.3	4	30	54	26	4	5.4	2.4	2.2	13.5

Note: Wage employees above 15 years old.

Source: ILO calculations based on the sources indicated in box 1.

Box 4. Some indicators for measuring wage disparities

Gini coefficient

The Gini coefficient summarizes the dispersion of wages among paid employees. It ranges from 0 per cent to 100 per cent. A Gini coefficient of 100 per cent indicates maximal disparity among values (i.e. where a single paid employee gets the total wage bill of a country). At the other extreme, a Gini coefficient of 0 indicates perfect equality (i.e. where all paid employees get the same wage).

Percentiles, deciles, and percentile or decile ratios

The *n*th percentile of the wage distribution in a specific population or country corresponds to the threshold under which n per cent of employees are paid. For instance, 1 per cent of the employees are paid below the first percentile (P1 for short) of the wage distribution, and 99 per cent are paid below the 99th percentile (P99). Building on this definition, the first decile corresponds to the tenth percentile, the second decile to the 20th percentile, etc. Thus, 10 per cent of employees are paid below the first decile (D1 or P10) of the wage distribution, and 90 per cent are paid below the ninth decile (D9 or P90). The median wage level corresponds to the 5th decile (D5 or P50): 50 per cent of the employees are paid below this threshold.

One way to assess disparities in terms of wages is to compare the value of the deciles (or percentiles) observed within the population of paid employees. For instance, if the value of the ninth decile is ten times the value of the first decile, this means that the employees paid above the ninth decile are receiving as wages at least 10 times as much as the employees paid below the first decile. In practice, this is done by computing the ratio of the ninth decile to the first decile (D9/D1).

Share of the total wage bill received by employees below a specific threshold

Another way of assessing wage inequalities is by estimating the share of the total wage bill in a specific country received by the wage employees paid under a specific threshold, generally expressed in terms of percentile or decile. For instance, if the employees paid below the median wage receive 20 per cent of the country's total wage bill, this means that the bottom half of the population in terms of pay receives only 20 per cent of the sum of all the wages paid in the country.

A gender pay gap between women and men employees of similar age and educational level

In terms of wage disparities among employees, those relating to gender are of particular concern to communities and policy-makers. The UN's SDG 8 on promoting sustainable economic growth, full employment and decent work for all, sets out the aim of achieving by 2030 "equal pay for work of equal value" (target 8.5), and identifies "average hourly earnings of female and male employees" as one of the important measures of progress towards this end. In addition, the Equal Pay International Coalition (EPIC), a multi-stakeholder coalition launched in September 2017 and led by the ILO, UN Women and the Organisation for Economic Co-operation and Development (OECD), interprets a reduction of the gender pay gap as an indicator of progress towards the achievement of equal pay for work of equal value.

In order to implement the appropriate mix of policies to tackle the gaps in terms of pay within countries between male and female workers, it is important to identify the factors that lie behind this disparity. Gender pay gaps can occur for a multitude of reasons: not only discrimination in pay between women and men performing equal work or work of equal value, but also factors such as differences between female and male educational attainments, and lower wages in the sectors and occupations in which women are concentrated, which may arise partly because of occupational segregation of women in traditionally male-occupied employment categories.

As a first assessment of the difference in wages between men and women, the gap between the average wage of female employees and the average wage of male employees, expressed as a percentage of the average male wage, has been computed in the selected countries for which micro-data are available (see table 4).

The figures presented in table 4 show that the wage gap between male and female employees in African countries is generally below the global average of 16 per cent (ILO, 2018a). In three of the ten African countries studied here, the gender pay gap even appears to be negative, meaning that women are paid at a higher rate than men on average. In South Africa, however, the gender pay gap is on the contrary relatively high, with male employees earning on average almost 20 per cent more than female employees.

Looking beyond the average pay gap computed for the whole population of employees, however, we see different patterns emerging at different levels on the wage ladder. More specifically for the selected countries, the gap is often wider, and nearly always favourable to men, at the bottom of the wage distribution. In Egypt, Madagascar and Tunisia, the gap at the first decile of the wage distribution is even above the global estimate (21 per cent). On the other hand, the gender pay gap seems to be more often favourable to women at the upper end of the wage ladder: at the ninth decile, women are on average paid more than men in Cape Verde, Egypt, Namibia, Tanzania and Tunisia. In the Gambia and Madagascar, the gender pay gap is not in favour of female employees at the ninth decile, but the difference is smaller than the average for the whole population of wage employees. The gender pay gap is wider at the ninth decile only in Ethiopia, Malawi and South Africa.

Table 4. Gender pay gaps in selected countries (% of male hourly wages)

Group	Cape Verde	Egypt	Ethiopia	The Gambia	Madagascar	Malawi	Namibia	South Africa	Tanzania	Tunisia
	2015	2018	2013	2013	2012	2012	2016	2015	2014	2014
All	**−4**	**0**	**15**	**6**	**12**	**14**	**−7**	**19**	**2**	**−4**
Wage level										
At 1st decile	17	32	−2	7	25	6	18	12	18	29
At 9th decile	−3	−1	18	2	7	18	−13	22	−5	−25
Age										
16–30	−9	10	14	17	10	19	−17	19	−2	3
31–40	−11	10	20	−17	15	14	−6	22	3	−6
41–50	−9	−5	9	−12	7	6	−3	19	−19	−16
51–70	18	−8	10	10	4	22	−1	22	−24	−6
Sector										
Private	9	22	24	−1	15	12	1	21	29	15
Public	−1	3	13	18	−3	8	10	14	−3	−20
Activity										
Agriculture & fisheries	20	4	−8	20	26	11	−20	−10	−8	33
Mining & quarrying	−−	15	23	67	19	51	48	2	10	37
Construction & utilities	21	11	32	83	−57	15	−9	50	19	40
Manufacturing	11	28	26	41	4	24	−45	22	44	26
Trade	40	10	29	−251	9	46	17	23	32	23
Transport & communications	−9	−107	−10	−101	−75	−56	−85	18	−46	−74
Accomodation & food	29	−11	13	−5	26	−60	29	6	39	43
Real estate & finance	53	36	22	1	−22		−39	7	38	39
Public administration	11	−7	12	32	−4	−30	11	11	−2	−3
Social services	8	13	18	14	−1	11	6	25	3	8
Other services	−−	−48	23	−−	31	20	14	34	59	6
Occupational level										
Manager	20	−15	17	72	17	−36	−7	31	−42	−19
Senior professional	18	22	17	13	4	16	11	25	9	13
Middle professional	10	17	12	−28	15	−35	29	6	8	21
Semi-skilled	13	4	35	−12	−7	−29	−4	−3	7	11
Unskilled	14	25	12	4	26	17	34	23	43	23
Domestic			33		12		−47		15	
Education level										
Below high school	19	27	16	−1	24	9	25	24	22	24
High school	3	−2	24	4	18	5	15	20	1	7
Vocational * above high school, inc. univ.	23	−1	12	18	3	0	9	24	8	13
Factor-weighted gender pay gap	**14**	**22**	**16**	**1**	**17**	**10**	**19**	**29**	**8**	**15**

Note: Wage employees above 15 years old. Gender pay gaps are estimated as explained in ILO, 2018a, box 3. The calculation of a factor-weighted gender pay gap allows us to control for differences in the composition of male and female paid employment in terms of age, education level, working time and sector (public/private).

Source: ILO calculations based on the sources indicated in table 1.

The fact that the pay gap observed between male and female employees can vary significantly along the wage scale highlights the importance of considering the raw gender pay gap computed for the whole population of employees alongside complementary measurements that could help in explaining the reasons behind it, including whether there is any gender discrimination in pay. For instance, the fact that female employees tend to be clustered in highly paid jobs (independently of gender) in some countries (see box 1) tends to reduce the average gender pay gap across the whole population of wage employees.

Indeed, the relative position of women on the wage ladder is strongly dependent on the attributes of their jobs. Even in countries where gender pay gaps are negative on average, female employees receive lower wages than male employees in most sectors or occupations. Interestingly, this can also be the case in occupations and sectors that are over-represented in female wage employment. For instance, female employees in Namibia experience a wider gender pay gap in the public sector (10 per cent) than in the private sector (1 per cent). In the social services, female employees receive on average lower hourly wages than male employees in all countries except Madagascar. In terms of occupation, unskilled female employees are on average paid less than male unskilled employees in all ten of the countries covered. The same is true for senior professional employees.

A focus on the results by education level seems to confirm that better endowment in terms of human capital does not necessarily protect female employees from receiving lower wages than male employees: at each educational level, female wage employees are on average less well paid than their male counterparts, in almost all countries. Female wage employees fare better than men only in the Gambia at the lowest level (women without a secondary education), and in Egypt at the higher levels (women with secondary education or above).

In this context, in order to account for some of the possible "composition effects", another indicator is computed with the aim of reducing the bias arising from the unequal distribution of men and women in wage employment. This is the "factor-weighted gender pay gap", shown in the last row of table 4. In essence, this methodology groups female and male wage employees into more homogeneous subgroups, and then estimates the gender pay gap in each subgroup. The four dimensions taken into account to form the subgroups are "education", "age", "working-time status" (that is, full time versus part time) and "private-sector versus public-sector employment".[11]

The results presented in the last row of table 4 show that in all the countries studied, female wage employees are on average paid less than male wage employees comparable in education and age, working in the same sector (private/public) and with similar working time. It is worth noting that, with the two exceptions of the Gambia and Malawi, the factor-weighted gender pay gap is higher than the raw gender pay gap in countries where the latter was already positive. These results point to the fact that the gender pay gap in Africa has roots that go beyond the clustering of women in specific positions as defined by the four dimensions taken into account in the analysis.

Additional advanced methodologies enable us to further fine-tune the analysis of the gender pay gap by computing an "adjusted gender pay gap" that takes into account more dimensions than the four mentioned above. For instance, along with endowments in terms of human capital (such as education and years of experience), detailed personal, job and workplace characteristics can also be taken into account. This statistical technique was carried out for the Global Wage Report 2018/19 in order to decompose the gender pay gap between the part that can be explained by the set of job and personal characteristics, and a part "unexplained" by these characteristics.[12] The results show that for almost all the African countries studied, a substantial part of the raw gender pay gap remains "unexplained".

[11] Working-time status (full time/part time) has been added to the dimensions taken into account as it may have an impact on the hourly wage: for instance, it could affect the "experience capital" gained through learning on the job.

[12] For a description of the set of characteristics taken into account, see ILO, 2018a, table 9.1.

Addressing low wages and wage inequalities through adequate wage-setting institutions and legislation

Enabling inclusive collective bargaining on wages

Collective bargaining refers to the negotiation of wages and working conditions between workers' organizations and employers and/or employers' organizations (as defined by the ILO Collective Bargaining Convention, 1981 (No. 154), Article 3). Negotiations as part of collective bargaining take place bilaterally, with government intervening only to create the necessary framework and promote its development. Collective bargaining can take place at various levels: under enterprise-level bargaining, each employer bargains independently; under sectoral multi-employer bargaining, employers come together in associations with a mandate to bargain.[13] The framework of collective bargaining enables workers to negotiate better wage rates, in line with productivity growth.

Collective bargaining can reduce wage disparities. It allows groups of workers to negotiate higher wages with employers, with a potentially particularly great impact for workers in the lower half of the distribution who may have less individual bargaining power. Empirically, however, it has been observed that the influence of collective bargaining will differ depending on whether the system is "narrow", limited to the parties or bargaining unit, or an "encompassing system", whereby collective bargaining agreements are extended to workers in the broader economic sector who are not members of a union (see ILO, 2015a).

Table 5. Trade union density and collective bargaining coverage in selected African countries (%), most recent available year

Country	Trade union density	Collective bargaining coverage
Egypt	43.2 (2012)	3.5 (2008)
Ethiopia	9.6 (2013)	9.8 (2013)
Ghana	20.6 (2016)	14.7 (2016)
Malawi	5.5 (2013)	18.1 (2013)
Mauritius	28.1 (2016)	0.6 (2016)
Niger	35.6 (2008)	17.5 (2008)
Senegal	22.4 (2015)	22.8 (2015)
Tunisia	20.4 (2011)	56.9 (2014)
South Africa	28.1 (2016)	29.9 (2016)

Note: Trade union density is computed as the ratio of the number of employees who are union members to the total number of employees in the country. Collective bargaining coverage is computed as the ratio of the number of employees covered by collective bargaining to the number of employees with the right to collective bargaining.

Source: ILO industrial relations database (IRdata), countries with available data on collective bargaining coverage.

In practice, the scope of a collective bargaining system is usually measured in terms of coverage rate, which expresses the proportion of employees whose pay and working conditions are regulated by one or more collective agreements.

In Africa, collective bargaining generally covers a relatively low proportion of wage employees (see table 5). In the few countries for which data are recorded in the ILO database on industrial relations (IRdata), the proportion of wage employees covered by a collective bargaining agreement falls between 0.6 per cent (Mauritius) and 57 per cent (Tunisia).

[13] See ILO, 2015b for an overview of the possible collective bargaining systems.

The organizational power of employers' organizations and unions is an important tool, but not the only one, by which leverage can be exercised to increase the coverage of collective agreements. As shown in table 5, collective bargaining coverage in these countries is only partly explained by the levels of trade union membership, indicated here in terms of trade union density (the proportion of employees who are unionized). The trade union density is for instance somewhat lower in Tunisia than in South Africa, but the collective bargaining coverage is higher in the former.

High collective bargaining coverage is in fact related to multiple complementary factors, including the level(s) at which bargaining takes place (national, sectoral and/or enterprise). This factor, indeed, appears to be the single most important predictor of bargaining coverage, multi-employer bargaining at the sectoral or national level being the most inclusive form of collective bargaining – in particular because collective agreements reached through multi-employer bargaining can be extended to all employers, including those who are not members of the employers' organization that negotiated the agreement. Public authorities can use this extension procedure to establish a minimum standard for pay or other working conditions in all enterprises operating within the same framework, usually a sector or branch of the economy. Extension procedures are used in several countries as a means to extend the coverage of collective agreements (see box 5 for details on the collective bargaining systems in Tunisia and South Africa).[14]

Box 5. Collective bargaining systems: The examples of South Africa and Tunisia

Collective bargaining in South Africa

The current collective bargaining system in South Africa was set after the 1994 general elections in the framework of the programme to reform the labour market system inherited from the apartheid regime. It derives in part from the system of industrial councils that was implemented after the Industrial Conciliation Act of 1924.*

The 1995 Labour Relations Act (LRA) made provision for the establishment of permanent institutions for collective bargaining at sectoral level (replacing the industrial councils). Bargaining councils are established on a "voluntary" basis by at least one employer's organization and at least one trade union. The National Economic Development and Labour Council (NEDLAC)** is ultimately responsible for demarcating the sectoral and geographical areas for which an application is made to register a bargaining council or amalgamate existing councils. The Registrar of Labour Relations in the Department of Labour then determines whether the range of parties to a bargaining council ensures that "adequate provision is made in the constitution for the representation of small and medium businesses" (LRA, sec. 29). A bargaining council can refer collective agreements to the Minister of Labour with the request that they be extended to all employers and employees within the council's jurisdiction. The minister must extend the agreement within 60 days of receipt of the request provided that certain requirements have been met, in particular that the parties meet a representativeness threshold. In this regard, the minister must be satisfied that, after the extension, the majority of all employees covered are members of the party trade union(s), and that the members of the party employers' organization employ the majority of employees (Godfrey, 2018). In practice, determining representativeness can be challenging, especially as it is difficult to obtain accurate estimates of the "total number" of employees and employers falling within the scope of the council.

[14] Governments can also support collective bargaining by other means, including the promotion of the full development and use of procedures and machinery for collective bargaining, the encouragement of constructive and informed negotiations, and the enforcement of collective bargaining agreements.

Alongside bargaining councils, "statutory councils" can also be established by parties not yet sufficiently representative: they can apply to the registrar provided that a union (or more than one union) has a membership including at least 30 per cent, or members of the employer's organization employ at least 30 per cent, of employees in a sector or area. The statutory council has a limited bargaining agenda prescribed by the LRA, but that can be expanded by agreement. Over time, a statutory council may be converted into a fully fledged bargaining council.

In 2017, there were 38 bargaining councils in the private sector, six government and local government bargaining councils, and only three statutory councils. The coverage in terms of employees has increased since the system of industrial councils (from 735,533 employees in 1992 to 2.6 million in 2017), partly owing to the introduction of bargaining councils in the public service under the provisions of the 1995 LRA.

Collective bargaining can also take place outside the bargaining council system, for example in sectors such as mining and automobile manufacturing, where both multi-employer and single-employer bargaining takes place. Single-employer bargaining is also prevalent in the retail sector and among state-owned enterprises.

Collective bargaining in Tunisia

In Tunisia, provision is made for collective bargaining in the Labour Code (Title III). More specifically, sector-level collective bargaining agreements may be concluded in order to regulate labour relations within a specific territorial and occupational area ("branch") delineated by the minister in charge of social affairs. Such extended collective agreements have to be concluded between the most representative organizations in the branch. These agreements must cover a minimum range of issues: respect for freedom of association; salaries and classification procedures; conditions of hiring and firing; holidays; and dispute resolution.

The content of a sector-level collective agreement is applicable to all employers and workers falling within its field of application. At present, sector-level collective bargaining happens in about 56 sectors and subsectors. This framework goes some way to explaining the high collective bargaining coverage observed for the country.

Though collective bargaining is also possible at the company level, few data are available to assess whether any real collective bargaining activities are taking place within companies. It was estimated during interviews conducted in the course of preparing a report for the European Union that there are about 100–150 company agreements. Other sources put the number much lower, at only between 25 and 50 in the private sector, only in big companies, and often in large public or recently privatized companies (De Koster et al., 2015).

However, in the wake of the revolution of 2011, the outcomes of sector-level collective bargaining have been for the most part prescribed by the framework set by "Accords cadres", mostly negotiated on a tripartite basis and signed every two to three years. Owing to the fragility of the situation in the country since 2011, in terms of both the political situation and the state of social dialogue, negotiations on wage increases have shifted from the sectoral level to national level.
A bill was passed in July 2017 to create the tripartite National Council of Social Dialogue to oversee the organization and management of social dialogue concerning social and economic questions of common interest for the Government and social partners. This includes the framing of collective bargaining. Developments in the coming years will certainly fine-tune the role of this new institution in relation to the promotion of bipartite social dialogue.

* For a retrospective analysis of industrial relations in South Africa, see Hayter and Pons-Vignon, 2018.
** NEDLAC was established by Act No. 35 of 1994 as an institution gathering representatives of organized business and labour, as well as representatives of the State and of organizations representing community and development interests. They seek cooperation, through problem-solving and negotiation, on economic, labour and development issues and related challenges facing the country.

A point of particular importance for Africa is that the formalization of the informal economy may help in building a conducive environment for collective bargaining. Indeed, the presence of a large informal sector is likely to hinder collective bargaining, partly because the enforcement of collective agreements in relation to people in informality is not easy, but also because workers' and employers' organizations can face challenges in trying to operate in the informal sector. Furthermore, fewer employees in informality are members of a trade union than employees holding formal jobs: in almost all the African countries for which data are available, trade union density in informal employment is less than half that observed in formal employment (Lapeyre and Barussaud, 2019).

Implementing effective minimum wage policies

Where the collective bargaining dynamics are insufficient to tackle unduly low pay and wage inequalities, minimum wage policies can play an important complementary role. These have indeed attracted interest in both industrialized and emerging economies over recent years. Eight European countries have introduced statutory minimum wages since the early 1990s, while minimum wage systems have also been established or strengthened in other countries including Brazil, China and South Africa.

One key challenge in the setting of minimum wages is the determination of an adequate level. The ILO Minimum Wage Fixing Convention, 1970 (No. 131), sets out guidelines in this regard (see box 6), stipulating that minimum wages should take into consideration both the needs of workers and their families and economic factors. This balanced approach is key for the efficiency of minimum wage policies. It combines both social and economic factors to establish a level that benefits workers and society without provoking negative effects.

However, arriving at a comprehensive assessment of the minimum wage levels implemented across the continent in terms of these criteria is challenging. More specifically, the absolute level of a minimum wage is not a sufficient indicator to reflect the actual standard of living of the employees who earn this amount: depending on each country's overall level of prices, the purchasing power of a minimum wage can vary widely. In addition, minimum wages are better understood when they can be compared with the other wages received by employees in a specific economy.[15] To the extent that wages reflect, at least in part, productivity levels, this approach can also provide indications of the economic considerations to be taken into account in the setting of minimum wages.

One statistical indicator that is widely used to this end is the ratio of the minimum wage to the average or median wage (also known as the "Kaitz index"). This indicator shows the level of the minimum wage relative to the wage of the "average worker" of the economy. Kaitz indices are presented in table 6 for a selection of African countries with a minimum wage system.

As would be expected for emerging economies, where the median wage earner receives relatively low pay, the ratio of the minimum to the median wage is sometimes higher than the level usually found in industrialized countries, where the minimum wage is usually between 35 and 60 per cent of the median wage.

[15] ILO Convention No. 131 actually stipulates that the general level of wages in the economy should be one of the factors taken into account when setting minimum wage levels.

Table 6. Kaitz indices (mean and median), and proportions of wage employees (%) paid below and at the minimum wage level, in selected African countries with a minimum wage system

Country	Year	Kaitz index (mean)	Kaitz index (median)	Share of employees paid below (<80%) minimum wage	Share of employees paid at (>80% and <105%) minimum wage
Cape Verde	2015	34	48	4.1	7.5
Egypt	2018	43	50	6.7	5.0
Madagascar	2012	63	94	37.4	10.6
Malawi	2012	36	58	15.2	10.2
Tanzania	2014	41	61	27.2	9.3
Tunisia	2014	50	61	6.7	7.4

Notes: In Egypt, the minimum wage is set for the public sector only. The Kaitz index is therefore computed for the mean and median wage of public-sector workers. Tanzania has multiple minimum wage rates; the Kaitz indices shown here are computed for the industrial rate.

Source: ILO calculations based on the micro-data sources described in table 1.

Is there a specific pattern in the setting of minimum wage levels in Africa? A recent study aimed at comparing the way minimum wage levels were set in sub-Saharan Africa and in the rest of the world (Bhorat, Kanbur and Stanwix, 2017). The analysis indicates that the relationship of minimum wages with income levels is similar in sub-Saharan African countries and elsewhere: namely, that higher minimum wage values are associated with higher levels of GDP per capita. However, when compared with countries characterized by similar per capita incomes, sub-Saharan African countries seem to set their minimum wages at lower levels relative to average wages.

Finally, the impact of a minimum wage policy can be limited if minimum wages are not set at an appropriate level, or if enforcement is weak. Indeed, a significant proportion of African wage employees are paid below minimum wages, as shown in table 6: for the countries studied, the proportion of wage employees paid below 80 per cent of the minimum wage ranges from 4 per cent in Cape Verde to 37 per cent in Madagascar. The fact that a significant share of wage employees are informal – especially in sub-Saharan Africa – may partly explain the relatively low compliance with minimum wages.

Box 6. Minimum Wage Fixing Convention, 1970 (No. 131)

In 1970, the ILO adopted the Minimum Wage Fixing Convention (No. 131), which is considered to offer broader protection than that envisaged by the Minimum Wage-Fixing Machinery Convention, 1928 (No. 26). Convention No. 131 encourages ratifying member States to establish a system of minimum wages which:

(1) offers a broad scope of application and keeps exclusions to a minimum;
(2) establishes a machinery to fix and adjust minimum wages from time to time;
(3) is based on the principle of full consultation with social partners;
(4) involves social partners, on an equal footing, as well as independent experts, in the design and operation of the system;
(5) sets minimum wage levels that take into account the needs of workers and their families, as well as economic factors;
(6) Includes appropriate measures to ensure the effective application of minimum wages.

While Convention No. 131 stipulates that the coverage of the population of employees should be broad, this instrument does not prescribe a specific policy design, in particular concerning the number of minimum wage rates. In Africa, various systems are observed in practice among countries with a broad minimum wage system, whether or not they have ratified Convention No. 131. Overall, African countries have established systems with either one single national rate (e.g. Cape Verde, Mauritania, Nigeria, Uganda), a distinct rate for the agricultural sector along with a rate for other sectors (Burkina Faso, Ivory Coast, Madagascar, Mali, Morocco, Senegal), or multiple rates varying by sector of activity, category of employment or geographical areas (Botswana, Kenya, Mozambique, Tanzania, Zambia).* By 2019, Convention No. 131 had been ratified by 54 member States, including by 13 countries since 2000.

* Whichever system is chosen, it is advised that the level of complexity be manageable in the context of the country concerned. Another challenge with complex systems is that the principle of equal pay for work of equal value should be respected: minimum wage systems should not violate the principles underlying the Equal Remuneration Convention, 1951 (No. 100), or the Discrimination (Employment and Occupation) Convention, 1958 (No. 111).

Tackling the gender pay gap through wage-setting institutions

When they are well designed and serve as an effective wage floor, minimum wages have been found to be effective in reducing gender pay gaps at the bottom of the wage distribution. To maximize the effect of minimum wages on gender pay gaps, it is necessary to ensure that minimum wages do not themselves discriminate, directly or indirectly, against women, for example by setting lower wage levels in sectors or occupations where women predominate, or even excluding female-dominated sectors or occupations from legal coverage. A case in point is domestic work, as most jobs in this sector are held by women.[16] In some countries, domestic work is excluded from the coverage of labour law because it is not considered to be "work". In other countries, domestic work may be covered by law, but minimum wages may apply at a rate much lower than that set for other workers.

In terms of wage-setting institutions, collective bargaining can also be an effective mechanism for closing gender pay gaps. For instance, research has shown that OECD countries where collective bargaining is weak and where the minimum wage is low or absent altogether have the highest gender wage gaps, while countries with strong collective bargaining coverage show evidence of smaller gender pay gaps (Rubery and Grimshaw, 2011).

Beyond the ability of collective bargaining to reduce wage disparities in general – including those between males' and females' pay – its impact on gender pay gaps could be explained by the fact that collective agreements may specifically aim at reducing them, for instance by focusing on recruitment practices and contractual arrangements; company-specific research on equal opportunities; pay increases for workers to close the gender pay gap; and gender-neutral job evaluations (Pillinger, Schmidt and Wintour, 2016). Considering that, for reasons presented above, the roots of gender differences in pay in Africa may go beyond occupational segregation and the clustering of women in specific job positions, the capacity of collective bargaining to address the various roots of the gender pay gap comprehensively recommends it as a policy choice.

[16] In 2010, the number of domestic workers in Africa was estimated to be 5.2 million, 73 per cent of whom were women (see ILO, 2013).

Thus, the adoption of legislation and policies to foster an inclusive bargaining framework, and the facilitation of collective negotiation targeting gender equality, can be key elements in maximizing the effects of collective bargaining on gender pay gaps. The coverage of collective bargaining can be strengthened either by administrative mechanisms that extend the terms and conditions of a collective agreement to all workers regardless of their union status and their employment relationship,[17] or by the voluntary extension by employers of the benefits to all workers regardless of their union status (extension *erga omnes*). On the other hand, the inclusion of women in union leaderships and collective bargaining teams is also likely to support the achievement of gender equality at work through collective bargaining, as many equality issues are included in collective agreements only when women participate directly in negotiations. For instance, in Kenya, trade unions have encouraged women to participate in collective bargaining in order to facilitate the introduction of women's issues into collective agreements (Shindondola-Mote and Kalusopa, 2015).

Establishing a legal environment conducive to the removal of the barriers to women in the world of work

African countries are making significant progress towards a general framework favourable to gender equality, encompassing the world of work. At the regional level, the Maputo protocol, signed in 2003 and coming into force in 2005, obliged State parties to eliminate all forms of discrimination against women and to ensure the protection of the rights of women (Article 3). The Charter on Human and Peoples' Rights also mandates the African Commission on Human and Peoples' Rights to draw inspiration from international law in its promotion and protection of human rights (Article 60). The Maputo protocol has been integrated into several constitutions and into national laws and policies (UN and AU, 2017). Guinea's constitution of 2010, for example, recognizes the principle of equality between men and women under the law, and mentions the Maputo protocol in its preamble. Sierra Leone also recently removed discriminatory clauses from a section of the 1991 constitution, and the 2014 Tunisian constitution stipulates that all citizens, male and female, have equal rights and duties and are equal before the law without any discrimination.[18] However, discriminatory legislation may still persist in a number of countries. Globally, in an attempt to ensure equal pay between men and women, a growing number of countries have adopted national legislation which prohibits lower pay for equal work, or for work of equal value.

One of the greatest barriers to gender equality in the labour market is the difficulty women face in reconciling work with family and personal life. In particular, interrupted working patterns can have a negative impact on women's earnings. Policies to address this difficulty can help in closing the gender pay gap. For example, efforts could be made to provide adequate maternity protection. A 2014 report from the ILO noted that legal provision for maternity leave covered only 18 per cent of women workers in Africa (Addati, Cassirer and Gilchrist, 2014). Measures aiming at improving the work–family balance, and preventing family burdens from falling exclusively on women, could also help mothers to improve their availability for work, as well as their productivity.[19] For example, Article 16 of the Southern Africa Development Community protocol on Gender and Development (2008) urged member States to "adopt policy measures to ease the burden of the multiple roles played by women"

[17] For example, in South Africa the Minister of Labour "may take into account the composition of the workforce in the sector, including the extent to which there are employees assigned to work by temporary employment services, employees employed on fixed term contracts, part-time employees or employees in other categories of non-standard employment" before extending an agreement.

[18] In the initial draft of the Tunisian constitution, the language suggested that women were "complementary" to men. This wording was not retained in the version that was adopted. See UNDP, 2018.

[19] A recent paper on Danish data (Gallen, 2018) points to a "gender productivity" gap of around 8 per cent, in which motherhood plays an important role.

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