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Policy Brief

The Wrong Indicator: How Africa
Measures Work And Misses
Poverty

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*In Madagascar, **83 per cent** of working-age adults have a job, one of the highest employment rates in Sub-Saharan Africa, yet **86 per cent** of them are still poor.*

Africa measures employment. Poverty emanates as a result of the work people do, how productive it is, and what income it generates. Development policy rewards the wrong outcome.

The *indicators* African governments celebrate are the employment rate, which says so little about compensation, stability, or a job's actual bearing on poverty. In this brief, we present that employment rates have become one of the least informative indicators in African development policy. Employment rate matters; the problem is that the indicators only measure the first link in a much longer chain.

This Is a Governance Problem

Indicators do not just describe reality; they shape how it is managed. When the employment rate is the headline statistic, government priorities shift in that direction. Rising employment rates are what a minister can announce at a press conference and take credit for. It is the statistics donor agencies write into project log frames, because it is easier to collect, and comparable across countries, as opposed to working poverty, which requires household-level surveys, which most systems do not run routinely. Employment rates shape how bureaucracies define programme success, often without regard to the income or quality of the jobs counted. This is partly a matter of political convenience: reporting that employment has risen is simpler than acknowledging that many of those jobs are low-paid, insecure, or lacking basic benefits.

None of these actors: governments, donors, bureaucracies, or politicians, has much incentive to reconsider what gets reported, since none benefits from changing the metric first. Public accountability follows the indicators institutions choose to report, not an independent assessment of whether those indicators capture real progress. Understanding why the employment rate can mislead requires tracing the chain through which work actually translates into poverty reduction.



Governments and donors tend to count only the first step: whether people are employed. Yet a job's effect on poverty depends on what follows: its productivity, the income it generates, and whether that income raises living standards. Across Sub-Saharan Africa, this chain frequently breaks before work translates into poverty reduction. The sections that follow examine each link in the chain.

The Evidence, Read Correctly

Across the 43 Sub-Saharan African countries for which both employment and working-poverty data are available, the relationship runs in an unexpected direction.

Countries with higher employment rates also tend to record higher levels of working poverty, not lower ones ($r = 0.41$, $p = 0.006$).

This does not mean that increasing employment causes poverty.

The analysis compares different countries at a single point in time; it does not track how poverty changes as employment rises or falls within individual countries. What the result shows is that the employment rate, on its own, is a poor proxy for economic well-being. In thirteen of the forty-three countries, both employment and working poverty exceed the sample average, precisely the pattern a simple "more jobs, less poverty" account would struggle to explain.

The ILO's 2026 assessment reaches a similar conclusion, noting that working poverty underlines that employment alone is no guarantee of economic security.ⁱ Part of the explanation lies in the structure of developing economies. Poorer countries have historically concentrated larger shares of their workforce in agriculture; as economies develop, labour tends to shift towards manufacturing and services, where productivity and earnings are generally higher.ⁱⁱ In much of Sub-Saharan Africa, relatively high employment rates therefore coexist with subsistence and low-productivity work. People are working, but the work often generates too little income to build savings, withstand economic shocks, or secure adequate social protection.

What "Employed" Actually Hides

This is the second link in the chain: the nature of the work itself. Two people can occupy the same box on a labour-force survey as "employed" while doing fundamentally different kinds of work. Across Sub-Saharan Africa, more than eight in ten workers are in informal employment, an arrangement without a written contract, a wage a bank would recognize, or any protection if a harvest fails.ⁱⁱⁱ

Picture two women waking at 5 a.m. One works on a family's plot, feeding her household from what she grows; the other packages cashews at an export-processing plant in Benin. Both wake at the same hour, both work full days, and both are counted identically as employed. But only one of them draws a wage, builds savings, or has anything resembling protection if the season goes bad. The employment rate makes no distinction between these two forms of work. That is the measurement gap this brief discusses.

Misclassified Labour: Why Women's Work Compounds the Chain

The nature-of-work link is not gender-neutral. Working poverty is highest where two conditions overlap: a heavily agricultural economy and high female labour force participation. Tested in a regression that controls for GDP per capita and both underlying factors individually, the interaction between female labour-force participation and agricultural employment share is marginally significant ($p = 0.08$). That result points to the two factors working together rather than either one driving the pattern alone. With only 43 countries in the sample, this result is suggestive, not conclusive, and warrants testing on a larger dataset.

This pattern has a name: the "feminisation of agriculture." In poor agricultural economies, women's labour is disproportionately concentrated in exactly the kind of work the previous section describes. Work performed on the family's own land, for the family's consumption. The

labour-force survey still records this as "employment" even though it rarely generates income that the household can save, invest, or pay school fees. Ethiopia illustrates the pattern.

*Women make up more than **50 per cent** of the agricultural labour force but contribute less than **30 per cent** of agricultural output.^{iv}*

They produce for the household, not the market, so their labour is misclassified by the same indicator meant to capture economic participation. Employment without adequate income is participation without empowerment.

The Paradox: How a High Employment Rate Produces High Poverty

Employment reduces poverty only when the work is productive enough to generate real income. This is a causal relationship, not a coincidence, and it originates on the farm. In agrarian economies, subsistence farming dominates as a source of employment — work performed for household consumption rather than market exchange. It is labour-intensive, but it generates little or no cash income, because nothing produced for consumption at home is sold for a price. With no cash income, there is nothing to save, nothing to borrow against, and nothing to reinvest in tools, seed, or skills. These are the specific inputs that raise productivity. People, therefore, remain employed and work hard. At the same time, poverty persists because the survey question ("Are you working?") and the poverty question ("Does that work pay?") are answered by two different facts. Working poverty measures the second fact; the employment rate measures only the first.

Three Countries, Three Positions on the Chain

The pattern is easiest to see country by country. These three cases, selected deliberately from the 43-country sample, show three distinct relationships between employment and income: one where employment translates into income, one where it does not, and one where the transformation is underway but incomplete.

Country	Employment	Working Poverty	Why
Benin	75%	18% (low)	Productive, export-linked agriculture, with food exports at about 40% of merchandise exports
Madagascar	83%	86% (high)	Subsistence agriculture dominates (69% of employment), and food exports are a comparatively small 30% of merchandise exports
Rwanda	56% (below median)	42% (a few points above predicted, 38.5%)	Structural transformation underway, but incomplete

Each case occupies a different position along the chain connecting employment to income. Benin shows high employment and relatively low working poverty in an economy where agriculture is comparatively market-linked. Côte d'Ivoire depicts the same pattern, with 66 per cent employment, 18 per cent working poverty, and food accounting for 47 per cent of merchandise exports.

Madagascar presents a contrasting case. Employment is comparably high, but working poverty is high too, in an economy where subsistence agriculture still dominates. Mozambique, Burundi and the Central African Republic land in the same quadrant, each combining above-average employment and working poverty with agricultural employment shares of 66 to 85 per cent.

Rwanda falls between the two. Its employment rate sits below the sample median, even though it has moved workers out of agriculture faster than most peers; its working poverty rate of 42 per cent sits only modestly above the 38.5 per cent that income alone would predict. Structural transformation is underway, in other words, but it has not yet closed the gap.

These three cases are suggestive rather than causal — 43 countries cannot establish that market linkage or diversification causes lower poverty. It supports the central argument: the development value of employment depends less on how many people work than on the nature and productivity of the work they do.

Market Access: An Open Question, Not a Confirmed One

Does producing for export rather than subsistence associate with lower poverty?

Using food exports as a share of merchandise exports as a rough proxy for market linkage, and controlling for income, the relationship is negative but not statistically significant under either a linear or logarithmic specification of GDP ($p = 0.32$ and $p = 0.12$, respectively).

Countries with greater export orientation are likely to record somewhat lower working poverty in this sample, but the evidence is not strong enough to establish a reliable relationship. With only 43 countries and a relatively crude country-level proxy for market linkage, this uncertainty is important rather than surprising. This is an absence of evidence, not evidence of absence. The analysis cannot confirm that market access matters, but it cannot rule it out either.

Household-level evidence provides stronger support for the proposed mechanism. A 2024 study of Malawi, Tanzania and Nigeria found higher poverty and food insecurity among subsistence farmers than among market-linked farmers, even after accounting for other household characteristics and using an instrumental-variable approach to address endogeneity.^y This more granular evidence suggests that market access remains a plausible mechanism linking the nature of work to household welfare, even though the country-level analysis here cannot confirm it.

What Should Change: Three Measures, Not One

Employment is an input, not an outcome; it should remain an important labour-market indicator. It is easy to collect, comparable across countries, and genuinely informative about how many people are working. But on its own, it rewards exactly the wrong thing: an economy can raise its employment rate simply by leaving people in unproductive subsistence work, and the number will rise while living standards do not. Three changes would fix this:

1. *Replace 'employment rate' with an 'Employment Quality Index'.
A single composite measure combining formality, income adequacy, and productivity would distinguish employment that merely occupies labour from employment that actually reduces poverty. Governments and development institutions have already built composite indices for far less consequential outcomes; a measure capturing the real quality and economic value of work is overdue.*
2. *Report the working poverty rate as a co-primary measure.
Working poverty should be reported alongside employment and unemployment as a headline indicator of labour-market performance, not treated as a supplementary statistic. The data infrastructure already exists. The ILO collects working-poverty data within its SDG monitoring framework. The real obstacle is not measurement; it is priority: which indicators governments and development institutions choose to foreground when assessing labour-market progress.*
3. *Track market integration as a third routine measure.
Policymakers should track the share of agricultural production that farmers sell rather than consume within their households, a more direct measure of market integration than broad national indicators such as agricultural exports. Routine collection of this measure would also let researchers test precisely how much stronger market participation raises incomes and lowers working poverty, a relationship the country-level data used in this analysis could not establish conclusively.*

These changes are practical to implement. Donors already attach reporting requirements to programme funding, and multilateral institutions routinely require baseline and outcome data on employment. Existing reporting frameworks could be expanded to capture employment quality, working poverty and market integration alongside headline employment figures. The underlying measures are collectable. The real challenge is institutional priority. Which indicators do governments, donors, and development institutions choose when defining and assessing labour-market success?

The Measure that Matters

How many people work matters less than how far that work raises household income above the poverty line. The woman tending her half-acre of maize before dawn may still appear, on paper, as an employment success. She works long hours and contributes directly to her household's survival, yet the work may generate little income, offer limited protection and create few opportunities for productive investment. Counting her as employed is statistically accurate. Treating that fact alone as evidence of development success is the error.

Until governments and development institutions distinguish between work that occupies labour and work that generates sufficient productivity and income, employment statistics will continue to tell only part of the development story. How many people work should matter less; international labour policy should focus on how work translates into income that a household can actually live on.

Caleb Munuhe [Lead] — MEL Associate, Foreign Africa
Elorm Mawuli-Kwawu[Contributor] — Head, Global Engagement, Foreign Africa

Analysis covers 43 Sub-Saharan African countries using ILOSTAT working poverty rates (SDG 1.1.1) and World Bank data, the most recent year available per country, 2016–2025. Because this pool's data spans a decade that includes the pandemic, results should be read as a snapshot, not a trend, and as association, not causation. The female labour force participation × agricultural employment share interaction discussed under "Misclassified Labour" was tested in a single regression controlling for GDP per capita and both main effects, with the interaction term

reaching $p = 0.08$; this model shows a high condition number, indicating multicollinearity among the three related variables, which is expected given how they are constructed and should temper confidence in the precise coefficient even where the direction is informative. The export-orientation test under "Market Access" was similarly run, controlling for GDP under both linear and logarithmic specifications, and neither reached significance, at $p = 0.32$ and $p = 0.12$, respectively, which should be read as a genuine null result at the country level rather than an unresolved question of specification.

ⁱ International Labour Organisation. (2026). *Employment and Social Trends 2026*. Geneva: International Labour Office.

ⁱⁱ Mensah, E., Owusu, S., Foster-McGregor, N., & Szirmai, A. (2023). Structural Change, Productivity Growth and Labour Market Turbulence in Sub-Saharan Africa. *Journal of African Economies*, 32(3), 175–208.

ⁱⁱⁱ International Labour Organisation. (2026). *Employment and Social Trends 2026*. Geneva: International Labour Office.

^{iv} Abdisa, T., Mehare, A., & Wakeyo, M. B. (2024). Analyzing gender gap in agricultural productivity: Evidence from Ethiopia. *Journal of Agriculture and Food Research*, 15, 100960.

^v Mgomezulu, W. R., Chitete, M. M. N., Maonga, B. B., Kachingwe, L., Phiri, H. H., Mambosasa, M., & Folias, L. (2024). Does shifting from subsistence to commercial farming improve household nutrition and poverty? Evidence from Malawi, Tanzania and Nigeria. *Research in Globalization*, 8, 100201.