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# UNDERSTANDING THE AFRICAN MIDDLE CLASS

FACTS AND FIGURES

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Working Paper N.8, April 2019

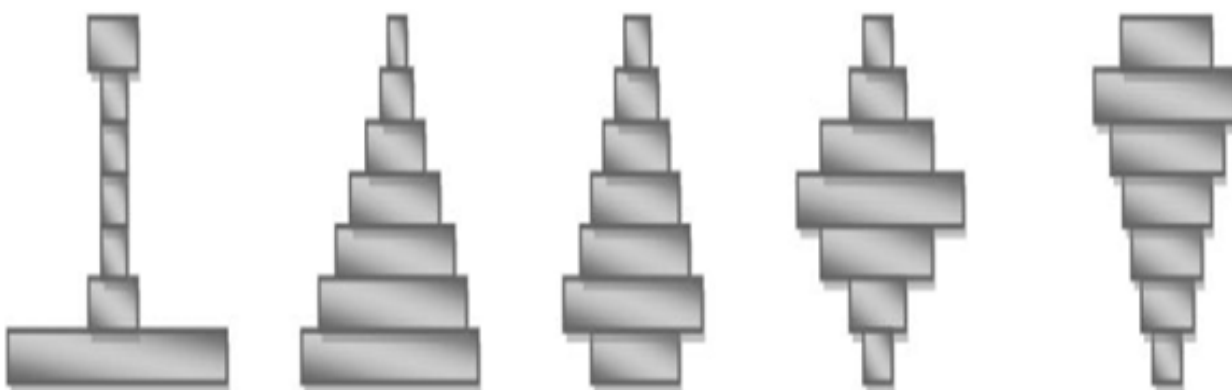
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Africa is the second most densely populated continent in the world after Asia, with a population of 1.2 billion people, approximately. The dynamism and the evolution of its population can be studied using demography which is a powerful economic indicator. Demography refers to the study of both quantitative and qualitative aspects of human population. Quantitative aspects include criteria like the composition, the density, the growth and the size of a particular population. Qualitative aspects is concerned with factors that cannot be easily quantified such as the level of education, the prevalence of crime and the repartition of wealth just to name but a few. Based on these aspects, it is possible for analysts to divide the population of a country into different social classes. For example, we have the rich class, the poor class, and the middle class. The latter refers to individuals and households which fall between the poor and the rich class, as suggested by those set of words. Therefore, having a good appraisal of the African middle class is relevant to international companies planning to expand their business in the continent. However, two questions remain undecided. Firstly, who can be categorized as middle class in Africa? Secondly, what is the weight of the middle class in the Africa's economy?

### 1. Meaning and Characteristics of the Middle Class

The definition of the term "middle class" is a matter of debate. A comprehensive and universally accepted definition of middle class is difficult to frame. For example, the "Western middle class" is defined as those who are not poor by the US standards since they can spent at least 12.48 dollars per day. Also, in the analysis of inequalities, international institutions use as main income inequality measure the ratio of the income share of the top 20 percent to that of the bottom 20 percent. In that perspective, the middle class may be referred to the remaining 60 percent. Moreover, a 2013 study of Ineta Zickute identified the position of middle class according to 5 types of society class distribution. The author used the charts below to describe what constitutes a middle class in each of these society.

**Figure 1: 5 types of society class distribution in the scientific literature.**



Source: Ineta Zickute, 2013.

The first chart refers to a society in which most people are low-income earners. It presents few rich individuals as well as few individuals belonging to the middle class population. As regards the second chart (pyramidal form), we observe that, some low-income earners have moved on to the middle class, although they remain relatively large in number. But, the rich individuals there are very few.

The population in the third chart has similar characteristics like that of the second chart but low-income earners are no longer large in number. The fourth chart has a diamond form, and represents a population where the middle class dominates. In other words, few individuals are low income earners in this society. Finally, the fifth chart refers to a society where the majority of the people are high income earners.

The above explanations do not provide us with a concrete definition of the term middle class using Africa's standards. That is why a number of surveys and reports have attempted to clarify that concept in Africa.

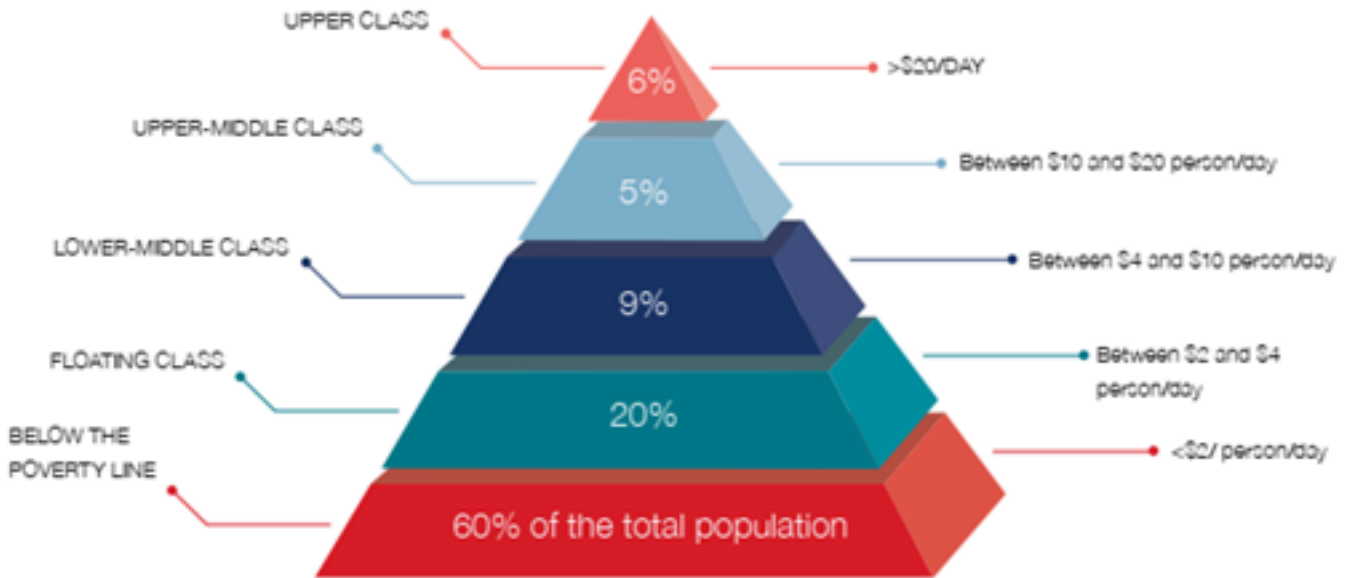
A first attempt came from the African Development Bank (2011) which defined middle class as those earning between 2 US dollars to 20 US dollars per day. This definition is income-oriented, using set of minimum and maximum income cut-offs as criteria. However, it does not take into consideration the differences among countries. In order to fill this gap, the Institut Français des Relations Internationales (Ifri) (2012) defined the African middle class based on three criteria: what they have (salary and property); what they are (social status); and what they do (practices). Based on these criteria, Ifri considered as middle class: the part of the African population which does not belong to the economic or cultural elite, but which nevertheless is gaining access to some security and consumption. But then again it was very difficult to capture the criteria "what middle class are" since the appraisal of such is very subjective. Finally, a recent joint survey from the UCT Unilever Institute of Strategic Marketing and IPSOS (2017) attempts to close the debate. The UCT-IPSOS survey team combined income indicators with educational level and professional status. According to the survey, the African middle class are employees, business owner or secondary school student (or higher), who earn between \$4 and \$70 per day.

## **2. The African Middle Class**

Following the 2017 UCT-IPSOS survey results, it is possible to divide the middle-class in Africa in three segments. The first segment is called the 'accomplished middle class' which represents 32% of the middle-class population. People in that category earn 19 dollars on average per day, they have access to the internet; and have a greater stability in employment and income. The second segment is made of people earning 15.70 dollars on average per day. They are called the 'comfortable middle class'. They have less than 27 years old, are single and they make 25% of the middle-class population. Finally, the third segment is made of 43% of the middle-class population. They are called the "vulnerable middle class". People under this segment have the highest debt level and the least-stable income.

The African middle class can also be divided into two groups instead of 3 as suggested in the 2011 AfDB report. The first group is referred to as lower-middle class and it constitutes 9% of the total population. The second group or the upper-middle class represents 5% of the total population. Thus, African middle class constitutes 14% of the total population. The graph below represents the African population with a pyramidal form. This corresponds to the second type of society mentioned in section 1.

**Figure 2: African society classes according to income earned per day (AfDB)**



Source: IPSOS, 2018.

In terms of numbers, the February 2018 IPSOS VIEWS estimates that there are over 100 million middle class people in Sub-Saharan Africa (excluding South Africa). They represent a total spending power of more than 400 million US dollars per day. This is not the case of the 2012 Ifri survey and the 2011 AfDB report both estimating the number of middle class in Africa between 300 and 500 million people. However, the 2017 UCT-IPSOS survey has the merit to have ranked African cities according to their middle class population. Based on its findings, Lagos (Nigeria) has the highest number of middle class people (21 million). It is followed by Luanda (Angola) with 6.5 million. Abidjan (Ivory Coast) is third with 4.7 million. Addis Ababa (Ethiopia) is fourth with a total middle class people estimated to be 4.6 million. At the fifth position we have Dar Es Salam (Tanzania) with 4.4 million. Kano (Nigeria) and Nairobi (Kenya) are respectively sixth and seventh with a total of 3.3 million each. Lusaka in Zambia with 2.5 million is at the eight-position whereas Douala (Cameroon) with 2.4 million occupies the ninth position. The tenth city is Accra (Ghana) with 2.3 million middle class people.

To sum up, the African population is no longer made up of a small wealthy minority and a large majority living under the poverty line. The latter are 40% in Cameroon for example. An intermediary group, referred to as the middle class is beginning to emerge. Two definitions of middle class are relevant in Africa: that of the AfDB, and the definition of the University of Cape Town & IPSOS. The first definition focuses on the average income earned per day whereas the second covers income plus some aspects related to human capital such as the level of education, among other things. The African middle class purchasing power represents a huge opportunity for businesses i.e., 400 million US dollars or more per day of total spending. However, people in the lower-middle class or in the vulnerable middle class are exposed to the poverty trap if inadequate public policies that fail to address their debt problem are implemented. Therefore, policies that promote free market, limited government and the rule of laws will allow them to flourish and to create economic prosperity.

## USEFUL LINKS

<http://worldpopulationreview.com/countries/countries-in-africa/>



<https://www.irp.wisc.edu/resources/what-are-poverty-thresholds-and-poverty-guidelines/>

[https://www.researchgate.net/publication/276046687\\_SOCIAL\\_CLASS\\_STRUCTURE\\_IN\\_THE\\_BALTIC\\_COUNTRIES](https://www.researchgate.net/publication/276046687_SOCIAL_CLASS_STRUCTURE_IN_THE_BALTIC_COUNTRIES)

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<http://www.unileverinstitute.uct.ac.za/uui/research/subsaharan-middleclass>



**D'POLA K. ULRICH (2019), "UNDERSTANDING THE AFRICAN MIDDLE CLASS: FACTS AND FIGURES", WORKING PAPER N.8; APRIL 2019; AVAILABLE AT: <HTTPS://ULRICHDPOLA.WORDPRESS.COM/2019/05/06/UNDERSTANDING-THE-AFRICAN-MIDDLE-CLASS-FACTS-AND-FIGURES/>**