



## Improving the Labor Supply of the Poorest Workers in Sub-Saharan Africa<sup>1</sup>

Labor supply in Sub-Saharan Africa, like many economic and social issues, is often discussed as though the entire subcontinent faced essentially similar overwhelming and intractable problems. This pessimistic and overgeneralized perspective has almost no policy relevance. While overly broad policy recommendations for the labor market are dangerous, there are certain similarities in the characteristics of the most disadvantaged labor market entrants in many Sub-Saharan African economies. The aim of the analysis is to begin to isolate the policies that might be most relevant for these disadvantaged entrants, if donors and governments wish to reallocate resources to improve prospects for the poorest Africans.

There are several important impediments to the entry of poor people into the forms of wage employment on which they are most dependent. Some of these impediments can be lowered by appropriate investments in transport, communications, and money transmission facilities. Others, including gender discrimination and the political and institutional factors reducing the bargaining power of wage workers, will be overcome only by less familiar policy initiatives, including legislation and investment to protect the workplace rights of “illegal” migrants and expenditures to improve workers’ organizational capacity. Less controversially, targeted interventions are needed that increase both effective demand for rural schooling and its supply.

### Data on labor supply—findings and shortcomings

A large number of countries in the region have no reliable information on labor supply. Moreover, the

data on countries that are covered by labor force surveys and population censuses are often based on estimates and projections that rely on guesstimates about population dynamics and the distribution of the labor force by sector, occupation, and status. In addition, there is remarkably little good quality information to enable accurate monitoring of national HIV prevalence rates. The intersection of inadequate HIV data collection and widespread shortcomings in broader demographic data limits the ability of policymakers to understand and respond to labor supply issues.

Nonetheless, it has been possible to piece together a coherent analytical story about the quantity dimension of labor supply in Sub-Saharan Africa. The overriding theme that emerges is the striking inequalities in labor supply characteristics, both between countries and, in some ways even more important, within countries.

The sample of countries analyzed accounts for about 87 percent of the estimated population of Sub-Saharan Africa. Population size and projected population growth rates vary enormously. The age structure of the population, and so the proportion of the population of working age, also vary significantly. In 2000 the estimated median age varied from 15.1 years in Uganda to 22.6 years in South Africa. While only 12 percent of Uganda’s population was urban in 2003,

<sup>1</sup> This note is based on a research paper, *Unequal Prospects: Disparities in the Quantity and Quality of Labor Supply in Sub-Saharan Africa*, by John Sender, University of London, School of Oriental and African Studies, Center for Development Policy Research, January 2005.

62 percent of Mauritania's was; and the urban population is projected to grow more rapidly in some countries (Kenya, Malawi, Mozambique, and Tanzania) than in others (Côte d'Ivoire, South Africa, and Zambia).

HIV/AIDS will continue to have a profound, though varying, effect on many African countries. Young women are estimated to be twice as likely as young men to be living with HIV/AIDS throughout Sub-Saharan Africa, and three times as likely in South Africa. Especially where HIV prevalence is very high, the implications are complex not just for the age composition of the female labor force but also for the quantity and quality of labor supplies across generations. Meanwhile, it is difficult with available data to accurately assess and predict the impact of HIV/AIDS on child labor supplies. It is also difficult to extract this impact from the varying "background" child mortality rates for children without HIV/AIDS.

There are also dramatic differences across countries in the proportion and absolute numbers of child orphans. In most Sub-Saharan African countries a high proportion (about half) of all orphans are ages 10–14. Orphaned children, on average, live in poorer households than other children and are more likely to live in households headed by women or less well educated men. Orphans living in poor households are likely to receive significantly less education than other children. When they enter the labor market, their lack of basic literacy and numeracy will confine them to poorly remunerated segments of the market. Currently, about 90 percent of orphans are of school-going age, and there is a strong case for urgent policy initiatives aimed at keeping all orphans, particularly those living in the poorest households, in school.

The proportion of children who work as a percentage of the age cohort seems to vary considerably across countries, which suggests some scope for government policies to reduce the incidence of child labor. The proportion of young people in the working age population of all Sub-Saharan African countries is relatively high compared with that in other developing regions. Education policies that focus on reducing primary school dropout rates and increasing the transition from lower to higher levels of education may be effective in counteracting the

effect of the relatively slow decline in fertility rates in Sub-Saharan Africa.

## Grave inequalities affect the quality of labor supplies

Underpinning prospects for the quality of the labor supply in Sub-Saharan Africa are extraordinary inequalities in life expectancy, education, and health. These inequalities have direct implications for policy. Inequalities in the distribution of education, health, and other services within and across countries mean that the labor supplies in some regions and some households have very different capacities to work productively. Differences in life expectancy and in the gender gap in life expectancy across countries are great. The range of female life expectancy, already striking, is projected to increase so that, for example, it is likely to be some 33 years longer in Ghana than in Swaziland by 2015.

The differential impact of HIV/AIDS obviously partly accounts for this trend, but other factors also help to explain it. Female illiteracy, which is particularly high in countries like Ethiopia, Mauritania, Mozambique, and Senegal, is an important constraint on the quality of the future labor supply, given the association of female illiteracy with high risks of child undernutrition, illness, and inadequate schooling. Levels of undernutrition, affecting health, schooling, and later productivity, also vary across countries. In Ethiopia more than half of children under five suffer from stunting, compared with a quarter or less in Ghana, Senegal, and South Africa. And while under-five mortality rates differ in Sub-Saharan African countries, some countries have sharply reduced this rate in recent years while others have experienced increases, suggesting that there is room for policy to make a difference.

## Labor mobility—constraints and opportunities for poverty reduction

Constraints on labor mobility restrict the growth of labor productivity and efforts to reduce poverty. The circulation of people within and between African countries as well as between Africa and the rest of the world is massive and uneven. Population movements can fluctuate quite suddenly, as in the surge

in migration within and from Darfur in Sudan, and also change more gradually through shifting spatial patterns of mobility and changes in the characteristics of movement—who is moving, from where to where, what for, and how. There is little knowledge about the quantitative dimensions of overall labor force circulation, and the labor market implications of this population circulation are especially poorly understood.

There is a tension between this immense circulation of people and the weak provision of transport infrastructure. This means that the conditions and costs of mobility can be very high and that migration is often undertaken only in extreme stress. It also means that despite the remarkable mobility of Africans, there are gaps in the links between people and productive opportunities in many parts of the continent. Another implication is that huge mobility is combined with excess stability. For example, collective violence can both project people into accelerated or unwanted mobility and reinforce isolation in areas with low productive potential.

Two of the most important mechanisms regulating flows of people and this tension between mobility and weak infrastructure, information, and communication are coercion and social differentiation. Violence includes not only large-scale political violence but also the coercive mechanisms that lie behind much human trafficking, forging important links between population mobility and labor force participation. There are also other patterns of coerced and so-called voluntary migration, motivated and mediated by factors such as divorce, infrastructure links, information networks, and semi-institutionalized practices of *corvée* labor. Economic models of individuals making rational “choices” about migration destinations have not proved very effective for analyzing empirical migration data in Sub-Saharan Africa. The other main mechanism regulating population flows is social differentiation. Most Africans who migrate voluntarily are able to do so because they have advantages compared with others: in wealth, knowledge, status, and contacts.

The extreme unevenness of infrastructure provision as well as its generally poor provision throughout much of Sub-Saharan Africa reinforce the significance of these two mechanisms in shaping patterns

of mobility and labor market participation. Further, for those left behind the condition of the infrastructure, especially in rural areas, raises the costs of education, health care, access to savings institutions, and access to opportunities for migration.

There are many pressures on political leaders to impose further barriers to mobility. These are commonly driven by ideological anxieties about population movements, fears about the effects on sending communities of outmigration or brain drain, and fears of people in host populations about a rising tide of migrants unfairly competing with local workers. On both efficiency and equity grounds there should ideally be no barriers designed to restrict population movement within Sub-Saharan Africa or from Africa to the rest of the world. Administrative impediments are expensive to run and ineffective. Those with the wherewithal generally succeed in migrating, so that adding legal barriers to those that already exist is likely only to reinforce inequalities in the labor force and to deepen poverty.

## Where to focus policy attention

The main influences on labor quality are the capacities to educate and improve the health and skills of the next generation of workers. Expenditures and incentives need to be shifted to encourage higher education and more effective recruitment of teachers to poor rural areas. Other policy interventions may also improve the poorest children’s access to education: payments to mothers conditional on their children’s school attendance, providing free school meals for poor children and orphans, and abolishing uniforms and user fees.

Donor and government spending also needs to be redirected to achieve a higher density of health workers. Health delivery systems need to focus more on rural, preventive facilities staffed by community nurses and other auxiliary health workers (who are less likely to emigrate than more professionally trained health workers) and less on curative facilities in relatively well off areas.

There is no evidence that technical and vocational education, training, and skills programs have been effective in enhancing basic labor market skills.

Their objectives may be more effectively and progressively met by investing in basic literacy and numeracy and by enhancing all workers' capacities to negotiate with employers and to press for improved in-service training.

Policies need to prioritize the bottom 20 percent of each country's rural population, which can be identified using robust and readily available asset or welfare indicators. Designing appropriate, country-specific policies will also require improved survey data and methods.

For integrating migrants into labor markets, the aim of policy should be to improve communications and transport infrastructure dramatically and to encourage institutional and policy reforms that recognize and record migrant laborers as a foundation for protecting them from abusive working relationships. Such an approach would facilitate the circulation of remittance money within families; make more people easier to reach with vaccination programs, HIV/AIDS testing and prevention campaigns, and other health and education services; and reduce the

scope for violent and exploitative intermediaries to fill the gap in aiding mobility. There is also an urgent need to develop new policies and new types of temporary immigrant worker programs that more actively promote the interests of migrant workers by defining and enforcing certain core rights of migrant workers.

Improving the conditions affecting labor supply among people in the poorest 20 percent of the population means encouraging growth in sectors that are intensive in the use of unskilled, particularly female, labor. It is also important to increase the organizational and bargaining capacity of workers in these and other sectors, because there is no automatic mechanism smoothly linking employment expansion to poverty reduction. Concentrating on those sectors (and geographic areas) will make it easier, with scarce resources and fiscal constraints, to make progress with the other policy recommendations, including the construction and maintenance of health facilities, the recruitment and motivation of primary school teachers, and the improvement of transport and communication infrastructure.

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