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The Scramble for Africans: Demography, Globalisation and Africa's Informal Labour Markets

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ABSTRACT *Images of an 'African Boom' have presented us with labour markets full of dynamic potential: a declining dependency ratio; low levels of unemployment; and a vibrant middle class. This buoyant view of African labour markets conceals a less encouraging reality of catastrophic youth unemployment and expanding informality. How has the continent known for the world's highest share of informal labour become a beacon of prosperity? This article will explore the reality beneath the outbreak of informal economic optimism, and consider why African labour markets are being painted in such rosy colours.*

Introduction

The resurgence of growth in African economies since the early 2000s, coupled with leaner prospects in OECD countries and rising competition from Asia, has encouraged investors and development experts to look at Africa with new eyes. Dubbed the 'hopeless continent' by the Economist (2000, p. 17) at the turn of the millennium, Africa is now seen as a cornucopia of wealth, entrepreneurial energy and consumer demand (The Economist, 2011). Investment possibilities have expanded beyond the traditional focus on natural resources to wider interests in the development of infrastructure, industry, services, and a new focus on the quality and quantity of African labour. Africa's young and growing labour force, not so long ago associated with a 'coming anarchy' of 'scarcity, crime, overpopulation, tribalism and disease' (Kaplan, 1994), is increasingly viewed in a more constructive light by development agencies as well as investors.

In particular, two aspects of African labour markets previously regarded as a sign of economic failure are now celebrated as resources for development. These are Africa's rapid population growth and her large informal economies. Sub-Saharan Africa has the highest rate of population growth in the world, at double the global average of 1.1 per cent per annum, putting heavy strains on per capita economic growth rates (Ranis & Gollin, 2013, p. 19). But warnings about overpopulation and the threat of environmental degradation have given way to talk of a 'demographic dividend' (Garcia & Fares, 2008). Similarly, Africa is home to a vast informal economy and hosts the world highest vulnerable employment rate, estimated at 77.4 per cent (ILO, 2014, p. 68). Attitudes to these realities have shifted from alarm to enthusiasm, as the informal economy is hailed as a source of entrepreneurship and job creation for Africa's expanding population (African Economic Outlook, 2012; Jütting and de Laiglesia, 2009).[1]

Reassessing African growth prospects through the lens of the 'African Boom' has highlighted new possibilities, but it also seems to be glossing over important realities. Buoyant views of African labour markets conceal more worrying realities of catastrophic youth unemployment, expanding informality and a rising tide of vulnerable and increasingly disaffected labour, creating a 'youth bulge' that seems

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more of a threat than an opportunity (Cincotta, 2010; DIAL, 2007; Eastwood & Lipton, 2011). How can Africa's rapidly expanding population cope with the contemporary realities of 'jobless growth'? How does the continent with the largest share of informal labour in the world become a beacon of prosperity? Whose prosperity are these optimistic analyses talking about? Current discussions about how best to unlock the dynamic potential of African labour markets have encouraged a focus on linkages with international business and global value chains (GVCs) to foster more inclusive arrangements for job creation and economic development. Questions need to be raised about whether enthusiasm for greater integration of African labour markets into global production and distribution structures heralds a welcome movement away from decades of global economic marginalisation, or represents a new turn in the 'adverse incorporation' (Hickey & du Toit, 2007) of African labour into the global economy.

This article will explore the reality beneath the increasingly optimistic assessments of African labour markets, and consider whether we are being urged to look at African labour markets through rose-coloured glasses. The analysis will begin with a consideration of how rapid population growth and expanding informal economies have been transformed from problems into resources. The next section will consider current efforts to link African informal labour markets into the global economy, with a view to addressing lack of labour demand, and raising informal incomes and productivity. This will be followed by two sections that examine more worrying trends beneath this rosy picture of informal employment as an engine of growth. The first will focus on the misreading of African demographic trends that obscures the realities of a stalled fertility transition, rising dependency, and a growing demographic liability rather than a demographic dividend. The second will zero in on informal labour market dynamics, which show that formal sector linkages with informal labour have been more closely associated with the intensification of vulnerable employment rather than with rising incomes. The main argument is that the twists in global economic integration that have redefined African informal labour markets as a resource have tended to encourage economic strategies more geared to the extraction of value than a redistribution of benefits to African economies or African workers.

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Turning Problems into Resources

Africa's economic resurgence has yielded a decade of buoyant growth rates, averaging 5 per cent per annum across the continent since 2004 (International Monetary Fund, 2012). However, encouraging growth rates have been confronted with a catastrophic rise in youth unemployment. Youth unemployment rates are double adult unemployment across most of the continent, rising to 38 per cent in Nigeria and just under 52 per cent in South Africa (National Bureau of Statistics, 2011, p. 10; World Bank, 2014). This has drawn attention to the problem of 'jobless growth' plaguing Africa's fast-growing economies, and closing down opportunities for new entrants to the labour market. Part of the problem lies with the notoriously low employment-generating capacity of natural resource extraction, on which many African economies are heavily dependent. The faltering progress of economic diversification (some may say deindustrialisation), and the closing of the land frontier in many African countries has exacerbated pressures on employment. To compound the problem, most African countries face a population tsunami, which puts an estimated 8 million new entrants into the job market every year (World Development Report, 2013, p. 48).

Yet, the rapidly expanding policy literature on youth unemployment is representing Africa's young and growing labour force, not as a problem, but as a resource. A number of sources have argued that, with the right policies, African countries can turn their burgeoning youth population into an engine of growth (Garcia & Fares, 2008, p. xxvi; Ranis & Gollin, 2013). A recent report by the African Development Bank (2013, p. 1) claims that, 'Demographic trends are thus likely to provide an opportunity to reduce poverty and yield a demographic dividend that will lead to economic success as it did in the Asian emerging markets: as much as one-third of East Asia's economic "miracle" is attributed to demographic change.' Similarly, a report on African youth employment by the Ibrahim Forum (2012, p. 1) represents Africa's growing population as an asset for development: 'Africa is the

only continent with a significantly growing youth population. In less than three generations, 41% of the world's youth will be African. By 2035, Africa's labour force will be larger than China's. How do we ensure that Africa benefits from this imminent demographic dividend?' Africa's expanding youth population is described as a 'precious resource', 'the most abundant asset the region has or will have in the near future' (Garcia & Fares, 2008, p. xxvi; Ibrahim Forum, 2012, p. 1). The core issue is how to turn this asset into a source of economic growth, rather than allowing it to become a source of instability.

A critical dimension of the policy mix recommended to reap this 'demographic dividend' involves supporting self-employment in the informal economy, and linking informal labour markets with formal sector firms and the global economy in order to increase demand for labour and access to resources and technology (African Economic Outlook, 2012; Garcia & Fares, 2008; Ranis & Gollin, 2013). This represents a reversal of long-standing concerns that an expanding informal economy represents a 'drag on growth'. Growing awareness of the astonishing size of informal economies across Africa since the turn of the millennium was initially greeted with alarm and embarrassment. The ILO's 2002 report on Decent Work revealed that African economies are the most informalised in the world, with 72 per cent of the non-agricultural labour force working outside the formal economy. As recently as 2009, a joint report on informal employment by the WTO and the ILO contended that expanding informal economies 'have prevented developing countries from fully benefiting from the dynamics of globalization' (Bacchetta, Ernst, & Bustamante, 2009, p. 9). The authors maintain that large informal economies reduce productivity, undermine export diversification, and weaken resilience to economic shocks, costing countries up to two percentage points in average growth rates.

Yet, new trends in the policy community are reconsidering whether the informal economy is a drag on productivity or a potential engine of growth. In a challenging new take on informality in developing countries, Jütting and de Laiglesia (2009, p. 17) note that, under some conditions, expanding informal economies can undermine growth, but 'informal employment is sometimes seen as … an engine of growth … informal employment growth since the early 1990s has been the main driving force of job creation in China and is seen as extremely flexible, dynamic and innovative'. The recent World Development Report (2013, p. xiii) emphasises the developmental role of all forms of employment, informal as well as formal: 'Critically, these jobs are not only found in the formal sector; depending on the country context, informal jobs can also be transformational.' Focusing more specifically on the African context, the African Economic Outlook (2012, p. 30) report, *Promoting Youth Employment*, asserts that 'The informal sector, long seen as a problem, is turning out to contain entrepreneurial talent that can foster job creation if adequately enabled by government policies.'

Reaping the Growth Potential of Africa's Informal Labour Markets

Worries about the threats posed by 'jobless growth', which have abandoned the bulk of Africa's expanding youth population to seek their livelihood in the burgeoning informal economy, have been turned around by a shift of focus from supply-side problems of excessive population growth and inadequate skills, to demand-side solutions emphasizing more creative approaches to employment generation. As the World Development Report on Jobs (2013, p. 18) points out, 'Many of these countries have large youth bulges, which can put downward pressure on employment and earnings. … On closer inspection, the problem is often more on the demand side than the supply side.' The African Economic Outlook Report on Youth Unemployment (2012, pp. 26–27) concurs that 'Lack of demand for labour is the biggest obstacle to youth employment in African labour markets; supply factors are important too but less so.' This is substantiated by a survey of 37 African countries, where lack of labour demand is cited as the most important barrier to youth employment, far outweighing skills problems, information or regulatory obstacles. A growing literature on youth unemployment in Africa now argues that what is needed is greater integration of Africa's expanding informal labour markets into local and global value chains in order to increase demand and income opportunities for the vast stores of under-employed labour building up in African economies (Ranis & Gollin, 2013, pp. 99–100;

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WDR, 2013, p. 76). Far from becoming functionally irrelevant to the global economy as James Ferguson's (2015) suggests, African workers are increasingly viewed as a potential solution to the need for a plentiful supply of cheap labour in the ageing societies of OECD and East Asian countries (Eberstadt, 2010).

A closer look at factors driving the explosive growth in China and India tend to reinforce the notion that linking informal labour markets into formal and international labour demand offers a mechanism for addressing unemployment while increasing competitiveness. Jütting et al. (2008) celebrate the ability of China to harness the flexibility and low cost of informal labour to improve the competitiveness of Chinese exports, turning informal economies from a drag on growth into an engine of growth. They note that:

> informal labour markets in China are subject to competitive forces, more so than the formal labour markets … In China, the development of informal employment is a somewhat recent phenomenon related to the surge in the demand for labour in the booming parts of the country. It is thereby also quite closely linked to migration and the informal sector is quite integrated into the economy acting as a huge labour reservoir. (Jütting et al., 2008, p. 32)

Similarly, Siggel (2010) and Marjit and Maiti (2006) contend that linkages between formal firms and informal labour markets in India, particularly in manufacturing and services, can increase productivity and incomes in both the formal and informal sectors, and improve global competitiveness. While expanding Chinese and Indian informal economies continue to generate alarm in some quarters (Breman, 1996; Cook, 2008; Harriss-White & Gooptu, 2001), others have come to regard them as innovative models of how to harness informal economies for development (Jütting, Parlevliet, & Xenogiani 2008; Siggel, 2010).

This more favourable attitude to informal economies has been accompanied by growing interest in how to create effective linkages between formal sector firms and informal labour markets. This is particularly evident in the literature on 'inclusive markets' or 'bottom of the pyramid' approaches, which start from the premise that large informal economies constitute both valuable untapped consumer markets, and useful sources of low-cost labour and organisational infrastructure. Commentators on inclusive markets highlight the importance of building up a 'new business infrastructure' of social networks, NGOs, social enterprises and labour brokers to connect formal businesses to the consumer and labour resources of the informal economy in a cost effective manner (London & Hart, 2011; UNDP, 2008; Webb, Kistruck, Ireland, & Ketchen, 2010). The UNDP (2008, p. 21) report, 'Creating Value for All', represents informal economic systems as an important source of value creation in low income markets: 'informal rules can make inclusive business models viable … by supplying an infrastructure of savings, credit or institutional mechanisms. Business can count on these communal processes to fill gaps in the markets of the poor'.

Yet, gaining access to the networks and institutions of informal actors is constrained by problems of poor infrastructure, extreme social fragmentation, and lack of formal regulations – referred to by Webb et al. (2010) as 'formal institutional voids'. Within this context, formal sector and international firms require the assistance of intermediary organisations to bridge the institutional distance between the formal and the informal economies. As Webb et al. (2010, p. 567) note:

> Through alliances with NGOs, MNEs can access the resources needed to overcome their own weaknesses and reduce the risks resulting from formal institutional voids. …NGOs understand both the institutions within which the MNEs developed and the institutions of the local context. While perhaps not necessarily internalizing either context's institutions fully, NGOs can appeal to both sides' needs, as well as serve as an 'honest broker' to provide legitimacy and trust to both.

In addition to NGOs, a range of other types of intermediary organisations facilitate linkages between formal firms and the informal economy, including microfranchising arrangements, labour brokers and social enterprises (Christiansen, Parsons, & Fairbourne, 2006; Henriques & Herr, 2008; London & Hart,

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2011). Microfranchising involves the linkage of multinational firms into distributive networks of informal operators, as evidenced by the rise of Coca-cola kiosks, mobile phone card distributors and ice-cream cycles across the cities of the developing world (Dolan & Roll, 2013). This is seen to provide jobs through nominal self-employment for less entrepreneurial informal operators, while giving them access to credit, ready-made business models, brand recognition and vicarious legal standing through association with the formal sector parent firm. However, studies of microfranchising emphasise the need for intermediaries, such as NGOs or local government, to manage links between parent firms and informal distributors (Henriques & Herr, 2008). Similarly, social enterprises are also coming into play as important intermediaries in microretailing or the outsourcing of simple IT tasks to informal workers in slums and other difficult to serve areas of Africa (Kistruck, Beamish, Qureshi, & Sutter, 2013; Sheth, 2013; Van Rensburg, Veldsman, & Jenkins, 2008). Through the activities of social enterprises, unemployed women and youth in rural as well as urban areas are linked to the labour needs of multinational corporations such as Unilever, Amazon and Google without the complexities and cost of formal employment relationships.

Labour brokers offer another model for linking formal sector labour demand to informal sector labour supply (Barrientos, 2011; Theron, 2005). Also known as labour contractors or temporary employment agencies, these are private sector firms that match employment demand and supply, often operating across the formal–informal divide in developing countries. The WDR on Jobs (2013, p. 48) notes 'a sharp rise' in the number of temporary employment services and labour brokers in some parts of Africa, and points out that they now facilitate outsourcing of service as well as manufacturing work, and of unskilled as well as skilled work, linking informal workers into the global economy:

> Transnational companies have built integrated value chains and can tap into national skill pools around the world... Technology itself is changing the way workers and firms connect, through their access to much larger, even global marketplaces for employment. Some of these marketplaces operate through the Internet; others use mobile phone technology. These changes are affecting workers in developing countries and not just those in high-skilled occupations. (World Development Report, 2013, p. 55)

In South Africa, labour brokers have tripled in number between 1995 and 2002, and provide 6.8 per cent of total employment in the country (Kotze, 2011). They are also expanding in Namibia, and beginning to gain a foothold in other parts of Southern and Eastern Africa, though their growth has been accompanied by growing concerns about their negative impact on labour and social welfare (Theron, 2005).

These various hybrid formations for linking markets across the formal–informal divide allow international firms to tap into African informal economies to access labour and consumer markets, and to unlock the resources of African informal economies for growth. This has fundamentally altered perspectives on the expansion of informal labour in Africa. Instead of regarding rapid population growth, weak employment capacity and expanding informal economies as a threat to economic development and social stability, they are now associated with a demographic dividend and new approaches to productive labour absorption. These developments raise two fundamental questions: Does linking African informal economies into the global economy turn population growth into a demographic dividend? And if so, who is likely to reap it?

Demographic Misunderstandings

Understanding Africa's potential to reap a demographic dividend from current trajectories in population growth requires a closer look at basic demographic realities on the continent. Garcia and Fares (2008) observe that 'By 2010 youth will account for 28 per cent of the population, making Sub-Saharan Africa the "youngest" region in the world. ... With good policies and institutions in place, the potential to reap a dividend from a larger, younger work force with fewer dependents is great.' Yet,

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references across the literature to enthusiastic expectations of an African demographic dividend misrepresent the demographic realities across much of sub-Saharan Africa. In particular, they gloss over the evidence that many African countries are suffering from a stalled fertility transition, which fundamentally alters the prospects of a demographic dividend, and has very different implications for growth.

To clarify, a demographic transition refers to a shift from high birth and death rates associated with poor countries, to low birth and death rates associated with higher levels of development. The 'youth bulge' created in stage three of the standard demographic transition model yields a large working-age population with a reduced level of young and elderly dependents. The resulting swell in productivity and savings arising from this situation is known as the demographic dividend, and provides a potentially valuable boost to productive development (Caldwell, 1986; Dreze & Sen, 2002). However, this can only occur with a significant decline in fertility rates and productive employment to absorb the working age population. Unless there is a decline in fertility to narrow the base of the population profile, there can be no 'youth bulge'; there is only a youth stratum atop an even larger population of children, yielding the triangular population profile typical of low-income countries.

In the case of sub-Saharan Africa, rosy assessments of Africa's demographic future rely on UN population projections while ignoring important changes in Africa's current demographic realities. A number of studies have noted that recent UN projections have over-estimated trends in African fertility decline owing to a failure to recognise that Africa's demographic transition has 'stalled' since the 1990s (Bongaarts, 2008; Bongaarts & Casterline, 2012; Eastwood & Lipton, 2011; Shapiro & Gebreselassie, 2008). UN population projections base their predictions on a country's past total fertility rate fitted into standardised global trajectories of fertility decline. This tends to gloss over recent deviations in the path of fertility decline owing to country- or region-specific factors. As Eastwood and Lipton (2011, p. 14) explain: 'If these [determinants of future fertility rates] are worse, or slower-improving, than the global norm, the UN model will project implausibly rapid accelerations of that country's fertility decline.' In the case of many African countries, the HIV/AIDS pandemic coupled with the high social cost of market reforms during the 1980s and 1990s have led to significant reversals in key drivers of the fertility transition, raising concerns about the accuracy of existing population projections. The problem is not the soundness of existing UN population data – indeed, UN population data have been used to demonstrate that the demographic transition in many Africa countries has stalled. The fault lies in the over-reliance of policy-makers on population projections despite anomalies in the actual data, and uncritical aggregation of demographic trends across Africa.

The possibility that Africa's demographic transition was not proceeding as expected was raised in 2008 in a seminal paper by John Bongaarts (2008). Using panel data from demographic and health surveys (DHS), Bongaarts points out that two-thirds of sub-Saharan African countries on which there are data (15 out of 22) have experienced no significant decline in fertility since the 1990s. He attributes this to reversals in socio-economic development during the 1990s, and to the low priority accorded to family planning programmes in recent years. Eastwood and Lipton (2011, p. 17) argue that falling infant and child mortality rates are key drivers of declining fertility rates, and note that these have stalled or even reversed in a number of African countries, particularly in West and Central Africa. In fact, they point out that of 17 African countries with two demographic and health surveys between 1990 and 2000, infant mortality rates actually rose in nine of them.

Optimistic interpretations of Africa's demographic transition are exacerbated by the tendency to aggregate population growth rates across sub-Saharan Africa. In fact, trajectories of fertility decline vary considerably across African subregions. The total fertility rate (TFR) in Southern Africa, estimated at 2.6 children per woman in 2005–2010, is about half the level in East, Central and West Africa, estimated at 4.7, 5.2 and 5.2 children per woman, respectively (African Development Bank, 2013, p. 7; Bongaarts & Casterline, 2012, p. 162; Marsden, 2013). Moreover, Marsden (2013) points out that the West and Central African countries, where political and economic instability are more pronounced, have a higher share of stalled transitions. Averaging fertility rates across the whole of

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Africa give an impression of moderate decline, glossing over evidence of serious deviations from this path in many African countries.

Analysts contend that the stalling of the demographic transition is a result of declining GDP during the 1990s, along with reversals in life expectancy, infant and child mortality, and education (Cincotta, 2010; Marsden, 2013; Shapiro & Gebreselassie, 2008). These factors are central to reducing the demand for children within family units, which, in conjunction with access to family planning, is crucial to reducing fertility rates (Bongaarts & Casterline, 2012; Caldwell, 1986). Shapiro and Gebreselassie (2008) warn that unless long-term improvements in education and infant and child mortality occur throughout the African region, the stalling of the fertility transition is likely to spread. The upshot is that most of Africa is 'worse placed than was Asia to provide the preconditions for reduced TFR' (total fertility rate), and hence to move through the demographic transition as predicted (Eastwood & Lipton, 2011, p. 17). Efforts by a number of sources to dispute the evidence were unable to reject the possibility of a stalled fertility transition in African countries (Schoumaker, 2009; Sneeringer, 2009).

The implication of a stalled demographic transition in Africa is that there may be no demographic dividend to be reaped. The issue is not whether African countries have implemented appropriate policies to realise the economic gains of a youth bulge (Birdsall & Sinding, 2001, pp. 10–11), but whether demographic change is on course to create a youth bulge in the first place. African countries have a median age less than or equal to 25, which creates a pyramidal population structure rather than a youth bulge, entailing a high dependency ratio along with a rapidly growing youth workforce (Cincotta, 2010; Mo Ibrahim Foundation 2012). The Mo Ibrahim Foundation's (2012, p. 11) African Youth report notes that Africa's dependency ratio is currently the highest in the world, and a stalled transition means this situation will continue for the foreseeable future.

Moreover, the combination of HIV/AIDS and high youth unemployment have put further upward pressures on the dependency ratio in ways that are difficult to predict from the standard data (Eastwood & Lipton, 2011, p. 16). On the one hand, HIV/AIDS has 'hollowed out' the core working age population in a number of Southern, Central and East African countries. Indeed, Eastwood and Lipton (2011, p.16) point out that between 2000 and 2005, despite declines in the total fertility rate, the dependency ratio actually rose in Malawi from 96 to 99, and in Mozambique from 88 to 90. On the other hand, the realities of high youth unemployment and under-employment have delayed social autonomy for young adults, trapping many members of the working-age population in an ongoing state of dependency. Studies from West and Southern Africa found a sharp decline in the percentage of youth leaving the parental household by the age of 25, while evidence from Ethiopia and Rwanda found a similar pattern in rural areas (DIAL, 2007, p. 16). The result is that a significant proportion of the youthful labour force in many African countries is adding to the high dependency burden rather than alleviating it.

The upshot is a demographic profile across much of Africa that looks more like a demographic liability than a demographic dividend. Indeed, a number of commentators have expressed concerns about the anti-developmental potential of Africa's demographic profile. Far from creating a potential engine of growth, Bongaarts (2008) suggests that the demographic profile of African countries 'will likely have adverse effects on the region's prospects for social and economic development'. Others have noted that Africa's pyramidal population structure, low median age and high dependency ratio is not associated with a demographic dividend as in East Asia, but with poverty and vulnerability to conflict (Cincotta, 2010; Dyson, 2013). Drawing on more realistic population projections, Richard Cincotta warns that:

> by 2030, only Botswana, South Africa, Cape Verde, and Djibouti are expected to have matured significantly beyond this conflict-vulnerable stage of the age-structural transition, leaving sub-Saharan Africa as the remaining epicenter of the 'demographic arc of instability. (Cincotta, 2010)

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This leaves us with the question of why so much of the current policy literature is speaking of an impending demographic dividend, when there is considerable evidence that most African countries are not heading in this direction, at least not in the medium term. A lively article called 'The Demographic Future' published in *Foreign Affairs* by Nicholas Eberstadt (2010) casts some light on the situation. Focusing on global demographic trends, Eberstadt raises concerns about shifts in the global distribution of manpower as Western and East Asian societies grapple with rapidly ageing populations and below-replacement birth rates. While the OECD countries and a number of the BRICs are facing mounting pension and health claims on a shrinking pool of workers, sub-Saharan Africa is set to reap the lion's share of growth in the working-age population over the next 20 years. Eberstadt (2010, p. 58) warns that:

> Taken as a whole, these manpower trends point to mounting demographic pressures – and quite possibly, a slowdown in the rate of long-term economic growth. All other factors being equal, these trends also suggest a slowdown in consumer spending, which could perhaps lead to a slowdown in business profits, as well.

… unless countries facing shrinking workforces could tap into the labour and consumer markets of countries with expanding workforces. Under such circumstances, strategies for making more efficient use of global manpower could turn Africa's expanding youth population into a 'demographic dividend'. The question is, for whom? While the evidence does not support claims that African countries are generating a demographic dividend in the classic sense of a youth bulge with falling dependency ratios, what the continent does appear to be generating is a massive army of workers capable of swelling an otherwise shrinking global labour pool. As developed countries manoeuvre to gain access to this valuable resource, the colonial scramble for African territory that took place in the nineteenth century seems set to repeat itself in the twenty-first century as a transnational scramble for African labour. As with earlier scrambles for African resources, it is not clear that Africans will be the beneficiaries.

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Informal Labour Markets and Global Linkages

Current policy speculation about the benefits to be reaped by linking Africa's expanding informal economies into global labour demand tends to sidestep a large and growing body of evidence about the worrying effects of formal–informal labour linkages. Nearly a decade of research on the link between globalisation, liberalisation and labour informalisation suggests that global linkages with informal labour markets by way of GVCs have been less an engine of rising employment and incomes than an engine of vulnerable employment (Barrientos, 2000; Carr & Chen, 2008; Lund & Nicholson, 2003; Nadvi, 2004). Similar concerns have been raised about the exploitative effects of new models that deploy NGOs or labour brokers to harness the informal economy for development (Barrientos, 2008; Cross & Street, 2009; Dolan, Johnstone-Louis, & Scott, 2012; Theron, 2005). This existing empirical research offers the possibility of moving beyond enthusiastic speculations about the potential of global formal–informal linkages for addressing African youth unemployment to a consideration of the actual distributional and developmental effects of such linkages.

Research on the dynamics of global value chains between Africa and OECD countries has raised concerns that global linkages tend to expand rather than reduce levels of informality, and lead to processes of 'adverse incorporation' of labour. A number of studies have pointed out that the dynamics of competition in GVCs tends to exacerbate poverty and vulnerability at the bottom of the chain, owing to competitive pressures to shift risks and costs down the chain. Nadvi (2004) and Barrientos (2008) trace the processes through which GVCs create 'poverty nodes' through casualisation, contract labour, and the concentration of low-paid, unprotected work at the bottom of the chain where vulnerable workers, dominated by women, children and migrants, are concentrated. As Nadvi (2004, p. 28) explains:

> …workers within GVCs, at all points, are increasingly vulnerable to changing employment contracts and the increasing casualisation of work. These developments emerge from the competitive logic of the chain, where suppliers are not only more tightly integrated to their buyers, but also must enhance efficiency, lower costs, raise quality and take on more functions.

Using recent data from Africa and Asia, Nadvi shows that, while integration into GVCs provides more employment, it tends to intensify rather than reduce vulnerable employment. Integration into global horticultural value chains in Kenya created nearly 100,000 new agricultural jobs, but many of them were vulnerable jobs, lacking in job security or basic social protection. Research by Barrientos, Tallontire and Dolan (2003, p. 1514) on horticultural value chains in Zambia, South Africa and Kenya found that women account for 50–75 per cent of total employment, but are concentrated in vulnerable employment relations involving seasonal, casual, risky and insecure work. These concerns are corroborated by the ILO's (2013a, p. 93) observation of a growing gender gap in vulnerable employment in sub-Saharan Africa, which has increased by 14 points between 1991 and 2012, putting women's vulnerable employment at 84.9 per cent, relative to 70.6 per cent for men.

Concerns have also emerged about the distributional effects of labour linkages across the formal–informal divide, even where they have been associated with developmental success stories as in India and China. PCC Huang (2011) uses detailed quantitative and institutional analysis to argue that China's use of 'planned informalisation' is both exploitative and unsustainable. He shows that linking informal labour into global demand creates jobs for the poor, but on terms that shift resources away from labour, whose informal status leaves them ineligible for benefits or decent wages: 'with cheap wages and reliance on the informal economy, the profits from such production devolve mainly to outside investors, not to the Chinese workers or the Chinese economy'. The result has been an expansion rather than a contraction of vulnerable labour, and a growing burden of negative social and environmental externalities that are posing an increasing threat to Chinese growth and stability (Huang, 2011, p. 29).

Similarly, in India, numerous scholars have focused attention on the regressive social and distributional effects of incorporating unorganised labour into formal production systems through a range of subcontracting, putting out, casualisation and labour brokering arrangements (Breman, 1996; Harriss-White & Gooptu, 2001; Marjit & Maiti, 2006; Sinha & Adam, 2006). Nicola Phillips (2011) and Harriss-White and Gooptu (2001) highlight the use of informal institutions of caste, gender and migrant labour systems to create pools of tied labour incorporated into GVCs in garment and other industries. Instead of fostering more solidary labour relations, linkages based on kinship and community are often harnessed by formal sector and global businesses to tie labour into increasingly exploitative and socially binding 'contracts' devoid of legal standing.

Overall, recent research indicates that, rather than helping informal workers onto a global ladder of opportunity, participation of informal labour in GVCs is often associated with 'immiserising growth' and 'social downgrading', especially in sub-Saharan Africa (Barrientos, Gereffi, & Rossi, 2011; Goger, Hull, Barrientos, Gereffi, & Godfrey, 2014; Rossi, 2011). In a study of the horticulture, garment and tourism sectors across eight African countries, Goger et al. (2014, pp. 1–2) contend that:

> this relationship between insertion into GVCs and development is not automatic and the outcomes can be very uneven. In many cases, economic growth has instead been achieved through a low-road development strategy, in which growth on the business side is associated with the erosion of social protections, rights, and wages for workers and declining market access and bargaining power for small businesses.… in the African context, GVC participation in itself is not enough to ensure that small producers and vulnerable workers will be better off.

In addition to intensifying the vulnerability of labour, there is also mounting evidence that linking formal and global firms to sources of informal labour actually expands rather than reduces the share of labour working informally. In the Indian context, Siggel (2010) shows how labour market linkages

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across the formal–informal divide have contributed to a reallocation of labour from the formal to the informal economy in the textile as well as a range of service industries, where they continue to serve the labour needs of formal sector and global firms by way of a range of subcontracting and outsourcing arrangements. He hints at the dark underbelly of the phenomenon of 'jobless growth' in India, where formal sector firms not only fail to create sufficient formal jobs, but are actively closing down formal sector jobs in order to hire labour on cheaper terms in the informal economy: 'though regular employment in the formal sector shrank, the substitution of casual workers for regular ones through outsourcing may have enlarged the informal sector, but may also have led to a decline in informal workers' real wages' (Siggel, 2010, p. 101; see also; Sinha & Adams, 2006).

A similar process has been documented in a DIAL study of informal labour markets in Kenya (Bocquier, 2005). Using a range of census and household survey data, the author notes that 'most of the employees of the so-called informal sector are actually informally contracted by formal large, medium or small-scale enterprises … formal enterprises still employ a great majority of the workforce in Nairobi, but more and more on an informal basis' (Bocquier, 2005, p. 17). By 1999, informal workers constituted 28 per cent of wage employees in Nairobi, and 88 per cent of informal employees were actually employed by formal sector firms. He argues that policies directed at encouraging the informal sector have not encouraged the growth of informal enterprises, but have led more formal enterprises to use informal contracts, leading to the 'informalisation' of formal sector employment. Already in the early 1990s, Mazumdar and Mazaheri (2002) note that nearly one-third of the Kenyan manufacturing sector was made up of informal employees, compared to 25 per cent in Zimbabwe, and 10–15 per cent in Zambia, Tanzania and a few West African countries. This process is corroborated by current trends in the expansion of the Kenyan informal economy, which appears to be driven largely by an expansion of informal wage employment rather than informal small-scale enterprise (Heintz & Valodia, 2008; ILO, 2012).

Labour contractors, celebrated by the current development establishment for their potential to facilitate the matching of informal labour supply with global labour demand, have also been associated with the expansion rather than the alleviation of vulnerable informal employment. While labour contractors have played an important role in job creation in South Africa, particularly in the mining and service sectors, they have been widely associated with the creation of more unstable, low-paid and unprotected work through the circumvention of labour legislation (Barrientos, 2011; Theron, 2005). Barrientos and others have highlighted the role of such third-party labour contractors in evading not only state labour regulation, but corporate codes and standards, intensifying rather than alleviating the vulnerability of labour (Barrientos, 2008). Even the 2013 World Development Report concedes that labour contractors, referred to as 'the temporary staffing industry', are associated with increasingly unstable and unprotected work.

> A worker employed in temporary staffing services is less likely to contribute to pension funds or health insurance and is generally seen as more vulnerable. …Workers in these jobs typically face lower earnings … They also face a lack of benefits, coverage by labour laws and job security. (World Development Report, 2013, p. 57)

In both South Africa and Namibia, moves have been made to ban these agencies, and there are widespread internal pressures for greater regulation of this sector owing to its negative effects on workers' earnings and access to benefits (All Africa, 2013; van Eck, 2010).

New models for building links between the formal and informal economies through the intermediation of NGOs, social enterprises and other institutional intermediaries have also come under scrutiny. Julia Elyachar (Elyachar, 2005, 2012) raises questions about the increasing deployment of NGOs and other intermediary organisations to help formal sector businesses 'leverage' the institutional resources of the informal economy. Under the guise of being 'honest brokers', NGOs contribute to capturing informal arrangements and institutional resources for the profits of formal sector firms, thereby shifting resources away from the needs of informal operators:

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> With community networks conceptualised as social capital, NGOs become a vantage point from which outsiders could gain access to the value that those social networks produce. NGOs can potentially tap the vaunted trust and mutual respect of social networks for capitalist firms. (Elyachar, 2005, p. 188)

Ethnographies of the microinsurance and microcredit systems highlight the aggressive appropriation of social networks and informal institutions to access informal labour and consumer markets, combined with the use of formal contracts, bureaucracies and rules of conduct to limit claims from informal actors on formal sector resources (Bähre, 2012; Hietelahti & Nygren, 2011). The new institutional 'ecosystems' emerging to facilitate formal sector linkages with the informal economy have been described as new mechanisms of 'accumulation by dispossession' (Cross & Street, 2009; Dolan et al., 2012; Elyachar, 2005). Instead of facilitating improved access to resources and opportunities for poor workers, formal–informal linkages are used to hijack the social capital of informal workers in the service of greater formal sector profits.

Overall, the evidence suggests that linking African informal labour markets into the formal and global economies leads to an increase rather than a decrease in the vulnerability of labour, and an expansion rather than a reduction in the size of the informal economy. Far from directing resources into the informal economy to upgrade firms and improve wages and working conditions, labour linkages across the formal–informal divide tend to extract value through the expanding informalisation and exploitation of labour by way of subcontracting, outsourcing, casualisation and brokering arrangements. Expanding demand for labour through sustained participation in GVCs does not appear to alter this dynamic. Research from a range of African countries has shown that economic gains within GVCs tend to benefit formal workers while informal workers continue to suffer from deteriorating working conditions (Barrientos et al., 2011; Goger et al., 2014). As Goger et al. (2014, p. 19) observe in the African apparel sector, 'Even in the best instances of economic upgrading, the terms of employment for informal workers are highly precarious, usually leading to social downgrading.'

In addition to weak regulatory protection, informal labour arrangements tend to weaken coherent labour organisation needed to make effective claims, exacerbating the vulnerability and invisibility of informal workers (Gallin, 2001; Lund & Nicholson, 2003). Under such conditions, the wealthy but ageing populations of the world's wealthier economies seem well placed to reap a dividend from Africa's expanding unemployed and vulnerable labour force, but there is little sign of any imminent demographic dividend for African populations. Global links need to focus on larger firms and formal labour if African workers are to become winners rather than losers. As Gereffi and Luo (2014, p. 19) explain: 'Firms benefit most from participation in GVCs if they are relatively large, technologically advanced, professionally managed, and have diversified export markets. . . . Workers benefit most from GVC participation if their working conditions are relatively formalised.'

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Conclusions: Reaping the Whirlwind

A careful look at the evidence suggests that the bulk of African countries, particularly in Central and West Africa, are not even close to generating a demographic dividend. Indeed, the realities of socio-economic and health reversals during the 1980s and 1990s have stalled the demographic transition in many African countries, creating a situation of rapid population growth, catastrophic unemployment, and high dependency ratios despite almost a decade of vigorous economic growth (DIAL, 2007; Ibrahim Forum, 2012, p. 11; Ranis & Gollin, 2013). These pressures have been compounded by the realities of jobless growth in the formal economy, channelling the bulk of Africa's labour force into an expanding informal economy where they face low wages and unstable, unprotected employment.

Under these circumstances, efforts to recast Africa's labour force and expanding informal economy as resources for development seem counter-intuitive. On closer inspection, however, there are obvious

benefits to First World investors and policy-makers, even if Africa's expanding workforce stands to gain rather less. Africa's large informal labour markets have become increasingly attractive to international business as a source of cheap labour and new consumer markets in the face of looming labour deficits in the developed world. While tapping African informal labour markets may look like a win–win strategy from the boardrooms of Western businesses and policy think tanks, the prospects of this approach look considerably more problematic from the teeming cities and deprived rural areas south of the Sahara. As the ILO (2013a, p. 93–94) has noted in a recent Global Employment Report, the core problem in Africa is not finding work, but the productivity and conditions of work, and the benefits that people derive from their work. 'Overall, in Sub-Saharan Africa, the youth unemployment problem is more of quality (underemployment, vulnerability and working poverty) than quantity.' The same ILO Report (2013a, p. 104) points out that 'Just focusing on job quantity is associated with higher rates of vulnerable employment in the short run … results suggest that these increased opportunities often do not come along with wages or decent income.'

Simply linking these vulnerable informal labour markets into GVCs tends to perpetuate rather than to address these problems. A development strategy that expands global demand for African workers without improving the wages and conditions beyond what is already available in the informal economy just replaces jobless growth with 'immiserising growth' (Kaplinsky, 2000). Glossing over these realities may serve the short-term interests of attracting international investors, but they will do little to carry out the kind of economic change necessary to expand access to decent livelihoods for Africa's burgeoning labour force.

In a recent study of violence and youth unemployment, Christopher Cramer (2010) highlights the darker consequences of emphasing the issue of job quantity over job quality. He argues that youth violence is linked as much to demeaning and exploitative employment as to unemployment, and that insecure or disaffected workers are particularly vulnerable to political mobilisation. This suggests that policy approaches that focus on plundering Africa's labour resources may well create more problems than solutions. Unless linkages with the global economy offer Africa's unemployed and informally employed youth something more than an ongoing stream of low-income unstable work, African informal labour is likely to become more of a threat than a resource. Given the continent's sensitive history as a supplier of unfree labour, turning Africa into a vast informal labour reserve for the global economy risks fanning the flames of discontent already erupting in the form of the Arab Spring, Islamic extremism in Somalia, Mali, Nigeria and Kenya, and mass youth uprisings in Burkina Faso. These insurgencies of unemployed and informalized African youth are giving a whole new meaning to the term 'Africa Rising'.

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Note

1. While recent estimates by the ILO (2013b) and Vanek, Chen, Carré, Heintz, and Hussmanns (2014) put the size of sub-Saharan African informal economy in second place behind South Asia, these estimates reveal an over-representation of

Southern African countries where informal economies are small, and an under-representation of West African countries, which are both more populous and have much larger informal economies (see Mkandawire, 2010).

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