Overview

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The population of Sub-Saharan Africa stood at 854 million in 2010 (World Bank 2012a). Annual population growth averaged 2.5 percent, with a relatively high sustained fertility rate, fostered by the fact that two-thirds of the population is under 25. The region has the highest proportion of poor people in the world, with 47.5 percent of its population living on less than \$1.25 a day, as measured in terms of purchasing power parity in 2008. It is also the only region in which the number of poor is still rising.

The eradication of extreme poverty and hunger is at the top of the list of the Millennium Development Goals (MDGs) adopted by the member states of the United Nations (UN) in September 2000. This goal comprises three targets:

- 1. Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day.
- 2. Halve, between 1990 and 2015, the proportion of people who suffer from hunger.
- 3. Achieve full and productive employment and decent work for all, including women and young people.

The three targets are closely linked: monetary poverty is a key factor in malnutrition and is determined in large part by access to employment. In 2007, an estimated 55 percent of working-age women and 79 percent of workingage men in Sub-Saharan African were employed (UN 2008). These rates are slightly higher than the average in developed countries (49 percent of women and 64 percent of men) and developing countries (49 percent of women and 77 percent of men). They thus suggest that lack of access to work is not the main cause of poverty in Africa.

Sub-Saharan Africa has the world's largest proportion of poor workers. In 2007, before the international financial crisis, 51 percent of employed people lived on less than \$1 a day, measured in terms of purchasing power parity. The 2007 average for developing countries was 20 percent, representing a sharp drop from 1997, when it stood at 31 percent. Progress in Sub-Saharan Africa was

much slower: in 1997, 56 percent of employed people lived on less than \$1 a day. These figures suggest that working conditions rather than access to work are behind sustained poverty rates in Sub-Saharan Africa.

Scope and Purpose of the Book

This book contributes to knowledge on the functioning of urban labor markets in Sub-Saharan Africa by investigating a variety of questions. Which individuals lack access to employment or are employed beneath their capacities? Does education improve working conditions? What opportunities does the labor market offer to climb the social ladder? Is the lack of good-quality jobs for adults and the poverty it implies one of the reasons for the prevalence of child labor? Do women and ethnic minorities have the same access to the labor market as everyone else? How does the formal sector live alongside the informal sector? What role does migration play in the functioning of labor markets? Are there traits common to all urban labor markets in Africa, or is each country different?

This book attempts to answer these questions by studying 11 cities in 10 countries (table O.1). Eight are members of the Communauté Financière Africaine (CFA) Franc Zone, and seven belong to the West African Economic and Monetary Union (WAEMU); all 10 are French speaking. They are thus not representative of Sub-Saharan Africa.¹ However, the sample of countries is very close to the continental average, whatever the economic and social indicator considered.

Comparative studies are often based on disparate measurement instruments, which risk marring the validity of the findings.² This study differs from earlier studies in that it is based on a set of perfectly comparable surveys (the 1-2-3 surveys, described below). With the notable exception of a report by the International Institute for Labor Studies (Lachaud 1994), no other study presents a detailed overview of the labor market landscape in Sub-Saharan Africa. For 10-15 years, no work of this kind was conducted.³ The study also covers a number of topics (migration, child labor, job satisfaction, discrimination, and work after retirement) in addition to the topics covered by Lachaud (unemployment, access to employment and mobility, segmentation, labor supply, and poverty). This book also draws on more and better-quality data. The Network for Labor Market Analysis in Africa (RAMTA) surveys contain only a few hundred observations per country, far fewer than the number of observations captured by the 1-2-3 surveys, which survey more than 120,000 people, including 80,000 people of working age and 6,000 unemployed and 50,000 employed workers (table O.2). In addition, the sampling plans adopted by the RAMTA surveys are arguably "quasi-random," with no updated sampling frame available. These

Country	Land area (1,000 square kilometers)	Population (1,000)	Urbanization (percent)	Per capita GDP (purchasing power parity dollars)	GDP growth in 2010 (percent)	Net primary enrollment (percent)	Life expectancy (years)	Poverty headcount (percent)ª	Country Policy and Institutional Assessment (CPIA) (1-6) ^b
Benin	111	8,850	42	1,590	3.0	94	56	16	3.5
Burkina Faso	274	16,468	20	1,250	9.2	58	55	45	3.5
Cameroon	473	19,600	58	2,270	3.2	92	51	10	2.5
Congo, Dem. Rep.	2,267	65,965	35	320	7.2	64	48	53	2.0
Côte d'Ivoire	318	19,738	50	1,810	3.0	61	55	24	2.0
Madagascar	582	20,714	30	960	1.6	79	66	81	2.5
Mali	1,220	15,370	33	1,030	4.5	62	51	50	3.5
Niger	1,267	15,512	17	720	8.8	57	54	44	3.0
Senegal	193	12,434	43	1,910	4.1	75	59	11	3.0
Тодо	54	6,028	43	890	3.4	92	57	11	2.5
Average	676	20,068	37	1,275	5.0	73	55	35	3.0
Sub-Saharan Africa	491	17,780	37	1,188	5.1	75	54	47	2.7

Table 0.1 Geographic, Demographic, and Socioeconomic Characteristics of the 10 Countries Sampled

Source: Based on data from World Bank 2011.

Note: Most data are for 2010. Last available year for net primary enrollment rate and poverty headcount are 2007–10 for most countries. Data on net primary enrollment are from 2003 for Madagascar and 2005 for the Democratic Republic of Congo. Poverty headcount data are for 2003 for Benin, 2005 for the Democratic Republic of Congo, and 2006 for Senegal and Togo.

a. The poverty headcount corresponds to the \$1.25 purchasing power parity poverty line.

b. The transparency, accountability, and corruption in the public sector rating (1 = low, 6 = high) was available for 37 out of 48 countries in Sub-Saharan Africa.

Region/city	Number of households	Number of people	Number of working-age population (10 years and above)	Number in unemployment	Number in employment
West Africa					
Abidjan	2,494	11,352	8,682	769	4,884
Bamako	2,409	13,002	9,061	311	4,435
Cotonou	3,001	11,574	8,967	301	5,276
Dakar	2,479	19,065	14,871	907	6,313
Lomé	2,500	9,907	7,548	428	4,652
Niamey	2,500	14,577	10,141	651	4,231
Ouagadougou	2,458	13,756	10,295	928	4,914
Total	17,841	93,233	69,565	4295	34,705
Central Africa					
Douala	1,399	5,726	4,326	330	2,295
Kinshasa	2,081	12,599	9,054	572	3,251
Yaoundé	1,198	5,159	3,783	304	1,766
Total	4,678	23,484	17,163	1206	7,312
Indian Ocean					
Antananarivo	3,020	12,338	9,459	262	5,499

Table O.2 Sa	mple Sizes	of African	Cities	Studied
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Sources: Based on Phase 1 of the following 1-2-3 surveys: Cameroon 2005 (Développement, Institutions et Mondialisation [DIAL] and National Statistics Institute [NSI]); Democratic Republic of Congo 2005 (DIAL and NSI); Madagascar 2001 (DIAL and Institut National de la Statistique [INSTAT]); West African Economic and Monetary Union (WAEMU) 2001/02 (Observatoire économique et statistique d'Afrique Subsaharienne [AFRISTAT], DIAL, and NSI).

shortcomings—attributable to the pilot nature of the operation—undermine its analytical potential. Although the 1-2-3 surveys used here focus solely on the main cities, their scope is broader than most other household surveys, which have much smaller sample sizes (generally a few thousand observations for the entire country).

This book makes use of only a small fraction of the data in the 1-2-3 surveys. Although a number of surveys have broad coverage (national coverage in Cameroon and the Democratic Republic of Congo, all major urban centers in Madagascar), coverage here is restricted to the main cities, for several reasons. First, the editors believed that it was preferable to achieve homogeneity across countries by choosing the surveys' highest common denominator (in terms of geographical coverage). Second, rural labor markets were excluded, for theoretical reasons. The questions and analytical instruments used to study peasant farmers in rural Africa are very different from those used in urban settings. Third, the time dimension of existing surveys was not used, either in repeated

cross-sections or panel data. Fourth, the study was deliberately restricted to Phase 1 of the 1-2-3 survey, which is most closely associated with the labor market.

Two main factors explain the lack of a comparable study to date. The first is the dearth of data. The second is the change in policy focus by the development community.

The Dearth of Meaningful Data

Although employment is the main source of income for the poor, knowledge of the workings of African labor markets is spotty, giving rise to a number of preconceived-and often mistaken-ideas. Despite the universally recognized role of employment as a driver of macroeconomic growth and poverty reduction, information on African labor markets remains sketchy. Many research projects launched on the subject in the last three decades have run into this wall and been unable to produce significant findings. For example, of the 25 chapters in Labor Markets and Economic Development (Kanbur and Svejnar 2009), which presents a good overview of the subject, only three concern Sub-Saharan Africa (excluding South Africa).⁴ Moreover, none of the three chapters is based on labor force surveys, the main source of data in this field in the rest of the world. Too often, labor market studies cover a few hundred formal businesses (concentrated mainly in a few English-speaking African countries), which are themselves nonrepresentative. This type of study is unsatisfactory given that the (nonagricultural) informal sector represents 50-80 percent of urban employment, agricultural (and informal sector) employment is the most important type of employment in rural areas, and employment in the formal sector accounts for just a small proportion of total employment in Sub-Saharan Africa.

The Regional Program on Enterprise Development (RPED) project and its avatars are symptomatic of this problem. Launched by the World Bank in a dozen Sub-Saharan African countries in the early 1990s, the project consists of matched (employer/employee) multiround surveys of a few hundred businesses in the formal manufacturing sector (Bigsten and Söderbom 2005). The project has produced some interesting and original results (Fafchamps and Söderbom 2006; Van Biesebroeck 2007; Nordman and Wolff 2009, to cite but a few recent publications). The problem emerges when these findings are used to shed light on the functioning of the labor market as a whole and to determine public policies (Mazumdar and Mazaheri 2002).

The formal manufacturing sector represents just 1–2 percent of total national employment in most Sub-Saharan African countries. Even in the main cities, formal sector industrial employment (including employment in the public sector) accounts for less than 5 percent of total employment (table O.3). In contrast, the informal sector accounts for more than two-thirds of industrial jobs (up to 78 percent in West Africa). Contrary to popular belief, industry in

Region/city	Formal industrial employment in total employment	Informal sector employment in total industrial employment	Wage informal sector employment in total wage employment			
West Africa						
Abidjan	6.1	68.7	42.7			
Bamako	3.7	81.7	35.1			
Cotonou	2.2	87.7	31.2			
Dakar	6.2	77.9	43.9			
Lomé	2.7	86.9	29.0			
Niamey	3.6	86.3	29.0			
Ouagadougou	4.8	74.5	32.1			
WAEMU countries	4.9	77.6	39.5			
Central Africa						
Douala	11.0	50.9	24.2			
Kinshasa	4.5	69.7	25.6			
Yaoundé	7.6	59.6	25.2			
WAEMU countries	6.9	61.0	25.1			
Indian Ocean						
Antananarivo	18.4	46.3	22.4			

Table 0.3	Share of Formal	Manufacturing	Employment i	n Selected	African	Cities
(percent)						

Sources: Based on Phase 1 of the 1-2-3 surveys of selected countries (see table O.1 for details).

Sub-Saharan Africa is essentially an informal sector affair. Even among wage earners, the informal sector accounts for more than a quarter of employment (40 percent in West Africa). The rate of wage employment is therefore not a good indicator for capturing formal sector jobs. Comprehensive coverage of the informal sector is vital for understanding urban labor markets in Sub-Saharan Africa.

The annual report on employment produced by the International Labour Organization (ILO 2010a, b) shows just how poor the statistics on employment in Sub-Saharan Africa are: for the 1991–2008 period, only 11 of 45 countries were able to estimate the national unemployment rate for at least three years, and 16 countries had no employment statistics at all for the period. No other developing region has such a severe lack of data.

Labor force surveys are a key to understanding households' economic activities in most countries, mainly in developed countries but also in the developing countries and emerging economies of Latin America, Asia, and North Africa. Sub-Saharan African countries have not adopted this tool (a notable exception is South Africa), for a variety of reasons (Roubaud 1994; Rakotomanana, Ramilison, and Roubaud 2003; Razafindrakoto and Roubaud 2003; Brilleau, Ouedraogo, and Roubaud 2005; Razafindrakoto, Roubaud, and Torelli 2009). One is the crowding-out effect triggered by household surveys of living conditions (such as the Living Standards Measurement Study surveys promoted by the World Bank), which occurs when the financial and human resources of national statistics institutes are thin on the ground.

In addition to the dearth of statistical tools, there are conceptual problems caused by the particularities of developing economies' labor markets. Labor markets in poor countries, especially in Sub-Saharan Africa, differ from developed countries' labor markets in terms of their small proportion of wage employment and large proportion of self-employment. These markets are also characterized by apparent segmentation between a formal sector, comprising "modern" businesses known to the public authorities, and an informal sector, comprising "traditional" businesses operating outside of labor law, business law, taxation, and so forth. In addition, worker protection is weak: where unemployment insurance does exist (in a tiny minority of some of the richest countries in Africa), it is reserved for a small proportion of the population working in the formal sector. Few workers pay into a pension or are protected in the event of illness. Public employment agencies are underdeveloped, and the public is largely oblivious to them where they do exist. Job-seekers generally use their families and social networks to find work.

The informal sector's lack of respect for regulations has created some confusion between the informal sector and inactivity, blurring the boundary between being in and out of the labor force and partially invalidating the notion of unemployment as defined by the ILO. Only 35 percent of employed workers in the seven French-speaking countries of WAEMU were wage earners in the early 2000s, according to the 1-2-3 surveys (described below). The other 65 percent were independent workers who had created their own jobs (as employers or self-account workers) or contributing family workers. More often than not, then, finding a job in Africa is a matter of drawing on an informal network to build the information and capital needed to start up a small service or trade without a shop. The strong tendency in Africa to employ family members means that a significant proportion of employed workers are unpaid contributing family workers, who are hard to classify in the usual way. Another complicating factor is that work in rural areas is characterized by large seasonal fluctuations, which means that the seven-day reference period generally used to define work is not relevant.

The measurement of remuneration is also no easy matter. People who work in the informal sector operate in production units that do not keep accounts. Trying to capture their earnings by asking them how much they earned in the past 30 days will therefore probably not yield reliable information, because the notions of value added and intermediate inputs are hard to define and measure in the case of informal production units. In addition, informal production units experience large business fluctuations, making annual extrapolation of income measured over a month risky. For all these reasons, understanding employment in Sub-Saharan Africa calls for the development of a special statistical tool that can home in on the particularities of labor markets on the subcontinent.

Changes in Policy Focus by the Development Community

The lack of data is not the only factor explaining the small number of studies on African labor markets. A second factor is the loss of interest by the development community (researchers and decision makers), which turned to new issues at the beginning of the 2000s.

Beginning in the late 1980s, much was written about structural adjustment. During this period, the catalyst behind the focus on labor issues was the *World Development Report 1995: Workers in an Integrating World*, which examined whether labor markets were too rigid (World Bank 1995). Markets needed to be liberalized, the argument went, by making labor laws (hiring and firing procedures, minimum wages, social security, and so forth) more flexible. The pre-1994 devaluation franc zone countries were viewed as bogeymen (Rama 2000).

Labor markets were liberalized, but the expected effects—upturns in growth in formal employment and wages—did not materialize (Kingdon, Sandefur, and Teal 2006). African labor markets, scholars concluded, were not so rigid after all, and labor regulations were not binding constraints (Teal 2000; AfDB and others 2012). At the time, a few unorthodox economists, in association with the major UN agencies, tried to sound the alarm about the devastating effects of structural adjustment and the need for social adjustment (Rodgers 1989; Standing and Tokman 1991), as a local version applied to labor markets of the "adjustment with a human face" advocated by Cornia, Jolly, and Stewart (1987).

At the end of the 1990s, when the structural adjustment rhetoric fizzled out, the emphasis shifted from the labor market to poverty, and both international and national development policies focused on poverty reduction (Cling, Razafindrakoto, and Roubaud 2003). Rare were the Poverty Reduction Strategy Papers (PRSPs)—the framework in which all national policies (general or specific) were supposed to be embedded—that mentioned specific employment policies.

Only at the end of the 2000s were the virtues of efficient labor markets at reducing poverty rediscovered. National employment policies were put in place in some countries, generally without a suitable system to evaluate their impact.

The international financial crisis of 2008–09, with its disastrous effects on employment in the developed countries, has been a catalyst for putting labor markets back at the top of the development agenda. At the international level, the *World Development Report 2013: Jobs* (World Bank 2012b) and the thematic chapter of the *African Economic Outlook 2012* on youth employment (AfDB and others 2012) are important initiatives. There has not, however, been a massive resurgence of studies on employment in Africa, mainly because of the lack of data.

The 1-2-3 Surveys: A Tool for Understanding Labor Markets in Africa

The contributors to this book use a unique series of identical—thus perfectly comparable—1-2-3 surveys conducted simultaneously in the main cities of seven West African countries and a few other countries (Cameroon, the Democratic Republic of Congo, and Madagascar) in the first half of the 2000s (box O.1). They present original, innovative findings on labor markets using best-practice statistical and econometric methods.

Each chapter begins with a detailed presentation of the descriptive statistics used to elucidate a particular aspect of labor market functioning. Comparisons across locales are conducted. The descriptive sections are followed by indepth analyses of a broad spectrum of issues, ranging from segmentation to job satisfaction.

Phase 1 is specially designed to measure the informal sector and employment. A series of questions identifies people in the informal sector. The questions cover all the criteria contained in the international definition (the number of people employed in the business, the different types of registration, and the type of accounts for self-employed workers). This information is collected for

BOX 0.1

What Is a 1-2-3 Survey?

The 1-2-3 survey is based on the survey grafting principle. It nests three surveys targeting different statistical populations: individuals, production units, and households. The survey is based on the principle of a mixed (household/business) modular survey.

Phase 1—an augmented labor force survey—is a survey of household and individual employment, unemployment, and working conditions. It documents and analyzes labor market functioning and serves as a filter for Phase 2, in which a representative sample of the heads of the informal production units identified in Phase 1 are interviewed. The Phase 2 survey seeks to measure the main economic and productive characteristics of the production units (production, value added, investment, and financing); the main business development problems encountered; and the kind of support informal sector entrepreneurs want from the public authorities. (Given the characteristics of Phase 2, the survey can also be said to be an employer/employee matched survey.) In Phase 3, a survey on income and expenditure is conducted on a subsample of households selected from Phase 1 to estimate the weight of the formal and informal sectors in household consumption by product and household type. Phase 3 also estimates household standards of living and monetary poverty based on income or expenditure. both the main job and the second job, making the operational definition of the informal sector extremely flexible, as it can vary depending on the aim of each study (national definition, international comparison, or research). Information can be produced on total employment in the informal sector and on the number of informal production units using the status in employment variable. The number of informal production units is vital for the selection of a representative sample of informal production units for Phase 2.

Use of this survey means that for the first time ever, informal sector employment and its characteristics can be described on a basis that is compatible with the ILO's international recommendations (ILO 1993). Throughout this book, the informal sector is defined as including all unincorporated enterprises (household businesses) that are not registered or do not keep formal accounts. Phase 1 provides all the information required to be disaggregated by the institutional sector.

Phase 1 is also a suitable instrument for measuring informal employment (corresponding to unprotected jobs), as defined by the ILO (2003). In addition to employment in the informal sector, the questionnaire also measures informal employment in the formal sector, using a set of questions on the type of job protection (type of employment contract, payslip, and benefits). The Phase 1 questionnaire allows for a certain amount of flexibility in terms of the informality criteria to be selected in keeping with international recommendations.

Although the focus is on informal employment and the informal sector, Phase 1 also generates classic indicators such as statistics on employment, unemployment, and underemployment. These indicators, especially open unemployment, do not properly measure tensions in African labor markets, however (see chapters 1 and 2).

Phase 1 collects a wide range of information. It is a good instrument for indepth analysis of earnings and returns to human capital (education and experience); on-the-job training; gender and ethnic discrimination; labor market segmentation; migration; intergenerational mobility; job quality (hours worked, income, bonuses, social security, and so forth); job satisfaction; interaction and neighborhood effects; and other characteristics of the informal markets.

Phase 1 has several limitations, however. First, to keep the length of the questionnaire reasonable, it studies few subjects in detail. For example, only a small set of information can usually be collected on the previous job, parents' job, activities other than the main job and second job, and the income of inactive people. In addition, the choice of a reference period for the questions on employment (generally the previous week, in keeping with international standards) is incompatible with the seasonal nature of certain activities (such as agricultural activities). This information is especially important when households combine informal and agricultural activities.

Second, dependent workers (employees, contributing family workers, and apprentices) may not know precisely what the legal status of the business they are working for is. This problem is serious if the estimation of manpower in the informal sector is based solely on Phase 1. However, the estimate derived from Phase 1 may be corroborated by Phase 2, which directly generates the number of informal workers in each establishment.⁵

Third, measuring earnings in household surveys is a well-known problem: reluctance to declare one's remuneration (especially at the top of the earnings distribution) and unavailability of book accounts or payslips (especially for informal workers) usually generate measurement errors and create downward biases.

Given these shortcomings, special care was taken to capture income in Phase 1. Labor earnings are associated with each remunerated job. For wage workers, the survey captures their current monthly wage as all nonwage components of remuneration (bonuses, public holidays, social benefits, and so forth, in cash or in kind). Unlike usual labor force surveys, Phase 1 captures the earnings of self-employed workers, which correspond to their disposable income (before taxation). National accountants used to call this income *mixed income*, because it includes returns to both capital and labor. For survey respondents who do not want to declare (or do not know) their precise earnings, a complementary question asks for brackets of detailed minimum wage ranges. Measurement errors may remain despite these procedures, but robustness checks can be performed using Phase 2 data.

Like all labor force surveys, Phase 1 authorizes the use of proxy respondents. Many researchers believe that information obtained in this way is less accurate than information obtained by other means (Blair, Menon, and Bickart 2004; Bardasi and others 2010). For this reason, Phase 1 guidelines recommend avoiding proxy respondent answers whenever possible, in order to limit potential bias. In West Africa, 82 percent of individual interviews are self-response; 75 percent of the proxy respondents are either the household head or his or her spouse (Amegashie and others 2005). These indicators are even higher in Madagascar, where 90 percent of individual interviews are self-response and 82 percent are either the household head or his or her spouse (Rakotomanana, Ramilison, and Roubaud 2003).

This book uses, but does not exhaust, the analytical potential of Phase 1 of the 1-2-3 survey. It concentrates on the surveys conducted in the main cities of seven West African countries (Abidjan, Bamako, Cotonou, Dakar, Lomé, Niamey, and Ouagadougou) in 2001/02 (map 0.1). Some chapters also cover surveys of Antananarivo, Madagascar (2001 and 2004); Douala and Yaoundé, Cameroon (2005); and Kinshasa, Democratic Republic of Congo (2005).



Map 0.1 Sites of 1-2-3 Surveys Conducted in Africa

Note: *Surveys used in this book. C = capital city; N = national; U = urban center.

A Brief Survey of Labor Market Theories Applied to Development

This book is about the remuneration, job quality, and allocation of labor across sectors in low-income economies and across economies as a whole—issues that lie at the heart of the earliest models of economic development. The theoretical apparatus of development economics includes a number of key models and assumptions that are concerned with labor market functioning and the movements of labor across sectors. This section briefly reviews these models in order to set up the theoretical framework that is common to all of the chapters and to describe the methodology adopted.

The seminal work of Arthur Lewis (1954) places emphasis on the migration of labor from the agricultural to the industrial sector as a condition for output growth. This model stands as a milestone in the theoretical development economics literature, because it is the first to offer a representation of the functioning of a "dual" economy. Dual economy models are a subclass of two-sector models of economic growth (Kanbur and McIntosh 1987). They are intended to capture the main features of developing economies in order to enable better analysis of development paths and policies. What distinguishes dual economy models from others is not that they are two-sector models but that there exist asymmetries between sectors in their use of factors or in the way in which factor remuneration is established.

In the Lewis model, land is used in agriculture but not in industry, and capital is used in industry but not in agriculture. Land and capital are thus perfectly immobile; equilibrium is reached by the movement of workers between the two sectors.

The second asymmetry lies in the assumption that a surplus of labor exists in agriculture that can be reallocated to industry without decreasing the amount of food produced in the economy, because the marginal productivity of labor in agriculture is zero. Wages in the agricultural sector are set according to "conventional norms" rather than marginal products.

The Lewis model assumes that the urban labor market always clears, making involuntary unemployment impossible. The model predictions are thus at odds with what is observed in urban areas of low-income countries, which are characterized by high levels of visible and disguised unemployment and a large informal sector that includes small unregistered firms and self-employed workers.

Another milestone of development economics, the Harris and Todaro (1970) migration model, explains these features by assuming that agricultural workers' decision to migrate depends on the difference between the prevalent agricultural wage and the expected urban wage, which is positively correlated with the wage level in the modern sector and negatively correlated with the unemployment rate. The model predicts an equilibrium rate of unemployment and is compatible with the existence of a large informal sector with low income levels. Like Lewis's model, the Harris and Todaro model is dual. The wage in the modern sector is assumed to be higher than the market-clearing level, because rigidities can result from labor market legislation (such as minimum wages) or from firm rational behavior (the efficient wage hypothesis [Stiglitz 1974, 1976; Akerlof 1982; Shapiro and Stiglitz 1984] is among the possible explanations). The theory of labor market segmentation was born in the early 1970s to explain the challenge of persistent poverty in the affluent society of the 1960s (Cain 1976). According to this theory, poverty could be best understood in terms of a dual labor market, in which "the poor are confined to the secondary labor market. Eliminating poverty requires that they gain access to primary employment" (Piore 1970, p. 55). Unless segmentation is removed, policies that increase the human capital of the poor are not likely to produce results.

This theory pictures the labor market divided into primary and secondary "segments." Jobs in the primary segment are supposed to be more desirable because they offer higher pay, more promotion possibilities, and better working conditions and are more stable than jobs in the secondary segment. In lowincome countries, the secondary segment is often identified with the informal sector, which comprises small unregistered firms and self-employed workers, whereas the primary segment is composed of registered private firms and the public sector. Several explanations have been offered as to why such segmentation persists. Workers in the secondary labor market could be discriminated against because of their race, gender, or social class. It could also be the case that workers confined to the secondary segment develop tastes and attitudes that exacerbate their disadvantaged position (for instance, women preferring to hold part-time jobs in order to dedicate more time to caring and family duties) (Piore 1970; Doeringer and Piore 1971). Segmentation could also result from imperfect capital markets if some occupations require high levels of investment that cannot be supported by people with low initial wealth (Banerjee and Newman 1993). Capital market imperfections may also explain why the informal sector itself is sometimes dual, in the sense that some workers work in the lower tier and others work in the upper tier of the informal sector, into which entry is restricted by human capital and financial capital requirements (Fields 1990, 2010).

These theories challenge the predictions of the human capital theory, which predicts a positive relationship between educational attainment and wages (Becker 1964). The presence of discrimination in the labor market goes against the prediction that better-educated workers should receive higher wages and suggests that gender, race, or ethnicity may play prominent roles.

The job competition theory makes the assumption that the number of jobs in the primary segment is limited and that workers compete to obtain them. In this competition, employers use screening devices to hire workers based on their trainability and adaptability (Thurow 1972, 1975; Thurow and Lucas 1972). Education may be linked to higher wages and better jobs—not because it provides workers with a higher level of human capital but because it helps employers screen people with the desirable characteristics: only people with the capacities desired by firms are able and willing to acquire the signal (in other words, to get educated) (Spence 1973).

The theoretical foundations of development economics were at play in the choice of the topics treated in the 14 chapters of this book. The contributors take an agnostic view, recognizing that although education and working experience remain the principal determinants of individual earnings, disguised unemployment, segmentation, duality, and discrimination are probably key dimensions of labor markets in urban Africa (indeed, several chapters study these phenomena).

Another important assumption implicit throughout the book is the rationality of individuals—the notion that people choose where to live and where to work by maximizing their utility under constraint. Whenever necessary, the contributors account for the self-selection of individuals into activities, sectors, and markets in their econometric estimations.

The development literature is divided over the appropriateness of the "homo economicus" paradigm for studying low-income economies. The "formal" school assumes that the laws of economics apply whatever the society's level of development (Cook 1966; Schneider 1974; see Isaac 2005 for a survey). People everywhere face the same problem of maximizing gains and minimizing losses given their (scarce) resources. The "substantivist" school of Karl Polanyi (Polanyi 1957; Dalton 1967) rejects this assumption for peasant societies and societies with low levels of development, in which, they claim, people do not engage in maximizing behavior. Given that this book assumes that people are driven by some sense of maximizing behavior, it might seem that it stands on the formalist side of the controversy. In fact, it follows Becker (1962), who argues that the most important dimension in explaining individual behavior lies not in the objective function but rather in the constraints under which decisions are made. In other words, it does not really matter whether individuals are rational in the sense that they engage in maximizing behavior. What is important is the fact that it is not possible to use more resources than those that are available at the time decisions are made.

This view is not far from that of Levi-Strauss (2001), who closes the debate between substantivists and formalists by noting that between the two schools of thought

the difference is relative, not absolute, in that one can compare the explanatory power of economic theory to a piston that moves in a cylinder that is sometimes a bit larger and sometime much larger than it. Even in the best case, the piston never perfectly adheres to the surface and lets a minimum quantity of energy escape or, in the case of economic theory, information that is lacking in order to allow a complete understanding of the society in purely economic terms (authors' translation).

This book testifies to the soundness of Levi-Strauss's view.

Overview of Main Findings

This book is divided into five parts. Part I provides a comparative analysis of urban labor markets in Sub-Saharan Africa. Composed of a single chapter, it provides a descriptive overview and presents the main stylized facts investigated throughout the book. Part II focuses on job quality and labor market conditions (unemployment and underemployment, vulnerability, job satisfaction). Part III explores the many dimensions of labor market inequalities. This multifaceted issue is examined through various lenses, including returns to education, labor market segmentation, intergenerational mobility, time-related inequality, and gender and ethnic discrimination in earnings. Part IV addresses some key coping mechanisms and private responses, with a focus on migration, child labor, and activity in old age. It examines migration from different angles. In particular, it considers for the first time the determinants of subregional migration (within West Africa) and the performance of returning migrants. Part V identifies the way forward. It stresses three promising avenues for the labor market research agenda: employment and the informal sector in relation to poverty, the microeconomic and macroeconomic dynamics of the labor market, and the impact of public policies. It also advocates for urgently addressing the data challenge.

Given the richness and complexity of the chapters, synthesizing the main results is difficult. Two lenses are adopted: a macro perspective, in which country specificities are explored, and a micro perspective, in which the heterogeneity at the level of the individual is taken into account.

The Macro Level: Labor Market Homogeneity and Heterogeneity in Africa

Determining whether labor markets are homogeneous or heterogeneous has important policy implications. If the differences between countries are marginal, policies for improving the way they function will be similar. If the differences are significant, policies will have to be tailored to local situations.

Homogeneity of urban labor markets in Africa. Urban labor markets in Africa are surprisingly homogeneous (the consistency of the results is a good indirect indicator of the quality of the surveys). Despite increases in school enrollment rates, Africa's working-age population is low skilled. The average years of schooling (seven) in the countries studied is more or less the same as the level in France in 1913; in West Africa, the average is comparable to the level in the United Kingdom in 1870 (Maddison 1995).

Unemployment rates (about 10 percent) are similar to the rates observed in developed countries (albeit at the high end of the scale). Unlike in developed countries, however, unemployment rates tend to rise with the level of education (falling off at university level only in certain countries), a feature shared by North African countries (AfDB and others 2012). This finding would appear to bear out the "luxury unemployment" hypothesis that in the absence of unemployment benefits, the very poor cannot afford to be unemployed. Underemployment, rather than unemployment, is the main adjustment variable between labor supply and demand.

One of the main features of urban labor markets in Sub-Saharan Africa is the importance of the informal sector (which employs about 70 percent of all workers) and its corollary, the low rate of wage employment (the correlation coefficient between the two indicators is -0.93, significant at the 1 percent level). Excluding agriculture, nowhere else in the world are wage employment rates as low as in Africa, no matter how far back the historical series go (Marchand and Thélot 1997). In 1851, for example, the wage employment rate was 60 percent in France-well above the less than 40 percent in the African countries covered in this book. Moreover, this gap is hugely underestimated, as the surveys cover only the main cities, where wage employment is highest. Wage employment rates in France (and in developed countries in general) quickly shot up to more than 80 percent. A similar trend has not occurred in Africa, where the particularly rapid urban transition has not been accompanied by a shift to nonagricultural wage employment and workers who enter the informal sector tend to get stuck there (although there is some nonnegligible movement between the formal and informal sectors). Labor market theories and instruments developed by labor economists for the industrial world are thus totally unsuited to analyzing Africa, even its urban areas.

Heterogeneity of urban labor markets in Africa. Urban labor markets in Sub-Saharan Africa also display a great deal of heterogeneity (figure O.1). Differences are at least as great as in the countries of the Organisation for Economic Co-operation and Development (OECD). Labor force participation rates are 43 percent in Kinshasa and 68 percent in Lomé. Observed unemployment rates are 4.4 percent in Antananarivo and 15.4 percent in Ouagadougou. Timerelated underemployment rates are 9.9 percent in Yaoundé and 19.6 percent in Kinshasa, and invisible underemployment rates range from 37.1 percent, in Douala to 66.6 percent in Ouagadougou.6 The informal sector accounts for 53 percent of jobs in Antananarivo and 81 percent in Lomé. Wage employment rates are 24 percent in Lomé and Cotonou and 53 percent in Antananarivo. Even the generally low rate of public employment for all countries (compared with developed countries)-a mark of chronic underadministration-ranges from less than 7 percent in Douala and Abidjan to 17 percent in Kinshasa and Yaoundé, indicating wide differences even within the same country. Multiple jobholding rates range from 4 percent in Dakar to 14 percent in Douala and Yaoundé. Earnings levels range from €20 a month in Kinshasa and €30 in Lomé to €110 in Abidjan and Yaoundé. The formal/informal earnings gap also differs widely across cities, with a ratio in favor of the formal sector of 1.8 times in Antananarivo and Kinshasa and 4.2 in Abidjan and Ouagadougou. Gini coefficients range from 0.53 in Antananarivo to 0.62 in Abidjan, Bamako, Cotonou, and Kinshasa and 0.64 in Ouagadougou. The economic policy implications are clear: even in countries arguably as comparable as the ones examined here, a one-size-fits-all solution is not going to work.



Figure 0.1 Key Urban Labor Market Indicators in Sub-Saharan African and OECD Countries

c. Unemployment rate in Sub-Saharan Africa



Poland

Sweden

United Wing or

Denmaik

8

Inited States

Sweden

Japan

18

Spain

United States

b. Activity rate in OECD countries

76 73

70

69 64

France

8 8 8 8

Germany 'Hally

6

United Kingdom

5

4

63

Kolegi Beb.

Poland

77 77 81 81 81





(continued next page)



Figure 0.1 (continued)

Sources: Panels a, c, e, g, i based on Phase 1 of the 1-2-3 surveys of selected countries (see table O.1 for details); panels b, d, f, h, j, ILO 2012. Note: OECD = Organisation for Economic Co-operation and Development.

It is difficult to produce a straightforward typology of labor markets; no simple explanatory model seems to withstand examination of the empirical results. A detailed econometric analysis is inappropriate because of the small number of observation points (11, each corresponding to one city). Analysis of the correlation matrix for some key indicators does reveal the diversity and complexity of the configurations, however (see table O.3). The proposed typology of Teal (2000), which includes three archetypes and is based on just three countries (Ethiopia, Ghana, and South Africa), is also much too simplistic. For example, the correlation between unemployment and employment rates in the informal sector is not significantly different from zero (-0.07, not statistically

significant), suggesting that there is no easy trade-off between the two, as the mismatch between (formal) labor supply and demand is expressed by either unemployment or the expansion of the informal sector.

A few interesting conclusions can be drawn from table O.4 (although the small number of observations calls for caution, and causal links cannot be established). First, the participation rate is negatively correlated with the unemployment rate (-0.33, not statistically significant) and the extended unemployment rate (-0.63, significant at the 10 percent level). The quantity of labor is thus not constant, and a large labor supply is not associated with higher unemployment-far from it. The quantity of labor is also not associated with employment in the informal sector (the correlation between the two phenomena is not significant). However, as public jobs are rationed, a high labor force participation rate is associated with a low public employment rate (-0.67, significant at the 5 percent level). With respect to unemployment, although the two measures used (the ILO definition and extended unemployment) display huge differences in levels (see chapter 1), they are very closely correlated (0.88, significant at the 1 percent level). However, there are no links between the different forms of underemployment (unemployment and time-related and invisible underemployment). These phenomena are therefore independent manifestations of the mismatch between supply and demand. A high unemployment rate is not associated with a low rate of informal sector employment or a high reservation wage among the unemployed (see chapter 1).

With respect to job structure, the share of informal sector employment is logically inversely proportional to the wage employment share (-0.93, significant at the 1 percent level), even though the informal sector represents a large percentage of wage earners. The relations with the public employment share (-0.36) and the industrial employment share (-0.43) are negative but not statistically significant. However, the multiple jobholding rate falls very significantly with the presence of the informal sector (-0.81, significant at the 1 percent level), highlighting the narrow room for maneuvering (especially in terms of time) freed up by this sector. The higher the share of employment in the informal sector, the lower the earnings (-0.25, not statistically significant); the more widespread invisible underemployment (0.69, significant at the 5 percent level); and the wider the gaps between formal and informal sector earnings (0.49, not statistically significant) and male and female earnings (0.73, significant at the 1 percent level). The relations between these features of the labor markets are reflected by higher levels of inequality in earned income (the correlation with the Gini coefficient of 0.80 is significant at the 1 percent level). The inverse relation is found for the wage employment rate, which is negatively related to the earnings gap by gender and institutional sector and to inequality but is positively related to the multiple jobholding rate. Finally, the higher the invisible underemployment rate, the higher the inequality (0.56, significant at the 10 percent level).

	PR	UR1	UR2	REG	UTR	IUR	WER	IER	PER	IndER	MJR	Earnings	M/F E	F/I E	Q3/Q1	Gini0	Gini
Participation rate (PR)	1																
Unemployment rate ILO (UR1)	-0.33	1															
Unemployment rate extended (UR2)	-0.63*	0.88***	1														
Reservation earnings gap (REG) ^a	0.58*	-0.21	-0.39	1													
Time-related underemployment rate (UTR)	-0.33	-0.33	-0.06	-0.32	1												
Invisible underemployment rate (IUR)	0.19	-0.06	-0.11	0.36	-0.26	1											
Wage employment rate (WER)	-0.02	0.21	0.44	-0.13	-0.31	-0.64**	1										
Informal sector employment rate (IER)	0.06	-0.07	-0.43	0.19	0.25	0.69**	-0.93***	* 1									
Public employment rate (PER)	-0.67**	0.44	0.63**	-0.50	-0.12	-0.26	0.21	-0.36	1								
Industrial employment rate (IndER)	0.09	-0.35	0.26	0.34	-0.03	0.04	0.44	-0.43	-0.19	1							
Multiple jobholding rate (MJR)	0.17	-0.29	-0.17	-0.02	-0.15	-0.65**	0.64**	-0.81***	0.09	0.30	1						
Nominal earnings	0.23	0.26	-0.08	0.54*	-0.39	-0.29	0.46	-0.25	-0.23	0.06	0.16	1					
Male/female earnings ratio (M/F E)	0.39	-0.40	-0.73**	0.54*	-0.00	0.48	-0.72**	0.73***	-0.54*	-0.29	-0.37	0.08	0.49	1			
Formal/informal sector earnings ratio (F/I E)	0.51	0.35	-0.10	0.64**	-0.52*	0.64**	-0.32	0.49	-0.40	-0.15	-0.52	0.37	1				
Quartile 3 (high)/Quartile 1 (low)	-0.32	0.19	0.29	-0.04	0.27	0.27	-0.60*	0.50	0.27	-0.28	-0.52	-0.36	0.18	0.38	1		
Gini0 (including earnings = 0)	-0.12	0.38	0.04	0.02	-0.10	0.56*	-0.77***	* 0.80***	0.05	-0.68**	-0.73***	-0.17	0.57*	0.57*	0.69**	1	
Gini (excluding earnings = 0)	-0.26	0.45	0.25	-0.11	0.08	0.31	-0.63**	0.68**	0.12	-0.67**	-0.73***	-0.12	0.41	0.45	0.78***	0.92***	1

Table 0.4 Correlation Matrix for Main Labor Market Indicators in Sub-Saharan Africa

Sources: Based on Phase 1 of the 1-2-3 surveys of selected countries (see table 0.1 for details). a. The reservation earnings gap is the gap between the minimum earnings at which the unemployed would accept a job and the earnings of workers with equivalent characteristics (see the * significant at the 10 percent level, ** significant at the 5 percent level, *** significant at the 1 percent level,

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The Micro Level: Heterogeneity across Individuals

Moussa and Fatou are 20-year-olds living in the capital of a French-speaking African country. Both graduated from upper-secondary school. What are their prospects? What benefits can they hope to gain from their qualifications? Were their parents right to invest in their education? Will it increase their chances of entering the world of work and finding a good job? Will they be able to find fulfilling jobs, or will they have to accept jobs for which they are over-qualified? Will they be unemployed, out of the labor force, wage workers, or self-employed? Will they work in the formal or informal sector? What will the outcome depend on? How late in life will they have to keep working to ensure they maintain a decent standard of living?

Moussa, Fatou, and their families have surely asked themselves these questions and many others. They are vitally important. Africa is the youngest continent in the world today, with more than 64 percent of the population under 25 years old. In view of demographic growth, the number of young people arriving on the labor market is expected to grow steadily.

Fatou is an exception. Like Moussa, she graduated from upper-secondary school. She therefore has an above-average education compared with young people in her generation, 27 percent of whom, boys and girls included, did not attend school between the ages of 10 and 14 (chapters 1 and 12). Fatou is even more exceptional than the other young girls, 34 percent of whom (compared with 20 percent of boys) in her generation did not attend school between 10 and 14.

In French-speaking Africa, there continues to be a wide gap between boys' and girls' levels of education, despite substantial narrowing in recent decades as a result of the widespread increase in school attendance rates. At the turn of the 21st century, school enrollment conditions remain difficult. Schooling competes with other activities that potentially bring in income for households. On average, 45 percent of children 10–14 participate in domestic activities and 12 percent engage in an economic activity. These activities do not always prevent them from attending school: nearly 31 percent of children 10–14 both work and attend school. The competition seems to be mainly between economic activity and school, not between domestic activities, sometimes for long hours, with school, whereas economic activity and school attendance tend to be mutually exclusive.

This general finding calls for some qualification. Girls and boys differ. When girls are not in school, their labor is more often used to bring in income for the family or to attend to domestic tasks. Boys are more often employed as apprentices. Although apprenticeships are generally unpaid, they create human capital.

Not surprisingly, differences in time use are evident across cities and social backgrounds. Sons and daughters of educated parents have a higher probability

of attending school, as do children from wealthier households. These differences probably reflect the role of the budget constraint in the trade-off between work and education.

What benefits can Fatou and Moussa hope to gain from their qualifications? In most countries, education reduces the risk of unemployment, increases access to good jobs, and raises pay. In West Africa, unemployment increases with education, as shown in chapter 1: 15–18 percent of people with secondary or higher education are unemployed as opposed to just 11 percent of people with primary education and 8 percent of people with no education. The unemployment observed in these countries is therefore often viewed as a voluntary "queuing" phenomenon, in which the unemployed can afford to be unemployed until they find a job in line with their aspirations. In these circumstances, many discouraged job-seekers could be expected to either withdraw from the labor market or accept jobs that are not appropriate given their capabilities.

Chapter 2 examines the extent and impact of this job mismatch. It shows that only 53 percent of workers 25 and over hold jobs that match their skills, with 30 percent underqualified and 16 percent overqualified for their job. Not surprisingly, the incidence of underqualification is higher among workers with low levels of education and overqualification is more common among workers with secondary or higher education. Fifty-nine percent of people with completed lower- secondary school but not upper-secondary school and 69 percent of people with completed secondary education but not completed higher education are overqualified. Higher-education graduates are slightly better off, with "just" 45 percent overqualified for the work they do. Job-seekers' expectations of finding a job that matches their education dwindle with the length of unemployment, bearing out the hypothesis of "queuing" unemployment.

Given these realities, are Fatou and Moussa wrong to have spent time in school? Although their chances of finding a job that matches their qualifications probably fell as a result, they can expect to earn more: each additional year of education implies 10 percent higher pay. And even for overqualified workers, each year of education beyond the minimum required education level to hold their job generates an additional increase in pay of 5–6 percent.

These findings are confirmed in chapter 5, which examines the distribution of workers in different employment sectors (public, formal private, and informal) and evaluates the returns to education in each sector. It shows that although education is no safeguard against unemployment, it does open doors to the highest-paid sectors (public sector and formal private sector) and yields positive returns, including in the informal sector. The returns are convex, contrary to "standard" human capital theory, which posits that they are concave. This finding has important implications for education policy. If returns are convex, the massive investment in primary education may not produce the expected effects if access to secondary education is not also facilitated. Poor households may choose to educate only some of their children to make the most of this convexity—with girls often suffering as a result.

The finding of positive returns to education in the informal sector is important, because this sector employs more than 70 percent of the employed labor force in Sub-Saharan Africa. The large size of the informal sector is often perceived as reflecting segmentation in the employment market. The market is segmented when jobs are rationed by restrictive wage rules (minimum wage, wage-setting based on an efficiency wage principle, and so forth) or other reasons. Because access to this sector is restricted, people who cannot enter it are thrown into a market segment where workers are less protected and less well paid. In developing countries, this issue is usually studied by distinguishing between the formal employment sector (public sector and formal private sector) and the informal sector. This distinction suggests that the informal sector is homogeneous. In fact, it covers a multitude of types of workers, including business heads with employees, employees of these businesses, and own-account workers. Given that people working in the informal sector are able to evade taxation and social security contributions, some people in the sector may have chosen to work in it. This may be the case, in particular, with business heads. In a situation where many workers have only limited access to the capital market, not everyone can become a business head. This means that the informal sector itself could be segmented.

Chapter 6 looks into this issue. It studies the allocation of labor among three sectors: the formal sector (public and private formal), the upper informal sector (entrepreneurs employing at least one person), and the lower informal sector (own-account workers and employees). It finds labor market segmentation between the upper and lower segments of the informal sector in the seven WAEMU cities studied: the proportion of people who, in view of their education and experience, should be working in the formal or upper informal sector appears to be lower than it would be if the market were not segmented. Restriction of access to the upper segment of the informal sector therefore emerges as an explanatory factor for poverty.

The emphasis on remuneration in studying populations exposed to the risk of poverty should not cloud the fact that other aspects of the labor relationship are just as important. Chapters 3 and 4 focus on aspects of employment still rarely addressed in developing countries, especially in Sub-Saharan Africa. Chapter 3 analyzes individual job satisfaction, measured in terms of the absence of desire to change job or status on the labor market. The findings confirm that a high wage increases job satisfaction but that it is not its only determinant. For example, other things equal, satisfaction increases with age (a reflection of youth employment problems) and decreases with the level of education. This inverse relationship with education is consistent with the observation that the risk of being overeducated for one's job increases with one's skills level. In general, working conditions appear to be just as important as earnings in determining satisfaction. For example, satisfaction is increased by working in the public sector; earning a fixed wage; having a steady rather than a casual job; and being a senior executive, employer/proprietor, or even own-account worker. Working in the informal sector does not systematically reduce job satisfaction, a result at odds with conventional wisdom. Chapter 3 also underscores the role of individual aspirations in job satisfaction: other things equal, people whose fathers have more than primary education have lower satisfaction than people with less educated fathers.

Chapter 4 examines some of these employment aspects, addressing the question of vulnerability in employment. This is virgin territory for the literature, at least in Sub-Saharan Africa. The authors build a composite indicator of vulnerability that covers many aspects of the job held: contractual insecurity, working conditions, unstable remuneration, underemployment, and a mismatch between job and individual characteristics. They show that 85 percent of private sector workers in all of the cities considered are vulnerable on the basis of at least one of seven criteria. In a competitive labor market, the theory of compensating wage differentials predicts that everything else equal, people in jobs with undesirable characteristics, in terms of strenuous or hazardous work or the protection offered to workers, should be better paid. Chapter 4 shows that although on average, employment vulnerability is associated with lower pay in the formal private sector, everything else equal, average earnings in the informal sector are higher for high-vulnerability jobs. The assumption that average gains can compensate for a certain level of vulnerability therefore holds in the informal sector.

Fatou may well have the same level of qualifications as Moussa, but does she have the same chances as Moussa of securing the job she wants? Do Fatou and Moussa have the same chances as people of different origins with the same level of qualifications? Chapters 8 and 9 address these questions, each from a different angle. Chapter 8 uses the information on jobs held by respondents and their fathers to analyze inequality of opportunities on the labor market. The findings show that social origin plays a decisive role in labor market position, fostering the intergenerational transmission of inequalities. Transmission channels are both direct and indirect. In some cities, access to the upper segments of the labor market (the public and formal private sectors) is determined by the level of education, itself dependent on the parents' occupational status. In other cities, employment in one sector rather than another depends directly on the parents' socioeconomic status. Ethnic group and migrant status also have significant impacts in some cities.

Chapter 9 addresses discrimination. It decomposes the earnings gap between men and women and between the largest and other ethnic groups. The results show a large earnings gap between men and women, with women earning 21–50 percent of men's earnings. Differences in the average characteristics of male and female workers cannot explain these gaps. The gaps between ethnic groups are much smaller, and the largest group does not appear to systematically enjoy a more favorable position than other groups.

Despite their qualifications, Moussa and Fatou have reason to feel apprehensive about their entry into the world of work. The labor market does not give everyone the same opportunities. Access to the most desirable employment sectors appears to be restricted and to depend as much on parents' social status as on the qualifications individuals hold. Unemployment is high among people with good qualifications, and a sizable proportion of people who are employed are frustrated because they have not found jobs that match their skills, even though they have above-average earnings. The outlook for Fatou is even bleaker, because she is likely to suffer discrimination as a woman.

Fatou might marry quickly and ultimately choose to run the household. She would then specialize in performing domestic tasks and educating the children. Even if she works outside the home, however, she is very likely to shoulder most of the domestic work, as chapter 7 shows. In the 10 countries considered, domestic work represents nearly one-third of the total time worked on average. Despite a lower labor force participation rate, on average, women account for 56 percent of the total time worked in the household, including domestic activities (62 percent in the WAEMU countries). Women in Africa do most of the domestic work whether or not they work a paid job. They account for 43 percent of market working hours but 89 percent of domestic working hours. Working women work a "double day," in that their domestic workload is not lighter than it is for nonworking women.

A number of factors are correlated with inequalities in the gender division of labor. Social norms, measured by various variables, appear to play a decisive role: relative position in the household, age bracket, religion, and, to a lesser extent, education all have a significant impact on the gender distribution of domestic and market work. The type of household and its demographic structure also play an important part in this distribution: large, polygamous households and households with a larger number of adults have a different gender division of labor than households made up of monogamous couples with young children.

Faced with problems finding work, many young people consider migrating. This book addresses the migration question from two novel points of view. Chapter 10 deals with migration within the WAEMU economic area. The simultaneous series of labor force surveys conducted in the same format in the seven French-speaking capitals provides an opportunity to examine the monetary determinants of migration within this zone, in which member countries have signed a free movement agreement.

The chapter paints a picture of migration between Southern countries, a subject still somewhat neglected by the literature; it does not address South-North migration, which requires data of a different type. The chapter documents the magnitude of migration between WAEMU countries. Not surprisingly, Côte d'Ivoire is by far the leading country for immigration in the region. Mali and Burkina Faso supply the largest contingent of emigrants. Togo and Benin post high immigration and emigration figures.

Given that Fatou and Moussa graduated from upper-secondary school, they are unlikely to migrate within WAEMU, as the findings show that migrants who move from one African capital to another are less educated on average than nonmigrants, both in their country of origin and in their destination country.⁷ In most countries, they have a higher probability of working in the informal sector and earning lower wages. Therefore, the brain drain phenomenon does not appear to be the main characteristic of migratory flows between French-speaking West African countries. However, other things equal, migrants' choices as to where they live do appear, at least in part, to respond to differences in remuneration: like nonmigrants, migrants choose to live in cities where, given their characteristics, their earnings expectations are highest.

With their qualifications, Fatou and Moussa are more likely to migrate to a developed country than another developing country. Moreover, if they do migrate, they are likely to do so only temporarily: recent analyses of international migration show that a large proportion of migrants ultimately return to their country of origin. The net impact of international migration, skilled or otherwise, on migrants' country of origin is thus still a research question. Migration of educated workers might not be as negative as feared if migrants return in sufficient numbers, bringing with them capital and know-how they manage to use productively in their country of origin.

This subject is analyzed in chapter 11, which uses data from the 1-2-3 surveys conducted in the WAEMU countries to evaluate wage differential between nonmigrant workers and migrant workers who have returned to their country of origin ("return migrants"). The chapter's findings distinguish between migrants based on whether they have returned from a developed country or from another WAEMU capital. Migrants returning from WAEMU member countries and nonmigrants display very similar labor market participation behavior and characteristics. In contrast, migrants returning from OECD countries are much more educated, more likely to be employed, and wealthier than nonmigrants. They also have a greater probability of working in the formal sector. However, this difference vanishes (or turns negative) when migrants' characteristics are taken into account, suggesting that they suffer a loss of social capital that reduces their access to formal sector jobs. In terms of income, the results reveal the existence of a large migration premium for migrants returning from OECD countries. Informal sector businesses run by migrants returning from OECD countries are also more productive than businesses run by nonmigrants or migrants returning from WAEMU or other countries.

One problem is the same for everyone: migrants and nonmigrants, formal sector employees, informal sector entrepreneurs and employees, and even the economically inactive all need to ensure that they have enough disposable income at retirement age to maintain a minimum level of well-being. This question probably has not yet occurred to Fatou and Moussa. Yet they can see around them that many people at retirement age have to keep working because they do not receive enough replacement income. If they foresee finding themselves in this situation when they are old, they might be encouraged to adopt certain precautionary behavior to cope with the situation as best they can when the time comes. For example, they may decide to have more children than they would have had if a public pension scheme had been available, in order to ensure that their children can look after them in their old age. Having people remain in the labor market into old age probably reduces the chances of young people finding work. The question of working at retirement age, addressed in chapter 13, is therefore an important one.

Pensions are available only to the minority of Africans who worked in private firms in the formal sector or the public sector. Moreover, most pensions are paltry, especially in the private sector. Pensions are not a source of wage replacement but more like a minimum subsistence income. Despite the lack of pensions, few seniors in Africa are dependent on their children. In fact, most still have young children to support, forcing them to struggle to make their meager incomes meet family outlays that burden them through a late age. These elderly heads of household also often have to support older children who have not yet entered the labor market. Consequently, a relatively large number of men still work after retirement age. More than 60 percent of people 55-59 and 47 percent of people 60-64 still work. As they age, workers are increasingly confined to the informal sector. The debate on raising the retirement age is therefore high on the agenda in the South, as it is in the North. However, it is not put in the same terms. Whereas workers in the North are calling to keep the retirement age as low as possible, one of the major demands of unions in this Southern subregion is to raise the retirement age.

Many differences can be observed across the cities studied, some of which warrant particular attention. Chapters 2 (job mismatch), 8 (inequality of opportunities), and 9 (discrimination) identify two groups of more or less homogeneous countries. Labor markets in the capitals of the coastal countries (Benin, Côte d'Ivoire, Senegal, and Togo) appear to have greater intergenerational social mobility, less segmentation, and less discrimination against women and ethnic groups than the capitals of the landlocked countries (Burkina Faso, Mali, and Niger). Among the seven WAEMU countries studied, the landlocked countries also have the lowest human development, wealth, and urbanization levels. Without seeking causality, one cannot help but be struck by the link observed between the extent of development and the functioning of the labor market. It may be no coincidence that Burkina Faso, Mali, and Niger are, in that order, the three countries that produce the largest contingents of migrants in the subregion (see chapter 10). The landlocked countries are not behind the coastal countries in all aspects: Mali and Benin post the highest levels of satisfaction (with 50 percent satisfied workers), for example, way ahead of Côte d'Ivoire (37 percent).

Making Data Collection Work for Research

All of this book's contributors are researchers at Développement, Institutions et Mondialisation (DIAL), a joint research unit of the Institut de Recherche pour le Développement (IRD) and the University of Paris Dauphine. (Brief biographies of the contributors appear at the beginning of the book).

This work is based on an original approach taken by DIAL since its establishment (in 1990), which consists of combining statistical production, economic research, and public policy analysis (Cling and Roubaud 2006; Nordman and Roubaud 2010). The involvement of a research center in the production of official statistical data is unusual: economists have long worked "far from the field," using databases produced by others, especially public statistics. (The World Bank's Living Standards Measurement Study program represents a notable exception.) It is only recently, at the instigation of promoters of ex post public policy impact evaluation methods (such as the Abdul Latif Jameel Poverty Action Lab), that academic development economists have started collecting data, albeit generally in the form of ad hoc protocols rather than official surveys. Academic involvement in data collection kills two birds with one stone. It helps fill the hole in statistics in developing countries, particularly in Africa, thereby broadening the scope of applied economics research while ensuring that the analyses produced are compatible with official figures. It also helps build bridges between the statistical and academic communities, which are nowhere as disconnected as in Africa. We hope that readers will see the merits of this approach, which warrants becoming widespread practice.

Target Audience

This book targets the whole development community interested in labor markets and, more broadly, Sub-Saharan African development, including researchers and students, policy makers, donors, and informed ordinary citizens, from the South or the North. Pursuing such a large and heterogeneous audience inevitably creates a trade-off. The book adopts the best econometric practices (for the research-oriented reader) but is accessible to all readers in order to provide food for thought and stimulate democratic debate. Readers interested in more details can consult the full version of the book posted on the book's website (http://www.dial.ird.fr/publications).

Our approach is mainly quantitative, not because we consider it superior to any other approach but because it corresponds to our skills. Therefore, readers who are more prone to qualitative and narrative approaches are invited to put their own in-depth knowledge in the broad picture perspective, in which they are embedded in, and eventually confront, these two complementary lenses.

This book does not provide press-a-button policy recommendations; providing such recommendations is neither our aim nor our area of expertise. Instead, it provides the evidence base on which sound policies should be grounded.

Notes

- Many characteristics in English-speaking countries are probably quite different, given the lasting imprint of institutions and economic and social structures inherited from colonization (Cogneau 2007; Austin 2010). Sub-Saharan Africa is a mainly rural continent. Focusing only on urban areas, as this book does, ignores a fundamental component of African specificity.
- 2. The studies by Guha-Khasnobis and Kanbur (2006); Perry and others (2007); Ostrom, Kanbur, and Guha-Khasnobis (2007); Jütting and de Laiglesia (2009); and Bacchetta, Ernst, and Bustamante (2009), for example, contain as many definitions of informal employment as they do chapters.
- 3. This study, based on the Network for Labor Market Analysis in Africa (RAMTA) network data, draws on a series of pilot employment surveys of households in seven African cities (Abidjan, Antananarivo, Bamako, Conakry, Dakar, Ouagadougou, and Yaoundé) between 1986–87 and 1992. RAMTA collected these data at the initiative of the International Labour Organization's International Institute for Labor Studies. This process closely resembles the Programme d'Appui Régional à la Statistique (PAR-STAT) project system, launched by the WAEMU Commission and funded by the European Commission, from which this book takes its data. The same labor force survey was conducted in several West African cities in a short space of time to allow for comparability.
- 4. South Africa, with one of the highest unemployment rates in the world and a relatively small informal sector in urban areas, is atypical of the rest of the continent.
- 5. In most of the countries in which the two phases have been conducted, the Phase 1 and Phase 2 estimates of informal sector size are not significantly different.
- 6. Time-related underemployment is defined as working less than a certain norm (here 35 hours a week) when the individual would prefer to work more. *Invisible under-employment* refers to workers who earn less than a certain amount (here the minimum wage) (see chapters 1 and 2).
- 7. Not all of the cities examined are administrative capitals. Abidjan and Cotonou are referred to as capitals throughout this book because they are the most important economic centers in their countries (Cotonou is also the seat of government).

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