



ECONOMIC DEVELOPMENT IN AFRICA REPORT 2018

Migration for Structural Transformation

CHAPTER 4

Intra-African migration and structural transformation



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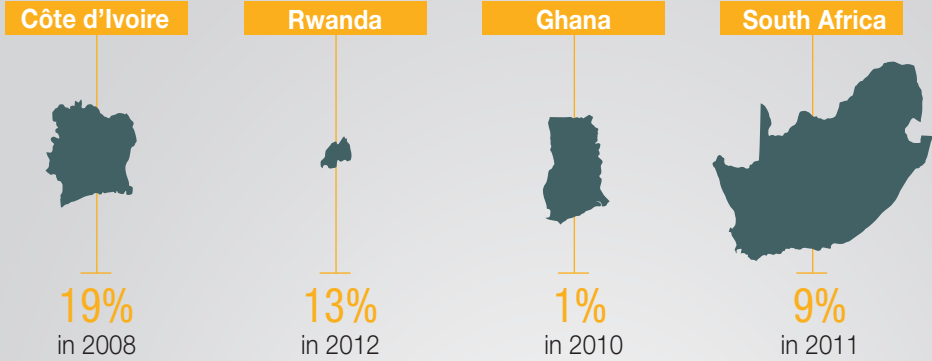
Intra-African migration and structural transformation

This chapter aims to contribute to a better understanding of the economic, trade and social dimensions of the relationship between migration and structural transformation in Africa. The first three sections highlight that migration is associated with primarily positive but also negative economic effects in sending and receiving countries in many regions of the world. With regard to Africa, differing stages of regional integration on the continent, coupled with limited and localized progress in structural transformation, warrant a closer examination of how migration can generate greater development benefits. Insights are provided on where opportunities exist in different sectors in Africa.

The fourth section uses findings from the previous chapters to make the case for evidence-based migration management, providing a preliminary identification of policy levers at the national, regional and continental levels that can contribute to an optimal distribution of the benefits of intra-continental migration in origin and destination countries. The conclusion notes that for Africa to achieve the 2030 Agenda for Sustainable Development and set a path for achieving the objectives laid out in Agenda 2063, such policy levers should be integrated with measures that aim to influence the perceptions of persons and households of labour market opportunities and expectations of higher earnings abroad.

MIGRATION'S ECONOMIC CONTRIBUTION TO AFRICA

International migrant's contribution to GDP



Migration stimulates intra-African trade



There are ongoing efforts to advance the migration agenda at the continental level in Africa, and progress has recently been made on defining a continental-level migration action plan. Prior to this, the African Common Position on Migration and Development and the Migration Policy Framework for Africa, both adopted by the Executive Council of the African Union in 2006, provided the most comprehensive policy vision for regional migration on the continent. The Migration Policy Framework states that “it is clearly known that well-managed migration has the potential to yield significant benefits to origin and destination States” (African Union, 2006). Yet little is known of how such benefits may be distributed across countries and how, if at all, they can contribute to the structural transformation of countries. Furthermore, media reports of mounting xenophobia in some destination countries and discouraging prospects for growth in others have raised concerns of potential setbacks associated with the liberalization of labour mobility. Such incidents cast a shadow over the many other successful migration stories in Africa.

Afwerki met Mamadou, one evening in Johannesburg, at a gathering organized by a pro-immigration civil society group run by an acquaintance of his. He was struck by Mamadou’s explanation about the plight of immigrants like him. Meeting at the end of the evening, Afwerki told Mamadou that he studied IT in Kenya thanks to the money that his uncle, Feiven, who lives in America, sent for his schooling. He did internships in the Nairobi’s “Silicon Valley”, moved to Rwanda, worked hard and some years later, landed funding from a venture capital firm to create his own company. He is now at the helm of a successful Pan-African digital media company, and is proud to be counted among the country’s most successful entrepreneurs. “Had my uncle not fled Ethiopia during the troubled times of the 1970s, his and my path might not be what they are today”, Afwerki said. He now delves into philanthropy and because of his own story, is particularly sensitive to the plight of immigrants.

This Pan-African journey serves as a backdrop to explaining the relationship between migration and structural transformation.

4.1 International migration and structural transformation: For better or for worse?

Contemporary evidence of the economic impact of international migration shows that in receiving countries, the evidence of net gains of GDP per capita is mixed in the short term and positive in the long term, as income per person and living standards improve (Alesina et al, 2016; Jaumotte et al, 2016; Ortega and Peri, 2009). Organization for

Economic Cooperation and Development (OECD) data indicate that migration is neither a burden nor a panacea (OECD, 2017). The impact of cumulative waves of migration over 50 years in OECD countries is estimated to be close to zero on average. Cross-country evidence shows that it rarely exceeds 0.5 per cent of GDP in either positive or negative terms, except in Luxembourg and Switzerland, where the net benefit of migration is shown to be about 2 per cent of GDP (Liebig and Mo, 2013). With regard to potential fiscal impact, overall, the integration of migrants into formal job markets increases their net contributions in taxes compared to the amount they receive in benefits. Furthermore, the fiscal contributions of migrants are not negatively correlated with educational levels, that is, lower educated migrants also contribute more than they receive in benefits.

In 2013, there were over 59 million migrants in the Asia and Pacific region, who were predominantly temporary labour migrants. Migration is generally found to be economically beneficial to both sending and receiving countries in the region, contributing to higher GDP growth in receiving countries and benefits in terms of remittances in sending countries (United Nations Economic and Social Commission for Asia and the Pacific, 2014). With regard to the impact of migration on sending countries, evidence from Africa, Latin America, South Asia and other regions suggests that remittances reduce the depth and severity of poverty and indirectly stimulate economic activity (Adams, 1991; Adams, 2009; Ajayi et al, 2009; Anyanwu and Erhijakpor, 2010; Fajnzylber and Lopez, 2008; Gupta et al, 2007; Lachaud, 1999). Similarly, the evidence of the impact of international migration on global poverty is generally positive (Ndiaye et al, 2011; World Bank, 2006).

With regard to the interface between migration and regional integration, there are similarities and differences between trends in regions worldwide. For example, in developed economies, the European Union enlargements in 2004 and 2007 led to greater scope for labour mobility within the European Union and the European Free Trade Association and to improvements in the adjustment capacity of labour markets. It is estimated that as much as one quarter of asymmetric labour market shocks of varying intensities over time and across countries may be absorbed by migration within one year (Jauer et al, 2014). In 2002–2012, migrants accounted for 70 per cent of the increase in the workforce in Europe (Stuchlik and Poptcheva, 2015).

As in most regional economic communities in Africa, migrants from countries in the Association of Southeast Asian Nations are mostly low-skilled workers, and account for about 80 per cent of the total migrant stock in the region. The share of migrants from within the Association increased from 60 per cent in 1990 to 70 per cent in 2013, and 88 per cent of migrants travelled between five corridors out of 57 identified for intra-Association migration (United Nations Department of Economic and Social Affairs, 2013b). As a

result, 97 per cent of intra-Association migrants travelled to only three countries, namely Malaysia, Singapore and Thailand. As in Africa, countries in the Association of Southeast Asian Nations are in the process of defining a regional-level migration policy. It is therefore likely that the Association is not harnessing the full potential of the free flow of labour.

Such variations in regional experiences make it difficult to draw firm conclusions on a constant and predictable relationship between migration, regional integration and economic gains.

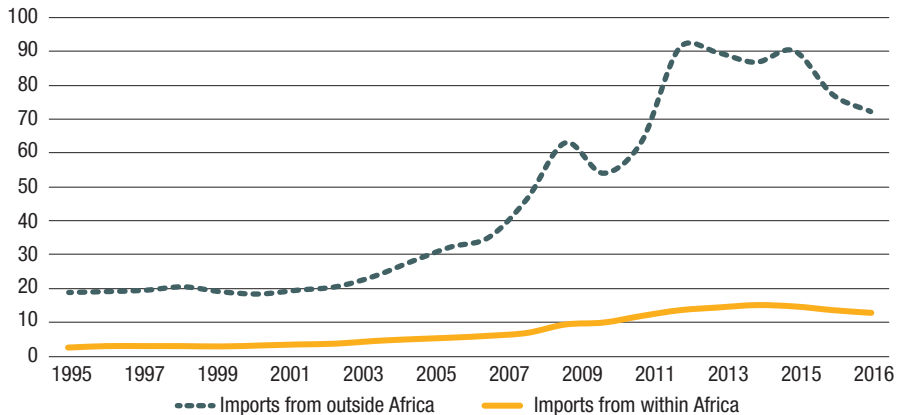
4.1.1 Investigating a pro-trade effect: Trends in migration and regional food trade

Trade can improve food security by increasing access to more affordable and diversified food items. In particular, under the right conditions, regional trade helps enhance the better functioning of commodity markets (UNCTAD, 2015a). In addition, increasing imports from a regional market can contribute to overcoming periodic food shortages and thereby reduce food insecurity. However, despite a slight increase in 1995–2012, regional food trade remains low compared with the volume of trade between Africa and the rest of the world (figure 14).

Regional food imports have been on the rise in all regional economic communities, with the largest increases observed in SADC, CEN-SAD and COMESA (figure 15). Intra-African food imports have experienced the same upward trajectory as migration levels.

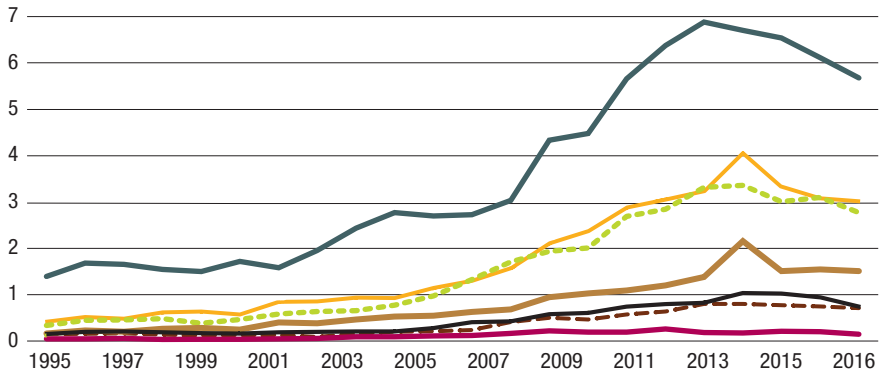
Figure 14

Three-year average food imports from outside Africa and within Africa (Billions of dollars)



Source: UNCTAD calculations, based on the UNCTADstat database.

Figure 15
Three-year average bilateral food imports by regional economic community
 (Billions of dollars)

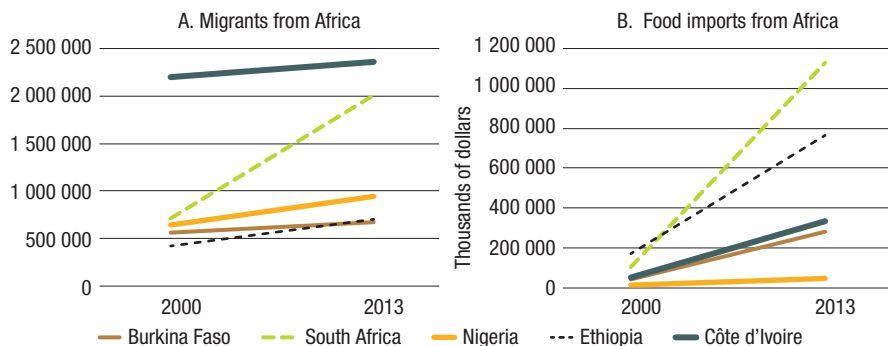


Source: UNCTAD calculations, based on the UNCTADstat database.

Beyond the possible positive association with food security, this trend also indicates that increased migration happens concomitantly with a pro-trade boost (see section 4.2).

An examination of the patterns of food trade on the continent also constitutes a test of the pro-trade effect of migration. Diaspora networks in receiving countries are likely to boost demand for products produced at home, such as specific food items. Given the assumption that emigrants have a higher income in receiving countries, the amount of exports from sending countries will increase and, thereby, financial flows to the sending country will also increase. Food imports from within Africa have increased in the main receiving countries, at times at much faster rates than the rate of immigration from other countries in Africa (figure 16).

Figure 16

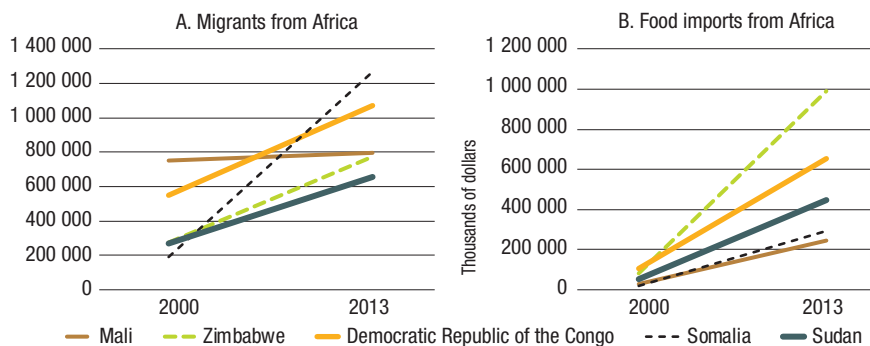
Top receiving countries by (a) migrants from Africa and (b) food imports from Africa

Source: UNCTAD calculations, based on the UNCTADstat database.

Note: Top receiving countries based on the classification in World Bank, 2013, and the World Bank Global Bilateral Migration database.

In contrast, sending countries have experienced a much smaller growth rate of intra-African food imports, a difference that likely reflects existing disparities in agricultural productivity levels between some sending and receiving countries (figure 17). In Zimbabwe, for example, agricultural value added per worker is only 4 per cent of agricultural value added in South Africa.

Figure 17

Top sending countries by (a) migrants from Africa and (b) food imports from Africa

Source: UNCTAD calculations, based on the UNCTADstat database.

Note: Top sending countries based on the classification in World Bank, 2013, and the World Bank Global Bilateral Migration database.

4.2 Intra-African migration and structural transformation: Testing the relationship

The survey of the wide-ranging literature on structural transformation processes in chapter 1 highlights three key features, namely productivity gains, a shift of labour from agriculture to manufacturing to services and rising GDP per capita. In Africa, varied patterns and trends in countries make it difficult to characterize structural transformation

Box 4 Testing the relationship between migration and structural transformation: Empirical approach

The aim of the empirical analysis is to explore the linkages of intra-African migration with the economy, using different measures of structural transformation.

First, the migration effect on the share of manufacturing and services value added in the share of GDP, on per capita GDP and on the employment share of manufacturing and services are examined. The analysis is limited to the availability of migration data and employs a panel data model using country-level intra-African migrant stock data and 10-year intervals, starting in 1970. Standard fixed effects and system-generalized method of moment estimations are applied, together with various control variables such as investment share, intra-African trade, education and conflict. In order to examine transmission channels, the interaction with education and differences in manufacturing and political instability are controlled for.

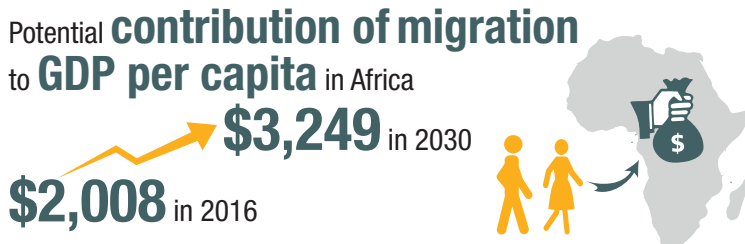
Second, intra-sectoral productivity changes in structural transformation are examined, and the results show that the bulk of structural transformation in countries in Africa comes from intra-sectoral productivity growth rather than intersectoral productivity growth. In order to measure intra-sectoral productivity growth, the analysis follows McMillan et al (2014) and Timmer et al (2014) and decomposes growth in average labour productivity over 10 years into intra-sectoral productivity gains and gains from the intersectoral reallocation of resources. The obtained contribution of intra-sectoral productivity growth is used as a dependent variable in the regression models (see Trenzcek, 2016). The analogy to classical growth regression is retained and factors of labour mobility or migration, investment rates and trade variables are included. The model estimates a linear-log and tests the impact of migration on various sectors, with attention to migration-receiving sectors such as agriculture, construction, mining, manufacturing and services. Data on sectoral productivity is based on the Groningen Growth and Development Centre, 10-Sector database, which provides estimates based on national statistics for 11 countries, namely Botswana, Ethiopia, Ghana, Kenya, Malawi, Mauritius, Nigeria, Senegal, South Africa, the United Republic of Tanzania and Zambia, starting in 1965. Sectoral productivity growth at the start of each decade is regressed on migrant stock and additional variables. Testing for sources of endogeneity and providing several robustness checks gives evidence of a positive link in various dimensions between migration and structural transformation is provided.

Sources: Groningen Growth and Development Centre 10-Sector database; McMillan et al (2014); Timmer et al (2014); Trenzcek (2016).

from a continent-wide perspective. In addition, the declining share of employment in agriculture has often been to the benefit of the services sector (UNCTAD, 2015b). Notwithstanding this diversity, some standard patterns may be expected. As the relative importance of different sectors and activities of an economy changes over time, the shares of low-productivity agriculture and the low value-added extractive sector should decline, while those of manufacturing and high-productivity services increase.

Recent findings suggest that the year 2000 was a turning point for Africa, as structural transformation has since contributed positively to overall productivity growth on the continent (McMillan et al, 2014). Structural transformation is not automatic, however, and three factors determine whether it will contribute to overall productivity growth. First, commodity-dependent economies are at a disadvantage, as the larger the share of natural resources in exports, the less opportunity there is for productivity-enhancing structural transformation. High productivity minerals and natural resources remain enclave sectors that cannot absorb the surplus labour from agriculture. Second, in theory, with an appropriate policy framework in place, currency undervaluation may remain a tool for promoting tradable industries. Third, the facilitation of an easy flow of labour across firms and sectors accelerates the process of structural transformation (McMillan et al, 2014).

There are various ways of empirically asserting that structural transformation is under way. The empirical investigation on which this section draws makes use of the following measures of structural transformation: GDP per capita; share of manufacturing value added and employment shares in manufacturing and services; and intra-sectoral productivity



growth. It singles out specific measures of migration and addresses limitations in estimation methods that challenge the robustness of the findings. Such challenges include the bidirectional relationship between migration and economic upgrading. On the one hand, migration should positively influence changes in the economic structure. On the other hand, better economic prospects also trigger immigration. Similarly, a prolonged recession may encourage increased emigration. Box 4 presents a summary of the empirical approach to migration and structural transformation. Details on the data, econometric strategy, estimation methods and results are provided in Belaid and Slany (forthcoming).

Estimation results indicate that intra-African migration positively impacts structural transformation in destination countries. The results show that a 1 per cent increase in the number of immigrants may be associated with a 0.26–0.43 per cent increase in manufacturing value added. In addition, the investigation of transmission channels of migration indicates that there is an additional effect on structural transformation from educated immigration, that is, a higher level of education in the origin country rather than in the destination country. The estimated elasticity coefficients of migration variables imply reaching GDP per capita of \$3,249 in 2030, with a compound annual growth rate of 3.5 per cent from 2016. In 2016, in Africa, average GDP per capita was \$2,008.

Additional analysis of the relationship between migration and labour productivity indicates that immigration is positively associated with productivity increases. An increase of 1 per cent in the number of immigrants leads to intra-sectoral productivity growth of 0.07–0.17 percentage points over 10 years. This positive effect increases in magnitude and significance when the model includes only sectors that have experienced relatively high migration in the past, namely agriculture, construction, mining, manufacturing, trade in services and other services. Given the estimated elasticities, if immigration continues to grow by a 10-year average of 54 per cent, or the average growth rate in 1990–2000 and 2000–2010, then, in the coming decades, average intra-sectoral productivity growth will accelerate by an additional 0.5 per cent. This implies a growth take off for countries with the lowest labour productivity.

In contrast, if emigration continues to grow without linkages to local economies, that is, other economic sectors, including manufacturing and construction, then countries with high levels of emigration risk experiencing a downward trend in productivity. It is therefore essential for migration policies that target immigration and emigration to be complementary. Migration policies that directly complement the requirements of economies in Africa are central to meeting the needs of job markets.

Intra-African emigration has a weaker and less definite effect on structural transformation in origin countries. The effect is positive in manufacturing value added in most specifications,

Migration could boost
productivity growth in
agriculture, construction,
mining and services



yet there is a negative correlation between the share of labour in manufacturing and services and intra-sectoral productivity growth. This may be driven by the net receiving countries, namely Ethiopia, Ghana, Kenya, Nigeria, South Africa and the United Republic of Tanzania. The main sending countries in the sample, namely Botswana and Zambia, show relatively low absolute numbers of emigration (see box 4). The estimates are therefore not representative for the continent. In addition, the estimate of emigration becomes smaller and/or insignificant when the analysis is restricted to sectors with high migration intensity. Immigration and emigration show a positive correlation and should not be examined separately. This is also relevant with regard to migration policies. The preliminary results are indicative of the complex dynamics between migration and productivity in Africa, yet should be refined through additional research. In addition, with regard to effects on origin countries, trade and economic channels may not be the most prominent transmission mechanisms, yet there is some evidence that return migration brings knowledge and skills that can spur productivity. For example, migration, if utilized productively, may facilitate investments in new activities for farmers due to increased liquidity through remittances and income security (Wouterse and Taylor, 2008).

The results on the positive effects of migration on destination countries are in line with other studies on the economic impact of migration (see, for example, Bove and Elia, 2017). For example, OECD and ILO (2018) estimate that migrant contribution to GDP was 19 per cent in Côte d'Ivoire in 2008; 13 per cent in Rwanda in 2012; 9 per cent in South Africa in 2011; and 1 per cent in Ghana in 2010. The contribution of immigrants to value added exceeds their population share in employment in Côte d'Ivoire and Rwanda. Overall, immigration is unlikely to depress GDP per capita (OECD and ILO, 2018).

However, despite findings of a positive effect of immigration on structural transformation, given the complex nature of migration realities, challenges in isolating the causal relationship likely remain. Section 4.3 details how the limited impact of productivity enhancements on job creation may be related to the relative scarcity of good-quality skilled manufacturing jobs in most countries in Africa.

4.3 Escaping a lack of choice: Locating opportunities for intra-African migration

4.3.1 Switching narratives: Africans on the move

In 2011, the “Africa rising” narrative in global business circles culminated in the publication of an oft-discussed report entitled “Lions on the move” (McKinsey and Company, 2011). More recent research shows that although there have been setbacks

in oil-based economies, the continent is still very much open to trade, investment and enterprise development opportunities. One survey showed, however, that when business audiences were asked to guess the number of companies with revenues above \$1 billion operating in Africa, answers ranged from 50 to 100, and were far from the correct number of 400, with a combined annual income of \$1.2 trillion (Leke et al, 2016), among 700 companies with annual revenues of more than \$500 million listed in Africa. In addition, in most sectors, these companies are growing more quickly and becoming more profitable than their global peers. Only 30 per cent of revenues are earned by companies that operate in the natural resources sector, and around two fifths of the 400 companies are publicly listed, and less than 30 per cent are multinational corporations (Leke et al, 2016).

Intra-African migration based on inter-State differences in skills endowments is gaining prominence. For example, within EAC, Kenya remains the leading receiving country, with migrants originating mostly from outside Eastern Africa, yet it is also the main sending country to Eastern and Southern Africa. Chapter 3 emphasizes the migration of highly skilled labour from Kenya to Rwanda and the United Republic of Tanzania, supported by the national migration policy framework of Rwanda (see box 2).

Africa is the only region with a growing share of the world's youth, and this lends urgency to the need to locate opportunities for labour absorption (see chapter 1). The capacity to harness the benefits of increased economic growth in Africa is based on the demographic dividend, as seen in economies in East Asia and South-East Asia (Bloom and Williamson, 1998; Mason, 2001; Mason, 2007), rests upon a sustainable and job-intensive path of structural transformation. Imperfect flows of information and little use of evidence from private sector consulting firms by development stakeholders in the public sphere in Africa make it difficult for migrants to locate job opportunities. For example, Cape Town, South Africa, has an unemployment rate of 23 per cent in its formal labour force, and is one of six cities in a study of 22 in which the growing rate of unemployment is an ongoing challenge (World Economic Forum, 2017).

Sections 4.3.2–4.3.5 provide an overview of business opportunities on and for the continent and identify the scope to change the continent's narrative from lions on the move to Africans on the move.

4.3.2 Competitive advantages in agriculture

Agriculture in Africa has historically attracted large flows of foreign workers in countries such as Côte d'Ivoire (see chapter 2). The sector's pull factor remains strong overall, leading investment promotion agencies to rank agriculture as the sector likely to attract

the highest levels of foreign direct investment, followed by food and beverages and utilities (UNCTAD, 2017b). However, despite ongoing emphasis on its potential and amid concerns with regard to land acquisition in the order of millions of hectares of arable land by large investors in some countries, agriculture continues to suffer from underinvestment. In addition, only a small proportion of existing foreign direct investment projects in the sector are under implementation (UNCTAD, 2017b). Furthermore, agriculture in Africa remains a low-productivity sector.

Constraints to agricultural growth and to the development of related value chains in Africa range from low yields to poor infrastructure, low levels of access to finance for agricultural production and processing and difficulties in abiding by international standards (UNCTAD, 2015a). In addition, overvalued exchange rates in gas and oil-exporting countries have harmed the development of the agriculture sector in Africa. In the late 2000s, some countries, such as Nigeria, began to undertake a reversal of the neglect of agriculture. Other countries, such as Ghana, continue to deal with the impact of the exploitation of oil discoveries on the agriculture sector.

Notwithstanding such constraints, the agriculture sector in Africa remains an area with a high potential for job creation and, possibly, the absorption of foreign labour. To create jobs and build vibrant regional value chains, Africa should seize opportunities in becoming a key player in the global agriculture sector. The global population is expected to grow from 7.3 billion people in 2015 to about 8.5 billion in 2030. Estimates from a study by the Food and Agriculture Organization of the United Nations show that net land under crops may need to increase by some 70 million hectares by 2050, and that some 80 per cent of the projected growth in crop production in developing countries will come from intensification in the form of yield increases, at 73 per cent, and higher cropping intensities, at 6 per cent (Alexandratos and Bruinsma, 2012). However, the expansion of arable land will remain an important factor in the growth of crop production in many countries in Latin America and sub-Saharan Africa (Alexandratos and Bruinsma, 2012).

Locating opportunities on the continent is important, as projections show that there is great diversity of land availability and quality among countries and subregions. In sub-Saharan Africa, countries constrained by land scarcity or minimal capacity to expand food production, yet with growing populations, are likely to turn to either trade or migration. In particular, countries in which agricultural resources are limited due to predominantly semi-arid conditions and little irrigation potential, and in which the population is expected to greatly increase by 2030, are likely to be among those from which emigration will be highest in the future. The population of the Niger, for instance,

is projected to grow from 14 million in 2006 to 58 million in 2050, an increase of over fourfold, and is therefore likely to be subject to incompatibilities between its population growth and agricultural potential (Alexandratos and Bruinsma, 2012). Similarly, although the socioeconomic profiles of countries in Northern Africa are generally more advanced than those in sub-Saharan Africa, they have limited potential for further job creation in the agriculture sector as there is little prime arable land. Of the 13 countries that account for 60 per cent of the 1.4 million hectares with the best quality land, five are in sub-Saharan Africa, namely Angola, the Democratic Republic of the Congo, Madagascar, Mozambique and the Sudan (Alexandratos and Bruinsma, 2012). The remaining countries are unevenly distributed across different regions.

Producers in Africa are favourably positioned to serve regional markets and displace imports from outside the continent. The labour absorption capacity of the agriculture sector cuts across different farm sizes. Smallholding farmers are essential for the continent's food security and prove to be competitive when provided with an enabling environment (UNCTAD, 2015a). Without discounting the potential benefits from large-scale farming models, there is no evidence that such models are either necessary or particularly promising for Africa; instead, making agriculture in Africa competitive requires the right mix of policies, strong institutions and a significant rise in good quality investments (World Bank, 2009).

In line with these findings, several private sector-led efforts have identified agriculture as a leading sector in the attractiveness of Africa for investment. It is recognized as a forefront sector for smart development and as one of the areas in which innovation is most needed on the continent. One review of the potential of agricultural value chains in Angola, Ghana, Kenya, Mozambique, Nigeria, Sierra Leone, the United Republic of Tanzania, Zambia and Zimbabwe highlights their potential for agricultural development and uncovers the diversity in their profiles in many crops and associated value chains (PricewaterhouseCoopers, 2015). Similarly, potential exists in cassava, cotton, maize, rice, soybeans and sugar in the Guinea Savannah zone in sub-Saharan Africa, which encompasses approximately 600 million hectares of land, and has strong agricultural development potential, despite poor soil quality. Less than 10 per cent of this zone is in agricultural use, yet nearly 400 million hectares can be used for agriculture. The region cuts across many countries and underpins the livelihoods of more than one quarter of all farmers in Africa. Much of the untapped potential lies in Mozambique, Nigeria and Zambia (World Bank, 2009).

The importance of the agriculture sector in job creation is well-recognized by many Governments in Africa. For example, the agricultural transformation agenda of Nigeria

aimed to create 3.5 million jobs in 2012–2015 in the cassava, cocoa, cotton, rice and sorghum value chains and to increase farmer incomes by \$2 billion. The agenda is credited with leading to the creation of some 2.7 million jobs within its first year and to a decline in the country's annual food import bill by \$5.3 billion (PricewaterhouseCoopers, 2015). The country has recently committed to prioritizing economic diversification away from oil. If the sector and its value chains continue to grow at similar speeds or faster, and if it concurrently fulfils its potential as a strong and vibrant economy, with dynamic manufacturing and services sectors, there may be scope to absorb its large labour force. Countries with different demographic endowments, that is, with similar potential but with risks of labour shortages given smaller populations, such as the Congo, may attract foreign labour.

4.3.3 Optimizing opportunities in manufacturing requires well-coordinated regional-level industrial policies

Industrialization remains a central element in bringing about productivity gains and other benefits such as democratization processes through a well-organized workforce (Rodrik, 2015). The neglect of policies aimed at developing the manufacturing sector in Africa partly explains the delay in structural transformation on the continent (UNCTAD and United Nations Industrial Development Organization, 2011). Recent findings have further highlighted the sector's potential and high propensity for productivity enhancement, a central element in structural transformation. For example, data on formal enterprises, regardless of whether products are exported, shows that manufacturing is characterized by a propensity for the convergence of labour productivity levels (Rodrik, 2015). In other words, possibilities for convergence in labour productivity in manufacturing industries are independent from the vagaries of the global economy.

Competitive threats from companies from abroad and a strong ability in technology upgrading enable manufacturing firms in the formal sector to operate efficiently, thereby facilitating their integration into global production networks. The small share of employment in the sector in sub-Saharan Africa explains why convergence in productivity levels has not expanded to the rest of the economy in low-income countries. Furthermore, as most manufacturing activities that employ advanced technologies do not employ as much labour, the positive effects from productivity enhancements in the sector on the rest of the economy remain limited (Rodrik, 2013). This major limitation partly explains why changes in other parts of the economy remain necessary to set countries on a sharper upward path of structural transformation (McMillan and Rodrik, 2011). Many countries in Africa appear to have skipped manufacturing development in their economic development processes, yet projections of the move away from

low-technology manufacturing in China have revived ambitions to increase the sector's attractiveness. The move up the technology ladder in China has shown the possibility of creating about 100 million labour-intensive manufacturing jobs in low-income countries.

Competition for investment attraction is strong. At the global level, only a few countries in Africa are seen as cost competitive, compared with countries in South-East Asia (Hallward-Driemeier and Nayyar, 2017). In addition, only a few countries in Africa have managed to position themselves as key players across a sample of value chains, including Ethiopia, Lesotho and Kenya. However, disparities in labour costs between these countries are likely to result in differing levels of attractiveness. More generally, a few countries have made

Box 5 Manufacturing below the radar: Profit maximization, locals and foreign labour in Nigeria

Opportunities for manufacturing in Africa are not necessarily evident. They are however arising more and more often, in sometimes unexpected ways. The following account, originally reported in the Harvard Business Review, gives a taste of what can happen when investments are made by Chinese companies:

Sun is from Wenzhou, a midsized city in south-eastern China. Nearly 4,000 years ago, the lustrous, pale green glaze called celadon was invented in Wenzhou, which became the birthplace of Chinese ceramics. In the 1970s, however, times there were tough. After elementary school, Sun dropped out and started working. In 1978, Wenzhou was the first city in China to establish private enterprises. Sun worked his way up through several leather-processing factories and eventually saved enough to start his own leather manufacturing business. But by the late 2000s, costs were climbing at an alarming pace, and he knew he needed to move out of China. A friend suggested he think of Nigeria.

He went for a five-day visit. "Immediately all these poor people were asking for money," he told me. "But then I realized there are a lot of rich people, too, and although it's hard to make it in this market, it's just as hard for everyone else as it is for me." Back in China he called an acquaintance at the customs authority and asked him what was the heaviest, most expensive product to ship being exported in large quantities to Nigeria. The answer? Ceramics.

After that single visit, Sun devoted about \$40 million to building a ceramic tile factory in Nigeria. It runs around the clock and employs nearly 1,100 workers, a thousand of them locals. Electricity is unreliable and costly, but business is good. Nigeria, with its relative lack of competition and booming demand, allows Sun to earn a 7 per cent profit margin, compared with the 5 per cent he earned in China. In manufacturing, margins are often razor thin, and a 2 per cent bump is substantial.

Sun's story is not unusual. According to data from the Ministry of Commerce of China, privately owned Chinese companies are making more than 150 investments a year in the manufacturing sector in Africa, up from only two in 2000. The real figure is probably two or three times as large. Scholars doing fieldwork on the topic routinely encounter Chinese companies that have not been captured by government data.

Source: Excerpted from Sun (2017).

substantial progress in recent years in improving their business environments. Only three sub-Saharan Africa countries are among the top 100 in the World Bank ease of doing business ranking for 2018, namely Mauritius, 25; Rwanda, 41; and Kenya, 80 (World Bank, 2018). Furthermore, only three countries were among the top reformers, namely Malawi, Nigeria and Zambia. Finally, many reform activities pertain to the construction sector (Dinh et al, 2012; Hallward-Driemeier and Nayyar, 2017).

The difficulties that countries in Africa face in competing in global manufacturing are compounded by concerns related to the impact of artificial intelligence and automation on supply chains worldwide. New and fast developments have amplified the perceived risk of premature de-industrialization in Africa. Recent findings show that low-income countries are not immune from the risk of a loss of competitiveness in manufacturing associated with the changes related to the fourth industrial revolution (Rodrik, 2013; United Nations Department of Economic and Social Affairs, 2017b). UNCTAD (2017c) notes that, to date, robotization has had a relatively small direct effect in most developing countries and that, given their lack of diversification and technological upgrading, this is unlikely to change in the near future. The distributional effects of robotics are likely to be diverse and depend on a country's stage in structural transformation, position in the international division of labour, demographic developments and economic and social policies. In studies evaluating the future of manufacturing in developing countries, textiles, transport equipment and electronics are identified as the best-performing sectors based on the following criteria: scope to employ low-skilled workers; share in the overall economy; labour productivity; trade levels; and scope for innovation and diffusion (Hallward-Driemeier and Nayyar, 2017). Such studies state that despite the growth of new technology, opportunities in the low-technology, labour-intensive production of goods for regional trade remain high in low-cost locations.

Manufacturing opportunities in Africa lie primarily in serving the growing domestic market and regional markets. Estimates show that Africa could nearly double its output from \$500 billion in 2011 to \$930 billion in 2025, three quarters of which could come from meeting domestic demand, mostly in food, beverages and similar processed goods (Leke et al, 2016). Considering the pro-trade effect of bilateral migration flows and the channels through which migration can increase trade and wealth, Africa should accelerate regional integration commitments, including provisions on labour, to make the most of such opportunities.

Finally, locating opportunities for attracting foreign labour is difficult, as the size of the informal sector is such that insights on the actual size, scope for growth and areas of

skills shortages need to be the focus of dedicated studies. For example, an analysis of investment by China in Nigeria suggests that workers from abroad may account for about 10 per cent of over 1,000 employees in small-scale factories on the continent (box 5).

4.3.4 Services sector: Strong growth potential

Low-income countries in Africa are among those affected by early de-industrialization due to fewer opportunities for industrialization than experienced by early industrializers (Rodrik, 2015). Other reasons for this trend include the squeezing out of manufacturing in such countries, in the face of competition from imported goods, and exposure to the decline in the relative prices of manufacturing goods. This trend has contributed to services becoming the lead sector in many countries in Africa (UNCTAD, 2015b).

Wholesale and retail, financial and health-care services are among the sectors identified as having a strong growth potential in most countries in Africa (Leke et al, 2016). Such developments include a burgeoning technology sector. More than 100 technology hubs have been set up in Africa in the past decade, and there is potential to deepen their growth in centres such as Cape Town, South Africa, and Kenya, referred to as the silicon savannah of Eastern Africa. Technology has also been transforming teaching and training in Africa through the delivery of educational content via mobile and online channels. New fields of growth continuously emerge in the technology industry. For instance, successive technology conferences in recent years have highlighted shortages in data science at the global level. Countries with an existing lead in technology and the digital economy could invest in public-private training in these fields. To embrace such potential, technology hubs in Africa require investments in improving access to the Internet, power and roads. Furthermore, start-ups in Africa should have greater exposure to technical expertise and benefit from more regulatory support from Governments.

The growth of services sectors in Africa in recent years has shed light on the potential for intersectoral linkages. Services play a central role as a connecting point between different industries. This role can be further developed at national and regional levels and can, in turn, help make commodity-based industrialization services a new trigger for intra-African migration. Finally, services sectors offer scope for inclusive job creation. In the tourism sector, services are credited with a strong multiplier effect in creating jobs for women and youth (UNCTAD, 2017a; UNCTAD 2017b). The continent possesses few centres of excellence for training the required labour, and the services and tourism sectors can offer scope for the intra-African migration of skilled workers and for pooling resources for regional-level internationally competitive training centres. Prospects for the greater development of financial services are good, as it was the top sector with regard to foreign direct investment project numbers in Africa in 2015 (fDi Intelligence, 2016).

Table 20
Immigration patterns and dynamics of change in structural transformation variables

Level of immigration	Agricultural value added per worker (constant 2010 dollars)		Manufacturing value added (percentage of gross domestic product)		Services value added (percentage of gross domestic product)	
	Past 10 years	Present	Past 10 years	Present	Past 10 years	Present
High (> 300 000)						
Côte d'Ivoire		High		Medium		Medium
South Africa		High		Medium		High
Nigeria		High		Medium		Medium
Ethiopia		Low		Low		Medium
Burkina Faso		Low		Medium		Medium
Kenya		Medium		Medium		Medium
Cameroon		Medium		Medium		Medium
Uganda		Low		Medium		Medium
United Republic of Tanzania		Low		Medium		Low
Chad		High		High		Low
Sudan		High		Medium		Medium
Congo		Medium		High		Low
Ghana		Medium		Medium		Medium
Rwanda		Low		Low		Medium
Guinea		Low		High		Medium
Gabon		High		High		Medium
Democratic Republic of the Congo		Low		High		Low
Zimbabwe		Low		High		Medium
Medium (> 100 000)						
Burundi		Low		Medium		Medium
Liberia		Low		Low		Low
Benin		Medium		Medium		Medium
Mali		Medium		Medium		Medium
Libya		High		Low
Senegal		Low		Medium		High
Gambia		Low		Low		High
Malawi		Low		Medium		Medium
Mozambique		Low		Medium		Medium
Togo		Medium		Medium		High
Central African Republic		Low		Medium		Medium
Niger		Low		Medium		Medium
Djibouti		Low		High
Low (< 100 000)						
Botswana		Medium		High		High
Mauritania		Medium		High		Low
Sierra Leone		Medium		Medium		Low
Zambia		Low		Medium		Medium
Egypt		High		High		Medium
Angola		High		Medium
Algeria		High		High		Medium
Namibia		High		Medium		High
Morocco		High		Medium		Medium
Tunisia		High		Medium		Medium
Swaziland		High		High		Medium
Guinea-Bissau		Medium		Medium		Medium
Eritrea		Low		Medium
Comoros		Medium		Low		High
Cabo Verde		High		Low		High
Madagascar		Low		Medium		Medium
Sao Tome and Principe		Low		Low		High
Equatorial Guinea		Medium		High		Low
Mauritius		High		Medium		High
Seychelles		Medium		Low		High
Somalia		Low		Low
Lesotho		Low		Medium		High

Source: UNCTAD calculations, based on the UNCTADstat database and the Agricultural Market Information System database of the Food and Agriculture Organization of the United Nations.

Notes: Categories are as follows:

Agricultural value added per worker: > \$2,000, High; > \$800, Medium; < \$800, Low; Manufacturing value added: > 25 per cent of GDP, High; > 10 per cent of GDP, Medium; < 10 per cent of GDP, Low; Services value added: > 60 per cent of GDP, High; > 40 per cent of GDP, Medium; < 40 per cent of GDP, Low.

Business services are experiencing the same upward trend; the number of foreign direct investment projects in this sector in Africa grew by 80 per cent in 2016 (fDi Intelligence, 2016). Ghana and Kenya are among the top performers. Other sectors such as logistics have also experienced growth. For example, Mozambique attracted the largest number of foreign direct investment projects in 2016. Such emerging different competitive advantages in countries offer scope for opportunities in cross-border movements of skilled labour, as other countries on the continent enter similar fields in the future.

4.3.5 Innovation and entrepreneurship should be at the centre of all national and regional initiatives

Increasing evidence of the disruptive effect of artificial intelligence and automation fundamentally question the static assumptions on which many empirical models are based and alter the predictive power of projections on job and wage gains and losses of twentieth-century industries. More than ever, as elsewhere in the world, innovation will play a central role in shaping the ability of countries in Africa to adapt to the kind of structural transformation needed for sustainable development in the twenty-first century. Many economies in Africa have skipped the traditional step of manufacturing to embrace opportunities in services as the main contributor to GDP. However, services alone are not enough to absorb the growing working age population in Africa. Rather, countries should make the most of gearing investments towards green, technology-intensive yet labour-generating industries in agriculture, manufacturing and services. Immigration patterns and dynamics of change in structural transformation variables are shown in table 20.

As emphasized in numerous studies and reports, priority cross-cutting conditions related to access to affordable and reliable energy, infrastructure and social development need to be met before the continent can unleash its full potential in agricultural development, manufacturing and services. In addition, low, albeit growing, rates of research and development in countries in Africa underline the scale of efforts required to embark on multisectoral industrial development. On the one hand, the lack of appropriate policy frameworks on the continent is a constraint for business. On the other hand, the limited legacy of legal and regulatory frameworks requiring high levels of compliance can be an opportunity for entrepreneurs to be frontrunners in investing in innovative and agile companies.

4.4 What needs to be done and who needs to do what?

The African Common Position on Migration and Development (2006) should be integrated into the new generation of national migration policies. Migration is an issue that warrants action and collaboration at the national, regional and continental levels. The Migration Policy Framework for Africa cites the Abuja Treaty (1991) that, in founding the African Economic Community, urged member States to adopt employment policies that allowed the free movement of persons, including workers, within the Community, which entailed “strengthening and establishing labour exchanges aimed at facilitating the employment of available skilled manpower of one member State in other member States where there are shortages of skilled manpower” (African Union Executive Council, 2006). Over 10 years after the adoption of the Migration Policy Framework, it is time to define concrete actions for the facilitation of managed migration on the continent and determine who should do what.

Box 6 South Africa: Incorporating the integration agenda of Africa into a national migration framework

Analysis of historical and contemporary trends in South Africa shows that most migrants work in mining, agriculture, hospitality, construction and domestic services, and that motivation to immigrate to South Africa includes consideration of its status as an upper middle-income country, with wages averaging about five times higher than in SADC partner countries. There have been growing concerns that economic migrants may apply for asylum, thereby creating delays for refugees and burdening public resources. Acknowledging that the discourse on migration in South Africa has been heated, with “strong emotions, stereotypes and contested statistics”, the white paper on international migration aims to address gaps in the legislation, catalyse efforts by the Government and society at large to manage international migration to achieve the development goals set out in the national development plan and refers to the regional integration agenda in its aim to be Africa-oriented. Policy areas include the management of international migration within the African context to ease cross-border movements for African citizens, to provide a legal route for economic migrants originating from SADC and to address the migration of highly skilled professionals and those with capital.

The white paper emphasizes that a well-managed international migration policy will enable the development of South Africa as well as that of the region. It explicitly positions the international migration policy of South Africa within the African development agenda. In this regard, it gives due consideration to Agenda 2063, the establishment of the continental free trade area and negotiations for a continent-wide visa-free regime. Policies and strategic interventions include international best practice measures such as a points-based system and a residence visa for international students.

Box 6 (continued)

With regard to institutional arrangements, the white paper acknowledges that the effective implementation of an international migration policy depends on the establishment of an intergovernmental and intersectoral institutional machinery, with strong coordination and accountability mechanisms. This would steer proactive recruitment approaches based on a list of the skills and businesses required for national and sectoral priorities, strategies and plans. Specific elements are as follows:

- Portability of social benefits: The white paper recommends that provisions be made for the delivery of social security and the portability of social benefits for qualifying international migrants.
- Time-bound special work visas for SADC nationals: Based on bilateral agreements between States, SADC nationals would be given a work visa for a prescribed period. The political decision on the number of visas to be offered would be informed by empirical evidence of labour market dynamics. To this end, the white paper recommends investigating the feasibility of a sector-based approach, whereby visas would be granted to work only in a specific sector.
- Multiple entry long-term visas for SADC traders: The positive role of cross-border traders in promoting intra-African trade would be supported through the granting of such visas.
- Harmonization of regional-level governance frameworks on refugees: The white paper suggests that a bilateral and multilateral approach should be taken with origin countries of asylum seekers, as well as with transit countries and countries that could accommodate refugees for resettlement. Options in this regard include voluntary repatriation, resettlement to a third country and the integration of refugees into communities in South Africa.

Such elements provide avenues for better qualifications management at the continental level. For example, the proposed residence visa for international students could generate positive effects for both the economy of South Africa and origin countries. The tertiary education system in South Africa is internationally recognized as including centres for excellence. Gaining education and work experience in South Africa could lead to a possible win-win outcome. In a virtuous scenario, graduates would contribute to the destination country, send remittances to origin countries and return to benefit origin economies, equipped with know-how, contacts and capital. In addition, if graduates are recruited by multinational companies, this policy measure could act as an incentive for employers to invest in the capacity-building of African staff graduating in South Africa. Such companies could then reap the benefits from training such staff members and by facilitating their movement in Africa, rather than having to recruit skilled workers from outside Africa.

Source: South Africa Department of Home Affairs (2017).

Most regional economic communities have established a migration policy framework (see chapter 2). Others are recognizing the need to do so, which requires substantial organizational resources and consultations and a supportive political environment. South Africa has become the primary destination for migrants in all categories from Eastern and Southern Africa and is one of the main destination countries on the continent. To address challenges linked to this status, the Government of South Africa has recently concluded the reform of its migration policy, and insights from the resulting white paper on international migration, adopted in March 2017, the final version of which was published in July 2017, may be useful for countries embarking on the same journey (box 6). Established in a context of soaring unemployment rates, the national policy framework in the white paper situates migration within broader regional and continental contexts by issuing policies that aim to help facilitate the development of markets and industries and the skills base in South Africa, Southern Africa and Africa as a whole. The Government of South Africa has expressed its will to integrate human rights principles in its approach, a markedly different approach from the history of labour migration in the subregion. A thriving labour-intensive mining industry in the twentieth century led South Africa to become the leading destination for workers from adjacent countries and from across Southern Africa. These labour movements were managed through stringent bilateral agreements that ensured a constant supply of low-cost migrant labour, mostly from Botswana, Lesotho, Malawi, Mozambique, Swaziland and Zimbabwe (Wilson, 1976). In 2017, most migrants from these countries remained low-skilled, and the white paper accordingly notes that the promotion of objectives related to economic growth requires the granting of business, critical skill, study and visitor and/or tourist visas, as these categories of migrants are more likely to start businesses and contribute to a knowledge economy and job creation (South Africa Department of Home Affairs, 2017).

The fact that the white paper devotes comparatively less attention to facilitating the movement of low-skilled migrant workers from the continent raises concerns. In addition, analysts of migration to South Africa have questioned the cost effectiveness of some of the proposals on asylum seekers (Jinnah, 2016; Nshimbi and Fioramonti, 2013). The white paper states that asylum seekers will not automatically acquire the right to work, study or conduct business while their status is being determined, since their basic needs will be met in processing centres, and highlights the difficulties in addressing irregular migration given a lack of return agreements with neighbouring countries on the deportation process (South Africa Department of Home Affairs, 2017). Finally, with regard to institutions, the white paper recognizes that a policy and regulatory framework that ensures effective coordination between sectors and government spheres is lacking, and states that “well-managed international migration will reduce the social costs and public

expenditure associated with illegal migration” (South Africa Department of Home Affairs, 2017). This lack of coordination is partly attributed to some governance and administrative capacity deficiencies in the current institutional framework for migration management (Jinnah, 2016).

4.4.1 Skills and lead value chains

There is little information on skills mapping on the continent. Decision-making therefore relies mainly on personal and household perceptions of labour needs and on those of prospective recruiters. In contrast to the historical tradition of bilateral agreements between South Africa and other countries in Southern Africa, such agreements are few in the rest of Africa (see chapter 2). As a result, choices of migration destinations vary, and are not always reflective of actual labour market needs. For example, Côte d’Ivoire has benefited from low-skilled migration by bridging labour gaps in construction and agriculture, which has also contributed to export-led growth; in contrast, in Burkina Faso, immigrants are found to be overqualified, with little use made of their skills to spur structural transformation (OECD, 2017).

The findings in this chapter and a review of the literature highlight the limited stages of industrial development in Africa and the slow progress in productivity gains. In addition, this chapter notes the geographical distribution of opportunities across different sectors on the continent, and highlights the need for better information on the patterns of labour flows. If designed with due recognition for the varying needs of countries, regional migration policies can set the stage for coordinated industrial policies at the regional level. Examples of related measures include the facilitation of labour flows based on the specific needs of different countries specialized in different segments of the lead value chains identified in the previous sections. The trade creation effect of regional integration in Africa can be further boosted by addressing the management of labour flows at the continental level. This would enable partner States of regional economic communities to benefit from the diversity of their specializations. For example, the cotton-to-textiles industry in Africa is characterized by much higher levels of cotton yields in Western Africa than in Eastern and Southern Africa. In contrast, Eastern and Southern Africa have some dynamic and internationally competitive textile companies. Building on these differences in existing competitive advantages, in the context of a scarcity of public funds, Governments could pool resources and raise private financing for regional centres of excellence that can train creative technology and innovation-oriented workforces.

The findings in this chapter on the positive impact of migration on labour productivity and manufacturing value added, and thereby on structural transformation, reinforce the

Table 21

Growth rate prospects for immigration levels

Level of immigration	Immigration growth rate, 2000–2013	Trend in net migration rate after latest observable value	Projection of net migration, 2050
High (> 300 000)			
Côte d'Ivoire	Low	↘	0
South Africa	High	↘	1.5
Nigeria	Low	→	0
Ethiopia	Low	→	0
Burkina Faso	Low	↗	-1.25
Kenya	Low	→	0
Cameroon	High	↗	-1
Uganda	Low	↗	0
United Republic of Tanzania	Low	↗	0
Chad	High	→	-0.1
Sudan	Negative	→	0
Congo	High	→	0
Ghana	High	→	-1
Rwanda	Low	→	0
Guinea	Low	→	0
Gabon	Low	↘	1.5
Democratic Republic of the Congo	High	→	0
Zimbabwe	Negative	↗	-1.5
Medium (> 100 000)			
Burundi	High	↘	-2.5
Liberia	High	→	0
Benin	Low	→	-0.1
Mali	Low	→	-3
Libya	Negative	↗	-3.5
Senegal	Negative	↗	-1.25
Gambia	Negative	→	0
Malawi	Negative	→	0
Mozambique	Negative	→	-0.5
Togo	Negative	→	-1
Central African Republic	High	→	0
Niger	Negative	↘	-1
Djibouti	Low	→	0
Low (< 100 000)			
Botswana	High	→	0.5
Mauritania	Low	↗	-1
Sierra Leone	Low	↗	0
Zambia	Negative	↗	0
Egypt	High	↗	-1
Angola	High	→	-0.5
Algeria	Negative	↗	-1.25
Namibia	Negative	→	-0.5
Morocco	Low	↗	-3
Tunisia	Negative	→	-1.5
Swaziland	Negative	→	-2.5
Guinea-Bissau	Low	↗	-3
Eritrea	Low	↗	-1
Comoros	Negative	↗	-2.5
Cabo Verde	Low	↗	-0.1
Madagascar	Negative	→	-0.2
Sao Tome and Principe	Low	↗	-2.5
Equatorial Guinea	Negative	↘	0
Mauritius	Negative	↘	-2.5
Seychelles	Low	↗	-2
Somalia	Negative	→	0
Lesotho	Negative	↗	-3

Source: UNCTAD calculations, based on Azose et al, 2016; United Nations Department of Economic and Social Affairs, 2017c; and World Bank Global Bilateral Migration database.

Notes: Due to the lack of available data, South Sudan is not included in this sample. Azose et al (2016), in estimating population growth projections, consider uncertainty in projecting international migration, and model migration as an autoregressive process, given difficulties in predicting long-term push and pull factors.

need to discuss and address intra-African migration in multilateral negotiations. They provide grounds for alternative structural-level solutions beyond the currently dominant project-based approach. From a long-term perspective, prioritizing support for policies and actions for structural transformation should result in more sustainable impacts on drivers of migration to destinations outside the continent.

However, lessons learned from the impacts of trade liberalization on the unequal growth of productive resources in different countries warrant the need for caution on the potential impacts of the full liberalization of labour flows. The international migration of labour is likely to influence the allocation of productive resources such as skills, entrepreneurial abilities and the ability to undertake research and development. Contemporary evidence on growing intrastate and inter-State disparities shows that without accompanying measures to level the playing field, liberalization measures may reinforce initial states of unequal resource endowment. The free movement of labour may result in the perpetuation of existing inter-State inequalities, as the pull factors in countries depend on the current distribution of resource endowments and perceived labour market opportunities. Skills upgrading and productivity enhancements are key factors for structural transformation, and labour liberalization should not result in locking countries that are abundant in low-skilled labour into corresponding sectoral specializations.

Multilateral intergovernmental negotiations such as those leading to the global compact for migration should acknowledge such challenges and opportunities. From a policy perspective, the challenge is to ensure that cooperation on migration policies at the regional, continental and multilateral levels allows for dynamic changes in the temporal and spatial allocation of skilled and low-skilled labour in countries. Equal opportunities in achieving progress on structural transformation in origin and destination countries in Africa depend on how such allocations evolve over time. To achieve an egalitarian objective, labour, trade and investment agreements should be coherent with national and regional development goals. Investment agreements and investment promotion efforts should be aligned with the respective positions of signatory countries with regard to the labour needs of their target sectors. Furthermore, under the right policy environment, accompanying measures such as mandatory training for local employees and local procurement obligations in foreign direct investment projects may contribute to the better management of the migration of skilled workers.

The findings in this chapter show that there are not enough opportunities in different sectors and countries in Africa in the short to medium terms to absorb the continent's growing labour force. Remittances from extra-continental migrants will continue to play

a role in the achievement of the 2030 Agenda for Sustainable Development in many countries. Emigration rises with income levels, before falling beyond a certain point that corresponds to roughly \$7,500 per capita (Clemens, 2014). Most countries in Africa are below this point, regardless of their migration status, yet are on an upward trend with regard to economic and social development. Emigration from Africa is therefore likely to continue for some years.

4.5 Conclusions: Positioning migrants at the centre of migration policies

Persons and households make migration decisions in response to a wide range of factors that include perceptions of labour market opportunities and expectations of higher earnings and a better future abroad (see chapter 3). Such decisions are the outcome of the interaction between structural forces, proximate circumstances linked to business cycles and household characteristics. Growth rate prospects for immigration levels are shown in table 21. At the aggregate level, uncertainties and shocks at the household and community levels have led to changing patterns of migration in Africa, with rising rates of extra-continental migration. Yet intra-African migration predominates.

Africa has great potential in many sectors, including a global competitive advantage in agriculture and its value chains. However, challenges linked to unemployment and underemployment, as well as a large youth population, make it difficult to identify economies that have ample opportunities for large-scale job creation and capable of absorbing flows of foreign labour. In addition, a prominent share of migrants in Africa move within their own countries, thereby underlining the primacy of creating jobs domestically.

With regard to inter-African migration, the potential for job creation in agricultural value chains, manufacturing and services highlights the need for regional and continental migration policies to be integrated into regional planning and cooperation in industrial development. Such cooperation is necessary in order to harness the demographic dividend from the continent's young workforce. As illustrated by the example of South Africa, migration policies raise questions about the treatment of different types of migrants, from economic migrants to asylum seekers and international students as temporary workers. Similarly, domestic migration policies face tensions with regard to favouring the attraction of skilled rather than low-skilled labour. Governments should coordinate with the private sector to develop policies and initiatives on aiding

the emergence of a talent-driven workforce capable of thriving in an innovation and technology-led world.

The findings in this chapter show that progress on social indicators has continued its upward trend in countries with varying patterns of migration. Optimal policy and regulatory frameworks should be established for migration to fulfil its potential in contributing to economic and social development. This chapter also highlights areas with potential for job creation in different sectors. To make the most of this potential, economies in Africa should accelerate the implementation rates of existing policies and legal frameworks to benefit from the gains of greater regional integration and the free movement of labour at the continental level. Demographic variables accounted for up to one quarter of economic growth in East Asia, yet the outcome from demographic change, rather than being deterministic, was policy dependent. Enabling conditions included successful export-oriented growth strategies, supported by favourable macroeconomic policies (Mason, 2001; Mason, 2007).

The potential of Africa to attract foreign direct investment remains largely untapped. As international businesses emphasize the need to obtain a first-hand understanding of local and regional markets, skilled migrants from Africa should be well-positioned to increase their numbers among the ranks of expatriates across the continent. Increasing the contribution of migration to structural transformation on the continent depends on translating existing migration policy frameworks and protocols into evidence-based migration management tools at the national and regional levels.

With 12 years remaining before 2030, the next chapter shows the central role that remittances from intra-African and extra-continental migrants play in setting countries on a path towards achieving the Sustainable Development Goals and sustainable structural transformation by 2063.

And finally, it is impossible to fully convey the emotional hurdles that people like Mamadou and Ramatoulaye experience in the face of precipitating circumstances for migration such as the loss of a much-needed source of income. To leave or to stay put. To go as a family, as a couple, or alone. To move to a neighbouring country or farther afield, even across the seas. If gone, to stay away or to come back. As African countries grapple with the challenge of creating 55,000 jobs a day to absorb new job market entrants by 2030, much like Mamadou and Ramatoulaye, would-be migrants spend sleepless nights gambling their lives away. This needs to change. African policies and measures by public and private sector partners in the multilateral system must do their utmost to better inform the decision-making of candidate migrants.

If the global compact for migration leads to the design and implementation of the right migration management policies and tools, there is a chance that Ramatoulaye's dream of celebrating her fiftieth wedding anniversary in style will happen. She dreams that her family reunion back on African soil will coincide with the celebrations of a prosperous African Union as predicted in its Agenda 2063. Her hope is that by then, she and her husband will be able to retire from the family run agro-business that they will have opened in Dakar with savings from their time living abroad. She is adamant that her staff will reflect the diversity of the African countries where their goods will be sent for trading. She plans that Binetou, their first born who by then would live in South Africa, will send them an invitation to a resort in East Africa as a present for their wedding anniversary. Thanks to the benefits of the free movement of persons across the continent and the long-standing effects of the new 2017 Migration Policy of South Africa, Binetou will be luckier than her father had been, all those years ago. Mamadou and Ramatoulaye dream that all their family will live in the Africa that they want.

Migration and trade are two sides of the same coin: globalization. Migration preceded trade in the history of humanity, but trade preceded migration in the history of multilateralism. The world has proved its capacity to liberalize trade. And yet, trade is not a human right. As preparations for the global compact for migration are under way, the world now stands to be tested on its ability to embrace freedom of movement for all.

