Migrants, Markets, and Mayors

Rising above the Employment Challenge in Africa's Secondary Cities

Luc Christiaensen & Nancy Lozano-Gracia,
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Jobs Group & Urban, Resilience, Disaster Risk Management, and Land Global Practice, World Bank

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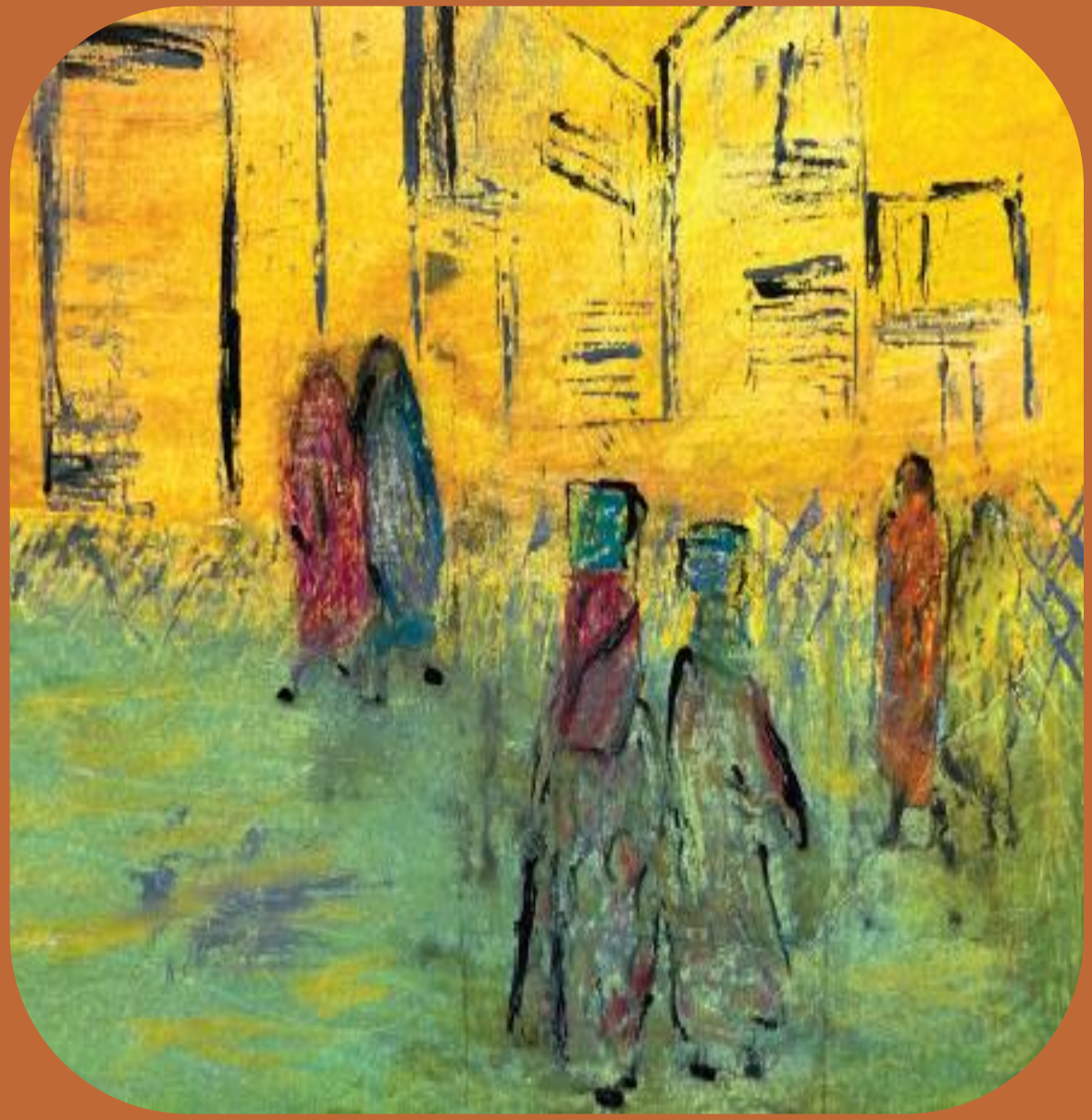
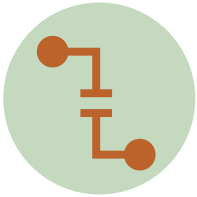


Over the coming decades, urbanization will be especially fast in Asia and Africa, where the urban share of the population is still substantially lower

What about Africa today?

Africa's urban and economic development is quite different than in other countries (e.g., China)

Population growth is much faster and rural-urban labor mobility is much less restricted



Cities are crowded, disconnected, and costly

How can African cities leverage migration to the mutual benefit of their citizens and migrants?

Our understanding of and approach to migration and urban development must be broadened in three dimensions to better leverage urban development in African countries

01 **Focus on secondary cities & account for U-U migration**

- About 97% of Africa's urban agglomerations have fewer than 300,000 hab.
- Sizeable share of urban migrants comes from other urban areas (33-50%)

02 **Go beyond labor market policies**

Include **urban policy instruments** to address institutional and regulatory constraints that misallocate land and labor within cities

03 **Acknowledge the role of urban population growth**

- Urban natural increase has been more important for urban growth than migration
- **Use urban (and rural) population** interventions to **manage the rate of urban growth and foster urban development**

This report reviews how Africa's secondary cities can leverage internal economic migration to the mutual benefit of cities & migrants using x-country and 4 city case studies from 3 countries

Jijiga, Ethiopia

- **Regional capital** of Ethiopia's Somali Region
- **Trade corridor** between Ethiopia, Somalia, and Djibouti
- Fast growth in built-up area and population driven by **migrants**

Jinja, Uganda

- Along the **corridor of major trading routes** on Lake Victoria
- Growth mainly driven by **urban natural increase**
- **Substantial commuting**: harbors 5x more people during the day than at night

Jendouba & Kairouan, Tunisia

- Intermediate cities essential as **steppingstones for rural migrants** to the thriving coastal cities
- Without an industrial base- **heavily reliant on agriculture**
- **Bi-directional migration**: facing both immigration and outmigration

The report takes three perspectives: the migrant, the urban market and mayor

The migrant: How well do migrants fare?

How well do migrants integrate within the urban labor markets? Do they do better/worse than urban natives?

The urban market: Do migrants contribute to urban markets?

How do migrants affect aggregate urban productivity? By affecting city size and growth, the demographic composition & spatial structure, migrants can improve/impede urban productivity/growth

The mayor: What can mayors do?

How can mayors build a city for all? Mayors need financial, human and information capacity to support markets and better planning

The MIGRANT:

How well do migrants fare?

What is the migrant's profile?

The MIGRANT perspective

Migrants play an important role in the urban labour force

Migrants are more frequent in big cities (>1M inhab.)

Sizeable share of urban migrants are urban-urban migrants

Migrants make up a sizeable part of the **urban labor force: at least one third** of the urban labor force in the countries examined

Migrants comprise an **important share of the urban population**:

- 39% in big cities
- 31% in secondary cities (100K-1M inhab.)
- 25% in towns (<100K inhab.)

Migrants coming from another city make up between **1/3 and ½ of the urban migrants**, depending on the country

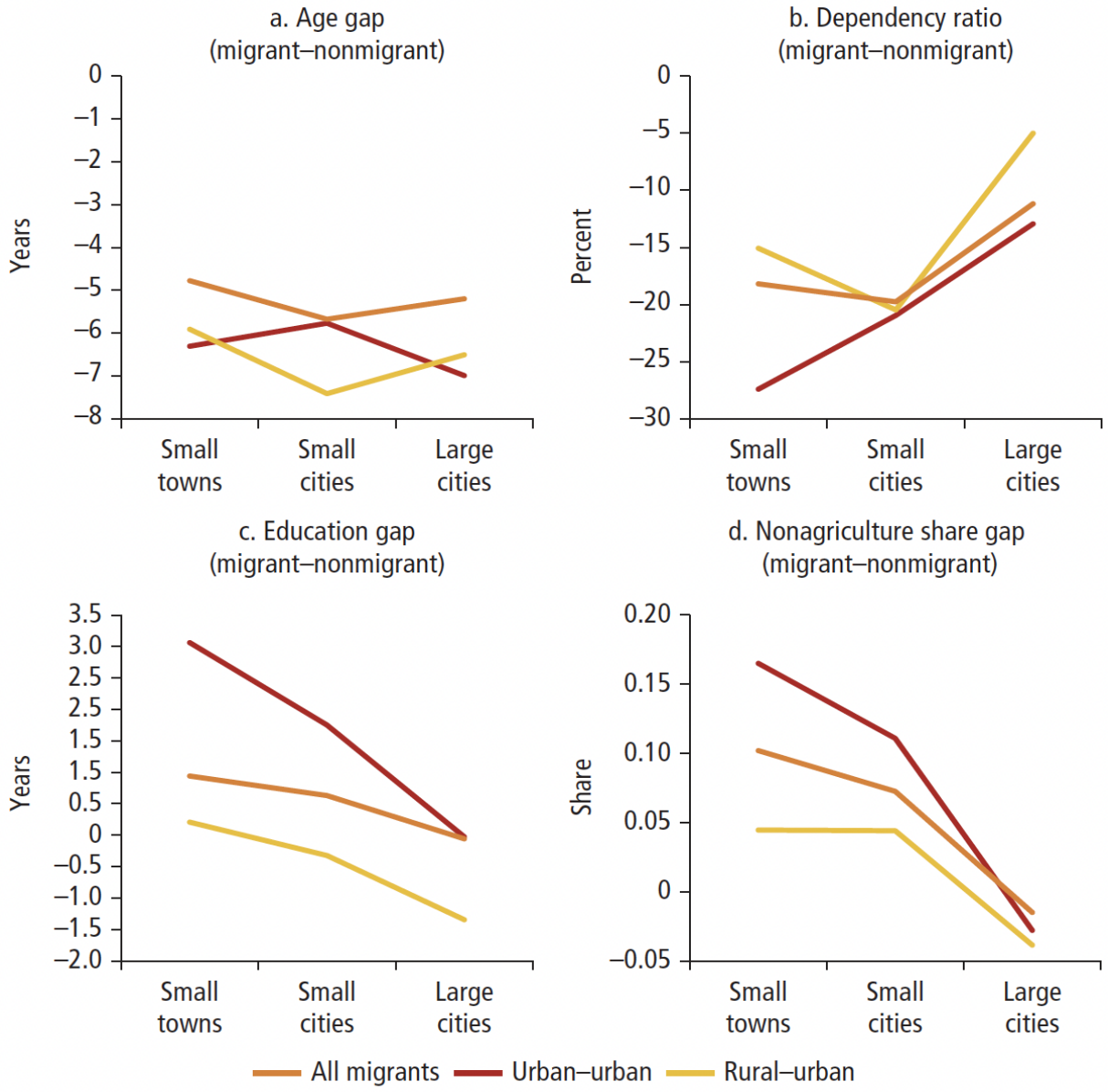
Urban-urban migration is **more important in secondary cities**

The MIGRANT perspective

What do migrants look like?

- Urban migrants are younger, have fewer dependents, and are more educated than urban nonmigrants
- These gaps are larger for urban-urban migrants and decline as city size increases
- Agriculture remains a significant sector of employment in towns and secondary cities of Sub-Saharan Africa

Figure O.1 Socioeconomic Characteristics of Urban Migrants and Nonmigrants



A quantitative analysis was performed to assess migrants labor market and welfare outcomes

Regression analysis across **national data from eastern African countries (Ethiopia, Tanzania, Uganda, Ghana, Kenya and Mali) during the 2000s and 2010s**

Labor market and welfare outcomes

y_{ij} *: labor market outcomes*

= employed (yes/no) (LPM) (ETH, TZ, UG)

= hours worked (Tobit) (more employed, but under or overemployed (ETH, TZ, UG)

= real individual wage (OLS) (more employed, but at lower wage) (ETH, TZ, UG)

= real household income/ae (OLS) (w/o sex + hh size and dep ratio) (TZ, UG)

= real household cons/ae (OLS) (w/o sex + hh size and dep ratio) (TZ,UG)

Do labor market and welfare outcomes differ by migrant status and city size?

$$y_{ij} = \alpha + \beta_1 BigCity + \gamma_1 UU + \gamma_2 UU * BigCity + \delta_1 RU + \delta_2 RU * BigCity + STMig + Sex + v_j + e_{ij}$$

V_j *= country indicator*

To what extent can differences be explained by human capital, sector of employment or district effects (X_{ij})

$$y_{ij} = \alpha + \beta_1 BigCity + \gamma_1 UU + \gamma_2 UU * BigCity + \delta_1 RU + \delta_2 RU * BigCity + STMig + Sex + \mu X_{ij} + v_j + e_{ij}$$

The MIGRANT perspective

How well do migrants fare?

Migrants integrate well into urban labor markets overall, enjoying mostly similar (if not higher) levels of welfare compared to nonmigrants, even after controlling for observable differences

Urban-town migrants *tend* to do better than town natives

- They are more likely to be employed, work more hours, and enjoy a wage premium relative to nonmigrants
- End up with higher incomes and consumption largely from better educational attainment (and the choice of more buoyant urban destinations)

Rural-town migrants also do well and tend to be at least as well off as town nonmigrants

- They are substantially more likely to be employed and work more hours than urban nonmigrants, albeit at a wage discount
- Enjoy largely similar economic opportunities in the towns and secondary cities they settle in

Urban to city migrants perform similarly to (though not better than) their fellow city nonmigrants

They are more likely to be employed and work more hours than city nonmigrants, but their wages are slightly lower on average

The MIGRANT perspective

How well do migrants fare? (2)

Rural-city migrants in the East African sample tend to perform worse than natives, but not readily generalizable

- **Rural-city migrants** also work longer for lower wages, though in this case resulting in substantially lower incomes than city nonmigrants
- **Rural-urban city** migrants of similar age and gender and with similar dependency ratios and education levels enjoy similar welfare levels as city nonmigrants

Men are more engaged in the labor market and under better conditions than women, with male migrants more likely to be employed than male nonmigrants

With lower salaries and constant harassment, female migrant workers suffer from double discrimination in the workplace

- Factories prefer to hire single women unburdened by family
- Female workers are subjected to verbal abuse
- Difficulty to attend to their households and children while working long shifts

Case cities confirm decent labor market integration of migrants

The MIGRANT perspective

Jijiga, Ethiopia

- Migrants from other urban areas are **20% likely to be employed** than nonmigrants
- Rural migrants are **30% more likely to be employed**
- Rural and urban migrants **work more hours than nonmigrants**, possibly at lower wages (especially rural migrants)

Migrant labor characteristics in Jijiga, Ethiopia

Variables	(1) Employed	(2) Hours worked	(3) Wage
Urban migrant	0.200***	26.87***	-534.0
	(0.0548)	(6.313)	(420.9)
Rural migrant	0.303***	39.18***	-884.6
	(0.0413)	(5.472)	(566.6)
Male	0.232***	31.39***	1,461***
	(0.0254)	(4.236)	(366.0)
Incomplete primary	0.0386	2.093	-571.0
	(0.0331)	(4.838)	(600.0)
Complete primary	0.0741	7.230	520.6
	(0.0598)	(8.561)	(1,645)
Secondary	0.0344	-0.729	-696.0
	(0.0481)	(5.620)	(624.6)
Post-secondary	0.301***	22.54***	1,548*
	(0.0419)	(5.430)	(857.4)
Observations	1,632	1,632	403

Notes: Column (1) shows the results, in marginal effects, of a logistical regression. Column (2) shows the results, in marginal effects, of a Tobit estimation of hours worked per week. Column (3) shows the results of a regression of monthly wage. Each regression includes age and marital status. Robust standard errors in parentheses

**** p<0.01, ** p<0.05, * p<0.1*

Source: World Bank, 2024

Case cities confirm decent labor market integration of migrants (2)

The MIGRANT perspective

Jinja, Uganda

- **Urban migrants likely to do better than urban nonmigrants and rural migrants** but important differences within the city, with people in city center outperforming those in outskirts
- **Many rural-urban migrants (about 50%) settled in the city center,** where working hours, wages, and earnings are substantially higher compared to the outskirts
- **Rural-urban migrants pay 27% less of rent,** by occupying affordable segments – some in informal settlements
- **Migrants (rural & urban) are more likely to live in public housing**: 24% compared to 16% of locals

Migrant housing characteristics in Jinja, Uganda

Housing characteristics	Rural-urban migrants	Urban-urban migrants	Nonmigrants
Stratum: City center	0.48***	0.30***	0.34
Stratum: Outside city center	0.31	0.41	0.34
Stratum: Outskirts	0.21***	0.29***	0.32
Rent, excluding imputed values (Uganda shillings)	23,635**	36,677**	32,415
Rent, including imputed values (Uganda shillings)	25,924***	37,467***	34,161
Number of bedrooms per adult equivalent	0.48***	0.57***	0.61
Observations	*207*	*96*	365

Source: World Bank, based on Jinja household survey 2021.
Note: Observations are at the household level. T-tests are computed using nonmigrants as the base.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Case cities show a decent labor market integration of migrants (3)

The MIGRANT perspective

Jendouba & Kairouan, Tunisia

- **Urban-urban migrants** in Jendouba and Kairouan are **better educated** (e.g., in Kairouan 34% of migrants had tertiary education vs 18% of natives), **younger, and more likely to be employed** than urban nonmigrants

- **Migrants face multiple challenges**: harsh working conditions, low salaries, and patchy or non-existent social security coverage

- In Jendouba, **migrants mainly work in sectors in which nonmigrants refuse to work**, such as agriculture, leading to a process of **"reverse commuting"**, whereby migrants who now live in the city (with better access to services) travel daily to work in the nearby rural fields

- In Kairouan, female workers suggest to be paid 20%-30% less than men in the same job.

The URBAN MARKET:

Do migrants contribute to Urban Markets?

The URBAN MARKET perspective

Do migrants affect urban productivity?

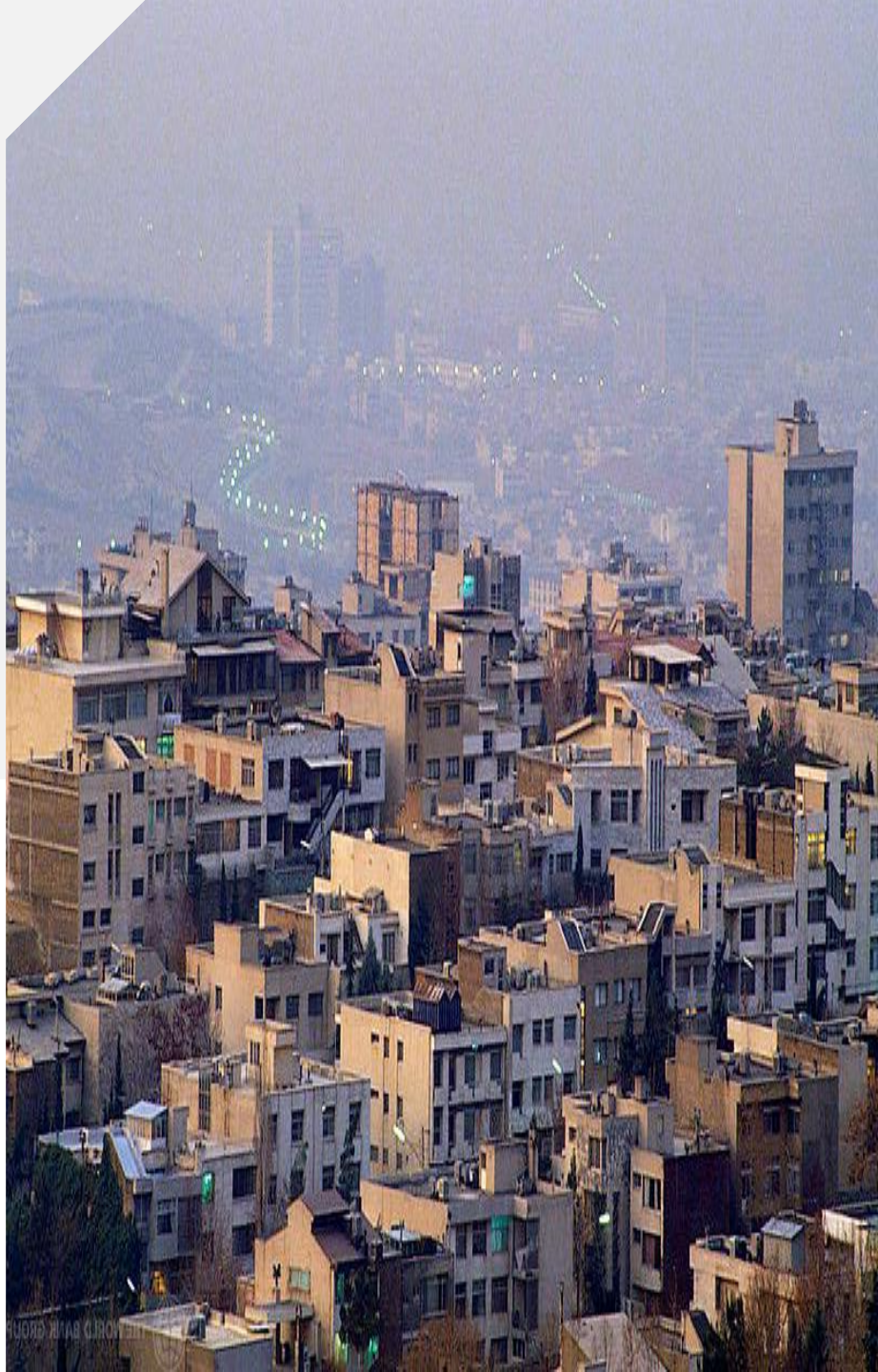
Depending on **where migrants settle**, they can **change the city structure** affecting the *size* of the urban center and the *speed* of its expansion (buildup)

Potential benefits

- Greater agglomeration economies following economies of scale
- Density and labor complementarity

Potential challenges

- Housing shortage, congestion or labor substitution
- Migrants easily becoming the scapegoat for all ills



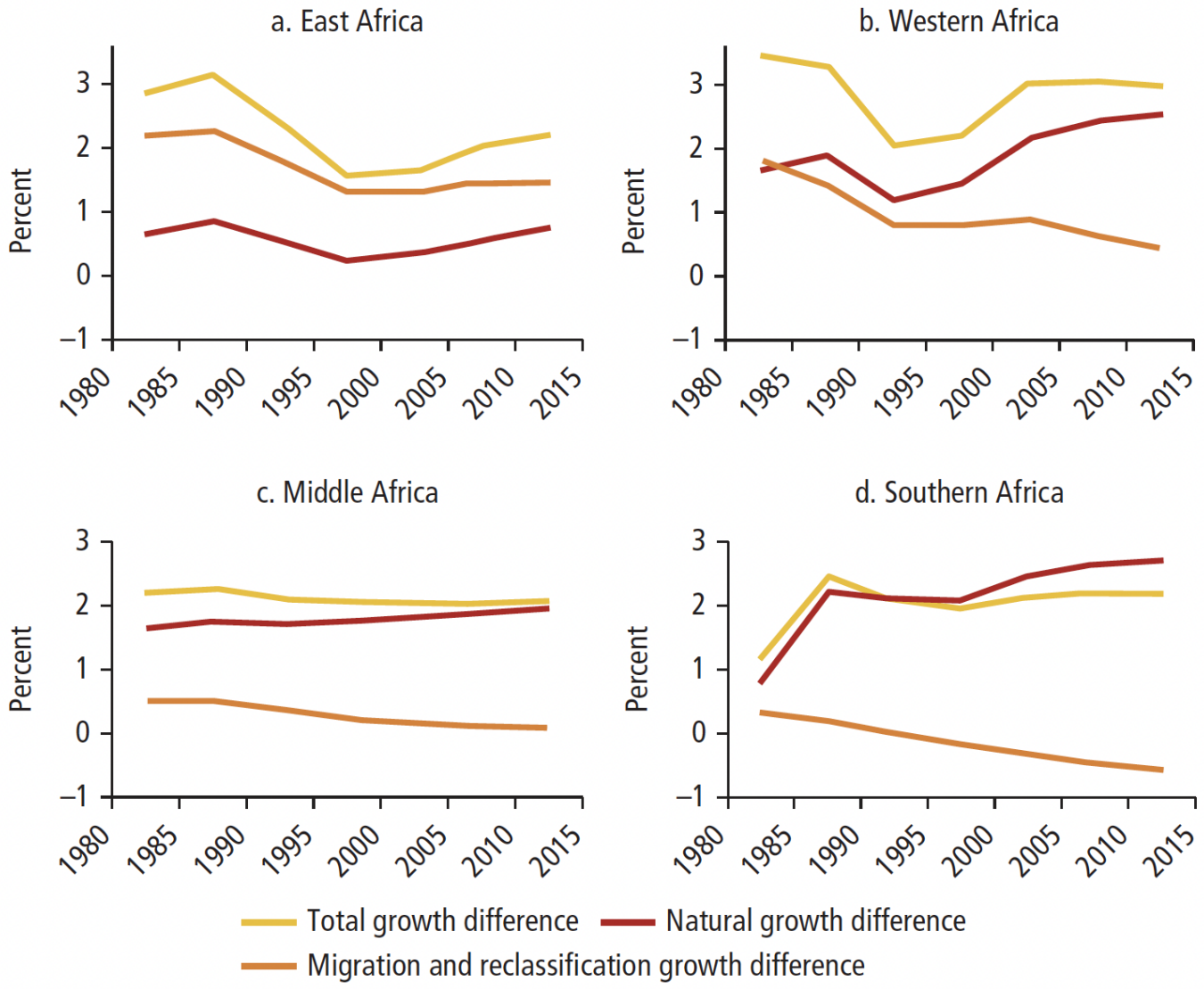
Do migrants affect urban productivity?

Africa's urban growth is increasingly driven by natural increase, not migration

- **Migration's contribution to urban growth is declining**, except in East Africa, where the urban share of the population is the lowest
- The decline in urban fertility is stagnating, especially in Africa's capitals, but increasingly also in other urban areas, pushing up the rate of urban natural increase

The URBAN MARKETS perspective

Figure 0.2 Migration's Contribution to Urban Growth



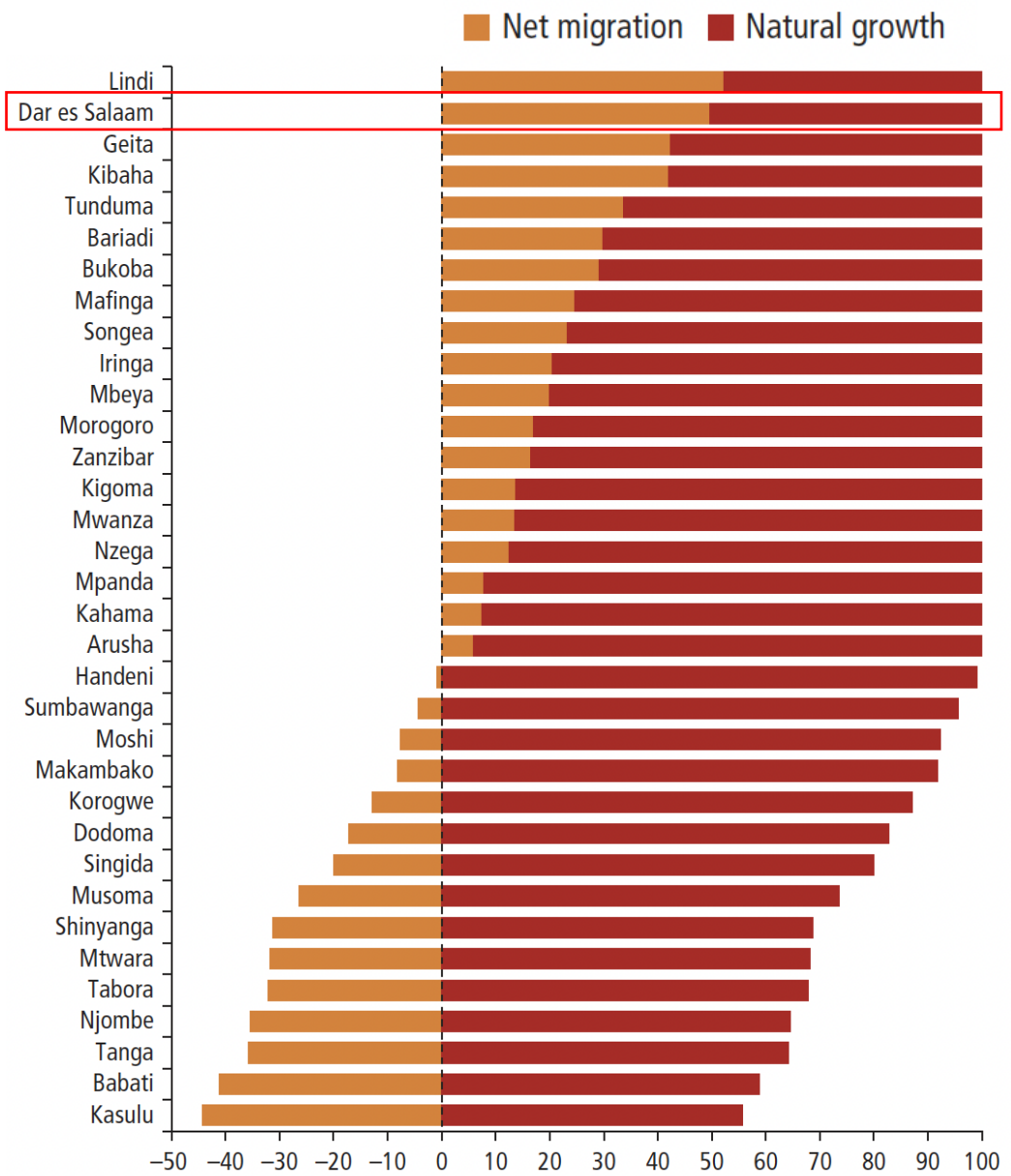
Source: Bocquier and Schoumaker 2018.

The URBAN MARKETS perspective

Do migrants affect urban productivity?

- **Natural population growth** (in maroon) dominates urban growth across Tanzanian cities
- **Net migration** (in orange) **still contributes to almost 50% in Dar es Salaam,** and it is also reducing growth in several towns

Figure 0.3 Sources of Population Growth in Tanzanian Cities



Source: World Bank, 2017.

The URBAN MARKETS perspective

Declining contributions from migration to urban growth in towns and secondary cities puts them in a good position to leverage migration

- By enhancing the urban skill pool and reducing the urban dependency ratio, **town and urban-urban migrants can foster urban productivity growth**
- Many **agglomeration economies for Africa's countries can already be realized at a city size** well below the metropolitan scale
- Across countries, **migration to secondary towns and cities** has been documented to be **better at reducing poverty than migration to cities**

Case city evidence suggests that rural migrants often complement the urban labor markets

- **Jendouba, Tunisia:** migrants typically engage at the lower end of the labor market
- **In Jijiga, Ethiopia:** rural migrants fill an important labor supply gap. Labor demand attract migrants despite the cultural & linguistic differences

The URBAN MARKETS perspective

Successful capture of benefits from migration for urban economy requires financial and institutional capacity for public investment

Pressure to maintain housing, urban services and infrastructure can be substantial at the margin, especially in towns

Towns and secondary cities often lack the financial, technical and planning capacity to provide the necessary business environment and urban services (old and new alike), maintain an active and well-functioning labor force, and productively absorb new entrants

Evidence from case studies:

- **Tunisia's case cities:** migrants are often forced to settle in areas where municipalities struggle to manage informal urban expansion, and hence remain disconnected from services and the rest of the city
- **Jinja, Uganda:** surveys highlight that the struggle for decent housing and access to utilities holds for migrants and nonmigrants alike

The MAYORS:

What can mayors do to build a city for all?

The MAYOR perspective

What can mayors do to build a city for all?

Migrants (incl. rural) are a force that can be leveraged for the economic growth of secondary cities, as they often strengthen the labor supply and economic dynamism

Mayors & local gov.

Take proactive actions to **facilitate integration & improve the overall quality of life for all**

Migrants

Build a stronger labor market (being younger, better educated, and/or complementary to the existing labor force)

Support MARKETS through better urban infrastructure, services, and jobs planning

The MAYOR perspective

Lift business constraints and red tape to create new employment opportunities

Understanding of the **local absolute advantages to identify higher return sectors** (formal and informal) for investment

Build **partnerships with private sector** to identify binding constraints & solutions for business development

Plan better to anticipate and provide urban housing, mobility and services

Better functioning urban land markets, strengthen property rights and regulation to to **attract new firms and facilitate the availability of serviced land for development**

Information on key migration dynamics , through **innovative ways of data collection** (participatory data gathering, with local organizations and trade unions)

Better information on land uses to build a cadaster for planning

Build the ability of MAYORS to respond to the needs of urban dwellers through stronger finances and capacities, as well as better citizen engagement

The MAYOR perspective

Strengthen the fiscal and technical capacities of secondary cities

- **Work closely and be supported** (financially and technically) by other **levels of government** (e.g., regional and national)
- **Public-private partnerships** to finance infrastructure & service provision (e.g., Jinja, education sector)

Assess the needs of secondary cities

- Identify the capacity of local governments, **starting from pilot programs and extend** (e.g., Argentina)
- Leverage the **inter-governmental fiscal transfer system** to strengthen local capacities for long-term planning (e.g., Tanzania)

Strengthen citizen-migrant interaction and engagement

- **Expanding and encouraging civic community activities helping** migrants them influence local policy
- Develop outreach programs and **inclusive communication materials**

The MAYOR perspective

Target MIGRANTS when divisions are strong, with actions that improve living standards for all

Interventions targeted **to where migrants work and live**

Upgrade interventions in specific neighborhoods or improving markets with a high presence of migrant laborers

Complement national policies with local effort

Revision of national urban policies in Africa as an opportunity to incorporate an explicit view of migration

Align municipal and regional governments goals & resource needed

Better intermediation & support services to fight discrimination

Develop intermediation and support services, **drawing on civil society organizations' knowledge and adaptive social services** to improve migrants' inclusion

Inclusion at the core of municipal policies

Access to education and training, connectivity to employment, access to noncollateralized credit and microfinance, **daycare support and female empower**

Summary

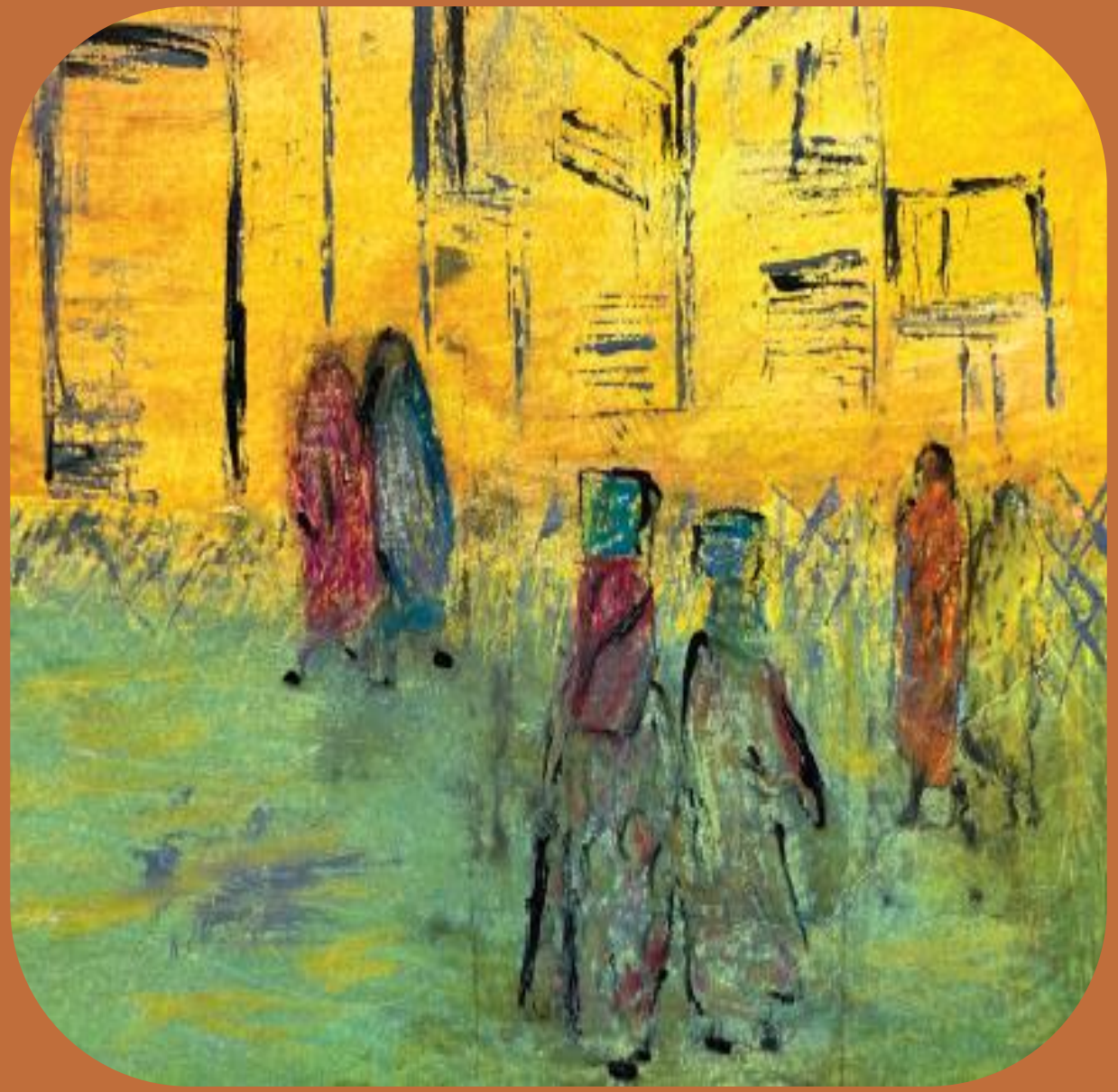
Overall, migrants—especially migrants to towns and secondary cities—integrate well into urban labor markets, **with migrants as a potential force to leverage for urban development.**

Policies must be holistic, looking beyond labor market policies and migrants and **focusing** instead on **how cities are planned and managed more broadly** (business environment, housing, infrastructure)

Better planning and capacity building of local governments in towns and targeted interventions where migrants work and live, in case of discrimination

National governments can help build the ability of mayors to respond to the needs of urban dwellers through stronger finances and capacity

Thank You!



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