



The Mozambican Labour Market

Demographic Trends and Recent Dynamics



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Agenda

- Regional Context
- Overview of Mozambican Labour Market
- Digging deeper into current dynamics
 - Survey of Mozambican Manufacturing Firms 2017
 - School-to-Work Transitions 2017-19
- Future challenges

Growth in Sub-Saharan Africa

GDP per capita (current US\$)

World Bank national accounts data, and OECD National Accounts data files.

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Role of the Labour Market

- Jobs are where macroeconomic trends link to microeconomic outcomes
- Without higher productivity (and more) jobs, development cannot be inclusive
- Critical to meeting the SDGs

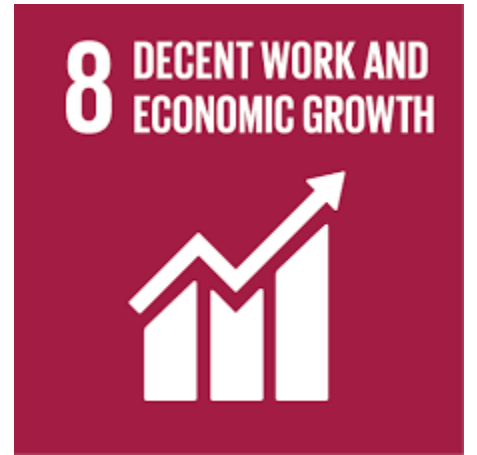
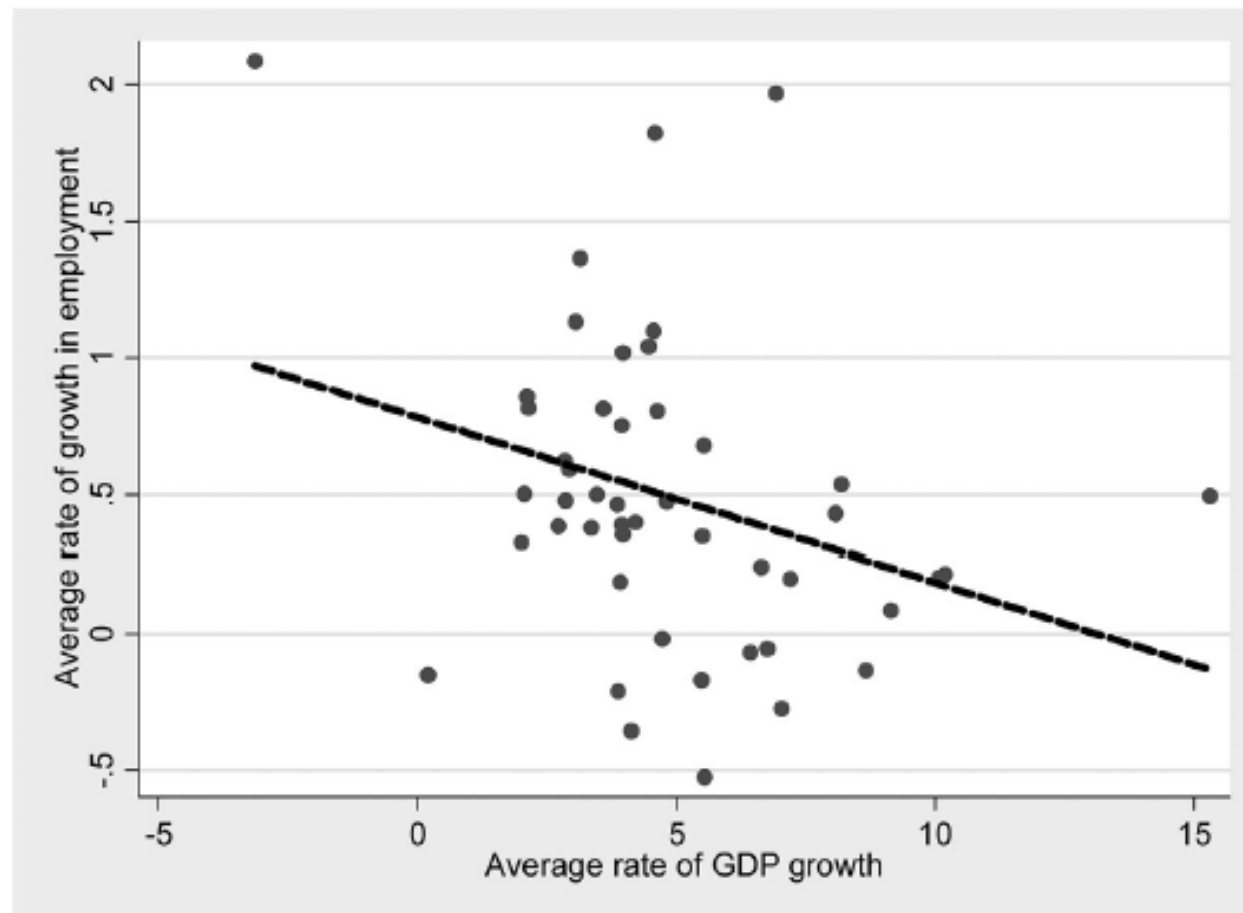


Figure 2: Employment growth and growth in GDP in selected African countries (average 2000–2011)

**Africa rising,
but ...**



Source: Authors' computations from Penn World Tables.

In Page, J. and A. Shimeles (2015)

Demographic trends in Southern Africa

Southern African
Population:

- Young
- Growing faster
- Diverse

Source: WDI

	Population Δ%	Labour Force Δ%	Female Workers (% ages 15 and older)		Dependency Ratio (% Work Age, 2017)	
	2000-2017	2007-2016	2000	2017	Ages 0-14	Ages 65+
SADC Countries						
Angola	3.5	3.6	74.7	75.3	92	5
Botswana	1.7	3.6	49.5	65.2	49	6
Comoros	2.4	3.0	32.4	35.8	69	5
Democratic Republic of the Congo	3.2	3.3	71.2	71.4	91	6
Eswatini (former Swaziland)	1.5	2.8	38.1	42.4	62	5
Lesotho	1.0	1.2	68.2	59.3	59	7
Madagascar	2.8	3.2	84.2	83.4	73	5
Malawi	2.9	3.4	75.7	72.3	83	6
Mauritius	0.4	1.1	40.7	45.2	26	15
Mozambique	2.9	2.3	87.6	82.8	86	6
Namibia	1.7	2.9	48.9	58	61	6
Seychelles	1.0	32	12
South Africa	1.3	1.7	44.8	47.8	44	8
Tanzania	3.0	3.2	81.7	79.5	86	6
Zambia	2.8	2.8	73.5	70.1	85	5
Zimbabwe	1.8	2.3	66.8	78.2	74	5
Sub-Saharan Africa	2.7	2.9	60.9	62.8	79	6
World	1.2	1.1	51.2	48.9	40	13



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No consistent evidence of structural transformation

Table 2: Share of employment between two household surveys for selected African countries

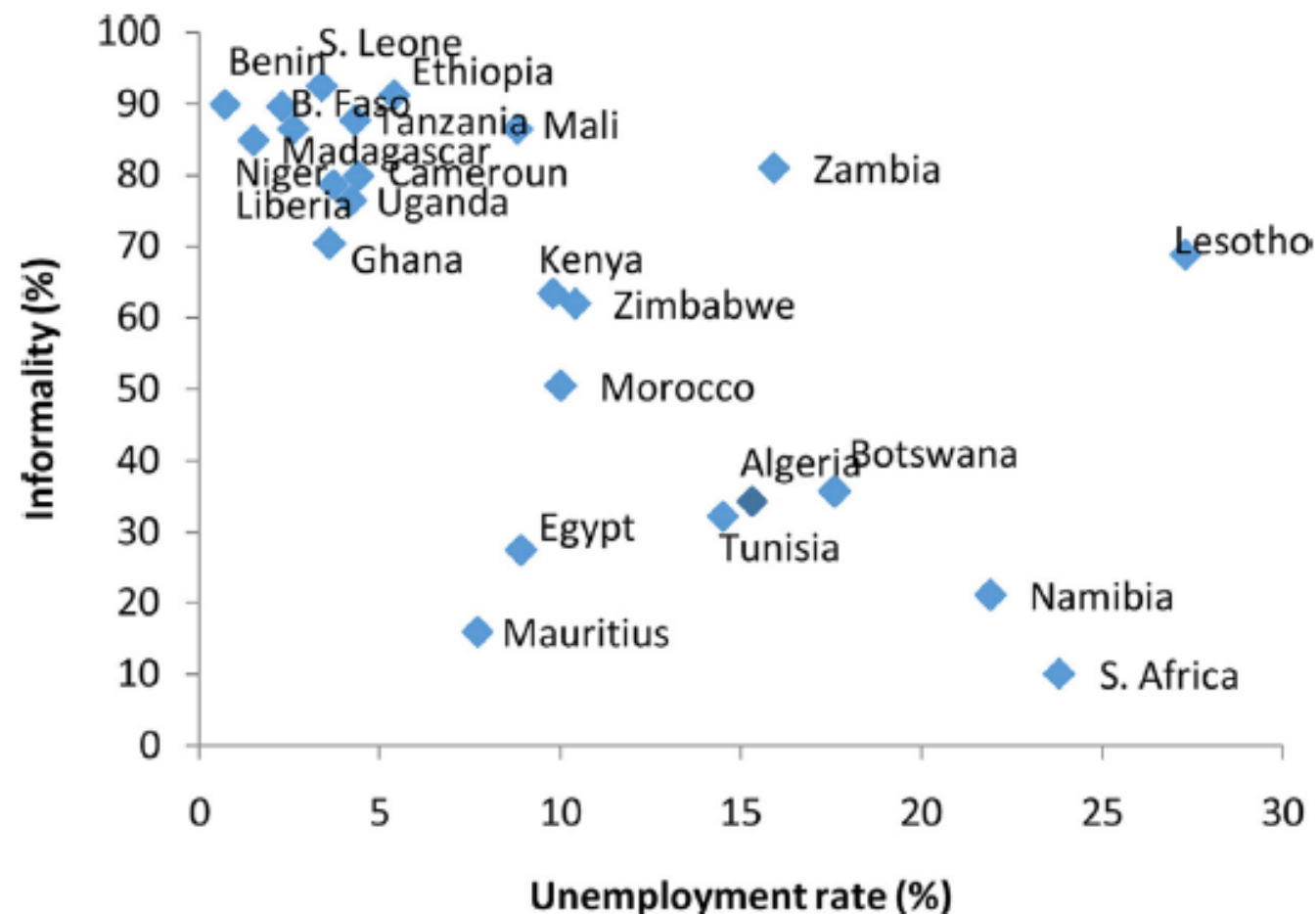
Country	Year 1	Year 2	Employment Share Survey 1			Employment Share Survey 2		
			Agriculture	Industry	Service	Agriculture	Industry	Service
Nigeria	2007	2010	57.60	7.90	34.51	54.42	14.12	31.46
Rwanda	2000	2005	86.23	1.58	12.19	74.83	2.14	23.02
Rwanda	2005	2011	74.83	2.14	23.02	52.44	4.68	42.65
Malawi	2004	2011	19.76	33.25	46.99	15.87	32.41	50.80
Egypt	1998	2006	13.35	29.19	57.46	9.12	29.01	61.87
Egypt	1988	1998	16.31	31.46	52.23	13.35	29.19	57.46
Uganda	2005	2009	65.93	8.33	25.74	66.50	12.64	20.85
Tanzania	2001	2007	91.18	1.49	7.33	90.59	0.36	9.05
South Africa	2000	2003	22.20	20.20	57.06	17.82	20.50	61.52
South Africa	2003	2006	17.82	20.50	61.52	11.42	24.23	64.29
South Africa	2000	2006	22.20	20.20	57.06	11.42	24.23	64.29

Source: Author's calculations using AfDB (2013) household survey dataset.

In Page, J. and A. Shimeles (2015)

Informality or Unemployment – are they still the two alternatives?

Figure 1: Unemployment and informality in Africa

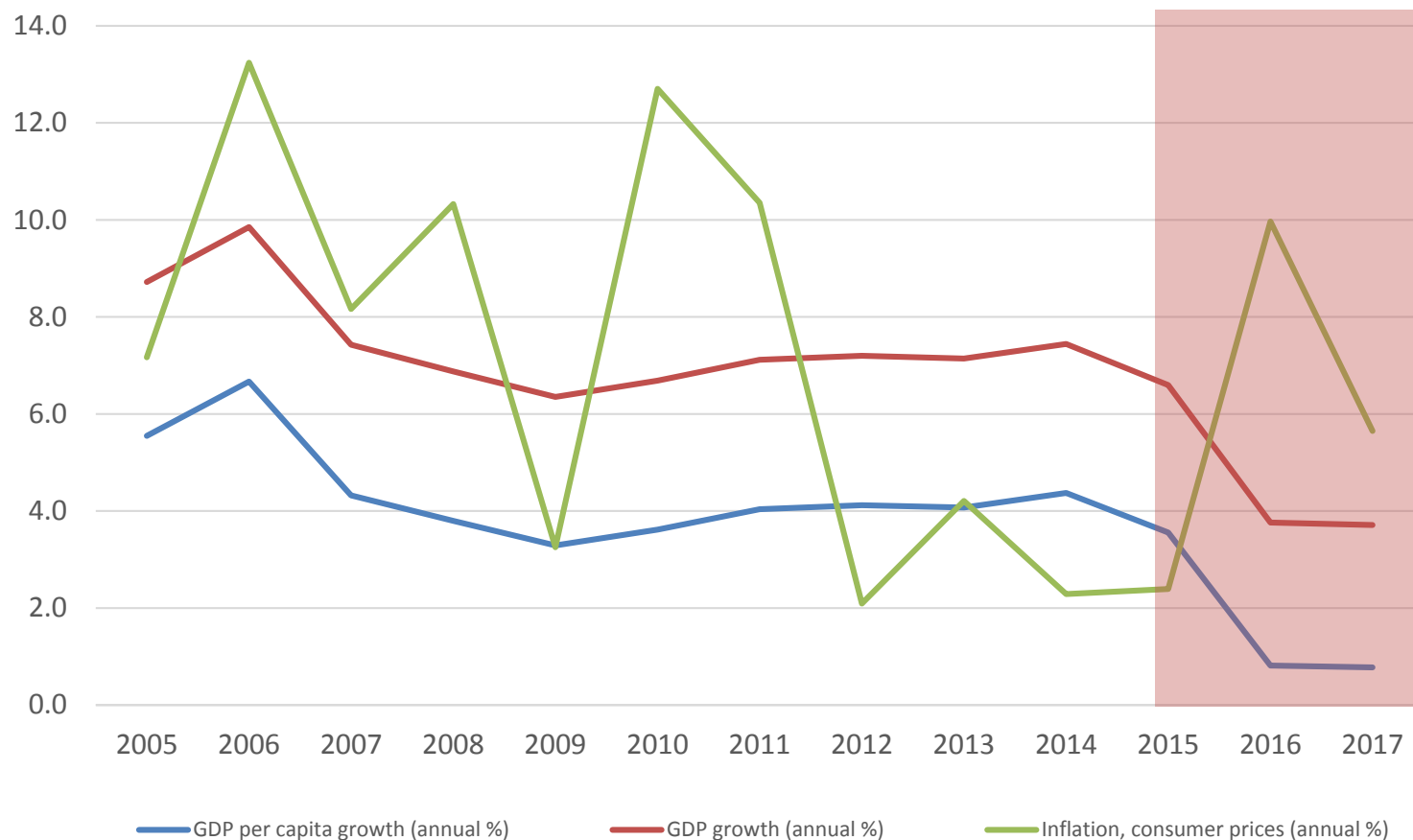


Source: AfDB (2012).
In Page, J. and A. Shimeles (2015)

Mozambique

and its labour market

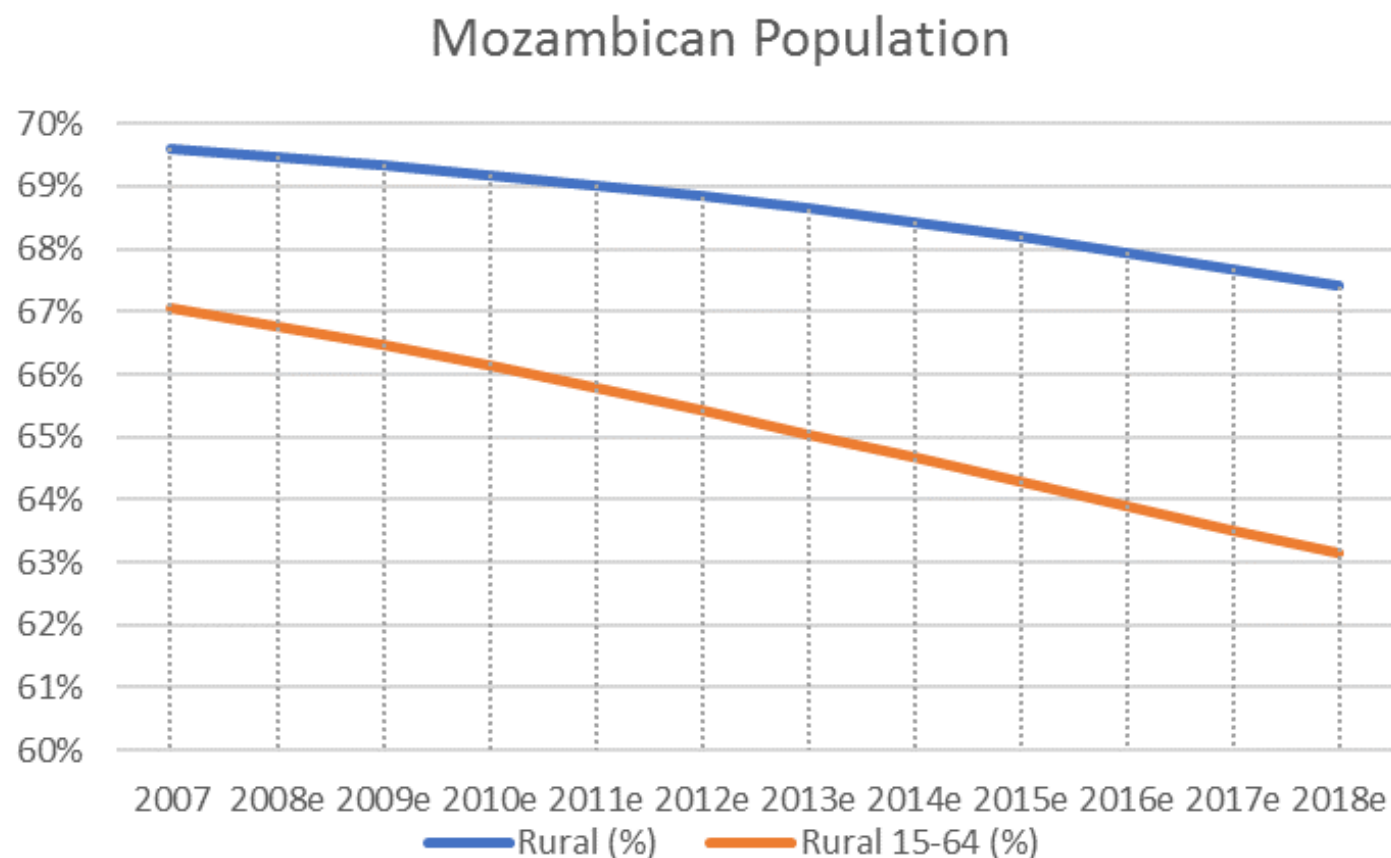
Macroeconomic Dynamics in Mozambique



Source: WDI; Inflation Statistic for 2017 from INE – homologous inflation rate



Mozambique is still, mostly, a Rural Country



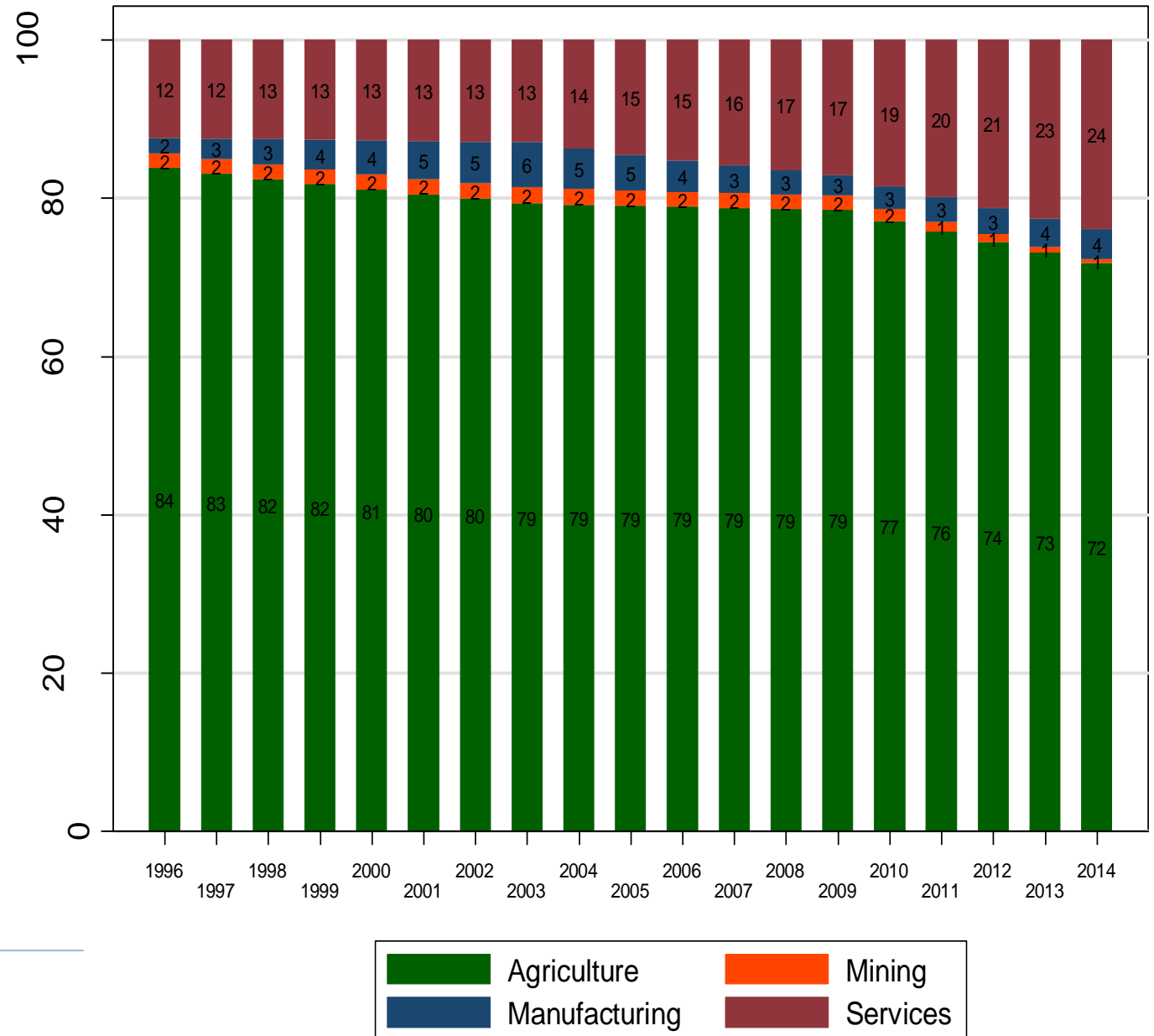
Source: INE Demographic Projections

Structural transformation in Mozambique?

Clear evidence of:

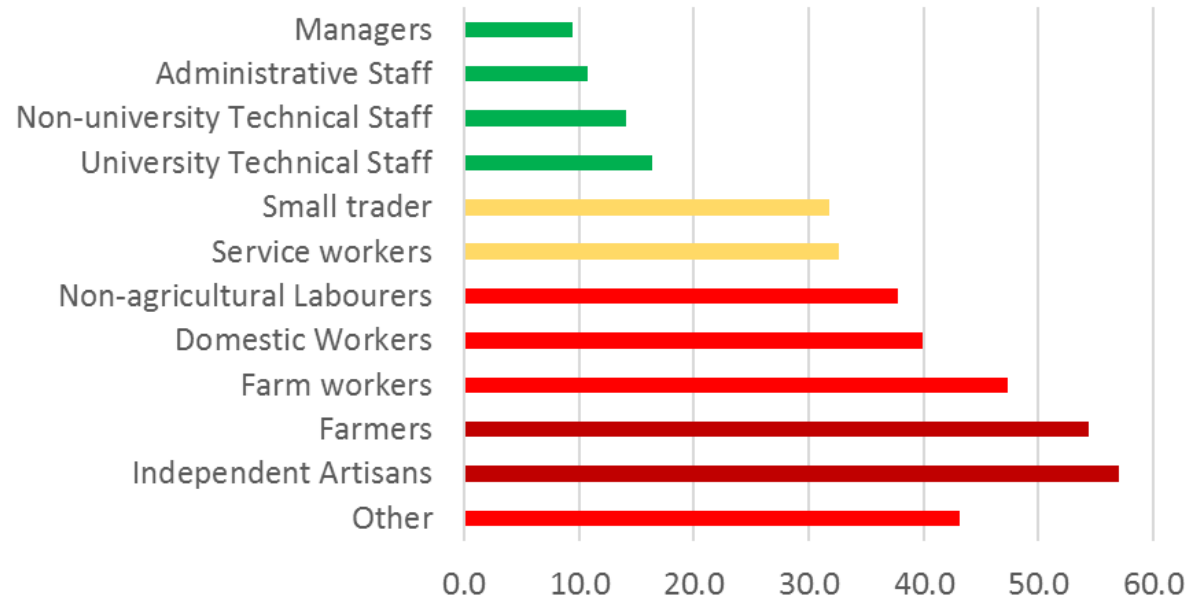
- Dominant role of employment in Agriculture
- Rising importance of Services
- Small and stagnant role of Manufacturing

Source: Jones & Tarp (2016)

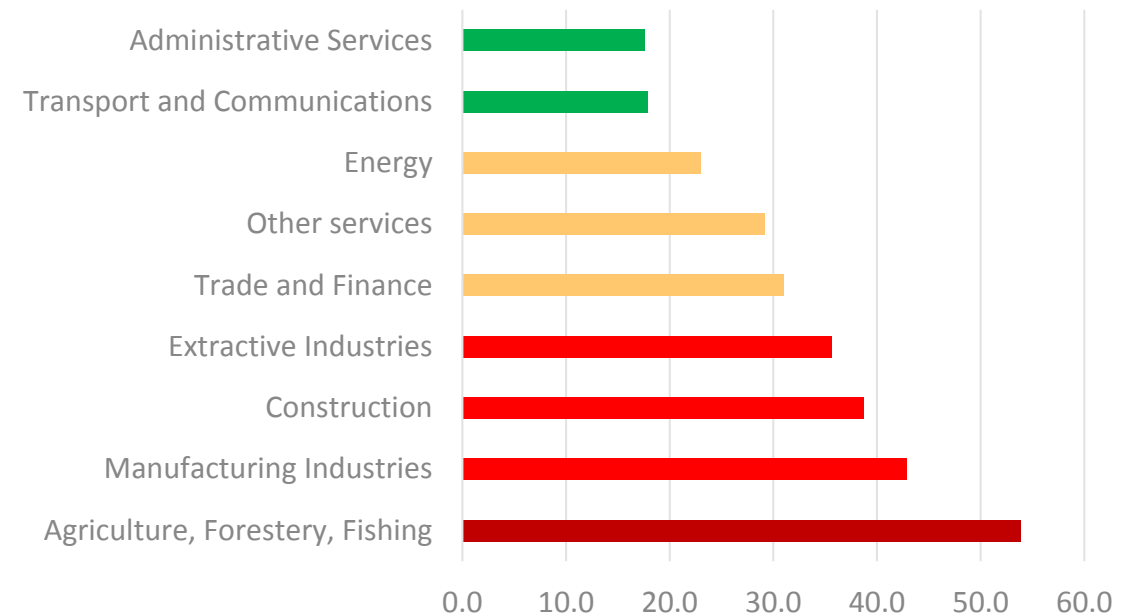


Working Poor in Mozambique

Poverty headcount by main occupation of hh head (%)



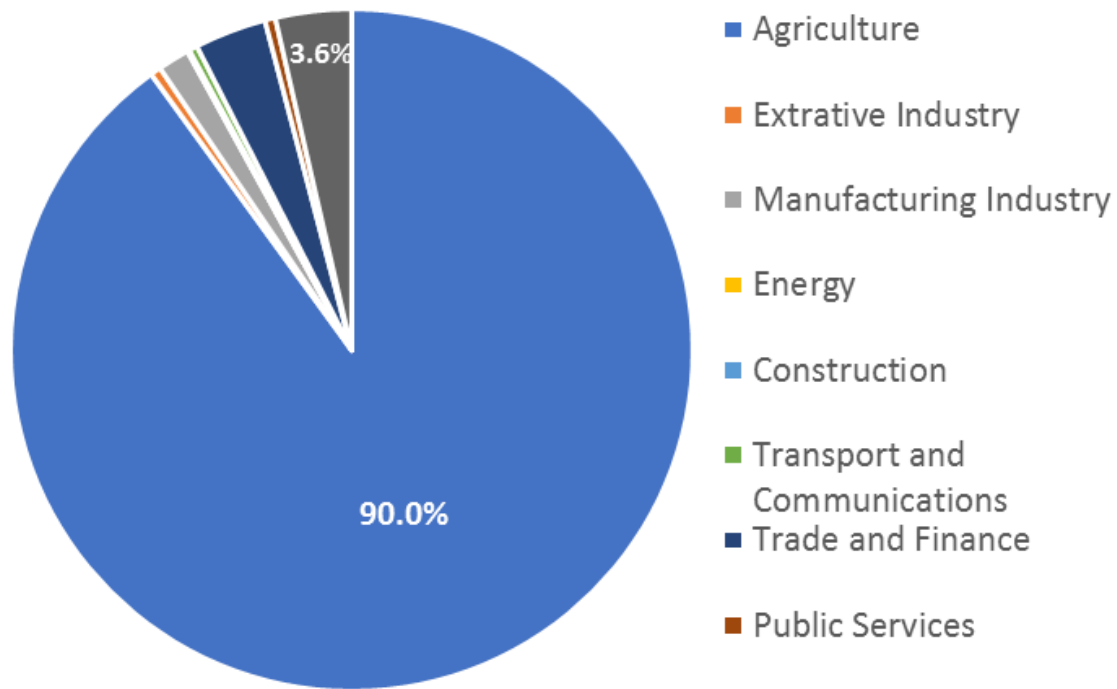
Poverty headcount by main sector of hh head (%)
2014/15



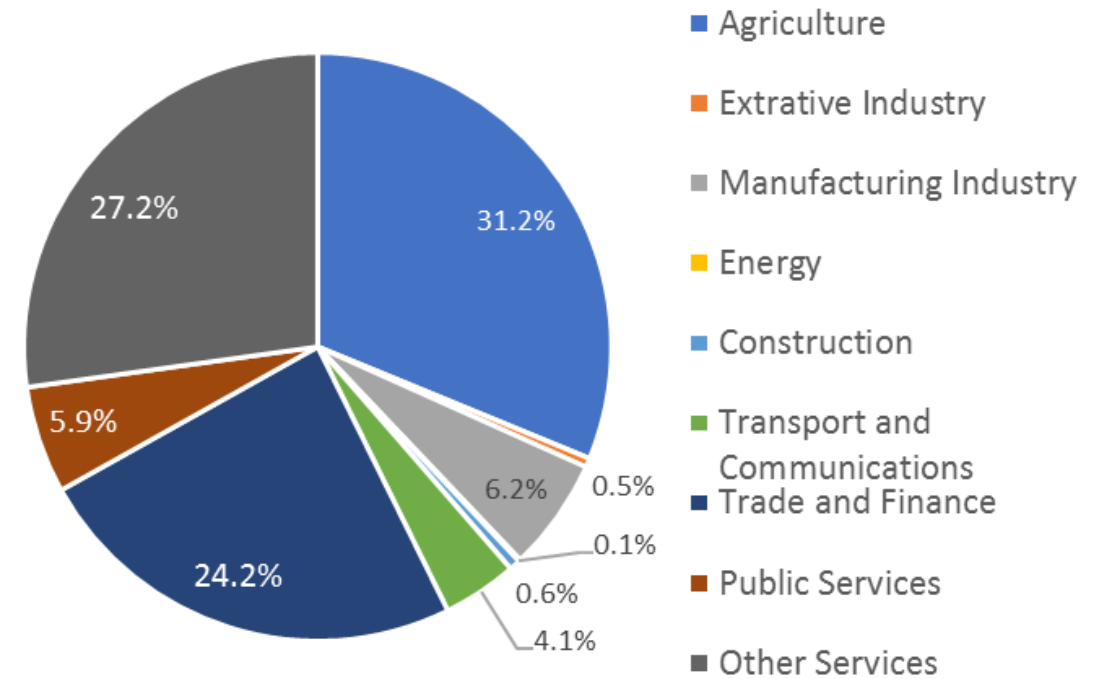
Source: based on Castigo & Salvucci (2018)

Two very different labour markets

Rural Employment



Urban Employment

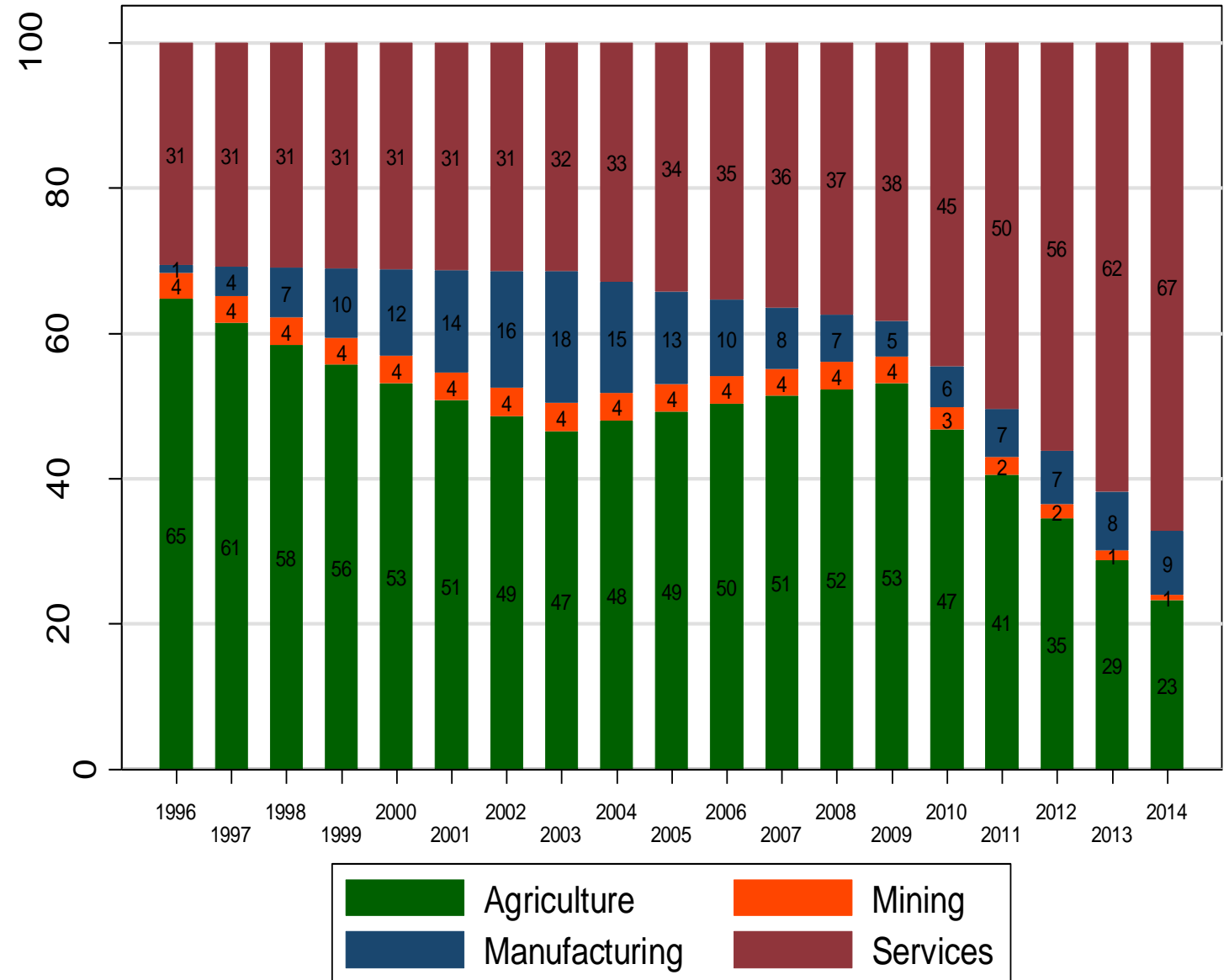


Source: Authors' calculations using IOF 2014/15

Youth urban employment

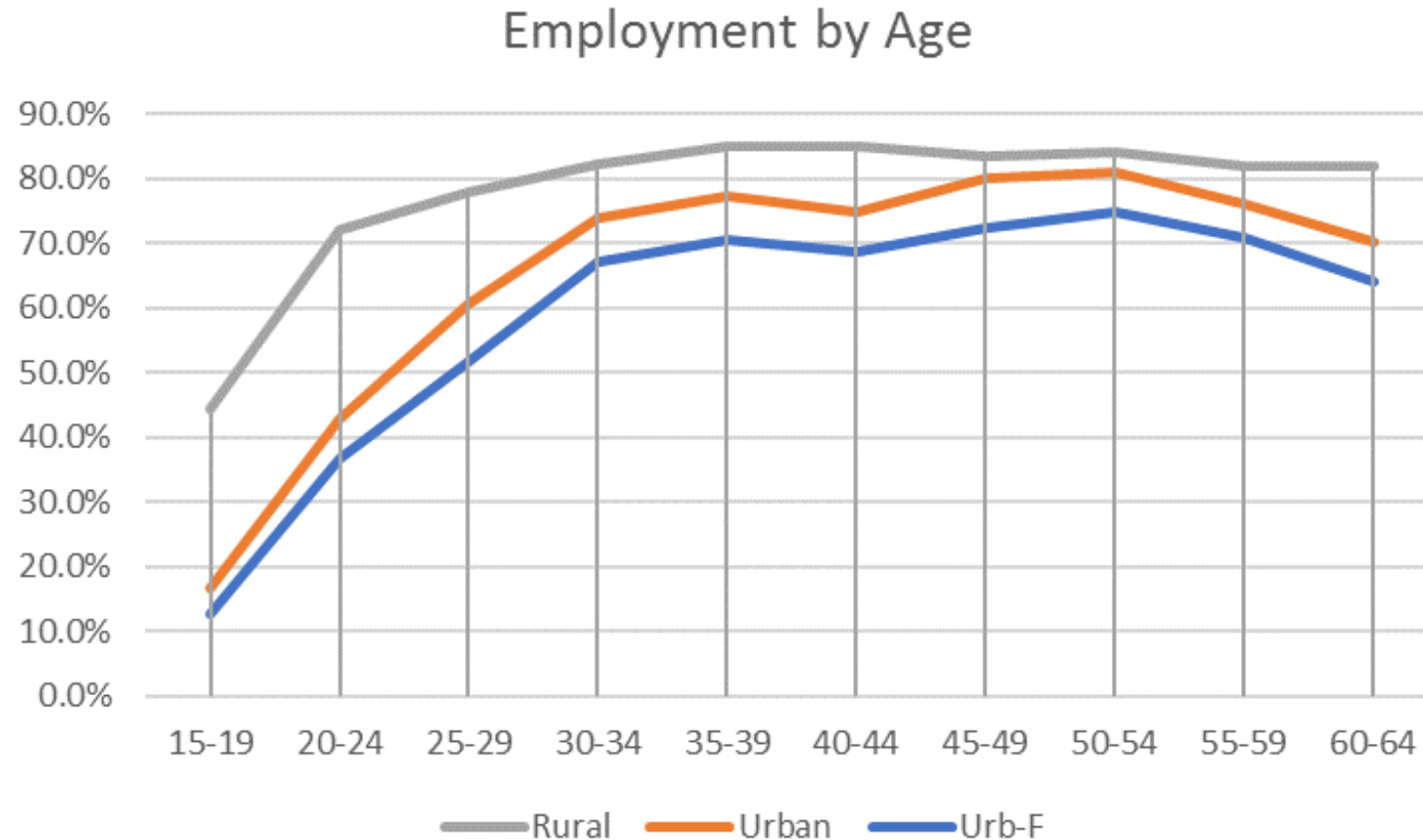
Youth, in urban settings:

- Increasingly moving into (low productivity) services



Source: Jones & Tarp (2016)

Youth and Urban Women face more difficulties entering the labour market



Source: Authors' calculations using IOF 2014/15

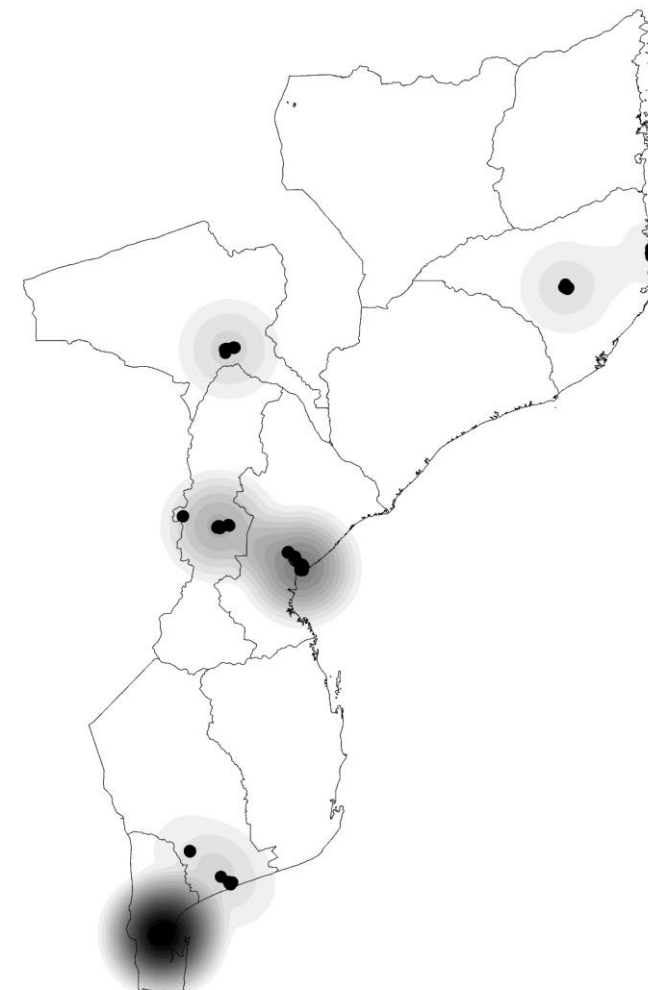
Digging Deeper (and WIDER)

Insights from the demand side

Survey on Mozambican Manufacturing Firms 2017

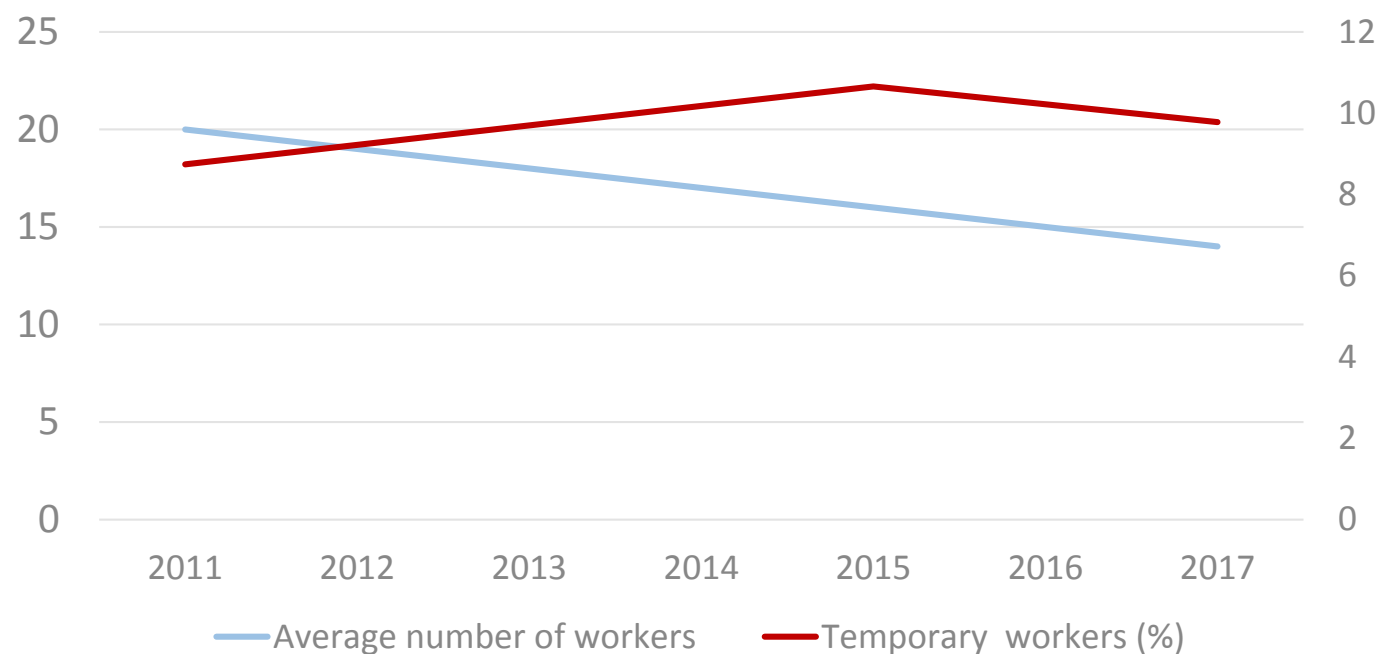
	Micro	Small	Medium	Large	Total
Maputo Cidade	88	38	15	0	141
Maputo Província	45	19	6	0	70
Gaza	41	5	2	0	48
Sofala	86	12	3	0	101
Manica	56	11	3	0	70
Nampula	33	13	4	1	51
Tete	31	5	2	0	38
Total	380	103	35	1	519

Figura 1.1: Mapa de localização de empresas



Evidence from Survey on Mozambican Manufacturing Firms

Fewer workers and more vulnerable contracts



Source: Author's calculations from IIM 2017 survey

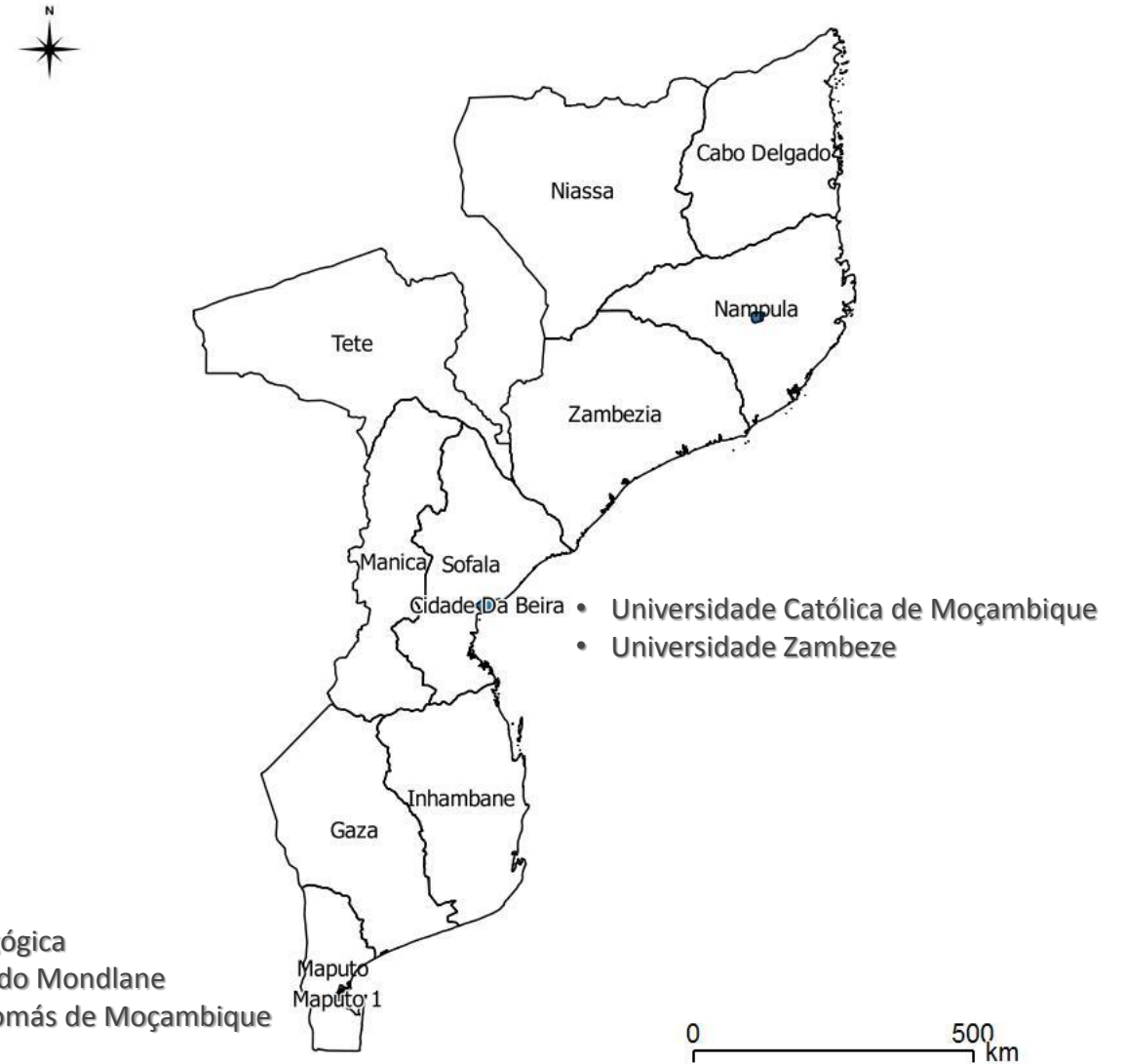
Insights from the supply side

2017-2019 School-to-Work Transition of University Graduates

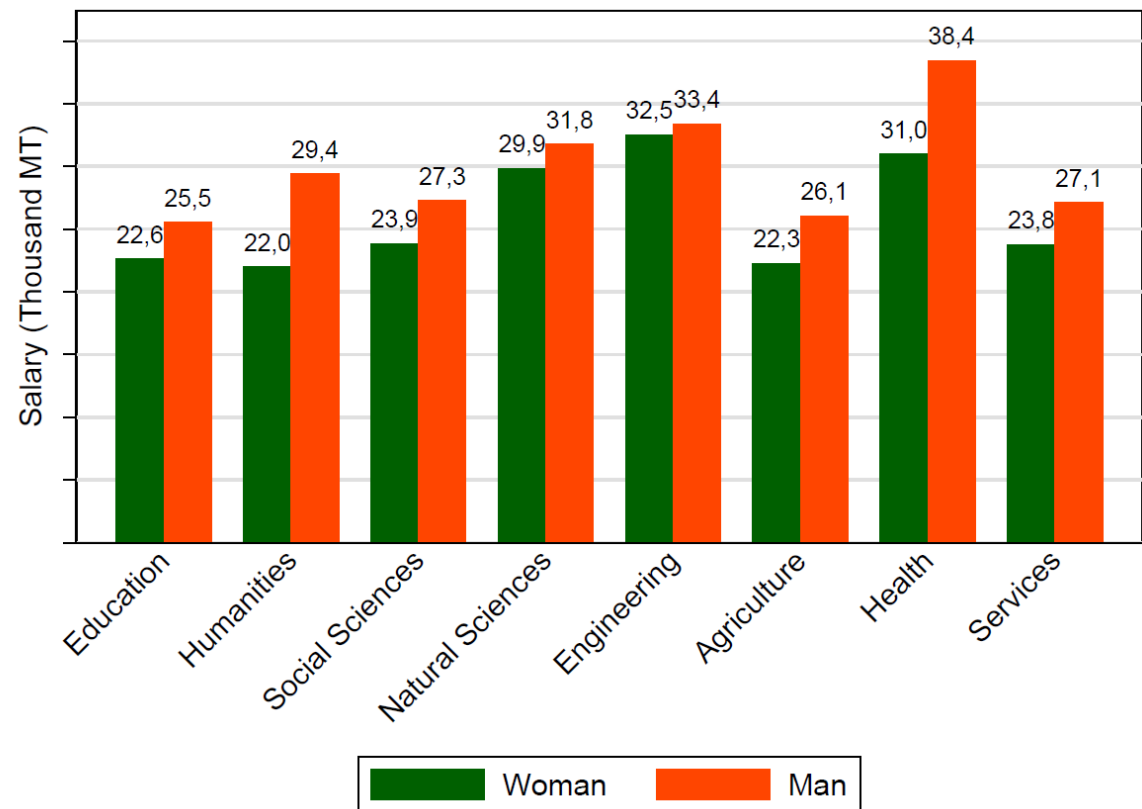
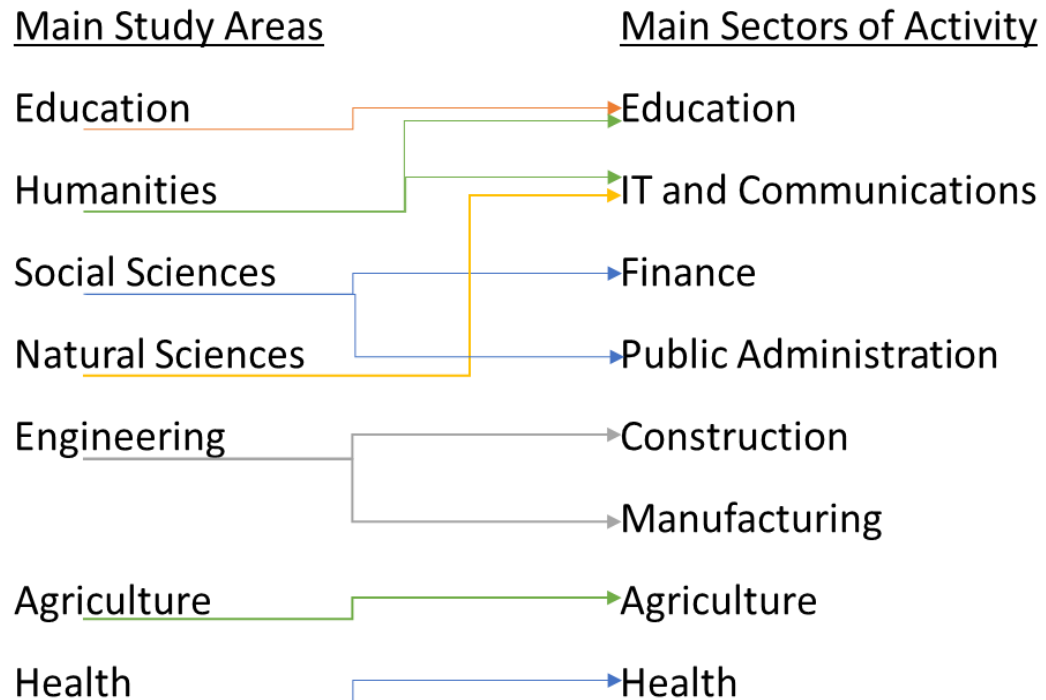
- More than 2000 finalists from all degrees
- Representative sample by:
 - Gender
 - Study Area:
 - Education
 - Humanities
 - Social Sciences
 - Natural Sciences
 - Engineering
 - Agriculture
 - Health

Maputo

- Universidade Pedagógica
- Universidade Eduardo Mondlane
- Universidade São Tomás de Moçambique



Expectations regarding job attainment and wages

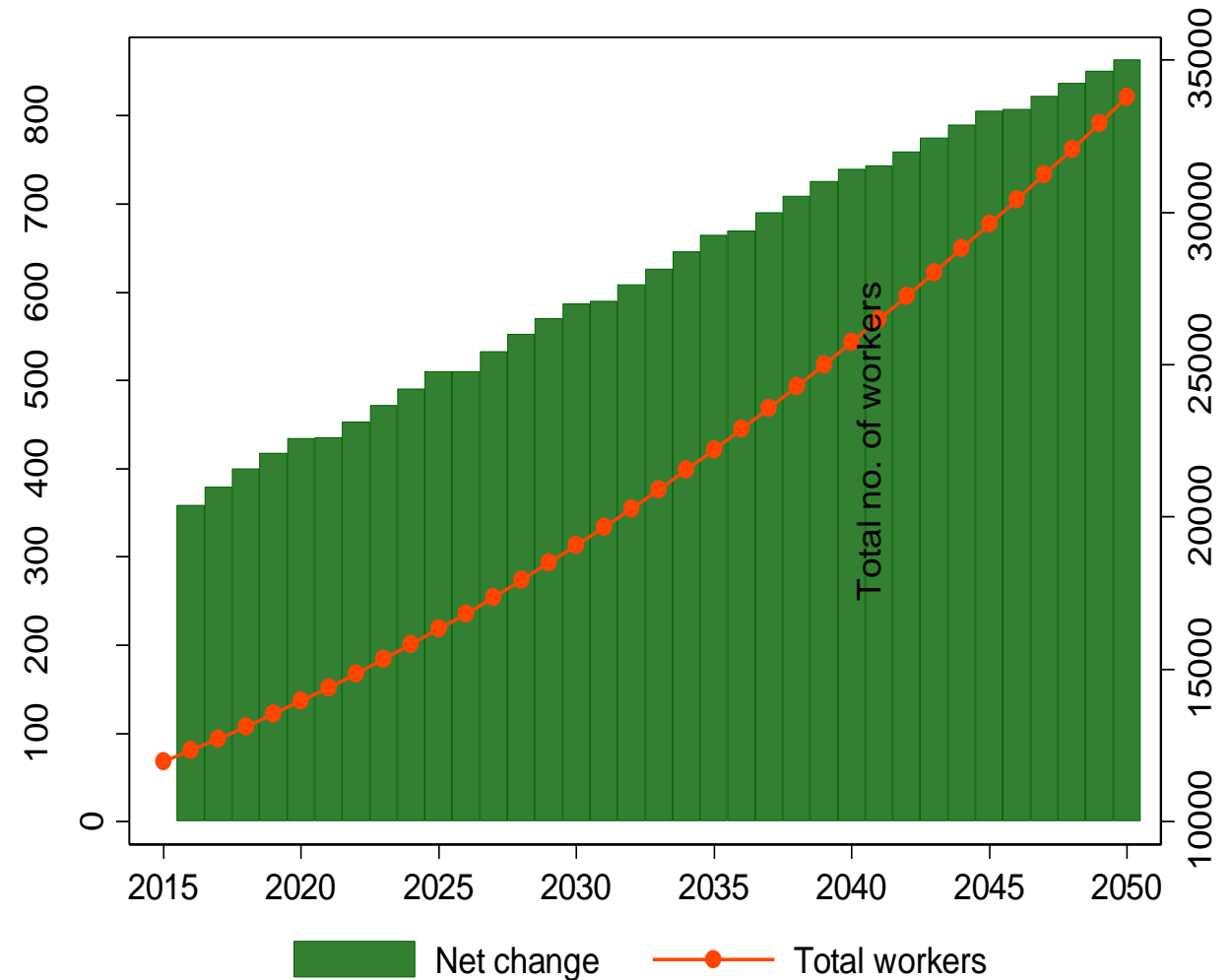


Source: Baseline Survey on the School-to-Work Transitions of University Graduates 2017

But then,

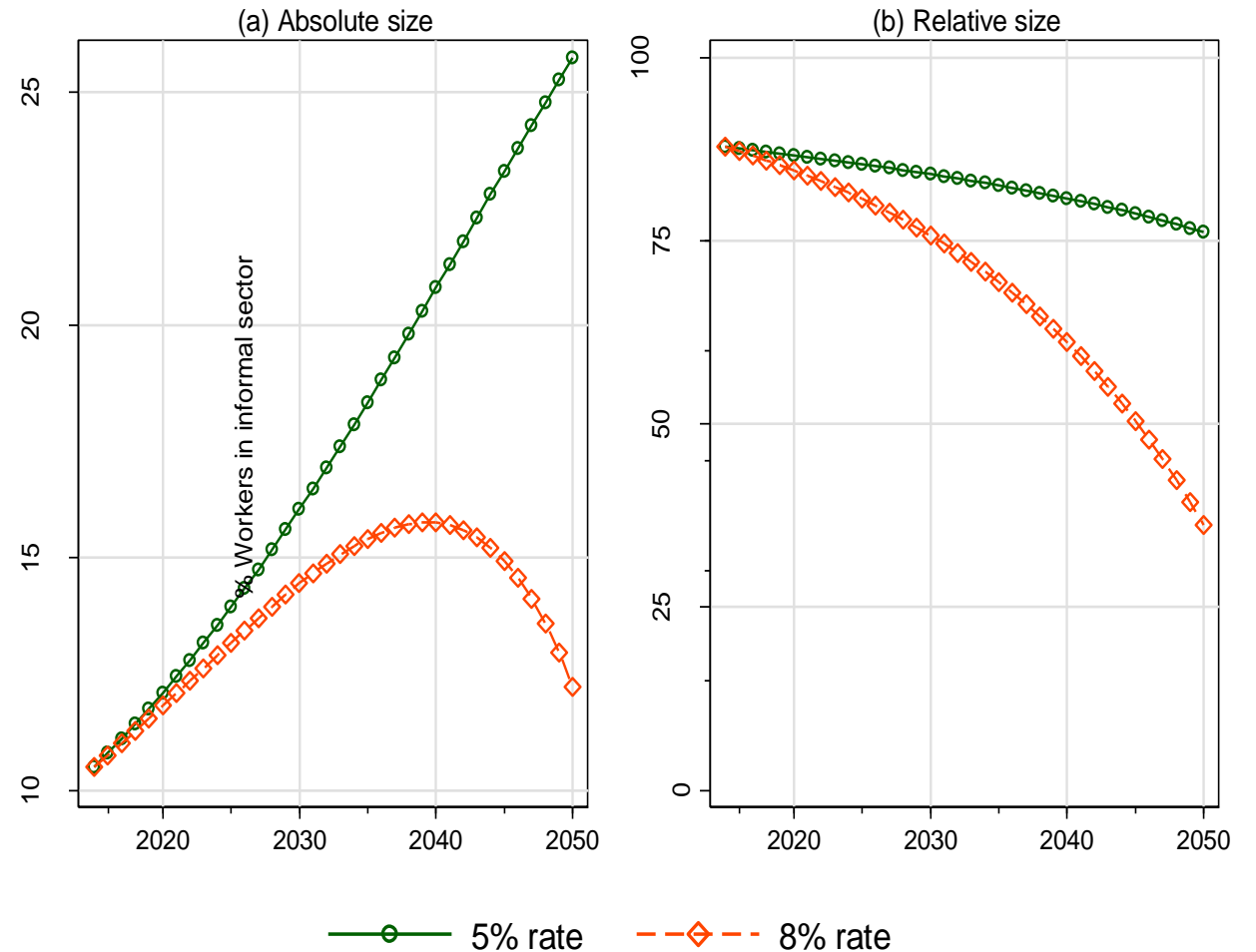
what are the projected trends?

Projections of no. workers



Source: Jones & Tarp (2013)

Key role of informal sector ahead



Source: Jones & Tarp (2013)

Key insights

- Demographic growth is producing an ever increasing workforce
- Mozambique remains predominantly rural
- Manufacturing is not absorbing sufficient labour
- Expect more informality, more urban unemployment
- Firms are adapting to shocks through labour-saving (wrong direction)
- Even the most qualified entrants lack knowledge of the labour market

Recommendations

- Increase productivity in agriculture
- Focus on labour-intensive manufacturing
- Don't suffocate the informal sector – promote it to eventually become formal
- Integrated strategies linking agriculture and agro-industry, other manufacturing and tradeable services (industries without smokestacks)
- Use international financing (Aid and FDI) to support structural transformation
- ... and develop extractives with the same aim
- Population and gender policies are critical
- Invest in producing and sharing better and more frequent labour market statistics

Thank You