



# Youth employment in sub-Saharan Africa

Taking stock of the evidence  
and knowledge gaps

Gordon Betcherman and Themrise Khan

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This scoping paper is one of a series jointly commissioned by the International Development Research Centre and the MasterCard Foundation to shed light on the critical challenge of youth employment in sub-Saharan Africa. The aim is to inform new areas of research support that will build an evidence base for practical and policy-relevant solutions.

Opinions stated in this paper are those of the authors and do not necessarily reflect the views of the International Development Research Centre and the MasterCard Foundation.

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## Executive Summary

Youth employment is a pressing challenge throughout sub-Saharan Africa (SSA) today. With a median age of only 24 projected by 2050, the UN estimates that Africa's 15-24 year-old age group will swell by about six million each year for the next decade. Most young people in the region work in low-income and low-productivity jobs. Improving these outcomes is critical, given the region's large youth bulge and the potential development spillovers that go along with a productive and engaged youth cohort.

The purpose of this paper is to take stock of what we know about youth employment in sub-Saharan Africa and to identify research that could address policy-relevant knowledge gaps. It is based on a review of the available grey and academic literature, from both international and regional sources.

### The African context

Standard measures, beginning with definitions of youth, fall short in illustrating the scope, magnitude, and nature of the youth employment challenge in the unique context of sub-Saharan Africa. The conventional age range for "youth" (15-24 years) captures the transition into employment for most young Africans. However, for some, the challenges of transition extend into the late 20s or even beyond.

Traditional conceptions of "employment" covering wage and salary work, particularly in the formal sector, capture only a small percentage of young African workers. The majority work in agriculture or in self-employment or micro/household enterprises. Only in the region's middle-income countries is a modern wage sector significant. For this reason and the lack of a formal safety net, standard labour market indicators tell us relatively little about the state of youth employment in most of the region. Most young workers, who have relatively little education, experience underemployment (subsistence wages, no benefits or protection, low productivity, etc.) rather than open unemployment. It is only among the better-educated minority that unemployment is prevalent.

The jobs structure and challenges for youth vary across SSA. In low-income, agrarian economies, employment in low-productivity, subsistence agriculture dominates and the immediate

priority is to raise farming productivity. The other large category is resource-rich economies; here, the challenge is to see wealth from resources translate into jobs in the secondary and tertiary sectors. As country income levels rise, open unemployment becomes more of an issue for youth because of weak labour demand, especially for skilled workers. And in the region's conflict-affected countries, jobs challenges are pervasive and difficult.

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*The majority of young people work in low-productivity jobs, most often in agriculture or in self-employment or household enterprises, with low earnings and little security.*

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These observations suggest some basic principles to guide policy.

- As noted above, conventional labour market measures, like unemployment, are often not the best indicators on which to base targeted interventions.
- Low levels of educational achievement and skills gaps limit the employment prospects for many young people. So, in addition to job experience, various types of skills development programs, from second-chance education to technical training, are important.
- The main employment obstacles for young people often lie outside the usual scope of labour market programming. Where the majority of youth work in farming, meaningful improvements in their livelihoods will require a focus on productivity and innovation in agriculture. Where large numbers are self-employed or in household enterprises, access to credit and a friendly business environment may be decisive factors.
- Context matters: the nature of employment challenges differs across the region, which means that policy priorities must vary as well.

## Current interventions

This paper summarizes what is known about existing interventions to expand employment and livelihood opportunities for young people in sub-Saharan Africa. While there are significant knowledge gaps, especially in terms of program evaluation, some observations can be made from the literature:

*Job creation initiatives* for youth have not played a big role in the region. While public works have been widely used, they have typically been designed as a safety net for poor or vulnerable households rather than as an intervention to increase youth employment. Wage subsidies have not been common, outside of South Africa. However, by reducing labour costs, they may offer some promise since they can partially mitigate the risks employers face in hiring youth.

*Skills development programs* are the most common type of intervention to support youth employment in the region. The quality of these programs is often a concern, though rigorous evaluations are scarce. International evidence highlights the importance of the private sector working with government on determining skill needs and how they can best be met. Given the low level of education attained by many young people, remedial education and second-chance programs are also important.

*Employment services* play a limited role in African countries. While young job seekers are certainly constrained by information gaps and a lack of effective matching between labour supply and demand, employment services tend to be more useful to skilled young people seeking work in the formal wage sector. ICTs and globalization may present new ways of addressing the need for better information and intermediation in labour markets.

There is very little evidence on the effectiveness of *entrepreneurship support programs* to help young Africans start their own businesses or improve their livelihoods in micro-enterprises. However, this is a promising area for policy intervention since so many young people have little choice but to create their own job. The obstacles they face, notably access to credit and know-how, are well understood and, in principle, can be addressed through financial and technical assistance.

*Agricultural productivity and income interventions* will be important for the region's youth for the foreseeable future, even though they have not normally been considered as youth employment strategies. There is very little evidence on how these interventions can improve livelihoods for youth in the sector. However, research indicates that land reform, skills development, access to credit, and better infrastructure would all contribute to this goal.

## Knowledge gaps and research needs

What research would be important to fill knowledge gaps and inform policies and interventions to improve employment and livelihood opportunities for young people in sub-Saharan Africa? This paper highlights priority areas for further research.

1. *Data on youth employment.* More informative analysis will require better data from countries throughout the region. This includes more regular and representative data from households and enterprises of all sizes, as well as panel data, which allows researchers to track changes over time.
2. *School-to-work transition and youth employment dynamics.* This would include analysis of movements between school and work, across labour market states, and between jobs. A more robust analysis would also require panel data.
3. *Employment for particular groups.* How do gender, disability, ethnicity, and other social and cultural markers affect employability, employment experiences, barriers, and effective interventions for specific groups?
4. *Structural change in employment.* The structure of SSA economies — the sectors that provide employment and the prospects for labour mobility — has been relatively static. What has hindered the process of structural change in the region and what is the potential for accelerated change to create better future employment opportunities for the region's youth?
5. *Program evaluations.* Interventions to support youth employment are hampered by a lack of evidence on their effectiveness. Building an extensive body of program evaluation findings will be essential to better inform programming.
6. *Role of the private sector and other non-governmental actors.* What are the contributions and effectiveness of new initiatives sponsored by private-sector enterprises, foundations, and NGOs around economic opportunities for SSA's youth?
7. *Innovative programming.* This paper concludes by suggesting a number of areas where knowledge generated by research could inform the design of more innovative and effective programming to address youth employment.

# 1 INTRODUCTION

## The many-sided challenge of youth employment in sub-Saharan Africa

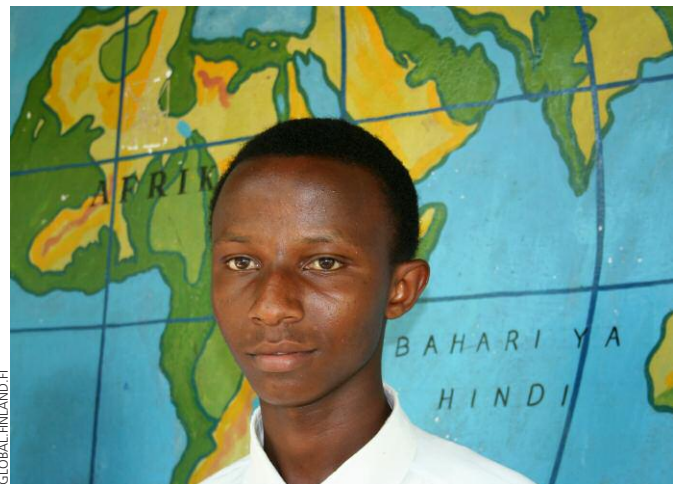
The employment picture is a challenging one for youth in sub-Saharan Africa. The majority of young people work in low-productivity jobs, most often in agriculture or in self-employment or household enterprises, with low earnings and little security. The region's educated youth may have better jobs when they do get employment but open unemployment for this group is a significant concern.

The question of youth employment on the continent is crucial for several reasons. First, the social return on jobs for youth is especially relevant to the region's future living standards, productivity, and social cohesion. Policymakers are aware of this — and of the costs of young people not working or without good jobs — so youth employment is a priority issue virtually everywhere. Demography is the second reason why the stakes are high. SSA is the youngest region in the world, with a large youth bulge that will continue to expand in the future. The median age is 18 now, and will only climb to 24 by 2050. The UN estimates that the size of the 15-24 year-old age group will increase by about six million annually over the next decade. This youthful profile offers the potential for a “demographic dividend”, such as the one that benefited East Asia in the late twentieth century, but this is not the most likely scenario if various constraints in SSA's current situation are projected into the future.

The jobs challenges for youth vary across the region, which we can categorize roughly as follows:

- In *low-income, agrarian economies*, the immediate priority is to raise farming productivity while establishing the foundations for better off-farm opportunities in the future.
- The other numerically large country category is *resource-rich economies*, where the wealth from resources needs to translate into many more new opportunities in industry or services.
- In the region's *middle-income countries*, the priority is to increase labour demand, especially for skilled workers, in modern wage sectors.
- Jobs challenges are pervasive and difficult in the region's *conflict-affected countries*.

A wide range of interventions are needed to address these formidable and diverse challenges. In some cases, appropriate policy responses involve active labour market programs that upgrade the skills of young people and improve their access to jobs. However, many young Africans seeking better jobs and livelihoods are constrained by a lack of access to credit, land, or productivity-enhancing infrastructure, or by political or social instability, which deter investment and entrepreneurship. In these cases, policymakers need to consider interventions that fall outside the conventional limits of employment programming.



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Evidence-based research can play an important role in identifying the barriers young people face in finding employment and assessing the likely effectiveness of potential policy actions. In the next two sections, we review the existing evidence on youth employment in SSA and interventions to support better jobs for young people. In the final section, we identify a number of important knowledge gaps where research could inform effective actions to improve economic opportunities for the region's youth.





## 2 What do we know about youth employment in SSA?

There is a growing body of empirical research on youth employment in sub-Saharan Africa. This analysis has benefited from new research efforts that have somewhat alleviated the data situation, though it is still not as strong as in other developing regions. Important gaps remain, for example, in covering agriculture and the non-agricultural informal sector, disaggregating employment outcomes by key variables such as gender, and getting reliable estimates over time. The evidence base is uneven as well: it is strong in some parts of the region, most notably South Africa, but very limited in other parts, such as the Francophone countries of West Africa. Nonetheless, a fairly consistent picture emerges from the literature about the broad lines of youth employment in SSA today. This picture is summarized in this section. The region is now going through significant economic changes, which are giving rise to different views on how SSA's employment profile may be transformed in the future.

### 2.1. Defining “youth employment”

We adopt a broad definition of “employment” in this paper.<sup>1</sup> Historically, employment has often been equated with wage and salary jobs, usually in the formal sector. This is due in part to developed-country norms and the limitations of available data. However, most people in SSA do not work in an office, a mine, or a factory with an employer, a contract, and a paycheque. The majority work on farms, in very small family enterprises, or in some form of self-employment. So a meaningful conception of employment in the region needs to encompass these different types of jobs, the vast majority of which are in the informal sector. Indeed, broad definitions are becoming more common in the SSA literature.<sup>2</sup>

The definition of “youth” is also not straightforward. The underlying concept is clear: the transition period between childhood and (complete) adulthood. This transition applies to many dimensions of life including, for most, family formation and establishing an independent residence, exercising citizenship rights and duties, and leaving school for work. International norms typically define “youth” as the 15-24 year-old age group (e.g., United Nations, 2004).<sup>3</sup> And this definition is the most prevalent one used in major research studies on youth employment in SSA (e.g., Filmer and Fox, 2014; AfDB et al., 2014).

However, there are other views on who belongs in the youth cohort. Some international organizations and many governments in the region have extended the upper boundary beyond 24 years of age. The African Youth Charter defines youth as between 15-35 years (UNECA, 2011).<sup>4</sup> According to the United Nations Economic Commission for Africa (UNECA), “[t]his age definition also constitutes an acceptable compromise among African countries, most of which have defined young people as individuals aged between 29 and 40 in their national youth policies” (UNECA, 2011: 69). Indeed, a number of countries, including Nigeria, South Africa, and Rwanda, set the upper boundary for youth at 35 years (Makgetla, 2014). This view of a youth cohort that extends beyond 24 has also been adopted by the International Labour Organization (ILO) in its recent work on youth transitions into employment which covers 15-29 year-olds (ILO, 2013). However, the ILO has continued to use the conventional 15-24 year definition in its standard analysis of youth employment indicators.

<sup>1</sup> The question of “what is a job”, and the rationale for a broad definition, was discussed in some depth in the World Bank’s 2013 World Development Report on Jobs (World Bank, 2012: 63-66).

<sup>2</sup> Prominent examples are the major data-intensive studies on youth employment in the region carried out by the World Bank (Filmer and Fox, 2014) and the multi-agency research collaboration reported in the 2012 African Economic Outlook (AfDB et al., 2012).

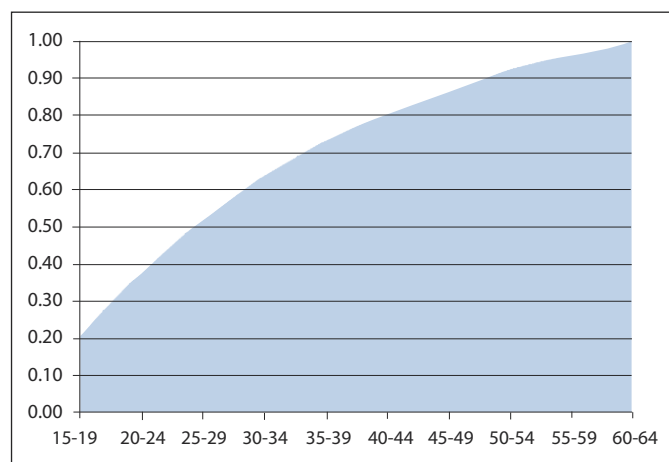
<sup>3</sup> Sometimes, the lower bound of the “youth” category has been set at age 12 (e.g., World Bank, 2006) or even 10 (UNFPA, 2014). However, when it comes to employment, it is rare to see the starting point for youth below age 15 because of child labour laws and conventions.

<sup>4</sup> The Economic Commission for Africa (UNECA, 2011: 69) explains this definition as follows: “This definition views young people within the African context and is based on Africa’s development realities. While the age bracket set in the Charter continues to prompt vigorous discussion, it is a position that was agreed upon by African young people, experts and ministers, endorsed by heads of State and agreed as a reflection of the challenges faced by African youth in effectively integrating into society, finishing school, getting married and gaining financial independence.”

*While 15-24 is the most common definition of youth, there is some evidence a longer horizon may be justified in SSA.*

So how should youth be defined for the purposes of understanding and addressing youth employment in SSA? There are clearly trade-offs involved in where the upper boundary is set. Extending it to 29 or even 34 makes sense from the perspective that full transition into adulthood can be a protracted process. Getting a stable job can take a long time and, not unrelated to this, more young people are waiting longer to form families. And, as we have seen, an extended definition also corresponds to how many national governments and donors define youth for planning and policy purposes. But a higher upper boundary risks losing sight of the issues specific to youth, as distinct from the adult population at large. This is especially relevant in sub-Saharan Africa with a very young age profile. Extending the definition can result in “youth” accounting for a large share of the working-age population (WAP). If the upper boundary is 29, the youth category represents slightly more than half of the region’s WAP, and if it is extended to 34, the share rises to almost two-thirds (Figure 1). At this point, the youth labour force starts to approximate the total labour force and youth employment issues might be better thought of simply as employment issues.

**Figure 1. Cumulative distribution of working-age population, by age group, sub-Saharan Africa, 2010**



Source: Based on data from the United Nations World Population Prospects: The 2012 Revision

Defining “youth” is complicated. Settling on a definition can be a judgement call, and in many ways it is context-specific. But it also can be informed by empirical evidence. For example, how do education and employment patterns evolve with age, and at what point do they stabilize and start to look similar to adult patterns? This, of course, is the most direct issue within the context of this paper on youth employment. But the transition from childhood to adulthood is multi-dimensional, so other things could be informative as well, such as when families are formed and when young people start to participate as citizens. In Annex 1, we present just a few pieces of evidence that address these questions.

While much of the empirical evidence we have reviewed suggests that the conventional definition (15-24 years) is broadly appropriate in the context of sub-Saharan Africa, other evidence suggests an extension to the late 20s may be justified in some contexts.

## 2.2. Demographic trends

SSA is the youngest region in the world, with a large youth bulge that will continue into the future. The median age is 18 now — seven years younger than South Asia’s, the second youngest region — and will climb only to 24 by 2050.<sup>5</sup> The region’s youth cohort is large, and growing quickly. Between 2000 and 2015, the 15-24 age group grew by 2.6 percent each year on average. According to UN estimates there are 187 million in this age group as of 2015, and this number is projected to increase at an annual rate of 2.5-2.7 percent, reaching 244 million in 2025, and 304 million in 2035.

This youthful profile offers the potential for a demographic dividend, such as was widely recognized as an important contributing factor to East Asia’s rapid economic growth over the last third of the twentieth century (e.g., Bloom and Williamson, 1998). Certainly, there are many factors that determine whether a youth bulge can accelerate economic development, including whether the conditions for growth and labour demand are present in the industrial and service sectors. But a necessary condition for securing the dividend is to reduce the dependency ratio — the ratio of young and old to the working-age population — which in turn requires significant declines in the fertility rate. It is unlikely, though, that this will occur in SSA. The fertility rate, now around 5 births per woman, is only projected to decline to the 3.5-4 range by the 2030s. As a result, the dependency ratio will decrease slowly, from the current 85 to 78 in 2025 and 71 in 2035.<sup>6</sup> In contrast, East Asia’s dependency ratio fell from 76 in 1965 to 48 in 2000, driven by a dramatic fertility rate decline from over 5 to 1.5 in this period.

<sup>5</sup> Unless otherwise noted, all demographic figures come from the United Nations World Population Prospects: The 2012 Revision. Projections cited are based on the medium-fertility scenario.

<sup>6</sup> It should be noted that demographic trends do differ within SSA, with Southern Africa much more advanced in the fertility transition than the Eastern, Middle, and Western African sub-regions.

## 2.3. Profile of youth employment in SSA

We have already noted the data limitations in the region. Administrative data are largely non-existent. Enterprise surveys are generally oriented towards larger firms in the formal sector. So quantitative research relies almost exclusively on data from household surveys, such as labour force surveys and living standards measurement surveys. But even here, the situation is far from ideal. According to Szirmai et al. (2013), regularly repeated labour market surveys are carried out only in Tanzania, Mauritius, and South Africa. In other countries, these surveys are irregular and in some cases, they are not national in coverage. Where survey data exist, they are often quite dated and difficult to compare across countries or over time. Many small surveys carried out have yielded useful analysis, but their representativeness is not always clear (Szirmai et al., 2013). Much of the recent empirical analysis has been based on efforts by international organizations to harmonize existing household surveys (e.g., World Bank), use non-traditional survey sources (e.g., African Economic Outlook, using the Gallup World Polls)<sup>7</sup>, or generate new surveys (e.g., the ILO-MasterCard Foundation School-to-Work Transition Surveys). We rely heavily on these data sources in this paper.

According to conventional indicators, the youth employment picture in sub-Saharan Africa actually compares reasonably well with other regions (Table 1a). The youth unemployment rate is below rates elsewhere except South Asia and East Asia and the ratio between the youth and adult unemployment rates is the lowest among all regions.

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*Using standard measures, youth unemployment in SSA is lower than in most other developing regions. But these conventional indicators may be a poor fit in low-income settings.*

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A higher proportion of young people in SSA participates in the labour force and is employed than in any other region. Note, for example, the very large differences in youth employment rates between sub-Saharan Africa and other developing-country regions such as the Middle East, North Africa, and South Asia. Gender differences are also smaller in SSA than in most other regions. Young men in SSA have lower unemployment rates and higher employment and participation rates than young women but the gaps are much smaller than in all regions except developed countries and East Asia (Table 1b).

**Table 1a. Summary indicators, youth employment (15-24 years), by region, 2013p**

	Unemployment rate	Youth-to-adult unemployment rate	Labour force participation rate	Employment rate
Sub-Saharan Africa	11.7	2.0	53.6	47.3
Developed economies	17.9	2.3	47.5	39.0
Central and Southeastern Europe/CIS	18.0	2.6	42.0	34.5
East Asia	9.8	2.7	59.3	53.5
Southeast Asia and Pacific	13.3	5.3	52.2	45.2
South Asia	9.4	3.9	40.9	37.0
Latin America and the Caribbean	13.2	2.7	52.4	45.5
Middle East	29.1	3.8	30.2	21.4
North Africa	23.9	3.3	33.3	25.4

p = projection

Source: (ILO 2013)

<sup>7</sup> The Gallup World Polls may be an unusual source of data for labour market analysis, but it is a useful addition, given the general data limitations in the region. Results using this source that are cited in this paper include data from 39 SSA countries and

regions. The samples are nationally representative for the population aged 15 and over, but for the youth population (15-24), results are only indicative at the national level and are representative at the country-group level.

**Table 1b: Summary indicators, youth employment (15-24 years), by gender and region, 2013p**

	Unemployment rate		Youth-to-adult unemployment rate		Labour force participation rate		Employment rate	
	M	F	M	F	M	F	M	F
Sub-Saharan Africa	11.0	12.5	2.1	1.9	56.0	51.3	49.8	44.9
Developed economies	18.9	16.8	2.4	2.2	49.4	45.4	40.1	37.8
Central and Southeastern Europe/CIS	17.6	18.6	2.5	2.8	49.8	34.0	41.0	27.7
East Asia	11.5	7.9	2.8	2.7	58.3	60.4	51.6	55.6
Southeast Asia and Pacific	12.7	14.2	5.5	5.1	59.1	45.0	51.6	38.7
South Asia	9.2	10.2	4.3	3.2	57.1	23.3	51.9	20.9
Latin America and the Caribbean	11.1	16.3	2.7	2.8	61.9	42.8	55.1	35.8
Middle East	25.2	43.5	4.0	3.2	46.3	13.2	34.6	7.5
North Africa	18.6	36.7	3.3	3.1	46.5	19.7	37.9	12.5

Source: ILO (2013)

However, these conventional indicators do not describe labour market outcomes very well in low- income settings. The statistics shown in Table 1 underestimate the employment difficulties young Africans face. One reason stems from how participation, employment, and unemployment are defined in labour force surveys. Because household incomes are low and because unemployment insurance and safety nets are non-existent or very limited at best, few Africans can afford not to participate in the labour force at all, or to remain completely unemployed if they do want to work. Moreover, employment rates do not capture employment quality and under-employment.

*Open unemployment may be low, but so too are productivity and earnings, and there are few social protections for African youth.*

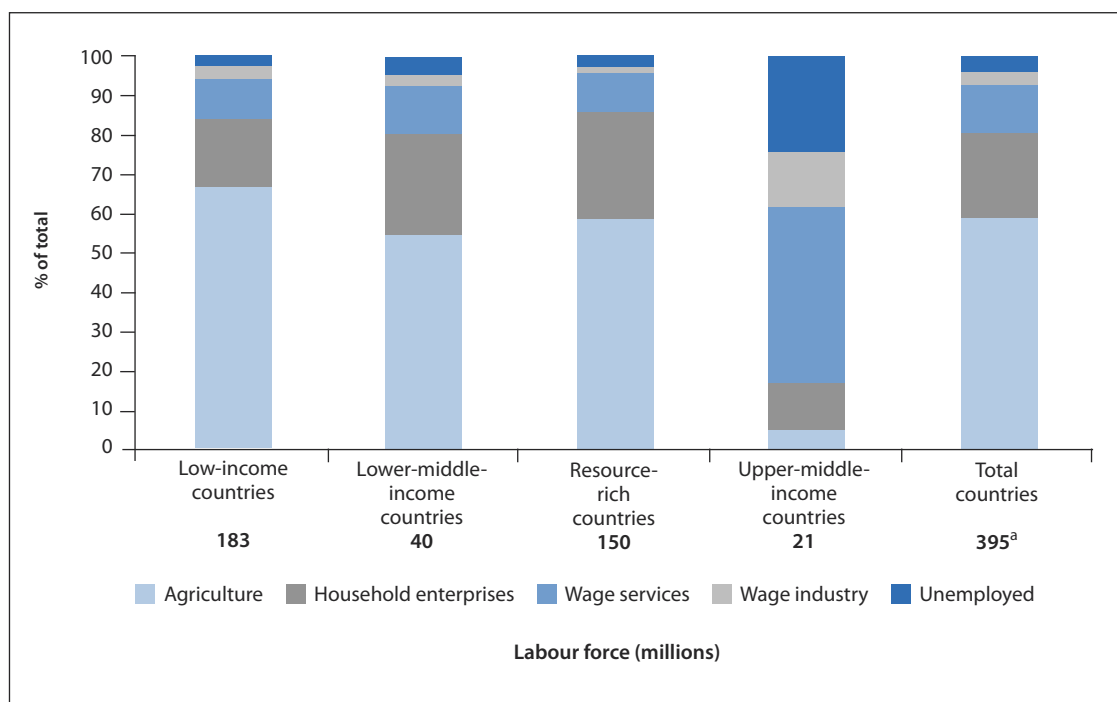
A more nuanced analysis leads to a far less favourable picture of youth employment in SSA. For the vast majority of young people, open unemployment may be low but, with productivity low, earnings are poor and precarious, (compensated) hours are limited, and benefits and access to any meaningful formal social protection are essentially non-existent. For a very

small minority, typically the better-educated (secondary completion or higher, often coming from relatively high-income households), job quality may be considerably better but open unemployment is very high. In short, there are too many bad jobs for the former group and too few good ones for the latter.

The nature of the labour market, the employment structure, and employment challenges differ across the region. In many respects, the differences reflect those for the workforce as a whole. In low-income countries, about two-thirds of the labour force is in agriculture, with most of the remainder in household enterprises (Figure 2). Only about 10 percent of workers are in wage employment. As country income increases, the composition of employment shifts out of agriculture and into household enterprises.<sup>8</sup> In the upper-middle-income countries, essentially in southern Africa, the difference is significant, with agriculture only a very minor employer and most employment in the wage sector. Note from Figure 2, however, that the upper-middle-income category accounts for only a small share of the region's labour force, with the large majority in low-income or resource-rich countries (which share similar employment structures).

<sup>8</sup> Household enterprises are informal businesses outside agriculture that are "own-account" or self-employment operations, which may have family members contributing. For a detailed analysis of household enterprises in SSA, see Fox and Sohnesen (2012).

Figure 2. Employment structure in SSA by country type, 2010



Source: Fox et al. 2013

Note: On the horizontal axis, numbers show size of the labor force, ages 15–64, in each group.

Resource-rich countries included are Angola, Chad, the Democratic Republic of Congo, Guinea, Nigeria, the Republic of Congo, Sudan and Republic of South Sudan, and Zambia.

<sup>a</sup> Numbers do not add to total because of rounding.

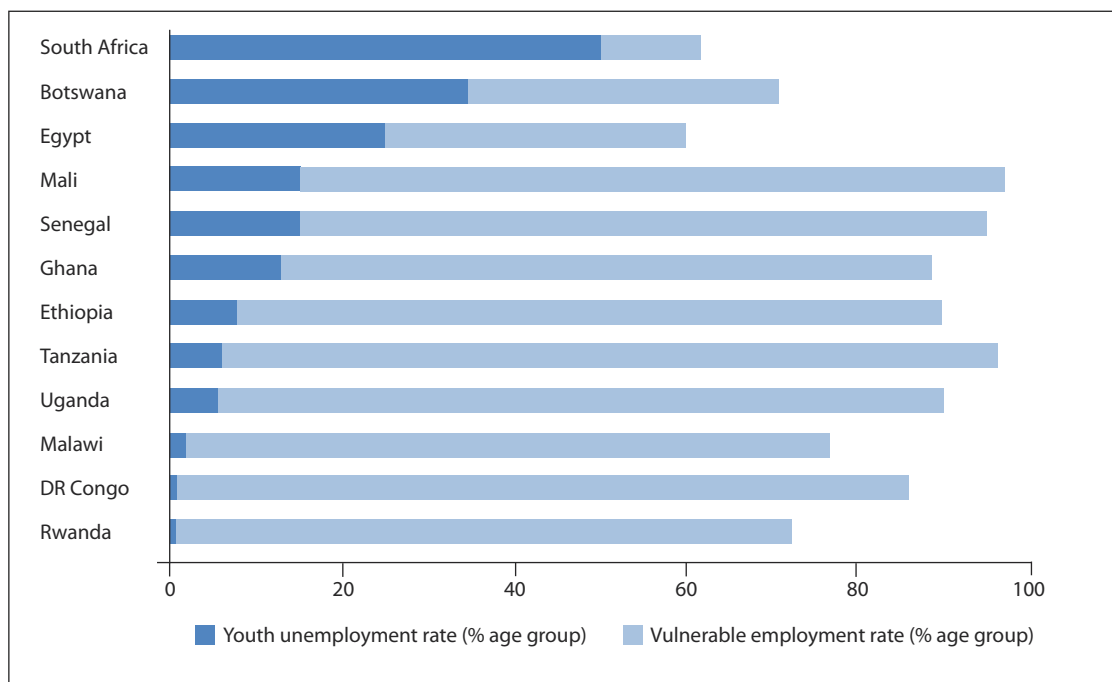
The employment challenges facing young people can vary in these different types of labour markets. Open unemployment is much more prevalent in middle-income than lower-income countries (Table 2). In middle-income countries, with significant wage sectors, unemployment rates as they are conventionally defined may convey useful information on labour market hardship. In the lower-income countries, where youth predominantly work in agriculture or in self-employment or household enterprises, open unemployment is relatively rare and underemployment is the main issue. But consistent measures of underemployment are not widely available and, in fact, there is no consensus on what the best indicator might be. Probably the most common definition is hours-based, where underemployment is identified by employment below a

certain number of hours (e.g., 40 hours in a week) and a willingness to work more hours. However, as Ranis and Gollin (2014) point out, hours may not be a good indicator of underemployment because some workers may work very long hours just to survive. They suggest that underemployment may be better defined by employment at very low marginal productivity and earnings, perhaps indicated by the percentage of the workforce earning less than the minimum wage. Using data from the 1-2-3 Surveys in Francophone country capital cities, Ranis and Gollin (2014: Table 2.5) show that the low-wage definition generates much higher underemployment rates than the hours-based definition.

Some researchers capture labour market hardship in low-income countries by looking at the composition of employment by employment status. This approach focuses on the share of workers not in wage employment. These non-wage forms of employment are associated with higher rates of poverty and food insecurity than wage employment,<sup>9</sup> so they are often referred to as “vulnerable” employment. Figure 3

shows how the incidence of unemployment and vulnerable employment among youth varies across a selection of SSA countries at different income levels. In higher-income countries like Botswana and especially South Africa, unemployment predominates but in the lower-income countries, almost all employment is “vulnerable” while youth unemployment, conventionally measured, is extremely low.

**Figure 3. Youth unemployment and vulnerable employment, selection of SSA countries, 2004-2011**



Note: Youth defined as 15-24 year-olds  
Source: Hamaguchi et al. (2013), based on ILO Key Indicators of the Labour Market

## 2.4. The role of education

Within countries, education is an important determinant of what young people do and what labour market challenges they face. While unemployment rates may differ substantially between lower- and middle-income countries, better-educated youth are clearly more likely to be unemployed in both country groups (Table 2). This reflects the fact that the better-educated generally are more likely to be in the wage sector, or to be willing to queue for a job in that sector. However, while there is a positive relationship between education and unemployment

for these two broad groups of countries, Table 2 shows that most individual countries tend to exhibit one of two general patterns.<sup>10</sup> In several (e.g., Congo, Ghana, Malawi, Mali, Niger, Nigeria, and Uganda), there is a linear relationship, with youth unemployment rates increasing with more education. In others (e.g., Ethiopia, Congo, South Africa, Senegal, Tanzania), unemployment peaks for those with secondary attainment but declines for those young people with postsecondary education.

<sup>9</sup> In low-income countries, youth in “vulnerable” employment have the highest level of food insecurity, not only higher than wage employees but also higher than students and the unemployed (AfDB et al., 2013).

<sup>10</sup> Our interest here is in how unemployment varies by education within countries, rather than unemployment rates between countries which are not strictly comparable because of differences between national surveys.

**Table 2. Youth unemployment rates by education**

Data Source	Country	No education	Basic education	Secondary education	Vocational	University/ Tertiary
<b>Gallup World Poll (2009/10)</b>						
	Low Income	7.9	12.1	15.9	–	18.8
	Middle Income	22.7	17.5	29.5	–	34.6
<b>National surveys (2002-2007)</b>						
	Botswana	24.4	33.7	37.8	29.7	33.0
	Congo	0.0	39.7	43.4	0.0	47.8
	DR Congo	0.0	0.0	0.1		4.8
	Egypt	4.9	9.7	51.2		34.2
	Ethiopia	1.9	6.9	37.0	21.6	13.5
	Ghana	3.2	6.2	14.6	17.2	46.1
	Malawi	1.3	0.6	4.5	11.7	23.2
	Mali	10.2	18.5	54.1	65.1	85.3
	Niger	7.9	16.9		16.1	
	Nigeria	11.7	15.6	19.7	14.7	21.1
	Rwanda	4.6	5.1	20.2	10.7	
	South Africa	31.4	54.9	54.3	49.7	34.9
	Senegal	14.1	25.2	30.2	14.3	6.8
	Tanzania	2.3	8.1	32.8	23.4	23.2
	Uganda	0.9	2.1	6.3	6.6	19.0

Source: AfDB et al. (2013)

However, despite improvements in educational attainment, most young people in SSA still do not have much education. About 60 percent of 15-24 year-olds have not gone beyond primary school and only about 10% have completed secondary school (Fox and Filmer, 2014). Schooling is correlated with where young people work: the majority who have not completed primary education are employed in agriculture; those

with primary or lower-secondary schooling are likely to be in household enterprises; with the better-educated in the wage sector (Fox and Filmer, 2014). So, simply in terms of the magnitude of the problem, the dominant issue facing the region's youth is not open unemployment but underemployment or, more specifically, precarious and low-paid employment in agriculture and self-employment/household enterprises.

## 2.5. The role of economic structure

An important feature of SSA labour markets, and one which constrains opportunities for youth, is that the structure of employment has not changed much over recent decades. In other regions, structural change has been an important driver of economic development and better jobs. In East Asia, for example, agriculture has decreased significantly, with industry, including manufacturing, and services accounting for an increasing share of output and employment (which has been upgraded as a result). In SSA, despite fairly strong GDP growth,<sup>11</sup> structural change has been much less important, with the result that there has not been significant upgrading of the employment structure from agriculture to better jobs in services and industry (Fox et al., 2013). For the better-educated, this has created some impetus to migrate, given limited opportunity to use acquired human capital. Economic growth in many SSA countries has been driven by commodities and other forces (such as aid) that do not lead to structural change. Young people are slightly less likely to work in agriculture than adults, but it is still the major employer for 15-24 year-olds (AfDB et al., 2013). And, since agricultural productivity is low (Fox and Filmer 2014), the prospects for good livelihoods in the sector are poor.

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*Despite GDP growth, there has been little upgrading of employment structures in SSA, toward better jobs in services and industry.*

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An important question is what will happen in the future. Will employment shift towards better jobs in industry and services? Some observers think so. The McKinsey Global Institute (2012) contends that Africa, with its young population and improving education, is now poised to imitate the job-creation successes that some developing countries in other regions, especially Asia, have enjoyed. MGI concludes that somewhere between 54 and 72 million stable, wage jobs can be created by 2020.<sup>12</sup> However, projections by Fox et al. (2013) are less optimistic. According to their projections, only 20 percent of the new entrants to the labour force to 2020 will find wage employment; this amounts to about 30 million jobs.<sup>13</sup>

The upper boundary of McKinsey's job creation estimates assumes that Africa could potentially create wage-sector jobs

at the pace that East Asian economies did during their period of rapid structural transformation. That seems overly optimistic, given the confluence of factors (demographic, infrastructure, education, policy, etc.) that underpinned the East Asian manufacturing miracle and given the fact that light manufacturing is becoming less labour-intensive. Even when the forecasts by Fox et al. (2013) are adjusted to reflect the possibility that wage employment will increase more rapidly as has happened in Asia, they still project that wage jobs will not be near the levels projected by McKinsey.

Over the next ten years, then, they estimate that only about one-quarter of the region's young people will find a wage job and "most young people will end up working where their parents do – in family farms and household enterprises" (Fox and Filmer, 2014: 5). In any event, to the extent that change does occur in the structure of jobs, it is more likely to be towards services other than manufacturing.

## 2.6. Obstacles to youth employment

Identifying effective interventions depends on understanding the barriers to more and better jobs for youth. Many of the most important obstacles are not necessarily youth-specific and seem to more generally constrain job creation throughout the region. These include infrastructure (especially electricity and transportation), governance and corruption, and access to finance (McKinsey Global Institute, 2012; AfDB et al., 2012). Obstacles can also be country-specific, depending on the country's level of development and other national characteristics.<sup>14</sup>

- In lower-income, agrarian economies, where most people continue to be engaged in farming, low productivity in agriculture is the major constraint to good livelihoods. Raising agricultural productivity through measures like land reform, access to credit, crop selection, and commercialization is important (McKinsey Global Institute, 2012; Filmer and Fox, 2013). Over the longer term, creating the foundations for wage jobs in the urban sector will be important.
- In middle-income countries, where urban economies are developing, the environment for labour-intensive business and productive micro-enterprises is a constraint. As SSA countries move up the income scale, improving the business climate, regulations, access to finance, and skills become more important.

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<sup>11</sup> Average annual GDP growth averaged 5.4 percent between 2000 and 2014 (World Bank, 2015).

<sup>12</sup> One potential source of wage jobs could be in labour-intensive, light manufacturing where it has been argued that sustained wage increases in coastal China will price that region out of this type of production and create new opportunities elsewhere in the developing world. However, there are many reasons to doubt that this will occasion a large shift of manufacturing jobs outside Asia. See <http://www.economist.com/news/leaders/21646204-asias-dominance-manufacturing-will-endure-will-make-development-harder-others-made>

<sup>13</sup> According to Fox et al. (2013), the main difference is that their forecasts are based on sub-Saharan Africa specific data while MGI "uses fast-growing developing and emerging market countries in other continents to project the employment profile" (p. 21).

<sup>14</sup> This list is adapted from the country typology used in the 2013 World Development Report on Jobs (World Bank, 2012).



- However, a country's job challenges can be shaped by factors other than its stage of development. In sub-Saharan Africa, many countries are "resource-rich" and while this may generate wealth, it does not create many jobs; here, the challenge is to effectively use that wealth towards diversification into sectors that are more labour-intensive.
- Conflict-affected countries are also prominent in the region. This is a very difficult setting for creating jobs, and almost certainly, the government has to play a direct role until the country is stable enough to attract private investment.

In these different country contexts, many of the binding constraints to job creation are factors affecting labour demand. Throughout the region, then, better youth employment outcomes will require improvements in the overall environment for job creation, whether in agriculture, in micro-enterprises, or in the wage sector. Some constraints on the demand side may disproportionately affect young people, such as access to credit, but many apply more generally.

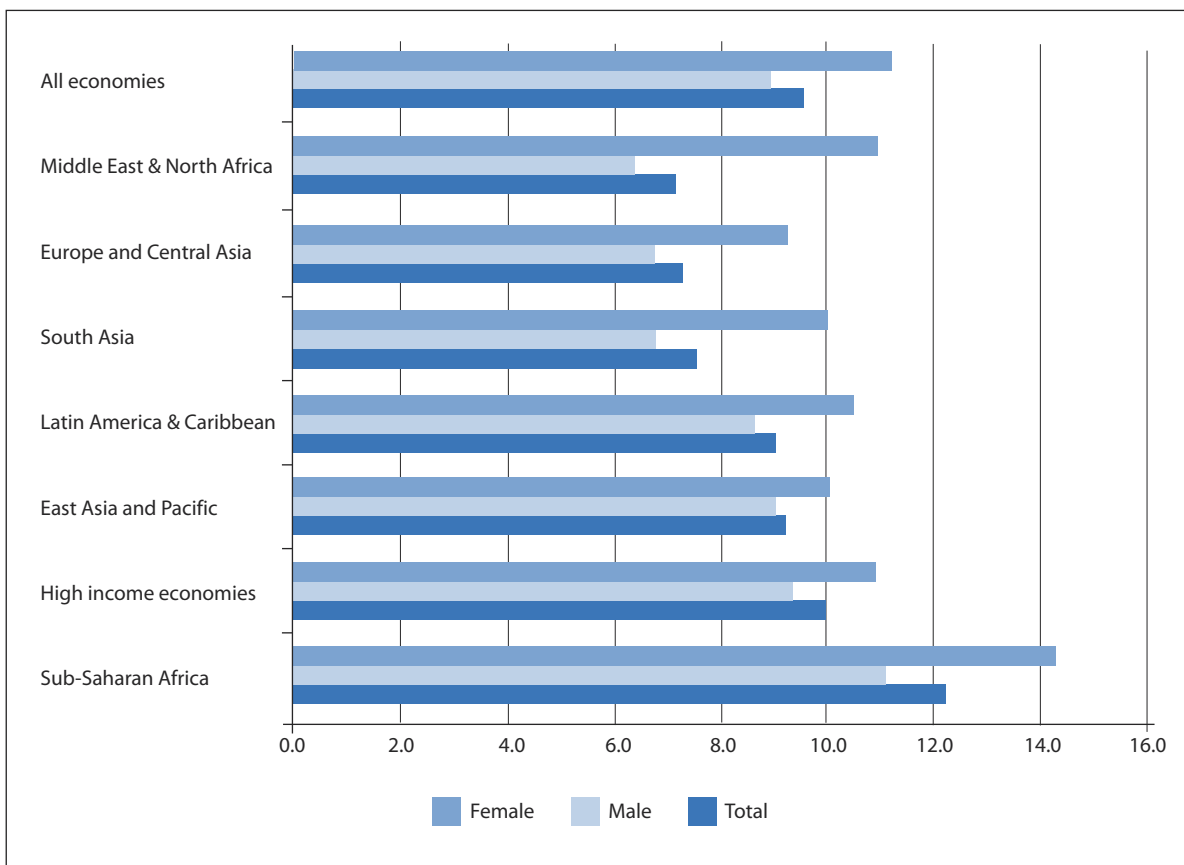
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*While gains are being made in education in the region, many young people remain ill-equipped for the labour market.*

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However, issues more specific to youth come more into play on the labour supply side. Concerns relating to human capital are important in many country contexts and these supply-side barriers typically affect young people more than adults. African employers, like those elsewhere, cite lack of skills and experience as the main reasons for not hiring young people (AfDB et al., 2012). Evidence of the lack of skills comes not only from employer reports but also from high returns to education, which suggest that there is an unmet demand for skills (Adams et al., 2013). According to recent estimates by Montenegro and Patrinos (2014), in fact, returns to education — i.e., the increase in earnings from an additional year of schooling — are higher in sub-Saharan Africa than in any other region (Figure 4).

**Figure 4. Average returns to schooling by region**



Source: Montenegro and Patrinos (2014)



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In sub-Saharan Africa, as elsewhere, education pays off more for females than for males. Returns are especially high for secondary and postsecondary schooling. There are also claims of mismatches between the needs of the labour market and skills offered by young people. Weaknesses include basic, non-cognitive, and vocational skills (AfDB et al., 2014). So, although education indicators are improving in the region, many young people remain ill-equipped for the labour market. The relevance of skills as an obstacle to youth employment increases as countries move up the development ladder.

The research suggests a number of other factors that constrain employment opportunities for youth in the region.

- Poor health and nutrition limit the potential of many young people (Hamaguchi et al., 2014; Ranis and Gollin, 2014). Pregnancy, marriage, child rearing, and cultural norms may inhibit the ability of young women to accumulate skills and experience in particular (Bertrand and Crepon, 2014).

- Youth have very limited awareness of opportunities in the labour market because of poor information and inappropriate expectations. For example, according to the 1-2-3 Surveys in Francophone country capital cities, 27 percent wanted to get a job in the public sector yet only 4 percent of new jobs were created in that sector in the year preceding the survey; on the other hand, while 82 percent of new jobs were created in the informal sector, only 48 percent wanted to work in it (Cling et al., 2007).
- Access to credit, which is a more general problem, is particularly restricted for young entrepreneurs.
- SSA tends to have more protective job security rules than other regions (AfDB et al., 2014), especially Francophone countries, where labour market rules are particularly rigid (Cling et al., 2007). Very protective regulations typically have the effect of favouring prime-age workers over youth (Betcherman, 2015); however, it should be noted that the overall impact of labour regulations in SSA is minimized by the region's high degree of informality.

# 3 Interventions for youth employment

This section reviews the literature on interventions to support youth employment in sub-Saharan Africa. Overall, such interventions tend to focus on skills development for the wage sector. Far less attention has been paid to interventions intended to enhance agriculture and micro-/household enterprises as sources for youth employment despite the fact that most young people in the region work in these sectors.<sup>15</sup> As we have seen in the previous section, the barriers young people face are wide-ranging, encompassing both the supply and demand sides. Accordingly, we adopt a broad approach to defining youth employment programs, including some types of interventions that are outside the traditional scope of these programs. In our review, we have surveyed the information that is available, from international organizations and both national and international academics and research centres. Rigorous impact evaluations of programs are relatively scarce, which limits how definitively the effectiveness of the various types of interventions can be assessed.

## 3.1 Overview and categorization of interventions

Sub-Saharan Africa is a large and diverse region. We have seen that the nature of employment and the challenges that young people face vary in different country contexts. Within countries, as well, the needs of youth are diverse. The better educated, usually seeking formal wage employment, experience high levels of open unemployment while the less educated face income and upward mobility challenges associated with underemployment in agriculture, household enterprises, or the informal wage sector. As well, there are particular groups — e.g., the disabled, women, and internally displaced persons and refugees — that are socially and economically marginalized and especially vulnerable to shocks and market instability.<sup>16</sup> For the most part, these vulnerable youth groups do not receive special programming attention in the region.<sup>17</sup>

Certain considerations came into play in defining “youth employment programs” for the purposes of this paper. One was to limit the review to post-formal-schooling interventions. Although formal education is extremely important in determining youth employment prospects, covering the vast literature on formal education and its links with employment was not feasible. We have also only touched upon product and labour market regulations. While these rules (e.g., minimum wages) can be potentially important factors in influencing youth employment outcomes, our primary focus has been on programs. Interventions have been included if youth are the targeted participants, or are very important participants in a non-targeted program. Finally, we have concentrated on publicly-sponsored interventions, delivered by government or by non-government or private sector actors in partnership with government. However, we recognize that private actors, such as corporations and foundations, are playing an increasingly important role in sponsoring and independently delivering youth programs. These efforts are not yet well documented and should be addressed in future research studies.

Active labour market programs (ALMPs) constitute our starting point. Almost all sub-Saharan African countries have ALMPs which are either targeted at young people or have significant youth participation. These interventions fall into three categories: programs designed to increase labour demand for youth; to improve the supply of youth labour and especially skills; and to improve the intermediation (matching) between supply and demand.

However, in the African context, it is important to take a broad view of what constitutes employment interventions and to go beyond ALMPs. Most active labour market programs are intended to improve wage employment yet, as we have seen, the majority of young Africans are not working in the wage sector and this is not likely to change dramatically in the

<sup>15</sup> Some countries are beginning to shift focus. Ghana's development strategy, for instance, explicitly acknowledges the contribution of household enterprises to employment and income growth (Fox and Filmer, 2014).

<sup>16</sup> For instance, in a number of countries the level of unemployment among people with disabilities is two or three times higher than that of people without disabilities (UNECA, 2011).

<sup>17</sup> Affirmative action programs have been the most common way of addressing discrimination of different forms in some other regions. However, affirmative action is not too prevalent in SSA, beyond South Africa. In South Africa, evaluation of affirmative action programs supporting blacks, women, and people with disabilities found that programs had limited impact on reducing gaps in employment and wages but narrowed differentials at the top of the wage distribution (World Bank, 2012).

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*Most active labour market programs in the region focus on the wage sector, while most youth work in agriculture or micro-enterprise.*

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foreseeable future. The emphasis on ALMPs reveals a bias on the part of policymakers towards the modern wage sector. It is important to also consider interventions that are designed to improve livelihoods for young people in agriculture, in self-employment, and in household or micro-enterprises. These interventions tend to be outside the normal boundaries of youth employment policy. In its recent report on youth employment in SSA, the World Bank highlighted a wide range of measures (in addition to skills development) to improve youth livelihoods: raising productivity in agriculture through access to credit, land reform, and infrastructure; raising productivity in household enterprises through access to credit and urban policy; and encouraging growth in the modern wage sector through business climate improvements (Fox and Filmer, 2014).

We have classified the employment interventions reviewed in this paper in the following five categories:

1. **Employment creation**, including interventions such as public works programs and wage subsidies that create or improve labour demand for youth;
2. **Skills development and training**, defined as initiatives in non-formal education, vocational training, and health that improve the human capital of young people;
3. **Employment services**, including job search assistance, counseling, and placement designed to improve the functioning of the labour market for youth;
4. **Self-employment/entrepreneurship**, including interventions to support self-employment and family/household-based enterprises; and
5. **Agriculture**, defined as interventions to support farm initiatives and improve livelihoods in agriculture, as well as to enhance related opportunities such as in agro-businesses.<sup>18</sup>

It should be noted that programs may offer multiple services that can fit into more than one of these categories. These types of interventions recognize that young people often face multiple barriers in finding employment. There is some evidence of multiple-service programs in SSA, most often incorporating training into self-employment programs (Rother, 2007). However, they do not appear to be very common and certainly are not as prevalent as in some other regions, especially Latin America, with its *Jovenes* and successor programs.

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*It is difficult to assess the quality of youth employment interventions, given the lack of rigorous program evaluation and limited evidence available.*

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The evidence suggests that skills development is the most common form of intervention in the region, followed by support for young entrepreneurs (AfDB et al., 2012; Betcherman et al., 2007). Direct job creation, primarily through large public works programs, has been popular in some countries (e.g., South Africa and Kenya), but does not seem particularly prevalent overall. Employment services play a relatively minor role, with most young people relying on informal networks to look for work (Elder and Koné, 2014; AfDB et al., 2012). While agricultural programs could potentially play an important role, especially in low-income countries, they do not appear to have been widely used to improve youth livelihoods.

Information on youth employment programs in the region is especially scarce when it comes to evidence on what works. Of the 29 active labour market programs in SSA included in the 2007 Youth Employment Inventory, estimates of net impact had been made for only two (Betcherman et al., 2007). Almost certainly, the picture is no better for non-traditional interventions to enhance livelihoods in agriculture and household enterprises since these areas are still new and relatively unexplored in the sub-Saharan Africa context. This makes it very difficult to assess the overall quality of different types of interventions, or what is effective in terms of program design and implementation.

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<sup>18</sup> Agriculture is an outlier of sorts in our categorization, as it is a sector and not a type of intervention. However, since so many young people work in agriculture and since traditional employment programs do not really include much of a focus on the sector, we believe it is an important area to include in our review.

## 3.2. Evidence on interventions

This section provides a summary of the available evidence on the five intervention categories introduced above. It highlights where available, the nature of each intervention including its objectives, targets, prevalence, and delivery mechanisms, and what can be said in terms of an overall assessment of effectiveness and usefulness in improving livelihoods for youth in sub-Saharan Africa.

### Employment creation

Programs in this category include public works and wage subsidies. From a labour market perspective, the underlying rationale for these programs is that the demand for youth labour is insufficient and interventions can increase this demand, at least in the short run. Public works programs directly create employment, while wage subsidies provide incentives to employers to hire targeted workers. Combining employment creation programs with other services, particularly training, can be an important feature when improving longer-term employability is an objective. However, this does not seem to be prevalent in sub-Saharan Africa. Public works programs are most often designed to provide a safety net; improving employability is typically a secondary objective. So targeting is usually oriented towards the poor. However, in some cases, such as South Africa's Extended Public Works Program, youth can represent an important share of the participants (Oosthuizen and Cassim, 2014). Wage subsidy programs, on the other hand, often do have specific demographic targets, such as youth.

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*Public works may be useful as anti-poverty strategies, but their contribution to employability is doubtful.*

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**Public works.** The international evaluation evidence suggests that public works programs can be successful anti-poverty interventions when they are well-targeted and administered (Subbarao et al., 2013). However, the limited number of evaluations does not show post-program labour market benefits such as lower unemployment, higher earnings, or an easier transition to formal-sector jobs (Card et al., 2010; ILO, 2010; Betcherman et al., 2007; Betcherman et al., 2004). The most likely explanation is that public works programs do not develop skills that are needed in the labour market. As well, there may be a negative stigma associated with participation.

A number of countries in sub-Saharan Africa have implemented public works programs, both as an ongoing element of the social protection system (e.g., South Africa, Ethiopia, Senegal) or as a temporary intervention to mitigate the effects of a shock like the food, fuel, and financial crises in the 2006-09 period (e.g., Liberia, Sierra Leone, Guinea). Although there have been very few evaluations, the evidence for SSA seems to be consistent with the international evidence; according to the African Economic Outlook, public works programs are more successful as a means of cash transfer than as a way of creating employment (AfDB et al., 2012). Even where programs might be regarded as successful in terms of job creation, they might not be cost-effective. For example, an evaluation of a World Bank and AfDB supported public works program in Senegal found the average cost per job per day was US\$37 in a country where a large share of the population lives on less than US\$2 per day (AfDB et al., 2012).

Although most studies have defined success for public works (and other ALMPs) in terms of increasing employment and/or earnings, these programs may have positive social returns if they contribute to other goals, such as social cohesion.<sup>19</sup> Several SSA countries (e.g., Sierra Leone) have introduced public works programs soon after conflicts have ended. While rigorous evaluations have not been carried out, such interventions that provide even short-term work for youth can contribute to the rebuilding of society by offering young people an alternative to participation in further conflict, by providing income, and by building infrastructure (World Bank, 2012).

**Wage subsidies.** These hiring incentives are often targeted at youth, in recognition of the fact that young people face difficulties in establishing a foothold in the labour market because they lack on-the-job skills and experience. Indeed, these gaps have been cited by SSA firms as the main reasons for not hiring youth so, in that sense, there is a market-failure rationale for subsidies to compensate employers for the risk and uncertainty of hiring youth with no track record in the workplace.

Evaluations of wage subsidies, largely in developed countries, have shown that they can have a positive impact on post-program employment in general, and for youth in particular (Kluve et al., 2006; Betcherman et al., 2007).<sup>20</sup> However, it is not clear that the overall employment impacts would remain positive if displacement and windfall costs were fully captured. It is generally believed that these costs can be significant.<sup>21</sup>

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<sup>19</sup> This is one of the main messages of the World Development Report on Jobs, which contends that jobs can play a transformative role beyond improving living standards and productivity, by also contributing to social cohesion (World Bank, 2012).

<sup>20</sup> One issue particular to developing countries is whether the positive employment effects of wage subsidies are due to the creation of additional jobs, or the formalization of existing ones. In one of the few studies in a developing country,

Betcherman et al. (2010) find evidence to suggest that the latter factor was important in the creation of employment through a wage subsidy program in Turkey.

<sup>21</sup> Displacement costs occur where subsidized workers are hired at the expense of non-targeted workers, who are either displaced or do not get hired. Windfall costs refer to situations where hiring would have occurred even in the absence of the subsidy. In both cases, wage subsidies may alter the composition of employment in favour of the targeted group, but will not result in higher net employment.

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*Wage subsidies have been shown to have positive impacts on youth employment, but they are largely confined to formal wage sectors, and can have collateral effects on labour markets..*

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Subsidies are an instrument that is essentially restricted to formal wage sectors. Since these sectors account for only a small minority of employment in most SSA countries, it is not surprising that the region does not have much experience with this type of incentive. One exception is South Africa where the government has recently experimented with youth-targeted wage subsidies. An evaluation of this program showed that these subsidies induced firms to hire more young people, although their total workforce did not increase because of substitution effects (Szirmai et al., 2013). A South African pilot study of wage subsidies also yielded positive results for youth. Comparing a sample of young people receiving a wage voucher (to cover up to 50 percent of their wage for six months) with a control group, researchers found voucher recipients were significantly more likely to be in wage employment both one year and two years after having receiving it, compared to those without vouchers. In this experiment, most firms reported that the subsidy did not cause them to replace existing workers with subsidized ones (Rankin, 2013).

Overall, the findings suggest that employment creation through public works programs and wage subsidies have had limited effect on youth. Public works programs have mostly provided a short-term safety net with little evidence that they offer a path to longer-term employment. Wage subsidies can encourage hiring of young people but in countries with very small formal wage sectors, their impact will be limited to a fairly narrow segment of the youth workforce. It remains to be seen whether the employment impacts of both public works and wage subsidies can be enhanced with complementary services, especially skills training.

### **Skills development and training**

Skills development is the most common youth employment intervention in sub-Saharan Africa. As noted earlier, we are concerned in this paper with education and training programs outside of the formal education system. These programs can provide young people with vocational/technical skills, general employability skills, and basic competencies and qualifications that were not acquired in their formal schooling. A variety of interventions fall into the skills development category: second-chance education programs; classroom-based technical and vocational education and training; workplace training; formal and non-formal apprenticeship schemes; soft- and life-skills training; and access to credit and financial incentives for employers to provide workplace training.

Skills development programs have an important part to play in improving the employment prospects of young people in SSA. As we have noted, despite recent improvements in education, many young people remain poorly educated, without the skills to succeed in the labour market. Many studies talk about skills mismatches, i.e., where educated youth do not have the competencies required by employers (e.g., AfDB et al., 2012). Technical and vocational education is linked to higher employment rates, especially in the formal sector. Skills development — in both technical and non-cognitive or “soft” skills — is not just important for the formal sector; it is also critical for the informal sector where most young Africans work and will continue to work (Adams et al., 2013). Returns to technical education and training may be particularly high in sub-Saharan Africa; analysis by AfDB et al. (2012) found higher returns for vocational training than for general secondary education in five of the eight countries studied.

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*Returns on investment in technical education and training may be particularly high in sub-Saharan Africa, but quality is a concern.*

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Evaluations are too scarce for a rigorous assessment of the effectiveness of training programs in the region. However, the overall quality is considered to be weak. According to the AfDB et al. (2012: 147), “[technical and vocational skills development] systems in Africa suffer from a shortage of qualified staff, obsolete equipment, ill-adapted programmes and weak links with the job market.” Much of the training that is available is oriented towards white-collar jobs in urban areas, which represent a relatively small aspect of total labour demand. The large numbers of youth in rural areas have much less access to training opportunities (Adams et al., 2013).

The more extensive international evaluation literature suggests a mixed record regarding the effectiveness of training programs for youth. Card et al. (2010) conclude that classroom and on-the-job training can have positive impacts on employment, especially over the longer run (e.g., after two years post-training); however, they do find that youth tend to benefit less than adults from these programs. Looking at youth training programs, in particular, Betcherman et al. (2007) also find mixed results, though impacts seem to be more positive in developing than developed countries. A review by the Inter-American Development Bank of their own youth training programs found slightly more positive results (Ibarraran and Shady, 2009).

One message of the evaluation literature is that private-sector involvement can improve the success of training by increasing the relevance of programs to the needs of the labour market and, to some extent, by improving quality through competition and innovation. There are various ways in which the private sector — including employers, foundations, and other actors outside government — can be a very important stakeholder in providing skills training for youth in SSA, either in partnership with government or alone. The literature suggests that public-private partnerships can be helpful in improving quality and access (UNECA, 2011). For instance, the Ghana Industrial Skills Development Centre is a public-private initiative aimed at supplying demand-driven, industry-responsive training to employees of sponsoring companies and disadvantaged young people. This form of public-private partnership need not be limited to just skilled trades and industry: it can be replicated in the non-formal and community education sector as well. Examples of such partnerships, however, are limited in the region.

The private sector can also sponsor and deliver training independent of government programs. Of course, firms do train their own employees, though it is not clear how much employer-based training occurs in the region. Although a bit dated now, Johanson and Adams (2004) concluded that the private sector, especially large and foreign firms, made a far larger contribution than governments to training in SSA. On the other hand, according to the African Economic Outlook report on youth employment, sub-Saharan African firms provide very little training compared to firms in other developing-country regions (AfDB et al., 2012).

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*Players outside government are playing a growing role in skills development.*

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New actors outside government are emerging players in the skills development arena. For example, there are private foundations, both African and international, that are sponsoring new initiatives to create economic opportunities, and youth are often a target group for these programs. There is much to learn about these initiatives, documenting their objectives, design, and effectiveness. We have not captured these activities in this paper, but flag it as an area for future research.



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The private sector is also involved in skills development by providing training through commercial institutes. The extent to which commercial trainers are used for the delivery of vocational training varies by country. In some countries, government provision of training is standard. In Uganda, on the other hand, the majority of vocational and technical training is delivered by private sector providers (such as commercial or faith-based institutions, or NGOs). While the use of commercial trainers is often preferred over public training institutions by policymakers and donors, Atchoarena and Esquieu (2002) point out that in SSA, private training institutions have not always had a better performance. There can be a wide variation in the quality of private trainers, especially if standards are not set and carefully monitored.<sup>22</sup> So, even where private delivery of skills development programs is encouraged, governments still have a critical role, providing regulatory supervision in addition to setting the overall policy framework and funding (DFID, 2011).

Training for workers in the informal sector is obviously very pertinent in a region where most people are employed in that sector. Adams et al. (2013) conclude that workers in informal employment are largely underserved by training opportunities and that this situation needs more attention. This does seem to be happening in some countries where there are growing numbers of privately-run, unregistered, and small-scale non-formal training outfits which are part of the informal sector themselves. For instance, the Uganda Government has recognized the need to develop skills in the informal sector as part of the country's Poverty Eradication Action Plan (Republic of Uganda, 2014).

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<sup>22</sup> Atchoarena and Esquieu (2002) use (possibly dated now) examples of Botswana and Lesotho to illustrate how government oversight can lead to high-quality private provision in the case of the former and a lack of standard setting to low-quality trainers in the latter.

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*There is a strong rationale for remedial and second-chance programs in SSA, where many lack basic education and skills.*

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However, the main source of skills development for informal-sector workers in SSA continues to be informal apprenticeships, which have a long tradition in the region. In West Africa, informal apprenticeships account for about 90 percent of all training (Bertrand and Crepon, 2014). These occur mostly in small informal firms in the form of private arrangements between a master craftsman and the apprentice. There are many concerns about how much skills development actually occurs in these apprenticeships, partly because of the low level of education of most participants and partly because the content is often limited to traditional learning (Adams et al., 2013). Several countries, including Kenya, Nigeria, and South Africa, have now introduced apprenticeship programs that integrate theoretical learning with work experience (UNECA, 2011).

In a region where many young people have little or no education, or otherwise lack basic education and fundamental skills, there is a strong rationale for second-chance programs. These programs can be particularly needed in countries where conflict has interrupted or ended schooling for many. Second-chance programs include accelerated learning programs and other non-formal education programs that focus on the acquisition of basic skills such as literacy, oral expression, numeracy, and problem-solving and may or may not lead to equivalency qualifications. These programs are clearly important given the strong connection between basic education and the capacity to access and benefit from further training (Adams et al., 2013). However, the costs of second-chance programs can be high, and it is difficult to assess their cost effectiveness because of a lack of outcome data (Fox and Filmer, 2013).<sup>23</sup>

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*Skills development programs are by far the most popular youth employment intervention type in the region.*

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Overall, skills development programs are by far the most popular intervention for supporting youth employment in sub-Saharan Africa. Although evaluations of these programs internationally yield mixed results, vocational training and second-chance programs must help to fill the gap in a region where the formal education system has limited reach and often is not strong on quality. Adams et al. (2013) identify a

number of priorities for improving programming in SSA. These include giving more attention to training those in the informal sector, moving away from supply-driven training to results-based financing, creating incentives for training in small and household enterprises, and using vouchers<sup>24</sup> and other financing instruments to encourage competition and innovation in the training sector. Other potential sources of innovation are encouraging the engagement of private-sector actors in sponsoring and providing training, using ICTs more in the delivery of training, and exploring ways to draw on Africa's large diaspora to transfer skills to the region's youth.<sup>25</sup>

### **Employment services**

This category refers to services intended to improve the functioning of the labour market through better intermediation between job-seekers and employers. These include labour market information and job search assistance (e.g., counselling and placement). The rationale for these services is based on information failures in the labour market. Traditionally, employment services have been directly provided by public employment agencies but, in many parts of the world, private agencies are now important players.

The evaluation record of employment services, internationally, is generally good. They tend to improve employment and earnings prospects for participants and, since they are less costly than other types of interventions, their cost-effectiveness ranks well in comparison to other ALMPs (Kluve et al., 2006; Card et al., 2010; Betcherman et al., 2004). However, the usefulness of employment services tends to be somewhat limited, improving employment more for the skilled than the unskilled (Kluve et al., 2006). They also are most appropriate for the formal wage sector and have a smaller influence in countries where much of the employment is in agriculture and self-employment (World Bank, 2012).

Not surprisingly, then, employment services play a small role in SSA countries. An experts survey in 37 countries in Africa (SSA and North Africa) carried out for the African Economic Outlook found that neither public nor private agencies were very helpful in assisting young people: in only seven countries were public agencies estimated to reach more than 50 percent of young job-seekers and in only one did private agencies appear to have this reach (AfDB et al., 2012). This is consistent with the ILO School to Work Transition Survey, which found that approaching family and friends was the favoured job-search

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<sup>23</sup> For a review of second-chance programs in a number of SSA countries, see Fox and Filmer (2014: 81-82).

<sup>24</sup> Vouchers have been used in the region, most notably in Kenya's Jua Kali program. The program has been largely cited as a success although researchers have identified negative impacts as well (Routman and McArthur, 2014).

<sup>25</sup> For more on technology and the diaspora in improving youth skills and employment, see UNECA (2011).



method for a majority of unemployed youth in six of the eight participating countries. Fewer than 10 percent were registered at an employment centre (Elder and Koné, 2014). Any coverage by employment agencies is in urban areas. In Francophone countries, virtually no young people register at employment centres, even in the capital cities (Cling et al., 2007).

While formal job search methods and employment assistance services may be rarely used by young people in SSA, this does not mean that information failures are not a problem. Just under half of the experts surveyed for the African Economic Outlook ranked lack of labour market information as a challenge for young people, although only a small percentage of young people themselves rated lack of awareness of available jobs as an issue (AfDB et al., 2012).

It is challenging to think about how traditional employment services can be adapted to settings where the formal wage sector is small and most opportunities are in agriculture, self-employment, and household and other small enterprises. Certainly, better labour market information specific to youth is important and there are some developments on this front, including the Work4Youth (W4Y) partnership between the ILO and The MasterCard Foundation in 28 SSA countries (ILO, 2013).<sup>26</sup>

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*Advances in mobile technology offer the potential for innovation in job search, recruitment, and matching services.*

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Advances in ICTs can also open up new possibilities for how young people search for work and how job-seekers and firms are matched. The expansion of mobile phones in the region can provide a basis for improving information and intermediation. Technology can also connect young people with employment opportunities in other countries and offers them a chance of being employed in global markets without leaving their home countries.<sup>27</sup> A study published in 2010 by a private American consulting firm identified four sub-Saharan countries, Ghana, Mauritius, Senegal, and South Africa, among the world's top 50 destinations for offshore business (A.T. Kearney cited in UNECA, 2011). While there is little evidence to show how active employment or placement services are in this area, there is potential to use some form of technology-based employment services to connect youth with opportunities beyond their bor-

ders. To succeed in this emerging market, however, sub-Saharan African countries need to ensure an effective regulatory framework, and the necessary technological infrastructure.

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*Formal placement agencies play a small role in the region's labour markets and mainly serve the more educated urban youth.*

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Overall, the evidence shows that formal placement agencies, both public and private, play a small role in the region's labour markets and, where they are effective, they largely focus on more educated urban youth. There is a need for better information and intermediation, so innovations in this area would be advantageous. Exploiting the opportunities presented by ICTs and globalization will be key.

### **Self-employment/entrepreneurship**

Programs in this category aim to support young people in starting a business or improving the performance of an existing household or micro-enterprise. These initiatives can address two different objectives. One is poverty reduction, with interventions that typically include some form of micro-finance, at times in combination with technical assistance. The other is more entrepreneurial in nature, not primarily focused on supporting basic livelihoods but rather helping more established young entrepreneurs with the financial and technical needs they may have to start and manage their own businesses. An example of the former category is the Micro-Enterprise and Credit Support for street-involved youth in Zambia, while examples of the latter category are the Youth Entrepreneurship Development Program and the Youth Enterprise and Capacity Building Program in Senegal.

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*Support for youth entrepreneurship can be strengthened by better targeting those most inclined to business success, and with financial and technical support geared to youth.*

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The evaluation evidence on self-employment and entrepreneurship interventions for youth is very limited, especially in developing countries. At the time they assembled and analyzed the Youth Employment Inventory, Betcherman et al. (2007) identified only three self-employment programs in

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<sup>26</sup> The W4Y objectives are to create a global knowledge base that can expand opportunities for the youth and to help partner countries integrate this knowledge into their national policies for better youth employment outcomes. The School to Work Transition Surveys are part of this initiative. See <http://www.ilo.org/employment/areas/youth-employment/work-for-youth/lang-en/index.htm>

<sup>27</sup> One example is call centre employment in South Africa, which currently stands at around 200,000. Policymakers are interested in how this work might employ disadvantaged people with limited alternative opportunities (Wade and Rogerson, 2014). A.T. Kearney cited in UNECA, 2011.

developing countries with net impact evaluations, one in Eastern Europe and two in Latin America. While the results were generally favourable in identifying positive start-up and income effects, cost-effectiveness and long-term impact were in doubt. Although an extensive body of evidence is lacking, most researchers agree on two factors that are important for successful youth self-employment/entrepreneurship programming (AfDB et al., 2012). One is targeting, since not all young people are inclined or suited to starting their own business. The other is providing financing and technical support, since both capital and know-how can be obstacles to young entrepreneurs.



KATE HOLIT/AUSAID

Since the wage labour market in almost all SSA countries generates very few jobs compared to the supply of labour, many young people have little choice but to create their own job. According to the School to Work Transition Survey (SWTS), seven in ten young workers in the region are self-employed (Elder and Koné, 2014). Most of these are undoubtedly in self-employment or household enterprises as a source of basic livelihood and do not have the entrepreneurial profile to substantially build up their businesses. However, there seems to be a considerable amount of true entrepreneurial potential among African youth. According to the Global Entrepreneurship Monitor, which is based on surveys in 73 countries, entrepreneurial propensity and activity rates are high among youth in most of the SSA countries included (Singer et al., 2015). Where policymakers can identify young people with high entrepreneurial potential and provide the support they need, the social return could be considerable. Grimm et al. (2012) identified a large group of what they call “constrained gazelles”, which includes micro-entrepreneurs with similar profiles to successful entrepreneurs who are constrained in some fashion.

The number one constraint for young Africans on starting, sustaining, and expanding their businesses is the lack of capital. The Elder and Koné (2014) study shows that most young people start their own businesses with very little capital, drawing on their own savings in most cases. Very few receive financial assistance from banks or microfinance institutions for either start-up or operating purposes. Yet, self-employed youth in all countries included in the SWTS identified a lack of access to financial capital as their main challenge to doing business.

Microcredit is a popular instrument in much of the developing world for providing access to financing for the self-employed and small entrepreneurs. In some countries, such as Kenya, funds have been set up to provide youth-led businesses with loans. There has been very little serious analysis of microcredit in sub-Saharan Africa but available research shows mixed and inconclusive results (Bertrand and Crepon, 2014). In any event, the actual impact of microcredit to youth in sub-Saharan Africa is limited. We have already noted that few young people use microfinance to start businesses. The demand for microfinance in the region is much higher than the supply. And microfinance institutions tend to lend to adults rather than youth, who are seen as riskier clients because of their lack of experience as borrowers and as entrepreneurs (Shah et al., 2010). Microfinance products need to be adapted to the needs of young people if they are to become a more relevant instrument. This might include modifications in lending conditions and the provision of training and counseling services to accompany the financial assistance (Shah et al., 2010).

As noted above, a lack of skills and know-how can also be an obstacle for young entrepreneurs. Therefore, the provision of training services can be key to enabling youth to successfully start their own businesses. The Kenya Youth Business Trust, for example, offers financial and technical support for unemployed or underemployed young people between the ages of 18 and 30 who have a valid idea for starting a business (UNECA, 2011). Similarly, the Synapse Centre in Senegal has been providing highly intensive, hands-on youth entrepreneurship training that combines traditional entrepreneurship concepts with practical experience, personal development retreats, and professional business consulting and mentoring (UNECA, 2011).

A less frequently discussed obstacle is the regulatory environment. Business regulations and urban policies may not seem directly relevant to a youth self-employment strategy, but they can matter. In this respect, many SSA countries have been introducing reforms to improve the business climate, which should support entrepreneurs, including youth. For instance, according to the 2015 Doing Business Report,

sub-Saharan Africa accounted for the largest number of regulatory reforms for making it easier to do business. More than 70 percent of the region's countries had carried out at least one reform (World Bank Group, 2015). Most of the reforms in SSA are associated with reducing complexity and the costs of doing business — for example, by reducing taxes and tariffs or by reducing the time required to start a business, get construction permits, or register property. All of these measures should encourage young people to start and sustain or even expand their own business.

Urban policies can also affect youth self-employment and the success of micro- and household enterprises where most young people in cities work. Yet the environment can be a very negative one, because of formal policies or informal practices (e.g., harassment of small vendors). Fox and Filmer (2014) identify a number of urban policy areas which can affect the entry and productivity of micro/household enterprises: use of public space; zoning regulations for private space; provision of urban services; consumer protection; and tax and fee administration. Authorities have many interests to balance in all of these areas but supportive policies can make a significant difference for young people trying to survive and succeed as entrepreneurs in urban areas. Informal street trading, for instance, is a large and rapidly growing form of entrepreneurship in SSA urban areas. In Tanzania, Ghana, Kenya, and South Africa, street vendors have formed informal associations that engage and negotiate with municipal authorities to be able to access formal training, finances, and infrastructure to support their trade (Fox and Filmer, 2014).

Recent analysis also highlights how innovative new business models such as technology advancement and value-chain development in sub-Saharan Africa can encourage youth enterprises. Mobile banking systems are a good example of a new technology that has very quickly taken root among young people who have used it as a means of employment by selling airtime or pay-per-use phones. The private sector has played an important role in encouraging the use of such technology by providing technical assistance and technological expertise. For example, challenge grant funds from the Department for International Development in the United Kingdom helped to develop the M-PESA in Kenya, a mobile phone-based banking system, with the support of Kenya's central bank (Fox and Filmer, 2014). The ICT sector has been identified as a promising sector in many SSA countries, so it is not surprising that several initiatives are now being offered through various types of partnerships involving government, international agencies, universities, and companies (International Youth Foundation, 2013).

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*Given the scale of self-employment in SSA, its importance to poverty reduction, and its potential, entrepreneurial support programs and policies should be central to youth employment strategies in the region.*

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Given the scale of self-employment in SSA, its importance to poverty reduction, and its entrepreneurial potential, programs and policies directed towards self-employment and entrepreneurship should be an important part of youth employment strategies in the region. Access to capital is the number one barrier to be addressed. However, skills and know-how, as well as a supportive regulatory environment, also matter. This requires interventions that offer multiple services. Good programming will require more evaluations in order to learn more about what specific interventions can help young entrepreneurs in a cost-effective manner.

### **Agriculture**

Most young Africans work in agriculture and much of the region's poverty is concentrated in this sector. Programs to help youth move into non-farm rural employment, especially into agriculture-related businesses such as food processing and distribution, can also play an important role. So can interventions that help young people make a transition into the cities, something that many youth aspire to. But, ultimately, the livelihoods of young people in the region will depend heavily on improving the financial returns on farming.

The challenges are complicated since the low productivity and incomes in the sector are due to a variety of factors including the small scale of farms, uncertain land tenure, low-yield crops, poor infrastructure, lack of mechanization, and low-skill farming practices in general (World Bank, 2012; Fox and Filmer, 2014). Addressing these, and improving youth livelihoods in agriculture in the process, requires a range of interventions that fall well outside the traditional envelope of youth employment interventions.<sup>28</sup>

The future of youth livelihoods in agriculture has some particularly challenging aspects. Dwindling land resources, land grabs, inheritance practices, limited profitability, and lack of investment in technology and infrastructure are combining to push many young people out of agriculture or, at least, to create reluctance to pursue agriculture-based livelihoods (White, 2012; Sumberg, 2012). Changing perceptions of traditional employment and higher expectations also mean that agriculture holds less attraction for many rural youth, who want to transition to urban jobs and lifestyles.

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<sup>28</sup> However, Bertrand and Crepon (2014) do note that a number of randomized experiments are now being carried out on agricultural interventions in the region.

Actions in many areas will be needed to improve the potential of agriculture to provide better livelihoods for young people. Fox and Filmer (2014) identify four priorities: skills, land policy, credit, and infrastructure. Rural youth tend to be considerably less educated than their urban counterparts. Those without basic competencies will be unable to exploit opportunities outside agriculture, either in rural non-farm activities or in urban areas (Bennell, 2010). But better education will also improve agricultural productivity and livelihoods, as a result.<sup>29</sup> The acquisition of farming skills in SSA traditionally has been hindered by the relatively limited effectiveness of agricultural vocational training institutions and extension services. But some program evaluations do show positive employment effects of agricultural training programs (Bertrand and Crepon, 2014). And, there are more options now, including some promising programs. Junior Farmer Field Schools are examples of such programs, introduced by the Food and Agriculture Organization (FAO). These programs assist the creation of Youth Farmers Associations which in turn allow young people to access markets and greater employment opportunities. According to CTA (2012), they had benefited over 20,000 young men and women in 16 countries (CTA, 2012).

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*Land is a major issue for young people, especially as Africa becomes land-scarce.*

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As we have already noted, land is a major issue for young people, and increasingly so as Africa moves from being a land-abundant continent to a land-scarce one. Rural youth depend on family plots but these get sub-divided into smaller and smaller parcels (Cling et al., 2007). The problem is exacerbated where families do not have secure control over the lands they farm. Interventions to alleviate this constraint primarily need to focus on rural areas, but access to land for farming in urban areas can also help. As part of the national action plan for youth employment in Tanzania, youth groups have been actively supported in major urban centers to legally own land in green belts by allocating areas for youth infrastructure development (Bennell, 2010).

Another major issue is access to credit for young farmers, especially because they typically do not have sources of collateral. Some countries in sub-Saharan Africa are attempting to provide alternative forms of collateral to young farmers. An example of this is the OHADA<sup>30</sup> Uniform Act on Secured Transactions, in effect in 17 sub-Saharan African countries,

which allows young farmers to use assets such as movable property and warehouse receipts as collateral (Fox and Filmer, 2014). It should be noted that some researchers have cautioned against identifying youth as a distinct target group for borrowing as separating them from the larger (and less riskier) pool would make them even less attractive to financial institutions (Fox and Filmer, 2014).

Finally, the provision of rural infrastructure and modern technology can be a key element in creating opportunities for rural youth (Bennell, 2010). Services such as transport, storage facilities, and modern irrigation practices are essential in attracting rural youth to agriculture and increasing their productivity.

Ultimately, agriculture will need a great deal of innovation to keep young people in the sector and to ensure that livelihoods through farming and related agribusiness activities improve. Of course, the relationship goes both ways: the more young people remain in agriculture, the more innovation that will take place. Innovation can take the form of new seeds, fertilizers, and other methods (World Bank, 2012). It can also occur through new products and markets, as well as new opportunities further up the value chain in food processing and distribution. For example, Ethiopia, Kenya, and Tanzania have developed new export sectors for agricultural products such as flowers, vegetables, and brand coffees. Public sector involvement is a key to innovation. New products and markets require coordination, which typically comes from government. And, basic research into new agricultural varieties and techniques, as a public good, mostly takes place in government research centres or through government sponsorship. Sub-Saharan Africa does not have a strong record in this area but there have been some effective research collaborations that have led to improved varieties of cotton and cassava (World Bank, 2012).

While the development of agriculture and related businesses typically has not been seen as part of strategies to improve youth employment, they are complementary goals in SSA. The future of young people in the sector is challenging in many respects, as land availability dwindles, livelihood prospects appear poor, and more innovative opportunities seem to be in the cities. However, if interventions can help young people develop the needed skills, access land and credit, and upgrade infrastructure and technology, the future could be more promising.

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<sup>29</sup> Although this may also result in increased migration of youth to cities since better-educated young people are more likely to migrate.

<sup>30</sup> Organization for the Harmonization of Business Law in Africa

## 4 Knowledge gaps and areas for further research

The state of knowledge about youth employment in sub-Saharan Africa has improved in recent years, but important gaps remain. Analysis of the labour market situation of young people is constrained by data limitations that make it difficult to get reliable, disaggregated estimates over time in many countries in the region. The knowledge base on interventions is not strong either in terms of identifying what has been tried or in determining how effective these measures have been. In this concluding section, we identify areas where the evidence base is weak and where future research could usefully inform interventions to improve economic opportunities for the region's youth. While the list below reflects our assessment of the major gaps across the region, the relevance of the research topics will depend to some extent on the country and the particular jobs challenges it faces.

1. **Data on youth employment.** We have identified a number of areas where efforts to improve the data situation would be very useful.<sup>31</sup> The first is more regular representative household surveys in most countries in the region. Efforts by international organizations like the World Bank and the African Development Bank to harmonize existing surveys and to identify new sources of household data provide a good start. Second, if enterprise survey data, which typically has focused on larger firms, could be extended to smaller firms, especially in the informal sector, a much clearer picture of the demand side of the labour market would be possible.<sup>32</sup> Third, and related to this, better data on self-employment and entrepreneurial activity would improve analysis of this category of livelihoods which is so important for SSA youth.<sup>33</sup> Fourth, there is virtually no panel data, so it is difficult to capture the transition of young people into the workforce (as noted below).

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*Important gaps remain in our knowledge about youth employment in sub-Saharan Africa.*

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2. **The school-to-work transition and youth employment dynamics.** Analysis of the years between school-leaving and settling in the labour market is central to understanding youth employment challenges, as well as for clarifying who “youth” are for the purposes of employment (i.e., what ages delimit the transition period). This, in turn, defines the optimal age range for targeting youth employment programs. Analyzing dynamics during the transition period — i.e., movements between school and work, across labour market states, and between jobs — can also be useful in identifying the barriers young people face and thus the types of interventions that would have the greatest impact. A more robust analysis would require panel data, which can be expensive to collect but can answer some questions that cross-sectional data cannot. The School to Work Transition Surveys have provided some very useful and relevant information but these surveys are retrospective rather than longitudinal, only cover a handful of countries, and it is not clear if they will be repeated.
3. **Employment for particular groups.** One of the consequences of the limited data is that much of the empirical evidence on youth employment is aggregate and does not differentiate between different types of young people. The most obvious gaps pertain to gender, disability, and ethnic/tribal identities. Understanding more about how employability, employment experiences, barriers, and effective interventions differ along these dimensions would fill an important and policy-relevant knowledge gap.

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<sup>31</sup> One exception is South Africa where the information base is much stronger than in the rest of the region.

<sup>32</sup> The World Bank Enterprise Surveys are one source of comparable firm-level data in many countries but the sample does tend to be weighted to larger enterprises and the employment of young people in particular is not covered. The ILO-MasterCard Labour Demand Enterprise Surveys could be a useful addition to firm-level data.

<sup>33</sup> The Global Entrepreneurship Monitor provides some data for a number of SSA countries (with support from IDRC) on social values and individual attributes of entrepreneurs, as well as entrepreneurial activity. However, its country coverage is only partial, and data coverage has gaps including outcomes of entrepreneurial activity as well as obstacles.

4. **Structural change in employment.** In other regions, most notably East Asia, structural change toward higher-productivity industry and service jobs has been key to generating better livelihood opportunities. Yet the structure of employment has changed very little in past decades in most SSA countries. What has hindered this process in the region? What is the potential for accelerated structural change in the future, especially given the possibilities that may be opening up in export-oriented light manufacturing? There is not yet a consensus on these questions but they are very relevant for understanding future labour demand patterns in SSA and, thus, where employment opportunities will exist for the region's current youth cohort.

5. **Program evaluations.** The efforts to support youth employment through effective interventions are hampered by a lack of evaluation evidence. To this point, few programs have been rigorously evaluated in terms of impacts on the employability, earnings, and other outcomes for participants. This seems to be changing somewhat as there are a number of evaluations, including randomized control trials, of programs in the region now. Building up an extensive body of program evaluation evidence should be essential in any research effort.

6. **Role of the private sector and other non-governmental actors.** There are a large number of new initiatives, sponsored by a diverse set of organisations, around economic opportunities for SSA's youth. These organizations include private-sector enterprises, foundations, and NGOs and their initiatives involve a wide range of funding arrangements, partnerships (including public-private partnerships), and delivery methods. This development offers the promise of innovation but new challenges in gauging their success. It is not easy to systematically document and assess the interventions sponsored by non-traditional actors, but getting a better sense would help to flesh out the picture on interventions to support youth employment in the region.

7. **Innovative programming.** Our review has suggested a number of areas where knowledge generated by research could inform innovative and effective programming. One priority is to identify effective models for partnership, involving governments, the private sector, civil society organizations, local communities, and/or the donor community. As we have emphasized in this paper, new initiatives involving non-traditional actors are emerging in the region but there is little evidence on their effectiveness and how they inter-

act with governments and public policy objectives. In terms of programming, skills development is important in virtually all contexts in the region. In part, this is because of the low educational attainment of many young Africans, which calls for identifying effective approaches to remedial and second-chance education. With the increased diffusion of smartphones and related technologies across the region, researchers need to understand how ICTs can be effectively integrated into skills development and job search assistance programs.

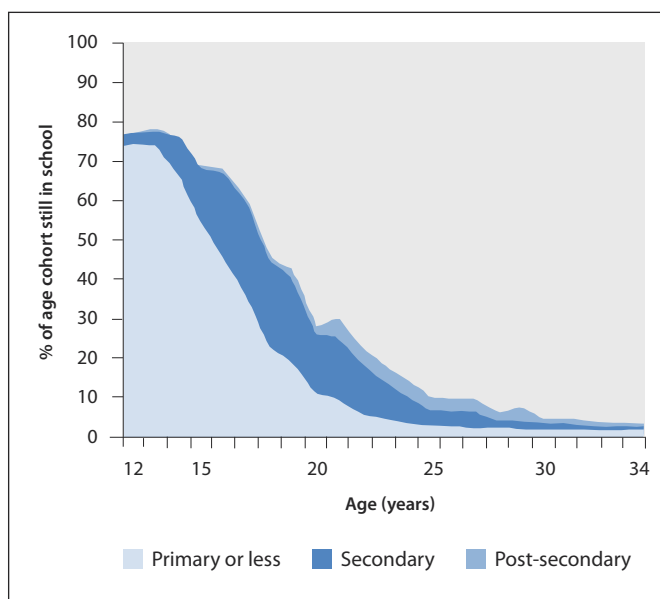


For many young people, though, the major constraint to good employment is a lack of prospects. So a key research issue involves identifying interventions that can improve economic opportunities available to youth. For example, what designs for wage subsidies can create jobs for young people on a cost-effective basis? And, how can employment services improve job possibilities for young migrants, both within countries (e.g., rural-to-urban) and for those seeking work in other SSA countries and outside the region? However, for the foreseeable future, many young Africans will have to create their own jobs through self-employment or will pursue their livelihood in agriculture. This suggests two research priorities that can generate very relevant knowledge for improving opportunities for Africa's youth. One is to determine the kinds of support that will enhance prospects for young entrepreneurs. The other is to identify interventions that can improve the return on agriculture and make the sector more innovative and productive, as well as attractive for the region's youth.

## Annex 1. Defining an appropriate age range for youth in SSA

According to survey evidence, the transition out of school in sub-Saharan Africa largely occurs within the conventionally-defined youth period (15-24 years of age). Data from household surveys in 17 countries harmonized by the World Bank show a steep decline in school attendance in these years, with only about 10 percent still studying by the age of 25 (Figure A-1).<sup>34</sup> It should be noted that the data used in this study, as well as virtually all of the studies cited in this paper, are cross-sectional so it is not possible to disentangle age-specific from cohort effects.<sup>35</sup> It is important to understand that the transition from school to work is more blurred than Figure A-1 suggests since a lot of young people combine work (especially in agriculture) and school during their teens. However, by age 20 when less than a third of young people are still in school, only about 20 percent are still both studying and working (Filmer and Fox, 2014: Figure 2.2).

Figure A-1: Percentage of age cohort in school



Source: Filmer and Fox (2014), based on data from the United Nations World Population Prospects: The 2012 Revision

<sup>34</sup> The years of these surveys varied depending on the country, with the most recent ones in 2010. For more details, see the data annex in Filmer and Fox (2014).

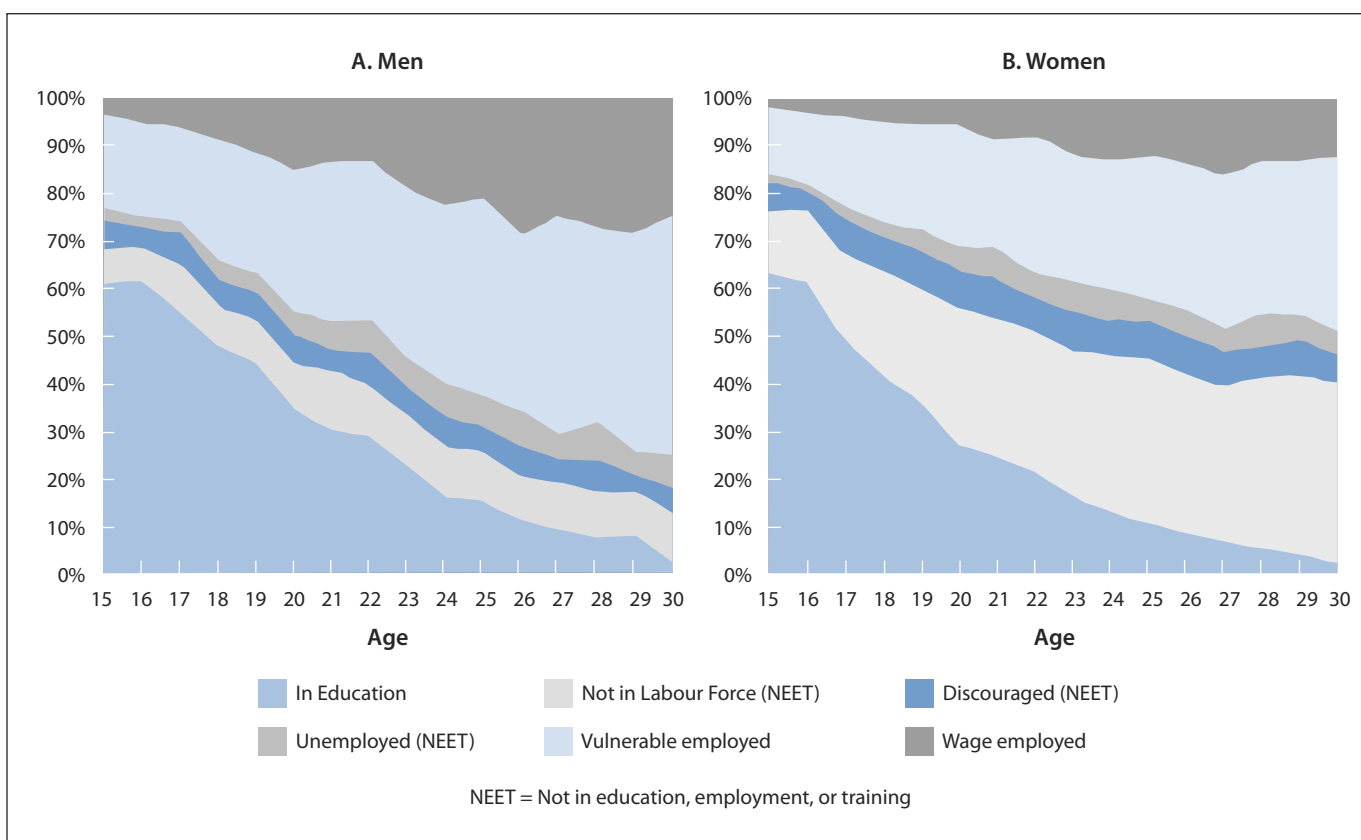
<sup>35</sup> For example, from cross-sectional data, we cannot tell whether the steep decline in Figure A-1 is due to a large drop in school attendance as people get older (age-

specific effect) or to an increase in school attendance over time (cohort effect). If the former, we would expect to see the trend shown in Figure A-1 continuing in the future; if the latter, we would see higher enrollment rates as the more recent and better-educated cohort's age.

Not surprisingly, the transition into the labour market generally takes several additional years to complete after the transition out of school is over for most. Both the Gallup World Poll Surveys analyzed for the African Economic Outlook and the ILO-MasterCard Foundation School to Work Transition Surveys (SWTS) provide some evidence on the timing of this process. The Gallup World Poll data cover 39 African countries and territories (North Africa as well as SSA) between 2008 and 2010. The year-by-year activities of young men and women are shown in Figure A-2. By the mid-20s and through the late 20s, some stability is apparent in the activity patterns. For young

men, the shares of the different categories of non-employment and wage employment are no longer changing much, although the share in vulnerable employment (own-account self-employed and family enterprise workers) continues to increase. For young women, the picture is similar except that the share out of the labour force increases through the 20s, presumably because of family-related reasons. Note that the percentages of SSA females who have been married or had a child rise steeply between 15 and 25 and then flatten out at between 80-90 percent by age 30 (Filmer and Fox, 2014: Figure 2.11).

Figure A-2. Activity patterns year-by-year



Source: AfDB et al. (2012), based on Gallup World Poll Surveys in 39 SSA and North African countries and territories.



Relatively similar timing on the transition is evident in the SWTS survey results. The SWTS was administered to 15-29 year-olds in eight SSA countries in 2012-13 (Elder and Koné, 2014). The analysis was based on three different transition characterizations: “completed transition” to either a stable job or a satisfactory job/self-employment; “in transition” out of school but unemployed or with a temporary or unsatisfactory job/self-employment; and “transition not started” because of still being in school or inactive and not looking for work. This framework is interesting since it has a normative element in the sense that a transition is deemed complete if the job is defined as satisfactory by the individual and not only when someone has a “good job” in conventional terms, which most in the region will never get.<sup>36</sup> The SWTS data show that over half of the 25-29 age group had completed the transition, although a significant number had not (Table A-1).

**Table A-1: Transition states by age group**

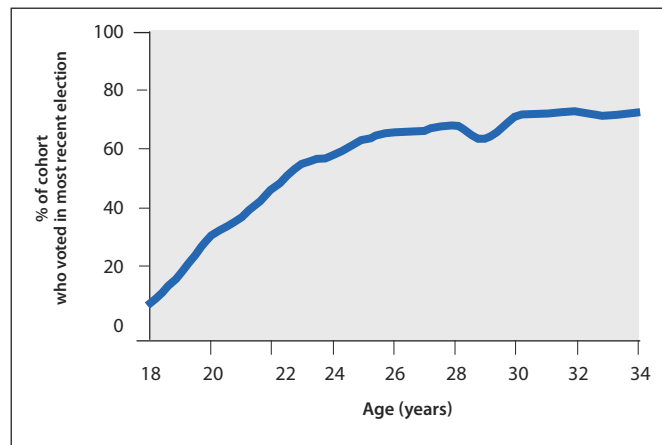
	Completed transition	In transition	Transition not started
15-19	27.4	29.5	41.9
20-24	41.0	40.6	16.8
25-29	53.2	39.2	6.4

Source: Elder and Koné (2014), based on SWTS data in 8 SSA countries.

On balance, these different data sources suggest that the transition from education into employment does go on for a number of years but, for most young people in sub-Saharan Africa, it is completed or near completion by the mid-to-late 20s. By age 30, only a minority seem still not settled in terms of employment. This assessment may run counter to the

extended definitions of youth adopted by the African Youth Charter and many governments in the region. It is true that it can take quite a long time for a young person to find a job in the modern wage sector, if that is the underlying criterion for defining when the transition ends. However, for most young people in SSA, a modern wage job is not a likely destination and, as the ILO data show, when this is recognized in the calculations, transitions are more often completed in the 20s than not. This conclusion is reinforced by data on other aspects of the transition to adulthood. We have already noted that the large majority of women have formed families by their mid-20s; for males, it is closer to 30. And similar timing seems to characterize citizenship patterns; for example, voting rates increase steeply between the late teens and mid-20s and then flatten out such that a 25 year-old is almost as likely to vote as a 34 year-old (Figure A-3).

**Figure A-3: Voting rates by age**



Source: Filmer and Fox (2014), based on Afrobarometer data

<sup>36</sup> Indeed, those who had completed their transition were much more likely to have met the criteria via the “satisfactory job or self-employment” condition than the “stable job” condition (Elder and Koné, 2014: Table A.16).

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