



# Better jobs and livelihoods for young people in Africa – a spotlight on demand

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## About this report

The K4D Emerging Issues report series highlights research and emerging evidence to policy-makers to help inform policies that are more resilient to the future. K4D staff researchers work with thematic experts and DFID to identify where new or emerging research can inform and influence policy. This report is based on five days of desk-based research and builds on other research carried out within the IDS Youth Employment and Politics theme. It draws on insights from work by Justin Flynn, Marjoke Oosterom, Santiago Ripoll, and Dr Jim Sumberg.

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## 1. Overview

If young people in Africa are to find jobs, policies must focus on creating many more opportunities for young people to gain work. The key problem is not an inappropriate supply of young people's labour to labour markets, but an insufficient demand for what young people have, or could have, to offer.

- The policy focus on youth employment arises from concerns around violence and missed economic opportunities, but “youth” are a poorly defined and heterogeneous demographic.
- What is clear from numerous empirical studies on young people's engagement with work in Africa is that they do not generally lack the skills or education to work, nor are idle by choice. Young Africans are better educated than ever before and actively seeking jobs.
- As policymakers increasingly recognise, the provision of opportunities to work is the main challenge. New and more effective policy directions are needed to create and reimagine livelihood opportunities in environments in which paid work remains limited.
- Sustainably addressing youth un/underemployment in Africa depends on rethinking employment in favour of demand-oriented policies that create more jobs (as well as rethinking welfare systems and trade policies), rather than focusing on producing ever better job-seekers.

## 2. Understanding the focus on youth

The focus on ‘youth’ as a category has arisen from two interlinked policy concerns. On the one hand, idleness among young people is seen as a missed opportunity for development. Young people are seen as a potentially transformative force for African economies, if the “demographic dividend” can be harnessed. Das Gupta et al., (2014) estimate that the “combined demographic dividends could be enormous: at least \$500 billion a year, equal to about one third of the region's current GDP, for as many as 30 years”.

On the other hand, idle young people are branded a security threat: not only tending to migrate out of underdevelopment, but also representing security problems for their own societies (Oosterom, 2018, pp. 9-11). UNDP (2014, p. 22) states that: “marginalized youth who lack economic livelihoods and employment opportunities may be prone to become attracted to illicit sectors, organized crime and gang associations or piracy” as well as “ideologically-driven groups associated with radicalization, violence and extremism.”

Yet youth or young people are anything but a self-evident group (Flynn, Mader, Oosterom & Ripoll, 2017, pp. 12-14). Even more than ‘women’ or ‘ethnic minorities’, ‘youth’ are heterogeneous and it is often unclear to whom the ‘youth’ label applies (see Fig. 1). The United Nations (UN) generally defines youth as 15 to 24, but also sometimes as up to 32 years of age: different UN organisations use different age ranges, for example 15-32 (UN Habitat), 15-24 for ‘youth’ and 10-24 for ‘young people’ (Das Gupta et al., 2014). The UNDP Youth Strategy focuses mainly on youth aged 15-24, though it extends its strategy to groups aged up to 25, 30, and sometimes even up to 35 years of age in exceptional circumstances. The African Union, meanwhile, understands anyone between 15 and 35 to be youth. Different African countries also use different age ranges.

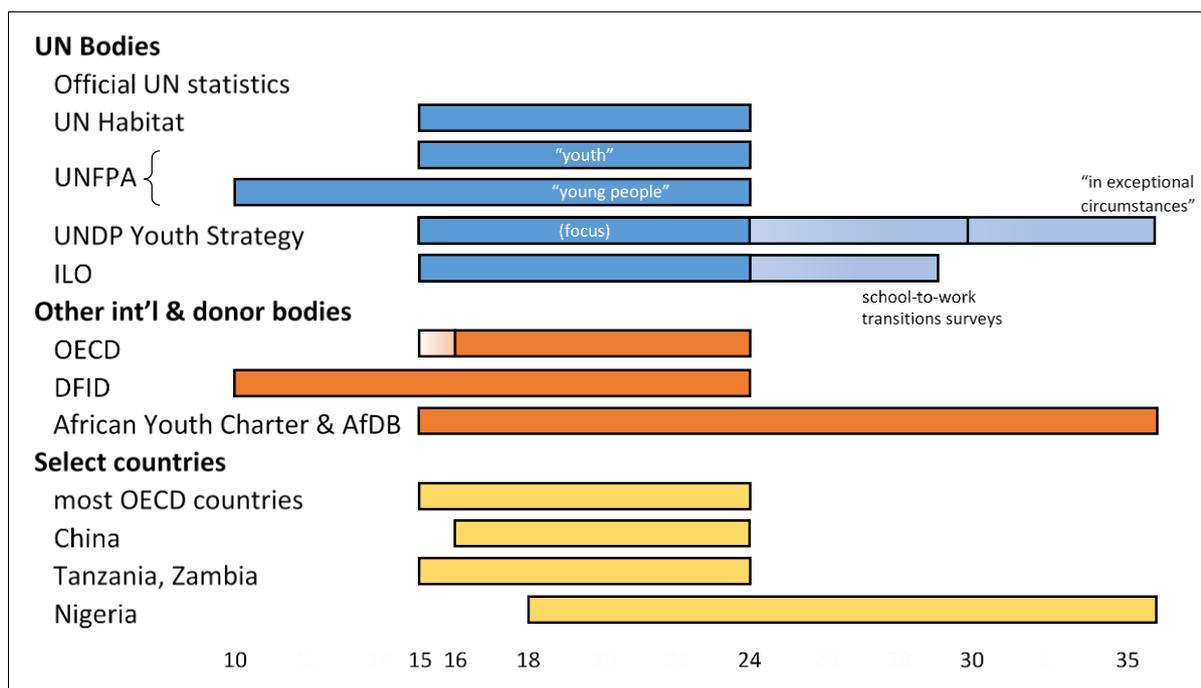


Fig. 1: Different age ranges for 'youth' (source: Flynn et al., 2017, p. 14)

Moreover, given that an estimated three quarters of Africa's population are under 35, and that 40 per cent of the population is between the ages of 15 and 35, it is not clear on what basis policies and programmes hope to specifically target a separate 'youth' population. 'Youth' may not be much of a relevant unifier. Policies that tackle 'youth' employment often are directed at young men, and moreover, the labels 'youth' and 'youths' themselves suggest a different gender than 'young men *and* women'.

Not least because of intersecting identities, the 'youth' category might misinform policy development if it falsely suggests homogeneity and distracts from more meaningful identity markers and relative positionalities, such as gender, place, ethnic privilege, and economic class.

### 3. Supply-side approaches

This section outlines four types of supply-side focused activities in relation to youth employment interventions and how the problem of insufficient demand is manifested in each case.

#### i. Improvements in general education

With vastly expanded access to education, Africa's current young generation is better-qualified than any before it. Although secondary education has often lagged behind, most countries in sub-Saharan Africa have made massive strides in delivering primary education over the last decades. Net primary enrolment rose from 60.5 percent in 1990 to 77.4 percent in 2013 (World Bank, 2016). The present cohort of young Africans entering the labour force is better educated than any other before it, with time spent in education rising all across Africa (see Fig. 2).

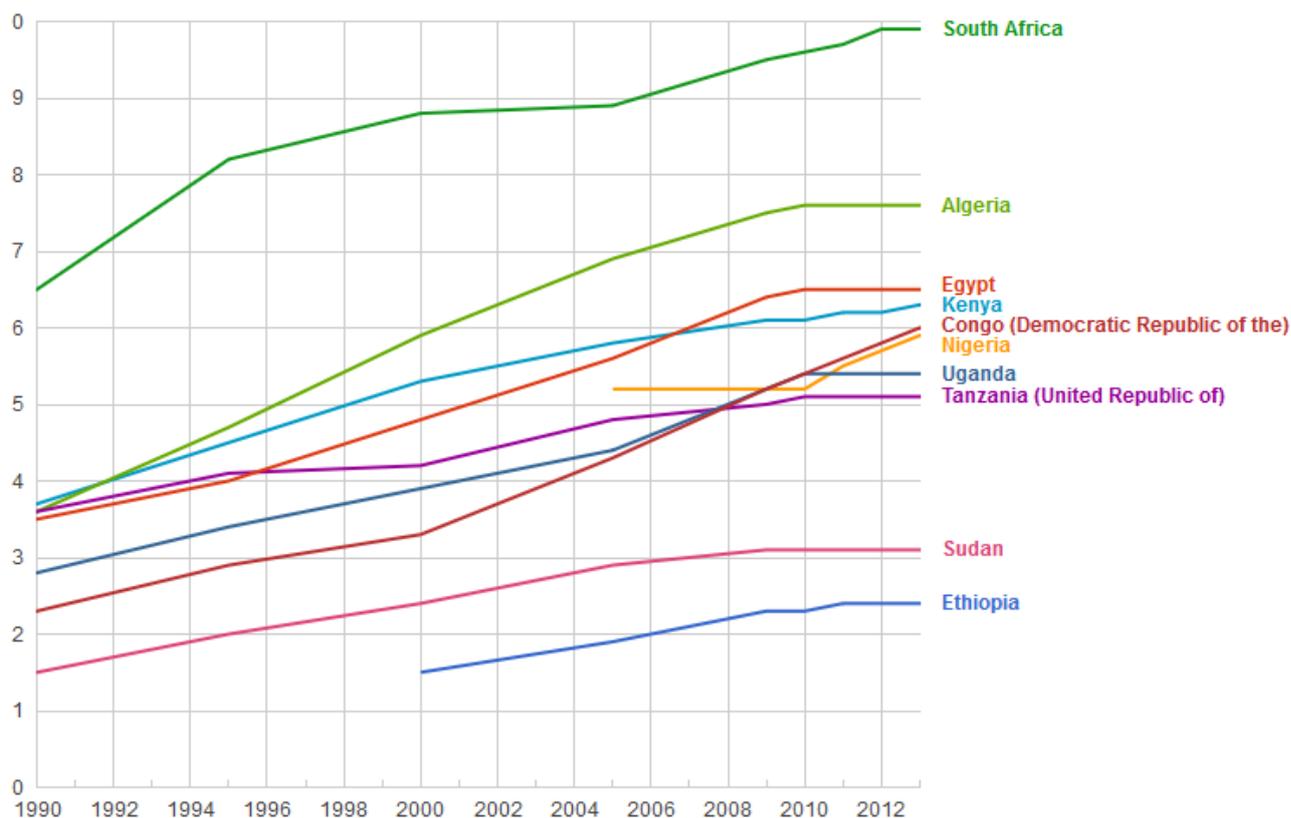


Fig. 2: Mean years of schooling of adults<sup>1</sup> in Africa's ten most populous countries<sup>2</sup>.

Yet, jobs still remain elusive, particularly in the formal, waged sector (Fox, Senbet & Simbanegavi, 2016, p. i3). Even with secondary or tertiary degrees, young people often struggle to find work. Young people (15-24) with higher education in sub-Saharan Africa are, in fact, twice as likely to be unemployed as those with a basic education (Betcherman & Khan, 2015). This is because lower-educated youth tend to be poorer and thus cannot afford to be idle, but it is also an indication that greater education itself is not necessarily a panacea for unemployment. As the most recent *World Development Report* (World Bank, 2018) highlights, many education systems fail both in terms of building practical skills and delivering the more intrinsic benefits of education.

## ii. Skills training for specific jobs

The recognition of the limited payoff from greater general education in terms of jobs, particularly in Africa, has led to a heightened focus on the 'skills gap'. Many programmes increasingly focus on easing the transition into specific jobs, including through upskilling programmes, on-the-job training, apprenticeships, and short-term skills workshops.

<sup>1</sup> Average number of years of education received by people ages 25 and older.

<sup>2</sup> This graph was created using Google Public Data Explorer (Google, 2014) with data from the Human Development Report 2015, United Nations Development Programme (UNDP, 2015).

However, even more than with general education, such programmes require an accurate identification of the particular positions or types of jobs for which skilled applicants are truly lacking.

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### Challenges in skills training

The “Sindh Skills Development Project”, funded by the World Bank, aims to train 50,000 Pakistani youth aged 18-35 in textiles, heavy manufacturing, and retail and hospitality services, between 2011 and 2018. Trainings take place over a period of three months to a year, incorporating classroom-style education and practical training, provided by private sector trainers (including enterprises) and government and non-government institutions. In 2015, it was found that 35% of participants were employed and/or enrolled in continuing education, three months after completion of training (compared to a target of 40% being employed or in continuing education). The figures show that a large proportion of graduates had to continue with education instead of finding work, despite the training, and that nearly two-thirds still were seeking work even after completing the programme (Flynn et al., 2017, p. 24).

### iii. Behaviour change approaches

Efforts to change attitudes and behaviours among young people are often woven into broader interventions for youth employment. “Behavioural change for activation” broadly refers to components in many programmes which aim to instil the ‘right’ values of responsibility, employability and entrepreneurship in young people. Programmes such as the ILO’s Know about Business (KAB) initiative specifically aim to “provid[e] knowledge and practice about the desirable attributes for starting and operating a successful enterprise” (ILO, 2014, p. 1); attributes which include self-confidence, communication and negotiation skills, networking, initiative, and motivation.

In these programmes, it is often a presumption, rather than a fact-based assessment, that young people’s attitudes and behaviours prevent them from finding work. They presuppose finding work to be an issue of willingness and ability, rather than of the availability of paid work. In the worst case, young people may be further dissuaded or disaffected by messaging that infers fault with them in situations in which jobs are genuinely scarce.

### iv. Entrepreneurship promotion

Many donor organisations view entrepreneurship with great enthusiasm, as a means for driving development more broadly, and bringing young people into gainful work specifically. Typical entrepreneurship-oriented interventions include business and financial literacy training, access to finance, support in business plan development, and mentoring. For example, the Kenya Youth Business Trust (KYBT<sup>3</sup>) offers a four-day business course, direct funding or linkage to financial institutions, business plan development, and one-on-one mentoring on business management.

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<sup>3</sup> More information about the KYBT programme can be found at: [www.youth-employment-inventory.org/inventory/view/947/](http://www.youth-employment-inventory.org/inventory/view/947/).

A fascination with exceptional breakthrough innovations, driven by entrepreneurs, as well as the fact that many poor people already appear to be living and working as entrepreneurs, often underlie entrepreneurship-oriented approaches. At the same time, the supply-sidedness of entrepreneurship training and promotion is less obvious than in other interventions, as entrepreneurship removes young people from the status of job-seeker, and proponents of entrepreneurship interventions often hope to turn some from job-seekers into job-creators.

However, while entrepreneurially-engaged young people no longer need to be statistically counted as unemployed, this often does not mean that they are actually engaged in productive work nor have they ceased seeking employment. Young people in Africa often run microenterprises as a stopgap while continuing to seek waged work. As Burchell, Coutts, Hall, and Pye (2015, p. 35) conclude in an ILO review of the evidence, “self-employment is not necessarily a favourable employment status for young people in terms of the economic and social impacts it generates.”

Also, entrepreneurship does not resolve the problem of low demand for young people’s labour. Rather than seeking payments from employers (wages), young entrepreneurs must instead strive to sell their labour to the consuming public directly, in the form of goods and services. However, the structural constraints of African markets resurface as the public’s constrained purchasing power, which in turn severely limits what young people can achieve as entrepreneurs.

The expectation that young entrepreneurs will create jobs for other young people is often based on a misconception of informal economy enterprises. Where larger formal enterprises may create jobs, most informal small enterprises (or household enterprises) remain small, and do not create stable jobs for employees. In fact, most small enterprises fail within a matter of years. Given their aim to reach large numbers of young people, youth entrepreneurship interventions mostly promote small, survivalist, ‘necessity’ enterprises, that do not generate growth or jobs (Bateman & Chang, 2012).

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### **Market inclusion is not enough**

In recent years, scholars have fielded the concept of “adverse incorporation” against one-sided policies that emphasise economic inclusion and draw attention to how the terms of incorporation into markets, which can be beneficent or adverse, are more important than inclusion/exclusion itself (Hickey & Du Toit, 2013). As studies of sweatshop work, cottage industries, or day labour, for instance, show, it is not necessarily a lack of participation that explains chronic poverty, but rather the adverse conditions of participation that these markets offer. The conditions are shaped by local history, politics, culture, gender and other identities. Seeking to integrate youth into markets more forcefully (for instance through entrepreneurship promotion) while not addressing structural factors risks generating adverse forms of incorporation, above all unsustainably low incomes and precarious conditions of work.

## 4. From supply to demand for labour

Most often, young people are willing and able to work, but economies fail to provide adequate work. Present market-based approaches do not effectively address the persistent lack of demand for the labour-power that young Africans bring to the market.

### Accounting for the supply-side bias

A number of factors may account for the past biases of many donor agencies and African governments towards supply-side interventions:

- Supply-oriented programmes appear to offer more incremental and small-scale approaches, which are more compatible with limited budgets and short time-frames, such as improving schooling in one region of a country, or localised entrepreneurship programmes.
- Focusing on the supply side matches recent decades' general emphasis on macroeconomic policy designed to ease constraints and "make markets work", rather than spending taxpayer money and interfering in markets.
- Entrepreneurship-oriented programmes are often misunderstood as demand-side interventions.
- Fallacy of composition: presuming a programme's success in securing jobs for a small number of participants can be replicated at scale, without understanding whether the right number of job opportunities actually exist.

### Dualism and labour demand

The lack of aggregate demand at a global scale has had a clear impact on developing economies. Particularly since the financial crisis in 2008, slow growth has reflected a shortage in global aggregate demand, such that a vicious circle may be at work, as lower demand affects employment, thereby further depressing demand (Kapsos, Torres, Bonnet, & Horne, 2015, p. 20). However, in many lower-income countries, weak aggregate labour demand has continued even amid a context of economic growth, reflecting a pronounced dualism in African economies.

Dualism implies marked differences in economic development within countries, with vast subsistence and informal sectors remaining disconnected from a smaller, more advanced formal sector, which is often export-oriented. Especially in resource-rich low-income countries, growth is dominated by the export of commodities, yet these activities do not generate many jobs or otherwise foster wider linkages within the economy. Rather, they operate in enclaves.

These divisions constrain young people's options in navigating the world of work, especially when considering the sheer number of people seeking work. Even highly qualified young people in African countries find themselves stuck in long "queues" for a very limited number of formal jobs, and consequently suffer job insecurity and significant degrees of job "churn" (Chari et al., 2017). The problem for young people is that there is far too little demand for what they offer, regardless of skill, education, or ambition. They are usually forced to remain outside of enclaves of growth, or to seek highly precarious and unstable forms of work.

The oversupply of labour has received far less research and policy attention in recent years, despite being one of the oldest identified problems in development economics. Arthur Lewis (1954) identified developing countries as having an effectively "unlimited supply of labour",

contained in the vast subsistence farming sector. Far from constituting a competitive advantage in global markets, Lewis argued that excess labour would prevent countries from developing economically, because firms would have no incentive to invest in improved technologies.

Revisiting Lewis' theories may inform new thinking about how to earn a "demographic dividend" from Africa's demographic "youth bulge". Lewis suggested that creating demand in the urban economy through state investment and public spending was needed to reach a "turning point", where the farming sector and urban informal sector would hold no more surplus labour, allowing urban wages to rise, thus leading to falling poverty rates and a virtuous circle of economic development (Gollin, 2014).

## 5. Policy implications

- Domestic government and international donor-driven, welfare-oriented programmes that directly shore up the demand for (skilled and unskilled) labour – such as India's massive Mahatma Gandhi National Rural Employment Guarantee Act (NREGA) public works scheme, which guarantees employment in creating public infrastructure – can work to immediately create jobs, put cash in the hands of young people now (creating additional demand), and improve economic prospects in the longer term when infrastructure investments pay off.
- Strategies to make subsistence, particularly in agriculture, more feasible, could alleviate stress on labour markets. A first step might be to acknowledge that work alone cannot be expected to deliver decent livelihoods for all, particularly in rural areas. For example, universal public health insurance, a basic income grant to provide a financial baseline, and stronger institutions for local mutual support would help address some decent work deficits.
- International trade plays a widely recognised role in driving structural transformation, and can help generate new jobs and work opportunities. But it is also important to recognise that trade in itself is not enough and can even reinforce economic dualism when a small 'foreign' sector remains disconnected from the wider economy. It is important for policies to shape trade strategically so that it fosters structural transformation instead of locking economies into poverty traps and to ensure technological advances create employment and economic inclusion rather than jobless growth (Hernandez, Faith, Prieto Martín, & Ramalingam, 2016).
- Youth targeted strategies still have a role to play. For instance, the time that young people spend in education could be deliberately extended in order to alleviate the stress on labour markets. Internships, apprenticeships, and on-the-job training programmes can also be part of the solution if they help to engineer a rise in demand for young people's labour by paying a wage (that at least covers the cost of living). Participation in certified programmes could, for instance, be rewarded with a donor-funded or state-funded "youth stipend".

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## Key websites

- African Union Youth Division: <https://www.africa-youth.org/>
- INCLUDE Platform: <http://includeplatform.net/>
- Youth Employment Inventory: <http://www.youth-employment-inventory.org>
- IDS Youth Employment and Politics research theme: <https://www.ids.ac.uk/idsresearch/youth-employment-and-politics>