
Youth Employment in Sub-Saharan Africa: Challenges, Constraints and Opportunities

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Abstract

African demographics, economic structure, politics and globalisation trends combine into a perfect storm for Africa's policy makers. The large cohort of youth entering Africa's labour force is the best educated one the continent has seen, and Africa is witnessing its best growth performance in decades; yet jobs remain elusive in the formal wage sector. This is largely because African economies have hitherto failed to transform structurally from low productivity agriculture to higher productivity non-agricultural sectors and this, taken together with the high fertility and low infant mortality, has resulted in the structure of employment not changing much. Although many refer to the youth employment problem as the 'youth unemployment problem' in actual fact, (measured) unemployment in low-income sub-Saharan Africa (3%) and even in middle-income countries outside of Southern Africa, unemployment is not high as it is considered a 'luxury'. In the absence of formal wage jobs, youth have found innovative ways to express and exploit their talents and capabilities in the agriculture and household enterprises (informal sector). Given the large numbers of youth entering the labour market each year, and the weak structural transformation of most African economies, the informal sector will remain a major employer of youth, particularly the less skilled and less educated, for decades to come. There is therefore a need for a shift in policy thinking across Africa. It is imperative that policy makers make concerted efforts to raise productivity (and thus earnings) in the informal sector, rather than continue to focus exclusively on the formal wage sector. In this regard, policy makers need to learn from, and work with the youth to enable scalability of certain youth initiatives.

Key words: youth, unemployment, underemployment, informal sector, Sub-Saharan Africa

JEL classification: D13, J21, J23, J46

1. Introduction

Sub-Saharan Africa (SSA)'s rapid economic growth over the last fifteen years is now widely recognised, with six countries still among the top ten fastest growing countries in the world. As a result, many indicators point to improved living conditions, based on improved

access to health, education, clean water, declining infant mortality, etc. However, large segments have been left out of the growth process. The current policy dialogue is now centred around inclusive growth and job creation. In fact, youth employment and rising income gaps are now getting attention at the highest level of policy making in Africa, including African Union, African Development Bank and national governments. On the policy research standpoint, African Economic Research Consortium (AERC) strives to bring rigour and evidence to policy making in Africa. In the best of its traditions, AERC convened a plenary conference on 'Youth Employment in Africa: Challenges and Opportunities'. This overview contextualises this important subject within the current state of knowledge and synthesises the key elements of the articles presented at the plenary.

Youth employment as a topic entered the mainstream of economic development discussions during the 1990s, as the effects on youth opportunities of the extended recessions caused by the various currency and debt crises started to attract attention. By this time, aid groups had already started implementing workforce development programmes for at risk youth in cities around the developing world. Following the lead of developed country researchers, development economists started to focus on the effectiveness of these programmes; an early survey was [Betcherman et al. \(2004\)](#). The recession and ensuing labour market distress following the recent global financial crisis pushed the issue to the forefront worldwide, where it has stayed. The Youth Employment Network project inventory, started as a database on major youth projects in the developing world by the International Labor Organization (ILO), had more than 700 projects listed by 2011 ([Puerto, 2014](#)). In launching their Global Centre on Youth Employment earlier this year, RTI International's press release stated that: '[t]he current state of worldwide youth unemployment poses a serious threat to economic growth and social stability. This threat requires a global response that is highly coordinated and brings together multiple sectors.'

Youth employment has also gained prominence in the economic literature for SSA. Since 2011, reports on the issue have been published by the African Development Bank (in conjunction with the Organization for cooperation and development (OECD), UNDP and the African Union), The Mo Ibrahim Foundation, The World Bank, the ILO (as part of their annual series of reports) and multiple think tanks. Research on youth employment has benefitted from the trend towards experimental and quasi-experimental evaluation. Journal articles reporting on impact evaluations of employment programmes in SSA have become more numerous, although there are not as many as for Latin America ([Tripney et al., 2013](#)).

Governments have issued strategy papers and devoted increasing budgetary resources to youth employment programmes. These strategies were often complemented by bilateral and NGO donor-funded programmes. But despite all this effort, the African continent is littered with pilots and small scale donor-funded employment and training programmes targeted at youth which have not scaled up, as well as government programmes with little evidence on effectiveness at all. Even programmes subjected to rigorous impact evaluation usually do not consider cost-effectiveness or opportunity cost, so these analyses provide limited guidelines to policy makers. The rest of the youth employment programmes do not collect even the most basic evaluative data on participant outcomes or even do tracer studies to see if the results persist over time. Many public programmes are started with much fanfare and political attention but a very weak foundation. When evaluated, these programmes are usually found wanting. A recent public example of this was the Ghana National Youth Employment program.

There are multiple reasons for this frustrating landscape. Many countries lack a basic understanding of their labour market and youth employment prospects. This leads to a focus by governments and researchers on a narrow segment of employment where data are more widely available—formal wage employment. Yet this sector is not where most African youth in low- and middle-income countries work or will work. As Fox and Thomas point out in their analysis published in this volume, household farms and firms—commonly called the informal sector—is where most Africans work today and will work for the foreseeable future. But in analysis and strategies, agriculture is often completely left out of the picture. Recent examples of this omission are *AfDB/OECD Study on Youth Employment (2012)*, and the McKinsey study on employment and inclusive growth (*Fine et al., 2012*).

This special issue and its overview bring together recent research on the nature of the youth employment challenges and opportunities in SSA, the causes, and the consequences for development policy. Rather than look narrowly at one particular intervention (e.g., vocational training or wage subsidies), we step back and look at the origins of the problem—economic, political, and social—as well as the opportunities and constraints countries face in addressing it. In particular, the issue emphasises the challenges of lower income countries and the issue of informality in youth employment: why it persists, and what are the attractions as well as repulsions for youth. Attention is also paid to South Africa, where very high youth unemployment holds lessons for a number of lower income but emerging mineral exporters in SSA, such as Mozambique, Kenya, Ghana and Tanzania.

The rest of this overview is structured as follows. Section 2 reviews the facts surrounding the African youth problem. Within SSA where the population is getting younger by the day, the employment transition is only one dimension of the youth development issue (although it is the one emphasised in the special issue). Section 3 discusses the question of youth *unemployment*—is it a problem, where and why? The particular case of South Africa, as an example of the youth unemployment problem in countries which have reached middle-income status in part by exploiting mineral wealth, is discussed. Section 4 discusses the twin issues of informality and underemployment. Section 5 illuminates the special youth employment issues faced by young females. Section 6 introduces the three invited articles in this special issue and Section 7 offers some concluding thoughts.

2. What is the problem—youth transitions in a young SSA

Youth is universally a distinct developmental stage and a time of transition (*World Bank, 2006; J-Pal, 2013*). Adolescence is when critical decisions are made which affect the future of the individual and the broader society. These decisions include how much formal education to acquire, when to start sexual activity, with whom and under what circumstances, when to form a family, how and when to enter the labour force and health habits such as smoking or drug use. Youth generally make these decisions in a social context, with the support and advice of adults in the family and the community, as well as peers. A positive youth trajectory leads to the development of a mature adult with a positive sense of self, and possessing a set of core competencies and skills which allow them to engage effectively with the economy and society and deal with the demands and challenges of everyday life. A negative trajectory leads to risky and/or destructive behaviour, such as teen pregnancy and out-of wedlock births, crime and violence, self-destructive health habits, disengagement from society, all of which can lead to household poverty and lower economic growth (*World Bank, 2006*).

This explains why youth development is now considered an important economic development problem.

The transition from school to a stable livelihood—the subject of this volume—is only one aspect of the youth transition and cannot be isolated from the other transitions of youth. This is because the same skills are needed to build a livelihood as to build a family and a community. It is now widely accepted that both cognitive skills, such as numeracy, literacy and problem solving as well as set of core behaviours and abilities such as perseverance, motivation, risk aversion, self-esteem and self-control, have a direct effect on lifetime income as well as on other aspects of social and economic life (J-PAL, 2013; USAID, 2013). These skills and abilities are built in school as well as in the family and the community.

Youth growing up in poor households, and without access to opportunities to build these skills, will be at a disadvantage in making the transition to adulthood. This describes the situation of many SSA youth entering the labour force today and is one reason why youth employment is a particular challenge. Although educational attainment is rising in most SSA countries, the quality of that education is weak, as measured by cognitive skill development (Cloutier *et al.*, 2011; Filmer and Fox, 2014). Measurement of the effectiveness of educational systems in building the non-cognitive skills needed for successful youth development is at an infant stage in SSA. However, observational and qualitative research indicates that SSA youth entering the labour force suffer from deficits in this area as well (Filmer and Fox, 2014).

A second element of the youth employment challenge in SSA is the sheer numbers. Youth are a large demographic group in SSA, because Africa is a young continent in terms of demographics. Half of the population is currently under the age of 18, and those in the age group 15–25 make up almost 30% of the population today. This is not expected to change soon. Although SSA has started its demographic transition, the fertility decline is progressing slowly even as life expectancy improves. Indeed, in some countries the transition seems to have stalled. SSA today is about 7 years younger than the next youngest region, South Asia, and this gap is expected to widen. Fertility rates fell much faster in Asia and Latin America since the 1970s than they did in SSA over the last decade (Bongaarts and Casterline, 2013). Africa's youth bulge will be in place for several generations, and throughout that period it will pose economic and social challenges.

Despite broad talk of a demographic dividend in SSA, current projections suggest that this is unlikely to be realised soon (Filmer and Fox, 2014). A demographic dividend requires (a) a fast decline in fertility, and (b) an educated and productive labour force. The latter is difficult to achieve when fertility is not decreasing because of the sheer numbers of children projected to enter the education systems of SSA over the next 20 years. High fertility lowers private savings, as funds are needed for current consumption. This means that resources for investment will be scarce. As the article by Fox and Thomas in this volume shows, SSA's rapidly growing large labour force hinders the structural transformation of employment which is needed to realise the dividend. It is not surprising that few countries have reached middle-income status with the fertility levels of SSA today. The exceptions are mineral exporters riding on resource rents, an economic strategy which is difficult to sustain in the long term. In addition, mineral-dependent development brings exceptional youth employment challenges when countries get richer, as the experience of South Africa and many Middle Eastern countries has shown.

Governing this young continent is a gerontocracy. The average age of African leaders is 61, higher than the average for Europe (55) or North America (59). It is no wonder that political

leaders see the huge youth population as a political challenge. Youth in urban areas have been vocal about their dissatisfaction with economic opportunities available. But the political class has been slow to engage with youth on their terms, as the article by Ismail in this volume demonstrates. In some countries, widening inequality and the slow pace of economic change mean that despite being the best educated generation yet, urban youth face as bad or a worse opportunity set than their parents. But urban, educated youth are only the tip of the iceberg. The majority of youth still live in rural areas and small towns. Poorer and less educated than their urban counterparts, they too struggle to find pathways to adulthood, and especially to stable, remunerative employment that allows them to support a family.

3. Is the problem employment or unemployment?

Although many refer to the youth employment problem as the ‘youth *unemployment* problem’ in actual fact, real unemployment in low-income Africa is only 3%; even in middle-income countries outside of Southern Africa, unemployment is not high (see Figure 4 in the Fox and Thomas article in this volume).¹ The reason for the low unemployment rate in Africa is simple: most working age people in SSA cannot afford to be unemployed. Many families cannot fully support a recent graduate while he or she looks for a job, and many youth did not graduate from secondary school so would not qualify for a formal job anyway (Filmer and Fox, 2014). They will have to make their own livelihood, either by getting some land and farming, or starting a non-farm business.

Hidden in the low overall youth unemployment rate in low-income countries is a high unemployment rate among urban graduates. It is no coincidence that these graduates primarily come from the top end of the income distribution; only richer parents can afford to support youth in an extensive job search. An example is Mozambique, a poor country where over half of the population is classified as extremely poor under any measure (Alfani et al., 2012). Youth unemployment in rural areas is almost non-existent; the rate is 1.7%. But in urban areas, 20% of youth meet the strict ILO definition of unemployment. Those with secondary education and above are way over-represented in the unemployed group. Two-thirds of all urban unemployed reported that they had been in this status for over 1 year (Figure 1).

In upper-income countries, with broader safety nets, substantial unemployment persists, including among youth. As the article in this volume by Borhat *et al.* points out, South Africa is well known for its high unemployment. Overall, the South African Quarterly Labour Force Surveys for 2014 show that 25% of the population was without work during the survey month, and the unemployment rate among youth aged 15–29 was 42% (Bhorat *et al.*, 2016). Other middle-income resource-rich countries show similar rates; in Gabon, for example the youth unemployment rate was 35% in 2013, while in Namibia it was 34% in the same year.²

1 Our analysis uses the ‘narrow’ ILO definition of unemployment. To be unemployed, an individual cannot have worked even 1 h, even in the household garden, in the last 7 days and active job search in the last month is also required. See ILO (1982). To capture those who are working and searching, as well as those not working and discouraged, but available for work, many countries have adopted broader definitions. These are not consistent across countries and so are used here.

2 World Development Indicators online.

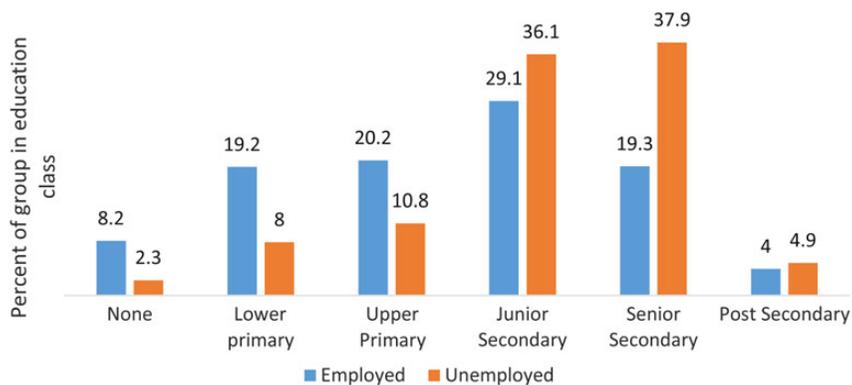


Figure 1: Urban Unemployment Is Concentrated Among the Educated in Mozambique.

Source: Authors Tabulations Using INCAF 2012 Data.

One reason for the high unemployment rate in South Africa is that the wage employment growth has been very slow. Private investment has simply not created the number of labour intensive enterprises offering low skill jobs needed to soak up the school leavers entering the job market. Indeed, following the trend in OECD countries, the manufacturing sector in South Africa has moved up the value chain and become a high skill employer. Growth in the service sector has also been skill-intensive, providing jobs in areas such as financial services for highly educated. Thus, the unemployment problem is not a question of wage rigidities (as Bhorat *et al.* show in their article). Recent estimates indicate that wage rigidities account for only 1% percentage point of unemployment in South Africa (Magruder, 2012). The problem is lack of demand.

Alternatives to wage employment are not widely available in South Africa. Owing in part to urban zoning and other regulations which create high barriers to entry, the informal sector does not absorb many of the least educated youth as it does in poorer countries in Africa and even in middle-income countries outside of Africa. Meanwhile, in the agriculture sector, high minimum wages do seem to be reducing employment as in this sector capital can easily substitute for unskilled labour. To substantially reduce unemployment, major efforts are needed at the micro and macro level. National policies are needed that not only increase the pace of economic growth but create incentives for labour-intensive firms to form near the pool of available labour. South Africa would also benefit from restructuring the Further Education and Training (FET) system to permit part-time learning (which would make FET more flexible and accessible) and introducing apprenticeships and closer engagement with industry (which would make FET more relevant to the workplace; see Filmer and Fox, 2014).

In sum, most youth in lower income Africa live in rural and peri-urban areas and are not *unemployed*. But urban unemployment among educated youth is a growing economic, political and social problem. Both the Fox and Ismail articles in this volume discuss reasons for this. Fox highlights the ‘aspirations gap’—the job expectations of youth and their parents compared with opportunities available, especially in the informal sector. Ismail highlights a key reason why the political class cannot find solutions—they have a top-down approach, and are blind to the policies and programmes that could channel the ample energies and resources of their own youth into productive activities. South Africa provides a cautionary tale,

especially for the resource-rich countries of SSA, a group which is expanding owing to new mineral explorations and recent discoveries coming on line in countries such as Kenya, Uganda and Ghana. Safety nets for the unemployed are better than nothing, but even better would be economic growth which creates many low skill wage jobs.

4. Underemployment and informality

If unemployment is a fairly infrequent phenomenon in lower income Africa, why do so many politicians and commentators cast the youth employment problem in these terms? In richer countries, the state of unemployment is roughly the same as being available for work but not having a stable wage job.³ Rising unemployment is the first indicator of weakening opportunities in the labour market and falling earnings, in part because it is the most frequently measured labour market indicator. In low-income African countries, less than 20% of employment is in a wage-paying job, and about half of that wage employment is casual or temporary (Filmer and Fox, 2014). A more common situation in Africa is full-time employment but low earnings (often with high income variability), and widespread *underemployment* (not being able to work as many hours as desired, either in wage or self-employment) especially in rural areas. Both are caused by the lack of large, formal enterprises offering stable wage jobs—a lack of labour demand, the same phenomenon which causes unemployment in richer countries. It is not surprising, therefore, that some observers characterise the livelihoods of poor and working class Africans as unemployment.

Informal work is a fact of life in low- and middle-income countries. As defined by the ILO, it includes: (a) everyone who works in an unincorporated enterprise that is unregistered or small (less than five people), including subsistence farming and non-farm self-employment and (b) anyone in any kind of wage labour not covered by social protection through their work, domestic workers, such as a regular, temporary, or casual day labourers, and non-wage contributing family workers.⁴ As La Porta and Schleifer (2014) noted in a recent survey, livelihood informality is inversely correlated with income and level of development. As countries transform their economies, incorporated and or registered firms tend to dominate economic activity, and wage/salary employment becomes the dominant livelihood form. La Porta and Schleifer also show that a decline in informal employment is associated with a slowing of labour force growth, one of the effects of an advanced demographic transition.

Informal (or household) enterprises are mostly self-employment in the service sector and are characterised by a low entry cost, requiring limited start-up financing. This is an important feature especially for youth, since such financing is almost unavailable from the formal financial system in lower income countries. The majority of enterprises are home based or mobile street vendors, operating without a regular workplace in a commercial neighbourhood (Fox and Sohnesen, 2012). Often disparaged as ‘survival businesses’ because of their limited growth potential, they nonetheless provide a better livelihood to most owners than their alternatives (e.g., agriculture or day labourer), especially for those without complete secondary

3 Registered unemployed in rich countries are looking for a wage/salary job. Owners of businesses (even loss making ones) would not be unemployed, because they would not be looking or available for work; they are at work.

4 See <http://wiego.org/informal-economy/concepts-definitions-methods> for a summary of the ILO definitions and how they evolved through time.

education, the majority of Africa's labour force (Fox and Sohnesen, 2012). Other common myths debunked by La Porta and Schleifer (2014) are that the growth of informal enterprises is caused by excess regulation (relevant in only a minority of cases), and that these activities are parasites that hinder economic growth (in contrast, they help growth in lower income countries because they provide a stable livelihood).

Underemployment is also common in other lower income countries, and it is, in fact, a dominant feature of the rural economy.⁵ Owing primarily to the dominance of rain-fed agriculture, and the lack of off-farm work opportunities, most African farmers (especially small-holder farmers) do not work full time year around. In a recent study which analysed very detailed hours worked data over a 12-month period for six low-income Africa countries, Ellen McCullough (2015) estimated that farming takes up about 500–1,000 h per year, much less than the 2,000+ h per year generally reported by those working in other sectors. This is one reason for the low income among farmers. Some farm households fill the remaining time available for work through self-employment or a household enterprise, others by seeking wage employment (e.g., tending livestock or performing other tasks for richer farmers; see Anderson and Ahmed, 2015, for a detailed analysis in Tanzania and Mozambique). However, on average, rural households report fewer hours worked than urban ones.⁶ Modernisation and commercialisation of agriculture through irrigation and other water management schemes increased use of animal and machine power and more productive inputs, and increased livestock cultivation can be expected to reduce this agriculture-related underemployment over time, as well as providing more opportunities for full-time off-farm employment.

African youth and those seeking to help them need to develop solutions that work in the labour market that they face today, not the one they wish they faced, and that they might see in rich countries. Widespread informality in employment is likely to persist for the foreseeable future. The question for the youth is how to develop a sustainable livelihood without underemployment within this market.

5. The gender dimension

For young women, the pathway into adulthood can be especially treacherous as it occurs at the same time as puberty and family formation. As they navigate the school-to-work transition, females encounter social norms that limit their development, agency (the ability to formulate and attain goals independently of their parents) and their employment choices. While more than half of all females are married by the age of 20, and by the age of 25, nearly 80% of women have married and given birth (Figure 2), this transition happens later among men.⁷ The majority of men are likely to remain unmarried before the age of 25 and marry only in their late twenties or early thirties. Across Africa, 25% of females ages 15–19 have already had their first child or are pregnant. The ratio is much higher than in lower income countries in

5 Underemployment is also a violation of the "Decent Work" standard (Anker et al., 2002).

6 Women work fewer hours than men in rural areas because of the heavier burden of household chores in these areas owing to a lack of water supply and other infrastructure; see World Bank (2011), and Fox (2008) for a detailed analysis for Mozambique. Technically, this does not count as underemployment because the women are not available for more hours of economic work.

7 Note that the percentage of women who have given birth could include unmarried women.

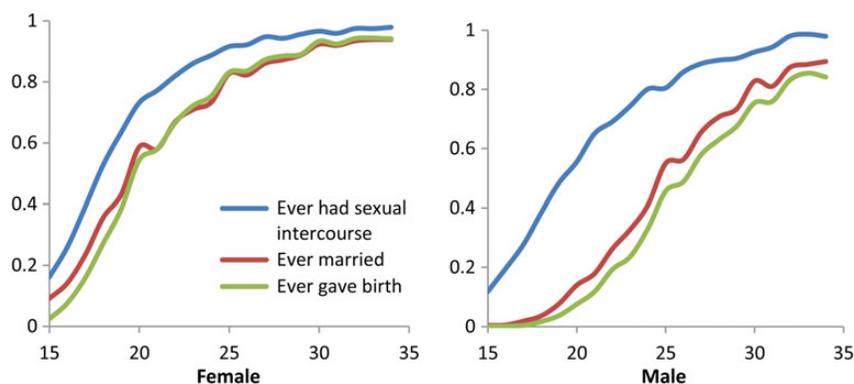


Figure 2: Sexual Behaviour and Family Decisions.

Source: Authors' Analysis of Demographic and Health Survey Data (28 countries) using DHS StatCompiler.

Asia, (and is one of the reasons why fertility is falling much more slowly in Africa than in other continents, contributing to the future youth bulge).

Consequently, many young women in Africa have to decide whether to continue with school, whether and how to enter the labour force, and what their fertility choices are, at a very young age, before they have had a chance to fully develop the cognitive and behavioural strengths they need as an adult to navigate the challenges of life, including those related to a sustainable livelihood. Norms and practices thus play a large role. A report by the Population Council concluded that 'adolescence is a time of widening opportunities for boys, but constricting opportunities for girls. Girls' school enrollment lags behind boys', and girls spend far more time than boys on domestic chores, such as cleaning and fetching water and fuel, and far less time with friends' (Lloyd, 2009), compromising their cognitive and behavioural skill development, at adolescence and beyond.

For many females, marrying and having children (or marrying early) can be a means to escape from poverty by relying on men for economic support. But once faced with responsibility for childcare, young women find themselves constrained in their labour market choices. They may choose not to work, they may work fewer hours than they otherwise would, or they may choose occupations that offer flexible schedules and home-based work. In Liberia, 41% of young women, compared with 31% of adult women and just 11% of young males, reported family responsibilities as a reason for 'inactivity' (Ruiz and Elena, 2008). A time-use study in Guinea concluded that women could not increase the number of hours devoted to paid work because of their care duties (Bardasi and Wodon, 2009). The persistence of cultural preferences for large families, even in urban areas where children are more expensive and less likely to contribute to increasing household income, accentuates the tensions between employment and domestic tasks. Where care options are limited, the need for flexible work arrangements pushes women from formal into informal work that can be combined with childcare, such as household farms and self-employment. Even if they are able to enter non-farm employment (self-employed or as an employee), social norms enforce occupational segregation (Fox and Sohnesen, 2012; Filmer and Fox, 2014). Given the known connections between economic advancement, cognitive and psychological development and social status, it is now clear that a slow or ineffective

transition from school to work in females has long-term consequences for society, worsening outcomes not only for the women themselves but for their families and the next generation.

6. Key highlights of the three articles

Following this overview piece are three articles covering important policy issues related to the youth employment problem. The first article, by Fox and Thomas, sets the macroeconomic context for a policy discussion. Using a specially constructed comprehensive dataset on the structure of employment in SSA, the analysis shows that although the resurgence of growth since the turn of the century brought transformation in structure of output from low productivity agriculture to higher productivity non-agricultural sectors, the structure of employment did not change as dramatically. In particular, the share of wage employment in total employment remains small. The reasons for this disappointing performance are that (a) at the beginning of the century, wage employment was very small, (b) much of the income growth was fuelled by mineral exports, which do not create many jobs and (c) owing to continued high fertility, the labour force is still growing fast. To the extent that the creation of higher productivity wage employment outside the agricultural sector requires significantly more capital and know-how than self-employment in agriculture or non-agricultural sectors, unless these are growing much faster than the labour force, the employment transformation will lag.

The article projects that for the foreseeable future, even if the rate of structural transformation in employment in lower income SSA is faster than it was in lower income, fast growing Asian economies, most jobs for new entrants will not be in the wage employment segment. This will be a disappointment for many youth, especially those who hoped that by staying in school longer, their employment prospects would be much better. This ‘aspirations gap’ may exacerbate the urban unemployment of educated youth, a political and social challenge, as the Arab spring demonstrated. At the same time, it only enhances the pressure on governments to solve the underemployment and low earnings problems of employed labour force, who are concentrated in the non-wage employment sectors—the household farms and firms.

The second article, by Ismail, explores the political and social consequences of the youth employment prospects presented by Fox and Thomas. Because most national strategies and state-led interventions are constructed by an educated urban political class of a different generation, they often ignore the positive, youth led economic and social change happening on the ground because it is happening in the informal sector, away from the control (and protection) of the state. According to Ismail, in urban areas youth are solving their own employment problems by finding a way to make economic activities in the informal sector pay. They are becoming more entrepreneurial and less dependent on the state as they go about creating their own jobs in service sectors—in ICT, in media, in transport. They are organising to fight the tendency of the state to exclude, and even clamp down on the informal sector. Simultaneously, they are eschewing traditional social institutions—especially traditional churches—to redefine their identities and communities around more fundamentalist Christian and Moslem approaches. Ismail notes, however, that many of these new social and political organisations exclude or subjugate women, perpetuating the gender discrimination and exclusion of traditional norms.

The fifth article, by Borhat *et al.*, deals with one of the major policy debates in South Africa and other African emerging markets today—why are wage jobs not being created? One argument has been that wage rigidities (including minimum wage laws), which push

wages up too high, kill off labour demand, especially for youth, who lack the experience to produce at a high enough level to justify the wage. Borat *et al.* refute this contention, showing that in most of the sectors where the minimum wage was instituted (five service sectors plus the agricultural sector), the rate of youth employment growth did not change. The exception was the agricultural sector, where it may be easier to substitute capital for labour than in service sectors such as private security and taxi driving. At the same time, they also find widespread violation of the law in particular sectors and areas. Overall, they conclude that if countries such as South Africa, want to solve their high youth employment problem, they need to look at factors outside the labour market, including at why new labour-intensive enterprises are not being created to soak up the large pool of available labour.

7. Conclusions and some policy implications

In conclusion, African demographics, economic structure, politics and globalisation trends combine into a perfect storm for Africa's policy makers. The large cohort of youth entering Africa's labour force is the best educated one the continent has seen. Globalised media have brought these youth high expectations for their future. But the structure of recent economic growth, especially the continued dependence on commodity exports, has not brought enough demand for this labour in the type of job urban youth crave—a stable wage-paying job in a modern firm. Plus, the education they have received does not stack up well against global benchmarks, meaning that critical skills have not been built. These developments have not led to massive unemployment, as this is unaffordable for most youth. Instead, youth are forced to enter many of the same economic activities as their parents—agriculture and household enterprises. This has led to a youth aspirations gap, which is presenting a huge challenge to Africa's aging political leadership.

Solutions and policy options are appearing, but not where many policy makers are looking. Globalisation has made the development of a modern manufacturing sector—the wage job escalator for East Asian miracle economies—much harder. But opportunities exist to raise the productivity and earnings in the sectors where most youth will work—agriculture and household enterprises—creating more stable and remunerative livelihoods. Examples exist where youth, through their own energy and agency, have developed new sectors (e.g., Nollywood), utilised new technology and ways of working and created new livelihoods. However, the traditional mindset of government leaders, which is to see government's roles as *creating* jobs for youth, has ignored these 'green shoots'. Because they have not given youth a voice, they have not heard youth's call for progressive change in values, norms and mindsets as well as for better economic opportunities.

Widening opportunities for young females would have a number of benefits. First, if marriage and childbirth below the age of 18 became rare instead of the norm, the pressure of high numbers of children on the social infrastructure and the high growth of the youth labour force would both decline. This would help countries produce a higher quality labour force. Second, young females would have time and more opportunities for their own development. This would not only benefit them as adult women, it would benefit the next generation as well. Marriage norms are not the only ones holding females back, but they play an outsized role.

The challenge of youth employment in Africa may appear daunting, yet Africa's vibrant youth represent an enormous opportunity, particularly now, when populations in much of the world are aging rapidly. Youth are creating jobs. Africa's growing labour force could

be an asset in the global marketplace. Realising this brighter vision for Africa's future, however, will require a clearer understanding of how to benefit from this asset. It will require a clear-eyed look at the economic forces shaping their opportunities. It will also require a more disciplined, efficient and evidence-based approach to interventions to support youth in the transition to adulthood, especially the transition to a stable livelihood.

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