

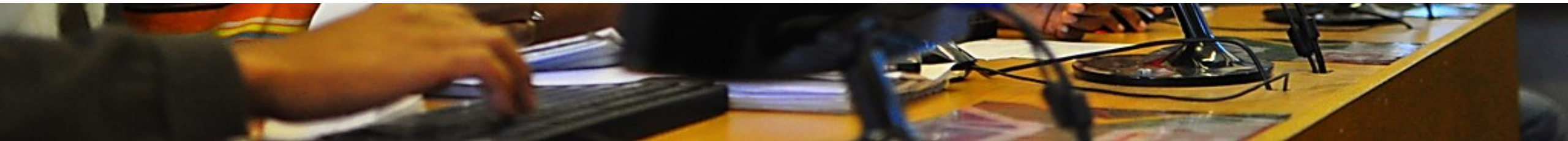


## **Digital Jobs Africa**

### **Boosting Youth Employment in Africa: What Works and Why**

**Mamadou Biteye, MD, Africa Regional Office**

**May 2017**



- **High unemployment rates**
- The fastest **growing youth population** in the world
- **Business challenges** for employers looking for talent
- **Lost economic potential** for national governments
- **A threat to social stability**

## GOAL

Impact **1 million lives** in **six countries** in Africa by catalyzing sustainable **Information Communication Technology-enabled (ICT) employment opportunities** and skills training for high-potential but disadvantaged African youth (HPDY), thereby generating social and economic opportunities for those employed, their families, and communities.

Increase demand for disadvantaged youth in the workforce

Provide youth with skills for digital jobs

Create an enabling environment for digital jobs

- \$97M
- Seven years (2013 through 2019)
- Six countries (Egypt, Ghana, Kenya, Morocco, Nigeria and South Africa)

## Successes

- **Trained 144,000+ and placed 40,000 youth.**
- **Multiplier impact** to reach ~200,000 family members.
- **Growing adoption of Impact Sourcing.**
  - In September 2016, DJA Launched the **Global Impact Sourcing Coalition (GISC)**. To date it has **39 members** with **25 companies** that have a combined workforce of 1.6million BPO workers presenting an estimated 10% of the global industry.
- **Business Case** for Impact Sourcing for the BPO Sector and another one for the Financial Services Sector. Key highlights:
  1. Employers have access to a broad talent pool
  2. Performance is comparable or higher compared to traditional workers
  3. Stable workforce with significantly less absenteeism, lower attrition and higher motivation
  4. Cost savings of 30%-40% on attrition and total cost of employment over a 3yr period less by 7-10%.

## Challenges

- The reluctance of certain companies, particularly US-based ones, to publicly recognize their interest in impact sourcing due to its potential association with offshoring of jobs.
- The long length of time necessary for companies to socialize impact sourcing internally, complete due diligence, obtain the necessary internal approvals to adopt impact sourcing.
- The relatively high cost of the training models which are difficult to scale without them being integrated into the national education systems.

On average, participating youth:

- Are **aged 18 – 35 years** (mean age of 23)
- **Had at least some secondary schooling**, with 40% having higher education diplomas
- **Provided for approximately three dependents**, though some supported up to nine family members.

The majority of youth who transitioned to the workforce are in **permanent, full-time jobs** or had ongoing or long-term contracts.

Youth report **contributing their salaries to household expenses** such as rent, clothing, and school fees. Initial findings indicate that there may be **large cohorts of people indirectly benefitting** from the initiative.





## Stories from DJA's youth



“I was very anxious because I don't have any work experience. I've never been on an interview. But when I passed the interview and I heard that I'm going to work at Standard Bank, **I was very happy because I saw that I would have money to provide for my family's needs**, to take my younger brother and sister to school and just to live a happy life with my family.”

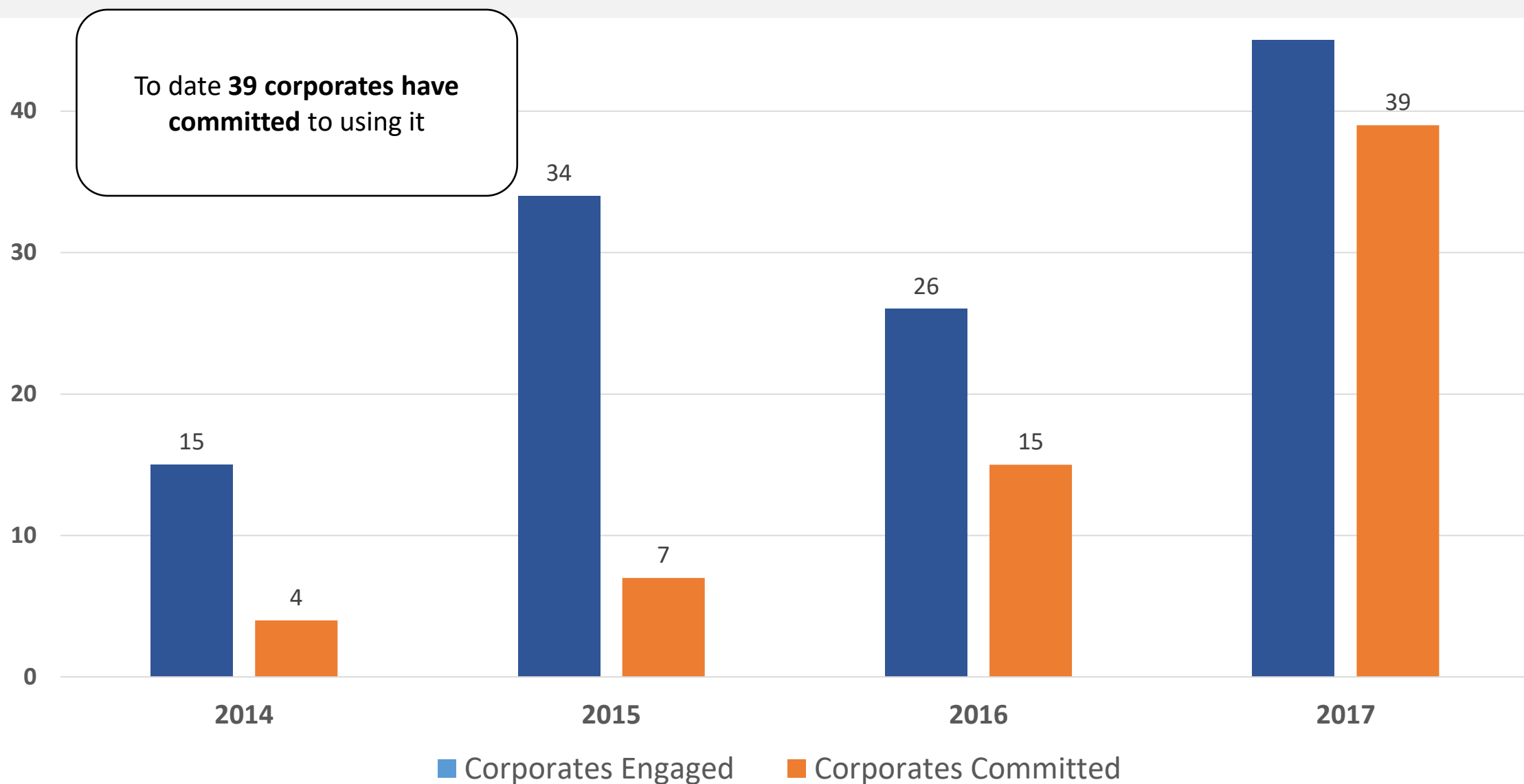
Asisipho, 21, Johannesburg

“Through this program, my life changed. Looking back, I see that there are opportunities out there and you can make it if you keep on trying. If I gave up along the way, I wouldn't be where I am now. **I want to go back to my community to tell other girls that they can make it** and achieve in life and nothing can stop them.”



Kesireieditsoe , 25, Johannesburg

## Corporate uptake of impact sourcing



## Influential global buyers and providers of business services

### Some Regular Members



### Associate Members



*"Impact Sourcing offers a way to transform our industry into a more sustainable one. I'm glad to be part of a group to think about the future of our industry from a labor force perspective."*

– Global buyer of BPO services



## Underlying assumptions

- Growing economy, bridging the digital divide
- Strong BPO and ICT Outsourcing sector projections
- Technological innovations
- Improved training models

## Implications

- ICT + corporate expansion could create jobs
- Impact Sourcing could achieve business needs and social impact
- Digital jobs could empower young people
- Training costs could be dramatically lowered

## Some of our underlying assumptions from 2013 didn't pan out

- BPO sector in Africa did not grow as expected
- Corporate uptake of Impact Sourcing was slower than expected
- The six countries were not equally viable opportunities

**Achieving systemic change** in this space requires a **combination of critical factors** to be in place in addition to there being sufficient jobs available.



### FAVORABLE REGULATORY ENVIRONMENT

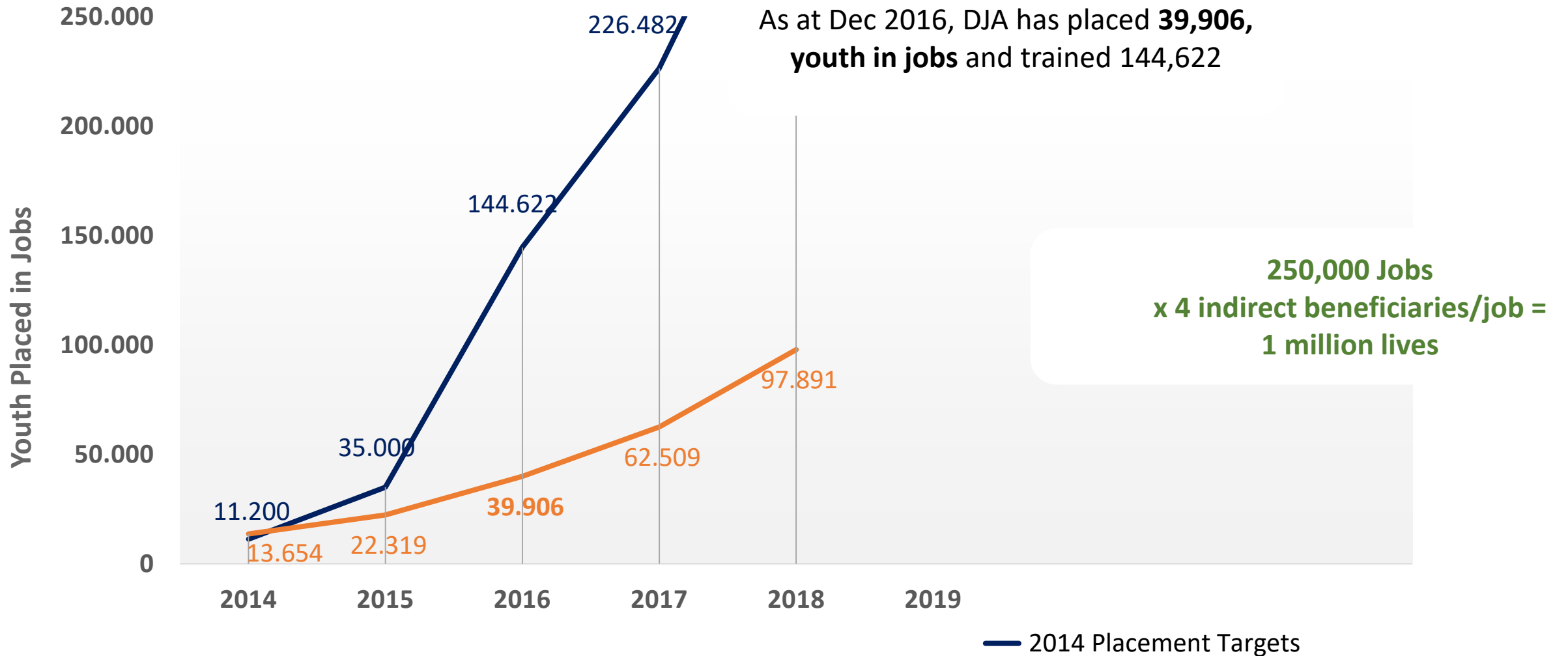
**An effective regulatory environment incentivizes companies to adopt inclusive hiring practices**



### LABOR MARKET CONSTRAINTS

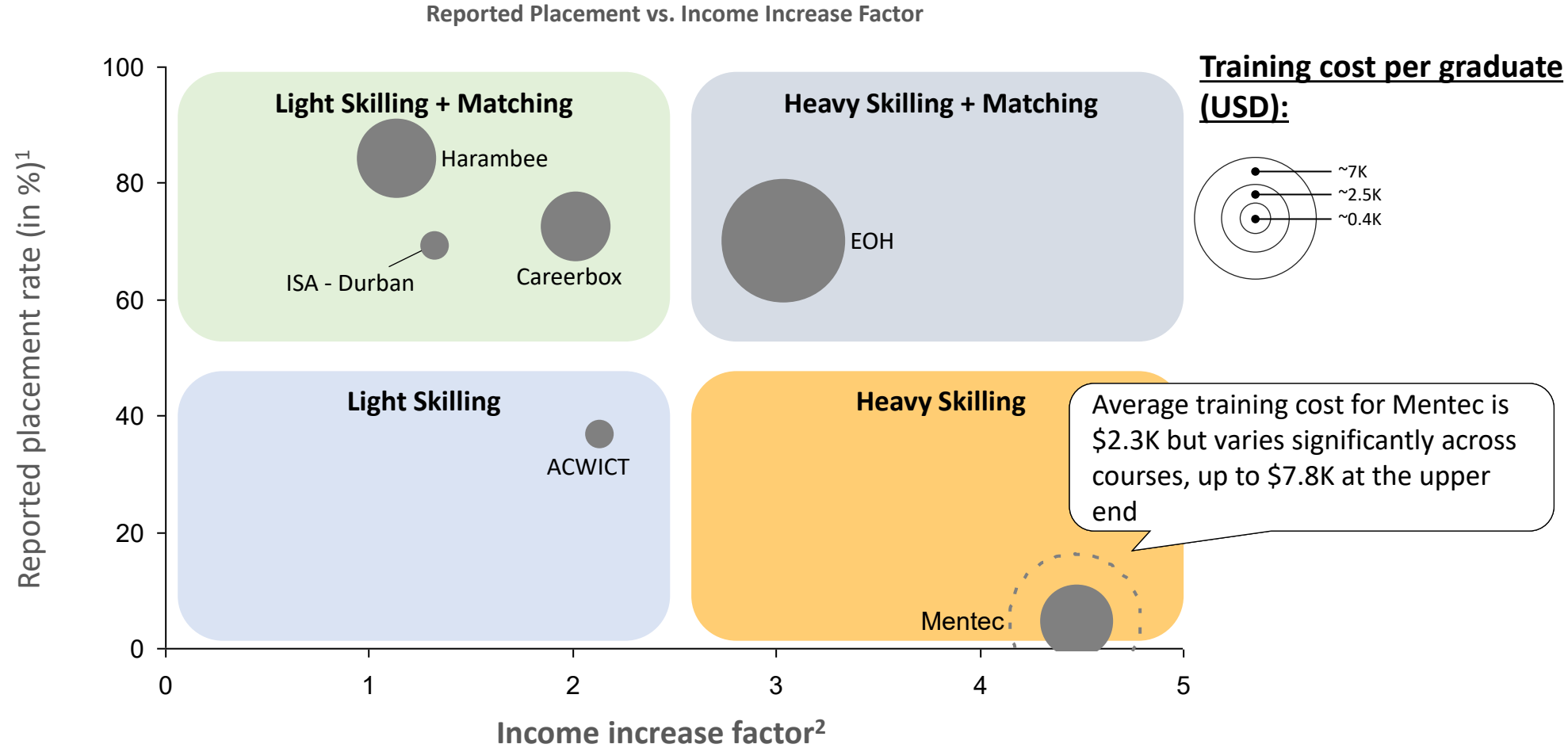
**Companies face labor constraints which are limiting their growth potential**

## DJA did not scale catalytically



*2017 through to 2018 numbers projected using assumptions of growth in last two years with a 50% chance of trained youth*

# DDT Models that score high on effectiveness indicators also carry higher cost



Sources: Data collected from DDT providers

<sup>1</sup> Placement rate for permanent employment; <sup>2</sup> The income increase factor is calculated by dividing the average post-placement income of graduates reported by providers with the pre-training earning potential of youth from a similar educational level as each provider's trainees

To impact the lives of 1 Million people by catalyzing sustainable Information Communication Technology-enabled employment opportunities and skills training for high-potential but disadvantaged African youth, specifically:

- **Develop and grow a global impact sourcing coalition** to drive wide adoption of this inclusive hiring practice both in Africa and globally and also within other sectors such as the financial services sector.
- **Scale Demand-driven training –DDT** - through the development and promotion of a “best-in-class” model toolkit and curricula among DDT providers, donors and philanthropic organizations and vocational training programs in South Africa as a demonstration.
- **Document and widely disseminate knowledge and lessons** learnt from DJA among the actors in the youth employment space.



1. **Ajira Digital - Government of Kenya –**
  - **Ministry of ICT** which will invest \$ 110million to train and link up to 1million youth to **online job opportunities.**
2. **Jobs for Youth Africa (JfYA) - The Africa Development Bank (AfDB)**
  - AfDB will use the Impact Sourcing approach and Demand Driven Training toolkit within it's Jobs for Youth In Africa initiative targeting to create 25million jobs and impact 50million youth in the next decade for a planned US \$ 6B.
3. **Growth and Employment Opportunities in States (Nigeria) - The World Bank**
  - Using DJA best practices will catalyze 1million jobs in Nigeria through it's Growth, Employment and Markets (GEMS) program of US \$ 58million.
4. **Demand Driven Training Toolkit –** developing a best in class toolkit drawn from DDT providers to support scaling to TVET's, Universities and other youth training institutions in Africa