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Boosting youth employment in Africa: what works and why?

Synthesis report for the INCLUDE/MFA conference

30 May 2017

The Hague, the Netherlands

INCLUDE Secretariat

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Introduction

Africa is the most youthful continent in the world, with 226 million youth (aged 15–24) in 2015, or roughly 20% of the global youth population (UN, 2015). While youth populations in other regions of the world have stabilized in size, Africa's youth population is growing rapidly. It is expected that, by 2030, the number of African youth will have increased by 42% (UN, 2015). At the same time, youth in Africa face significant economic challenges, with youth accounting for 60% of all unemployed in Africa (Africa Renewal, 2013). As a consequence, youth employment is a top priority for Africa. In her address at the opening of the 28th ordinary session of the Assembly of Heads of State and Government of the African Union, Dr Nkosazana Dhlamini-Zuma (then Chairperson of the African Union Commission) pointed out that "[T]he future of Africa belongs to youth, but the quality of that future will be determined by what they do with it today". The African Union has adopted the theme 'Harnessing the Demographic Dividend through investments in Youth' as its annual theme for 2017. In addition, youth feature prominently in the African Development Bank's (AfDB's) High Five Priorities, as supported by the Jobs for Youth in Africa Strategy.

This synthesis report reviews the state-of-the-art knowledge on youth employment in Africa and sets out the scope for the international conference 'Boosting youth employment in Africa: what works and why?', being held by INCLUDE and the Dutch Ministry of Foreign Affairs on 30 May 2017 in The Hague. It outlines the main issues for debate and related policy choices when it comes to tackling youth unemployment and underemployment in Africa. It reviews the latest (rigorous) knowledge on the nature of the youth employment challenge in Africa and identifies what works to promote youth employment and why. It seeks to capture the emerging consensus on the key short-term and long-term priorities required for promoting employment for youth and determine the roles of the relevant actors ranging from national governments and the private sector to (international) development banks, NGOs, and knowledge institutes.

Different stakeholders prioritize different (types of) interventions. For example, the AfDB, in its 'Jobs for Youth in Africa Strategy' (2016), adopts a cross-sectoral approach and chooses to gear youth employment programmes towards its priority sectors (agriculture, industry and ICT), which, according to the AfDB, provide the most opportunities for job creation across a variety of country contexts and demographic segments. The UN Capital Development Fund (UNCDF) and The MasterCard Foundation (2012) opt for a micro-level approach and prioritize interventions aimed at lifting the (financial and technical) constraints faced by youth in starting or expanding their businesses. Some donors, such as Germany, choose to gear efforts and interventions in Sub-Saharan Africa (SSA) towards technical and vocational education and training (TVET), in order to better equip youth to seize employment opportunities. This synthesis addresses the possible choices involved. It starts from the premise that tackling un- and underemployment among African youth requires a *local* focus on *multiple interventions* to increase productivity in potential growth sectors (agriculture, household enterprises and the off-farm food system), as well as tailor-made interventions that equip youth to exploit these opportunities.

[1] Disclaimer: this synthesis report, summary and highlights represent the views of the INCLUDE Secretariat.
[2] The authors would like to thank Platform and Secretariat members for their inputs

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Content

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1. WHY JOBS FOR YOUTH IN AFRICA?

Half of Africa's population are currently under 18 and those aged 15–25 years make up almost 30% of the population (Fox, Senbet & Simbanegavi 2016). In addition the large number of young people in Africa, there are five main reasons for specifically focusing on *youth* employment in Africa:

- **Africa is experiencing high and disproportionate unemployment and underemployment among youth.** In all African countries except Rwanda, Benin and Guinea, youth unemployment rates are double that of adult unemployment rates (see African Development Report 2015).
- **High poverty rates among working youth**. Nearly 70% of working youth in Sub-Saharan Africa are living in either moderate or extreme poverty (ILO 2016). Thus, creating productive and decent employment opportunities for youth is key to realizing the SDGs, particularly SDGs 1 and 8.
- **Productive jobs for youth are essential to turn Africa's youth bulge into an economic dividend**. It is expected that by 2030, 30 million youth will enter the African labour market annually (AFD 2017). In the current labour market structure, there are few opportunities for formal wage employment (only 15% of jobs are in formal wage employment). If all new entrants are absorbed into the labour market, GDP per capita will increase by 25% by 2050 and 54% by 2100 (UNECA 2015).
- **Creating jobs for youth (including self-employment and entrepreneurship) and investing in their transition from youth to adulthood means investing in their future.** This is especially true for young women. Educated or employed adolescent girls marry later, have their first child later and have fewer children.
- **Creating jobs for youth, combined with efforts and policies to reduce exclusion, can help tackle other policy challenges** (notably, instability and conflict, radicalization, extremism, migration and food insecurity). There are significant gaps between the aspirations of youth and the livelihoods they have, as well as a large 'generational gap' between youth and the national political elite.

2. HOW TO PRIORITIZE? UNDERSTANDING THE NATURE OF YOUTH EMPLOYMENT IN SSA

In order to design and implement effective youth employment policies and programmes, policy actors ought to have an understanding of the nature of (youth) employment in Africa. Contrary to the cliché of 'jobless growth', Africa's growth has not been jobless. The number of formal sector jobs has grown substantially over the past decade; an estimated 5 million new jobs have been created each year, mostly by the private sector. However, the number of youth looking for work has grown more (Filmer & Fox, 2014). Economic growth in SSA has, thus, created far fewer jobs than required. Measured unemployment is significantly higher in upper middle-income countries compared to low-income and lower middle-income countries. In low-income countries, which mostly do not have social safety nets for the unemployed, young people cannot afford to be idle. They have a job, but often work less than full time and in poor working conditions, barely earning enough to survive. They are *underemployed*, rather than unemployed, which means they are not included in the unemployment figures (Fox & Filmer 2014).

The priorities for youth employment policies and interventions are country- and youth-specific and best determined by answering the following questions:

- Where do most young people reside?
- Where do young people work and where will they be working in the coming years?
- What are the characteristics and aspirations of youth?

2.1 Where do most young people reside?

The first question to be answered is where do young people reside and, hence, where are they likely to look for (and, hopefully, find) work. On average, Africa is urbanizing (UNDESA 2014). Overall, Africa's urbanization rate went from 15% in 1960 to 38% in 2016, which is higher than in South Asia (Siba, Barofsky & Grabinsky 2016). The number of people living in cities nearly doubled between 1995 and 2015 and is expected to almost double again by 2035 (Siba, Barofsky & Grabinsky 2016); by 2050 the majority of the population in Africa will live in cities (UNDESA 2014, 1).

This rapid urbanization trend in Africa masks the current realities on the ground and could potentially distort policy framing and design. First, most Africans (60%) currently live in rural areas, with considerable differences across countries, ranging, for example, from 84.4% in Uganda to 55.1% in Benin. Second, even with increasing urbanization, overall, rural populations will continue to expand. In fact, as Yeboah and Jayne, (2016, 7) argue, "current rural population growth rates for the region have been revised upward considerably from roughly 1.0% per year (based on UN projections around 2000) to 1.7% over the next decade". Such growth in the rural population applies particularly to less-developed regions in low-income countries (Townsend et al. 2017, 6). Third, the overwhelming majority of youth (nearly 70% of the 15–24 year olds) live in rural areas, and this number is much higher in low-income countries (80%) and lower middle-income countries (60%), than in upper middle-income countries (40%) (AFD 2017, 16). Although youth are more likely than older people to migrate from rural to urban areas in search of a job (Baah-Boateng 2016, 420), the majority of young workers currently work in rural areas and, although the proportion of rural youth among the total population will decline, the absolute number of rural youth is projected to continue to increase. An estimated 440 million young people will enter the rural labour market in Africa by 2030.

Moreover, urbanization patterns differ strongly between countries. Some countries, such as Cameroon, Burkina Faso, Nigeria and Madagascar have experienced major population growth in important cities – with the growth of cities taking place at 5–7% on an annual basis, compared to 1.8% globally. However, other countries report stagnating growth in large urban centres (e.g. in Benin, Mozambique, Senegal, Zimbabwe, Mauritania and Niger) and/or circular migration back to rural areas by (young) people who are disappointed by the lack of opportunities in the (mega) cities (e.g. in Cote d'Ivoire) (see Potts, 2009). Moreover, according to Yeboah and Jayne (2016, 7), the conventional view of an increasing percentage of the working-age population residing in urban areas is confirmed in countries such as Ghana, Kenya, Tanzania and Zambia, but this is not the case other countries, such as Malawi, Mali, Nigeria, Rwanda and Uganda. As they stress: "In Nigeria for instance, the share of working-age population in urban areas declined by 3.6% over a four-year period while that in Rwanda declined by 1.5% over a five-year period". These figures indicate that rapid urbanization is not happening in all country contexts. The International Organization for Migration (2014, 8) projects that most of the current and projected urban population growth in Africa will occur in smaller towns and cities, not in megacities.

2.2 Where do young people work and where will they be working in the coming years?

The nature of employment is affected by a country's economic growth, degree of economic transformation, and stability. To analyse the different employment patterns in different countries, Filmer and Fox (2014) categorize countries based on their GNI per capita, and distinguish between upper middle-income countries (with a GNI per capita of between USD 4,036–12,475), lower middle-income countries (with a GNI per capita of between USD 1,026–4,035), low-income countries (with a GNI per capita of below USD 1,026) and resource-rich countries (with a ratio of resource-based exports to total exports exceeded 80% between 2008 and 2012)[3] (see Table 1 for overview).

[3] This classification is only one possible classification. See Szirmai (2013) for an overview of classifications.

Table 1. Classification of Sub-Saharan African countries

Upper middle-income	Lower middle-income	Low-income	Resource-rich
Botswana, Gabon, Mauritius, Namibia, South Africa, Equatorial Guinea, Seychelles	Cape Verde, Cameroon, Côte d'Ivoire, Ghana, Kenya, Lesotho, Mauritania, Sao Tomé and Principe, Swaziland	Benin, Burkina Faso, Burundi, Central African Republic, Comoros, Eritrea, Ethiopia, The Gambia, Guinea-Bissau, Liberia, Madagascar, Malawi, Mali, Mozambique, Niger, Rwanda, Senegal, Sierra Leone, Somalia, Tanzania, Togo, Uganda, Zimbabwe	Angola, Chad, Congo, Democratic Republic of the Congo, Guinea, Nigeria, Sudan, Zambia

Source: Fox & Thomas 2016, i20 and World Bank 2017.

In the study by Filmer and Fox (2014), this categorization forms the basis of the analysis of where people in Sub-Saharan Africa were working in 2010 (see Figure 1), where jobs will be created in the coming years (Figure 2), and where new labour market entrants are, or will be, working between 2010–2020 (Figure 3). A distinction is made between the informal agricultural sectors, informal household enterprises (services and non-services),[4] the wage services sector, the wage industry sector and unemployment. Consistent with other recent studies (Townsend et al. 2017; Allen et al. 2016), they find that, despite country differences, most employment is, and will be, created in the agricultural sector and by informal household enterprises. Although continuous investment is needed in industry and services for the creation of wage jobs in the long-term, it must be recognized that, given the current nature of employment in SSA, raising productivity in the informal agricultural and non-agricultural sectors is necessary to absorb the current growth in the labour force.

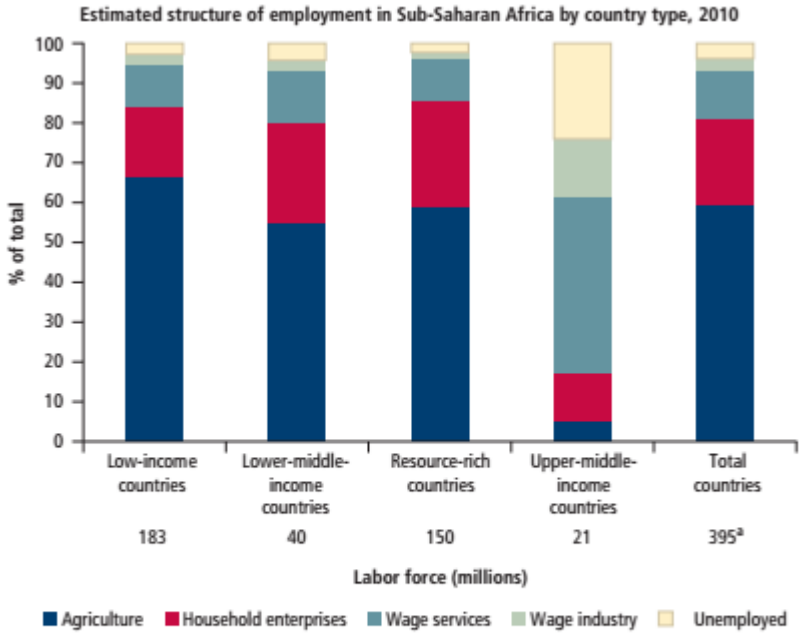
2.2.1 Continuing importance of agriculture as source of employment

As Figure 1 shows, in 2010, in low-, lower middle-income and resource-rich SSA countries, agriculture is the primary source of employment[5], as well as an important source of income. In rural areas of SSA 68% of income is generated by agriculture, 23% from rural non-farm activities and 8% from transfers (World Bank & IFAD 2017). As the majority of the population in low- and lower-middle income countries live in rural areas, and will continue to live there, agriculture will remain the single largest source of employment and income in SSA, at least for the next decade (Yeboah & Jayne 2016, 9). This applies especially to youth.

[4] Household enterprises are unincorporated, non-farm businesses owned by households. The majority of such enterprises provide only self-employment, predominantly in the service sector (trading), but also in manufacturing and artisanal activities (charcoal, flour, roof thatching, dress making or construction).

[5] This is different in upper-middle income countries, where the relevance of agriculture has diminished over time.

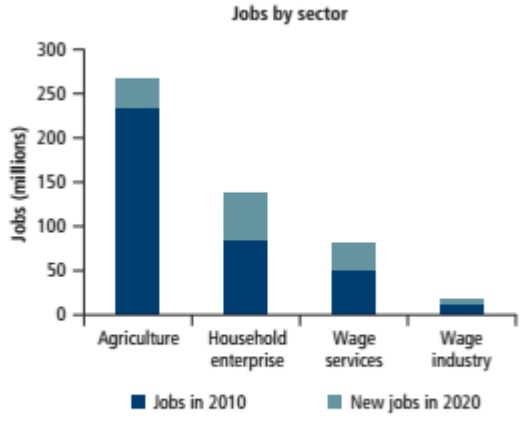
Figure 1. Where do Africans work (2010)



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.
a. Numbers do not add to total because of rounding.

Source: Filmer & Fox (2014), 5

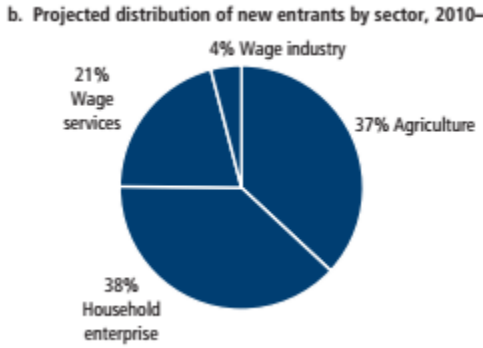
Figure 2. Where will jobs be created in 2020



Source: Fox et al. 2013.
Note: The projected number of new jobs added by 2020 will be 125 million.

Source: Filmer & Fox (2014), 6

Figure 3. Where will new entrants work, 2010-2020



Source: Filmer & Fox (2014), 39

Given the continued growth of the rural population, agriculture is a viable sector for employment and income growth, including for youth, and especially in the context of the high-value of food imports. Africa, despite boasting about 60% of the world's arable land, remains a major importer of food and related products, spending about USD 50 billion in 2007 to import food (Rakotoarisoa, Iafrate & Paschali 2012). Estimates suggest that if continental food supplies do not increase drastically, and population and incomes continue to rise, by 2030 Africa will be spending upwards of USD 150 billion per annum on food imports. This will cost African countries a lot of money, which could otherwise be invested in the development of education, healthcare and infrastructure. Thus, there is potential for Africa to leverage these opportunities to create sustainable employment and incomes for youth, underpinned by improved agricultural productivity and improved functioning of agricultural commodity markets.

In Figure 2, Filmer and Fox (2014) show that, by 2020, roughly 35 million new jobs will be created in agriculture, representing a third of total new jobs. As shown in the pie chart in Figure 3, 37% of new labour market entrants are, or will be, working in agriculture between 2010–2020. As well as farming, employment opportunities in rural areas are also to be found in the broader food system (including food manufacturing, food marketing, transportation, and food preparation), as well as in non-food rural activities. In Africa, the broader food system is growing rapidly in percentage terms and offering important opportunities for new businesses and transformation (Townsend et al. 2017). With expected increases in per capita income and changing dietary patterns, the demand for jobs in off-farm segments of the food system will continue to increase (Townsend et al. 2017). In fact, in relative terms, employment in the off-farm segments of the food system is growing much more rapidly than employment in farming. However, the growth is from a lower base and, thus, the absolute contribution to new jobs in off-farm employment is smaller than that of farming as such (Allen et al., 2016, p. vii). For example, in Rwanda, the broader food system accounts for only 8% of jobs and 11% of job growth, about one-third that of farming.

Although African economies have been transforming over the past 15 years (Allen et al. 2016, vi), and although similar paths can be found in upper-middle income countries in SSA, in low- and lower middle-income SSA countries, the agricultural sector's share of GDP is falling moderately. At the same time, the share of jobs in the manufacturing sector has either stagnated or declined over time in most low-income SSA countries, except for Kenya and Ethiopia (Yeboah & Jayne 2016, 9). Due to the low importance of industry, the nature of employment in SSA is different than it was in the 'Asian tigers' at the time of their transformation. In these countries, the share of the labour force employed in wage industry increased significantly at the expense of agriculture. Overall, in SSA, the share of the labour force employed in agriculture has also declined over time, but this appears to have benefited the services sector, rather than the manufacturing sector (Allen et al. 2016, 12). As shown in Figure 1, in low- and lower middle-income SSA countries, only roughly 2–3% of the labour force are employed in industry, as compared to roughly 15% in upper middle-income countries. The low competitiveness of the manufacturing sector in SSA countries is largely perceived as the primary reason for the high (youth) unemployment rates (see ACET 2014). For this reason, Filmer and Fox (see Figure 2) expect that, in 2020, relatively few new jobs will be created in industry; most new jobs will be created by the private sector.

The declining share of labour in agriculture and manufacturing has been accompanied by a **high labour share in service-related sectors** (Yeboah & Jayne 2016, 9). As can be seen in Figure 1, in low-income, lower middle-income and resource-rich countries, roughly 10-15% of the labour force were employed in the wage services sector in 2010. This percentage is larger in upper middle-income countries, where almost 50% of the labour force works in the wage services sector. In addition, a large proportion of household enterprises are comprised of informal service-related businesses, which makes the relevance of the services sector even greater. Indeed, Filmer and Fox (Figure 2) calculate that, by 2020, roughly 30 million new jobs will have been created in the wage services sector and another roughly 55 million jobs in household enterprises, of which a considerable portion entail services. It is for this reason that, in its youth employment strategy, the AfDB has chosen to invest heavily in agriculture, industry *and* ICTs, and argues that these three high-priority sectors provide the most opportunities for job creation across a variety of country contexts and demographic segments.

Another labour-intensive high-growth sector is Africa's creative industries, ranging from music to films[6] and African fashion. Hundreds of thousands of tailors and designers, most of them operating in the informal sector, are producing unique clothes, ties, shoes and accessories with a visible 'made in Africa' brand for a growing middle class. The AfDB launched a pan-African programme called 'Fashionomics' (the economics of fashion) to support the development of the textile and fashion industry with a focus on micro, small and medium-sized enterprises (SMEs).

2.2.2 Household enterprises provide large share of employment

A key conclusion when it comes to the nature of employment in SSA is that a large share of employment is in so-called household enterprises. Figures 1–3 show that household enterprises are an important source of employment and income, now and in the years to come. In 2010, roughly 20% of Africans worked in household enterprises, either service or non-service related businesses (Filmer & Fox 2014). In addition, Filmer and Fox (2014, 38) predict that, by 2020, roughly 45% of total new jobs will be created by household enterprises. Hence, effective short and medium-term employment strategies must recognize and support household enterprises. As labour moves out of agriculture in Africa, more people have moved into the household enterprises sector than into private wage employment (Filmer & Fox, 2014). Engagement in household enterprises is either a full-time activity or part of a mixed livelihood strategy. It is especially difficult for youth without education and skills to find a wage job; hence, household enterprises are a viable, short-term, alternative and should be supported to become more productive and to improve working conditions. In addition, in urban areas most new employment is in the informal household enterprises sector – for both women and men. In contrast, in rural areas, women are underrepresented in household enterprises in comparison to men.

2.2.3 Formal wage employment provides low share of employment

As shown in Figure 1, in 2010, roughly 16% of the labour force in SSA were employed in formal wage jobs, either in services or industry (Filmer & Fox 2014). There are, however, considerable differences between countries. Formal wage employment is much lower in low-income (roughly 10%), lower middle-income (15%) and resource-rich (10%) countries than in upper middle-income countries (60%). Moreover, in the latter group of countries informality is an exception; as shown in Figure 1, roughly 18% of the labour force in upper middle-income countries were employed on family farms or in household enterprises. Private sector involvement in wage employment also shows marked differences between countries. According to Fox and Thomas (2016), the share of public wage employment (as a share of all wage employment) is highest in resource-rich countries. In non-resource-rich countries, most wage jobs are created by the private sector. This generates a rather worrying view when it comes to employment creation in fragile settings, where private-sector development is almost absent. In fragile settings, where the informal

[6] The Nigerian film industry, 'Nollywood', produces over 50 films per week and over 1,000 per annum, with an estimated revenue of USD. 600 million. Employing over one million people, largely youth, it is one of the highest employers of labour in Nigeria and contributes an estimated 1.4% to the country's USD 488 billion GDP (Radwan & Strauss, 2010).

economy tends to be even larger, the government is either absent or not able to cater for youth employment or support private-sector development. At the same time, the private sector is not keen to invest in fragile situations and local (M)SMEs may not be eager to grow because of possible clashes with (or capture by) elites (Hoffmann & Lange 2016).

The number of wage jobs is projected to increase. To an important extent, this is due to the expected increased importance of off-farm segments of the food system, which in many countries account for a large share of the economy's manufacturing and service sectors (Townsend et al. 2017, 4). In the industrial sector, the number of wage jobs is expected to increase by up to 55% by 2020, which represents 30% of the total new jobs in SSA, compared to 45% for household enterprises (Filmer & Fox 2014). Formal wage employment is expected to be the engine of employment and growth only in the medium to long term (Filmer & Fox 2014). However, as this growth is from a very low base, in the short term the formal wage sector will not create enough jobs to absorb all of the young people entering the labour market each year, not by far.[7] On average, wage employment in the industrial sector will increase to 4.5% and wage employment in the service sector from 13 to 22%, with the large majority of people still working on family farms in household enterprises (Filmer & Fox 2014, 39, Figure 2). In this context, the notion of a formal wage job as the pathway to employment is beyond the reach of many young people. Informal employment is normal!

The development of wage employment (in both the industry and service sectors) requires continued investment by national governments, the private sector, donors and financial institutions. Yet it must be recognized that this sector will not provide sufficient job opportunities in the short term. As 75% of the population will be working on family farms and in household enterprises, a policy shift is needed. Increasing productivity and addressing underemployment and working conditions in these sectors is crucial.

Given that resources are scarce, the crucial question is where should African governments and development partners focus their investments. In this, they are faced with a trade-off: resources that are used for investing in agriculture and household enterprises to ensure short-term employment opportunities cannot be used to invest in long-term wage job creation in industry (and, thereby, structural transformation) and vice versa. Strategically investing in increasing agricultural productivity can, however, also promote the structural transformation process, as marked by experiences in Asia and elsewhere (Allen et al. 2016). Increased agricultural productivity and transformation in the agricultural sectors has multiplier effects in the rest of the economy. Improved agricultural productivity raises the incomes of farmers and boosts local demand for non-agricultural products and services. As a result, more jobs are created in the rural enterprises that provide these goods and services (Townsend et al. 2017, 11). These choices are discussed in Section 4.2.

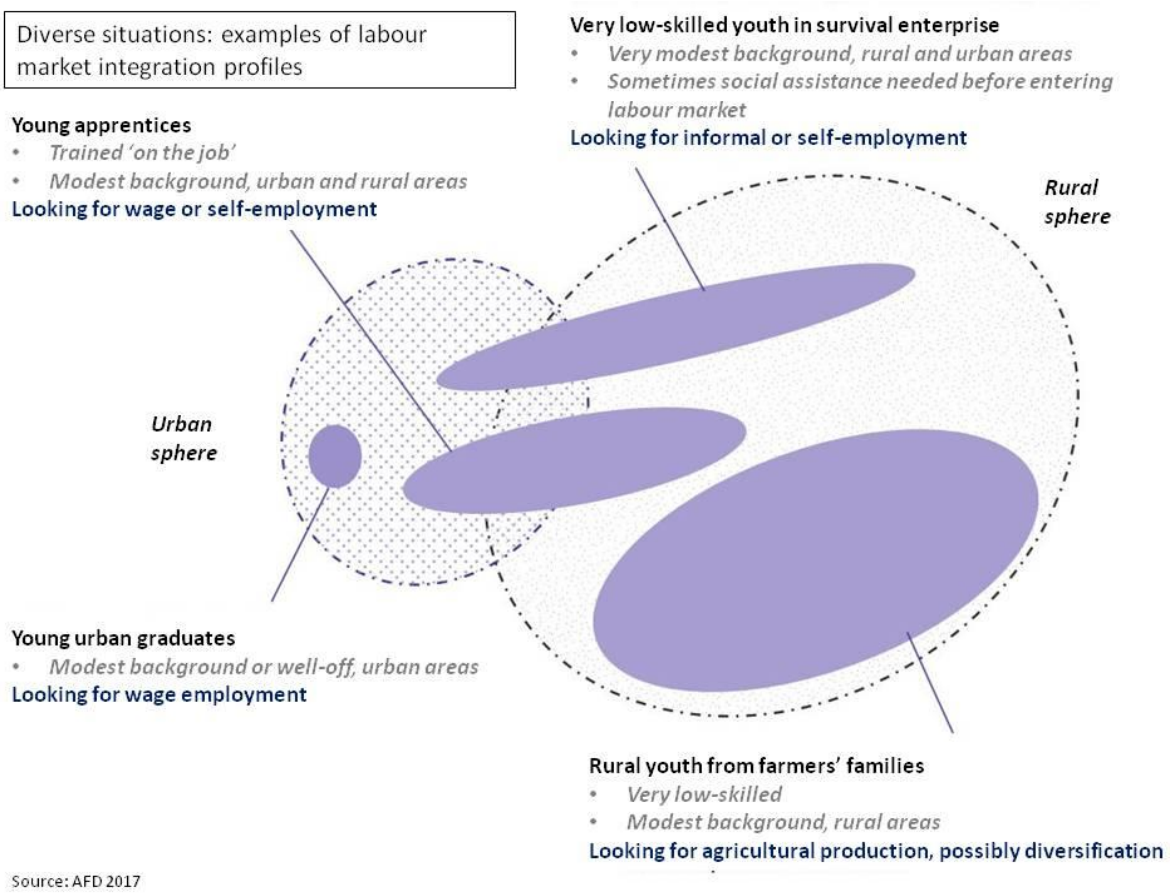
2.3 What are the characteristics of youth?

To determine priorities for youth employment policies, it is not only important to understand the nature of employment in a particular country, but also to recognize that employment aspirations and access to employment differs for different groups of youth. While youth have often been discussed collectively in terms of 'risks', 'opportunities' or the 'demographic dividend', it is important to recognize the group's heterogeneity. The AFD (2017, 60) distinguishes four types of youth (Figure 4):

- Rural youth from modest farming families
- Low-skilled, self-employed youth in urban or rural survival enterprises
- Young apprentices in rural or urban individual enterprises
- Young urban graduates seeking formal wage-employment

[7] Filmer & Fox (2014) project that even with a radical upward shift in industrialization, the nature of employment will remain very similar for the next 10 years. At least two decades of structural change are needed to offer different prospects for youth.

Figure 4. Four groups of youth in Sub-Saharan Africa



Source: AFD (2017), 60

The size and proportion of the different groups is country specific. Precise comparable figures on their distribution according to country type are not available, but a general indication is given in Figure 4. As an indication, on average an estimated 70–80% of youth in low-income African countries and roughly 50% of youth in middle-income countries reside in rural areas and work on family farms (AFD 2017, 65; Fox & Thomas 2016, i30).

2.3.1 Rural youth from modest farming families

The first group of youth consists of low-skilled young people in rural areas who live and work on family farms. This group represents the largest group of youth in low-income agriculture-based SSA countries. According to Fox and Thomas (2016), 90% of the 15 and 16-year olds in rural areas work in agriculture and about 80% of young people aged 24 and older remain employed in these activities (Fox & Thomas 2016, i30). However, despite the progress made in recent decades in improving access to basic education, rural youth often have low or no education. The MasterCard Foundation's 'Invisible Lives study' (2017) documents how this large group of rural youth often pursue mixed livelihoods. In Uganda and Ghana, as in other countries, rural youth often combine informal sector employment, self-employment and agricultural activities.[8] Although agriculture is central, agricultural incomes are often meagre. Diversification can be a successful strategy and social networks are essential for advice and information.

[8] This is similar for adult rural populations. Across 9 African countries, more than half of rural income (52%) come from crops, 10% from livestock, 6% from wage employment in agriculture, 8% from non-agricultural wage employment, 15% from self-employment and 8% from transfers (World Bank and IFAD 2017).

According to a study by Save the Children and MasterCard Foundation (2013), self-employment in rural areas is usually driven by necessity rather than the opportunities offered by such economic activities. Some young people want to leave the rural world and decide to join the city via networks. For this group of youth, basic education, access to land, technology and finance, and support in building networks are crucial (AFD 2017, 65).

2.3.2 Low-skilled, self-employed youth in urban or rural survival enterprises

The second group of youth consists of low-skilled, self-employed youth in urban or rural areas, who seek refuge in survival economic activities. These young people have limited resources and networks and few employment prospects, other than informal and vulnerable economic activities. These youth constitute a large group, mainly, in low-income SSA countries. They come from poor backgrounds in peri-urban and rural areas and are concentrated in disadvantaged communities and neighbourhoods or the slums of large cities. Many of these young people are illiterate due to early termination of their schooling, or have only completed primary education. They are usually not represented in official employment figures. In fact, as opposed to other groups of urban graduates and young apprentices, this group lack the level of education required for formal wage employment or to successfully start their own business, but cannot afford to be unemployed and, therefore, seek refuge in a range of economic activities (Baah-Boateng 2016, 421).

These young survival entrepreneurs are often very innovative in adopting strategies for diversifying their activities and sources of income, mostly driven by the necessity to seize all opportunities for survival (AFD 2017, 63). However, their economic activities are often extremely precarious and insufficient to lift them out of poverty. This group is likely to be classified as the 'working poor' (i.e. they do work, but earn barely enough to survive). As opposed to the group of young apprentices, these survival entrepreneurs in resource-constrained settings lack the skills and resources to scale-up their activities or to successfully start their own enterprise. This group is helped by investments in basic and vocational education and skills training, as well as by interventions aimed at enhancing their access to employment prerequisites, such as finance and networks (AFD 2017; Kluve et al., 2016).

2.3.3 Young apprentices in rural or urban individual enterprises

The third group of youth comprises young people who are trained 'on-the-job' through apprenticeships and who are either employed in informal micro- and small enterprises or in search of wage employment. Often, these young apprentices become an employee in the enterprise in which they have been trained. These youngsters generally aspire to start their own business and such jobs allow them to obtain 'start-up' capital (AFD 2017, 64). The majority of these young people come from middle-class or modest backgrounds in peri-urban and rural areas. For this group, it is essential that they have access to training programmes in business models and mentoring, as well as an enabling business climate.

2.3.4 Young urban graduates

The final group of youth comprises young people who have completed tertiary education (university or technical training) and who are in search of formal wage employment. Across Africa, this group is a minority and unevenly distributed across countries and regions within countries. Fox and Filmer (2014) estimate that this group represents roughly 5% of the African labour force. The majority of young graduates come from middle-class or upper-class households and reside in major or secondary cities (AFD 2017, 61). As such, they can 'afford' to be unemployed while searching for a wage job, in contrast to young people from modest backgrounds.

For this group, a key problem is the limited availability of wage jobs in, for example, services, financial or knowledge institutions, logistics, trade, or business. Baah-Boateng (2016, 421) finds that in most SSA countries (except for South Africa), higher-educated youth are more likely to be unemployed than those with only a basic education. In Ghana, Mali, Malawi, Nigeria and Uganda it is particularly this group of urban graduates that are

overrepresented in official unemployment figures (Baah-Boateng 2016, 421). Yet, unavailability of jobs is not the only problem that this group faces. Often, universities do not sufficiently prepared them to enter the labour market (AFD 2017, 61) and, as a result, their qualifications and skills do not match the needs of companies or organizations. As such, they are forced to give up their aspirations or be unemployed. For this group, it is, thus, essential to ensure that their competences match the needs of the labour market. This can be done through on-the-job training in internships (usually a few months) or apprenticeships (longer), as well as by making adjustments to university curricula.

Distinguishing between the different types of youth is highly relevant for policymakers as it strongly determines the type of programmes that will be effective. INCLUDE research on 'The IT Sector in Kenya', for example, emphasizes the importance of two distinct groups of IT entrepreneurs. Entrepreneurs in official incubators (such as iHub), often with middle-class background, who usually have the resources to develop their own business (this group needs training programmes for business models, mentoring etc.) and entrepreneurs in resource-constrained settings ('survival entrepreneurs', e.g. in Nairobi slums) who are not supported by parents and social networks. Some community-based organizations (CBOs) already offer them skills training. What they furthermore need is additional training to upscale their business.

3. DIAGNOSIS: WHAT ARE THE KEY DETERMINANTS OF UN- AND UNDEREMPLOYMENT IN SSA-COUNTRIES?

Designing effective short and long-term employment strategies starts with greater recognition of the underlying constraints impacting on the availability of employment opportunities, as well as the ability of youth to exploit these opportunities. On the basis of various analyses (e.g. Fox & Filmer 2014; Fox, Senbet & Simbanegavi 2016; AFD 2017; Allen et al. 2016; Baah-Boateng 2016; Townsend et al. 2017), there is consensus that these challenges include both microeconomic constraints that limit youth's employability and their access to jobs, as well as structural macroeconomic constraints that limit the creation of sufficient employment opportunities.

3.1 Microeconomic constraints: limited employability and access to jobs

Across African countries, low human capital development is an important supply-side constraint on youth finding a formal sector job and making a decent living through informal economic activities. Evidence shows that education is a core determinant of youth employment outcomes (Sparreboom & Staneva 2014). Yet in Sub-Saharan Africa over half of young people do not have the level of education required to work productively on the job (Elder & Koné 2014).

School attendance rates in Africa have increased rapidly in the past 20 years; however, a considerable number of children, especially already vulnerable children, lack basic education. Although progress has been made, schooling cannot be equated with learning. The quality of education in Africa is low. In 2012, there were seven countries in which 40% of children or more did not meet a minimum standard of learning by grades 4 or 5. In countries such as Ethiopia, Nigeria and Zambia over half of in-school students are not learning basic skills by the end of primary school and the poor learning outcomes translate to weak skills acquisition and low productivity in the workplace. Even when educated, more often than not, youth do not have the right skills required for wage jobs or to develop dynamic entrepreneurship. This skills mismatch not only includes vocational and entrepreneurial skills, but also soft skills, such as communication, ethical, life and social skills (how to build a business network).

Youth often not only lack the skills necessary to obtain a job, but their access to jobs is also limited due to limited or lack of access to financial services, land, markets and market information, and lack of social networks through which to acquire jobs or business opportunities (c.f. Betcherman & Khan 2015; Kluve et al. 2016; IMF 2017). Although these constraints apply to both urban and rural youth, the FAO (2014) argues that these constraints are more pressing for rural youth, given their greater distance from markets and services. As a result of these

constraints, youth are not able to exploit the potential of agriculture and off-farm food system. In Ethiopia, for example, where land purchases and sales are prohibited, only 9% of youth in rural areas plan to pursue farming and their decision to pursue non-agricultural livelihoods or migrate to urban areas is mainly determined by lack of access to land (Townsend et al. 2017, 20). As thoroughly emphasized by Buvinic et al. (2013), these challenges particularly apply to young women (FAO 2014). With fewer years of schooling; social and cultural constraints; and work and customary land systems that are discriminatory against women, the transition from school to the workplace is even more difficult for girls than for boys.

3.2 Macroeconomic constraints: lagging productivity, diversification, resources and political will

On the demand-side, youth unemployment and underemployment is not solely determined by the level of macroeconomic growth, but also the *quality of growth* (Baah-Boateng 2016, 427; see also UNECA & AU 2017; AfDB 2016; Fox & Filmer 2014). Although Africa's share of global production has increased by 30%, its share of trade by more than one-third, and its share of world foreign direct investment has doubled, this progress has not trickled down (Chemutai & Low 2016). In many SSA countries, economic growth has been fuelled by the exporting of commodities, which is highly capital intensive, rather than labour-intensive, and creates weak forward and backward linkages to the rest of the economy (Szirmai et al. 2013). This commodity dependency in trade signifies a structural challenge facing many SSA economies.

Structural transformation – the shifting of economic activity away from less productive sectors of the economy to more productive ones – is considered a fundamental driver of economic growth (Allen et al. 2016). In Asia, the shift of labour from low-productive agriculture to the more productive manufacturing sector is seen as the main driver of increases in productivity, living standards and poverty reduction. In SSA, this pattern is not visible. Although in SSA the labour share in agriculture is declining, agriculture remains the primary source of employment and a significant reallocation of labour to industry has not taken place (Allen et al. 2016). Recent studies point to the current low productivity of the agricultural sector as the main reason for lagging structural economic transformation in SSA, as it prevents the agricultural sector from creating multiplier effects in the economy (Allen et al. 2016; Townsend et al. 2017).

The agricultural sector is commonly portrayed as significantly less productive relative to other sectors of the economy (i.e. manufacturing and services). However, when controlling for the number of hours worked, agricultural labour productivity is relatively similar to other sectors (World Bank and IFAD 2017). The gap is largely due to seasonality in agriculture, meaning that people employed in agriculture work substantially less hours per year than those primarily engaged in non-agricultural activities. Thus, while in the industrial and services wage sectors, the main problem is unemployment, in agriculture underemployment is the main challenge. Hence, raising productivity and, thus, creating employment in agriculture implies a need to invest in irrigation technology to ensure all-year round farming, as well as in the training of farmers on the use of improved seeds and fertiliser (Townsend et al. 2017, 6). Moreover, agricultural productivity is also constrained by the current lack of infrastructure in rural areas.

Given that rising agricultural incomes will stir up local demand for both food and non-food produce, there is also high potential for employment growth in the off-farm sectors in, and outside, the food system. However, most African countries experience low productivity and low competitiveness among enterprises (formal and informal) in virtually all sectors. This constrains the creation of productive jobs. Overall, SAA has made little progress on industrial sector development. It is for that reason that Goal 9 of the SDGs sets as an objective to, "by 2030, significantly raise industry's share of employment and gross domestic product".

Yet, agricultural productivity and industrialization are hampered by both market and government failures (Filmer & Fox 2014, 19). In fact, many SSA-countries lack some basic prerequisites for formal wage employment creation, such as macroeconomic stability, a functioning financial system, proper infrastructure, easiness of business

registration procedures, credit access, tax regulations, and governance accountability and efficiency (see, for example, the so-called 'Doing Business' indices). This year's Africa Competitiveness Report (World Economic Forum 2017, 24) finds most African countries scoring consistently low on most of these dimensions. As a consequence, even in Ethiopia, which is perceived as the country with the most potential to become Africa's 'Industrial Powerhouse', productivity in the manufacturing sector is lagging, as is its impact on overall employment creation (see 'Country Paper Ethiopia', by Ferede & Kebede 2015). For example, the Ethiopian leather industry currently employs 5,000 people, but it has the potential to create 90,000 jobs if trade restrictions, anti-competitive practices and financial regulations are removed. System-level interventions to improve a country's performance on such indices, are often insufficient or not timely enough to create jobs, particularly jobs for young people. The IMF Regional Economic Outlook Africa (2017) identified the protection of property rights, increasing electricity provision, and lowering the burden of customs procedures, while enhancing the ease of exporting and reliability of infrastructure as key areas for policy attention.

Moreover, a lack of political will to make youth employment a top priority has created coordination and implementation gaps. What is lacking in most countries is a coordinated, overarching youth employment strategy, approved and supported at the highest level of government, and developed through wide consultation with various stakeholders, including youth, to guide all interventions undertaken by different actors. In particular, national governments often have little interest in the development of rural youth. This was stressed by the president of the AfDB, Akinwumi Adesina, during the One World conference in Berlin on 27 April 2017. As he put it: "Politicians take the rural areas for granted, turning to them as hunting fields for votes before elections, quickly forgetting them once they get to power". Subsequently, governments and development partners do not invest enough in improving access to markets, education, and the technology needed to strengthen production, processing, logistics, and marketing patterns (Townsend et al. 2017, 16). In addition, even when the right policies are in place, the persistent low quality of public and private institutions further frustrates policy implementation (World Economic Forum 2017).

Implementation gaps are further frustrated by the structure of the global political economy. International trade agreements and foreign direct investments are not always to the advantage of African countries or workers. National economic interests and overall productivity and efficiency prevail over working conditions (the so-called 'race-to-the-bottom'). Moreover, due to inequality in global trade and financial flows, national government in SSA miss out on the resources necessary to implement employment programmes and, for that reason, remain dependent on donor and private-sector funding and NGOs. For example, it is estimated that over the last 50 years Africa has lost roughly one trillion dollars in illicit financial flows and currently loses more than 50 billion dollars annually (AU & ECA 2015). As a result, African governments miss out on the resources necessary to invest in the required policies and programmes.

4. WHAT DO WE KNOW ABOUT WHAT WORKS AND WHY?

Identifying what works and why starts with a proper diagnosis of the nature of employment (Section 2), as well as of the determinants of youth un- and underemployment (Section 3). A cross-cutting priority area for addressing the youth employment challenge is to reduce the number of youth in the future by reducing fertility (through the education of girls and better access to family planning), which will help countries in SSA to harness the demographic dividend. This is a long-term strategy.

The microeconomic and macroeconomic constraints require both micro- and system-level interventions aimed at tackling current and future unemployment challenges. Effective microeconomic interventions are multidimensional and tailor-made to the different needs of youth and aimed at equipping them to exploit employment opportunities. In the past, such micro-interventions focused primarily on technical and vocation training to address supply-side constraints. Yet, a mixed intervention, including basic education, training in soft skills, social protection and access to key employment prerequisites (land, financial services and social networks) has proven to be more effective in

enhancing youth's employability and job access. Effective system-level interventions are country-specific and aimed at increasing productivity in potential growth sectors (agriculture, the off-farm food system and household enterprises).

4.1 What works to promote youth's employability and their access to jobs

Effective programmes for the supply-side of youth labour are those aimed at equipping youth to overcome the obstacles they face in entering the labour market (Kluve et al. 2016) and that distinguish between the type of youth involved. For example, the AFD (2017) proposes a 'parcours' trajectory that recognizes that rural youth with little education require different interventions than educated youth in urban areas who are in search of a formal wage job. Such trajectories should take a comprehensive approach aimed at increasing youth's employability as well as enhancing their access to jobs (cf. Betcherman & Khan 2015; Kluve et al. 2016; IMF 2017; AFD 2017). Moreover, based on a global systematic review and meta-analysis of youth employment interventions, Kluve et al. (2016) find that intervention design has more impact on youth employment outcomes than the type of intervention. In other words, the 'how' is more important than the 'what'. More specifically, the authors stress that effective interventions are those that combine multiple interventions, such as skills training, mentoring, and financial access and coaching. In addition, they stress that adequate individual profiling, efficient monitoring, results-based management and appropriate incentives are key ingredients of such interventions, as they allow implementers to better respond to youth's needs, enhance programme participation, and ensure quality in service delivery (see also Kluve & Puerto, 2017).

4.1.1 Enhancing youth employability through education and skills training

A key supply-side intervention with long-term employment effects is enhancing levels of **education and skills training,** including primary, secondary and tertiary education, as well as business, financial and ICT (including programming) skills. In particular, based on a systematic review of youth employment interventions, Kluve & Puerto 2017 conclude that, especially in lower-income countries, marginal investments in skills-training and access to employment opportunities lead to larger changes in labour market outcomes, especially in the long run. Different groups of youth need different types of education and skills-training. It should be recognized that for large groups of youth, technical and vocational skills are not sufficient. For these youth, especially women and youth with vulnerable backgrounds, basic education and soft skills are key. For women to catch up with their male counterparts, increasing the enrolment of girls in education is crucial in order to guarantee equal chances for women on the labour market (cf. Pradhan 2015). In addition, different groups of youth need different skills. **Young urban graduates** need to have the qualifications (and experience) that the market demands. Young apprentices in rural or urban individual enterprises primarily need entrepreneurial and financial skills to successfully start and grow a farm or non-farm business. Low-skilled, self-employed, youth in urban or rural survival enterprises need basic education, as well as vocational training and hard and soft skills. This also applies to rural youth, who, additionally need skills-training beyond agricultural production.

The importance of soft skills, such as inter-personal skills and general problem solving capacity, is increasingly underscored. An evaluation in Togo, for example, compared the impact of a standard business training to a soft skills personality-based training stimulating pro-active behaviour, including how to deal with obstacles (Campos et al. 2017). For the informal small entrepreneurs in the study (<50 employees), the soft skills training had a greater short-term impact: they realized higher sales and profits compared to the entrepreneurs who received the standard business training. This is because they worked longer hours and introduced more products. This resonates with INCLUDE's studies on the ICT sector in Kenya and female entrepreneurs in Uganda, as well as a recent study by the International Development Research Centre (IDRC, Betcherman & Khan 2015). The INCLUDE study on the ICT sector in Kenya found that young ICT entrepreneurs who are able to reflect on their failures or who have a strong learning orientation are more likely to make transformational changes in their business models and practices,

promoting a trajectory of high economic growth and performance. The INCLUDE research project on entrepreneurs in Uganda found that confidence and personal initiative are important predictors of business innovation.

The private sector has an important role to play by engaging in curriculum development for formal and informal training, so that youth develop the skills that the market needs. In addition, with the support of national governments and donors, such training can provide 'on-the-job' skills training, for example, through internships and apprenticeships. According to the Solutions for Youth Employment (S4YE) coalition (Glick et al. 2015), which conducted a systematic review of evaluations of the role of the private sector in promoting youth employment worldwide, demand-driven training interventions that closely involve employers are more likely to be successful than training interventions that do not include employers. These include internships for on-the-job-skills as well as employer participation in curriculum development.

However, it should be recognized that firms often do not provide soft-skills training and, hence, these are best provided by the public sector (in partnerships with donors) or NGOs. In addition, youth who are self-employed in informal household enterprises are excluded from trainings provided by the private sector, especially when such training is encouraged through a tax-based system (rebates for the number of trained employees, for example). Replacing these tax incentives with a voucher system that also covers informal household enterprises would make such trainings more accessible. Alternatively, youth in household enterprises can be reached through different channels (for example, through donor or NGO-funded programmes). Current informal trainings in apprenticeships systems in the informal sector (i.e. informal household enterprises) often lack standardized certification. To have long-term impact on the employability of youth, it is important that these programmes are included in standardized diplomas and institution skills certification (Glick et al. 2015).

4.1.2 Enhancing youth employability through cash transfers

Through a diverse set of indirect impacts (such as household expenses on education, nutrition or healthcare), cash transfers can improve the employability of youth. They also stimulate employment directly as transfers are invested in economic activities and increased incomes from cash transfers are often invested in livestock such as cattle. Moreover, the increased incomes also have positive impacts on the demand for labour and goods in the local economy. The 'spillover effects' from social protection programmes in terms of income multipliers range from 1.08 to 2.52: for every 1 dollar transferred, the average income in the local economy grows from between 1.08 to 2.52 dollars. Multi-staged graduation programmes can effectively lift rural, low-skilled youth out of poverty. By combining cash transfers, savings services, skills trainings and asset transfers, graduation programmes have proven to be effective in improving incomes, food security and consumption, among other things. In designing social protection programmes, it is important that governments, donors or NGOs ensure that interventions are responsive to rural settings and are gender sensitive, giving particular consideration to the employment challenges of rural youth (Townsend et al. 2017, 25). Young women are more likely to gain longer-term benefits from labour market programmes when programmes not only address the employability of young women, but also the social constraints on their participation in employment. Livelihood programmes that combine reproductive health with income generation and asset building show promising results for young women in low-income settings and socially-conservative environments. As a result of such programmes, the likelihood of young women being engaged in income generation increased by up to 35%, while pregnancy rates dropped by up to 30% (Buvinic et al. 2013).

Despite a growing number of youth employment programmes, the vast majority of youth do not have access to such programmes or employment opportunities, because they lack access to finance, land, technology and social networks. Access to such employment prerequisites is essential to make employment programmes effective.

4.1.3 Enhancing youth access to finance and financial services

A study by UNCDF & MasterCard Foundation (2012, 11–15) found that effective interventions to enhance youth's access to financial services are those aimed at: i) minimizing age and ID restrictions for the use and management of savings accounts, ii) reducing or removing minimum opening deposit requirements, iii) reducing or removing withdrawal fees, iv) establishing youth-friendly opening hours (for example, beyond school-hours), and v) promoting youth-friendly (simple and transparent) communication. In addition, such initiatives should be accompanied by national regulatory frameworks to protect saving by youth (UNCDF & MasterCard Foundation 2012, 12). Moreover, for successful implementation of such measures, it is important to develop partnerships between national governments and central banks, as well as telecommunications companies (Townsend et al. 2017, 21).

Yet, enhancing youth access to (micro-)finance services alone will not do the trick. Mentoring can improve impact (UNCDF & MasterCard Foundation 2012, 9), especially for lower educated youth. For example, in Uganda, government-supported credit counselling programmes have helped young entrepreneurs to explore more formal and informal credit options and to ask for lower amounts of credit, thereby increasing their chance of being able to reimburse the full amount and managing (or reducing) financial risks. As they often know the youth they are working with on the ground, NGOs have an important role to play in implementing such tailor-made trajectories (see, for example, UNCDF & MasterCard Foundation 2012; ADF 2017).

4.1.4 Enhancing youth access to land

Secure access to land is crucial for farming to be attractive and profitable for youth. Experience from Asia shows that that secure formal land tenure for those currently working the land (including youth) contributes to economic growth via three main channels (Allen et al. 2016, 36). First, land access enables young farmers to invest in long-term improvements to their farms and the soil in the expectation that they will reap the benefits of their investments without having to fear that their land will be confiscated. Second, by allowing mobility, land can be transferred to the most productive, efficient (young) farmers. Third, owning land means that youth can more easily access formal credit so that they can more readily invest in their land or acquire new land. In addition, by raising agricultural productivity by securing youth's access to land, particularly for women, multiplier employment effects can be created (see Section 4.2.1). The Voluntary Guidelines on the Responsible Governance of Tenure can provide guidance on how to achieve this. In addition, with enhanced investment in ICT, SSA countries could more easily establish digital land registries. Setting-up social protection schemes for elderly landowners who control community land can help stimulate intergenerational land transfers (Townsend et al. 2017, 21).

4.1.5 Enhancing youth access to technology

Since a large share of new jobs is created in the services sector (mainly ICT and ICT-driven services), it is crucial that African governments and other stakeholders prioritize youth access to ICT-developments, as done by the AfDB in its 'Jobs for Youth in Africa Strategy', and provide an enabling environment for innovation. For example, the Government of Kenya uses ICT to promote efficient public service provision and perceives ICT an enabler of development and a productive sector. Due to enthusiasm about the potential contribution of ICT to job creation, Kenya has pursued several initiatives to leverage this potential, for example, aimed at ICT skills training and development and in support of hubs and incubators (see this INCLUDE policy brief for an overview). Youth access to ICT will also benefit agricultural productivity and, hence, prospects for rural youth. For youth, ICT enhances their access to markets and reduces transaction costs, thereby raising agricultural productivity and overall food system efficiency. However, for youth to benefit from ICT developments, investment in high-quality basic education is critical (Townsend et al. 2017, 19). This includes basic literacy skills, which are necessary to be able to access and benefit from mobile services. After all, for youth to take advantage of ICT developments, it is important that they

have access to them and are skilled to use them. This is recognized by the AfDB, which has prioritized ICT in its youth employment strategy.

4.1.6. Enhancing youth access to social networks

Youth often lack the **social networks** that would provide them with market information, advise them on economic opportunities, and enhance their chances and working conditions on the labour market. Community or youth-based organizations can play a role in this, and should be supported by governments, donors and NGOs. For *rural youth*, this means establishing local resource centres or youth-oriented farmers' organizations. There is ample evidence that such networks or organizations can be beneficial for (young) farmers and entrepreneurs in the food system. As examined in an exploration on how to engage youth in food systems conducted by the Food & Business Knowledge Platform (Muiderman 2016), networks help young farmers to successfully integrate in (global and regional) value chains. A promising example mentioned in the report is the IFAD-supported 'Community Based Natural Resource Management Programme' in the Niger Delta. Part of the initiative is the setting up of a 'entrepreneur-cum-mentor' programme called 'N-Agripreneur'. N-Agripreneurs are dynamic university graduates who own and run medium-scale enterprises at different stages of food value chains. Their role is to promote rural-urban linkages by acting as intermediaries between young farmers and large-scale agro-industries.

An important conclusion of the INCLUDE roundtable on productive employment, held on 15 December 2016, was that youth's access to markets and market information is also strengthened by their participation in farmers' collectives. At the same time, collectives are not automatically to the advantage of smallholder farmers due to asymmetrical interests. There is increasing evidence that the composition (for example, in terms of risk attitudes) and organizational set up and type of products/services of the collective influence the dynamism and, thus, the benefits of being a member of such a group. This is concluded by the INCLUDE research project 'Productive Employment in Segmented Markets', which reports that Kenyan avocado farmers in contractual arrangements set up by the private sector may be offered lower prices in their fixed contracts than that they could get on the local market. When run by the government, however, such collectives are plagued by resource constraints and lack private-sector involvement. In addition, when farmers are organized bottom-up, they usually end up in a weak bargaining position. As farmers are heterogeneous in their needs, the key challenge is to find a suitable organizational form. The INCLUDE research project on 'Agricultural Partnerships in Ghana', for example, demonstrates that different value chains require different types of expertise and partnerships.

For young urban entrepreneurs, this means organization into CBOs and innovation hubs. The INCLUDE/NWO-WOTRO research project on 'The IT sector in Kenya' documented how innovation hubs play an important role in building trust and skills and serve as a space where entrepreneurs can be matched to investors. In addition, the INCLUDE/NWO-WOTRO research project on 'Informal workers' political leverage' found that trade unions and informal workers organizations can better the position and working conditions of informal workers, if they function as hubs stimulating and supporting collective action and not so much as membership or representative organizations**.** Finally, as concluded by the INCLUDE research project 'Empowering Female Ugandan Entrepreneurs', local resource centres that provide business mentoring are important sources of information that can help boost productivity and women's market access.

In sum, entrepreneurship programmes that combine interventions (access to markets, finance, mentoring or coaching, and training) are more effective in helping small-scale entrepreneurs, as are programmes that engage the private sector in design and delivery (Townsend et al. 2017, 14–15; Kluve et al. 2016). For instance, providing youth with access to land, but with no access to finance, market networks, or to relevant skills (soft and hard) will not lead to the productive use of the land. The involvement of the private sector is needed in order to ensure that youth's skills match the needs of the market. In addition, supply-side interventions should be accompanied by national strategies to create sufficient demand for youth labour.

4.2 What works to enhance demand for youth labour?

Effective policies for the demand-side of youth labour are those aimed at **supporting the economic sectors and activities that have the most potential to create jobs** in the short and long term, as well as interventions aimed at creating an enabling business environment and those aimed at relieving implementation gaps. To achieve short-term employment it is best to look at the current nature of employment in SSA. Recent studies like Filmer and Fox (2014), Allen et al. (2016), and Townsend et al. (2017) indicate that in the years to come, most jobs in low- and lower-middle income SSA countries will be created by the informal sector, both in agriculture and by (non-farm) household enterprises. A focus on enhancing productivity in these two currently low-productive sectors is, therefore, crucial *in the short term*. Continued public and private investment in industry is needed for structural economic transformation, but this will only yield sufficient employment effects *in the long term*.

4.2.1 Raising agricultural productivity

In SSA, agriculture remains the primary source of employment and there is a growing consensus that the pace of economic transformation is closely linked to agricultural productivity growth (Townsend et al. 2017; Allen et al. 2016). Raising agricultural productivity will generate strong multiplier employment effects. It has the potential to provide a decent living for youth on the farm, raise their income and boost demand for off-farm goods and services (Townsend et al. 2017; Benin et al. 2016; McCullough 2017). This multiplier effect can be large. Townsend et al. (2017, 11) report that, for example, in Ethiopia each USD 1 of output generated in agriculture stimulates a further USD 1.23 in economic activity in other parts of the economy, 40% of which is production related (demand for agricultural inputs, increased food processing) and 60% of which is increased spending on non-agricultural goods and services (see also Diao et al. 2016). It is for this reason that the share of the labour force engaged in farming has declined most rapidly among countries enjoying the highest rates of agricultural productivity growth (Allen et al. 2016, 34). This is consistent with structural economic transformation processes in Asia and elsewhere, where agricultural productivity growth was the primary driver of economic transformation, leading to enhanced employment opportunities in off-farm sectors.[9] As argued in the AGYEES study by Michigan State University (Allen et al. 2016, 41): "Virtually no country in the world has ever successfully transformed its economy from an agrarian to a modern economy with low poverty rates without sustained agricultural productivity growth". Raising agricultural productivity will also ensure that youth will perceive agriculture as an attractive business proposition, as it means that they can get higher returns from their labour (Yeaboh & Jayne 2016).

To design and implement effective strategies to raise agricultural productivity, it is important to recognize differences in local contexts. Local-specific strategies include choices as to which productivity-enhancing technologies are used, which agricultural sub-sectors are prioritized, as well as which farming models are pursued (see below).

Local-specific technologies to boost agricultural productivity

To date, productivity growth in African agriculture was mainly driven by the expansion of land (IFPRI 2016) and modest yield growth. As land productivity growth in Africa is reversing, increased productivity must be driven by agricultural intensification and making better use of labour in agriculture. Technology transfers from donor countries can be useful in this respect. Farm diversification (into products that have different labour demands at different times of the year, or more constant labour demands throughout the year) will enhance agricultural productivity as it reduces seasonal underemployment in agriculture (Townsend et al. 2017, 24). Productivity can also be increased by making better use of fertilizers, pesticides, irrigation and other 'modern' technologies, together with broader improvements in infrastructure, particularly transportation and rural electrification

[9] Elsewhere in the world, this process of structural transformation implied a shift in labour from agriculture to industry, but for most SSA countries, the reallocation of labour from agriculture appears to have benefited primarily the service sector instead of industry (Allen et al. 2016).

(Christiaensen 2017, 8; IFPRI 2016). With substantial heterogeneity in agro-ecological conditions (Africa is not suitable for wheat and irrigated rice cropping systems driving the green revolutions elsewhere), the production environment and productivity growth trends, programmes promoting agricultural productivity in Africa need to deliver location-specific technologies that are tailored to the relevant agro-ecological conditions and production systems. In Tigray in Ethiopia, for example, INCLUDE research found that agricultural input coupons increase the purchase and use of hybrid seeds more than the availability of weather insurance, while a study in Ghana found that maize farmers are more risk constrained than cash/credit constrained (Karlan et al. 2014). Programmes also need to account for the diversity of potentials and constraints faced by farmers and to address environmental concerns (IFPRI 2016).

Prioritization of agricultural sub-sectors

The current state of agriculture, as well as the wider economy, strongly determines the priority agricultural sub-sectors. For example, in Rwanda, fresh produce (fruit and vegetables) and dairy are both promising and offer strong growth prospects for young farmers, as local demand for each is growing rapidly and export possibilities are strong (Allen et al. 2016, 71). In Nigeria, roots and tubers show strong growth prospects (Allen et al. 2016, 53). However, some general conclusions can be drawn. First, for youth, low entry barriers, such as low complexity in the production process, are key. A study by Save the Children and MasterCard Foundation (2013) on economic opportunities for rural youth in Egypt, Ethiopia, Uganda, Malawi and Burkina Faso found that that small-scale simple processing of products such as grain, vegetables or fruits are, in general, more viable for youth than the more complex systems required for processing meat products. Accordingly, priority sectors that could be targeted include staples, cash crops (e.g. coffee, tea, cocoa), and horticultural products. Next to complexity, the level and consistency of local demand is also crucial. In many SSA countries, food staples still dominate the overall food system and, therefore, will continue to be an important source of employment. According to Diao et al. (2016), a 'Green Revolution' in staple production with more integrated regional markets would reduce food prices by roughly 20–40% for consumers and 10–20% for producers. However, employment effects in non-staple crop segments will likely be larger (Townsend et al. 2017, 9). In addition, despite being more complex, poultry (for egg production) and livestock (for milk production) have also been identified as viable value chains, as these are less seasonal than crops and fruits and local demand is growing (Townsend et al. 2017, 24).

Alternatively, there is high potential for employment creation in agro-processing. The purchasing of food and food consumed away from home is increasingly important (Allen et al. 2016, p. 71) and this creates jobs in food preparation, marketing, manufacturing and transportation. Contrary to common wisdom, this is not merely an urban phenomenon. A recent study (Tschirley et al. 2015) found that more than half of the middle class in Eastern and Southern Africa live in the rural areas, not urban areas. And it is the middle class who are increasingly purchasing food rather than producing it themselves (48% of food expenditure) and who are increasingly consuming processed goods and perishable products. These are mostly produced locally and, thus, signify a demand for rural products (not imports!) that goes beyond grains and staples. This requires support from governments and donors for value chain development.

The priority sub-sectors, as well as the type of employment envisaged, will determine the type of interventions offered to youth. Yet, skills training and technology support are a necessary part of each programme and are best provided by NGOs, CBOs, and donors. Full-time employment on an existing family farm requires medium capital and skills input and no need for land; full-time employment on a new holding requires high land, capital and skills inputs; while part-time farming combined with mixed livelihoods has low need for land, medium need for capital and high need for skills. Off-farm work requires skills training in more than agricultural production, including in food storage, grading, processing, and alternative energy, to enhance employability in the overall food system (Townsend et al. 2017, 15; UNCDF & MasterCard Foundation, 2012).

Farming models and employment creation

Whether or not investments in African agriculture can generate quality employment at scale, avoid dispossessing local people of their land, promote diversified and sustainable livelihoods, and catalyse more vibrant local economies depends on the farming model pursued. Local conditions play a critical role in the outcomes for youth (i.e. through land relations and labour conditions). In a recent comparison of farming models in Kenya, Ghana and Zambia, commercial farming and contract farming were found to promote most local economic linkages, generating indirect employment, while plantations/estates were found to produce more direct jobs, although of a low quality and mostly casual.

Contract farming is often advanced as an institution that facilitates agricultural intensification by smallholders. INCLUDE's study on the avocado value chain in Kenya documents both advantages and disadvantages of being integrated in the value chain. Minot and Sawyer (2016) review 17 studies on contract farming schemes and discuss the opportunities and limitations of contract farming. They found that contract farming is more viable in value chains for fruit and vegetables for quality-sensitive markets, commercial dairy and poultry production, and certain cash crops (for example, tea, tobacco, sugarcane and cotton). In terms of income benefits for smallholders, most case studies found considerable increases in income, in the range of 25–75%. Yet, contract farming remains limited in scale. For most developing countries, the proportion of farmers involved in contract farming is probably in the range of 1–5%.

4.2.2 Raising productivity in non-farm household enterprises

Next to agriculture, Filmer and Fox (2014, 39) indicate that 38% of the new labour market entrants between 2010 and 2012 were, or will be, working in non-farm household enterprises. To achieve the potential of this sector, investing in the productivity of household enterprises is crucial. The potential of household enterprises often remains unrecognized and urban policies can even actively discourage household entrepreneurs (Filmer & Fox 2014). But informal is normal! A first step would, thus, be to develop national strategies that recognize household enterprises, enhance the earnings of people working in household enterprises, guarantee their labour rights and give them a voice in social dialogues. In relation to this, it should be noted that new jobs in the household enterprises sector are mostly new enterprises, rather than that existing enterprises growing and creating employment. It is, thus, essential that national governments guarantee an enabling regulatory environment in which it is easy to start an enterprise, but also an environment in which enterprises can expand and hire employees (see below). Apart from the basics, the development of urban (and rural) policies that provide adequate locations with essential support services (water, electricity, security) must be a priority. In addition, for the promotion of employment opportunities in the household enterprises sector, basic education is key, as people who complete primary education are more likely to have a household enterprise (Filmer & Fox 2014; Benjamin & Mbaye 2012).

The informal economy is a key component of most economies in Sub-Saharan Africa, contributing between 25 and 65% of GDP and accounting for between 30 and 90% of total non-agricultural employment. Accepting that informal is normal and acting upon it constitutes a major policy shift. So far, most governments have tended to focus on the formalization of the informal sector. Upon registration, household enterprises would then be integrated into the tax system and gain access to public and private services to enhance their productivity and job-generating potential. Globally, formalization programmes are not hugely successful. In Benin, for example, even with substantial supplementary benefits, the large majority of informal firms, chooses not to formalize. Accordingly, formalization appears to offer limited benefits to firms, as the costs of necessary intensive assistance during the process of formalization are high. The small size of the firms, as well as the perceived benefit of staying 'under the radar' may contribute to this result. In a study on informal firms in Francophone Africa, Benjamin and Mbaye (2012), recommended focusing formalization on the large firms in the informal sector, as they have comparable characteristics to formal sector firms (see also IMF 2017). For many small firms, it is essential to recognize their diversity (opportunity vs necessity, level of productivity, as well as constraints on formalization) and to promote

different degrees of formalization. Furthermore, increasing the productivity of household enterprises requires access to finance and financial services (IMF 2017).

4.2.3 Increasing productivity in the wage sector

In contrast to investments in the informal economy, a substantial employment effect of investments in formal wage employment will only be realized in the long-term. This does not mean that the industry wage sector should be ignored. In fact, to generate jobs at the same pace as population growth, continued investment in industry is needed for structural economic transformation. Several initiatives include the AfDB's industrialization strategy, the development of agro-industry, trade-induced industrialization (UNECA 2015) and the emphasis on greening industrialization in order to generate this potential. Crucially, investments in the wage industry and services should also consider the type of jobs to be created and for which youth. A recent study by Blattmann and Dercon (2016) in Ethiopia showed that a wage job in industry may not be the preferred option for the majority of people looking for work. In this study, after one year, about a third of the factory workers quit their jobs to go back to agriculture or household enterprises – and they did so for good reasons. Income for factory workers was not higher than the income earnt by those who did not get a factory job, while the health risks were twice as high.

To enhance the productivity of the wage sector, several interventions could be taken, again depending on the country context. One such measure is investing in improving the business and investment climate. In fact, nine out of 10 jobs are created by the private sector and, hence, ensuring a vibrant private sector will lead to significant increases in the availability of wage jobs (Townsend et al. 2017, 12–13). Streamlining the regulatory burden on firms potentially reduces transaction costs (e.g. compliance costs), thereby enhancing productivity in all economic sectors. Such investments in the overall business climate should recognize the relevance of the informal sector and work to improve its connectivity with markets (Townsend et al. 2017, 12–13).

Similarly, investment in infrastructure (e.g. roads, rail, air, telecommunications) is essential, as infrastructure is critical for the efficient operation of enterprises. For example, among the major factors inhibiting regional trade in Africa is poor infrastructure and slow and inefficient customs clearance. Infrastructure investments will also have a significant positive effect on employment generation in the off-farm segments of the food market, including processing, distribution, transportation, storage, and retailing (Townsend et al. 2017, 11–12).

While these interventions are necessary enablers for job growth, it should be noted that they will only be effective if other policies and institutions come along with them (e.g. competitive electricity tariffs, effective competition policies, a sufficiently skilled workforce, etc.). In addition, enterprise investment to enhance productivity can be supported through incentives, especially tax incentives. Many enterprises both in the manufacturing/processing and service sectors continue to use archaic machinery and equipment (old production plants, old vehicles, etc.), which require frequent repairs, thus increasing the downtime of the equipment and negatively impacting on productivity. Investment incentives can encourage firms to modernize their operations, thereby enhancing their competitiveness – and greater competitiveness translates to greater employment as market share expands.

Complementary measures for job creation (in general) may be needed. Filmer and Fox (2014), for example, mention special economic zones (SEZs). An example of SEZs are export-processing zones (EPZs), which are industrial zones with special incentives (such as tax exemptions, regulation exemptions, and infrastructure incentives) to attract foreign or domestic investors. The incentives are designed to enhance the productivity of firms located in the zones and, thus, their international competitiveness. As the international market share of the firms in the zones increases, the firms will produce more and employ more workers. In addition, the efficiency gains realized through growth and expansion are expected to trickle, through backward linkages, to the rest of the economy, thereby further enhancing competitiveness and employment growth. Despite the wide implementation of EPZs in developing countries there is mixed evidence of the labour-market outcomes. According to a review by Cirera and Lakshman (2014), most studies on EPZs report positive effects on total employment, but not on overall working

conditions (such as wage levels, union rights and healthcare). EPZs are found to employ a considerable number of new entrants to the labour market, although no specific attention is given to opportunities for youth. There is some evidence to suggest that EPZs increase female participation in the labour market, although the sector composition of EPZs may also be a factor in this.

In addition to EPZs, governments could also enhance productivity in the wage sector through the creation of industry clusters to strengthen agglomeration economies. Through agglomeration, firms leverage the advantages of proximity to raise productivity and, thus, competitiveness. It is also generally easier for policymakers and other actors to provide supporting infrastructure, including training, to industry clusters. As part of the 'Jobs for Youth in Africa' strategy, the AfDB aims to create Skills Enhancement Zones around industrial clusters and influence and provide capacity-building for policymakers who support SME development and industry-aligned training.

4.2.4 Formal wage jobs in the public sector

Although formal wage jobs are, by and large, created by the private sector, governments can be important job creators too. Especially in resource-rich countries, national governments have played an important role in creating formal wage jobs through investments in the public sector (Fox & Thomas 2016). Education, health and security sectors often employ large numbers of people. Other important sectors include the national and sub-national governments and parastatals. In resource-poor countries, however, wage employment creation in the public sector is often constrained by limited resources on the part of national governments.

In addition to creating direct wage employment, governments can also implement labour-intensive public employment programmes, usually on a temporary basis, to provide employment opportunities to groups (e.g. youths) or communities. Africa has several notable programmes, such as in Côte d'Ivoire, Sierra Leone, Ethiopia and South Africa. Such programmes often involve infrastructure and construction development. A recent ILO review showed that public employment programmes can help boost youth employment, improving the livelihood of the community. However, to make the benefits of the programmes sustainable, they must be anchored in national or local development policies and plans. For youth to participate in such programmes it is not only necessary to target them explicitly, but also to adjust the design features that could facilitate increased youth participation. These include the option to work part time, offering work close to home, providing access to child-care, and ensuring equal pay for men and women. In addition, there is a need to engage youth throughout the programming cycle to make sure that the programme aligns with their needs (Lieuw-Kie-Song et al. 2016). It is also important to adjust the design of public works programmes to location-specific target groups (e.g. the type of infrastructure work and the payment schedule should be different in pastoral areas than in non-pastoral areas).

Moreover, INCLUDE research on Feeder Road Development in Ethiopia shows that the indirect effects of road construction are substantial and larger than the direct employment effects. In addition, there are many new economic opportunities as a result of connections to markets, as well as for water harvesting along the roads. The new opportunities are not, however, equally accessible to all, as roads by themselves do not address inequalities in opportunities to use them. In fact, the World Bank's 'Taking on Inequality' report (World Bank 2016) advances investments in roads as one of six effective existing policy options to tackle inequality, but warns that benefits from rural roads do not always flow immediately to the poorest households. For youth and women to also benefit from these new opportunities, additional measures, such as credit provision, specific targeting and transportation services should be offered.

4.2.5 Boosting ICT-development for direct and indirect employment creation

The digital economy can also create wage sector employment for youth in Africa. In fact, it is one of the three focus sectors in the AfDB youth employment strategy. The global business process outsourcing (BPO) and information technology outsourcing sector creates digital job opportunities for youth. The value of this sector is expected to

reach USD 574 billion by 2015 and can increase youth's income by 40 to 200% (Rockefeller Foundation 2013). The online outsourcing industry is expected to employ at least 30 million registered workers by 2020. African countries are just starting to enter this market, as both providers and clients, and there is room for expansion. The AfDB estimates that the mobile sector creates over four million direct and indirect jobs in Sub-Saharan Africa. Furthermore, funding for technology start-ups in Sub-Saharan Africa increased almost ten times between 2012 and 2014.

Despite this potential and actual growth, there is concern about the scale and quality of employment in this sector. In terms of numbers, the digital economy faces the same critical gap between supply and demand that defines the broader labour market in Africa – there are simply more high potential youth entering the workforce each year than there are new digital jobs being created (Rockefeller Foundation 2013, 2). With the current number of digital jobs and number of youth entering the labour market, IDS (2016, 3) estimates that the digital economy is creating a job for at best one in 50 young people. And with most of the jobs being created in the low-cost labour segment for the delivery of digital product or services, there is also concern about the quality of the jobs created, including the vulnerability of these jobs in the international context (Brookings 2017). The real long-term benefits of digital jobs are not in the delivery of digital products or services, but in digital design, creation and engineering.

For growth, the digital sector depends on growing domestic or foreign demand. ICT development has attracted private-sector interest, including that of large multi-nationals. For example, as outlined in this INCLUDE policy brief on ICT and job creation in Kenya, Kenya is increasingly being seen as an emerging ICT hub, with global ICT firms such as Google, IBM, Cisco, Microsoft and Oracle having their regional offices in Nairobi. For continued ICT growth, more communications infrastructure, stronger literacy, and new skills sets are essential. Several African governments are making substantial investments in ICT-enabled job creation, e.g. the ICT University in Nigeria and Konza Technology City in Kenya (Rockefeller Foundation 2016). At present, ICT is estimated to represent only 1–3% of university enrolments in Africa, which is fewer than 200,000 students and far below expected needs (AfDB 2016, 34).

ICT also creates jobs indirectly, for example, by reducing transaction costs, through inclusion in financial markets for saving, credit and insurance, as well as by raising productivity in agricultural production and household enterprises (Brookings 2017, 42). The Rockefeller Foundation (2013) estimates that ICT applications may reduce the costs for businesses by up to 40%. To reap the full benefits of these services, connectivity and affordability are essential, especially in rural areas. One of the major barriers today is poor ICT infrastructure (World Bank 2016, 42). Even with wide digital transformation, people should first have basic literacy and numeracy skills to be able to use these services. INCLUDE research in Uganda found that this is not always the case and rural women, in particular, may lose out.

4.2.6 Supporting urbanization processes to create jobs

Urbanization and the rise of the middle class[10] is increasing the demand for rural products and services, particularly for food. In fact, with urbanization, food demand growth will be more rapid in urban areas than rural areas, thereby increasing employment opportunities in off-farm food sectors and transportation (Townsend et al. 2017, 9). Yet, the nature of urbanization in Africa[11] poses challenges, as infrastructure and service delivery have not kept pace. For example, over 50% of urban dwellers in Sub-Saharan Africa live in slums and only 40% of the urban population have access to improved sanitation facilities.

[10] Already 350 million strong and growing at 20% a year more than the overall population growth.

[11] Unlike urban development elsewhere, urbanization in Africa is not the result of a push from agriculture or a pull by higher (industrial) wages in town. Urbanization is fueled by natural resource spending (consumption cities), politics (proximity to power) and advances in health (child health is better in urban slums than rural areas although substantially worse than formal settlements in urban areas).

The rise of congested, low-productive mega-cities in Africa confirms the need to scrutinize the preferred type of urban development. Based on a comparison of 51 countries globally, agglomeration in mega cities is not associated with poverty reduction, while diversification into rural non-farm employment and secondary towns is. Moreover, countries choosing to invest in labour-intensive small and medium enterprises located in rural and peri-urban areas experience more inclusive outcomes than those adopting more capital intensive and urban-based development. (Christiaensen & Todo 2014). In practice, however, rural areas as well as secondary towns are often neglected in both development and government policies. Instead of mega-cities, the policy focus should be geared towards the development of secondary towns, which are important centres of demand for agricultural produce, and strengthening the connections between different segments of agricultural value chains (production, storage, processing and packaging, transport, and marketing) (Townsend et al. 2017, 14). When these activities are located in secondary towns, they are effective generators of non-farm employment (Mayaki 2017). In Tanzania, for example, in 2008, unemployment rates ranged from 31% in the capital to 16% in other urban centres, but only 7% in rural towns (Glasser et al. 2008). For youth, secondary cities offer amenities for rural areas. Policy should be geared towards making secondary towns attractive for firms and towards providing the necessary infrastructure and services that make it attractive for young men and women to live in these towns (i.e. roads, housing, energy, communication, education, healthcare) (see, for example, the Africa Competitiveness Report 2017).

4.2.7 Creating an enabling business and investment climate

Although the government can create jobs directly, the majority of new jobs will be created by the private sector. The ability of the private sector to create jobs will increase with an enabling regulatory environment (MacMillen et al. 2017). This means that national governments have a primary responsibility to develop and protect institutions for law and order and democratic accountability, to fight corruption, and to enhance government stability. The World Development Report 2017 argues for country-specific anti-corruption priorities to be formulated that aim to change incentives for corruption, increase the accountability of elites, and engage actors in civil society and the media to enhance contestability.

In addition, for entrepreneurs to innovate, invest and grow, it is essential that governments pursue a stable legal and regulatory environment, also for entrepreneurs whose businesses are not fully formalized (e.g. in terms of business registration procedures and taxation). In addition, governments should ensure youth-friendly financial legislation, for example, credit access facilities with low interest rates and fees and identification procedures (UNCDF & MasterCard Foundation 2012, 11, 15). Changes to regulatory environments will take a long time and will be challenging, also given the vested interests of governments in these business sectors (see also the African Policy Dialogue on youth employment in Kenya, led by PASGR).

Governments can also use regulation more pro-actively to promote youth employment. By allocating a defined proportion of all government tenders to a specified minority group, governments can also promote minority group businesses and employment. In 2016, Kenya, for example, enacted a law to implement the government's policy of allocating 30% of all government tenders to youth, women and people with disabilities. Brazil has similar laws, and the practice is also being used in international cooperation (e.g. by the Purchase for Progress (P4P) pilots).

4.2.8 Tackling implementation gaps: political will and domestic resource mobilization

As argued in Section 3, in many SSA countries employment creation is frustrated by market failures and political economy constraints, both causing implementation gaps. A first prerequisite for youth employment creation is political will on the part of national governments. In particular, SSA countries need a well-coordinated overarching youth employment strategy, that is shared by all government departments and that guides all interventions (see also Dickson Malunda on Rwanda). Although governments can play a facilitating role by formulating planning strategies, providing guidance, setting up standards, and monitoring and evaluating, the private sector has the necessary enablers to improve productivity for job creation and growth. It is, therefore, essential that governments

develop **long-term strategies for private-sector engagement**. The importance of enhanced private-sector involvement is highlighted in the Africa Competitiveness Report 2015, and confirmed by several INCLUDE policy-knowledge communities (such as the Utafiti Sera on wage employment in agriculture in Kenya) and research groups. For example, the INCLUDE research project 'Dutch multinational businesses in Africa' found that the export-oriented flower sector in Kenya has generated 90,000 jobs in the sector as well as about 500,000 jobs indirectly.

Proper implementation of employment programmes needs strong political commitment, for example, by appointing a strong government department to oversee the coordination and implementation of programmes, supported by performance contracts. This also means prioritizing maximum employment effects as a guiding principle for investment decisions by national governments, as opposed to alternative interests, such as revenue mobilization, which may lead to sub-optimal employment outcomes.

Effective implementation of youth employment strategies also requires the availability of sufficient resources and prevention of the misallocation of resources for political or personal gain. This requires partnerships between national governments, donors and other development partners, and that SSA countries are supported in their domestic resource mobilization. As specified in the Addis Ababa Action Agenda (2016) by the Inter-Agency Task Force on Financing for Development, the availability of sufficient domestic resources to boost productivity in agriculture, infrastructure and industry – and, hence, to create jobs – depends on the commitment of African governments and donor countries to develop progressive tax systems, improve tax policies and guarantee more efficient tax collection. As stressed in the Addis Agenda, it also depends on, among other things, the commitment of these actors to fight illicit financial flows, as well as the commitment of the international community to reduce the global trade finance gap and to ensure that developing countries benefit from global trade. Endorsing the commitments as agreed in Addis should form an integral part of youth employment strategies in SSA.

In sum, the above supply-side and demand-side interventions are important both individually and collectively. A recent systematic review of labour market programmes (Kluve et al. 2016) found that programmes with a comprehensive approach, in which demand-side and supply-side interventions are combined, are the most successful. An example of such a comprehensive approach is provided by the Jobs for Youth in Africa Strategy of the AfDB, which addresses demand challenges by creating greater economic opportunities, thereby adopting a strong sectoral approach (prioritizing agriculture, industry and ICT). It also addresses supply challenges through human capital development and by equipping youth with skills that position them for the jobs of tomorrow (the third objective of the AfDB strategy is to better connect youth to economic opportunities, for example through mentoring programmes).

5. CONCLUDING SUMMARY

Youth employment is a top priority for African countries. More than 10 million young Africans enter the workforce each year. Most of them work in agriculture; at best, **1 in 4 will find a wage job**. For most African youth (aged 15–24 years) the key employment issue is ***underemployment***. They do work, but ***part-time*** **and in** ***low-skilled*** **jobs in the informal sector, including in subsistence agriculture and urban self-employment**. Such employment offers no job security, minimal benefits, low pay, and often unhealthy working conditions. To reach the majority of youth, short- and long-term employment strategies need to take into account the current nature of youth employment across Africa. Where do most young people reside? Where do they, and will they be, working in the coming years? And what are the characteristics and aspirations of youth?

Despite rapid urbanization, the bulk of African youth live in rural areas. In 2010, the majority of the population in Africa worked on a family farm (60%) or in a household enterprise (20%). **By 2020, most new jobs will be created in these informal sectors: one-third in agriculture and no less than 45% in household enterprises**. In many countries in Sub-Saharan Africa the **off-farm food system** is growing rapidly and offers significant employment

opportunities. However, jobs created in this area will not match those created in agriculture, in absolute terms, for at least the next 10 years. **At the same time, wage employment in industry and services remains low**: in 2010, the wage sector provided jobs to only 16% of the labour force. **By 2020, only 8% of total new jobs will be created in the wage industry sector**. Even if the sector grows at the rates experienced in Asia, it will not create sufficient jobs in the next 20 years, as the growth is from a very low base. **The wage services sector is expected to do better: by 2020, roughly one-third of all new jobs will be created in this sector**. The digital economy also offers opportunities, but here, too, the scale is limited. **The digital economy is estimated to provide direct employment for only 1 in every 50 youth entering the labour market**. These numbers show that formal wage employment is not an option for many young people. Informal is the norm, and **productivity growth in the informal sector is more likely to create employment in the short term than the formal sector**.

However, **youth are not a homogenous group**. Four groups of youth can be distinguished: ***rural youth*** from modest farming families working on the family farm; ***low-skilled, self-employed youth*** in urban or rural survival enterprises; ***young apprentices*** in rural or urban individual enterprises; and 4) ***young urban graduates*** seeking formal wage-employment. These different groups face different employment and employability constraints.

Reaching the different types of youth requires a **comprehensive approach** that combines measures to create employment with measures to ensure that youth have access to jobs. **Effective short-term micro-level interventions** are those that offer **multiple services** (training, finance, land, technology and networks), **tailored to individual needs** (profiling), with long-term mentoring. **Effective short-term macro-level interventions** are those aimed at **enhancing productivity in agriculture** (including new opportunities in the **off-farm food system**) and in **informal household enterprises**. Local economic conditions determine the (sub) sectors to prioritize. Youth are most likely to gain productive employment when entry barriers are low, demand for the product/services is increasing, and the activities can be performed year round. **Continued investment in the creation of wage employment in manufacturing and services is needed to absorb the expanding labour force, but will only yield results in the long term**.

Different actors have different roles to play in creating employment opportunities for youth. The **private sector creates most new jobs**, either through its own businesses or by making impact investments. The private sector can also **engage in training programmes to ensure that youth have the skills that the market needs**. **NGOs often have a comparative advantage in implementing micro-level interventions**, as they are close to young people in their communities and can work with local business associations and CBOs. **National governments are key actors for promoting enabling business and investment conditions**, and **coordinating** the efforts of various actors. To translate good policies into effective implementation and continuous learning requires **political will**. **Donors have a role to play in supporting and funding youth employment programmes and youth organizations** (e.g. farmers' associations, resource hubs, CBOs). They can also assist in **value chain development**, both financially and through technology transfers. **Financial institutions are crucial funders of programmes aimed at enhancing productivity** in agriculture, the off-farm food system, and household enterprises, as well as long-term investments in industrial development. Finally, **knowledge institutes can play a vital role in providing governments and development partners with proper diagnoses** of youth un- and underemployment challenges and the effectiveness and impact of programmes and interventions.

There is a growing international consensus that a **policy shift** is needed to create employment for youth in the short term. Tackling un- and underemployment among African youth requires **a *local* focus on multiple interventions that increase productivity in potential growth sectors, as well as tailor-made interventions that equip youth to exploit these opportunities.**

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