POLICY BRIEF

Supporting Jobs for Young Women and Men in Africa: A Framework for Country-Level Analysis[1]

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The context: the need to target support for creating jobs for the young

Generating jobs for a growing population is a critical challenge that Africa faces. An additional 20 million young people will enter the working age population each year over the next decade. Africa has managed to generate economic growth

1 INCLUDE, AERC and ODI are partnering together to examine work and income for young men and women in 10 African countries. This framework paper provides a four-step procedure to understand supporting jobs for young men and women. The paper complements framework papers by John Page and Max Mendez-Parra. We are grateful to participants at successive AERC-INCLUDE-ODI workshops for comments and suggestions.

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since the mid-1990s, but this type of growth has failed to be inclusive, transformative and job rich.

The quality of the jobs generated is low. African countries have managed to absorb the volume of young people migrating from rural areas by generating low productivity, low paid jobs in traditional services sector in their cities. The development of key sectors with productivity growth potential (sector transformation) and structural change is critical for the economic transformation process and hence for increases in jobs and income, including for the young.

Covid-19 has affected economic structures, consumer preferences, production processes and trade practices. The crisis has accelerated previous trends (e.g. the rise of e-commerce) and led to new demand and production patterns (e.g. an increase in home working). The dramatic fall in the global demand of garments and travel – to name a few of the manifestations of the crisis – may require recalibrating economic transformation and development strategies.

Despite these challenges, targeted or sectoral policies will continue to be essential to the development of any key sector, and some sectors are better able to absorb labour. In this sense, it is critical to identify which sectors present the greatest potential to boost productive employment. This involves assessing sectors' employment and productivity. With a growing influx of young people and women participating in the market, labour supply is expected to be sufficient, in the short- and medium-term, to cover demand.

In the paper which this brief summarise we propose a four-step framework to identify and create opportunities to create jobs for young men and women. Section 2 identifies the problem which the paper is trying to address. Section 3 provides the framework for analysis This framework offers guidance for country researchers who can be following this up and examine specific questions, using appropriate methods

The problem: designing a simple framework for analysis for creating jobs for the young

It is important to establish a set of steps that researchers should follow when identifying actions to support employment for the young. This involves identifying promising sectors, and conducting an analysis of constraints to further support the development of the sector, policy analysis and political economy. We need a conceptual framework aimed to outline the main principles and factors contributing to economic transformation and the creation of productive employment, relevant for young men and women.

The framework: four steps to identify and create opportunities to create jobs

We propose a four-step framework to identify and create opportunities to create jobs for young men and women.

1. Identify promising sectors and activities with high growth and (youth) employment potential (2.1)

2. Identify economic and political constraints to developing key sectors (2.2)

3. Identify general enabling and targeted policies for youth employment (2.3)

4. Understand the political economy around immediate actions (2.4).

Promising sectors and activities with high growth and (youth) employment potential

Identifying promising sectors for job creation is a crucial step to create employment opportunities for young men and women in Africa because (1) many labour market entrants in Africa are young; and (2) the level of education is not the only or most obvious determinant of employment. Around a quarter of jobs in Africa go to young people – twice as much as in advanced countries. Africa will see some 18 million additional young people entering the working age population each year by 2030, with around two thirds or 13 million estimated to enter the labour market. This compares to 9 million additional jobs each year that were created between 2003 and 2016, meaning a 50% increase in the job creation rate is required to address the demographic challenges. Africa is the youngest continent and it is estimated that one in four of the world’s citizens will be located in Africa in 2050. Youth unemployment is essentially a missing jobs crisis.

The jobs crisis is not a simple supply side or education and skills challenge. Instead, in many countries, the share of youth unemployment goes up with levels of education. The share of youth employment with intermediate and advanced education is in fact greater than the share of youth employment with basic education or less in many African countries. This suggests that a higher level of education is not a guarantee for employment. Instead, we need to consider in which sectors growth can pull in employment opportunities.

There are a range of methods to analyse which sectors have greatest potential to create jobs – including for young people. An increased growth of sectors will lead to an increase in the demand for jobs, including for the young directly and indirectly, other things equal. The increased competitiveness of a sector will help to develop the sector in the long run, even though labour productivity changes in the short run may lead to less demand for labour.

The paper develops and discusses advantages and disadvantages of the analytical techniques, including:

- revealed comparative advantage
- export orientation and world demand analysis
- economic complexity (HHPSA/ECI/PCI)
- input-output multipliers and Social Accounting Matrices
- productivity (TFP) analysis
- labour skills analysis
- export participation – value chain activity
- mincerian wage equations.

Identifying economic and political constraints to developing key sectors

Many countries have been the subject of analysis around binding constraints to economic transformation and job creation. It is important to synthesise this available information. An appropriate framework distinguishes between general constraints that apply across all sectors and specific issues that constrain the development of the promising sectors and value chains. Constraints can be distinguished further between economic, political and institutional constraints. This is an appealing way to categorise constraints, given the focus on understanding how to develop sectors. Often a reasonable consensus appears on the broad constraints.

There may be a lack of studies on constraints behind sector growth, and the lack of knowledge could also relate specifically to how young people access the sector. It could be that young people experience particular challenges even though the sector as a whole is doing well. Interviews, surveys and analysis of data could be helpful. The lack of experience and proven soft skills could be one factor that constrains firms from employing young people, but in certain sectors, such as garments assembly, basic skills can be taught relatively quickly.

Identifying general enabling and targeted policies for youth employment

Table 1 classifies a range of public policies that can be used to support sector growth and economic transformation. Investment climate reforms are for example one type of general enabling interventions. However, these are often not enough by themselves, and need to be undertaken in conjunction with other interventions, such as infrastructure investments, support to the financial sector and industrial development policies. A reading of the literature is that policies that successful countries always involve targeting a specific set of activities.

Table 1: Typologies of public actions used to promote sector growth and economic transformation

	General enabling interventions	Targeted interventions
Public actions to support structural change	• business environment/investment climate reforms (e.g., registration, land, tax, contracts) • financial sector development • strengthening SBR	• export push policies • exchange rate and tariff protection • selective industrial policies • spatial industrial policies • national development banks

Public actions to support within-sector productivity growth	• building fundamentals (e.g., infrastructure, education)
	• investments in basic production knowledge
	  • managerial good practices as public goods
	  • innovations
	• promoting competition
		• management training
		• attracting FDI
		• export diversification
		• developing GVCs
		• increasing agricultural productivity

More education is not necessarily the most immediate or effective solution for job creation. There is an excess of tertiary graduates in a number of African countries which has led to a fall in the returns to tertiary education over the last decade. However, it may still be important to focus on the appropriateness of the competencies acquired through education, as these are frequently cited by young people as a major obstacle in finding decent jobs:

- educational participation in Africa remains low by international comparison
- the quality of education in Africa is poor
- rhere are large skills mismatches.

Political economy around immediate targeted actions

The final, fourth step, is really important but does not always receive sufficient attention in data dominated economic analyses. It is widely accepted that political economy challenges at both national and sector levels hamper effective industrial policy. A review of successful sector transformation finds that positive sector dynamics depend crucially on:

- correct identification of the economic opportunities (e.g., consistent with the analytical techniques for these have been discussed above)

- conducive political-economic conditions at the sector level (e.g., a centralised economic planning in the hands of an aspiring developmental state; effective alignment of interests, facilitated through dedicated sector-specific structures and support organisations; a consensus view across elites and the wider public and private sectors around a strategic direction for the economy)

- credible commitments to investors (e.g., credible state backing to various sectors, clear international commitments)

- reasonably good provision of public goods (e.g., provision of complementary infrastructure and skills that are of high quality and appropriate to the sector)

- specific efforts to tackle investment coordination problems at targeted level (e.g., co-ordination amongst interrelated investors; problem solving attitudes), and

- taking advantage of a moment of unusual opportunity (e.g., an election).

These deeper institutional factors are crucial in determining whether a sector continues to develop or not, and hence whether it could provide employment potential. In sector failures, interests stack up against providing credible commitments or co-ordinating activities, and when that is the case, all workers ¬– including young people – will suffer. It is therefore important that country studies ask questions not only about what policies to put in place to support sectors but also how to support these sectors. There will of course be additional questions around how to ensure young people's interest are addressed within sectors, but keeping a sector going, and hence offer job opportunities for young people, will not depend on protecting the interest of young workers, but also on support key actors in the sector. It is important to understand the political narratives around young people at country level.

Mission

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