



GOOD JOBS FOR ANGOLAN YOUTH: OPPORTUNITIES, CHALLENGES AND POLICY DIRECTIONS

Policy Brief

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Acronyms

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| ALMP | Active Labor Market Program |
| EJA | Plano de acção para a intensificação da alfabetização e da educação de jovens e adultos (Action Plan for Literacy and Education of Youth and Adults) |
| GDP | Gross Domestic Product |
| IBEP | Inquérito sobre o Bem-Estar da População (Survey on Population Welfare) |
| IDREA | Inquérito sobre Despesas, Receitas e Emprego em Angola (Survey on Income, Expenditure and Employment in Angola) |
| INE | Instituto Nacional de Estadística (Statistical Office) |
| INEFOP | National Institute of Employment and Professional Training |
| JQI | Job Quality Index |
| LIC | Low-Income Country |
| LMIC | Lower-Middle Income Country |
| LMIS | Labor Market Information System |
| LTDS | Long-Term Development Strategy |
| MAPTSS | Ministry of Public Administration, Labor and Social Security |
| NEET | Not in Education, Employment or Training |
| PAPE | Plano de Acção de Promoção da Empregabilidade (Employability Promotion Action Plan) |
| PDN | Plano de Desenvolvimento Nacional (National Development Plan) |
| REMPE | Recenseamento de Empresas e Estabelecimentos (Census on Enterprises and Establishments) |
| TVET | Technical and Vocational Education and Training |

Executive Summary

Angola's labor market is growing, although most new jobs are of low quality and contribute modestly to economic growth and worker welfare.

Angola created 3.5 million net jobs in the past decade.

In spite of an economic slowdown since 2015, the Angolan economy created an average of 350,000 net jobs annually between 2009 and 2019. Labor force participation¹ is high at 76 percent compared to 66 percent among comparable countries, and two-thirds of the adult population holds a job.

That said, Angola is not creating enough quality jobs that will spur sustained economic growth and enhance the well-being of its citizens.

More than 72 percent of jobs created during 2009–2019 were family micro-businesses. Most new jobs were in unskilled occupations in the agriculture and commerce sectors, which contribute little to economic growth or worker welfare due to low productivity and wages, poor on the job learning opportunities and no job-linked social benefits. Women are particularly active in these sectors. The “better” sectors – in terms of job stability and benefits – played a modest role in job creation. The lucrative extractives sector only employs 0.8 percent of Angolan working adults.

Angola's economic growth is driven by “raw labor” instead of productivity increases, unlike its regional peers.²

During the period 2009–2019, the expansion in the adult working population contributed positively to Angola's GDP per capita by 2.4 percentage points, while a concurrent decline in productivity subtracted 3.8 percentage points of GDP per capita, thus wiping out the gains from raw labor growth. In contrast, South Africa and Nigeria, both commodity-exporting countries, experienced positive productivity growth, and an increase in GDP per capita over the same period. Relying on raw labor for economic growth is not a sustainable strategy, and, in conjunction with falling productivity, leads to low quality jobs for too many people. But today's demographic trends threaten to further entrench this model.

Firms create jobs, but slowly. The more established private sector – those firms that are registered or have a fixed and visible location – employs 650,000 workers in a workforce of 9.1 million.³ Angola's private sector is dominated by micro-enterprises, with 79 percent of firms employing less than five workers, accounting for 14 percent of private sector employees in the business census. On the other hand, large firms with over 100 workers represent only 1 percent of all fixed and visible firms but employ 44 percent of private sector employees as per the business census.

Underpinning Angola's stagnant job creation and low productivity are a challenging fiscal situation, real exchange rate appreciation and inflation.

These factors are limiting foreign direct investment in productive assets, inhibiting economic diversification, and hindering private sector development, leading to slower job creation, especially in the formal sector. The high dependence on oil and expensive imports for basic goods contribute to accelerated inflation rates which erode the purchasing power of labor earnings and lead to further declines in job quality. Angola has not successfully transformed its oil wealth into high quality jobs⁴ and, if predictions hold, the country will run out of oil by 2030.

Angola's workforce is young and unskilled, even though education rates are increasing.

The young (and growing) population is not being sufficiently absorbed into the labor force, which threatens Angola's future economic and social stability.

Youth (aged 15–34) represent 83 percent of the unemployed in Angola, with 62 percent of youth spending more than one year in job search. Youth are more educated than adults – 57 percent of youth have some secondary education compared to 32 percent of adults – but they are concentrated in low-quality jobs. Youth earn less than adults on average, and hold a higher share of low-quality jobs: 85 percent of youth are in low quality jobs compared to 76 percent of adults. Today's youth unemployment problem can become Angola's long-term low labor productivity problem as well as a source of persistent poverty among an increasingly dissatisfied population. The government of Angola recognizes these challenges and is prioritizing jobs for youth and inclusion, even more so following the Covid crisis.⁵

Gender gaps persist in education, employment, earnings and job quality, though they have been narrowing among the younger generation.

While 60 percent of young women in 2019 have at least some secondary education, 70 percent of young men have finished secondary school. Young women are employed at a lower rate (52 percent vs 56 percent) and are less inclined to study full-time compared to young men (18 percent vs 21 percent). Young males earn twice as much as young females. Low quality jobs are also more prevalent among women (92 percent vs 78 percent), primarily driven by women's lower education levels and their clustering into less lucrative sectors of employment and job types.

Though Covid-19 had a strong short-term impact on jobs, young workers experienced fewer disruptions than older workers.

As a response to the Covid-19 pandemic in 2020, the Angolan authorities implemented a set of public health measures including restrictions of movements,

¹ Individuals who work or are unemployed during the week prior to the survey.

² The comparators are Sub-Saharan Africa (SSA) commodity exporters. Nigeria has income per capita lower than Angola and South Africa's GDP per capita is above that of Angola.

³ The discrepancy between the REMPE (2019) and the IDREA (2018) estimate of the number of private sector employees in Angola is due to the limited coverage of micro-enterprises in the business census.

⁴ Though Angola has GDP per capita on par with lower-middle income countries (LMICs), its labor market looks more similar to that of lower-income countries (LICs) than LMICs. An estimated 79 percent of Angolans report being self-employed compared to an average of 63 percent in LMICs, and 80 percent in LICs.

⁵ As expressed in its Long-Term Development Strategy (LTDS) 2025 and National Development Plan (PDN) (2018–2022).

curfews, and school closures. These measures generated an additional contraction in the country's economy, which was already weakened by four consecutive years of recession. While unemployment increased for most age groups at the beginning of the pandemic, no change was observed for the youngest age group. The muted impact of the pandemic on youth employment is likely due to young people's already high participation in subsistence and unpaid jobs. In fact, these activities expanded during the pandemic. However, the pandemic weakened employment prospects for educated and urban youth, the group already facing the highest unemployment rates before the pandemic. In 2020, Covid also impacted young Angolans' access to training programs, in which the total number of beneficiaries from Angola's Vocational Training centers significantly declined to 31,978 down from 61,730 in 2019. This was mainly due to limited supply, restricted eligibility criteria, large out-of-pocket costs, and the mobility restrictions and socio-economic impacts (loss of income, jobs, increases in poverty) caused by Covid-19.

Angolan youth are highly economically vulnerable and face different types and intensity of constraints, requiring different sets of interventions.

Most (96 percent) Angolan youth are classified as vulnerable, with nearly 20 percent of these considered highly vulnerable. Young people's vulnerability can be assessed vis-à-vis the labor market by their deviation from the standard school-to-work transition pathway. Using the cluster analysis statistical methodology⁶, we can define three vulnerability groups, one of which includes five sub-groups:

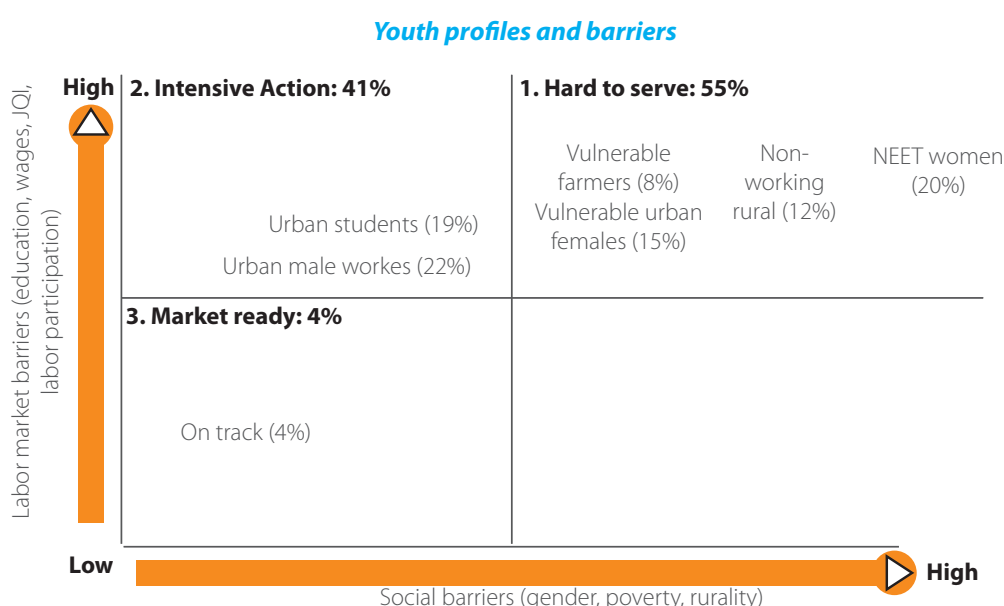
- "Low-vulnerable" youth (4 percent) are defined as those youth who are "on track," meaning that they are on the

school-to-work pathway at age-appropriate milestones, namely full-time students, and employees with good quality jobs.

- "Vulnerable" youth (76 percent) are working in poor quality jobs or studying, but with age-grade distortions. This group can be sub-divided into five sub-groups: poor students or unemployed in rural areas (12 percent); poor youth in rural areas working in agriculture (8 percent); young women in urban areas working in commerce or unemployed (15 percent); young men in urban areas working in various economic sectors (22 percent); and youth in urban areas who are studying full time though lagging for their age (19 percent).
- "Highly vulnerable" youth (20 percent) are mostly poor, illiterate, and married female NEETs (not in education, employment or training) living in rural areas.

For policy purposes, we can classify each of Angola's vulnerability groups and sub-groups according to their labor market constraints and their social constraints (Figure ES 1). The "hard to serve" policy group, equivalent to 55 percent of youth, face high social and labor market barriers. Four vulnerability groups or sub-groups comprise this policy group: NEET women (the "highly vulnerable" group); non-working rural; vulnerable farmers; and vulnerable urban females (sub-groups of the "vulnerable" group). The "intensive action" policy group includes youth who face some social barriers and high labor market barriers, namely urban students and urban male workers (both sub-groups of the "vulnerable" group). Finally, the "market ready" policy group are youth who face low social and labor market barriers and are defined as on track (the "low-vulnerable" group), though even they will benefit from policies to help them secure better jobs.

Figure ES 1: Youth in Angola face significant labor market and social barriers



Source: World Bank staff elaboration based on the 7 youth profile groups. Note: JQI indicates "job quality index".

⁶ We use Latent Cluster Analysis (LCA) to assign individual youth to each vulnerable group based on a range of similar observable characteristics, and labor market challenges. The groups are defined by type of barriers, along two axes: employability (education, experience, skills) and social barriers (gender, poverty, family responsibilities, etc).

In spite of the government's priority to address youth employment, its policies are not designed adequate for a large, vulnerable youth population.

Angola's active labor market programs (ALMPs) are generally not designed to help vulnerable youth. Angola's 57 active labor market programs generally are not designed for vulnerable youth, are limited in scale, have restrictive eligibility criteria, are fragmented, and in many cases have overlapping objectives. Although vulnerable youth are not explicitly excluded from business start-up support programs, they are implicitly excluded due to burdensome eligibility criteria such as requiring youth to have proved technical-professional skills in (at least) the basics of small business management, and own a business. Similarly, programs that support professional and vocational training – which are two of the largest ALMP programs – are more accessible to relatively skilled youth via eligibility restrictions requiring youth to have secondary education. Only 24 percent of the ALMPs programs explicitly target youth that are hard to serve and are more vulnerable, namely those in the upper right corner of Figure ES1.

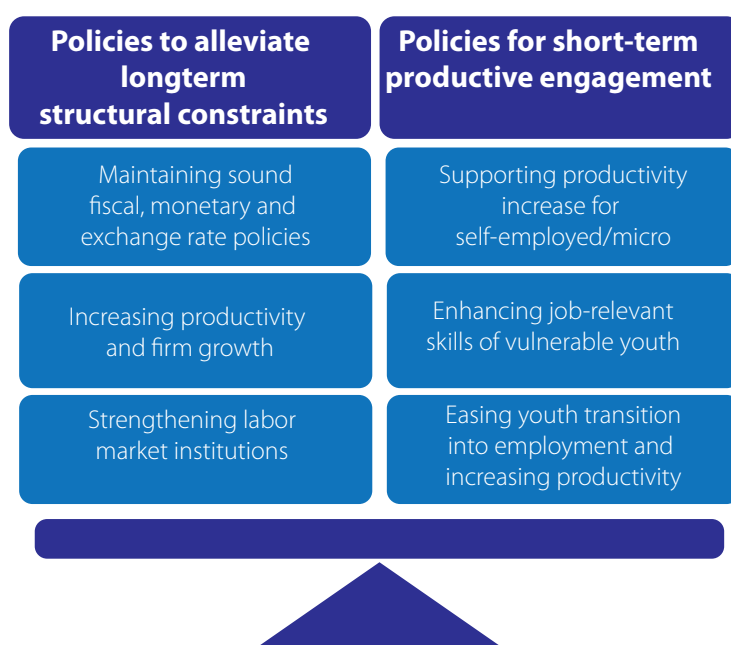
Youth employment is a top priority for the Angolan government, as expressed in its Long-Term Development Strategy (LTDS) 2025 and National Development Plan (PDN) (2018-2022). The LTDS aims to promote the access of all Angolans to productive, qualified, remunerative and socially useful employment and ensure the sustained development of

national human resources. The PDN outlines several policies and programs with the objective of promoting job creation and inserting young people into the labor market. It frames employment policies on axis 1 "Human Development and Sustainable" mainly through its Policy 3 on "Human Resource Development"; and on axis 2 "Diversified and Inclusive Economic Development" through its Policy 13 on "Employment and Working Conditions".

More and better policies for Angola's vulnerable youth.

To solve the youth employment challenge, Angola needs a more holistic strategy that is a balance of policies that will disrupt structural constraints to job creation in the long run, while offering short-term policies and programs to improve opportunities for youth in the short run (Figure ES 2). Those policies to affect long-term structural constraints will help the Angolan economy create and connect with markets, increase the number and productivity of private sector jobs and strengthen labor market institutions. The policies for short-term impacts focus on interventions that can be implemented under the current economic and business context by assisting Angola's current and future workers to build capacity and connect them to better jobs and earnings opportunities, through wage work or their own enterprises. The challenge is to find a balance between policies that invest for the long run and those to serve the needs of Angolans in the short run.

Figure ES 2: A Jobs Strategy that balances alleviating long-term structural constraints and supporting short-term productive engagement



Source: World Bank staff elaboration

Policies to alleviate long-term structural constraints intend to influence underlying structural factors that lead to sustainable job creation. They would need to be implemented in the short run but, given the time needed for

them to shift the structure of the overall economy and markets, the improved jobs environment will mostly be observed in the long run.

1. **Maintaining sound fiscal, monetary and exchange rate policies.** This includes maintaining a flexible exchange rate to facilitate job creation in productive non-oil export-oriented industries, ensuring inflation expectations are well anchored to avoid eroding wages and the quality of jobs, and establishing sound fiscal policies (including prudent management of oil revenues) for a steady public investment in infrastructure and human capital that provide the basis for economic diversification and the creation of good jobs. These policies benefit all types of youth but will likely be most beneficial to those in the policy group characterized as “market ready”, since they interact the most with the formal market economy.
2. **Increasing productivity and firm growth.** Achieving this through continued improvements to the regulatory environment to promote competition in markets, greater availability of finance to the private sector (especially SMEs), attracting investments and developing value chains in non-oil sectors with job creation potential. These policies will indirectly benefit youth in the “intensive action”, especially in the “market ready” policy group who may be employed in new or growing firms that benefit from these policy changes.
3. **Strengthening labor market institutions to boost the impact of labor market policies.** Two priority actions are: to carry out a systematic, rigorous monitoring and evaluation of ALMPs to inform evidence-based policy making; and rationalize ALMPs by scaling up programs that most effectively support vulnerable youth while scaling back those that are repetitive or can be offered by the private sector. These policies have the potential to benefit all youth, particularly the “intensive action” and the “market ready” who are closer to labor market institutions.

Policies for short-term engagement of vulnerable youth.

These policies are intended to support jobs in the current economic and market structure. Though they will create fewer good jobs than the structural policies, their impacts will be experienced in the short run.

4. **Supporting productivity increases for the self-employed.** Restructuring support to young entrepreneurs through packaging information/skills, coaching, and finance into a single program; increasing financial inclusion programs and the use of mobile money; and addressing the specific constraints of women entrepreneurs. These interventions will support all categories of vulnerable youth, with the last set of interventions particularly targeting women in the most vulnerable policy group, the “hard to serve”, who face multiple social constraints.
5. **Enhancing job-relevant skills of vulnerable youth.** Through greater investment in the education system (particularly second-chance education) and continuing to improve access and relevance of professional and vocational training for vulnerable youth (particularly with short-term and accelerated vocational training), especially those facing multiple constraints. These policies have the potential to enhance job-relevant skills particularly for “hard to serve” young women and youth living in rural areas.
6. **Easing youth transition into employment and increasing their productivity.** Expanding the internship program, enhancing the productive inclusion of vulnerable youth in rural and urban areas (especially women), and strengthening intermediation services to provide the information needed to place vulnerable and non-vulnerable youth into the right jobs. These policies have the potential to increase job opportunities for all youth.

To jumpstart the policy reform, the government with private sector partnership could develop a new National Initiative on Employment that would lay out a roadmap for reform. It would detail targeted actions and structural reforms to ensure that young people get better jobs, and identify the responsible actors, legislative and procedural reforms, milestones, measurable targets, and timelines. The process to develop the initiative could be a convening opportunity for the many actors who play a role in job creation and quality enhancement, while the oversight may need to be at a high government-level to ensure collaboration across ministries and with the private sector.

Angola Youth Employment Diagnostic

Policy Brief ⁷

Angola has many elements for a booming job market and economy. Angola is the third largest economy in Africa and second largest oil producer. It has a young and growing population that is more educated than previous generations, with women seeing the greatest gains. Following the end of the war in 2002, oil revenue led to sustained economic growth and the structure of the economy began diversifying, measured by the sectoral contribution to GDP through the growth of the service, consumption (real estate, retail trade, telecommunications, among others) and construction sectors.

Though Angola has a similar GDP per capita to lower-middle income countries (LMICs)⁸, its labor market indicators, poverty rates, and human capital indicators are closer to low-income countries (LICs). Angola has not successfully transformed its oil wealth into a higher standard of living for its people. An estimated 79 percent of Angolans report being self-employed, compared to an average of 63 percent in LMICs and 80 percent in LICs⁹. In 2018, 31.1 percent of Angolans could be characterized as “extreme poor,”¹⁰ compared to 11.3 percent in LMICs and 43.9 percent in LICs. While 52.9 percent of Angolans could be categorized as poor, the mean poverty rate of LICs is 70.9 percent (2017 data), and 39.7 percent for LMICs¹¹. This suggests that Angola is less successful than its LMIC peers in leveraging its wealth to alleviate poverty and distribute national wealth across the economy.

The growing young population is not being sufficiently absorbed into the labor force, which limits Angola’s future economic and social stability.¹² The youth unemployment rate is nearly 50 percent higher than the national average (22 percent vs 15 percent) and youth represent 83 percent of the total unemployed in Angola. While youth are more educated than adults, they have fewer job opportunities and are concentrated in low-productivity sectors and low-quality jobs. Idle youth do not contribute to national wealth nor are they preparing themselves to do so over the next 50 years of their lives. Today’s youth unemployment problem can become Angola’s long-term low-labor productivity problem, as well as a source of persistent poverty among an increasingly dissatisfied population.

If predictions hold, Angola will run out of oil by 2030.¹³ **By then, it will be more difficult to start developing markets and engaging youth.** If Angola is to join its LMIC counterparts

in the medium run and surpass them in the long run, aggressive actions are crucial in the short run to leverage current oil wealth to diversify the economy, prepare Angolans for higher-value and diverse jobs, and wean itself off oil.

The government of Angola recognizes these challenges and is prioritizing jobs for youth and inclusion, even more so in the aftermath of the Covid crisis. The National Development Plan (PDN) (2018-2022) outlines several policies and programs to promote job creation and insert youth in the labor market. Three ministries and one Presidential entity are responsible for providing job training,¹⁴ while programs aimed at job creation are implemented by the Ministry of Public Administration, Labor and Social Security (MAPTSS), Ministry of Economy and Planning (MEP), and sectoral ministries. One of the most important government initiatives to promote youth employment is the Employability Promotion Action Plan (Plano de Acção de Promoção da Empregabilidade, PAPE) approved in 2019 and led by MAPTSS.

This brief is intended to lay out a policy agenda for more good jobs, especially for youth, to inform the government of Angola’s policy debates. It provides a summary of the main analytical findings, messages, and policy suggestions presented in a detailed technical report. It takes a broad view of jobs, including an assessment of the macroeconomic and demographic trends, the role of the private sector in generating jobs, and the challenges facing the labor force with a particular emphasis on youth. Based on this analysis, it turns to policy by outlining the current programs offered by the national government in Angola to address the jobs and employment challenges and provides suggestions on policies that the government of Angola could consider adopting, with a particular emphasis on addressing the needs of youth.

The research uses several primary data sources to understand the Angolan context today and how it has evolved over the past 10 to 20 years:

- IBEP (*Inquérito sobre o Bem-Estar da População*; Survey on Population Welfare) provides detailed employment data. It was collected in 2008/09.
- IDREA (*Inquérito sobre Despesas, Receitas e Emprego em Angola*; Survey on Income, Expenditure and Employment in Angola) provides detailed employment

7 The contents of this report summarize the messages of the detailed technical report. Good Jobs for Angolan Youth: Opportunity, Challenges, and Policy Directions. Washington, D.C.: World Bank Group.

8 GDP per capita in 2020 was \$6 110 in Angola compared to an average of \$6 765 for LMICs. Source: World Development Indicators (WDI). GDP per capita, PPP (constant 2017 international \$).

9 WDI. Self-employed, total (% of total employment) (modelled ILO estimate).

10 Source: World Development Indicators. Poverty head count ratio at \$2.15 per day, 2011 PPP.

11 Source: World Development Indicators. Poverty head count ratio at \$3.65 per day, 2011 PPP.

12 The UN defines the young population as individuals aged 15 to 24-years old. Our definition extends the age bracket to consider individuals aged 15 to 34, as youth based on the government definition available for the Angolan Youth National Policy in the Presidential Decree 273/19 (Política Nacional da Juventude).

13 World Bank (2018): Angola Systematic Country Diagnostic: Creating Assets for the Poor.

14 Vocational training is led by MAPTSS through INEFOP, technical education is led by the Ministry of Education (MED), and tertiary education is under the Ministry of Tertiary Education, Science, Technology and Innovation (MESCTI). The Technical Management Unit of the National Training Plan (UTG), is an entity under the supervision of the President of the Republic, overseeing the Technical and Vocational Education and Training (TVET) system.

data. It was collected in 2018/19.

- REMPE (*Recenseamento de Empresas e Estabelecimentos*) is a business census that provides detailed information on all firms that either have a visible and fixed location or are registered in the administrative records of INE or other institutions. It does not include informal self-employed firms in the oil sector; financial intermediation; and insurance sectors; or individual agriculture producers. The data were collected in 2002 and 2019, allowing for an analysis of the evolution of the business sector since independence.
- National accounts were used to derive sectoral value-added data.
- Inventory of employment programs, created for the purposes of this research. It includes basic data on all 57 jobs-related programs operated by the national government in 2021.

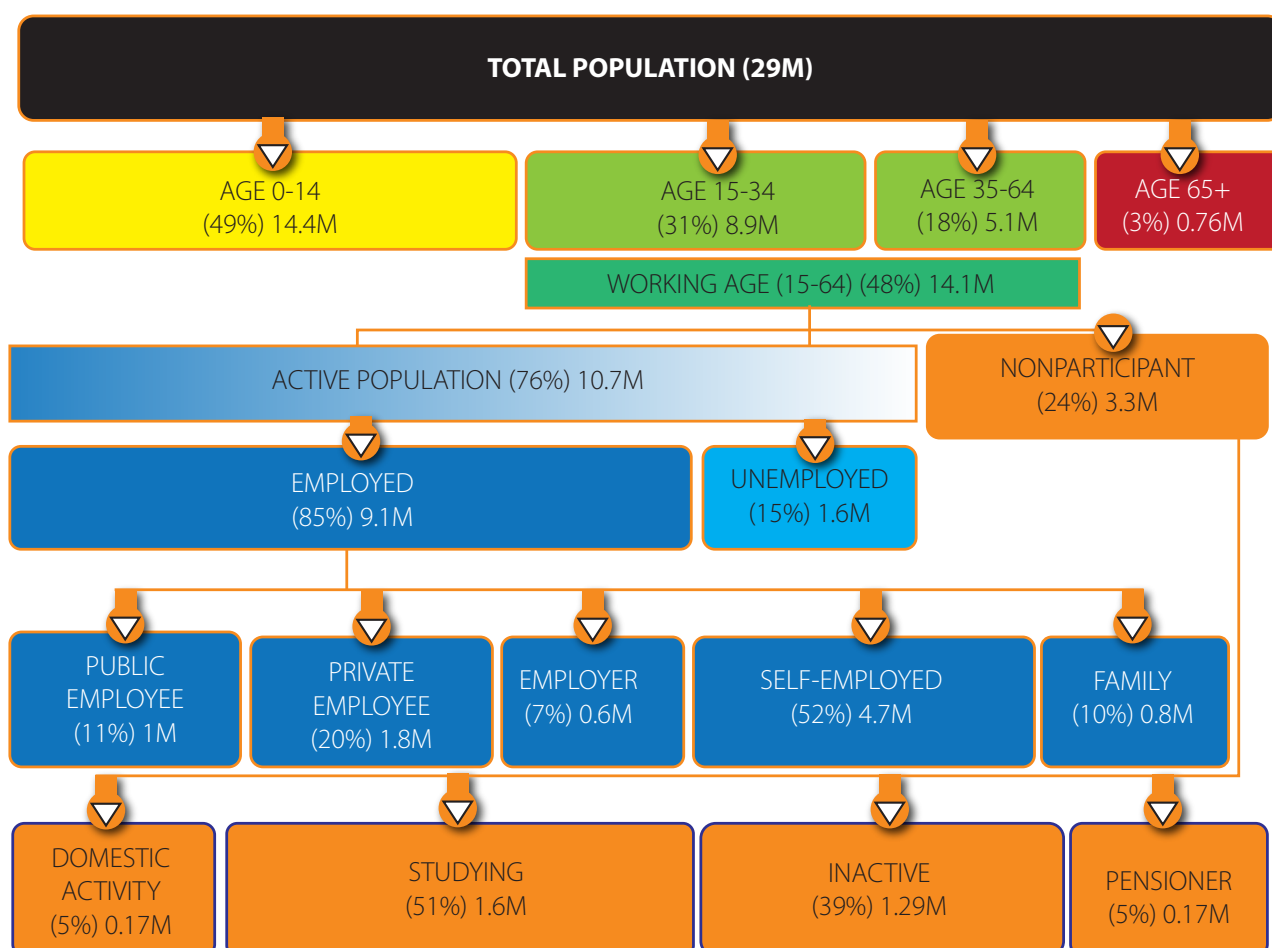
These data are supplemented by data drawn from other (referenced) sources that allow for cross-country comparisons to benchmark Angola's performance against its peers.

Angola's economy produces insufficient quality jobs to engage a growing population.

Angola created 3.5 million net jobs in the past decade (2009-2019). In spite of an economic slowdown since 2015, the Angolan economy created an average of 350,000 net jobs annually. Labor force participation is high at 76 percent (Figure 1), as compared to 66 percent among comparable countries, and two-thirds (65 percent) of the adult population holds a job.¹⁵ Of the adult population active in the labor market, a large share (85 percent) is employed (Figure 1).

Figure 1: Angola's labor force participation is high

Composition of the labor force in Angola in 2018/19



Source: World Bank staff calculations based on IDREA (2018/19). Note: the rows do not sum to 100% due to rounding estimates.

Despite high participation and employment rates, a large share of Angolans work in low productivity jobs with limited prospects for increasing earnings or job quality.

More than 72 percent of jobs created during 2009-2019 were

non-wage jobs (Figure 2), namely proactive Angolans starting a micro-business to generate income for the household in the form of self-employment (52 percent in Figure 1), unpaid family labor (10 percent in Figure 1) or small-scale employers

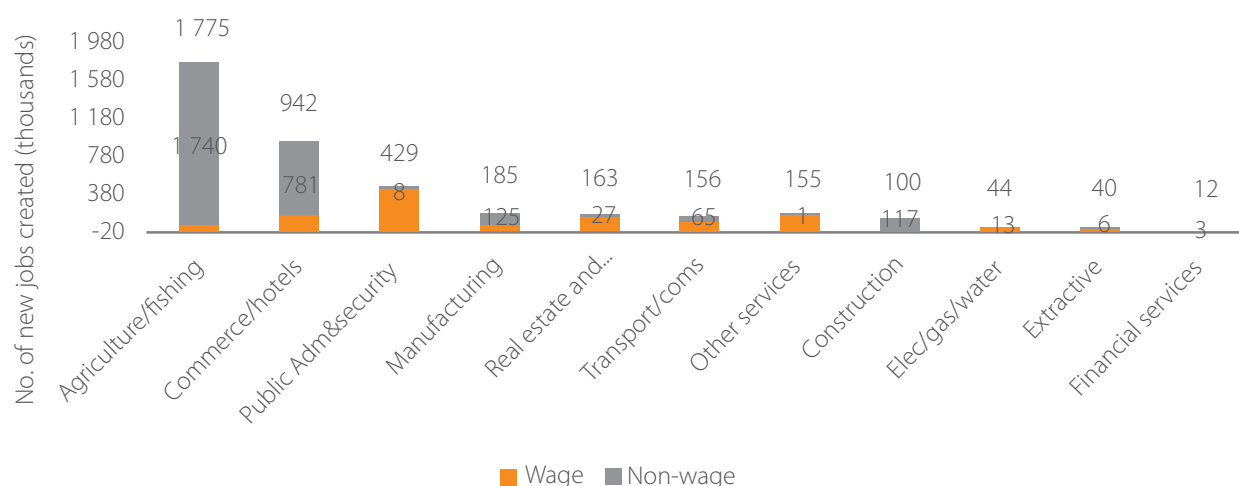
15 The 9.1 million employed Angolans as a fraction of the working age population (ie 8.9 million in the 15-34 age bracket and 5.1 million in the 35-64 age bracket).

(7 percent in Figure 1).¹⁶ Most of the new non-wage jobs were unskilled occupations in the agriculture and commerce sectors (Figure 2), which contributed very little to economic growth or worker welfare due to low productivity and wages, and no job-linked social benefits.¹⁷ Women were particularly active

in these sectors. The “better” sectors – in terms of job stability and benefits – played a more modest job-creation role. These included the lucrative extractives sector, financial services, manufacturing and public sector employment (Figure 2).

Figure 2: Most new jobs were non-wage, namely self-employed, employers or family workers.

Number of new jobs created by economic sector and job wage status, 2009-2019.



Source: World Bank staff calculations based on data from IBEP (2008/9) and IDREA (2018/19)

Angola’s economic growth is, thus, driven by “raw labor” instead of productivity increases, unlike its regional peers. Limited structural transformation, within-sector productivity declines, and a rapidly growing population result in the creation of lower productivity jobs that do not spur meaningful economic growth and the well-being of its citizens. During the period 2009-2019, the expansion in the adult working population (raw labor) resulted in an increase in Angola’s GDP per capita of 2.4 percentage points (Figure 3). At the same time, negative growth in productivity dragged down output per capita, wiping out two-thirds of the growth

attributable to demographic change and modest structural transformation (Figure 3). Most productivity loss during the decade is attributable to the high share of low value-added jobs created in the service sector (eg: informal commerce). In contrast, South Africa and Nigeria, both commodity exporting countries like Angola, experienced positive productivity growth, and an increase in GDP per capita over the same period.¹⁸ Relying on raw labor for economic growth is not a sustainable strategy, and, in conjunction with falling productivity, leads to low quality jobs for too many Angolans.

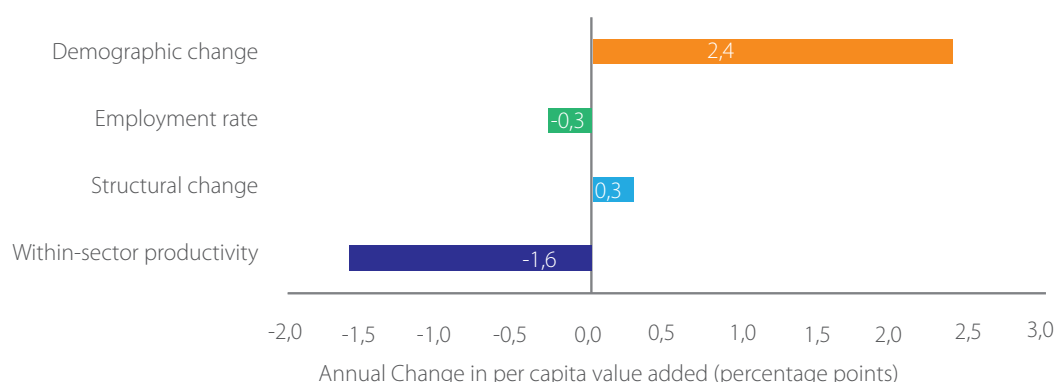
¹⁶ There is a slight difference in the estimated share of the non-wage jobs between Figures 1 and 2 due to different datasets and time periods.

¹⁷ An estimated 98 percent of employment in agriculture is informal; 85 percent of employment in commerce and hospitality is informal.

¹⁸ Nigeria increased its annual per capita growth in output by 0.9 percentage points and South Africa by 0.2 percentage points; Angola’s decreased by 1.4 percentage points.

Figure 3: Population growth drove most of Angola's economic growth in the past decade, while productivity lags were an impediment.

Contributions to value-added per capita growth over 2009 – 2019, percentage points (non-oil sectors)



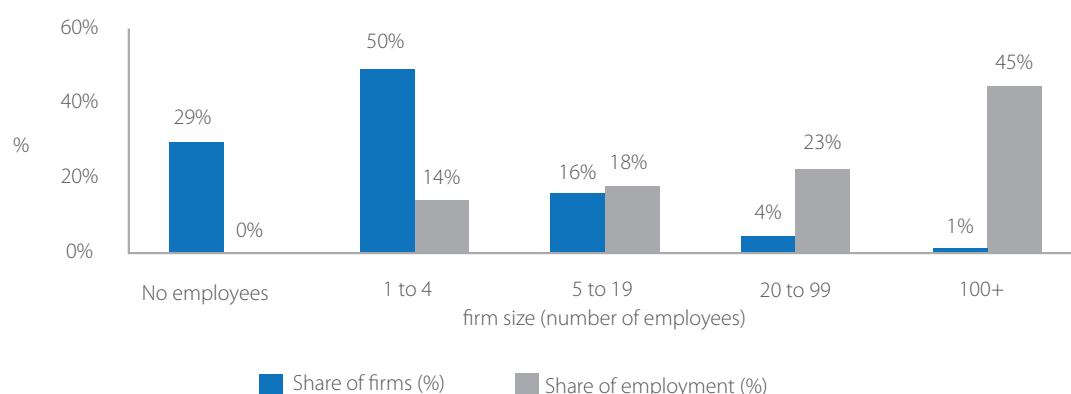
Source: World Bank staff calculations based on data from the National Statistic Office and WDI.

The established private sector plays a small role in job creation in Angola, with most firms increasingly small-scale.¹⁹ The established private sector employs less than 650 000 workers, about 7 percent of the employed population. Angola's established private sector is dominated by micro-enterprises, which are responsible for a small share of private sector employment. About 79 percent of established firms employ less than five workers, accounting for 14 percent of the private sector employees in the business census (Figure 4).²⁰ On the other

hand, established firms with over 100 workers represent only 1 percent of all the firms in the census but employ 44 percent of the private sector employees in the business census (Figure 4). The highest growth among private sector employees in the census occurred in established micro-enterprises which tripled the number of workers from 2002 to 2019, while larger established firms absorbed around double the workers in 2019 than they did a decade earlier.

Figure 4: Most established firms are micro and small sized, while the majority of workers are employed by medium and large established firms.

Distribution of firms and employment, by firm size.



Source: REMPE (2019)

Most firms are young, with limited scope for hiring and potentially lower job quality for workers. About 68 percent of established firms in Angola are less than five-years old, while 21 percent are less than two- years old. Though young firms

dominate the market, they struggle to grow into job-creating entities.²¹ Although young firms make up 73 percent of non-registered (informal) firms, the evidence seems to suggest that formal firms are job creators.

¹⁹ We refer to the firms in the REMPE database as "established" firms. This is intended to be a catchall for the REMPE, which draws its sample from "fixed and visible (meaning externally identifiable by some sign) firms", and those firms, even non-visible, that are included in administrative records from the INE or other institutions. It includes firms regardless of whether their legal situation is regularized or not. REMPE 2019 does not include informal firms without a fixed establishment, such as street vendors and sellers in open markets. It also excludes oil, financial intermediation and insurance sectors. Firms in the agriculture and fisheries sectors are included but not individual agriculture producers.

²⁰ Among those firms reporting employment, 33 percent have zero paid employees. This may reflect the self-employed or own account workers who do not count employed family members who are not on the payroll.

²¹ According to the Global Entrepreneurship Monitor (GEM) 2020, Angola leads all GEM economies in Total early-stage Entrepreneurial Activity (TEA) at a rate of 49.6 percent, suggesting that the ambitions in Angola of those intending to start a business do not always operationalize.

Underpinning Angola's stagnant job creation and low productivity are government-spending decisions, exchange rate appreciation and inflation.

Due to the collapse in oil prices in 2014, revenues fell but spending fell less quickly. The deteriorating fiscal situation limited foreign direct investment and investments in productive assets, including Angola's ability to diversify its economy. As a result, foreign firms did not enter the market, local companies reduced their investments, and the creation of new quality jobs was limited. Exchange rate appreciation – driven by excessive oil dependence, high oil prices, and a fixed exchange rate regime – undermined the competitiveness of non-oil sectors and further stunted economic diversification and private sector development. As non-oil sectors became less competitive, private sector growth slowed down, thereby creating fewer jobs, especially in the formal sector. Not only were fewer jobs created, but economic diversification into new industries and types of work was also hindered, leading to low job creation in non-competitive (low wage) firms. Furthermore, excessive dependence on oil and expensive imports of basic goods contributed to accelerated inflation rates which eroded the purchasing power of labor earnings and led to further declines in job quality.

Youth are a significant share of the Angolan population and are highly economically vulnerable.

Angola has a young and fast-growing population. Angola's population of 32 million (in 2020) is one of the fastest growing in the world and is expected to more than double between 2020 and 2050, reaching 77 million by 2050. The working-age population (age 15-64) is projected to increase three-fold in the

same period. High fertility rates (6.2 children per woman – the second highest globally) and improvements in life expectancy have driven these trends over the past decades. Under the status quo, Angola's "demographic dividend"²² will remain elusive even by the year 2050 despite almost half of its population being young (with 15 million under 15-years old in 2020). With youth (age 15-34) representing 31 percent of the total population and more than half of the labor force (Figure 1), Angola's large youthful population will continue to be a drag on growth and development for many decades if it is not sufficiently absorbed into productive jobs.

Among comparable countries, Angola ranks high both in terms of youth labor force participation and unemployment.

Using the United Nations' definition for youth (age 15-24), young individuals participate less and have higher unemployment rates than adults in all countries in the sample. Angola has the third highest youth labor force participation rate (only surpassed by Brazil and Cameroon) and unemployment rate (below that of South Africa and Algeria) (Figure 5 and Figure 6). Angola's position in the rankings reflects many youth entering the labor force at the same time, pressures to enter the labor market prematurely, and difficulties in finding a job in Angola's challenging labor market. Indeed, while 66 percent of youth in rural areas aged 15-24 are employed, only 30 percent of youth in urban areas are. Using Angola's definition for youth (age 15-34), labor force participation is higher among the poor, defined as those classified being in the first income quintile, compared to youth from the least poor households, namely those in wealth quintile five (74 vs 67 percent), with the level of employment also higher for quintile one (68 percent) compared to 50 percent in quintile five.

Figure 5: Angola's youth labor force participation rates are high compared to similar countries

Labor Force Participation Rates, 2019

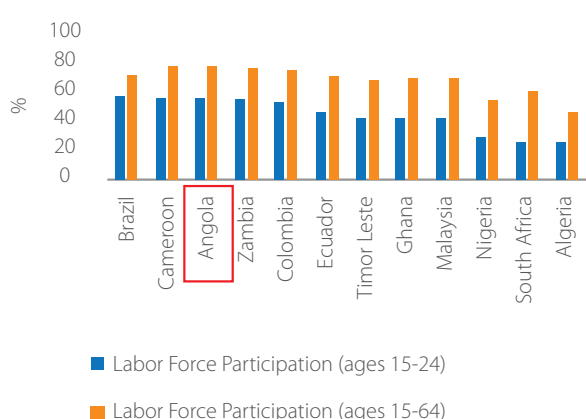
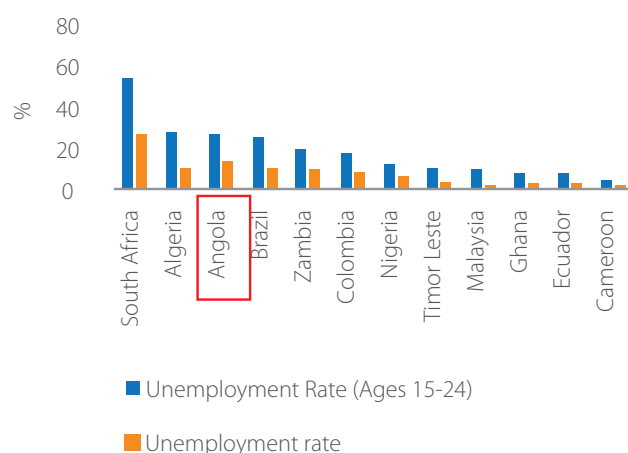


Figure 6: Angola's youth unemployment rate is high compared to similar countries

Unemployment Rates, 2019



Source: ILO Stats.

Note: Both graphs are sorted by level of youth labor force participation and youth unemployment rates.

Angolan youth fare particularly badly in the labor market, even though they are more educated than adults. While education-levels for youth are still low, they are acquiring more

education than their adult counterparts. About 57 percent of the young population has acquired some secondary education, against 32 percent of adults. However, the improvement in

education attainment has not yet translated in better jobs for the young population. Youth unemployment spells are longer than those of adults, with 62 percent of youth searching for a job for more than a year. Youth work in more precarious jobs, as they are three times more likely than adults to work for a family member, mostly as unpaid labor. They earn lower wages than adults,²³ though their labor income gradually rises with

education-levels, with a big premium for tertiary education. Compared to adults, youth have higher rates of employment in low quality jobs: only 9 percent of youth work in the highest quality jobs compared to 15 percent of adults (Figure 7). Overall, 85 percent of youth are in low quality jobs compared to 76 percent of adults (Figure 7).

Figure 7: Youth face more low-quality jobs than adults

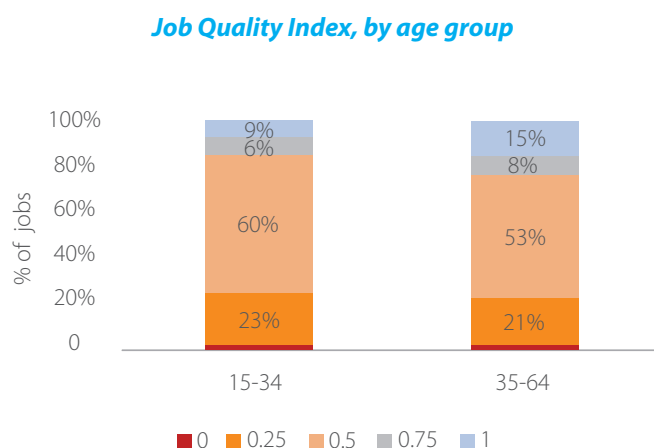
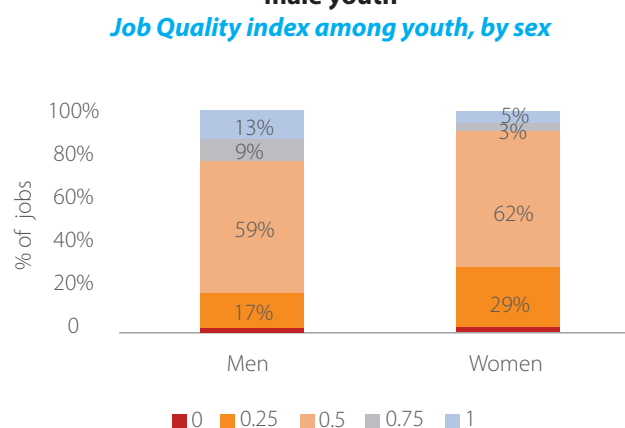


Figure 8: Female youth face more low quality jobs than male youth



Source: World Bank staff calculations based on IDREA (2018/19)

Notes: The “Job Quality Index” (JQI) uses 4 indicators: level of remuneration above the poverty line; signed contract; the worker holds a single job; and the provision of social benefits through the job. The JQI takes a value of 1 if a job meets all the conditions, a value of 0 if it meets none of the conditions, and an intermediate value depending on the number of conditions it meets. Low quality jobs are defined as those with a JQI less than or equal to 0.5.

Gender gaps persist in education, employment, earnings and job quality, though they have been narrowing among the younger generation.

Young women attain lower education-levels than young men, though the gap has narrowed over time. While 60 percent of young women in 2019 have at least some secondary education, 70 percent of young men have finished secondary school.²⁴ Young women are employed at a lower rate (52 percent vs 56 percent) and are less inclined to study full-time compared to young men (18 percent vs 21 percent). Substantial gender gaps in earnings persist with young males earning twice as much as young females. Low quality jobs are also more prevalent among women (92 percent vs 78 percent) (Figure 8). Nearly 75 percent of the difference in job quality is explained by women’s lower education-levels and their clustering into less lucrative sectors of employment and job types.

Most (96 percent) Angolan youth are classified as vulnerable, with roughly 20 percent of these considered highly vulnerable. Young people’s vulnerability can be assessed vis-à-vis the labor market by their deviation from the standard school-to-work transition pathway.

“Low-vulnerable” youth are defined as those who are on the school-to-work pathway at age-appropriate milestones; namely full-time students and employees with good quality jobs (Table 1, top row). Only 4 percent of Angola’s youth are on track. At the other end of the spectrum, 20 percent of youth can be classified as “highly vulnerable” (Table 1, bottom row). These youth are mostly poor, illiterate, and married female NEETs (not in education, employment or training) living in rural areas. The remaining 76 percent are considered “vulnerable” as they are working in poor quality jobs or studying, but with age-grade distortions (Table 1, middle row). The vulnerable can be further subdivided into five sub-groups: “urban students” (19 percent) comprising youth in urban areas who are studying full-time though lagging for their age; “urban male workers” (22 percent) consisting of young men in urban areas working in various economic sectors; “vulnerable urban females” (15 percent) who are young women in urban areas working in commerce or are unemployed; “vulnerable farmers” (8 percent) who are poor youth in rural areas working in agriculture; and “non-working rural” (12 percent), who are poor students or unemployed in rural areas. In other words, the three broad classifications of economic vulnerability can be further dissected to seven different profile groups of youth.

²³ Gaps in wage levels and job quality between adults and youth are attributable to skills learned on the job rather than the types of skills that more education offers. While regression and decomposition analysis throughout the technical report confirm the strong returns to education, the significant premium on experience in the labor market dominates. The returns to education and the employment quality index are both robustly higher for youth who achieved at least some level of secondary education.

²⁴ Significant education gaps exist by location and income group as well. Youth in rural areas are far less likely to receive a secondary education, and the gap between males and females grows with de-urbanization, while youth in the poorest households are less likely to attain higher levels of education than better-off youth.

Table 1. Vulnerability Groups and Profile Groups of Angolan Youth

| Vulnerability Group | Youth Profile Group | Group Characteristics |
|---|---|---|
| <u>Low Vulnerable (4%):</u> Youth who are on the school-to-work pathway at age-appropriate milestones | 1. <i>On track</i> (4%): full-time students and employees with good quality jobs | Average age of 25, equal share of men and women, mostly unmarried, living in urban areas (mostly in Luanda). Completed secondary education or more. Currently studying, high-qualified unemployed or working in high quality jobs in the public or private sector. Monthly average wage around 100,000 Kz. An average JQI of 0.83 |
| <u>Vulnerable (76%):</u> Youth with school-level age distortions or working in low-productivity sectors or poorly paid jobs | 2. <i>Urban students</i> (19%): living in urban areas and are full-time students, though they lag in school-level for their age | Average age is 18, equal share of men and women, unmarried, living in urban areas. Have incomplete secondary education and are studying full time. |
| | 3. <i>Urban male workers</i> (22%): young men in urban areas who are working in low-productivity sectors | Average age is 25, living in urban areas. Incomplete secondary education. Work in various low-productivity economic sectors. Monthly average wage is around 39,605 Kz. Average JQI is 0.6 |
| | 4. <i>Vulnerable urban females</i> (15%): young women in urban areas working in commerce or are unemployed | Average age of 27, living in urban areas. Complete primary education. Work in commerce activities or are unemployed. Monthly average wage around 22,961 Kz. Average JQI is 0.43 |
| | 5. <i>Vulnerable farmers</i> (8%): poor youth in rural areas who are working in agriculture | Average age of 26, 30 percent women, married and living in rural areas. Primary education or below. Mostly employed in agricultural activities. Monthly average wage is 21,735 Kz. Average JQI is 0.42 |
| | 6. <i>Non-working rural</i> (12%): poor youth in rural areas who are students or unemployed | Average age is 19, 40 percent women, unmarried and living in rural areas. Primary education and 60 percent are attending school, while others are unemployed |
| <u>Highly Vulnerable (20%):</u> Youth who are not on a school-to-work pathway | 7. <i>NEET women</i> (20%): poor, illiterate female NEETs in rural areas | Average age is 25, 60 percent are married and live in rural areas. Less than primary education. Not attending school, not working, with some dedicated to domestic work |

Notes: The methodology used in Almeida and Packard (2018) was adapted to construct the vulnerability matrix for Angolan youth. These classifications are used in the next section to identify the labor market constraints affecting different types of Angolan youth. JQI is a job quality index, which is a composite of four variables measuring job quality.

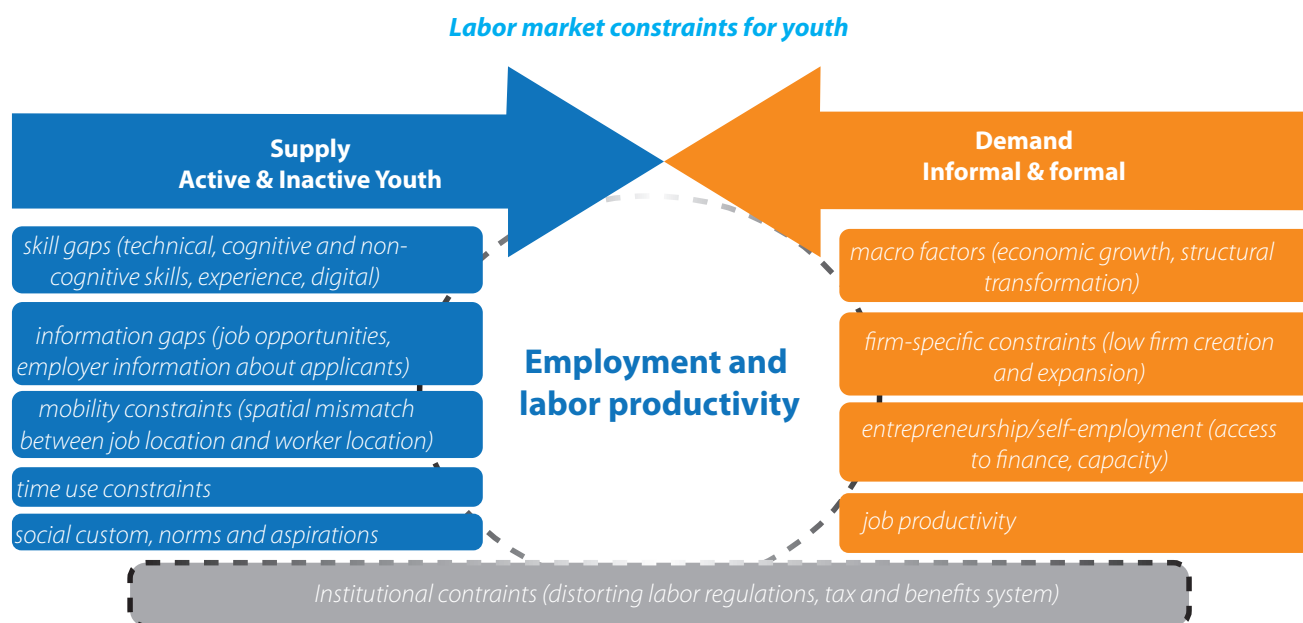
Angolan youth face different types and intensity of constraints.

Even before the Covid pandemic, factors on the demand, supply and the intersection of the labor market underpinned the challenges that youth face in accessing the labor market (Figure 9).²⁵ The demand-

side factors include: macroeconomic factors, firm-specific constraints, entrepreneurship and self-employment gaps, and job productivity. The supply side factors include: skills gaps, information gaps, mobility constraints, time-use constraints, and social customs and norms. Finally, a set of institutional constraints, including labor regulations and the tax-and-benefit system shape the overall context that the supply and demand forces operate within.

²⁵ Though Covid-19 had a strong short-term impact on jobs, young workers experienced fewer disruptions than older workers. The set of public health measures implemented as a response to the Covid-19 pandemic generated an additional contraction in the country's economy.

Figure 9: Youth face multiple constraints when transitioning into the labor market



Note: Adapted from *Solutions from Youth Employment, S4YE (2015)*

Demand-side factors (Figure 9) **that are most relevant for Angola can be summarized in two categories, which mostly affect “low vulnerable” youth** (Table 2).

1. **Macro-economic constraints:** Negative economic growth, particularly that caused by a slowdown in the oil sector, limits job creation with particular challenges for new entrants. The nature of and pace of structural transformation are also not conducive to good job growth. Vulnerable Angolan youth living in urban areas and those classified as “on track” are particularly affected by macro-economic constraints due to their greater reliance on the market economy for employment.
2. **Firm-specific constraints:** The limited role that Angolan firms play in job creation is due to constraints to firm creation and expansion, the result of a difficult investment climate including high levels of red tape, poor infrastructure and limited market contestability. These constraints are most relevant for vulnerable youth in urban areas where large firms operate. Limited access to credit and alternative sources of finance, especially for younger and rural populations, low skills and firm capabilities are also an impediment to **entrepreneurship and improved conditions for the self-employed**. Three vulnerability groups – vulnerable farmers, vulnerable urban females, and urban male workers – who are overwhelmingly self-employed are most affected by impediments to starting and running a micro-business. Declining labor productivity signals that Angola is on a path

to low-quality jobs, mostly affecting these same three groups.

Supply-side factors (Figure 9) **that are most relevant for Angolan youth can be summarized in four categories and are important for all youth, but especially the “highly vulnerable”** (Table 2):

1. **Skills gaps:** Low education-levels²⁶ and a disconnect between the TVET system and the labor market mean that many youth do not have the basic and technical skills needed to succeed. Limited work experience and the lack of digital skills also prevent youth from accessing better jobs. Highly vulnerable youth and the vulnerable youth in groups that are at an educational disadvantage – non-working rural and young women – are most constrained by low skills-levels.
2. **Information constraints:** Limited social networks hinder youth’s access to opportunities. Weak linkages between education institutions and job opportunities exacerbate the problem. This is a particular challenge for young women, who have few networks outside the household.
3. **Mobility constraints:** Spatial mismatch between job and worker locations, combined with mobility constraints and safety concerns limit job search and employment opportunities, especially for vulnerable young women and rural youth.
4. **Social constraints:** Most poor young Angolans are expected to work from an early age.²⁷ Social norms guiding women’s

²⁶ The share of Angolans with at least some secondary education expanded by nearly 17 percentage points between 2008 and 2019, as the share with less than primary education has declined; tertiary education has also doubled over the past decade. Despite improvements, the education and skills’ base remain low. Many Angolans still lack the basic skills needed to drive productivity increases in the labor market while limited skills’ capabilities hinder employers’ ability to innovate and efficiently manage firms. Most (45 percent) business owners in Angola have completed only secondary school. Instead, there is a heavy reliance on a skilled expatriate workforce, especially foreign executives and technical personnel rather than training and hiring locally. Angola is positioned 138th (out of 141 countries) globally on the reliance of its professional management.

²⁷ This is consistent with Angola’s large youthful demography and a high dependency ratio such that working-age adults need to earn to support several dependents. This situation creates social pressures for young individuals to leave school and prematurely enter the labor market. Due to the low educational accumulation, they will necessarily enter lower quality jobs, putting themselves on a pathway for a lifetime of low productivity jobs.

time-use constrains labor force participation. Household composition, especially being the head of a household, is the biggest contributor to premature entry into the labor market. Family responsibilities (eg: childcare) and lack of childcare services influences participation and limits the types of employment young women can do.

Institutional factors (Figure 9) are important in Angola but given the low level of enforcement of labor regulations and high informality rates, they do not represent a significant barrier for youth employment.

To the extent that institutional factors distort labor markets, they would have the greatest impact on low vulnerable (“on track”) youth who are most engaged in formal labor markets. However, institutional factors are likely to have spillover effects on vulnerable urban youth who interact with the formal economy. The two institutional factors that are most relevant include (Table 2):

1. **Labor regulations** in Angola combine flexibility with strong worker protection. The General Labor Law of 2015 is on par

with legislation in other countries with greater productivity growth, formal employment, and firm creation, and is thus not likely to significantly impede job creation in Angola’s less dynamic and more informal economy. Limited enforcement likely makes the legislation even less important in firm decision-making on human resource issues.²⁸

2. Youth earn less than the **minimum wage** in agriculture and commerce/hotels where most youth work. However, enforcement of legal minimum wages is difficult given the use of verbal contracts and the limited number of labor inspectors in Angola. Thus, the real extent of the potential effects of the minimum wage on labor outcomes remains ambiguous.

In summary, youth in Angola face multiple constraints but different groups of youth face different types and intensity of constraints. Table 2 provides a detailed mapping of the constraints faced by each youth profile group, as well as how prevalent those constraints are for each group.

Table 2: Different groups of youth face different types of and intensity of constraints

Mapping of constraints and Vulnerability Group

| CONSTRAINTS | YOUTH PROFILE GROUPS | | | | | | |
|--|----------------------|-------------------|--------------------|--------------------------|--------------------|----------------|----------|
| | NEET women | Non-working rural | Vulnerable farmers | Vulnerable urban females | Urban male workers | Urban students | On track |
| DEMAND-SIDE: | | | | | | | |
| Macro-economic factors | X | X | X | X | X | X | X |
| Firm-specific constraints | - | - | - | X | X | - | X |
| Entrepreneurship & self-employment | X | - | X | X | X | - | X |
| Low-quality jobs | X | - | X | X | X | - | X |
| SUPPLY-SIDE: | | | | | | | |
| Skills gaps: | | | | | | | |
| · Basic skills (education) | X | X | X | X | X | X | X |
| · Technical skills | X | X | X | X | X | X | X |
| · (Non-)cognitive & digital skills | X | X | X | X | X | X | X |
| · Work experience | X | X | X | X | X | X | X |
| Time-use & household constraints | X | X | X | X | X | X | X |
| Mobility constraints | X | X | X | X | X | X | X |
| Social norms, customs & aspirations | X | X | X | X | X | X | X |
| INFORMATION & INTERMEDIATION: | | | | | | | |
| Informational gaps in the job market | X | X | X | X | X | X | X |
| INSTITUTIONS: | | | | | | | |
| Minimum Wages, Government and Tax Reform | X | X | X | X | X | X | X |

Source: World Bank staff elaboration.

Notes: The color indicates to what extent each barrier affects each group: X Red = severe constraints; X Yellow = moderate constraints; X Green = minor constraints. A dash (–) indicates that the constraint is not relevant for the related group.

28 For instance, while the process for dismissing workers and severance pay may affect some hiring decisions, low compliance makes it unlikely the effects are particularly strong.

Angola has several employment programs to help youth transition into the labor market, but they are generally not targeted at vulnerable youth.

Youth employment is a top priority for the Angolan government, as expressed in its Long-Term Development Strategy (LTDS) 2025 and National Development Plan (PDN) (2018-2022). The LTDS aims to promote the access of all Angolans to productive, qualified, remunerative and socially useful employment and ensure the sustained development of national human resources. The PDN outlines several policies and programs with the objective of promoting job creation and inserting young people into the labor market. It frames employment policies on axis 1 “Human Development and Well-being” mainly through its Policy 3 on “Human Resource Development”; and on axis 2 “Sustainable, Diversified, and Inclusive Economic Development” through its Policy 13 on “Employment and Working Conditions”.

Framework for assessing youth employment interventions in Angola

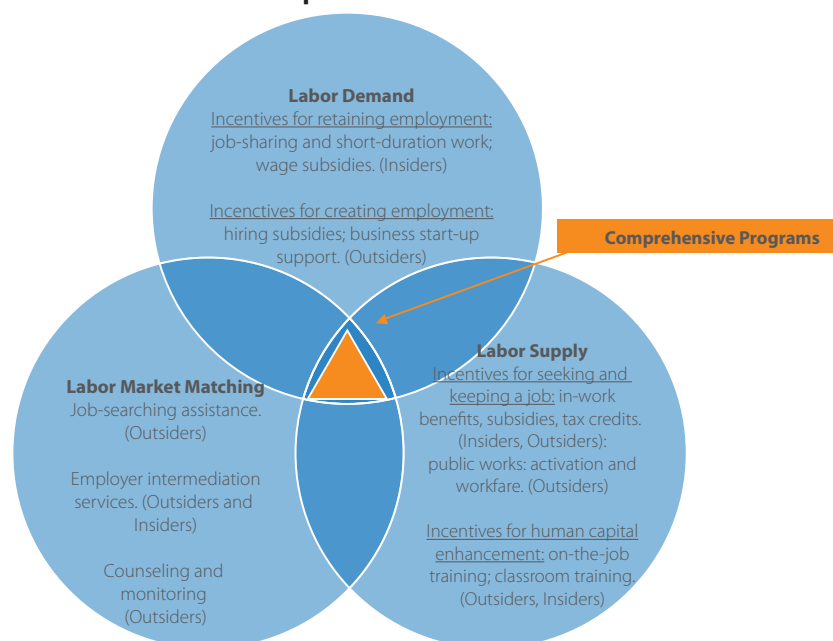
An inventory of public employment programs was created for purposes of assessing youth employment interventions in Angola. Administrative data provided by government authorities was the source of information for the inventory. The exercise built on an inventory of entrepreneurship and professional training programs conducted by the World Bank in 2020.²⁹ The inventory of programs includes only public programs implemented by the Angolan government at national and municipal- levels; it covers all labor market programs

included in the PDN 2018-2022. The database was constructed using an Excel template that captures quantitative information on spending and beneficiaries and qualitative information on key design features of the programs. Quantitative data – such as budget and number of beneficiaries – were captured for almost half of the programs, but they cover the largest government programs, so it is representative. Given the lack of detailed qualitative information on some programs, the information for design features was only available for a limited number of programs.

For the purposes of the assessment, Angola’s programs are classified into four types of active labor market programs, according to their main objectives (Figure 10).

The four types of active labor market programs closely align with the labor market constraints described in Figure 9. The main categories of Active Labor Market Programs (ALMPs)³⁰ that are relevant for Angola are: 1) Labor demand programs intended to stimulate job creation (incentives for retaining employment and incentives for creating employment); 2) Labor-supply programs intended to strengthen young people’s employability (incentives for seeking and keeping a job and incentives for human capital enhancement); 3) Labor market matching programs meant to strengthen the job-search process; and 4) Comprehensive programs that recognize that youth, especially the most vulnerable, may face multiple constraints and thus adopt a holistic approach that tries to stimulate both job demand and supply. Some programs benefit those who are already working (insiders), while others are intended for those who are not working (outsiders).

Figure 10: Schematic of ALMP options to tackle labor market constraints



Source: Adapted from Brown and Koettl (2015).

Note: “Insiders” refer to those who are currently employed; “outsiders” refers to the unemployed, long-term unemployed, discouraged, informal workers, and inactive. “Activation and Workfare” programs commonly condition the receipt of unemployment benefits or other type of income support on the participation in workfare programs. They aim to increase inflow into employment by strengthening work incentives.

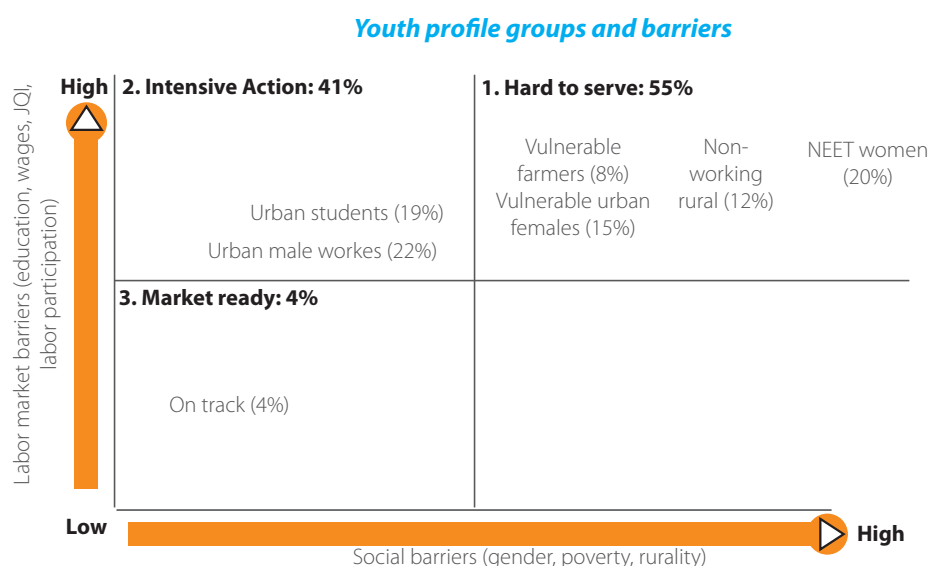
²⁹ World Bank (2022): “Enhancing Public Support to Youth Employment: Towards an ALMP System in South Africa.” The World Bank. <https://documents1.worldbank.org/curated/en/099715008182226438/pdf/P1721750cde2840190a52300f83fe001556.pdf>

³⁰ ALMPs aim to keep workers employed, bring them into employment, increase their productivity and earnings, and improve the functioning of labor markets through active policies to increase and enhance labor supply, increase labor demand, and raise the efficiency of labor market matching (Brown and Koettl, 2015).

For purposes of making policy recommendations, the seven youth profile groups identified above are clustered into three policy groups, where each policy group faces similar labor market and social challenges, and as such, could benefit from similar policy approaches (Figure 11). Each policy group needs a unique set of targeted policy assistance. The “hard to serve” policy group, equivalent to 55 percent of youth, face high social and labor market barriers. Four vulnerability groups comprise this policy group: NEET women;

non-working rural; vulnerable farmers; and vulnerable urban women. The “intensive action” policy group includes youth who face some social barriers but high labor market barriers, namely urban students and urban male workers. Finally, the “market ready” policy group are youth who face low social and labor market barriers. Only the low-vulnerability, on track youth are in this category, though even they will benefit from policies to help them secure better jobs.

Figure 11: Youth in Angola face significant labor market and social barriers.



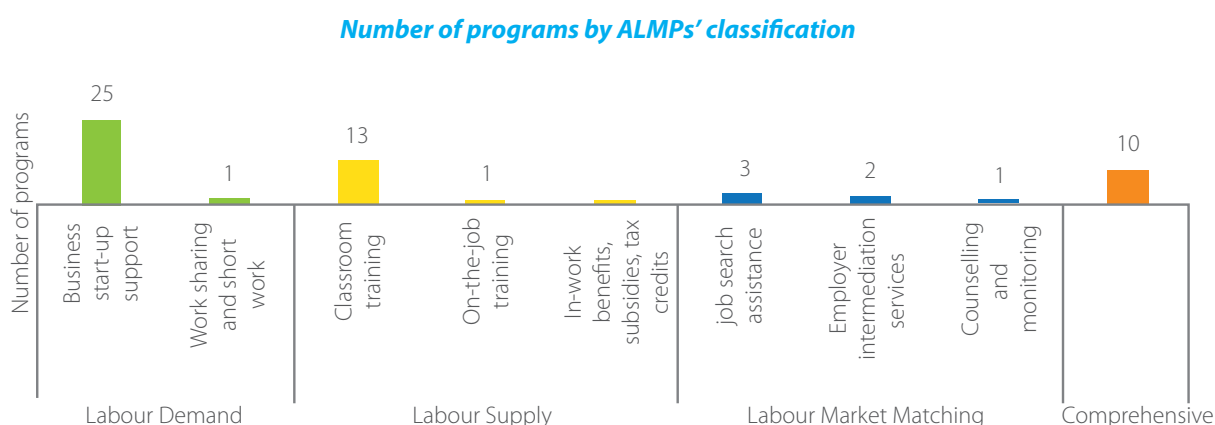
Source: World Bank staff elaboration. Note: JQI indicates “job quality index”.

Youth employment programs in Angola

The government of Angola implements about 57 national labor market programs at a cost of more than 630 billion kwanzas annually, with most programs supporting

entrepreneurship (Figure 12)³¹. Youth employment is a top priority for the government, demonstrated by the variety of ALMPs implemented. Job creation is the most common program objective, with nearly half of the ALMP programs dedicated to supporting business start-ups or job-sharing.

Figure 12: Most of Angola’s programs support business start-ups



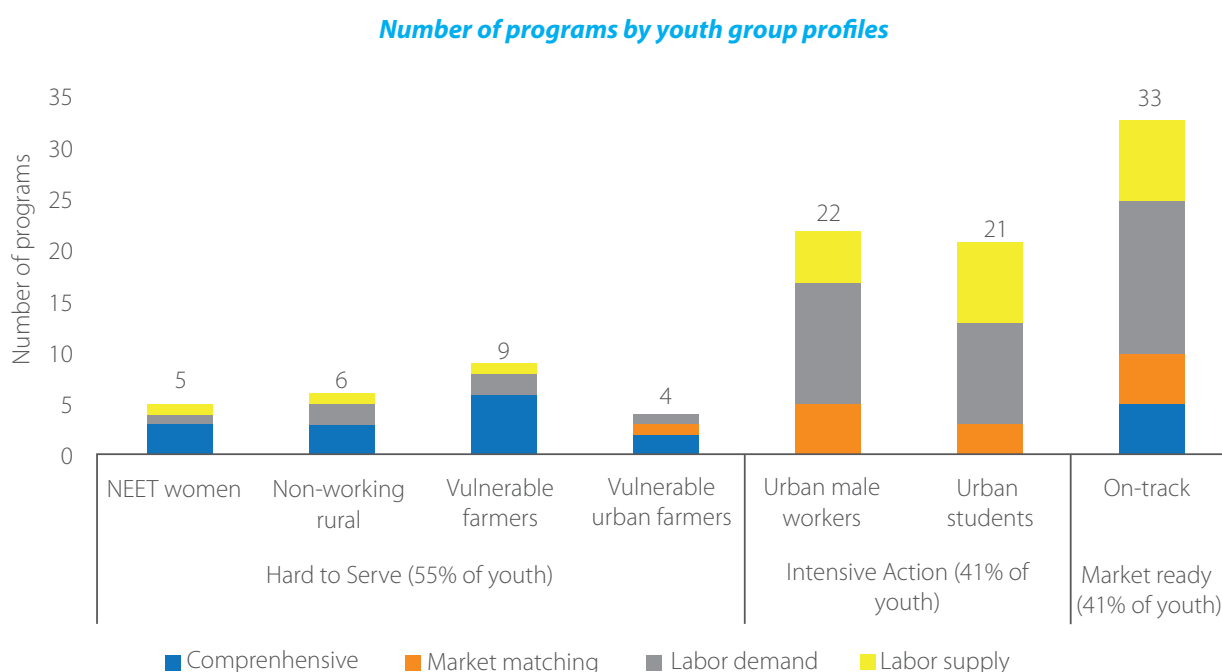
Source: World Bank staff elaboration based on ALMP inventory.

31 More than half of the programs in the inventory (that report budget information) have annual budgets that exceeds 1 billion kwanzas.

Few of Angola's ALMPs are design to help vulnerable youth.³² The existing portfolio of Angola's ALMPs is not effectively aligned to support the needs of the large population of vulnerable youth. Youth that are more vulnerable and hard-to-serve represent 55 percent of all youth in Angola, yet only 24 percent of ALMPs target this group (Figure 13). In contrast, youth who are less vulnerable and market-ready represent only 4 percent of all youth but benefit from 33 percent of the total ALMP portfolio (Figure 13). Furthermore, most programs do not

provide the comprehensive support youth need to succeed in the labor market even though most Angolan youth are classified as vulnerable and face multiple constraints. For example, entrepreneurship programs provide financial support without complementary training to promising young entrepreneurs who often lack the requisite business skills. Similarly, there is limited offering of classroom training with practical on-the-job training which would yield promising results for vulnerable youth and women.

Figure 13: Angola's ALMPs are mostly design for the less vulnerable youth



Source: World Bank staff elaboration based on ALMP inventory.

Angola's ALMPs are generally limited in scale, have restrictive eligibility criteria, are fragmented, and in many cases have overlapping objectives.³³ Despite high expenditure on employment interventions, most programs (72 percent) serve a small number of beneficiaries (less than 5,000 annually) with programs often not meeting their beneficiary target numbers. Though most programs do not appear to use explicit eligibility criteria for targeting, many implicitly exclude vulnerable youth through initial eligibility criteria. For instance, although vulnerable youth are not explicitly excluded from business start-up support programs, they are implicitly excluded due to burdensome eligibility criteria such as requiring youth to have proven technical-professional skills and own a business. Similarly, programs that support professional and vocational training – which are two of the largest ALMP programs – are more accessible to relatively skilled youth via eligibility restrictions requiring youth to have secondary education.

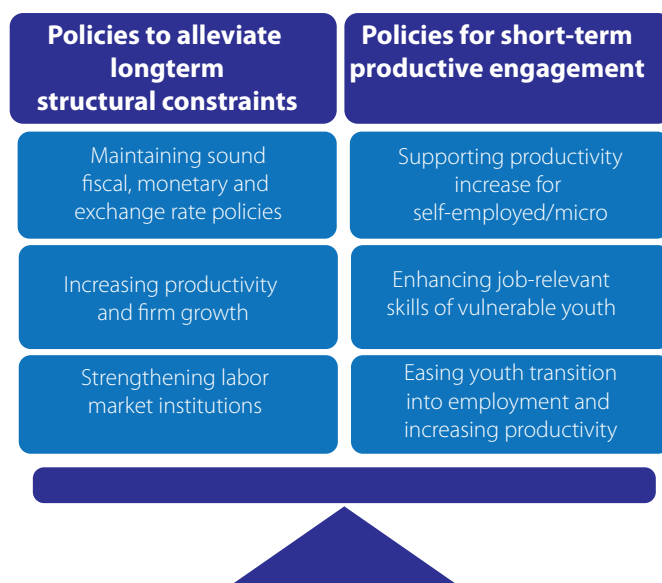
More and better policies for Angola's vulnerable youth.

Angola will need to adopt a balanced jobs strategy to address both long-term structural constraints to the creation of more good jobs and short-term improvements to the productive engagement of vulnerable youth (Figure 14). To solve the youth employment challenge, Angola needs a more holistic strategy than it currently has. Policies to affect long-term structural constraints will help the Angolan economy create and connect with international markets, increase the number and productivity of private sector jobs and strengthen labor market institutions. The policies for short-term impact focus on interventions that can be implemented under the current economic and business context, by assisting Angola's current and future workers to build capacity and connect to better jobs and earning opportunities through wage work or their own enterprises. Policies adopted must proactively serve vulnerable youth who are largely underserved by existing policies. The proposed policies, as well as the types of youth each will serve are summarized in Table 3.

³² Notably, our data only includes the number of programs in each category. If data were available on the number of youth served in each program, we could provide a more rigorous assessment of the extent to which the portfolio of ALMPs serve the youth with different vulnerabilities. Nevertheless, our analysis (albeit limited) helps us rationalize the mix of Angola's programs and gives some indication of whether the existing programs/instruments are appropriate for its youth.

³³ An analysis of the entire portfolio in terms of resource allocation, coverage/scale and other efficacy indicators would be ideal but is not feasible due to data limitations.

Figure 14: A Jobs Strategy that balances alleviating long-term structural constraints and supporting short-term productive engagement



Source: World Bank staff elaboration



Table 3: Proposed policy actions tailored to groups of youth

| Policies | Hard to serve (55%) | Intensive action (41%) | Market Ready (4%) |
|---|---------------------|---|--|
| Maintaining sound fiscal, monetary and exchange rate policies | | | 1. Maintain a flexible exchange rate , which supports job creation in productive non-oil export-oriented sectors. |
| | | | 2. Ensure inflation expectations are well anchored , as high inflation tends to erode wages and the quality of jobs. |
| | | | 3. Sound fiscal policies (including prudent management of oil revenues) allow for the steady implementation of public investments in infrastructure and human capital that provide the basis for economic diversification and the creation of good jobs. |
| Increasing productivity and firm growth | | 1. Continue to improve the regulatory environment and promote competition in markets. | |
| | | 2. Improve the availability of finance to the private sector, especially SMEs. | |
| | | 3. Attract investment and develop value chains in non-oil sectors with job creation potential. | |
| Strengthening labor market institutions | | 1. Improve monitoring and evaluation of ALMPs . | |
| | | 2. Rationalize ALMPs to invest more and scale up programs that work. | |
| Supporting productivity increases for the self-employed | | 1. Increase financial inclusion and the use of mobile money . | |
| | | 2. Restructure support to young entrepreneurs by packaging information, skills, coaching, and finance into a single program. | |
| | | 3. Address the specific constraints of women micro-entrepreneurs. | |
| Enhancing job-relevant skills of vulnerable youth | | 1. Enhance investment in the education system (including second-chance education) to better serve vulnerable youth and adults. | |
| | | 2. Improve access and relevance of professional and vocational training for vulnerable youth. | |
| Easing youth transition into employment and increasing their productivity | | 1. Facilitate labor market transition through expanding the internship program . | |
| | | 2. Enhance the productive inclusion of vulnerable youth in rural and urban areas, especially women. | |
| | | 3. Strengthen intermediation services to provide the information needed to place vulnerable and non-vulnerable youth into the right jobs. | |

Source: World Bank staff elaboration

Notes: "Hard to serve" includes NEET women (poor illiterate females NEETs), poor and vulnerable youth in rural areas who are studying or unemployed (non-working rural) or working in agriculture (vulnerable farmers) and vulnerable women in urban areas who are unemployed or working in low quality commerce activities (vulnerable urban women). "Intensive action" includes males working in different economic sectors in urban areas (urban male workers) and full-time students with school-age distortion (urban students). "Market ready" includes the low-vulnerable youth well educated and young top earners of Angola (on track).

The political challenge is to develop a balanced portfolio of policies that invest for the long term while addressing short-term needs, as demonstrated by the balance graphic in Figure 14. The policies for short-term productive engagement can begin now, can be achieved relatively quickly, and impact jobs in the short run. These are mostly programs or policies that are not subject to broad debate, legislative change or shifting the functioning of the economy. Work on the policies

to alleviate long-term structural constraints should also begin now, though they will take longer to be developed and thus impact jobs in a more distant time period. These are legislative changes and policies that are intended to shift the functioning of the economy. Both sets of policies are necessary to shift the jobs' picture, and both must begin immediately.

To jumpstart the policy reform, the government, with private sector partnership could develop a new National Initiative on Employment that would lay out a roadmap for reform. It would detail targeted actions and structural reforms to ensure that young people get better jobs, including the responsible actor, legislative and procedural reforms, milestones, measurable targets, and timelines. The process to develop the initiative could be a convening opportunity for the many actors who play a role in job creation and quality, while the oversight may need to be at a high government-level to ensure collaboration across ministries and with the private sector.

Policies to Alleviate Long-term Structural Constraints

Maintaining sound exchange rate, monetary and fiscal policies that create the stable macroeconomic environment necessary for robust growth and job creation in non-oil sectors

Sound exchange rate policies ensure that the currency is neither over nor undervalued, providing the right incentives for job creation in export-oriented industries beyond natural resources. While Angola has made great progress in reforming its exchange rate regime resulting in significant currency depreciation since reforms began in 2019, two additional strategies can be undertaken: i) Accelerating debt repayments to further buttress macroeconomic stability, while avoiding revenues that enter the economy from driving up the real exchange rate; and ii) Making use of (additional) revenues stemming from higher oil prices to undertake needed investments in physical and human capital that increase the productive capacity of the economy. The latter strategy would require boosting the quality of public investment management to ensure dollars of investment translate into actual investment capital on the ground. Both these policies will likely be most beneficial to “market ready” youth who are working in tradable sectors and related industries (Table 3).

Ensuring inflation is controlled is also important for overall macroeconomic stability that support job creation.³⁴ High inflation erodes the purchasing power of labor earnings, which leads to a decline in the quality of jobs, affecting workers of all vulnerability categories (Table 3). Monetary policy, together with supply-side policies in agriculture will ensure price stability that help businesses plan and create more jobs. Standard monetary policy tools, namely interest rate changes that anchor inflation expectations, may be insufficient to deal with Angola’s current inflation challenges, which have been primarily driven by the fast increases in food prices. New policies to increase the supply of food could also play a stabilizing role. For example, trade policies could be adjusted to ensure ample availability of food in Angola, together with policies to improve productivity in the agricultural sector to increase the domestic availability of

food (and at the same time create new jobs in agriculture and promote economic diversification). Concrete examples of such policies include investments in agricultural research, extension and training, and improved rural infrastructure (connectivity, electricity for processing, and cold chains) as well as developing efficient transport and logistics systems to support agricultural production, such as building and maintaining road networks and improving the operations of Angola’s ports and airports.

Sound fiscal policy, including prudent management of oil revenues, needs to ensure that resources are directed towards investments in physical and human capital that provide the basic platform for business development and job creation. They include: i) Continued commitment to the fiscal surplus required to reduce debt ratios; ii) Continued increase in the efficiency of expenditures so that better results are obtained with more restrained spending; iii) Continued reduction in the number of public investment contracts undertaken through direct award to promote transparency and efficiency in public investment projects (especially infrastructure); and iv) Avoiding providing tax incentives to “preferred” (oil) economic sectors. This would mean, for example, privileging infrastructure investments outside oil and gas towards sectors that create more good jobs, including investment in reliable and clean energy connectivity to industrial areas (which will facilitate the creation of urban industrial jobs) as well as urban infrastructure (transport, sanitation, digital) to create more growth in services sectors to absorb the young, better educated population (“market ready”) (Table 3).

Increasing productivity and firm growth to strengthen the job-creation potential of private firms

Continuing to improve the regulatory environment will promote competition in markets, thereby facilitating firm entry and growth, as well as support Angola’s economic diversification efforts while increasing its export base. The Angolan government has made important regulatory and institutional changes in recent years to ease several constraints facing firms, attract investment and reduce regulatory compliance costs.³⁵ A new round of reforms can further foster private investment that is necessary to grow existing firms and launch new ones. These include measures to: i) Decrease the (current) high costs of trade and logistics and reduce non-tariff barriers (including reducing licensing, authorizations, and inspections requirements);³⁶ and ii) Continuing to implement the competition framework, including building the capacity of the Competition Authority, so anti-competitive behavior and distortive regulations can be addressed. An improved regulatory environment may indirectly benefit vulnerable (“intensive action”) and, especially less-vulnerable youth (“market ready”) who may be employed in new or growing firms that benefit from these policy changes.

34 It is important to differentiate once-off inflation increases, such as may be caused by the adjustment of fuel subsidies, with the need to ensure inflation expectations are well anchored.

35 These include removing restrictions to foreign investment, modernizing tax policies and administration, easing business registration, automating customs’ procedures, and improving contract enforcement. Moreover, for the first time Angola developed a competition policy framework and established an antitrust agency, while privatizations and revisions to sectoral regulations (eg: energy and water, telecommunications) open space for private sector participation and better service delivery in enabling economic sectors.

36 IMF (2022): 2021 Article IV Consultation. IMF Country Report No. 22/11.

Improving the availability of finance to the private sector, especially SMEs and startups would allow growth-oriented firms to start and expand their production, and introduce new products and services, increasing their potential to hire workers.

Current efforts that contribute to this objective include reforms to strengthen financial sector infrastructure, including improving credit information, modernizing payment systems and encouraging the use of movable collateral and out of court debt restructuring. Several new governmental programs encourage access to finance for SMEs and co-operatives, primarily in agriculture, including incentives for banks to lend through partial credit guarantees, and training programs to improve firms' business practices and ability to prepare bankable projects. Even though some regulations are in place, microfinance, leasing, factoring, value chain finance, fintech, and non-collateral loans are underdeveloped in Angola.³⁷ Additional measures to support this objective would include: i) Designing risk-sharing facilities to mitigate the risk for banks to lend to small businesses; ii) Continued support on the demand side to help firms strengthen their financial management and other capabilities; and iii) Supporting the development of early-stage finance (eg: seed capital, angel investors, venture capital, crowdfunding) to create jobs in new industries (eg: tech sector that may employ less vulnerable youth). These policies would most benefit "market ready" youth who may have access to finance and may indirectly affect vulnerable "intensive action" youth who may benefit from the new jobs created or spillover effects as new SMEs source from micro-enterprises run by vulnerable youth.

Attracting investment and developing value chains in non-oil sectors with job-creation potential will open new opportunities in a diversified economy.

The cross-cutting productivity and firm-growth policies can be complemented with specific policies to attract investment and develop value chains in non-oil sectors with potential for creating new jobs and potentially better jobs for "intensive action" and "market ready" youth than in the low-employment and (generally) low jobs quality extractives sector (Table 3). Diversification into other sectors may provide more and better job opportunities. Several sectors have potential: agricultural products, diamonds, and fisheries; minerals and derivatives such as quartz and mica; and light-manufacturing.³⁸ Immediate program interventions include: i) Providing extension services and market-friendly support to access quality inputs by small holders; ii) Supporting market access by fostering linkages between small producers and buyers and improving rural infrastructure; and iii) Increasing the availability of finance to agriculture. Complementary policies include: iv) Supporting the availability of infrastructure land in well-managed industrial zones to develop agri-processing and light manufacturing industries as well as v) Attracting FDI, through targeted investment promotion efforts, and providing an attractive and stable legal framework to help access technology and markets in these sectors. Developing a modern service sector is also important for Angola's growth and

employment prospects, especially as services are increasingly seen as a pathway for productivity growth in developing countries and are becoming integral to the development of other sectors, like manufacturing.³⁹

Strengthening labor market institutions to boost the impact of labor market policy

An integrated policy approach and a strong monitoring and evaluation system can inform the design of and boost the impact of labor market policy.

Two strategies can move Angola towards this objective. First, Angolan institutions responsible for labor market programs should develop and institutionalize monitoring and evaluation systems to increase institutions' capacity to generate robust empirical evidence on programs' effectiveness in helping youth attain employment outcomes (ie quality of jobs, earnings or employment status over time). Establishing the system involves: defining a set of measures against which the implementation agencies report, systematically collecting the appropriate data for tracking those measures, producing regular progress reports and creating a special monitoring unit. Second, rationalize ALMPs and redirect resources to scale up programs that effectively help youth, especially vulnerable youth to address their labor market constraints. This will entail identifying which target group(s) to prioritize and what kind of support should be provided to them, as well as consolidating and unifying programs that overlap (accomplish similar objectives, target similar groups and have similar benefits). One co-ordinating government body, housed within the Presidency could facilitate collaboration across the different institutions, implementing labor market interventions and be responsible for: i) Developing the country's overall ALMP strategy; ii) Monitoring and evaluation across the ALMP system; and iii) Information-sharing across implementing (and other) government departments. All categories of youth would benefit from Angola's redefined labor market strategy, especially vulnerable youth who are currently implicitly excluded from programs (Table 3).

Policies for short-term productive engagement

Supporting productivity increases for self-employment to engage vulnerable youth.

Improving opportunities for the high number of self-employed goes beyond business environment policies that foster firms (discussed above). Instead, policies to support the vulnerable to become self-employed focus on the micro-entrepreneurs themselves to increase productivity and earnings in the smallest enterprises.

Increasing financial inclusion and the use of mobile money will improve opportunities for the high number of self-employed and increase their productivity and earnings. Addressing the gap in access to financial services

37 US Embassy in Angola (2019): QQSE – Luanda Entrepreneurial Ecosystem Mapping.

38 World Bank (2018): Angola Country Economic Memorandum: Towards Economic Diversification.

39 Nayyar G, Hallward-Driemeier M, Davies E (2021): At Your Service: The Promise of Services-Led Development.

in Angola,⁴⁰ especially among low-income, women, and rural populations will be most beneficial for the “hard to serve” and “intensive action” policy groups (Table 3). There is also potential for development of mobile money – which is very nascent in Angola compared to regional peers⁴¹ – to improve productivity in the smallest firms. Angola could make use of savings from the consolidation of its ALMPs to expand and equip the agent network, foster private sector partnerships, implement just in time financial and technology literacy interventions, and make investments that can immediately address power shortages (eg: generators, solar panels, and low-cost towers). This would build on the steps already taken by the Central Bank to simplify account-opening requirements, foster an interoperable digital payments ecosystem, and promote inclusion of informal merchants by making it easier for them to acquire Point-of-Sale terminals.

Restructuring support to young vulnerable micro-

entrepreneurs by packaging information, skills, coaching, and finance into a single program will help establish more sustainable enterprises.

Providing budding young micro-entrepreneurs with a package of support will increase the chances of successfully launching and managing a micro-enterprise. Interventions that combine grants and business advice have shown promise for micro-entrepreneurs, if targeted to those who can benefit the most (Box 1 presents some international evidence). The government can: i) Map out the pathway for acquiring the full set of entrepreneurial support; ii) Identify (and fill) gaps in terms of program offerings or program pre-requisites that may interrupt the learning pathway; and iii) Help youth to navigate the learning pathway. This package of support can benefit “intensive action” and “market ready” entrepreneurs (Table 3). As there is some heterogeneity among the self-employed, including different levels of entrepreneurial orientation and business performance, the support would need to be targeted to their characteristics.

Box 1. International evidence on entrepreneurship programs for youth or vulnerable populations.

The international evidence shows that entrepreneurship programs for youth or vulnerable populations have positive (and large) impacts on labor market outcomes in the long term. Several experiences show that programs that offer a suite of financial and non-financial services have a greater impact than single-component programs:

- Ghana’s Graduating the Ultra-Poor Program involved the **transfer of a productive asset, training, consumption support, and coaching** to stimulate sustainable transition to self-employment. Treatment households experienced a 91 percent increase in non-farm income in addition to a 50 percent gain in livestock revenue, relative to a comparison group.
- Uganda’s Youth Opportunities Program (YOP) specifically aimed at **mitigating capital constraints for poor and vulnerable young people through grants for non-agricultural vocational training and business start-ups**. Relative to the control group, the YOP increased business assets by 57 percent, work hours by 17 percent and earnings by 38 percent.
- Uganda’s Women’s Income-Generation Support **combined business skills training, cash grants and follow-up support** to young women. Program participants were found to have larger gains in employment outcomes than beneficiaries of less comprehensive interventions.

Addressing the specific constraints of women micro-entrepreneurs can provide job opportunities that are compatible with women’s non-market constraints. To help women address constraints related to agency – defined as the ability to set goals, pursue them and achieve them – successful interventions have included personal initiative training that creates a growth mindset and builds self-confidence. To address contexts driven by social norms, such as women having limited decision-making about family finances, in-kind grants have been used to provide business inputs to women. To help women engage in potentially more lucrative industrial sectors, programs may support women’s preparation for and entry to male-dominated sectors through exposure (eg: apprenticeships) and female role-modelling. Tackling these constraints will be most beneficial to women who are more likely to be self-employed in low quality jobs and in retail activities (ie “hard to serve” and “intensive action” in Table 3).

Enhancing job-relevant skills of vulnerable youth to successfully integrate them into the labor market

The education and training systems can do more to help vulnerable young people acquire a range of job-relevant skills. Improving basic skills for the most vulnerable youth (providing long-term returns), as well as technical skills for vulnerable and less vulnerable youth (providing short to medium-term returns) would enhance job-relevant skills for the “hard to serve” and “intensive action” policy groups (Table 3). Providing youth with short-term and accelerated vocational training, through one to three months of intensive hands-on training and practice can be customized to better meet local job market needs quickly.

The education system’s effort to support vulnerable populations can be expanded in two ways. First, fully resourcing the EJA (Plano de acção para a intensificação da alfabetização e da educação de jovens e adultos – Action Plan for Literacy and Education of Youth and Adults) can increase efforts to combat illiteracy, reduce school delay among the young and adult population, and improve professional and vocational qualifications, especially among women and girls in rural areas. Second, adapting cash transfer and scholarship programs

⁴⁰ World Bank. 2020. Enhancing Financial Capability and Inclusion in Angola. World Bank, Washington, DC.
⁴¹ Angola reports 9.2 mobile money accounts per 1 000 adults compared to a regional average near 650 such accounts per 1 000 adults (World Bank, 2020).

to better reach vulnerable youth can incentivize school completion, especially those targeting girls and young women (“hard to serve” and “intensive action” policy groups in Table 3).

The training sector can adapt its policies and practices to account for the needs of vulnerable youth through three strategies: First, continue expanding physical access to training centers by upgrading existing facilities and expanding mobile training units, especially in remote areas. This can help youth who have left the education sector to acquire job-related skills. Second, upgrading training course curricula and aligning them to the labor market will improve the labor market opportunities for job-seekers. Third, removing barriers especially for women through expansion of training areas, scholarships and adapting programs designed to serve vulnerable women (Box 2 illustrates one such example).

Box 2: Key design features of Jóvenes program (classroom and workplace-based technical training)

The Jóvenes programs in Latin America and the Caribbean developed a model that targets vulnerable youth with a joint package of classroom-based technical training in low-skilled trades, socio-emotional skills development delivered over three to six months, followed by one to three months in an apprenticeship in the private sector. Several impact evaluations have found the program design to have positive effects on employability, formality and/or earnings, particularly among women and more vulnerable youth. Some of the key features that have made the program a success, include:

- The services are provided by NGOs that specialize in training. They operate under the umbrella of a public sector entity responsible for program implementation.
- NGOs are selected through a competitive process. Commonly, NGOs must provide evidence of, among other criteria: (i) Experience providing training courses to vulnerable youth; (ii) Appropriate facilities and presence in communities where the target population live; (iii) A curriculum that provides technical training with a strong emphasis on socio-emotional and behavior skills (SEBS) that are built into the curriculum and the culture of the program; and (iv) a MOU with a private sector firm that will provide apprenticeship experience to beneficiaries.
- Strong NGO and firm collaboration in terms of defining the technical and SEBS that will be taught in the pre-apprenticeship phase, active NGO engagement with the learners during the apprenticeship period (including troubleshooting employment issues), and joint management of the apprenticeship process.
- A stipend to cover basic transportation and food expenses (and childcare expenses for young mothers) is given to youth participants to offset the opportunity cost of program participation.

Easing youth transition into employment and increasing their productivity.

Youth of all vulnerability levels need help entering the labor market. Angola can undertake three strategies to give opportunities to first-time job seekers and improve comprehensive labor market programs as well as labor market intermediation services.

Consolidating and scaling-up the *Professional Internship Program* by increasing the partnership between schools and employers can improve the internship experience for the intensive action and market ready youth and help them make the school-to-work transition (Table 3). International evidence shows that on-the-job training programs facilitate entry into jobs, particularly for young labor market entrants (Box 3). However, in Angola, several companies are reluctant to accept interns due to the cost of remunerating additional staff (the interns) and the associated transaction costs of having an additional (relatively unskilled) person on the shop floor. To scale up the program, the government could consider introducing adequate tax incentives for companies that accept interns, and companies that hire interns after the internship is completed, through specific legislation.

Box 3: International evidence on on-the-job training programs for youth or vulnerable populations.

International evidence shows clear positive effects of on-the-job training on employment, earnings, and job quality:

- Increased earnings by 50 percent in Ghana for employed individuals who did apprenticeships but had no formal education, although the return declined as education levels rose.
- Increased employability of apprentices in Brazil in a non-temporary formal job both in the short and medium run. The impacts increase over time, with much larger estimates (between 10.4 to 17.7 percent) in the medium run.
- Increased employment by 15 percent in Kenya among vulnerable young males who were out of school and/or had no permanent job. The dual nature of the program offered an internship and classroom-based technical training. Positive effects on wage earnings among females and older males were also observed.

Enhancing the *productive inclusion* of vulnerable youth in rural and urban areas, especially women, by expanding this component of Kwenda. Where markets are limited, such as in rural areas, or potential workers are very vulnerable and face many constraints, bundled economic inclusion interventions⁴² are uniquely placed to address the plurality of constraints poor women face and to empower them beyond the economic domain. The Kwenda cash-transfer program

⁴² Economic inclusion programs are a bundle of coordinated, multidimensional interventions that support individuals, households, and communities so they can raise their incomes and build their assets. While the measures will vary considerably across countries and contexts, a common set of multidimensional interventions may include some form of cash or in-kind transfer, skills training or coaching, access to finance, and increasingly, links to market support. (Partnership for Economic Inclusion, World Bank.)

already provides such support to a minority of beneficiaries. It can do more by adopting gender-sensitive measures to encourage women's participation: hiring women as frontline staff (ADECOS or community workers) so that they may provide a coaching role and engage on sensitive subjects that often arise in the beneficiary population, such as gender-based violence or family planning; exclusive use of digital transfers to increase the prospect for women to have control over the resources and mitigate the risk of having funds appropriated by other family members; provision of community training, behavioral and coaching sessions near beneficiaries' homes; childcare facilities or compensation for childcare to alleviate potential conflicts with childcare responsibilities; and offering flexible hours of participation to accommodate domestic and care responsibilities. These measures will reduce many of the barriers hindering income-earning activities by Angola's extreme poor and vulnerable young women in rural and urban areas ("hard to serve" and "intensive action" in Table 3).

Strengthening intermediation services to provide the information to place vulnerable and non-vulnerable youth into the right jobs (Table 3). First, Angola can enhance the capacity of Employment Centers by developing an integrated job vacancy system and adapting services to meet the needs of vulnerable youth and women. Timely career information provision (including before leaving the education system), and pro-active labor intermediation services (eg: CV preparation, job interview techniques) is an effective, low-cost intervention, particularly for women who frequently self-select into traditional and low-paying sectors. The integrated job vacancy system would collect and share information on job vacancies, while partnerships with the private sector to run Employment Centers would enable a more efficient running of the same centers while public employment services could be prioritized for vulnerable groups (albeit not highly vulnerable) with private intermediation services focused on the non-vulnerable. Second, Angola can create a Labor Market Information System (LMIS) to collect and provide information relevant to students, parents, teachers, job seekers, training institutes, and the public sector to enable workers to be better prepared for employment and

for the public sector to constantly update services to help job seekers acquire those jobs. The system should be built on high-quality data collected by the Statistical Office (Instituto Nacional de Estadísticas, INE), acquired through regular household, labor market and business surveys, and complemented by big-data sources, scraped from online job postings and social media. The LMIS will need to use the data to produce and disseminate information that is designed for and targeted to the needs of different users. The labor market Observatory for the Informal Economy recently created under the Ministry of Economy and Planning (Executive Decree n. ° 222/22) could be in charge of producing and disseminating the information.

In summary

The report's main conclusion is that Angola is at a critical juncture and a multi-sectoral strategy is needed to stimulate job creation that will help build the economy and future prospects for young Angolans, while more deeply engaging youth and increasing productivity in the short term. Job prospects are limited and although youth are better prepared for the labor market than adults, they are still highly vulnerable and face multiple constraints. The existing ALMPs offer few programs that are appropriate for the most vulnerable youth. Though the latest macro-economic adjustments and fiscal consolidation will help, much more is needed to leverage oil revenues away from pure consumption and towards investment to develop Angola as a country in its own right. More aggressive policy reforms in the private sector are needed to support productive job growth for firms as well as entrepreneurs to ensure good jobs that are particularly inclusive of vulnerable youth and women. Furthermore, investments in human capital will help youth develop the skills needed for better jobs while improving labor-matching mechanisms to help youth transition into employment. Experiences from other countries offer lessons that Angolan policymakers can consider as they implement the National Development Plan and build Angola for the decade when Angolans, rather than oil, drive the economy and their own welfare.



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