

Chapter 7

Conclusion: Building an Effective Youth Employment Policy

The challenge of youth employment in Sub-Saharan Africa is not amenable to simple solutions. It reflects the intricate web of challenges and opportunities that links all countries in a globalized world. For Africa now, the key employment issue is that productivity—and therefore earnings—in many jobs is low, while aspirations, especially among young people, are high and rising. Despite progress in many countries, most of Africa’s young people will not have an easy or structured transition to a sustainable livelihood, one of the core aspects of adulthood. All stakeholders have a role to play in supporting this transition.

Most African countries endorse the medium- to long-term agenda to increase employment in the nonfarm modern wage sector—in other words, to bring about a structural transformation of their economies. If Africa follows Asia’s model, this effort will rely primarily on expanding export-oriented manufacturing, with its high requirements for labor. But even as governments embark on policies to foster such a transformation, they increasingly recognize that the process will take time, given Africa’s small industrial base

and demographic profile. For that reason, this report has emphasized short- and medium-term strategies that will address current challenges while laying a foundation for the employment agenda to succeed in the long run.

A Programmatic Approach

Unemployment, which is typically low in low- and lower-middle-income countries, is just the tip of the iceberg. Most Africans cannot afford to be unemployed. They work, but they earn little for that work. The challenge of youth employment requires a comprehensive approach designed to relieve the constraints that prevent young people and the private sector from seizing opportunities and increasing productivity in agriculture, household enterprises, and the modern wage sector. Governments need to adopt a holistic view of how to address the situation—they need to “own” the whole problem.

There is a common tendency to believe that government-provided training in technical

and vocational skills will suffice to unlock the potential of youth. However, such action, by itself, will not address the more fundamental problems that prevent young people from finding better opportunities. The gap in technical skills is only one facet of the youth employment challenge. A comprehensive approach to tackling the challenge will address constraints on both the human capital as well as the business environment sides of the problem.

As an overall principle, it is important to recognize that youths will find their opportunities in the private sector, whether in agriculture, household enterprises, or the modern wage sector. Governments should focus on providing public goods and services that support productivity in both household economic activity and enterprise economic activity. Government should be an enabler for job creation.

A key enabling action is to ensure that each cohort of youth entering the workforce has a solid foundation of skills acquired through basic education. In addition to getting children to attend school, a critical priority is to ensure that substantial learning occurs while they are in school. Given the growing evidence that social and behavioral skills are important for productivity, education systems could consider instilling such skills in combination with the other, more traditional, cognitive skills.

The defining feature of youth is that it is a time of transitions, but youth in Africa are not finding well-marked pathways to stable and productive livelihoods. While efforts should help all youth to make the transition, specific groups will face particular challenges along the way. For example, increasing young women's empowerment by increasing their agency—their control over their own destinies—has been shown to reduce negative outcomes such as early pregnancy and exposure to human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS) and to have positive impacts on their earnings. And new approaches should be tried. The new communication technologies that are spreading throughout Africa (and that hold so much appeal for youth) offer innovative options for government to reach youth with messages, to help them to shape their employment aspirations, and to help youth learn about employment opportunities.

Rising to the youth employment challenge requires two kinds of action. Governments must *act now for the short term*, by addressing the immediate constraints that hold youth back from finding higher-productivity work. They also must *act now for the medium term*, by taking decisions and actions now so that the challenge of youth employment is easier to address in the future (table 7.1).

“Do Now for Now”: Address the Constraints Facing Households and Firms

Priorities to Get Youth into Productive Household Economic Activities

Both farm and nonfarm household enterprises suffer from *financial exclusion*. Lifting barriers to credit, financing, and savings vehicles will support greater productivity—and growth—in the agricultural and nonagricultural sectors. Improving access to credit and financing is important for financial inclusion, but the key is to facilitate saving. Saving can be fostered through local savings groups and mobile money (especially attractive to youth), as well as the more established banking sector. Mechanisms for saving, which help to build the habit of saving, will increase the funds available for investing and enable mobilizing additional financing.

Priorities for Agriculture

Policies need to enable rural youth to *access land*. Approaches could include increasing the security of tenure, ownership, and sales to encourage fluid land markets to develop. Strategies will involve reducing the cost of land transfer, promoting rental markets, encouraging youth-sensitive land redistribution, and promoting youth-focused administration of communal or government land.

New approaches to agricultural extension promise to overcome previous shortcomings. To expand the repertoire of agricultural skills and increase access to information, these high-quality, demand-driven extension programs should target youth.

Table 7.1 Priority actions to take now to address the youth employment challenge

Area for intervention	“Do now for now”: Actions to affect the current cohort of youth	“Do now for later”: Actions to affect future cohorts of youth
Agriculture	<ol style="list-style-type: none"> 1. Enable rental markets for land 2. Pilot intergenerational land transfer programs 3. Support high-quality, demand-driven extension services (covering information as well as skills) 4. Link agricultural credit to extension services 	<ol style="list-style-type: none"> 1. Establish effective land registration and transaction systems 2. Scale up intergenerational land transfer programs, based on lessons from pilot programs 3. Mainstream youth into smart interventions aimed at increasing productivity (producer organizations, livestock development, irrigation, and others) 4. Build skills through rapid improvements in education systems in rural areas
Agriculture and household enterprises	<ol style="list-style-type: none"> 5. Promote rural village savings and loan associations and self-help groups 6. Enable financial inclusion for households 7. Use safety net programs as a platform to deliver interventions to disadvantaged youth 	
Household enterprises	<ol style="list-style-type: none"> 8. Develop a national strategy for household enterprises that reflects the voice of their ownership and youth 9. Ensure access to workspace and infrastructure for household enterprises through improved urban policy 10. Leverage nongovernmental organizations to deliver interventions that support disadvantaged youth to enter the sector by addressing multiple constraints (building a range of skills together, building skills along with providing access to finance) 	<ol style="list-style-type: none"> 5. Build foundational skills through rapid improvements in education systems 6. Address infrastructure needs of household enterprises in urban development planning
Modern wage sector	<ol style="list-style-type: none"> 11. Reduce the cost of infrastructure services by addressing quality and efficiency 12. Address logistics bottlenecks 13. Reduce corruption and the cost of business start-up 14. Reform technical and vocational education and training and pursue public-private partnerships for delivering demand-driven training 	<ol style="list-style-type: none"> 7. Increase the quantity of infrastructure services 8. Expand regional markets for products 9. Build foundational skills through rapid improvements in education systems 10. Improve access to credit through financial sector reform
Cross-cutting areas	<ol style="list-style-type: none"> 15. Increase awareness of opportunities and pathways to self-employment, especially for young women 16. Consider second-chance education for basic skills 	<ol style="list-style-type: none"> 11. Promote early child development and nutrition to build a stronger foundation for skills development 12. Build behavioral skills (consider reforms within the school system) 13. Reduce fertility rates to lower the size of future youth cohorts (through more girls' education, improved maternal and child health, increased access to family planning) 14. Build better employment data and a stronger evidence base to identify country constraints, priorities, and opportunities

Smart interventions to raise productivity, such as effective producer organizations, improved livestock production systems, or sustainable irrigation and water management, should mainstream youth. Projects should neither treat youth as an enclave nor ignore them.

Priorities for Household Enterprises

A first step in most countries is to develop a national strategy for household enterprises (HEs), because at present they are ignored, if not suppressed. Such a strategy will involve working with local governments as a part of urbanization and local economic development efforts. In addition to developing plans, the strategy should explicitly develop a way for the

voice of those working in the HE sector to be heard. When the needs of HE owners cannot be expressed and channeled, it is not surprising that policy makers and politicians neglect to cater to those needs.

To ensure that HEs can be established and operate legally and productively, urban policies should provide adequate locations where HEs can work and sell their products. In addition, smart urban planning should provide access to essential support services for HEs, such as lighting, water, sanitation, and effective security.

Because a very large share of Africa's new nonfarm employment opportunities will need to come from individual self-employment, projects should encourage youth to navigate a

successful transition to starting up and operating an HE. Depending on the individual and sector, this assistance may include support for developing a range of skills (behavioral, life, technical, and business skills) as well as access to finance for starting a business. Integrated approaches that address multiple constraints simultaneously are promising.

Governments should leverage nongovernmental organizations (NGOs) and steer them to support young people who are well placed to enter the HE sector. Such support can involve NGOs in delivering integrated approaches to removing productivity constraints, with a focus on poorer youth. Working through NGOs is attractive, because often they can be more flexible, community driven, and responsive to clients than other service providers. Even so, government financing for NGOs to deliver integrated programs for youth should be performance based, with payment linked to the successful delivery of services that demonstrate beneficial impact.

Safety net programs (such as those that transfer cash or livestock assets) are proving to be powerful tools for poor areas and poor people to improve their standard of living and support productive investments. These programs can support youth in making the transition into productive activity (within or outside agriculture) through integrated approaches, such as programs combining public works or transfers with life skills training, especially if the overall business environment is conducive. Monitoring and *careful evaluation* are essential to identify the most cost-effective approaches.

Priorities to Create More and Better Wage and Salary Jobs in Firms

If the overall number of jobs in the modern wage sector grows, youth will benefit. Because export-oriented manufacturing has the greatest potential to generate employment in the wage and salary sector, the first priority is to remove binding constraints to export competitiveness. Governments will need to address elements of the business environment that reduce productivity at the factory level and well beyond the factory gates, such as constraints related to

transportation and other infrastructure, customs, and border control.

Another priority is to develop and sustain a policy environment that enables the most productive firms to enter and grow. Here, the vital steps include improving access to finance and land, removing barriers to entry, and reducing the cost of corruption.

The poor quality and scarcity of infrastructure services clearly inhibit competitiveness, but the best immediate solution is not necessarily to provide more infrastructure. Strategies must pay attention to the cost and quality of infrastructure services. Better services—electricity, roads, or ports, for example—might be provided with existing infrastructure coupled with better policy and organization. Incentives matter for turning the available infrastructure into effective infrastructure services.

Throughout Africa, the private sector provides a wide range of vocational training opportunities. The public sector should provide post-school training programs only to carefully targeted groups. When such programs are undertaken, public-private partnerships help to ensure that training is aligned with business needs. Directly integrating firms into the training is an additional way to facilitate the transition to employment. Programs should not simply displace adult workers and substitute young workers.

“Do Now for Later”: Take Action for Medium-Term Payoffs

As governments identify and implement policies to make their young and growing workforce more productive in the near term, they must also start to take action on policies that will yield payoffs in the medium term. First and foremost, many countries will need to reduce fertility rates more rapidly. Countries that have larger working-age populations in relation to their non-working-age populations will experience the most rapid gains in productivity and investment.

Countries that move urgently to improve their education systems will also gain a substantial advantage. Given the size of the cohorts

coming into Africa's education systems, no country can afford to retain an education system that fails to instill the skills to pursue a stable livelihood. Underperforming education systems not only are inefficient but also condemn large parts of another generation to poverty. At the same time, children must be ready to learn when they come to school. Steps to build the foundation for effective education must be taken in early childhood—such as steps to improve the nutrition and cognitive development of children under age five. Deficiencies in skills have restricted growth in productivity in the past, and they will remain a constraint if changes are not made.

Addressing business environment constraints to the creation of more and better jobs in the modern wage sector is a long-term endeavor that will require sustained effort. Reforming land or financial markets takes time.

True regional integration that removes the limitations of Africa's relatively small domestic markets for goods and services will require a series of efforts that reinforce one another. And the payoff from some of these reforms may also take time to materialize, as investors and entrepreneurs wait to be certain that reforms have taken hold before they step in. But changes should start today.

At its core, the challenge of youth employment is closely aligned with the challenge of inclusive growth, defined not only as growth in which the poorest segments of society share, but also as growth in which young people's vitality is harnessed and rewarded. For African countries meeting this challenge, the benefits will build progressively on each other. The demographic dividend will start to yield results, and Africa's prosperity will grow and be shared.