A New Vision for Addressing Youth Unemployment in Africa

Marta Santoboni and Alexandra Karlsson highlight the need for a long-term strategy for combating African youth unemployment that incorporates investing in economic upgrading, linkages within domestic economies, strengthening regionalisation and negotiating for more favourable global trade agreements.

Africa's youth population is expected to double to 830 million by 2050 . Whereas corporate and grey literature cherishes this growth as a source of wealth, entrepreneurial energy and consumer demand, development scholars should not fall into ineffectual optimism about the current absorptive capacity of labour markets . Similar to the buzz around Africa's tech scene, Western donors and multinational companies are looking at the continent's growing labour force with the vision of promoting entrepreneurial skills among the youth and linking those engaged in the large informal sector to global markets and international suppliers. However, the developmental implications of devising business models for the informal economy are unclear and a substantive body of evidence reveals the dark side of intensified linkages with global value chains in terms of vulnerability and poverty . For instance, Chris Cramer , in assessing the correlation between unemployment and violent conflict in developing countries, points to the fact that irregular and low-status occupations under informal arrangements or at the bottom-end of global markets may drive instability even more than unemployment itself. Rather than the 'stay hungry, stay foolish' entrepreneurial mindset predicated by Steve Jobs, frustration and discontent are a more appropriate depiction of feelings among today's informal youth. Indeed, people across Africa have already shown raging dissatisfaction towards their governments, which have failed to create job opportunities to match their aspirations. From the Arab Spring to the Y'en a marre movement in Senegal, the new generation, benefiting from higher educational attainment than their parents, have voiced their discontent about "African jobless pattern of growth" , which has left them with the choice of either joining the informal sector – accepting low-skilled positions at the bottom of value chains– or migrating to urban areas and elsewhere.

Addressing youth unemployment requires a developmental state with an ideological commitment to economic transformation. The challenge that many countries face nowadays is finding a 'demographic dividend': the potential boost to productivity and domestic savings that comes from a large proportion of the population that is of working age. Indeed, economic historians often associate at least part of East Asia's miracle growth to the realisation of such a dividend . Increasing population growth, paired with population control policies and a state-directed industrial transformation enabled countries like South Korea to benefit from a skilled and productive workforce. Creating more – and especially higher quality– job opportunities will be a necessary undertaking to enable economic transformation across Africa as well. Employment policy will need to target both the demand- and supply-side of the labour market. Supply-side labour policies imply investment in education, but crucially taught skills must correspond to those demanded by employers. Equally, demand-side policies must create a business environment that profits from high-skilled labour.

Mitigating the effects of a "dysfunctional social contract" between governments and their young citizens is a tall order, as it requires tackling broader issues tied to African development, which have been at the heart of both past and present academic and policy debates. The long-term strategy for creating more and better jobs for frustrated African youth must be a fully-fledged industrial plan. This will require investing in economic upgrading, establishing upstream and downstream linkages within domestic economies, strengthening regionalisation and negotiating for more favourable global trade agreements.

Taxi company in Mogadishu Photo credit: Albany Associates via Flickr (http://bit.ly/2ngKqV7) CC BY-NC-ND 2.0

The type of governance that suits the task should be coordinated at the public, private and social level, with a focus on ensuring long-term sustainability and increasing the stock of domestic revenues rather than short-term profit making. This process, in turns, will require the support from donors in extending aid for trade strategies that deliver greater benefits to those economic activities that employ most of the population. Together with donors, domestic business sector and civil society groups, governments must implement targeted policies to promote economic and social upgrading in strategic sectors of their economies, create better job opportunities and link national development strategies to workforce training and education initiatives in each sector.

This long term vision will require a pragmatic approach. The first step towards structural change requires acknowledging and tackling the defining mode of economic organisation in African countries today: the informal sector and the predominance of agriculture. Recognising that the second economy is the primary source of employment in Africa – capturing on average 84 per cent of the labour force – governments need to assist economic activities in graduating from informal to formal, where they can legally contribute to domestic GDP, as well as enhancing the living standards associated with this sector.

National policy agendas must be two-pronged. First, they must improve the business and regulatory environment to encourage those who are informal by choice to formalise. Second, legal, financial and social support should be put in place to aid those who are informal because they are marginalised in the formal labour market . Many countries, such as Ghana and Tanzania, have started to take initiatives in this direction, in particular in relation to assets registration, streamlining of business licensing systems and extension of social insurance coverage to informal workers.

By the same token, a central concern is agriculture, which employs on average 62 per cent of the labour force vis à vis the 3 per cent engaged in industry . Shifting economic activities from traditional subsistence farming to productive ventures that constitute a viable source of income is crucial. Making farming attractive to young people can stem migration to urban areas and bring inclusive economic development to the often neglected countryside. In order to improve the quality of existing agricultural jobs, national governments must commit to comprehensive agricultural development plans which include, among others, investing in infrastructure – as farmers still struggle with basic constraints such as lack of electricity, irrigation and access to the market; enabling research and technology acquisition; improving access to credit and agricultural inputs like seeds and fertilisers.

Following the call to action of Dr Kanayo Nwanze, former IFAD president, on the importance of rural employment for young generations, the African Development Bank has been rolling out specific public-private partnership programs aimed at "making farming work for the youth". The ENABLE Youth (Empowering Novel Agri-Business Led Employment) project, which is currently being piloted by the Agriculture and Agro-Industries Department (OSAN) of the AfDB in countries such as the DRC, is a promising initiative that aims at aligning formative paths for young graduates to national agricultural agendas.

The target is tertiary graduates, irrespective of discipline, who receive training in all aspects of commodity value chains, including modern production techniques, commodity marketing, value added processing and export opportunities. Research and Development plays a key role in the programme, as the high-quality training is provided in collaboration with the International Institute of Tropical Agriculture (IITA). Upon the completion of their training, the program gives access to input supply, equipment leasing and financing through established partnerships with governments, commercial banks and the domestic private sector.

Youth unemployment is a growing concern for countries in sub-Saharan Africa, with implications across the economy. It is important to note that the tendency to paint this concern as an opportunity to ignite economic growth by linking the informal sector to global markets is misleading. This type of reasoning justifies employment measures simply in economic terms, and worse, in terms that relegate African jobs to vulnerable informal work at the bottom of global value chains. Rather, the central concern with increasing youth employment is a normative question about the ability of young people to find productive employment that offers them a dignified quality of life. Evidence shows that working conditions in the informal economy are often precarious and increase the vulnerability of labourers, especially in the agricultural sector where most of these activities are concentrated. Population growth in Africa forces governments to recognise these dangers as well as the needs of young people themselves. Finally, the policies we have recommended here suggest that growth is a likely long-run consequence of addressing youth unemployment, because they require the establishment of higher value-added activities and increased productivity in both agriculture and manufacturing. More concerted initiatives such as those described here need to be adopted in order to meet the aspirations of millions for rewarding work and build an African-made narrative of prosperity and growth.

This blog post is part of a series composed by Masters students on the African Development course at the London School of Economics and Political Science. They represent the views of an emerging body of critical young scholars interested in structural transformation and growth in African economies. The series will be featured over the ROAPE.net, Africa@LSE and ID@LSE blogs in the coming months.

Marta Santoboni is is a Master's student in Development Management at the LSE. Her interests include rural development challenges and poverty reduction strategies with a focus on Africa.

Alexandra Karlsson is a Master's student in Development Studies at the LSE. Her interests include the political economy of development with a focus on Africa.

April 24th, 2017 | Development, Economics, Featured, Finance, Society | 1 Comment