

Research on Policies for African Youth Employment

Recommendations of Strategy for the Fifth Tokyo International Conference on African Development and Plan of Actions

Final Report

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Preface

The joblessness of young people is undoubtedly one of the most pressing social, economic and political challenges that confront policy makers across the world. The situation is especially serious in Africa because unemployment, or more precisely underemployment, is intertwined with low productivity and pervasive poverty.

As its contribution to addressing this challenge, JICA has commissioned the Kobe University and the Oxford Policy Management to carry out this policy research on youth employment in Africa, and also to prepare a high-level panel event as an official side event of the fifth Tokyo International Conference on African Development (TICADV) which took place in Yokohama from June 1 to 3, 2013.

In the above event, we have received the high-level presence of the leaders of African governments and donor agencies, i.e.: H.E. Ali Bongo Ondimba, President of Gabon, H.E. Jacob Zuma, President of South Africa, H.E. Jakaya Kikwete, President of Tanzania, Dr. Donald Kaberuka, President of African Development Bank, Dr. Jim Yong Kim, President of World Bank, Dr. Rachel Glennerster, Executive Director of J-PAL, MIT, and Dr. Akihiko Tanaka, President of JICA. The event was successfully conducted and produced rich inputs to this research.

I would like to thank all those who assisted in various ways in the preparation of the present report and the event, especially Professor Hiroyuki Hino of Kobe University, the Economic Advisor to the Presidency of the Republic of Kenya (JICA Expert), for his contribution to this research and the high-level panel event.

The views expressed herein do not necessarily reflect the official views of the Government of Japan, JICA, and other governments and institutions.

I hope this report will be widely shared and used as a reference amongst stakeholders, and will contribute to discussions on the ways of supporting Africa in the future.

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***OUTPUT I : Contributions to the TICAD
Side Event High-Level Panel Discussion:
Empowering Young Africans to Live Their
Dreams***
(June 2nd , 2013, Yokohama-City)

Contents:

- (1) Policy Brief: *Empowering Young Africans to Live Their Dreams*
- (2) Joint Recommendations of JICA, the World Bank, and the African Development Bank: *Youth and Employment in Africa: the Way Forward*

POLICY BRIEF – SUMMARY OF THE REPORT

Empowering Young Africans to Live Their Dreams

Nobuaki Hamaguchi

Mark Henstridge

Hiroyuki Hino, and

Germano Mwabu

This volume has reported on phase II of a JICA support project on the employment problem of youth in Africa. Phase I constituted four country scoping studies, a macro, and a micro overview.

On the basis of the diagnosis in this volume, a programme of action – the joint recommendation of the World Bank, the African Development Bank and JICA – to address the challenge of the employment problem faced by the youth in Africa was presented to a seminary of the fifth Tokyo International Conference on Africa Development, together with a policy brief, intended for high level policy makers, which summarised this volume. This summary of the papers from phase II follows closely that policy brief, and is accordingly succinct and concise.

It is important to first note that this book represents an important advance from previous work on this subject in two important respects.

First, it approaches youth employment problem as an outcome of a broad range of factors, not as a narrow labour market phenomenon. We have included analysis of the underdevelopment of cognitive skills in early childhood, the history and tradition of land ownership, macroeconomic fundamentals, and the political dispensation that favours short-term results over larger longer-term payoffs, as important causes of the employment problem and low productivity in many African countries.

Second, this report draws on the latest research, in particular rigorous evaluation of existing programmes. We emphasize the importance of objective and verifiable evidence of effectiveness in selecting and sustaining interventions.

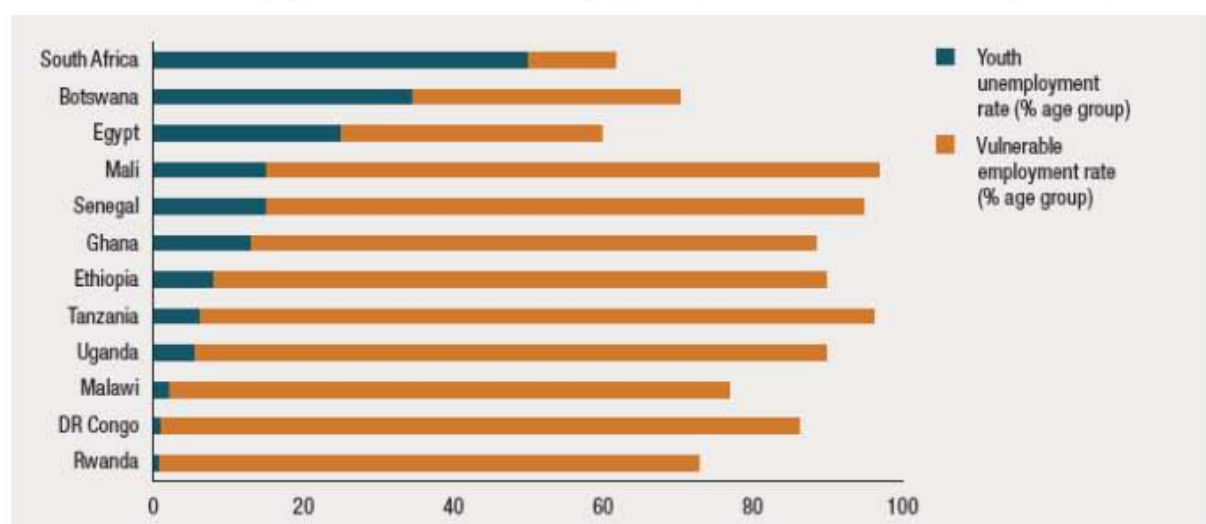
Two caveats are in order before we proceed. First, each African country is unique in its challenges of youth and jobs. We may not capture some of the unique features of individual countries because we strive to draw lessons that are common across African countries. Second, this book is the collective product of numerous researchers. Views naturally differ in one or two areas among the people involved. In such cases, our summary presents majority views while reflecting minority opinions to the greatest extent possible.

The extent and nature of the youth employment challenge in Africa

Joblessness among young Africans is far more pervasive and complex than commonly understood. The representation of youth unemployment by the standard ILO definition fundamentally understates the extent of the problem. The ILO defines a person as being unemployed if they are older than the minimum age, actively looking for and available for work, and have recently not worked for at least one hour. According to this definition, youth unemployment is estimated to be 12.8 per cent in Sub-Saharan Africa and 27.1 per cent in North Africa.¹

Two-thirds of young people are not gainfully employed in most African countries. In addition to those who are 'unemployed', even more young Africans are only partially employed or discouraged from looking for jobs. Yet others, the largest in number, work long hours under vulnerable conditions but earn very little: they are working but poor.

Figure 1: Youth unemployment and vulnerable employment (selected African countries, 2004-11)



The nature of youth employment problem is not uniform across Africa. Formal unemployment is high in southern and northern Africa, where labour markets are well structured and formal sectors are large. Vulnerable, low-pay employment in the informal sector and smallholder agriculture is predominant in most low-income African countries. Several countries are in the middle with high unemployment and large vulnerable employment (e.g., Kenya, Zambia, and Zimbabwe).

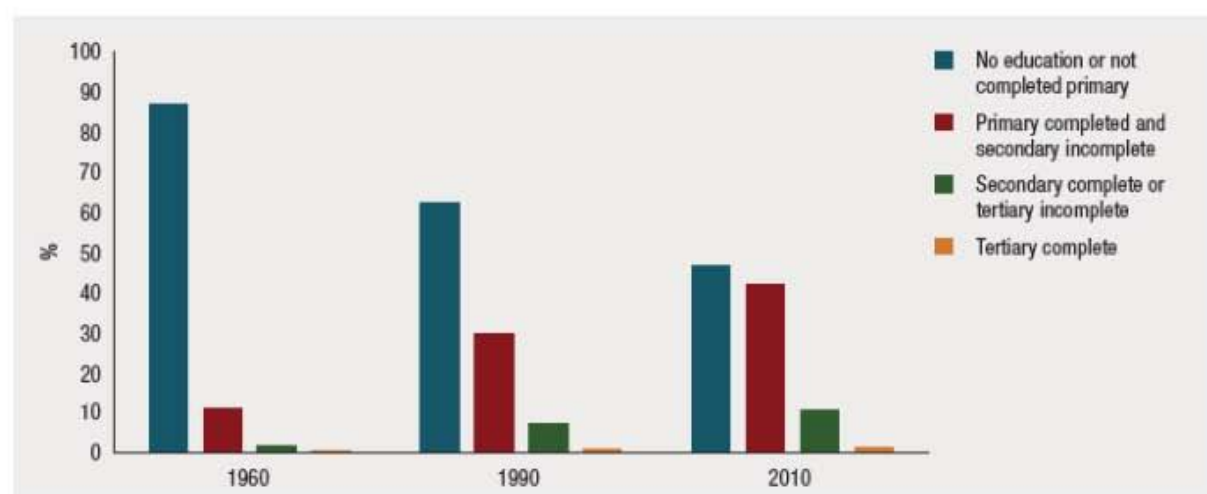
¹ Baah Boateng (forthcoming).

Causes of the employment problem

Most young Africans have underdeveloped human capital, with productivity too low to earn a decent wage. More than 60 per cent of children under the age of 5 in Sub-Saharan Africa are disadvantaged,² either because they are stunted, or living in poverty, or both. Most disadvantaged children grow to adulthood with their cognitive development weakened because of malnutrition, poor health and insufficient stimulation at home in their early childhood.

Major progress has been achieved in increasing access to schooling; yet nearly all children receive substandard education. Universal primary schooling has increased enrolment but has reduced progression to higher grades. Although 50–80 per cent of children at grade 6 acquire basic literacy, only a small proportion achieve the level of literacy expected for that grade.³

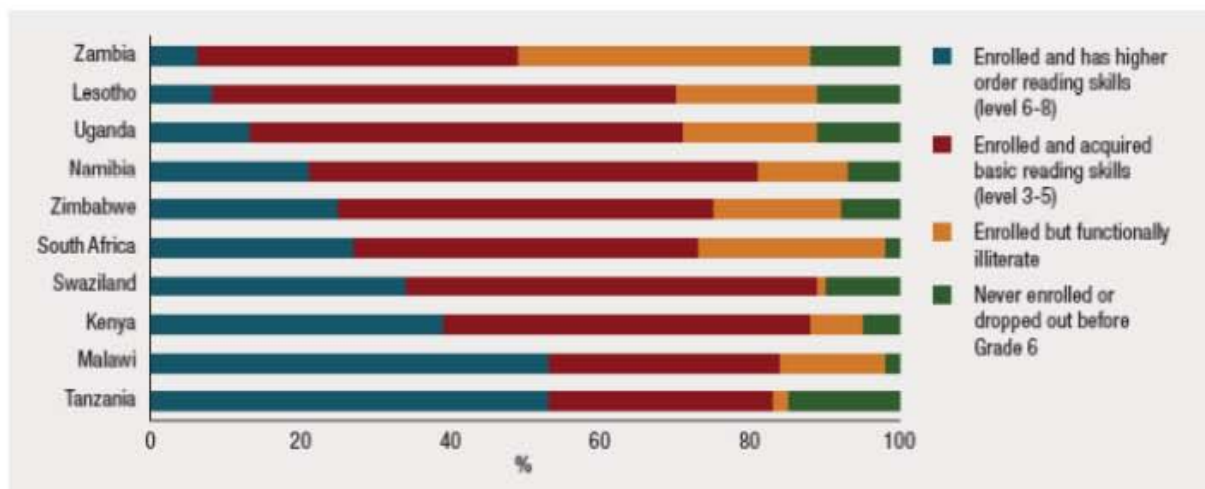
Figure 2: Percentage of people by highest completed level of education (population aged 15–64)



² Grantham-McGregor et al. (2007).

³ Spaul and Taylor (2012).

Figure 3: Literacy of Grade 6 children

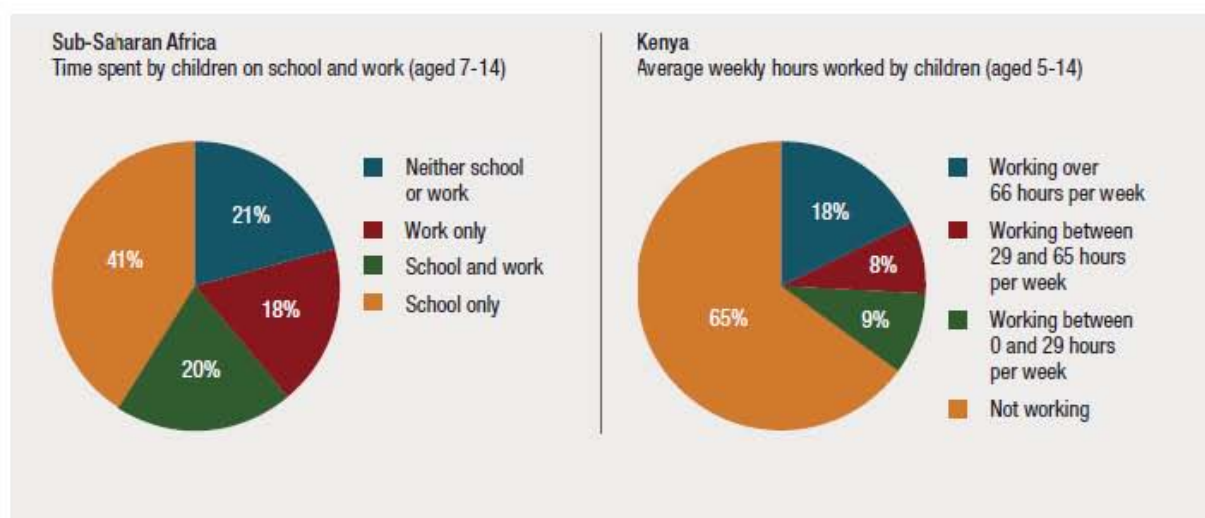


Learning is made more difficult because far too many children work. One out of five children regularly works long hours. Poverty at home and the limited availability of social safety programmes drive children to work.

The work available for young people today is mostly in low-productivity jobs. Except for a few countries in southern and northern Africa, jobs are predominantly in urban and rural non-farm informal sectors and smallholder agriculture. About one half of rural employment is in non-farm informal sectors.

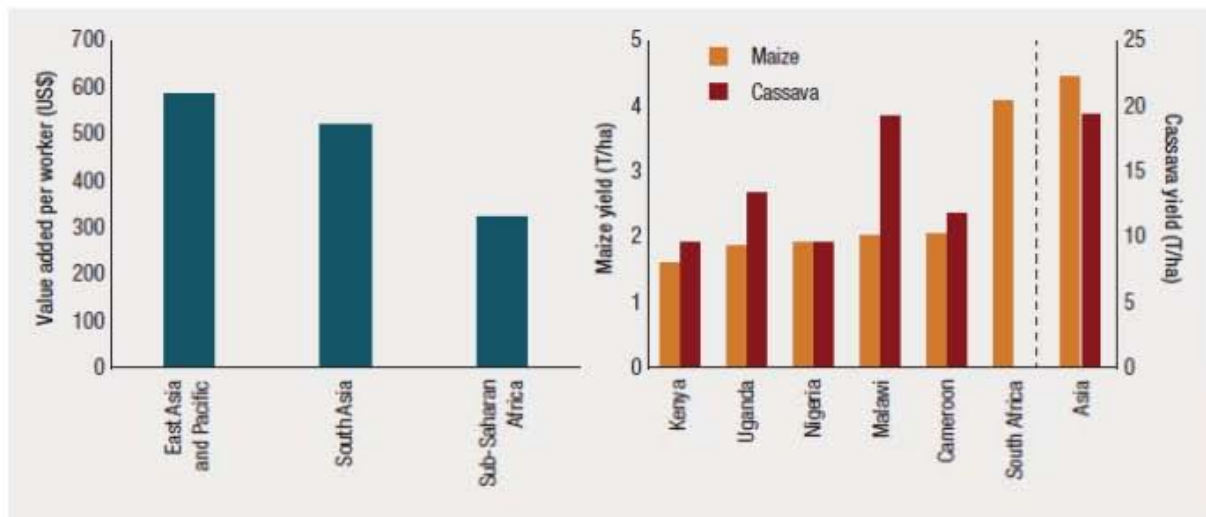
Informal sectors in Africa are potentially dynamic, yet their productivity has stagnated. Low productivity is due partly to inadequate public investment, including in infrastructure, dysfunctional public policy and weak legal protection, and limited access to finance. As a result of these hurdles, and inadequate organisational capabilities, informal enterprises rarely grow out of small units which remain unproductive, being operated by one or two workers largely on the basis of kinship, and specialized in narrowly defined products.

Figure 4: Time spent by children on school and work



The Green Revolution has yet to occur in Sub-Saharan Africa. Agricultural productivity remains low in most countries. Over-cultivated land, insufficient capital, inadequate use of farm inputs, poor rural infrastructure, and limited use of science to raise yields and control weeds, have contributed to low yields and low productivity.

Figure 5: Agricultural productivity

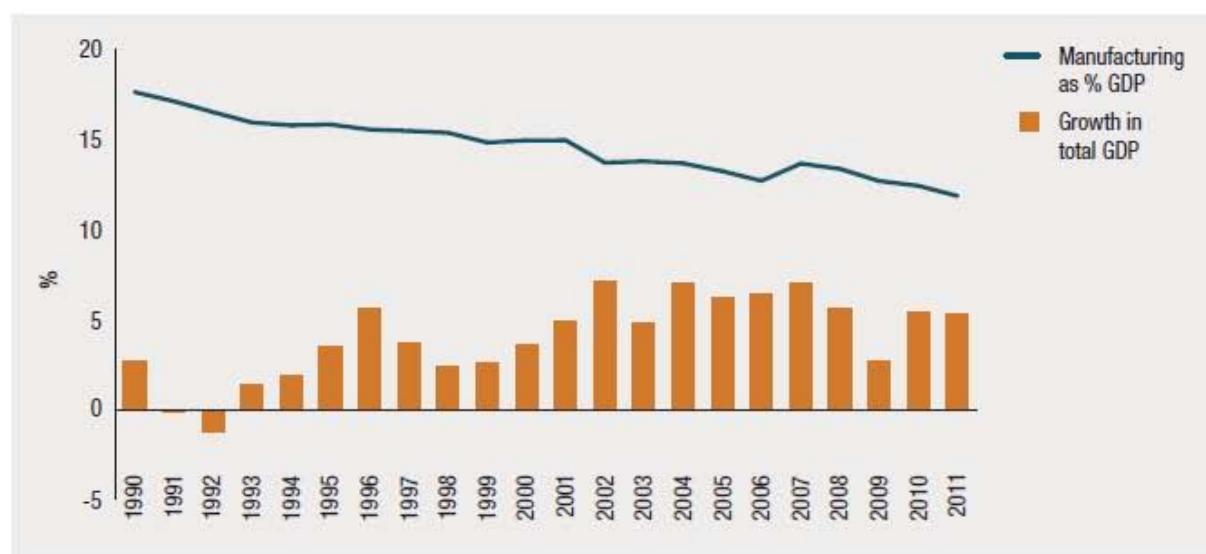


Pastoralism has been marginalized. There are 50 million pastoralists in Sub-Saharan Africa, constituting 8 per cent of total population. Pastoralism accounts for 10 to 40 per cent of GDP across several African countries. Livelihoods in pastoral areas have worsened as a result of climate change and desertification.⁴

Young Africans are caught in a poverty trap. With an abundant supply of labour available for low-productivity jobs matched by the demand for such jobs in the informal sectors and small holder farming, a sub-optimal equilibrium persists with wages at subsistence levels. Poverty – and inadequate human capital – is transferred from one generation to the next.

Throughout Africa, high-quality private sector jobs are in short supply. Africa's economic growth has been impressive, but job growth in the modern private sector has been slow. Such jobs constitute 10–15 per cent of total employment in most African countries. Growth in formal private sector jobs has not made a dent in the large pool of unemployed youth.

⁴ Mude (forthcoming 2013: this volume).

Figure 6: Manufacturing as a share of GDP, and growth in total GDP

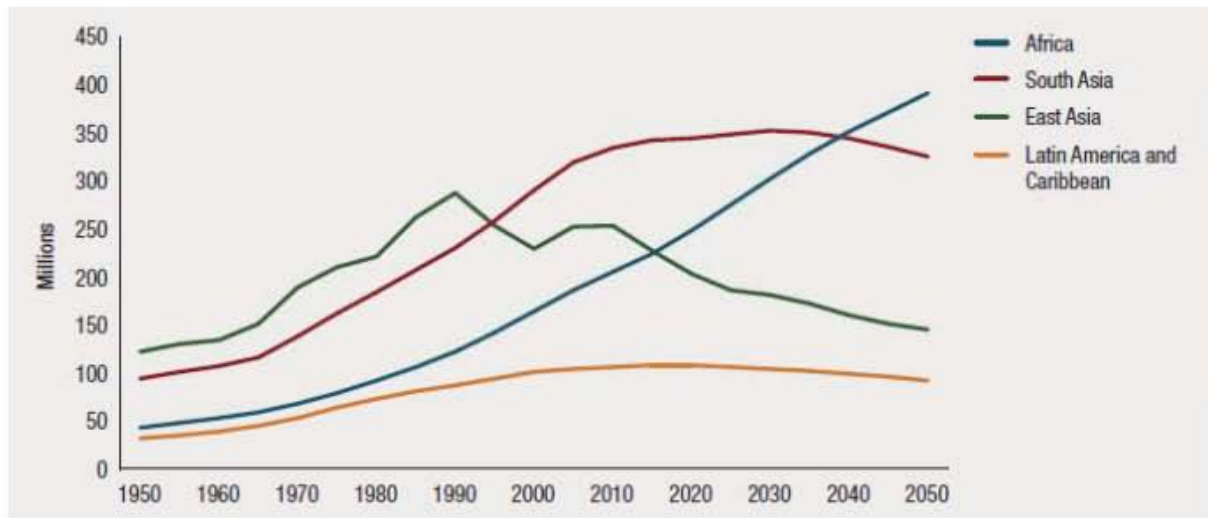
Manufacturing, the main driver of job creation in Asia, has declined in Africa. Manufacturing has fallen steadily from 16 per cent to 11 per cent of GDP over the last 20 years in Sub-Saharan Africa; the share of manufacturing has declined in more than 20 countries during the last 10 years.⁶ Although this decline partly reflects closure of inefficient state-owned manufacturing enterprises, economic growth in many countries has been driven by capital-intensive natural resource extraction. Consequently, the employment intensity of economic growth has been low. An erosion of competitiveness is at the heart of this de-industrialization.

Even for the relatively well-educated, opportunities for good jobs are few and far between. In the countries of southern and northern Africa, typically one-third of graduates of tertiary education are openly unemployed. In Sub-Saharan Africa, open unemployment of graduates ranges between 20 per cent (Uganda) and 46 per cent (Ghana), with some exceptionally high and low cases.

The group of educated jobless youth constitutes a potent force of discontent. While most young Africans languish in joblessness, the fortunate few prosper in newly found affluence. Those in the top bracket of the income distribution belong to the middle class even by international standards.

The youth population will continue to grow rapidly during the next few decades. The number of young people in Africa is projected to surpass that of any other continent by 2050. Turning this youth bulge into a demographic dividend will require considerable investment in education, economic and institutional reforms to raise productivity, and a reduction in the fertility rate and population growth.

⁶ World Development Indicators (2012).

Figure 7: Youth population (people aged 15-24)

Programme of action

It is essential to transform African youth from a potential time-bomb to a driving force for growth and development. This will require a holistic approach that pulls together specific interventions into a comprehensive and well-coordinated programme of action. It is now time to take bold and innovative action to break the low-productivity trap in which much of the African continent finds itself.

A programme of action should be evidence-based. Creating jobs for the youth has been a priority for governments in all African countries. Substantial fiscal resources and numerous interventions have been directed at this goal. Yet the magnitude and complexity of the problem continue to grow. Evidently policy interventions have not worked as well as intended. Evidence drawn from mix of methods of rigorous evaluation is needed to identify what works, and why.

A programme of action should also be tailored to suit the particular circumstances of each country. But there are several common threads that are relevant across among most African countries. We group them together under five headings.

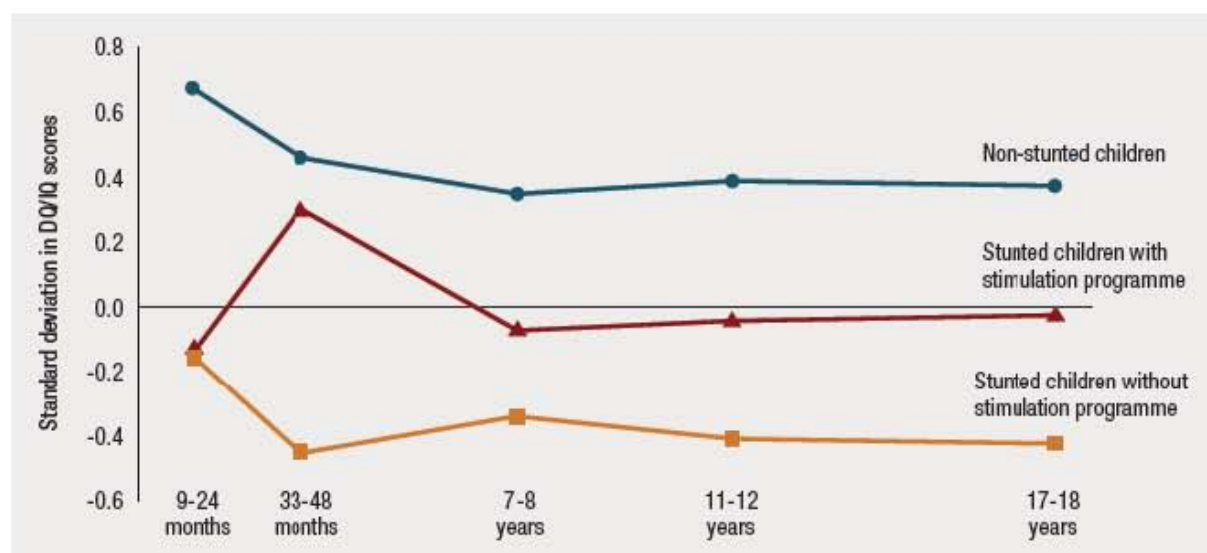
Human capital

Human capital accumulation must be strengthened, starting from the time of conception through young adulthood. This will involve:

- (a) **Provision of early stimulation and nutrition programmes for young, disadvantaged children and their families** – particularly during the first 1,000 days of life – is crucially important to prevent the loss of developmental potential

of large numbers of African children, and the subsequent loss of human and economic potential. Successful programmes target the poorest and most disadvantaged, focus on both the mother and child, and promote their active involvement in the programme. Further research is needed to identify modalities for scaling up these programmes effectively, perhaps alongside the provision of incentives to providers or cash transfers to households.

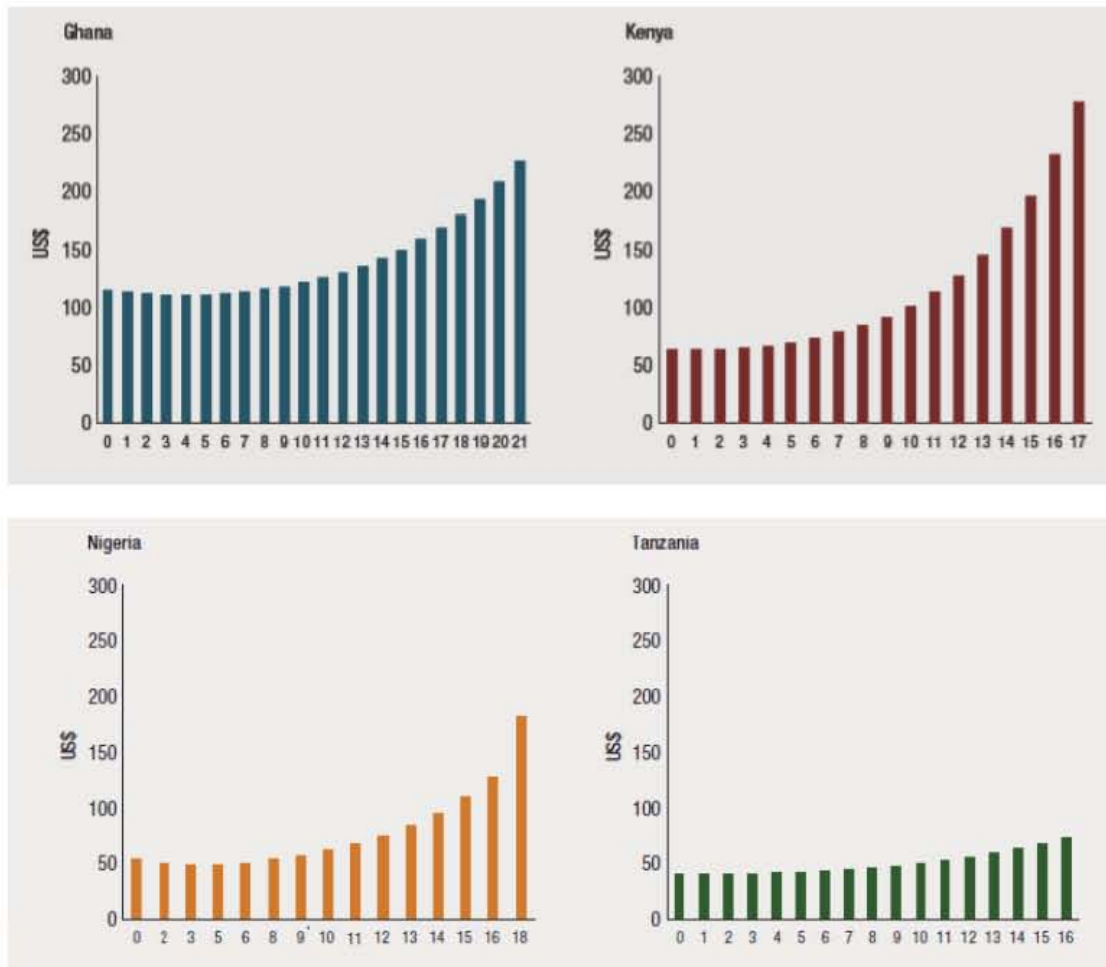
Figure 8: Impact of early childhood development programmes on IQ



- (b) **High-quality education through primary and secondary school for all children is essential.** Evidence shows that the return to education becomes substantial only with completion of secondary school. This reflects both a lack of jobs for semi-skilled youth as well as the failure of many schools to deliver learning. The goal of universal access to education through secondary school might be best achieved in phases because it is necessary to assure first that all children in school receive quality education. Moreover, providing quality education demands meaningful and comprehensive reform of the education system, including raising the quality of teaching.
- (c) **In addition, special care should be extended to disadvantaged children so that they can all remain in school and receive as good an education as other children.** Pilot projects in African several countries have demonstrated that remedial teaching by contract teachers or qualified volunteers raises levels of educational attainment of children who were lagging behind.
- (d) **An emphasis on skill development in secondary and tertiary education, and the expansion of privately-led vocational schools must be adopted to improve youth employability.** It is vital to make training responsive to demand for labour by firms. In some countries, university education is geared more to public service employment than to opportunities in the private sector. Vocational training should be accredited. A pilot programme has shown that vocational education vouchers to pay for tuition at a school that students choose – either

private or public institutions – are effective in improving prospects of students being employed in private companies after graduation.

Figure 9: Returns to education (wages in US\$ per month by years of schooling)



- (e) **Promotion of science and technology.** There should be a shift in emphasis from quantity to quality in university and post-university education. Once properly targeted, universities should be well funded and be merit-based. A high-calibre mathematics, science and engineering stream from primary school through university, extending to centres of excellence devoted to advanced research, could be established to create a cadre of young Africans who are trained in science and technology. Evidence shows that educational attainment in mathematics and science is particularly low throughout the school system.
- (f) **Investment In the health of young adults.** African youth face high rates of illness. For example, in Kenya, a survey showed that 22 per cent of young people had been either ill or injured during the prior four weeks. HIV and AIDS

typically have the highest prevalence rates among young adults. A healthy body – and adequate health care – are the *sine qua non* of human capital.

To develop the agenda of interventions to support human capital accumulation by African youth, it will be important to build on the evidence from the initiatives that rigorous evaluation has shown to be effective, including:

- (i) conditional or unconditional cash transfers: to mothers from the time of conception through infancy, or to parents with primary and secondary school-age children;
- (ii) stimulation and nutrition programmes from birth through the first 1,000 days;
- (iii) remedial education and free school meals, particularly for disadvantaged primary school children;
- (iv) education vouchers for post-secondary and vocational training.

These initiatives have generally been small-scale. To make them relevant means ensuring that such initiatives can be scaled-up successfully as programmes of public policy interventions.

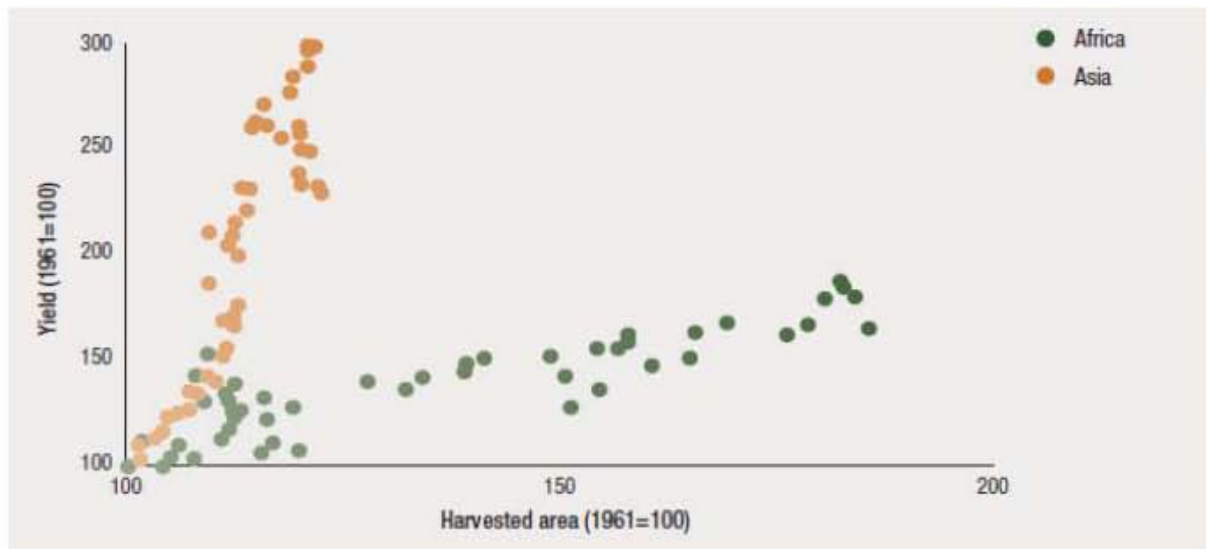
Economic Transformation

Transformation to a high-productivity economy is needed to create a large enough number of high quality jobs. Pro-job economic strategies will involve:

- (a) **Getting the macroeconomic fundamentals right.** Macroeconomic stability is important to encourage domestic savings, to promote investment, and to attract foreign investment as well. A competitive exchange rate should be maintained. Protectionism in the name of employment creation must be avoided.
- (b) **Strengthening productivity and enhancing competitiveness.** This can be achieved by reducing the cost of doing business: by improving roads, ports and other transport and communications networks, reducing high energy costs (including development of renewable energy), and sharply improving the environment for domestic and foreign investment. Increased FDI can bring with it the capabilities needed to create jobs at scale and better integration with international industrial value-chains.
- (c) **Ensuring that investment in natural resources, including oil, gas, land and renewable energy, also cultivates supplier capabilities, skills, and jobs,** including the competitive development of the whole value-chain – from natural resources to finished products – that safeguards economic viability.
- (d) **Raising agricultural productivity.** Priorities include improving rural infrastructure (electricity, roads, and water), reducing post-harvest losses,

applying science and technology to improve yields, pursuing land reform, and extending micro-credit facilities. Raising productivity in smallholder agriculture will help transform low-quality subsistence jobs into higher-quality jobs.

Figure 10: Agricultural yield and harvested area



- (e) **Embracing, promoting and investing in the urban and rural non-farm informal sectors.** Informal enterprises are linked vertically with the formal sector in the value chain. Formalization of informal enterprises will provide an impetus spurring the structural transformation of African economies and job creation. Even if formal sector employment grows rapidly, it will do so from such a small base that it is unlikely to absorb all the next generation of entrants to the workforce. Specific interventions include: infrastructure in informal settlements to improve business productivity; legalization; and micro-credit facilities. In addition, formalization should be supported by innovative interventions to develop the business and management skills that motivate and enable informal enterprises to grow into bigger formal enterprises.

Labour Market and Job Creation

Labour market performance must improve. In countries with active formal labour markets, the costs and benefits of collective bargaining agreements, minimum wages and other regulatory requirements should be evaluated objectively and thoroughly. The findings of such evaluations should be publicized and should be debated openly. Key elements of labour market reforms might entail less restrictive labour regulations (e.g., making hiring and sacking of employees easier) or more effective labour regulations to formalize segments of the informal sector. In countries where public sector unions maintain collective bargaining and other practices that spill over into the wider labour market, such as by raising reservation wages, similar reforms are needed. Finally, in countries where informal jobs are predominant, basic regulations, such as for minimum safe working conditions, need to be more effective.

Other actions include:

- (i) **facilitating job search**, through establishing more public recruitment centres and encouraging advertisement of job vacancies via the internet, by tackling situations of asymmetric information and mismatch between skills demanded and those supplied; subsidies to help meet the costs of transport could be productive in countries where people live a long way from the labour market because of historical, or other reasons;
- (ii) **keeping public sector wages in check**, especially by not setting reservation wages that are too high; and
- (iii) **making recruitment processes more transparent** and less personal in both public and private sectors to improve efficiency and, in some countries, to contain influences of ethnic alliances.

African governments have implemented numerous interventions to ease the pressure of unemployment, including government-administered public works programmes, direct provisions of wage subsidies, preferential treatment in public procurement, credit programmes for youth enterprises, and other affirmative actions. Reviews of these interventions find mixed results, often due to capacity constraints and other administrative limitations.

It is useful to consider opportunities for training in private enterprises, including:

- (i) **subsidized internship and other on-the-job training programmes** run by select private companies in partnership with the government;
- (ii) **reforming public works programmes**, for example by outsourcing to the private sector, and casting them as opportunities for on-the-job training, not just a hand-out; and
- (iii) **micro-franchise programmes**, combined with management skills training, to nurture informal sector enterprises in partnership with private companies with retail franchise networks.

Gender Gap

It is most important to **eradicate gender gaps**. Empowering young women is vital to secure a productive labour force and inclusive growth. Actions include:

- (i) ensuring that girls stay in school, preventing early marriages, and removing disincentives to sending girls to school (e.g., purchase of uniforms);
- (ii) implementing skills training that increases employment and earnings for young women;
- (iii) barring differential earnings between men and women for the same jobs, and eliminating gender discrimination in work places; and

- (iv) eliminating differential access to fertilizer, seed or financial capital that occurs because of gender discrimination.

Evaluation and Coordination

It is also imperative that each intervention in the programme of action be designed for performance evaluation. The effectiveness of the programme should be monitored and evaluated rigorously using experimental or other science-based approaches over time. It is particularly important that promising programmes be evaluated in terms of whether they can go to scale as part of public policy and subsequently remain effective.

In Africa, programmes that address youth under-employment problems are frequently funded by development partners and donor agencies. There is a consequent need to design **mechanisms for the effective coordination** of such programmes by donors, governments, beneficiaries, and non-governmental organizations through which assistance is also channelled.

Conclusion

Youth is an asset for Africa. Young Africans are dynamic, vibrant, resilient and entrepreneurial. The African youth population is projected to grow rapidly. An empowered youth population will be Africa's strength in the global economy as populations in the rest of the world get older.

African governments and the international community must invest in building the human capital of young Africans in terms of nutrition, health, and education.

Economic transformation must raise productivity, which together with better management of natural resources will create jobs. Economic growth should also better embrace disadvantaged people, including pastoralists and women.

It is necessary to alleviate the burden of youth struggling without a decent job because building human capital and transforming the economy will take time. This effort will necessitate bolder interventions to raise productivity and quality of work in the informal sectors and small-holder agriculture.

Empowering young Africans to live their dreams is the way to achieve Africa's potential. The dynamism of young Africans will drive the economic and social transformation for the next generation.

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Graphs

1. Youth unemployment and vulnerable unemployment. Source: Key indicators of the Labour Market (ILO).
2. Number of people by highest completed level of education. Source: Barro and Lee (2010).
3. Literacy of Grade 6 children. Source: Spaull and Taylor (2012).
4. Time spent by children on school and work. Sources: UNICEF (http://www.childinfo.org/labour_education.html), and 2009 Kenya population and housing census.
5. Agricultural productivity. Sources: World Development Indicators 2012, and FAOStat, 2013.
6. Youth population. Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects: The 2010 Revision, <http://esa.un.org/unpd/wpp/index.htm> For definition of variables, check the link Glossary of Demographic Terms. Medium variant.
7. Impact of early child development programmes on IQ. Source: S.P. Walker, S.M. Chang, C.A. Powell, and & S.M. Grantham-McGregor, 2005, *The Lancet*, 366, pp. 1804–1807. Copyright 2005 by Elsevier. Notes: DQ/IQ scores of stunted and nonstunted Jamaican children from age 9– 24 months through 17–18 years, showing long-term deficits associated with stunting and the sustained benefits

to stunted children who received a home-visiting program providing early childhood stimulation.

8. Returns to education. Teal (2011).
9. Agricultural yield and harvested area. Source: FAOstat.
10. Manufacturing as share of GDP, and growth in total GDP. Sources: World Bank World Development Indicators, and IMF World Economic Outlook database.

TICAD High Level Panel Discussion

Youth and Employment in Africa: the Way Forward
Empowering Young Africans to Live their Dreams

Joint Recommendations of JICA, the World Bank, and the African Development Bank

June 2, 2013

This paper presents recommendations for action jointly put forward by JICA, the World Bank, and the African Development Bank for consideration by the governments of African countries, their development partners, and interested members of civil society. These recommendations, if implemented, would go a long way towards achieving the goal we all share – that all young Africans will have real opportunities to have the job they want or to pursue the future they dream of. The recommendations are derived from the findings of major reports on this subject recently undertaken by these three institutions.

A broader and evidence-based approach is essential

It is important to approach the employment challenge not as 'unemployment', or a narrow labour market phenomenon. In most African countries, the problem is the outcome of a broad range of issues including: macroeconomic management and performance, low productivity of work, inadequate development of human capital, the tradition or history of land ownership, and in some cases the politics of short-term results. The predominance of informality in economies of low-income Africa is another important factor. Addressing the challenge of youth employment thus requires a well-coordinated programme of action, implemented with resolve. Such a programme of action should be evidence-based. The programme should consist of policies and interventions that have been shown to be effective by rigorous evaluation, or have solid reasons to expect a high probability of success. African countries and their development partners have devoted considerable resources to addressing the challenge of youth employment, but with limited results. Much too often programs and policies were introduced without due deliberation and coordination. It will be vital to be selective – to do more with less – keeping in mind that constraints of public administrative capacity, or the lack of funding, have often led to unsuccessful implementation of otherwise well-designed projects.

Policy agenda

Each component of the desired program of action should have a clearly articulated target, and its effectiveness must be monitored closely. Specifically, we recommend:

First, strengthen **pro-growth strategies**, with a clear focus on raising the employment intensity of economic growth. In Africa, economic growth has created some private sector jobs. But having started from a small base, such job creation has not been enough to absorb the many youth entering the labour force. Mining and ICT, a big part of Africa's growth story, do not use many workers. In addition, manufacturing, the backbone of job creation in Asia's growth story, has been declining in Africa. The employment intensity of growth can be raised by reversing

the decline of manufacturing, developing the value chain around mineral resources, supporting high productivity services, and leveraging abundant natural beauty for expanding tourism. Job-creating growth requires strengthened competitiveness and higher productivity.

Second, raise **productivity in agriculture**. This sector employs a large majority of Africa's workers, and will do so for years to come. Higher agricultural productivity may not create new farming jobs. However, it will convert a large number of low pay jobs to higher earning jobs, and spur an expansion of the rural non-farm informal sector. Promising avenues for raising agricultural productivity include building rural infrastructure, greater use of science and technology to increase yields and control weeds, and promoting integrated land management, with irrigation as one component. Also promising is support for farmers to manage their savings, and to reach export markets. A green revolution will be a springboard for structural transformation of African economies, as experience in Asia demonstrates. Third, **embrace the informal sector**, and improve the quality of work and productivity of small informal enterprises. Most informal enterprises do not grow, but remain in business to sustain daily subsistence. The key will be to remove the constraints they face and help them grow in size and in profitability. Strengthening the protection of property rights supports investment and productivity. Facilitating sharing of physical infrastructure and soft infrastructure among small informal firms can help them form clusters, build scale, and raise productivity. Developing business management and entrepreneurship skills will also be useful. Informal enterprises often have business links with the formal sector: a goal will be to gradually connect them into the global value chains.

Fourth, build **strong human capital** for the African youth. Critical actions are to:

- Provide adequate nutrition and health care, particularly during the first 1,000 days of life. Nurturing of the new-born, infants and young children in a loving home is crucial, and yields high returns.
- Assure the quality of teaching in schools: improving learning outcomes, as well as acquiring life skills, is critical to raising the productivity and employability of the youth. Special care should be extended to disadvantaged children so that they can remain in school and learn (e.g., the second chance program).
- Promote Public-Private Partnership in apprenticeships, internships, and vocational training to match better newly developed skills with what employers actually need. On-the-job training in work place is likely to be more effective than vocational training in school setting.
- Strengthen science and technology. It is essential to strengthen the teaching of mathematics and science from primary school through university. Creating a 'critical mass' of skilled workers is a pre-requisite for industrialization.

Fifth, improve the **health** of young adults. African youth face higher rates of absenteeism owing to illness than in other developing countries. In addition to HIV/AIDS, malaria and tuberculosis, the rising incidence of non-communicable diseases has to be addressed. A healthy body is vital for stronger human capital.

Sixth, eradicate **gender gaps**. The incentives to get girls into school, and to keep them there, need to be strengthened. Early marriages should be prevented and gender discrimination in access to fertilizer, seeds and credit eliminated. In addition, incentives are needed to encourage participation of women in the labor force and in entering high productivity sectors. Empowering young women increases the productivity of the labor force, and helps achieve inclusive growth.

Finally, address **market failures in the labour market**. It will be essential to improve access to information about the returns to different occupations, assist with matching employers and job seekers, issue vouchers for vocational education in an institution that students choose, and bundle training with access to finance for business start-up. Ways should be found to mitigate the adverse impact of collective bargaining and high reservation wages on employment, particularly in north and southern Africa. While public works programs have considerable political appeal, rigorous studies are needed to determine how to make these programs more cost-effective and lead to more productive long-term employment.

Development partners could help develop new innovative programs.

Development partners and civil society have extended substantial assistance to African countries to implement this sort of policy agenda. We encourage them to redouble their contributions, to follow up on the actions identified here, and to strengthen their coordination with the African governments, the private sector, NGOs, and among themselves.

We propose that development partners go a step further, and take up a select few innovative programs to develop new interventions to tackle some of these critical challenges, particularly where success has so far remained elusive. We recommend that development partners mainstream the programs that have been proven at scale and in the different contexts, and also scale up the programs that have been proven in several specific contexts but still need to be tested at scale. Development partners should also pilot promising new ideas that need to be evaluated in practice.

In the area of human capital development, two programs with strong evidence stand out:

- **Youth Corps for Remedial Education:** The basic idea of this program is to deploy educated unemployed youth to primary schools as volunteers to offer supplementary teaching to struggling students. In India, the program used local youth to hold after-school camps. The program is now running in Ghana, and JICA is conducting a similar program in Niger and Burkina Faso. It will not only contribute to building human capital but also create employment opportunities.
- **Early Childhood Development:** There is strong evidence that early childhood investment in nutrition, health care and stimulation improves cognitive skills of children and their long-term labor market outcomes. Early childhood nutrition programs are offered by the World Food Program in the areas where the incidence of hunger is wide spread. Early childhood stimulation programs have been tested successfully in Jamaica and Colombia. A key challenge is to find the delivery modes that can cover children at scale, and in locations throughout the country.

In agriculture, despite the necessity and potential of a green revolution in Africa, there exists little evidence on why small farmers do not adopt **new technologies** and improve efficiency. A number of research projects are underway to test ways to overcome barriers that constrain technology adoption. Development partners could pilot or scale up some of those projects; e.g., training and information programs for coffee farmers in Rwanda, weather insurance in Ghana, and smallholder horticulture empowerment in Kenya.

It is perhaps fair to say that we do not know enough about informality in African economies. A variety of measures (e.g., micro credit and financial literacy training) have been implemented, but results are mixed. Understanding what constrains the growth of informal enterprises will be important for designing better policies. Nevertheless, there are a few programs with some evidence that can be piloted or scaled-up:

- **Innovative Business Development Models:** One of such models is the Micro-Franchise program, implemented by the International Rescue Committee. In this program, a group of aspiring young entrepreneurs is paired up with a major company with a large number of well-known franchises. A small grant is given to a young entrepreneur to set up the franchise. He/she then buys materials and supplies from the franchisee, process, and sell the product. The micro-franchising model provides the youth with an already successful business model, rather than testing a model that the youth tries out as in a typical micro credit program.
- **Hiring to Grow:** There may be cases where informal enterprises are unable to hire an additional worker even though their marginal productivity is higher than the market wage because of limited access to credit and information. There is some evidence that in such cases, providing a direct subsidy to employ additional workers (for example, one half of the wage for a new hire in a Sri Lanka program) may be effective in inducing owners of micro enterprises to hire. It may be productive to improve the program design, and pilot it in one or two African countries – of course, paying attention to the cost-effectiveness of such approaches.

The unemployment of educated youth is a pressing social and political issue in a number of African countries. We do not know well what specific reforms may be effective in alleviating the disproportionate effects of **labor market regulation** on youth employment. However, as a short-term measure, development partners could design and pilot different public-private partnerships as modes of delivery of what are conventionally thought of as public works programs. The World Bank's private enterprise internship program in Kenya – the 'Youth Empowerment Project' – could be replicated in other African countries. Programs similar to the World Bank's Centers of Excellence project could be adopted to absorb and nurture the high potential youth. 'Skills and Technology' for educated youth is one of the priorities of the African Development Bank, which is also pursuing new approaches to promoting social entrepreneurship with and for the poor and most vulnerable people in Africa.

Finally, we recommend establishing an **Innovation Fund** for youth employment. Applicants to the Fund would compete for funding for innovative programmes to

address youth employment issues and encourage entrepreneurship. Allowing ideas to emerge, and then investing in evaluating their impacts carefully, could be a way to spur innovation and grow the evidence base for what works. The Development Marketplace of the World Bank and the African Development Bank could be adapted and replicated to host the Innovation Fund.

Conclusion

All of us in the international community share the challenge and responsibility of creating ample opportunities for good jobs for the current and next generations of young Africans, and, in addition, developing their human capital so each of young Africans can reap the full benefit of such opportunities. We call on all African countries to adopt a strong, comprehensive, well-coordinated, and evidence-based program of action to meet this challenge. Equally, we call on all partners of African development to be bold and innovative: together we make sure all young Africans can live their dreams.

