



## **FACTS AND FIGURES**

### **Economic growth in Africa and the financial crisis:**

- Before the financial crisis economic growth in Sub-Saharan Africa averaged 5 percent a year for five years.
- Economic growth in Sub-Saharan Africa is projected to decline from just under 5.5 percent in 2008 to 1.5 percent in 2009<sup>i</sup>.

### **Young people constitute a growing part of Africa's overall population**

- Compared to other regions, Sub-Saharan Africa's youth population is expected to increase dramatically over the next 40 years<sup>ii</sup>.
- By 2025, one in every four young people worldwide will be from Sub-Saharan Africa<sup>iii</sup>.
- In 2005, 62% of Africa's overall population fell below the age of 25<sup>iv</sup>.
- Africa's population is growing at 2.5 percent per year, twice that of Latin America and Asia.

### **The growing youth population in Sub-Saharan Africa represents both challenges and opportunities**

#### *Poverty:*

- 72% of the youth population in Sub-Saharan Africa lives on less than \$2 a day<sup>v</sup>.

#### *Unemployment:*

- In Africa the ratio of youth-to-adult unemployment rate equals three and a half<sup>vi</sup>.
- In Sub-Saharan Africa 3 in 5 of the total unemployed are young people<sup>vii</sup>.
- In Uganda the share of unemployed young people among the total unemployed is 83%<sup>viii</sup>.
- Young people are more likely than adults to work in the informal sector. In Ethiopia, for example, 81.4% of the youth work in the informal sector compared to 43% of adults<sup>ix</sup>.

### **Post-primary education and skills**

- Secondary and tertiary education enrolment rates in Africa are significantly lower than in any other region, with higher gender inequality than for basic education<sup>x</sup>.
- In Sub-Saharan Africa only one in four is enrolled in secondary education. And only one in twenty is enrolled in tertiary education<sup>xi</sup>.

- Technical and vocational education constitutes less than 5% of total secondary enrolment in Sub-Saharan Africa<sup>xiii</sup>.
- Unskilled youth workers are more vulnerable to economic shocks, are less likely to find work, and are more likely to get stuck in low quality jobs<sup>xiii</sup>.
- More than a fifth of all firms in developing countries rate inadequate skills and education of workers as a major or severe obstacle to their operations<sup>xiv</sup>.
- In Senegal, some 400,000 young people are in apprenticeships annually, compared to some 7,000 graduates from the formal vocational training centres; and up to 80 percent of skills development in Ghana is through the apprenticeship system<sup>xv</sup>.

## **Entrepreneurship**

- In Zambia about 50% of all young people between 15 and 19 years of age wish to start their own business. However, they are exposed to discrimination only on the basis of their age – both by customers, investors, colleagues and even by the state<sup>xvi</sup>.
- In ILO's training programmes, one out of every two trainees graduating through the programme goes on to start a new business<sup>xvii</sup>.
- Research conducted by Youth Business International (YBI) reveals that one in five young people has the intuitive skills to start and run a small business and – out of 100 businesses financed by YBI – 70 percent are still running and employing other young people after three years<sup>xviii</sup>.

## **Investment finance for SMEs**

- Africa's small enterprises, from traders to farmers, contribute to more than 80 percent of output and jobs in most African nations.
- Almost 50 percent of African companies identify access to finance as a major constraint to doing business<sup>xix</sup>.
- The cost of finance, including investment finance, is higher in Africa than any other part of the world, and the access for SMEs is particularly limited<sup>xx</sup>.

## **Competitiveness**

- Africa's share in global trade dropped from 6 percent in 1980 to about 3 percent in 2007.
- Eight of the ten lowest ranked countries on the Global Competitiveness Index are Sub-Saharan<sup>xxi</sup>.
- The cost of exporting and importing a container of goods in and out of African countries can be as much as four times the cost in China and two or three times that in India. It can take weeks to process goods in and out of harbors, increasing costs further and making shipment of perishable goods difficult<sup>xxii</sup>.
- One large African cement manufacturing company occasionally airlifts cement across countries, an unheard of method of delivery in other parts of the world<sup>xxiii</sup>.

- In 2005, it took 45 days to start a business in Burkina Faso and an entrepreneur had to go through 12 procedures. In 2008 the equivalent numbers were reduced to 16 days and 5 procedures<sup>xxiv</sup>.

## Energy

- Close to 50% of African companies identify electricity as a major constraint to doing business<sup>xxv</sup>.
- More than 75% of the population in Sub-Saharan Africa does not have access to electricity. In rural areas it is more than 90%<sup>xxvi</sup>.
- Irregular supply of electricity accounts for average losses of 6 percent of total sales and for enterprises in the informal economy up to 20 percent<sup>xxvii</sup>.
- In many African many countries, outages occur more than 100 days a year<sup>xxviii</sup>.
- Several African countries have positive experiences of using decentralized renewable energy sources:
  - In Mauritius, residues from the sugar industry meet more than 40 percent of the country's electricity needs<sup>xxix</sup>.
  - In Mali, female entrepreneurs are drying and marketing mango with the help of solar energy<sup>xxx</sup>.
  - In Kenya, a rural company has manufactured, sold and installed over 300 water pumps, driven by wind energy<sup>xxxi</sup>.

## Women face particular constraints when starting a business

- Women in Africa are generally less mobile than men and have less time and cash. They have fewer contacts to make their way around complex requirements and are often seen as soft targets for bribes<sup>xxxii</sup>.
- In Swaziland women are not allowed to register property and they need a male guardian's consent to open a bank account or start a business<sup>xxxiii</sup>.
- In D.R Congo the law requires a woman to physically take her husband to the business registry to prove she has his consent to open a business<sup>xxxiv</sup>.
- In Tanzania women are unlikely to inherit land. Therefore they lack collateral to apply for business loans. Although the situation has improved over the last couple of years, progress for female business is still much slower than for their male counterparts<sup>xxxv</sup>.
- In Uganda more than a quarter of all enterprises surveyed reported that government officials had interfered with their business by asking for bribes for example. Among enterprises headed by women, the figure was much higher: 43 percent<sup>xxxvi</sup>.

## Women represent a significant potential for Africa if empowered

- In Sub-Saharan Africa, agricultural productivity can increase by up to 20 percent if women's access to resources such as land, seed and fertilizer is equal to men's<sup>xxxvii</sup>.
- In Burkina Faso, Kenya, Tanzania, and Zambia, allocating land, labour and capital equally could increase production by between 10 and 20 percent<sup>xxxviii</sup>.

- In Ghana, if women and men had equal land rights and tenure security, women's profits per hectare would nearly double<sup>xxxix</sup>.

### **Agriculture and value chains**

- The agricultural sector employs approximately 65 percent of the African population<sup>xl</sup>.
- Agricultural productivity in Africa has hardly increased during the last four decades<sup>xli</sup>.
- Processing holds vast economic potential for Africa. By processing the 650,000 Metric Ton of raw cashews exported in 2007, the continent would gain: 1,000 new businesses; 250,000 new jobs; 150 million added value (USD)<sup>xlii</sup>.
- In Ethiopia cut flower exports increased in just six years from less than 1 million USD in 2001 to over 20 million in 2007<sup>xliii</sup>.
- Organic exports in Uganda reached USD 7 million in 2007. Organic certified farmers earn significantly higher income (80-100% more) than comparable conventional farmers<sup>xliv</sup>.

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- i* IMF: *World Economic and Financial Surveys Regional Economic Outlook, Sub-Saharan Africa, April 2009.*
- ii* World Bank: *World Development Report 2007: Development and the Next Generation*
- iii* *Ibid.*
- iv* World Bank *Africa Development Indicators 2008/2009*
- v* Source: *World Bank Africa Development Indicators 2008/2009*
- vi* ILO: *Global Employment Trends for Youth, 2006*
- vii* World Bank: *Africa Development Indicators 2008/2009*
- viii* *Ibid.*
- ix* *Ibid.*
- x* UNESCO: *Education for All Monitoring Report, 2008*
- xi* *Ibid.*
- xii* OECD: *African Economic Outlook, 2008*
- xiii* World Bank: *Africa Development Indicators 2008/2009*
- xiv* *Ibid.*
- xv* OECD: *African Economic Outlook, 2008*
- xvi* ILO, *Being "Real" about Youth Entrepreneurship in Eastern and Southern Africa, 2005*
- xvii* ILO, 2009
- xviii* YBI, 2009
- xix* World Bank *Enterprise Surveys, 2009*
- xx* Confederation of Danish Industry in collaboration with the Eastern and Southern African Business Membership Organisation Network (The ESA BMO Network): *A Better Future for Africa – Recommendations from the Private Sector*
- xxi* World Economic Forum: *The Global Competitiveness Report 2008-2009*
- xxii* Ramachandran et al. *Africa's Private Sector, 2008*
- xxiii* *Ibid.*
- xxiv* World Bank: *Doing Business, 2006 and 2009*
- xxv* World Bank *Enterprise Surveys, 2009*
- xxvi* IEA: *World Energy Outlook, 2004*
- xxvii* Confederation of Danish Industry in collaboration with the Eastern and Southern African Business Membership Organisation Network (The ESA BMO Network): *A Better Future for Africa – Recommendations from the Private Sector; World Bank, 2008.*
- xxviii* *Ibid.*
- xxix* *Consultations with AFREPREN, Nairobi, 2009*
- xxx* *Consultations with AREED and Mali Folkecenter, 2009*
- xxxi* *Consultations with AFREPREN, Nairobi, 2009*
- xxxii* World Bank: *Doing Business: Women in Africa, 2008*
- xxxiii* Confederation of Danish Industry in collaboration with the Eastern and Southern African Business Membership Organisation Network (The ESA BMO Network): *A Better Future for Africa – Recommendations from the Private Sector*
- xxxiv* *Ibid.*
- xxxv* *Ibid.*
- xxxvi* World Bank: *Doing Business: Women in Africa, 2008*
- xxxvii* The World Bank, the UN and FAO: *The Gender in Agriculture Sourcebook, 2009*
- xxxviii* *Ibid.*
- xxxix* *Ibid.*
- xl* The World Bank: *World Development Report 2008: Agriculture for Development*
- xli* FAOSTAT, 2008
- xlii* The African Cashew Alliance: [www.africancashewalliance.org](http://www.africancashewalliance.org) accessed April, 2009
- xliii* Stefano Ponte, Danish Institute for International Studies, *Making the Best of Value Chain Participation, Study for the Danish Ministry of Foreign Affairs, 2008*
- xliv* *Ibid.*