

Report by Stephen Williams

# Africa's youth

## The African Development Bank and the demographic dividend

**A**FRICA HAS THE FASTEST-GROWING and most youthful population in the world. Over 40% are under the age of 15 and 20% are between the ages of 15 and 24 (the definition of youth). These statistics present a serious challenge. Can Africa seize the opportunities being presented, or do Africa's youth constitute a ticking, demographic time-bomb?

Despite sub-Saharan Africa recording an average annual economic growth rate of 6% or more, this rapid growth has often been non-inclusive and it has become increasingly clear that insufficient attention has been paid to the creation of employment opportunities for young people. The current demographic trend only compounds the problem as the pressure to create new jobs will increase markedly over the coming decades, unless what is known as the "demographic dividend" is realised.

One definition of the demographic dividend is "a large workforce that creates a window of opportunity to invest in the education and health of their children, increase economic outputs and invest more in technology and skills to strengthen the economy."

It is a stage that the most successful developing economies experience. Indeed, as much as one-third of East Asia's economic "miracle" was due to demographic change.

It is with this in mind that the African Development Bank (AfDB) has decided to put youth and employment as a top priority and has started by using its technical and financial leverage, as well as its operational strengths, to promote socio-economic developments, giving priority to those that will constructively address youth unemployment issues in Africa.

It is working alongside its development partners – among others the African Union, the International Labor Organisation (ILO) and the United Nations Economic Commission (UNEC) for Africa – in line with an inter-agency agreement made in Johannesburg

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in October 2011.

This initiative does not solely focus on the formal sector, but also gives appropriate attention to the many young people who may be working but are underemployed – working shorter hours than they would like, or reaping little economic gain from their activities.

This represents something of a new vision for the AfDB as the remit is broadening to take in aspects such as precarious or poor employment terms, the quality of working environments, and the provision of social protection for young workers through supporting innovative social safety nets that help weather economic and social shocks.

It is also widely recognised that, with the dearth of formal opportunities, many African youths are forced into the informal economy. They are beyond the range of official employment statistics and this makes the problem of both youth unemployment, and underemployment, very difficult to measure.

Furthermore, as with adult literacy rates, youth literacy rates in sub-Saharan Africa are the lowest of any region in the world.

Paradoxically, there is a lack of jobs for the increasing numbers of graduates that Africa is producing. This is most pronounced in Northern and Southern Africa where the AfDB reports that there is "an obvious and growing quantitative overproduction of higher education graduates compared to what the labour market can absorb".

Responding to this mismatch, in a fascinating

development, the AfDB is proposing to establish jointly with Unesco and the ILO a Virtual African Higher Education Observatory – its purpose is to focus on developing employability training in higher education institutions. By promoting knowledge and best practice transfers from best-performing African higher institutions to higher education policy makers in Africa, the capacity for policy-making will be enhanced.

The AfDB is attempting to create linkages between educational curricula, on the one hand, and the needs and realities of the productive sectors of the economy on the other – meanwhile encouraging the development of self-employment and SMEs through the provision of business development training, skills upgrading, and the establishment of producers' organisations with an emphasis on access to microfinance services and women's empowerment.

The AfDB is currently putting in place a strategy that puts employment front and centre as an objective of its many economic and social policies, such as those related to health, education and social protection. The AfDB not only provides the technical and financial support at the macro level that will promote good governance to encourage business development, infrastructure improvements and rural/agricultural development – but also with scientific, technology and technical vocational training programmes.

With its partner organisations – the AU, ILO and UNEC – another pan-African observatory



Above: The AfDB is looking to create linkages between educational curricula and the productive sectors of the economy. Right: As far back as 2008, Kaberuka was warning of the impending dangers of youth unemployment in North Africa



is being proposed to set up a string of higher education and vocational training institutions across the continent known as the Africa Technology Transfer Partnership. It is envisaged that this observatory will assist micro-enterprises and SMEs in technology acquisition, adoption and adaptation to promote a closer productivity link between African industry and R&D institutions.

All the evidence suggests that it is in African countries emerging from conflict that the problem of youth unemployment is most pressing. The reintegration of ex-combatants, including child soldiers, in post-conflict countries is crucial, and providing meaningful employment opportunities is absolutely critical if the "peace dividend" is to be realised.

Seeking to increase the labour intensity of government-funded public works programmes would be an obvious way to scale up employment. By improving physical infrastructure – such as rural roads and water, invariably a national priority in post-conflict countries – employable skills would be transferred, thereby increasing the opportunities for young workers to earn a living income and receive the on-the-job training to allow them to become entrepreneurs.

### Case study

#### Tunisia

It is generally believed that it was the self-immolation of Mohamed Bouazizi in Tunisia in December 2010 that sparked the Arab Spring protests across the Maghreb, eventually leading to the fall of three regimes. Bouazizi's suicide was in protest against the lack of formal employment opportunities for university graduates in his country. Even when Bouazizi tried to earn a living by selling fruit in the street, he met with bureaucratic impediments.

The AfDB's president, Donald Kaberuka, speaking almost four years ago at the African Perspectives Forum in Paris in June 2008, and long before the Arab Spring, observed: "The disconnection between higher learning institutions and the private sector has created the twin problems of high youth unemployment and a shortage of middle to high skills, while in some cases, highly trained individuals lack jobs. For example, in Tunisia with an unemployment rate of around 14%, more than 40% of university graduates remain unemployed."

Kaberuka later added in his address to the Forum: "It is incumbent on both governments and the private sector to respond to improve education, and train and upgrade skills of the workforce."

By way of a response, the AfDB has targeted youth unemployment with Active Labour Market Programmes in the Maghreb Targeting Youth (ALMPs). They come in five categories. Firstly, there are subsidised employment programmes that offer employers incentives in exchange for creating jobs. Secondly, there are labour market retraining and insertion programmes that aim to reduce the skills mismatch in skills by providing vocational conversion training to young job seekers.

Technical and financial assistance is also being provided to help young entrepreneurs enter self-employment. This comprises the third category of ALMPs.

Encouraging governments to reduce youth unemployment through public works schemes – and making available labour market information and job placement services – are the fourth and fifth categories respectively.