Government action to promote youth employment: a poor track record

Almost every African country is running Active Labour Market Programmes (ALMPs) to reduce unemployment and promote employment for young people. Following the framework of analysis from the preceding section, ALMPs can be classified into three categories, addressing labour demand, labour supply, or labour market mediation and matching.

- Programmes addressing labour demand aim to create jobs through promoting entrepreneurship; but also through direct jobs creation (public works programmes).
- Programmes addressing labour supply generally aim to increase the productivity and employability of young people by providing skill training, and improving the educational system.
- Programmes addressing labour market mediation and matching improve the functioning of the labour market and link demand and supply through better matching services.

Figure 6.38. shows that programmes addressing labour supply and skills training are most frequent. In the sample 31 countries have programmes that address labour supply while 27 run programmes to promote entrepreneurship and 20 conduct direct job creation programmes. Measures to make the labour market work better for those seeking their first job are less frequent, involving 22 countries. Generally governments do not limit themselves to one field of action only but most of them undertake several initiatives.

However, the track record of many programmes is poor and coverage is low. Among 36 AEO country experts, 21 said programmes implemented to tackle youth unemployment are dysfunctional and have a low coverage; programmes are well-developed covering more than 50% of young jobseekers in only one country (Morocco). According to a survey carried out in 19 countries (Afrobarometer, 2008) 69% of respondents think that their government handles job creation badly while only 27% find that their government is dealing well with the matter. The country notes accompanying this report as well as the literature on the promotion of youth
employment in Africa, much of it discussed in preceding sections, identify the following shortcomings shared by many government programmes:

- Responsibilities for youth employment policies are split between too many government actors with insufficient co-ordination among them;
- Lack of data and understanding of the challenges young people face, especially in the informal sector;
- Lack of evidence on what really works and therefore programmes that are poorly designed and funded;
- Piecemeal programmes that are not sufficiently comprehensive to address all the major bottlenecks that hold young people back.

Box 6.12. presents experiences with success and failure in promoting youth employment from UNDP’s regional programme for youth employment in West Africa.

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**Box 6.12. UNDP YERP: Lessons of success and failure in youth employment initiatives**

Established in 2009 the Regional Programme for Youth Employment and Social Cohesion (YERP) is a project managed by the United Nations Development Programme (UNDP’s) regional Service Centre based in Dakar, Senegal.

In spite of its recent creation YERP has achieved some notable successes. One example is the training of youth and provision of credit for the development of agri-businesses in Guinea. The project aims to train 200 Guinean youths over the next two years. In collaboration with IFAD, ILO, UNIDO and WFP, and the Songhai Centre in Benin, YERP is offering training in youth entrepreneurship, self-employment and project design in agricultural projects. Thanks to her training at the Songhai Centre, Fatimatou Saidou Diallo, a 34-year Guinean young mother, has expanded her farm, where she produces chickens and eggs. A revolving loan from a microfinance institution established by UNDP to support agricultural entrepreneurship allowed her to buy 3,000 chicks and 1,700 laying hens for her farm. In addition to a higher income, she now employs six youths full time and has trained a large number of others. She also offers continued advice and monitoring services to four chicken farms in the area. During a January 2012 visit to her farm, the UNDP administrator hailed the courage of young people like Ms. Diallo who take the risk of borrowing and investing in sectors where their elders do not see opportunity.

The key to the success of this project and similar ones is the collaboration of several institutions, each contributing its specific expertise. More important, however, the integration of training, post-training coaching and access to low-interest credit is the most important aspect of this success story. Through YERP’s revolving fund, the trainees are able to start their own businesses. The fund is deployed through six local micro-finance institutions selected by a steering committee. Since the beginning of the programme, 3,406 young people – 1,845 young women and 1,561 young men have benefited from the revolving fund to create and develop their own businesses in sectors including retail trade, textiles, agri-business, food industry and breeding. The rate of loan recovery is very high, making the fund self-sustaining.

A case where success has been less obvious can be seen in that of a skills training initiative developed in The Gambia to promote youth employability. YERP targets women and youth with the objective of reducing unemployment, underemployment and poverty. GAMJOBS (Gambia Priority Employment Programme), in collaboration with the National Training Authority (NTA), is implementing a Master Crafts Persons Apprenticeship Training Programme that promotes education as well as technical and vocational training (TVET) in several fields: textiles, cookery, hairdressing, mobile telephone repair and information technology, agriculture, tie-and-dye,
Government action to promote youth employment needs better coordination. The lack of institutional co-ordination and the heterogeneity of the actors intervening in the fight against youth unemployment are a major obstacle in Africa. In many countries the responsibility for youth employment policy is split among a wide range of ministries and agencies, often operating in isolation and with little co-ordination. The lack of a coherent strategic approach results in fragmentation of efforts and wasted resources.

Efforts to improve availability and quality of employment data in Africa are crucial. In most African countries employment data are very scarce, preventing a better understanding of what young people need to obtain good jobs. As discussed earlier in the context of the data used for this report, data on employment are notoriously difficult to obtain in Africa. Unemployment registers exist in some countries, but are often confined to urban areas and are not comprehensive, leaving household surveys as the only alternative to obtain comprehensive data. However, employment focused surveys, such as LFSs, are sparse in Africa. Only the better-off middle income countries in Southern and North Africa conduct them regularly. Good panel surveys that follow individuals over time and provide data on the longer term impact of evaluation and the dynamics of movement between different segments of the labour market are even rarer. Where LFSs exist, they are often outdated (more than five years old) and do not contain adequately disaggregated data (by age, gender, location). In the country expert survey only six respondents considered the government to have very good knowledge of the situation of youth in the labour market. The governments of 14 countries are considered to have only little or no knowledge. The lack of data makes it difficult for policy makers to understand the nature of the employment challenge and take informed decisions on how to support young people in the labour market.

The scarcity of data on informal employment and entrepreneurship in particular is a major obstacle given the importance of this sector for youth employment. Box 6.13. presents the 1-2-3 survey experience in Africa, which should be replicated to improve the grasp of, and response to, youth employment challenges.

Source: UNDP.
Box 6.13. Measuring employment and informal economy: the 1-2-3 Survey experience in Africa

In spite of its universally-recognised role as a transmission belt between macroeconomic dynamics and poverty, information on African labour markets remains thin because of a lack of data. LFS, a core statistical tool to measure households’ economic activities in most countries in the world, are not well adapted to sub-Saharan Africa (SSA). The predominance of the informal sector in African economies is a further hindrance to traditional survey tools. This sector is by far the leading job provider in urban areas, and the second in rural areas after agriculture. However the informal sector remains largely neglected, in need of sound, evidence-based policies.

The 1-2-3 Survey has been specifically created to fill this measurement gap. The 1-2-3 Survey is a mixed household/enterprise survey specifically designed to capture the informal sector in all its dimensions (Razafindrakoto et al., 2009). Phase 1 is an extended LFS, providing accurate labour market indicators which go beyond the unemployment rate. It includes main and secondary jobs by status of firm (formal/informal) and their attributes. Phase 2 is an enterprise survey, carried out on a representative sub-sample of informal firms identified in Phase 1 which seeks to measure their main economic and productive characteristics. Phase 3 is an income and expenditure type household survey, the sample of which is drawn from Phase 1 and the aim of which is to estimate the weight of the formal and informal sectors in household consumption. Since its debut in Cameroon in 1993 and in Madagascar in 1995, the 1-2-3 Survey has been conducted in 15 African countries, as well as in Latin America and Asia. Initially covering only the main agglomerations most of the surveys are now conducted nationwide.

The 1-2-3 Survey allows for varying configurations reflecting the needs and particularities of different countries. In some countries a panel data component has been included (Benin, Burundi, Madagascar). The survey can be used to construct ad hoc control groups to evaluate the impact of labour or informal sector policies and projects (for instance, microcredit in Madagascar). It has become a benchmark used in a wide range of applications, and some of its contributions (sampling and questionnaires) have been gradually incorporated into other types of household surveys.

1-2-3 Surveys have allowed researchers to address a wide range of issues in multi-country studies, such as returns to education, skills-jobs mismatches, vulnerability in employment, labour market segmentation and formal/informal earnings gaps, ethnic and gender discrimination, migration in its different components, job satisfaction, inter-generational transmission and inter-sector and intra-sector equality of opportunities. Some of these contributions are gathered in a book on urban labour markets in SSA (De Vreyer and Roubaud, 2012). Based on Phase 2, informal sector potential, constraints (economic, institutional and social), and heterogeneity have been investigated in depth in the frame of a multi-partner international research programme (Grimm et al., 2011b).

Among the challenges ahead, first, LFS and informal sector surveys should be institutionalised and conducted with a greater frequency. The 1-2-3 Surveys should be implemented in non-Francophone countries. Second, the survey results should serve as inputs to enlarge the depth of national accounts, by measuring consistently the informal economy’s contribution. Finally, the surveys should serve to elaborate, monitor, evaluate and expand specific policies dedicated to improving labour market functioning and supporting the informal sector.

Source: François Roubaud, DIAL.
Policy makers and programme designers need much better evidence of what works and what does not in youth employment promotion. Despite abundant international reporting on ALMPs, evidence of long-term benefits and cost-effectiveness is insufficient, as most programmes remain largely unmonitored and unevaluated. Any programme aimed at bringing young people into employment is based on an assumption of what the main obstacles to youth employment are and how they can best be removed given the country context and target group. Implementation puts these assumptions to the test and most often reveals additional factors that had not been taken into account at the planning stage. Without good monitoring and evaluation, however, these additional factors remain in the dark. Programmes fail, but the reason for such failure remains unknown. Without understanding the causes of failure, corrective measures are not possible and new programmes will repeat the same mistakes. Similarly, programmes might show the expected results, but at a high cost (see Box 3 on public works and cost effectiveness). Cost-effectiveness analysis is necessary to design programmes that get the best results for a given amount of resources. The current level of knowledge on which programmes are the most effective in the different contexts of LICs and MICs is very low. In a global review of evaluations of ALMPs targeting youth, Betcherman et al. (2007) found that Sub Saharan Africa and the Middle East and North Africa region had the lowest coverage and quality of evaluations of such programmes. More and better evaluations mixing control group designs with participative methods and cost-effectiveness analysis are needed to help policy makers identify what really works best.

Box 6.14. Public works programmes: Better for social protection than promoting youth employment

Faced with insufficient labour demand and many youth in NEET, governments use public works programmes as short term fixes to create jobs. Evaluations show, however, that they are generally better suited to provide a social protection floor than to promote youth employment. In terms of job creation, most programmes provide only short-term employment opportunities. There is little evidence that participation in public works programmes improves the transition to formal private sector employment (Dar and Tzannatos, 1999; Betcherman, et al. 2004). Finally, public works programmes can create dependency on cash transfers, hindering beneficiaries’ transition to unsubsidised employment (Puerto, 2007).

One example of a public works programme is AGETIP Senegal (Agence d’Exécution des Travaux d’Intérêt Public contre le sous-emploi), a US$ 33 million initiative created in 1989. The programme was conceived primarily as a means of providing employment to young people. Although largely regarded as a success, an evaluation of the programme showed an average cost of USD 37 per job per day (World Bank, 2007b). Given that a large share of Senegal’s population lives on less than USD 2 per day (PPP) and that most of these jobs remained temporary, the cost-effectiveness of this programme is low.

In contrast to AGETIP, the PSNP (Productive Safety Net Programme) in Ethiopia, launched in 2005 was conceived primarily as a means to distribute transfers both in cash and in kind to chronically food-insecure households, while at the same time creating community assets through a required employment component (Holmes and Jones, 2011; Koohi-Kamali, 2010). Two recent evaluations of the programme showed an asset-protection impact. Beneficiaries of the programme showed higher growth in income and assets than non-beneficiaries (Sabates-Wheeler and Devereux, 2010; Devereux and Guenther, 2009). The evidence from PSNP, and other similar initiatives, indicates that programmes designed primarily as a means of cash transfer are more successful than those aiming to provide employment.
Programmes to promote youth employment can be most effective when addressing all important constraints, not just one. Evaluation shows that programmes based on a single initiative are unlikely to work for the unemployed young. Instead programmes are most effective when they address financial and skill gaps at the same time. Skill building and temporary employment programmes need to be followed by job placements. Strong cooperation with the private sector to understand employers needs and create opportunities for young people in the form of apprenticeships and internships are crucial.

Young people are Africa’s greatest asset, but need solutions to structural problems

Today’s young people in Africa are more numerous and better educated than ever before. These young people represent a great opportunity, but also enormous challenges to which African countries must rise. Africa’s strong economic growth of the last decade has translated into jobs but not enough of them, particularly not for young labour market entrants. Working poverty and vulnerable employment continue to be realities for the majority of young people in Africa, especially in the poorest countries. In countries that are further along the path of economic development, NEET rates of youth are rising as the informal sector faces lower demand from a middle class that prefers higher quality products, while the still small formal economy is moving towards a higher skill equilibrium leaving behind those without the right skills.

The youth employment challenge in Africa is primarily structural and therefore needs structural solutions. Specific initiatives aimed at bringing a select group of youth into employment might have a positive impact, but will not be sufficient to change the dynamics substantially. Despite the challenging short-term outlook, the long term perspective is good, if African governments effectively tackle the hurdles young people face.

To tackle the challenges young people face in African labour markets, policy makers must address bottlenecks constraining the demand for labour, while at the same time helping young people to obtain the skills to succeed in a tough labour market.

The analysis presented in the chapter has clearly shown that any youth employment policy must centre on job creation in the private sector and provide the right conditions for businesses of all sizes to grow and expand their workforce. The constraints companies face change with their size and a country’s income level. Electricity is the biggest constraint to all firms. Larger firms tend to suffer from high costs of transport inhibiting their competitiveness. Small enterprises are held back by insufficient access to finance and land. Micro-credit has been able to solve some of this but only for the smallest enterprises, it cannot support expansion. Under current conditions, hardly any small enterprises manage to grow to medium size.

Labour regulations, often the first object of blame for poor labour market outcomes for young people, are not a binding constraint in poor countries. Although unfavourable on paper, they are much less relevant in practice. As countries grow richer and better at enforcing rules, however, overly stringent labour regulations become more of a concern. Reforms should be enacted before reaching this state. Creating social protection systems that are linked to the individual, irrespective of employment status, could be an important component of such reforms, easing the burden of severance pay.

Given the small size of the formal sector in most African countries, governments must change their outlook on the informal sector and on rural areas and promote job creation there too. Together these sectors account for the large majority of young people and show
significant potential that can be harnessed. Research shows that among the many informal micro entrepreneurs, some show very high returns to their investment and promising entrepreneurial skills but are held back by many constraints. Identifying these young entrepreneurs that have potential, supporting them and tackling the constraints they face, especially in access to finance, markets and insurance against risks, can enable them to create jobs for other young people. Formalisation should be supported through incentives and information, not punishment and coercion.

In rural areas non-farm household enterprise activities have been growing substantially over recent years, allowing households to diversify their income sources and young people to find economic opportunities. Youth in rural non-farm employment are on average much better off than youth in farming and already today across all of Africa 53% of young people in rural areas are not in agriculture, but engaged in other activities. Household enterprises in rural areas need further support. Their needs are similar to those of other firms, but also include better linkages to markets and urban centres, as well as skills and training adapted to the rural environment.

To provide young people with the right skills and to overcome skills mismatches, governments must focus on expanding education beyond primary schooling and improve its quality and relevance. The analysis in this chapter has shown that higher education is linked to higher unemployment among young people, but also to better employment status, higher wages and lower unemployment among adults. Skills mismatches are at work. It has also shown that returns to education are much more significant at secondary schooling than earlier, which makes a strong case for expanding education beyond primary school. The long transition time from schooling into employment for many youth suggests that education at this level is too generalised and instils few of the practical skills that small firms or self-employment require. TVSD can be an important tool especially when done in cooperation with firms, but plays a minimal role for the time being. A much larger share of youth goes through informal apprenticeships. Governments must find ways to recognise these and combine them with formal education. At the university level, Africa has the highest share of social science and humanities graduates of any world region. Its share of engineers is the lowest. Only 2% of students are in agriculture, the same as in OECD countries, although this sector is clearly Africa's comparative advantage. Education in technical fields is expensive and requires scarce expertise. Governments should seek cooperation with the private sector to provide high quality technical education at both secondary and tertiary levels.

Finally, more evaluation and labour market information is key for better youth employment programmes. The coverage of labour force surveys and evaluations of labour market programmes in Africa is very low compared to other regions. As a result, policy makers and programme designers have little evidence to go on and many programmes show few results. Governments and donors should focus on filling this void.

Notes
1. The ILO definition of vulnerable employment is based on employment status only. It does not take into account the number of hours worked. It therefore does not account for those that are wage employed but underemployed. Gallup World Poll data on the other hand provides employment status for full-time workers only, part-time workers are categorised as either voluntary or involuntary. Analysis based on Gallup World Poll data in this chapter, therefore counts any employment that is less than full-time as vulnerable.
2. Adapted from ILO.
3. See also note 1.
4. It should be noted that although the TRENDS model is used here to fill some data gaps, its projections are subject to severe data limitations for most African countries.
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5. See Charmes (2009) for an analysis of the linkages between self-employment and informality. In the 1990s in sub-Saharan Africa 72% of the self-employed were in informal employment. In North Africa this share was 63%.

6. Figure 6.4 also serves to dispel the “lump-of-labour fallacy”, the belief that older workers occupy the jobs young people could have if the old were just to retire. Although this may be plausible in the context of a stable or shrinking government workforce – as is shown later – the high correlation between adult and youth unemployment suggests otherwise. Countries with high adult unemployment also have high youth unemployment and vice versa. Both adult and youth unemployment thus reflect the overall demand for labour. In most sectors, adult labour and youth labour are sufficiently different to be only marginally substitutable. Adults have more experience and often fulfil different roles from those of labour market entrants. Adults can therefore not easily be replaced by labour market entrants.

7. ILO definitions, 1993 & 2003: non-farm household businesses, unregistered businesses and firms with less than five workers.

8. Gallup World Poll data allows making a distinction between the underemployed and other vulnerable workers, which is not made in all LFS.

9. Data from Gallup World Poll.

10. This figure is the counterpart to Figure 8. For each category the sum of the two bars is equal to 100.

11. Some urban areas are exceptions to this trend: Kuépié and Nordman (2011) find that unemployment rates for young men with higher education are lower than for youth with little education in Brazzaville and Pointe Noire. Young women follow the same trend observed elsewhere in Africa.

12. Population refers to the total cohort, not only those in the labour force.

13. Already in the 1990s Antoine et al. (2001) identified a deteriorating trend of employment opportunities for young people in urban West Africa.

14. In Egypt, for example, most banks demand collateral of 150% of the loan amount, making access to finance impossible for small businesses that face credit constraints to growth.

15. Böhme and Thiele (2011) show this mechanism at work using data for West African urban areas.

16. Rodrik (2006) reports that the employment share of tradables dropped from 40% in 1982 to 30% in 2004, whereas the share of private non-tradables sectors (financial services, construction, trade, retail, transport, and other services) increased from 28% to 36% during the same time. In 2004 about 60% of workers employed in manufacturing were classified as low-skilled and unskilled, compared to only 25% in private non-tradable sectors (financial services, construction, trade, retail, transport, and other services).

17. See for example Business Daily (Kenya), November 9, 2011: Africa: Cost of Sacking Workers Erodes Kenya’s Appeal to Big Investors “It (the costly severance pay) is necessary because we do not have unemployment benefits like in other countries,” said Noah Chune, a labour economist and education director at the Central Organisation of Trade Unions (COTU). He said that sacked Kenyan workers do not have any other source of income to fall back on.” Accessed at http://allafrica.com/stories/201111091241.html, on 2 March 2012.

**Figure Notes**

Figure 6.3. LIC group: Burkina Faso, Central Afr. Rep., Chad, Comoros, Kenya, Liberia, Mali, Niger, Sierra Leone, Somalia, Tanzania, Uganda, Zimbabwe; LMIC group: Cameroon, Djibouti, Egypt, Ghana, Mauritania, Morocco, Nigeria, Senegal, Sudan; UMIC group: Algeria, Botswana, Libya, South Africa, Tunisia

Figure 6.7. LIC group: Burkina Faso, Burundi, Central Afr. Rep., Chad, Congo Dem. Rep., Kenya, Liberia, Malawi, Mali, Niger, Rwanda, Sierra Leone, Tanzania, Uganda, Zimbabwe.; MIC group: Botswana, Cameroon, Cote d’Ivoire, Ghana, Nigeria, Senegal, South Africa, Zambia

Figure 6.8. LIC group: Burkina Faso, Central Afr. Rep., Chad, Comoros, Kenya, Liberia, Mali, Niger, Sierra Leone, Somalia, Tanzania, Uganda, Zimbabwe.; LMIC group: Cameroon, Djibouti, Egypt, Ghana, Mauritania, Morocco, Nigeria, Senegal, Sudan; UMIC group: Algeria, Botswana, Libya, South Africa, Tunisia

Figure 6.9. LIC group: Burkina Faso, Central Afr. Rep., Chad, Comoros, Kenya, Liberia, Mali, Niger, Sierra Leone, Somalia, Tanzania, Uganda, Zimbabwe.; LMIC group: Cameroon, Djibouti, Egypt, Ghana, Mauritania, Morocco, Nigeria, Senegal, Sudan; UMIC group: Algeria, Botswana, Libya, South Africa, Tunisia

Figure 6.10. LIC group: Burkina Faso, Central Afr. Rep., Chad, Comoros, Kenya, Liberia, Mali, Niger, Sierra Leone, Somalia, Tanzania, Uganda, Zimbabwe.; LMIC group: Cameroon, Djibouti, Egypt, Ghana, Mauritania, Morocco, Nigeria, Senegal, Sudan; UMIC group: Algeria, Botswana, Libya, South Africa, Tunisia

Figure 6.11. LIC group: Burkina Faso, Central Afr. Rep., Chad, Comoros, Kenya, Liberia, Mali, Niger, Sierra Leone,
Somalia, Tanzania, Uganda, Zimbabwe; LMIC group: Cameroon, Djibouti, Egypt, Ghana, Mauritania, Morocco, Nigeria, Senegal, Sudan; UMIC group: Algeria, Botswana, Libya, South Africa, Tunisia

Figure 6.12. LIC group: Burkina Faso, Central Afr. Rep., Chad, Comoros, Kenya, Liberia, Mali, Niger, Sierra Leone, Somalia, Tanzania, Uganda, Zimbabwe,

Figure 6.13. MIC group: Algeria, Botswana, Cameroon, Djibouti, Egypt, Ghana, Libya, Mauritania, Morocco, Nigeria, Senegal, Sudan, South Africa, Tunisia

Figure 6.14. LIC group: Burkina Faso, Central Afr. Rep., Chad, Comoros, Kenya, Liberia, Mali, Niger, Sierra Leone, Somalia, Tanzania, Uganda, Zimbabwe; LMIC group: Cameroon, Djibouti, Egypt, Ghana, Mauritania, Morocco, Nigeria, Senegal, Sudan; UMIC group: Algeria, Botswana, Libya, South Africa, Tunisia

Figure 6.15. LIC group: Burkina Faso, Central Afr. Rep., Chad, Comoros, Kenya, Liberia, Mali, Niger, Sierra Leone, Somalia, Tanzania, Uganda, Zimbabwe; LMIC group: Cameroon, Djibouti, Egypt, Ghana, Mauritania, Morocco, Nigeria, Senegal, Sudan; UMIC group: Algeria, Botswana, Libya, South Africa, Tunisia

Figure 6.16. LIC group: Burkina Faso, Central Afr. Rep., Chad, Comoros, Kenya, Liberia, Mali, Niger, Sierra Leone, Somalia, Tanzania, Uganda, Zimbabwe; LMIC group: Cameroon, Djibouti, Egypt, Ghana, Mauritania, Morocco, Nigeria, Senegal, Sudan; UMIC group: Algeria, Botswana, Libya, South Africa, Tunisia

Figure 6.17. LIC group: Benin, Burkina Faso, Burundi, Central Afr. Rep., Chad, Comoros, Kenya, Liberia, Madagascar, Mali, Mozambique, Niger, Rwanda, Sierra Leone, Somalia, Tanzania, Togo, Uganda, Zimbabwe; LMIC group: Angola, Cameroon, Congo, Djibouti, Egypt, Ghana, Mauritania, Morocco, Nigeria, Senegal, Sudan, Zambia; UMIC group: Algeria, Botswana, Libya, South Africa, Tunisia

Figure 6.21. LIC group: Burkina Faso, Central Afr. Rep., Chad, Comoros, Kenya, Liberia, Mali, Niger, Sierra Leone, Somalia, Tanzania, Uganda, Zimbabwe; LMIC group: Cameroon, Djibouti, Egypt, Ghana, Mauritania, Morocco, Nigeria, Senegal, Sudan; UMIC group: Algeria, Botswana, Libya, South Africa, Tunisia

Figure 6.22. LIC group: Burkina Faso, Burundi, Central Afr. Rep., Chad, Congo Dem. Rep., Kenya, Liberia, Madagascar, Malawi, Mali, Mozambique, Niger, Rwanda, Sierra Leone, Tanzania, Togo, Uganda, Zimbabwe; LMIC group: Angola, Cameroon, Congo, Cote d’Ivoire, Ghana, Nigeria, Senegal, Zambia; UMIC group: Botswana, South Africa

Figure 6.24. Algeria, Comoros, Djibouti, Egypt, Mauritania, Morocco, Somalia, Sudan, Tunisia

Figure 6.25. LIC group: Burkina Faso, Central Afr. Rep., Chad, Comoros, Kenya, Liberia, Mali, Niger, Sierra Leone, Somalia, Tanzania, Uganda, Zimbabwe; LMIC group: Cameroon, Djibouti, Egypt, Ghana, Mauritania, Morocco, Nigeria, Senegal, Sudan; UMIC group: Algeria, Botswana, Libya, South Africa, Tunisia

Figure 6.29. LIC group: Burkina Faso, Central Afr. Rep., Chad, Comoros, Kenya, Liberia, Mali, Niger, Sierra Leone, Somalia, Tanzania, Uganda, Zimbabwe; LMIC group: Cameroon, Djibouti, Egypt, Ghana, Mauritania, Morocco, Nigeria, Senegal, Sudan; UMIC group: Algeria, Botswana, Libya, South Africa, Tunisia

Figure 6.34. LIC group: Burkina Faso, Central Afr. Rep., Chad, Comoros, Kenya, Liberia, Mali, Niger, Sierra Leone, Somalia, Tanzania, Uganda, Zimbabwe; LMIC group: Cameroon, Djibouti, Egypt, Ghana, Mauritania, Morocco, Nigeria, Senegal, Sudan; UMIC group: Algeria, Botswana, Libya, South Africa, Tunisia

Figure 6.36. LIC group: Burkina Faso, Central Afr. Rep., Chad, Comoros, Kenya, Liberia, Mali, Niger, Sierra Leone, Somalia, Tanzania, Uganda, Zimbabwe; LMIC group: Cameroon, Djibouti, Egypt, Ghana, Mauritania, Morocco, Nigeria, Senegal, Sudan; UMIC group: Algeria, Botswana, Libya, South Africa, Tunisia


Figure 6.40. LIC group: Burkina Faso, Central Afr. Rep., Chad, Comoros, Kenya, Liberia, Mali, Niger, Sierra Leone, Somalia, Tanzania, Uganda, Zimbabwe; LMIC group: Cameroon, Djibouti, Egypt, Ghana, Mauritania, Morocco, Nigeria, Senegal, Sudan; UMIC group: Algeria, Botswana, Libya, South Africa, Tunisia
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Annex I: Basic characteristics of African youth

Some basic statistics about African 15-24 year olds by country income group, based on Gallup World Poll data.

Figure 6.39. Education levels among 15-24 year old Africans

![Education levels among 15-24 year old Africans](image)

Source: Authors’ calculations based on Gallup World Poll (2008-10).

StatLink  http://dx.doi.org/10.1787/888932601001

Figure 6.40. African youth in urban and rural areas by country income

![African youth in urban and rural areas by country income](image)

Source: Authors’ calculations based on Gallup World Poll (2008-10).

StatLink  http://dx.doi.org/10.1787/888932601020
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Annex II: Multivariate analysis of determinants of employment status

This annex explains the multivariate analysis with Gallup World Poll data that underlies the analysis of determinants of employment states among young people referred to in the sections on the unemployed and on education of this chapter.

The Model

\[
Pr(y = outcome \ i) = \left\{ \begin{array}{ll}
\frac{1}{1 + \sum_{i=2}^{m} e^{x_j \beta_j^{(outcome \ i)}}}; & \text{if outcome } k = \text{base outcome} \\
\frac{e^{x_j \beta_j^{(outcome \ k)}}}{1 + \sum_{i=2}^{m} e^{x_j \beta_j^{(outcome \ i)}}}; & \text{if outcome } k = 2, ..., m
\end{array} \right.
\]

The objective is to estimate the effects of each explanatory variable \( x \) on the probability to be in one of the 3 categories of employment status \( y \): NEET, vulnerable employment or wage employment. As the dependent variable \( y \) takes on more than two categories and those categories have no natural ordering, we use a Multi-logit model and robust estimators to control for heteroscedasticity. The probability of an outcome of the dependent variable is then:

Where the vector \( X \) of explanatory variables are:

- **Age groups** - age15-24 (reference group), age25-29, age30-34, age35-39, age40-44, age45-49, age50-64.
- **Female dummy** - female 1, male 0
- **Marital dummy** - married 1, Never married 0
- **Education levels** - no education (reference group), 1-8years primary, 9years to full secondary, 1year or more Tertiary
- **Urban dummy** - urban 1: rural 0
- **Country income groups** - low income countries (reference group), Low middle income countries [LMIC], Upper middle income countries [UMIC]
- **Food insecurity dummy** - food insecure 1, food secure 0
Determinants of employment status

Table A1 shows odds ratios which are easier to interpret than pure probabilities. Odds ratios measure the likelihood of being in the corresponding outcome of the dependent variable relatively to being in the base outcome of the dependent variable. In this case the base outcome is NEET. Coefficient values greater than one reflect a higher relative probability to be in the corresponding case than in the reference case and vice versa for values smaller than one. For example, the relative probability of \( y = \text{WageEmployed} \) to the base outcome (NEET) is:

\[
\frac{\Pr(y = \text{WageEmployed})}{\Pr(y = \text{NEET})} = e^{X'\beta_{\text{WageEmp.}}}
\]

Table A.1. Multinomial logistic regression of the determinants of employment status. The reported coefficients are the relative risk ratios (odd ratios) - (base outcome= NEET)

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>Being Wage employed (1)</th>
<th>Being Vulnerable worker (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>age15-24 (= reference group)</td>
<td>1.607***</td>
<td>1.315***</td>
</tr>
<tr>
<td>age[25-29]</td>
<td>(0.143)</td>
<td>(0.083)</td>
</tr>
<tr>
<td>age[30-34]</td>
<td>1.969***</td>
<td>1.405***</td>
</tr>
<tr>
<td>age[35-39]</td>
<td>(0.192)</td>
<td>(0.100)</td>
</tr>
<tr>
<td>age[40-44]</td>
<td>1.752***</td>
<td>1.590***</td>
</tr>
<tr>
<td>age[45-49]</td>
<td>(0.188)</td>
<td>(0.124)</td>
</tr>
<tr>
<td>age[50-64]</td>
<td>1.706***</td>
<td>1.595***</td>
</tr>
<tr>
<td>female (vs reference = male)</td>
<td>(0.205)</td>
<td>(0.135)</td>
</tr>
<tr>
<td>Education levels (reference group = No EDU)</td>
<td>0.343***</td>
<td>0.472***</td>
</tr>
<tr>
<td>EDU [1-8years primary]</td>
<td>2.732***</td>
<td>1.530***</td>
</tr>
<tr>
<td>EDU [9years to full secondary]</td>
<td>(0.275)</td>
<td>(0.080)</td>
</tr>
<tr>
<td>EDU [1year or more Tertiary]</td>
<td>5.841***</td>
<td>1.380***</td>
</tr>
<tr>
<td>Urban (vs reference =rural)</td>
<td>(0.562)</td>
<td>(0.077)</td>
</tr>
<tr>
<td>Country income groups (reference = LIC)</td>
<td>17.052***</td>
<td>1.797***</td>
</tr>
<tr>
<td>Country group (= LMIC)</td>
<td>(1.972)</td>
<td>(0.185)</td>
</tr>
<tr>
<td>Country group (= UMIC)</td>
<td>0.853**</td>
<td>0.663***</td>
</tr>
<tr>
<td>food insecure (vs reference = no)</td>
<td>(0.057)</td>
<td>(0.035)</td>
</tr>
<tr>
<td>Married and divorced (vs reference=Single)</td>
<td>0.732***</td>
<td>0.185***</td>
</tr>
<tr>
<td>Constant (_const)</td>
<td>0.571***</td>
<td>0.922*</td>
</tr>
<tr>
<td>Regression statistics</td>
<td>0.039</td>
<td>0.014</td>
</tr>
<tr>
<td>Number of Observations = 13342</td>
<td>1.211***</td>
<td>1.190***</td>
</tr>
<tr>
<td>Log pseudolikelihood =</td>
<td>(0.036)</td>
<td>(0.039)</td>
</tr>
<tr>
<td>Wald chi2 (30) =</td>
<td>0.0000</td>
<td>0.081</td>
</tr>
<tr>
<td>Prob &gt; chi2 =</td>
<td>13342</td>
<td>1.864***</td>
</tr>
<tr>
<td>Pseudo R-squared =</td>
<td>(0.020)</td>
<td>(0.118)</td>
</tr>
</tbody>
</table>
| Source: Authors’ calculations based on Gallup World Poll (2010). Note: Robust standard errors in parentheses. Significance: *** p<0.01, ** p<0.05, * p<0.1.
The impact of education on the probability to be wage employed

Table A2 shows the predicted probabilities to be in wage employment given educational attainment for young men and young women, also shown in figure 31 of the chapter. The results are based on the model described above, controlling for all factors contained in the vector of explanatory variables \( X \).

Table A.2. Returns to education.
The marginal probability of wage employment at each level of education

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Education</td>
<td>0.063</td>
<td>0.035</td>
</tr>
<tr>
<td>1-8 years primary</td>
<td>0.129</td>
<td>0.077</td>
</tr>
<tr>
<td>9 years to full secondary</td>
<td>0.287</td>
<td>0.178</td>
</tr>
<tr>
<td>1 year or more Tertiary</td>
<td>0.509</td>
<td>0.373</td>
</tr>
</tbody>
</table>

Source: Authors’ calculations based on Gallup World Poll (2010).