

Global Employment Trends for Youth 2020: Africa

The young people in Africa are confronted with multiple challenges ranging from economies that grew but could not create sufficient jobs prior to the global financial and economic crisis to sluggish growth post the crisis in part arising from adverse weather conditions and poor commodity prices. Africa is the only region where the youth bulge will continue to grow in the foreseeable future, presenting both an opportunity to reap the demographic dividend and an imminent time bomb and threat to social cohesion as well as massive migration in search of opportunities if appropriate policies are not implemented to harness the dividend.

Just over one in five youth were not in employment, education or training (NEET) in 2019; this state of joblessness has been steadily growing since 2012 mirroring the trends in the global rate (Table 1). The NEET

rate is projected to increase slightly by 0.3 percentage points to 20.8 in 2021. Young women are particularly more affected by the NEET status with a gender gap of around 10 percentage points since 2018. However, Africa's gender gap compares favourably globally and particularly compared to Asia Pacific and Arab States regions where it is in the region of over 20 and 30 percentage points respectively. One interesting feature is that while the NEET rate for young men has been increasing since 2012, that of young women declined between 2012 and 2018. The NEET rate in Africa is mainly driven by high rates in Northern Africa where rates of above 26 percent are observed compared to below 20 percent in Sub-Saharan Africa. Cultural norms and barriers as well as differences in economic coping mechanisms in the two sub-regions partly explain the disparities.

Table 1: NEET, unemployment and labour under-utilization (LU3) rates for young people, Africa, 2012-2021.

			2012	2018	2019	2020	2021
NEET rate	World	Total	21.6	21.9	22.2	22.3	22.5
		Total	20.4	20.5	20.7	20.7	20.8
	Africa	Male	14.6	15.5	15.7	15.7	15.8
		Female	26.3	25.6	25.7	25.8	25.9
Youth unemployment rate	World	Total	13.4	13.5	13.6	13.7	13.8
		Total	11.7	10.9	10.8	10.7	10.6
	Africa	Male	11.6	10.6	10.5	10.4	10.4
		Female	11.8	11.3	11.1	11.0	11.0
LU3	World	Total	19.6	20.1	20.2	20.4	20.5
		Total	20.4	19.4	19.3	19.1	19.1
	Africa	Male	18.4	17.7	17.6	17.5	17.4
		Female	22.7	21.3	21.2	21.0	21.0

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Africa's youth unemployment rate is the lowest in the world and compared to other regions, mainly reflecting the fact that unemployment is not a good measure of the state of the labour market in economies with high informality and poor social protection schemes where people are forced to do petty jobs to survive. Unemployment rates are on a general declining trend since 2012 from 11.7 per cent to a projected 10.7 and 10.6 per cent in 2020 and 2021 respectively. Again, the low rates mask high differences between the sub-regions. Northern Africa exhibits the highest unemployment rates in the world at over 30percent in 2019, projected to decline slightly to 29.6 percent in 2021. The rates for SSA are low and stable at 8.7 percent. Unlike the NEETs, there is no noticeable gender gap between young men and women with respect to unemployment rate, although female unemployment rates have remained slightly higher than male rates.

The combined rate of unemployment and potential labour force, LU3¹, is one of the ILO's measures of labour underutilization capturing mismatches of labour supply and demand. This can be considered a better measure compared to the unemployment rate in Africa. As one would expect, it is much higher than the unemployment rate, but also exhibits a declining trend from 20.4 in 2012 to 19.1 percent in 2020 and 2021 as opposed to the world trend which has been increasing since 2012 from 19.6 to 20.5 in 2021. As with the other rates for non-employment,

Northern Africa is leading with rates for women in 2019 of as high as 57.4 percent and 37.7 percent for men. The high rates and disparities between female and male youth in Northern Africa are in stark contrast to the relatively low rates of 18.1 percent and 14.3 percent for female and male youth respectively in SSA. Nevertheless, the positive feature is that both male and female LU3 rates are declining and the gender gap has fallen from 4.2 percentage points in 2012 to 3.6 percentage points in 2018 and is projected to remain the same until 2021.

The employment to population ratio (EPR) measures the ability of the economy to create employment. It shows the proportion of the working age youth population that is employed irrespective of the quality of employment. Around two in every five young people of working age are in some form of employment in Africa with a slight decline of 0.7 percentage point between 2012 and 2018 and is projected to decline by 0.1 percentage point between 2020 and 2021. Thus unlike at the global level and in other regions, the EPR in Africa has been pretty stable with a slight decline. This may be explained by the fact that while many young people stay longer in school, high population and labour force growth mean that more young people are entering the labour market as well. The gender disparity has slightly improved, from 8.3 percentage points in 2012 to 6.6 percentage points in 2020 and 2021 mainly due to the fall in the male ratio.

Table 2: Employment and working poverty rates for young people, Africa, 2012-2021.

			2012	2018	2019	2020	2021
Employment-to-population ratio	World	Total	38.7	35.8	35.6	35.4	35.1
	Africa	Total	40.8	40.1	40.1	40.1	40.0
		Male	44.9	43.4	43.4	43.3	43.3
		Female	36.6	36.7	36.7	36.7	36.7
Extreme working poverty rate (<1.90 USD per day PPP)	World	Total	38.7	35.8	35.6	35.4	35.1
	Africa	Total	42.1	39.2	38.4	37.6	36.9
		Male	40.7	38.7	38.0	37.2	36.5
		Female	43.7	39.7	38.9	38.1	37.3

1 The LU3 indicator may be thought of as a broadened unemployment rate in as much as it includes both the unemployed and the potential labour force comprised of those who would like to work but for one reason or other are not actively looking. The precise definition may be found at <https://ilostat.ilo.org/glossary/lu3/>.

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Africa's trajectory of youth extreme working poverty has been on the decline and although still above the global average, it is declining at a higher pace than the global trend from 42.1 per cent in 2012 to 38.4 in 2019 and is projected to decline further to 37.6 and 36.9 percent in 2020 and 2021. The decline in extreme poverty could reflect the general increase in Africa's middle class with many households graduating to moderate poverty or leaving poverty altogether. The gender gap has remained small and is on the decline. However it is projected to increase slightly in 2020 and 2021.

The high poverty rates in Africa reflect the largely poor quality of work young people and their families engage in mostly in the informal economy. A recent study¹ by the ILO (2018) show that an overwhelming majority of the youth aged 15-24 (94.9 per cent) are informally employed, with no or little education, are rural based and mainly engaged in subsistence agriculture. Nonetheless educated youth also find refuge in the informal economy – two thirds with secondary education and close to one-third with

tertiary education were in the informal sector. More young people are engaged in the informal economy in Sub-Saharan Africa (95.8 percent) compared to Northern Africa (87.5 percent).

Young adults (aged 25-29) are less likely to be in the informal economy than their younger counterparts. While more young women are in the informal economy than their male counterparts, the gender gap is small but increases with age.

To sustainably address the employment challenges Africa is facing, particularly for the youth and to reap the demographic dividend, concerted efforts are needed to implement an appropriate and customised mix of pro-employment policies and programmes at macro, sectoral and labour market levels with a strong emphasis on the demand side support for structural transformation while paying attention to disadvantaged groups in the labour market.

1 https://www.ilo.org/global/publications/books/WCMS_626831/lang--en/index.htm