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The Quest for Inclusive Labour Market in Africa

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Although the pace of its economic performance has slowed down as a result of the global economic crisis and the Arab Spring, Africa has recently reported some degree of economic growth.

The data presented by the *African Economic Outlook* (AEO) in 2012¹ – on the occasion of which an annual conference was held in Arusha, Tanzania on 28 May 2012, in collaboration with the Africa Development Bank (AfDB), the United Nations Economic Commission for Africa (UNECA), the United Nations Development Programme (UNDP) and the OECD Development Centre – indicated that Africa achieved a growth rate of 3.4% in 2011, although down by 1.6% from 2010 for the reasons mentioned above.

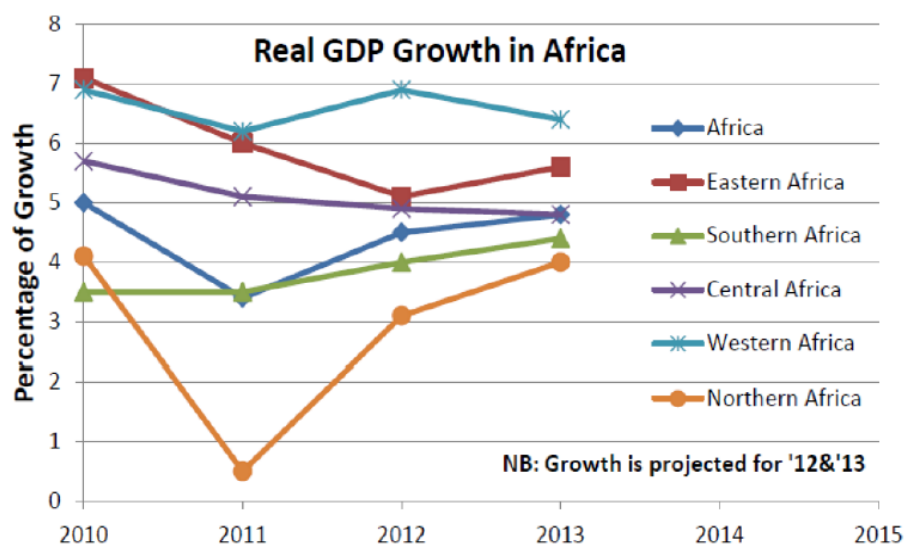
While waiting for the North African economy to recover from the effects of the Arab Spring and for sustained progress in all other regions, the continent is expected to register a growth rate of 4.5% in 2012 and 4.8% in 2013. For the sake of clarity, Table No. 1 presents the (projected) growth rates for Africa and its regional growth rates over four years.

Nevertheless, the African youths have not been contented and optimistic for the fact that such noticeable economic progress has not been accompanied by an increase in employment levels that help them integrate fully into the labour market.

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¹ www.africaneconomicoutlook.org (Last accessed 23 February 2012).

Table No. 1 – Real GDP Growth in Africa 2010 – 2013.



Source: *African Economic Outlook*, May 2012.

Indubitably, Africa has succeeded in generating a number of jobs over the last decade, yet they were insufficient to accommodate all the young jobseekers. In this sense, a study carried out by the ILO in 2011² pointed out that 73 million jobs were created between 2000 and 2008, but only 16 million were filled by young people aged between 15 and 24 years old.

Furthermore, as signalled in the African Renewal in 2006³, Africa's economy should grow by 7% annually in order to halve the percentage of people living in poverty by 2015. But this is not likely to be achieved shortly as average real GDP growth has not exceeded 5% per annum in the continent (see Table No. 1).

Failing to keep up with the required growth rate is further evidenced by the poor levels of labour market outcomes. Data on employment from the *African Economic Outlook* of 2012 show that 22 out of 40 million young African jobseekers – chiefly women – have given up looking for a job. At present, youth makes up 60% of the unemployed people in the continent (see Table No. 2 for an overview of a number of countries); with this

² ILO, *Towards Decent Work in Sub-Saharan Africa - Monitoring MDG Employment Indicators*, Geneva, 2011a.

³ www.un.org (Last accessed 5 May 2012).

percentage clearly revealing that millions of young people in Africa have recently faced bleak employment opportunities.

Significantly, the issue of youth unemployment in Africa is going to remain a particular concern for national governments and their development partners over the coming decades. This is because given the current trends, the number of young people in the continent is “expected to double by 2045 that makes Africa’s labour force 1 billion strong by 2040”, which in turn may push many young Africans into the group defined as the working poor in the years to come. On the basis of these considerations, the African Economic Outlook Report warns that youth unemployment can be an emerging threat for both the economic growth itself and social cohesion in the long run.

Highly exacerbated by weak and inefficient labour market institutions – concerning both the formal and informal sectors – the nature of labour market performance in Africa is more complex to explain than in some other areas of the world⁴. Nevertheless, in order to make the level of labour market exclusion somewhat clear, it is imperative to go through the youth unemployment trends of some African countries over the past few years.

Nigeria’s case is an interesting one to start with. It is the most populated nation in Africa and – although presenting a growth rate of 6.9% in 2011 – it was not able to provide young workers with decent jobs, reporting an unemployment rate of 37.7% for this category of workers at the end of the year. The same happened in Sierra Leone and the Democratic Republic of Congo, where the unemployment rate for young people for the same time period was 60% and 70%, respectively. As for the latter, one might note that no youth employment policies have been devised yet, with the result that only 100 of 9000 graduates are able to find an occupation in the Congolese labour market every year.

Unemployment remains a crucial problem in Senegal too, especially for young people whose employment rate is 25% below that of the adults. In a similar vein, in Benin there are fewer job opportunities for the youth, and employers are reluctant to hire new entrants. This state of affairs results in unemployment rates among the youth being twice as high as their adult counterparts. Equally serious are the occupational trends in Burkina Faso, where the private sector is very poorly developed and structurally unable to absorb new jobseekers, thus young people account for 80% of the total percentage of the jobless.

⁴ www.un.org/africarenewal (Last accessed 24 April 2012).

As for Niger and Gabon, 40% and 30% of young first-time jobseekers respectively have inadequate qualifications for the labour market. In the urban areas of Togo, unemployment affected 21.4% of young people in 2011. The same percentage has been reported in Guinea Bissau, a country marked by both political turmoil and a mismatch between training for the youth and the employers' needs.

Youth unemployment is a complex issue also in the North African economies, and there is a common belief that it was one of the driving forces of the 2010/11 political upheaval, which caused the region's economic growth to plummet from 4.1% in 2010 to 0.5% in the following year (see Table No. 1 where the growth rate of the region was near to zero on the wake of the uprising).

In addition, the data released by the Gulf News⁵ in late August 2012 revealed that the real youth unemployment rate in this region is no less than 41% in the 15-24 age group. Unvaryingly, figures from the ILO in 2012 pointed out that young people in the region were three to four times more likely to be without a job than their adult counterparts. Youth unemployment and joblessness is in general a serious problem in Algeria, Tunisia, Egypt and Morocco, which results in a considerable dissatisfaction with the youths' lives.

Although the reasons may vary from one country to another for a number of differences in local labour market traditions, international institutions (the ILO and the AEO in 2012, and the World Bank in 2011, among others) signalled that the high level of youth unemployment is mainly the result of the persisting mismatch between education and labour market demands.

In consequence, alongside the lack of necessary skills in the globalized marketplace, another issue arises in that educated youths have less employment opportunities – even in the public sector – compared to their less educated peers in most North African countries.

A case in point is Morocco, as according to a survey produced by the AfDB in 2011⁶, 61% of young Moroccans with secondary education or higher education were unemployed, compared with 8% of uneducated youth in 2010. On the whole, nations of the region have been criticized repeatedly that they were unable to develop knowledge-based economies that would have generated value-added economic activities and growth-generating jobs⁷.

⁵ m.gulfnews.com (Last accessed 13 March 2012).

⁶ The African Development Bank Group in North Africa, Tunisia, 2011.

⁷ www.middle-east-online.com (Last accessed 3 February 2012).

Of course most countries in Eastern Africa have also been experiencing similar labour market problems. By way of example, youth unemployment in Kenya constitutes 70% of total unemployment, while in Tanzania – home to the annual conference mentioned above – youth unemployment is almost twice the national unemployment rate and affects urban youth and young women in particular. Ethiopia has also failed to generate satisfactory employment opportunities for the youth although making considerable progress towards some Millennium Development Goals (MDGs). In addition, with an estimated rate of youth unemployment equal to 42%, skill deficits cause many young Rwandans to become “working poor”.

The same holds true in the Southern region of the continent. To mention a few, South Africa has already failed to devise occupational strategies for its youth, with the employment rate for this group about 48%. Even in Mauritius – the continent’s most developed country in terms of social and human capital – the percentage of youth unemployment rate in 2011 amounted to 21.9%. Equally tough is the situation in Comoros, as here young people of working age are faced with widespread unemployment affecting some 45% of their age group. This kind of unemployment is said to be structural as involving all young people, whether skilled or not.

In Mozambique as well, the overall unemployment rate stands at 27% and many of the labour market entrants are forced into marginal jobs in the informal economy, with little prospect in terms of stability of employment. Further, over 50% of people in the 15-24 age group are jobless in Swaziland, and 63% of the urban young people are out of the labour market in Zambia.

Regretfully, what makes things worse is that a significant number of countries did not devise youth employment strategies and did not make any effort to become familiar with the manner in which young people look for a job, one typical example of these countries is São Tomé and Príncipe. This aspect basically implies that the current labour market situation and economic trends – alongside an unawareness of the needs of young people – might cause a dysfunctional labour market in Africa.

Table No. 2 – Recent Rate of Youth Unemployment for Selected African Countries.

Country	Youth Unemployment Rate (%)	Total Unemployment Rate (%)
Nigeria	37.7	23.9
South Africa	48	23.9
Egypt		11.8
Algeria	21.5	10
Botswana	-	17.6
Comoros	44.5	14.3
Congo Democratic Republic	70	-
Congo Republic	42	16
Djibouti	-	50
Gabon	30	16
Ghana	25	
Gambia	40	-
Guinea Besu	30	-
Mali	15.4	
Mauritania	59.9	-
Mauritius	21.9	7.9
Mozambique	-	27
Namibia	-	51.2
Sierra Leone	60	-
Rwanda	42	-
Sudan	22	11
Swaziland	50	-

Source: Author's own Elaboration from the African Economic Outlook Report⁸, May 2012.

Naturally, the effects of joblessness go much beyond those related to economic aspects or income poverty. This is largely to mean that unemployment in Africa – chiefly among young men – is a main driver of civil unrest, political turmoil, criminality and armed rebellion⁹.

A recent study conducted by the World Bank in 2011b¹⁰ reveals that one out of two young people who join rebel movements in Africa mention joblessness as their main drive. This state of play has led many to rename

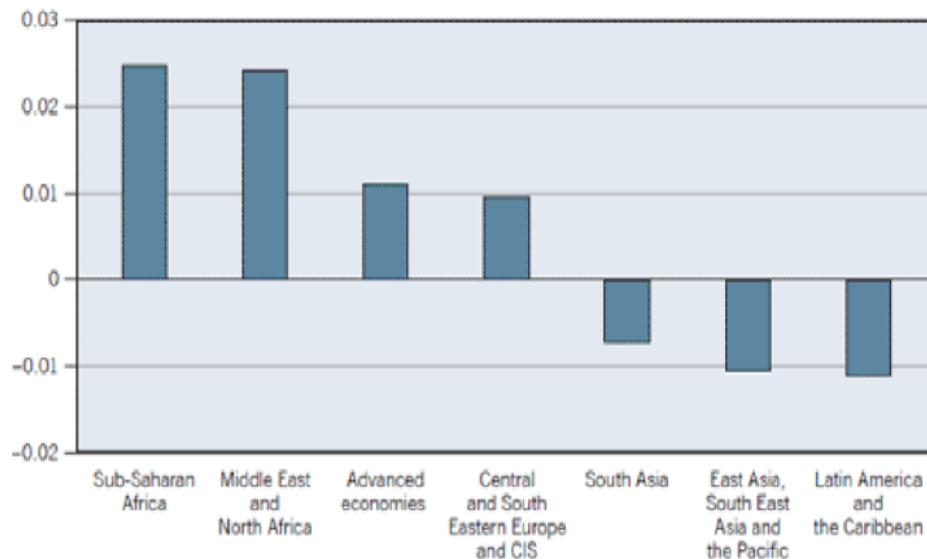
⁸ www.africaneconomicoutlook.org (Last accessed 4 May 2012).

⁹ www.voanews.com (Last accessed 12 March 2012).

¹⁰ World Bank, *World Development Report 2011: Conflict, Security, and Development*, Washington DC, 2011b.

youth unemployment as a “ticking-time bomb”, to reflect its dangerousness in terms of social and political instability. By the same token, in considering a recently issued Social Unrest Index, the ILO in 2012¹¹ has highlighted that 57 out of 106 countries experienced a risk of increased social unrest around the world in 2011 relative to 2010. In terms of regional distribution, Sub-Saharan Africa, the Middle East and North Africa were the regions that were marked the most by frequent social unrest (see Table No. 3 below). The table also shows that, on the contrary, regions which have experienced low levels of youth unemployment such as those in Latin America and the Caribbean and East Asia, South-East and the Pacific area have reported a steep decline in their social Unrest Index over the two years.

Table No. 3 – Change in the Risk of Social Unrest between 2010 and 2011 (Scale of 0 to 1).



Source: ILS Estimates based on Gallup World Poll Data, 2012.

Indeed, “youth unemployment in Africa is actually more than a security risk”¹² for the fact that millions of young jobseekers are discouraged and hopeless, aggravated by lack of sufficient information on the job market.

¹¹ www.ilo.org (Last accessed 23 April 2012).

¹² www.prb.org (Last accessed 2 June 2012).

The only option left for them is then to find their ways to other regions of the world and enter undeclared work.

Subsequently, many young Africans are currently forced to make risky decisions that may cost their lives as they move to other regions illegally.

The reality is very disappointing for the fact that only the “luckiest” among the illegal immigrants succeed in reaching the coastal areas of Greece, Italy, Spain, Portugal, Yemen, and Saudi Arabia, to name a few, yet many of them die in small sinking boats or in the deserts.

In this sense, the African Courier of 2009 reported that thousands of young Africans have perished in the last 15 years, in their attempt to reach Europe through the Sahara desert and then by boat across the sea. The New Generation Foundation for Human Rights and the Every One Group of 2011¹³ also disclosed that a number of illegal young African immigrants who were unable to pay money for smugglers to reach foreign countries were found dead, some of whom with stolen organs. Isn't it then inhuman scenario and a huge cost for the African economies that basically triggered by the existing labour market exclusion in the continent?

It was based on these challenging facts that in his address at the AEO annual conference, the Vice-President of AfDB Prof. Mthuli Ncube stated that “the continent is experiencing jobless growth. That is an unacceptable reality on a continent with such an impressive pool of youth, talent and creativity.” Parallel to this, the annual Report of the *Outlook* underlined that “without urgent action to modernise their economies, African countries risk wasting the tremendous potential offered by their youth”. The implication is then so brief and direct that now is the time for Africa to turn its human capital into economic opportunity and prosperity by promoting inclusive labour market. If fully integrated into the labour market, the current “youth bulge” in Africa could be a window of opportunity, too far from a threat, with possibilities to create “economic miracles”, just similar to that of “Asian economic tigers”. This hope is not groundless, but the result of recent experience and empirical studies.

Estimates by the ILO show that halving the global rate of youth unemployment could bring \$2,200 to \$3,500 billion to the world economy, of which 20 per cent would be a return for the sub-Saharan Africa economies.

¹³ Edition.cnn.com (Last accessed 3 February 2012).

In the same way, in 2008¹⁴ the World Bank states that ensuring inclusive labour market is a “precondition for Africa’s poverty eradication, sustainable development, and peace; and in countries emerging from conflict, access to employment for youth is integral to peace-building processes.”

In this sense, generating sufficient jobs for the youth by prioritising inclusive labour market should be at the top of the agenda for the African countries if the wish for Africa is really to promote equitable and efficiency-driven economies in line with other major concerns.

In an effort to promote inclusive labour market for the African youth, no single policy can offer the solution as the issue – by its own nature – is a multi-faceted one.

However, the 2012 African Economic Outlook report provides some useful insights in this respect. In considering a number of responses, the Outlook points out that as the public sector can no longer absorb new labour market entrants, actions should be taken at large-scale in a synergic fashion among sectors. To this aim, launching sound macroeconomic policies and labour market reforms based on indigenous backgrounds-along with enhanced social dialogue and political commitment-might help African governments to promote job creation in the private sector and enhance self-employability of the youths.

Additionally and, more importantly, many scholars also argue that since in most countries shortcomings in education to equip the youth with the required competency and entrepreneurial skills have been blamed for such a considerable labour market failure, rethinking the school-to-work transition path of youth could be a fundamental approach in tackling the issue of youth unemployment at its root.

In a nutshell, this commentary urges for the African governments and their development partners that there might be a good opportunity to give priority to the youth employment issue and review their policy agenda towards promoting inclusive labour market and equitable growth for all. The alternative scenario is otherwise a dysfunctional labour market leading to increased levels of political instability and less social cohesion, as recently evidenced by the Arab Spring in North Africa.

¹⁴ The World Bank, *Youth and Unemployment in Africa: the Potential, the Problem, the Promise Report*, December 2008.

ADAPT is a non-profit organisation founded in 2000 by Prof. Marco Biagi with the aim of promoting studies and research in the field of labour law and industrial relations from an international and comparative perspective. Our purpose is to encourage and implement a new approach to academic research, by establishing ongoing relationships with other universities and advanced studies institutes, and promoting academic and scientific exchange programmes with enterprises, institutions, foundations and associations. In collaboration with the Marco Biagi Centre for International and Comparative Studies, ADAPT set up the International School of Higher Education in Labour and Industrial Relations, a centre of excellence which is accredited at an international level for research, study and postgraduate programmes in the area of industrial and labour relations. Further information at www.adapt.it.

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