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## REGIONAL INTEGRATION POLICIES TO SUPPORT JOB CREATION FOR AFRICA'S BURGEONING YOUTH POPULATION

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**Regional Integration Policies to Support Job Creation  
for Africa's Burgeoning Youth Population**

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## Abstract

Africa is going through a youth bulge with more people under 25 than above 50 in all of its countries. Creating opportunities for the burgeoning number of youth is a challenge that cannot be solved only at the country level. Regional integration policies that expand the opportunity space by increasing the size of economies and markets will be critical. Also needed are regional policies that can support the development and enhancement of innovation systems including investment in science and technology education to speed up the creation of a cadre of young people that can lead the transformation of stages of production from dependencies on primary products and extraction. Policies and Programs that can modernize agriculture and support effective creation of value chains that enhance the value added from agriculture that can excite youth back to the rural areas would also be needed. This paper explores the challenges facing countries in Africa in relation to its demographic transition, investigating the type of policies that would be most effective to address the challenge. The subsets of policies at the regional level are given special attention due to their opportunity expanding nature. Concrete examples of what has potential from observed results in other regions of the world are provided.

**Key words:** ACBF, Africa, green economy, infrastructure development, regional integration, rural-urban nexus, youth unemployment, job creation.

# REGIONAL INTEGRATION POLICIES TO SUPPORT JOB CREATION FOR AFRICA'S BURGEONING YOUTH POPULATION

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## Introduction

The future of Africa is clearly regional and in the hands of its young people. The Continent boasts close to a billion people, a wealth of natural resources and rare minerals, abundant and under-utilized arable land and unique growth and market opportunities.

Africa is going through a youth bulge with more people under 25 than above 50 in all of its countries. Creating opportunities for the burgeoning number of youth is a challenge that cannot be solved only at the country level. Unemployment and underemployment as well as poverty levels among young people remain unacceptably high despite efforts by national governments to promote sustainable development.

Critical to addressing the challenge of unemployment and poverty amongst young people is the role of regional integration. Africa's opportunities are currently trapped within 54 country-borders. Regional solutions for Africa to succeed include: transforming agriculture and unleashing its cross-country potential to once and for all solve the food security problem and generate the exports and jobs needed for Africa's development; b) negotiating and managing conflicts is necessary step for stability and certainty that is so demanded by the private sector, families and young people alike as they make their human and financial investment choices; c) the ability of countries to decide on their investment priorities, across sectors as well as between national and interconnecting infrastructures is another important area of capability; d) countries need to have national visions that are built on previous achievements and encompasses regional outlook. Knowing where you are is important for defining where you ought to go and hence investment in data collection, observation and analysis is needed; e) managing across sectors, geographies and generations is another capability that countries need to tap into to regional opportunities for job creation, investment and development; f) engaging non-state actors and the international community in effective ways across countries could bring in new ideas to create and secure jobs for the burgeoning numbers of young people.

This paper argues that there is need for a regional approach and suggests a number of policy interventions to combat youth unemployment and underemployment. We draw particularly on the recent experience of the North African states and use the analysis from these countries to draw generic policy conclusion for the rest of Africa. In so doing we bring in examples from other parts of the continent as appropriate.

## Global Demographic Trends

The United Nations Population Division predicts that with about five babies born every second, the world will have 7 billion people by the end of 2011. The world population was less than 1 billion in 1800, 3 billion in 1960, and 6 billion in 1999. The improvement in health systems and the results in combating HIV/AIDS and other infectious diseases has had an impact in extending life expectancies and reducing infant mortality. The scourge of malaria and tuberculosis in Africa is still an issue but has also been subject to important improvements given the focus on bed nets and other large scale treatments. While incidences of flooding and earthquakes have been increasing in recent years, early warning systems and rescue efforts have had significant effects in preserving lives on an important scale. These trends have resulted in an exponential acceleration of the world's population growth, which contradicts the thesis – such as by Thomas Malthus – predicting that the world's population would be regulated by diseases and other natural catastrophes. While the growth in population is visible in global terms it is highly variable across countries, with developed economies seeing decline or stabilization in population growth while developing countries show the reverse.

According to the 2006 revision of the United Nations' World Population Prospects, the world is moving from high mortality and fertility to low mortality and fertility. The world population is forecast to reach 9.2 billion in 2050. There are currently 1.5 billion people in the world aged between 12 and 24, 87% of them in the developing world.<sup>1</sup> This pattern is also variable across countries with some countries not meeting the objectives of the Millennium Development Goals (MDGs) of infant mortality and at the same time posting high fertility rates.

A demographic trend that provides challenges for the continent but provides opportunities is migration. Pastoralists migrating across countries to seek water and food for their animals can cause conflict but also provide an opportunity for transforming herding techniques and preserving water and harvesting rain, all of which rely on research and innovation as well as conflict resolution and cross-country border management.

Africa is currently and also will be more impacted by changes in climate pressuring countries for regional solutions in a number of areas. Integration of financial systems and trade are a critical opportunity for enhancing economic growth and its job potential. Countries and companies could use regional integration for production, sourcing, selling and branding in unique ways rich in their job creating potential. However, for this to happen, a number of drivers need to be understood, policies developed and implemented and cross-country actions prioritized and evaluated.

Look specifically at the population growth driver, this has a direct impact on employment, especially in poor countries, and in environments where economic growth does not deliver the job creation needed. Morgan Stanley calculates that 96% of the working age population between 2000 and 2005 were in developing countries. By 2050

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<sup>1</sup> Information Source: MBendi – March 2011

the working age population will increase by one billion in the developing world and reduce by 100 million in the developed world.

Demographics trends in Africa have been rather distinct from other parts of the world particularly with reference to number of birth per women and the consequent implication for age dependency – ratio of working population to non-working population.

### Demographic trends in Africa (million persons)

	2000	2010	2020	2000/2010 (change in %)	2010/2020 (change in %)
<b>Africa</b>	-	-	-	-	-
Population	819.5	1033.1	1276.4	25.8	23.6
Of which age group 15-24	166	208.9	250.3	26.1	19.8
<b>Northern Africa</b>	-	-	-	-	-
Population	179.5	212.9	247.6	18.6	16.3
Of which age group 15-24	37.9	42.6	42.4	12.4	-0.5
<b>Eastern Africa</b>	-	-	-	-	-
Population	252.7	327.2	420.2	29.5	28.4
Of which age group 15-24	50.7	67.1	85.5	32.3	27.4
<b>Western Africa</b>	-	-	-	-	-
Population	237.8	306.1	383.2	28.7	25.2
Of which age group 15-24	47.8	61.1	76.9	27.8	28.8
<b>Middle Africa</b>	-	-	-	-	-
Population	98.1	128.9	164.3	31.4	27.5
Of which age group 15-24	19	26.3	33.9	38.4	28.9
<b>Southern Africa</b>	-	-	-	-	-
Population	51.4	58	61.1	12.8	5.3
Of which age group 15-24	10.6	11.8	11.6	11.3	-1.7

Source: World Population Prospects: the 2008 Revision; UN population database, medium variant.

## **Africa's Youth and Employment Challenge**

The population of Africa has grown exponentially over the past century, and consequently shows a large youth bulge, further reinforced by a low life expectancy of below 50 years in most African countries. The population doubled in the period 1982–2009 and quadrupled from 1955–2009 to reach 1 billion in 2009, according to United Nations estimates. Africa has the fastest-growing and most youthful population in the world.

### ***Size of the Unemployment Challenge***

There are 200 million Africans aged between 15 and 24 years old, making up 20% of the total population of Africa. Africa's population growth of 2.2% per year and the fertility rate of 5.2 children per woman is the highest in the world, adding about 10 million youth into the labor force each year. Over 40 percent of Africa's population is under 15 years of age, and with the fertility rates that number is expected to grow significantly in the coming years. The labor markets are not quite ready for these huge numbers and due to weaknesses in the education sector, youth are also many times not ready for the labor market.

As a result, despite progress in reducing poverty in Africa, 71% of young people in sub-Saharan Africa live on under 2\$ per day. Furthermore, many of the young people have moved to cities as a way to escape poverty and to seek opportunities which has resulted in more unemployed youth in urban areas than in rural areas. Cities have been very slow to create the job opportunities needed by young people. Many of them resort to work in the informal sector.

Unemployment of the educated (secondary school or more) is also a challenge because it is three times higher than the level of unemployment of those with no education (Table 1). The high economic growth rates in Africa have been driven by a huge expansion in the non-manufacturing sectors like mining and other extractive industries. This trend has been good for generating GDP but did not create many jobs, partly because of the high capital to labor ratio.

Table 1

Unemployment of the educated is higher than the uneducated in Africa								
The level of employment did not keep up with the population growth			Data shortages make it difficult to decide where to direct policy					
<ul style="list-style-type: none"> <li>Only Egypt with the lowest employment to population ratio (23% in 2008) showed a slight increase (3%) in the employment to population ratio in the four years since 2005</li> </ul>			<ul style="list-style-type: none"> <li>Level of education does contribute to increased chances of a job but many educated remain unemployed, with unemployed educated more than the unemployed uneducated</li> </ul>					
Countries	Employment to population ratio, ages 15-24, total (%)				Countries	Unemployment by level of education (%)		
	2005	2006	2007	2008		Primary	Secondary	Tertiary
Algeria	32	35	31	31	Algeria	--	--	--
Chad	50	50	50	50	Chad	--	--	--
Egypt	20	21	23	23	Egypt	--	--	--
Libya	28	28	28	27	Libya	--	--	--
Mauritania	24	24	24	23	Mauritania	--	--	--
Morocco	36	36	34	35	Morocco	51	22	22
Tunisia	23	23	23	22	Tunisia	41	38	14

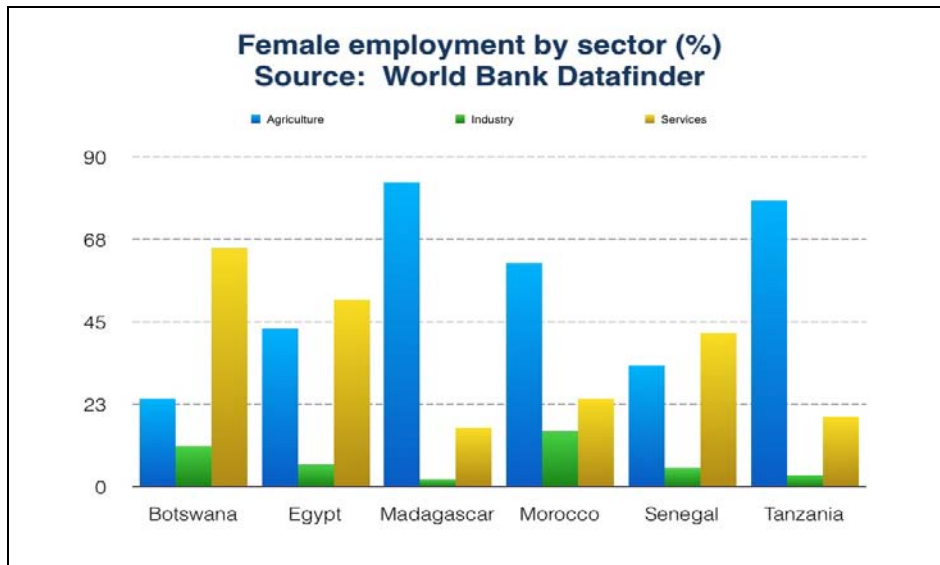
Source: Calculated using data from World Bank Data Finder

According to the International Labour Organization (ILO), youth make up as much as 36 percent of the total working-age population with three in five of Africa's unemployed being youth. Table 1 above provides the demographic in Africa and it is only in Northern and Southern Africa where the proportion of the youth in the total population is expected to fall by 2020.

The World Bank adds an interesting dimension to youth employment that needs further consideration. According to the Bank, focusing solely on unemployed youth overlooks the fact that many young people may be working but are underemployed, working shorter hours than they would like, or reaping little economic gain. In addition, in areas with few formal employment opportunities, many are left to fend for themselves in the informal economy, often beyond the scope of official employment statistics. Furthermore, women face different underemployment patterns than men and gender disaggregated data is important for effective policy (Figure 1). In summary, underemployment is difficult to measure, and there is a need to invest in improving data and tracking systems.



Figure 1



With abundant investment in education in many African countries leading to the arrival of more and more graduates on the labor market, youth unemployment or underemployment is a major threat to social stability, economic growth and sustainable development. Youth unemployment and underemployment are therefore critical development challenges to address and regional policies ought to be put to bear to assist African countries with initiatives addressing these challenges.

### ***Progress in the Last 50 Years***

Many African countries are celebrating their 50th Anniversary since independence. Over the 50 years there have been many experiments in economic models for Africa's development, but the pan Africanist ideal has always been on the top of the alternatives. This is mainly because of the limitations that borders have presented in engaging in Africa's development.

In the late 1950's/early 1960's, a good number of the newly-independent African states were at comparable levels of socio-economic development as their East Asian counterparts, for example Ghana had the same per-capita income as South Korea, and Nigeria as Malaysia's. However, a great divergence developed between the two regions despite a strong run of socio-economic development in Africa during the first decade of independence.

Part of the reason for divergence is the small size of the markets in individual countries and the fact that Africa has 19 landlocked countries, the highest number than in any other continent. Getting a billion people to trade with each other is a significant objective to increase market size. This will render Africa competitive with other parts of the world in population terms. Getting a billion people to trade with each other across borders requires a lot of work that has little to do with trade but that has to do with the

way people associate with each other, their expectations for the future and the role afforded to women and excluded groups, among other things.

### Challenges and Opportunities in Africa

The African continent is endowed with an abundance of natural resources and as a united entity has enormous potential of playing a major role in the international economic arena. In 2008, Africa’s GDP stood at 2.5% of global GDP with an estimated 14.72% of global population in 2009. However, in its current state of fragmentation, with limited connecting infrastructures and barriers from diverging policies across countries, the opportunity to add value to these natural resources beyond extraction is limited.

Beyond natural resource extraction, there is an opportunity to create jobs in various sectors of the economy. Countries have had varied success in the definition and application of policies to generate jobs as seen in the table 2 below.

Table 2

Sectoral and individual contribution to economic growth varies across countries								
Sectoral policy has impact on the job creation potential of countries			Variation across countries in the productivity of those employed					
<ul style="list-style-type: none"> <li>Agriculture remains the sector with the highest potential for employment in many countries with the services sector being the next important one</li> </ul>			<ul style="list-style-type: none"> <li>Improvements in productivity do not always translate into more job opportunities; not all countries can increase both productivity and employment opportunities</li> </ul>					
Countries	Employment by Sector (% of total employment)			Countries	GDP per person employed (constant 1990 PPP \$)			
	Agriculture	Industry	Services		2005	2006	2007	2008
Algeria	--	--		Algeria	8,228	8,115	8,083	8,051
Chad	--	--		Chad	--	--	--	--
Egypt	31	22	47	Egypt	11,658	12,145	12,680	13,348
Libya	--			Libya	--	--	--	--
Mauritania	--			Mauritania	--	--	--	--
Morocco	45	20	36	Morocco	9,319	9,829	9,883	10,200
Tunisia	--			Tunisia	14,104	14,490	14,998	15,253

Source: Calculated using data from World Bank Data Finder

Employment opportunities vary for men and women, as well as by country. Most women are employed in agriculture or the informal sector. Most women are also self employed and suffer higher rates of unemployment.

### Role of Regional Integration

While trade is the aspect most talked about in the integration agenda because of its potential to open up the opportunity space for economic activity, there are other aspects of integration that underpin success in trade integration. We will focus on those within

the continent. These include infrastructure, policies and processes, but they also include politics and culture and the critical factors that build commonness in people.

The hope for Africa therefore lies in the ability to operate as a single entity. Integration therefore offers the continent the best hope for redefining its role in the global economic sphere. In addition to integrating countries and regions there's also the very important role that cities play in a globalized world. Getting Africa's Mayors to work together across countries and seek opportunities for integration is a key opportunity as is the linking up of civil society organizations that work at local, national, sub regional and international levels. The role that national parliaments can play is critical as is the potential for Pan African Parliaments to stitch together what cannot be done at local and national levels.

### ***The Role of Regional Economic Communities***

Regional Economic Communities (RECs) are considered as the building blocks for integration on the African continent. While it is widely accepted that Africa's integration process is a political project, achievement of economic integration is expected to facilitate the process of political integration. RECs have generally registered some successes in integrating the economies of sub-regions but still face challenges in extending these successes beyond the sub-regional borders.

A key challenge facing RECs on the continent is institutional capacity to enable them carry out their mandates particularly promoting harmonization across regions. Overlapping membership is also another challenge that some of the RECs on the continent face to the extent that it results in duplication of activities. However, overlapping membership presents opportunities for promoting and facilitating harmonization of policies, operations and activities across the different RECs. For example the overlapping membership of Tanzania in the East African community (EAC) and the Southern African Development Community (SADC) has facilitated greater harmonization across the two RECs. The benefits from harmonization across RECs notwithstanding, there is need for rationalization of the membership of RECs especially to the extent that these RECS depend significantly on financial contributions of the member states.

### **Policies and Programs to Tackle the Youth Employment Challenge**

There are a number of drivers for job creation each of which has a different set of policy implications. The first driver is the demand for high skill jobs in the finance and banking sectors, which are very well compensated. These are linked to the high growth areas as a result of Africa's transformation particularly as relates to the demand for banking and finance skills (Table 3). Other sectors that demand high skilled jobs are the management sector, alternative energy and efficient water sector (see Table 4).

Reforms in the finance and banking sectors underpin success in utilizing this sector. Countries have had varied success in growing the environment for market capitalization and company creation. Policies in the finance and banking sector and those related to the

business environment are critical to underpin the job creating potential of this driver. So skills in banking and finance as well as entrepreneurial skills are also vital. Institutions that support young entrepreneurs linking them to access to finance and markets are indispensable.

Table 3

Evolution of banking & finance sector provides opportunities in analysis and management			
Varied achievement across countries in market cap and growth in market cap across countries		Varied achievement across countries in creation of new companies	
Country	Market cap of listed companies in 2008 as % of GDP (change since 2005)	Country	Listed domestic companies in 2008 (change since 2005)
Algeria	--	Algeria	--
Chad	--	Chad	--
Egypt	53 (-36%)	Egypt	306 (-438)
Libya	--	Libya	--
Mauritania	--	Mauritania	--
Morocco	74 (+28%)	Morocco	78 (+22)
Tunisia	16 (+6%)	Tunisia	50 (+4)

Source: Calculated using data from World Bank Data Finder

The second driver relates to unique skill jobs. These relate to cultural employment including handicrafts, art, music and dance which are linked to tourism and marketing of a country or region. Specific policies are required to tap into the unique capabilities embedded in culture and geographical endowments, requiring coordination across a variety of ministries responsible for the coordination of culture, tourism, employment and youth. The third driver relates to technical skill demands – vocational and intermediate jobs. These include the construction, tourism and hospitality industry.

The fourth driver is linked to knowledge, science and technology. It involves research and analytical jobs critical to expanding the opportunity space for countries. These types of jobs depend on high math and science skills and demand for them is driven by demand for analysis and consulting. The quality of education system is critical to delivering on this.

Table 4

Scientific and technical skills needed to transform the use of energy and water			
Countries have been slow in developing alternative sources of energy		Opportunities to innovate in the efficient use of freshwater sources and reuse of water largely untapped	
Country	Alternative energy in 2008 (change % total energy use since 2005)	Country	Total annual freshwater withdrawals in 2007 (% of internal resources)
Algeria	0 (0%)	Algeria	54
Chad	--	Chad	2
Egypt	2 (0%)	Egypt	3,794
Libya	0 (0%)	Libya	721
Mauritania	--	Mauritania	425
Morocco	1 (0%)	Morocco	43
Tunisia	0 (0%)	Tunisia	63

Source: Calculated using data from World Bank Data Finder

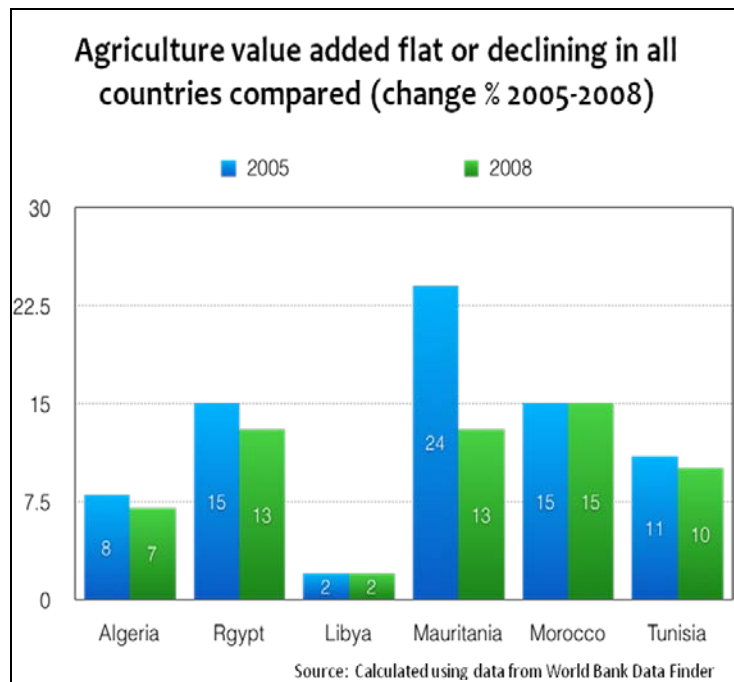
Few countries have been successful in tapping into the opportunities provided for innovation in alternative energy and depletable water fresh water resources. Untapping potential in the water-energy nexus could transform African creating in the short and medium terms the jobs needed to employ the skilled and unskilled burgeoning youth population.

In the following sections we expand on the specific set of policies needed to support these drivers for policies.

### ***Attracting youth to agriculture***

Agriculture presents an excellent opportunity for engaging youth productively in the coming years. Getting a set of harmonized measures across countries is key, which includes freeing market prices from most state controls, dismantling or ending monopolies enjoyed by national state marketing boards, and eliminating state subsidies on fertilizer and other inputs. Giving more play to market forces across countries would raise producer prices and thus benefit rural incomes and spur greater production.

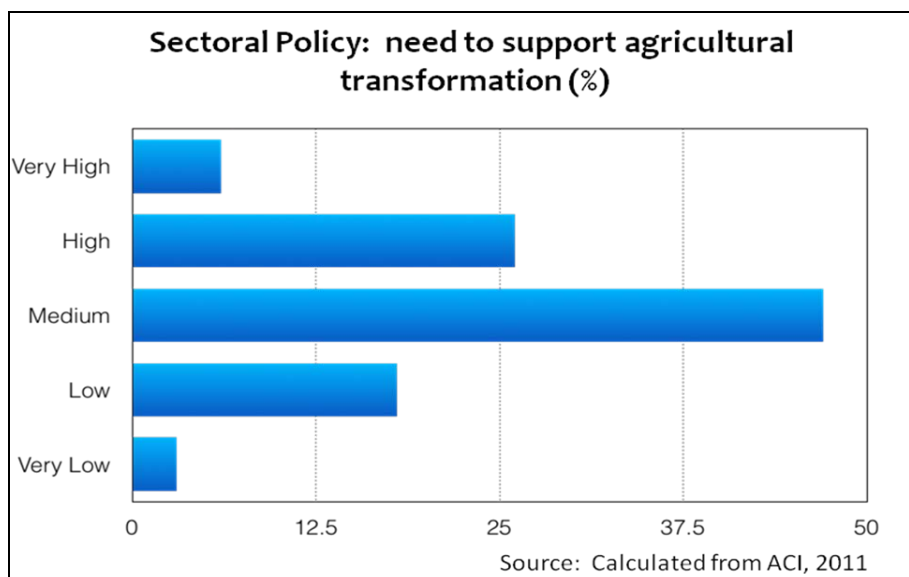
Figure 2



For countries to transform agriculture, lots of effort needs to go into better definition and implementation of agricultural policy in ways that will grow the opportunities in modern agriculture but also attract young people to the sector. A recent survey undertaken by the ACBF indicates that little progress has been achieved in terms of implementing agricultural policies (Figure 3 overleaf).

Many farmers currently operate on a small scale and yield limited market power. Supporting farmers to grow profit margins by better linking them to trade and other value enhancing activities could attract young people to the rural sector, especially if technologies like mobile platforms for trading and information sharing can be brought to bear. Supporting the formation of farmers' groups would also contribute to increased opportunities allowing young people to take up leadership positions in such organizations. Yet few countries have been able to tap into the opportunities provided by the agricultural sector.

Figure 3



The opportunity provided by the agricultural sector varies according to country context (see Table 5). Some countries like Liberia depend heavily on agriculture and cannot create sufficient jobs for the youth outside of the agricultural sector in the medium term. Other countries like Egypt and Tunisia have seen a decline in agricultural value added as they have transformed their economies and could create opportunities by further modernizing the sector and attracting youth towards farm and off farm activities that utilize science, research and modern marketing and logistics approaches.

Table 5

Employment opportunities in agriculture		
Agriculture value added (% GDP)	Countries	Job creation opportunity
0-5	Botswana, Congo, R, Djibouti, Equatorial Guinea, Gabon, Libya, Mauritius, South Africa	Very Low
6-20	Algeria, Angola, Cameroon, Cape Verde, Chad, Egypt, Lesotho, Mauritania, Morocco, Sao Tome & Principe, Senegal, Swaziland, Tunisia, Zimbabwe	Low
21-40	Benin, Burkina Faso, Burundi, Eritrea, Gambia, Ghana, Guinea, Kenya, Madagascar, Malawi, Mali, Mozambique, Nigeria, Rwanda, Sudan, Uganda, Zambia	Medium
41-60	CAR, DRC, Ethiopia, Guinea Bissau, Sierra Leone, Tanzania, Togo	High
>60	Liberia	Very High

Source: Calculated using data from World Bank Data Finder

Focusing on agriculture would also afford countries the opportunity to tackle the problems of food security and render value to the large swathes of underutilized or unused arable land.

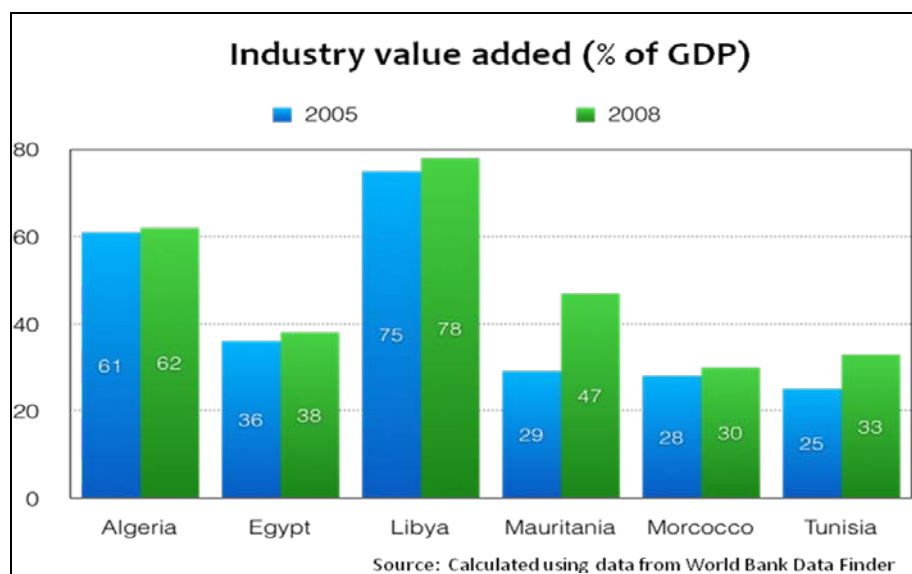
**Infrastructure development is key to job creation and connectivity**

Development in infrastructure is key in connecting agricultural markets and is also a main source of jobs due to the lumpy investments needed to put in place the needed systems. Infrastructure that puts farmers closer to markets and transport networks, also allows them to access buyers, store their crops for prolonged periods, and puts them in a better position to obtain higher prices. Therefore enhancing transport, storage, markets, packaging and handling systems, and inputs supply networks, are not only good ways to create jobs for young people but are crucial for raising the competitiveness of local producers against competitors - especially regional and international competitors.

As per AU/NEPAD estimates (2003), about US \$129 billion worth of investments is required to improve rural infrastructure and trade-related capacities for market access under the CAADP. US \$92 billion of which US \$62 billion would be for rural roads and US \$2.8 billion for trade-related capacities for improved market access. The protection of infrastructure investments would require additional allocations for continuing operation and maintenance, totaling some US \$37 billion over the period.

Investment in infrastructure is also a necessary ingredient in the desire by countries to diversify their economies and transform primary products into value adding activities beyond primary extraction. While many countries have increased the value added from industry in their economic production, the sector overall has posted declining shares to GDP in the past years.

Figure 4



There are numerous opportunities for creating jobs in the industry sector for a number of countries if they can get the energy and transport investments in place.



Value added in the industrial sector has been growing and provides a good opportunity for job creation if the capital to labour ratios can be optimized (see Figure 4). High end jobs and low skill jobs can both be created with a good balance between production and research and development. Structural transformation of the sources of economic growth would be needed to support job creation across a wide range of sectors.

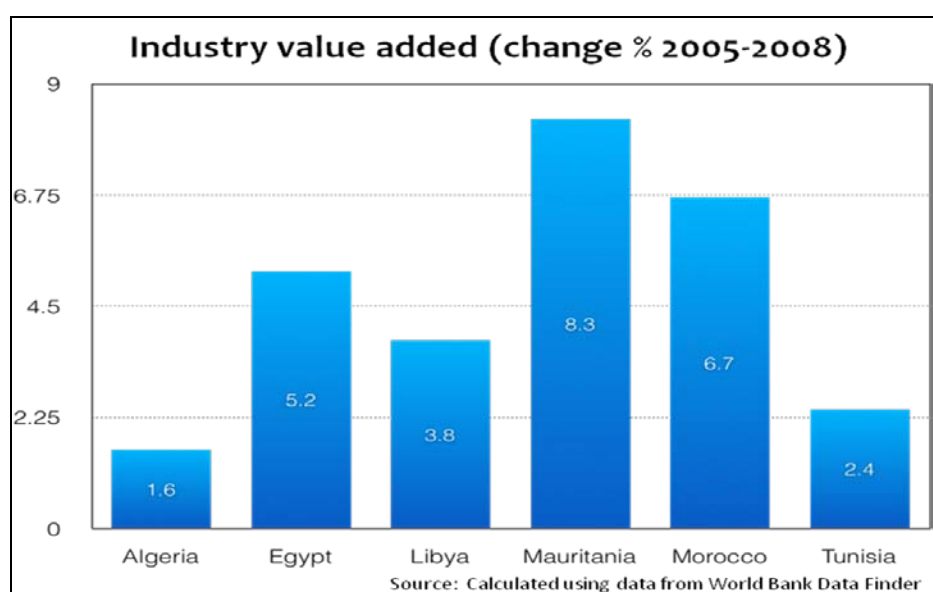
Table 6

Employment opportunities in industry		
Industry value added (% GDP)	Countries	Job creation opportunity
0-5		Very Low
6-20	Benin, Burundi, Cape Verde, CAR, Djibouti, Eritrea, Ethiopia, Gambia, Guinea Bissau, Kenya, Liberia, Madagascar, Rwanda, Tanzania	Low
21-40	Burkina Faso, Cameroon, DRC, Cote d'Ivoire, Egypt, Ghana, Lesotho, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Sao Tome & Principe, Senegal, Sierra Leone, South Africa, Sudan, Togo, Tunisia, Uganda, Zimbabwe	Medium
41-60	Botswana, Chad, Guinea, Nigeria, Swaziland, Zambia	High
>60	Algeria, Angola, Congo, R., Equatorial Guinea, Gabon, Libya	Very High

Source: Calculated using data from World Bank Data Finder

Most countries have been able to increase the value-added from industry even by small amount in the recent years (Figure 5). However, for Africa to reach the scale of development seen in Asia, it will need to invest on the transformation of primary products and growth of its industrial prowess at levels unachieved hence.

Figure 5



### ***Opportunities in the Green Economy***

Increasingly, it has been recognized that environmental challenges in Africa are a central factor impacting economic development. The disappearance of forest areas accelerates land degradation. Even on gently sloping cropland, topsoil losses have been reported to range from 25 tonnes to 250 tonnes per hectare, across the region (Harsch, 1997). One study has estimated that soil degradation and erosion in Africa reduces the productivity of land about 1 per cent a year (op. cit).

According to World Bank figures, some 2.9 mn hectares of forest were lost each year in Africa during the 1980s, mainly due to farmers and loggers. The Soil Reference and Information Centre in the Netherlands estimates that 321 mn hectares of African land are moderately to extremely degraded. Since 1950, the amount of water available per person in Africa has fallen by more than half and may plummet further to half its current level within the next 25 years. The water is expected to get worse with climate change and global warming. There is need to extend the area under sustainable land management and reliable water control system. This is in acknowledgement that reliance on irregular and unreliable rainfall for agricultural production is a major constraint on agricultural transformation and crop productivity.

Although African governments have become more aware of the relationship between the environment and agricultural productivity, much of the impetus for concrete and more integrated action has come from the grassroots. Confronted with deteriorating environmental conditions, villagers across the continent, often with support from non-governmental organizations (NGOs), have taken the initiative to set up woodlots, terrace hillsides, conserve threatened water sources and adopt more environmentally sustainable farming methods. A very well known example comes from Kenya where leadership of a grass-root green movement – the Green Belt Movement - won Prof. Wangari Maathai the Nobel Peace Prize in 2004.

The AU/NEPAD estimates that raising the area under irrigation (new and rehabilitated) to 20 million ha and improving land management in the same area would require US\$37 billion. Operation and maintenance would require an additional US\$31 billion.

In addition to depletion of soils, depletion of fresh water resources is also a challenges and an opportunity for Africa. Creating jobs in sustainable ways of using forest, soils and water requires an investment in high-end science and innovation at levels currently not practiced. Table 7 highlights annual freshwater withdrawals by sector for a sample member countries. This, if managed creatively, has huge opportunities for innovation drawing on science and technology butu also knowledge exchange.

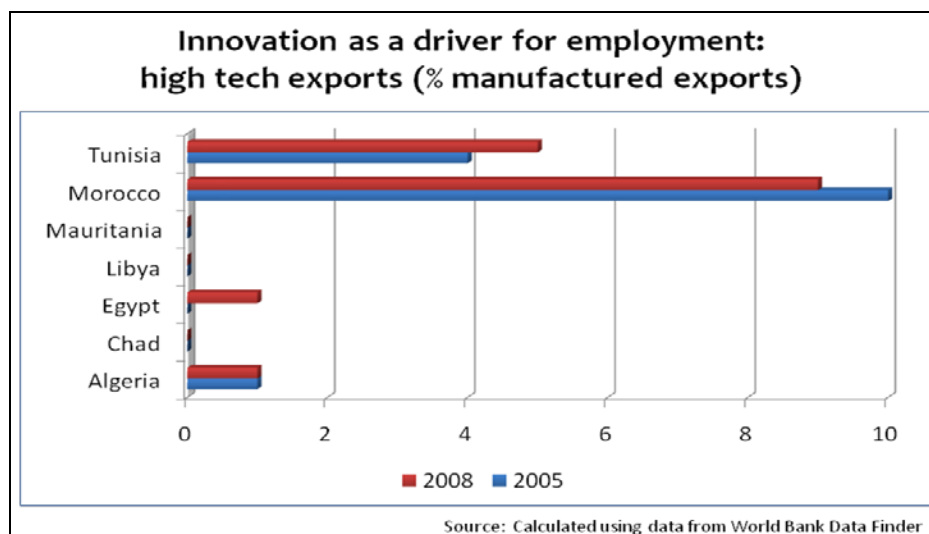
Table 7

Annual freshwater withdrawals by sector: big opportunities for innovation			
Country	Annual freshwater withdrawal (% of total freshwater withdrawal)		
	Agriculture	Industry	Domestic
Algeria	65	13	22
Chad	83	0	17
Egypt	86	6	8
Libya	83	3	14
Mauritania	88	3	9
Morocco	87	3	10
Tunisia	82	4	14

Source: Calculated using data from World Bank Data Finder

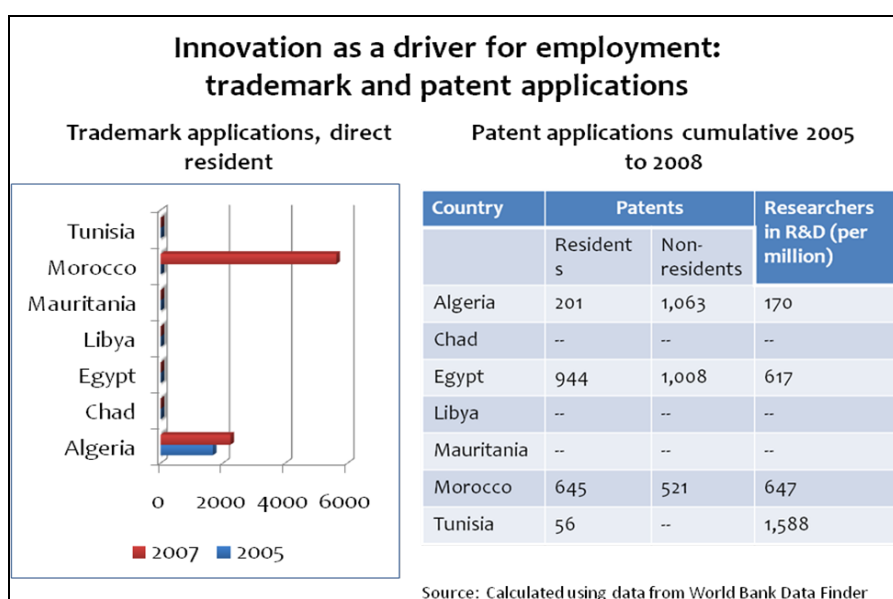
Unleashing the creative talents of educated youth in partnership with universities and the private sector could create exciting jobs for young people while also contributing to the development of agriculture and preservation of the environment. Such approaches could also be used in the area of green energy and transport solutions.

Figure 6



To date, few countries have been able to tap into innovation as sources of job creation as can be seen in the pattern of high technology exports across countries over time (Figure 6). More effort is required in this area by African countries, if the potential benefits of this sector are to be maximized.

Table 8



For countries to tap into innovation as a sources of growth they will have to work on the policy and incentive environment particularly as it relates to trademarks, patents, and intellectual property rights all of which support young entrepreneurs and their job creating potential (Table 8).

Table 9

**Transformation of job opportunities: industry and services drive job creation**

Country	Agriculture Value Added (% GDP)		Industry Value Added (% GDP)		Manufacturing Value Added (% GDP)		Services Value Added (% GDP)	
	2005	2008	2005	2008	2005	2008	2005	2008
Algeria	8	7	61	62	6	5	30	31
Chad	12	14	60	49	5	7	27	38
Egypt	15	13	36	38	17	16	49	49
Libya	2	2	75	78	5	4	22	20
Mauritania	24	13	29	47	5	--	47	41
Morocco	15	15	28	30	16	14	57	55
Tunisia	11	10	25	33	17	18	60	58

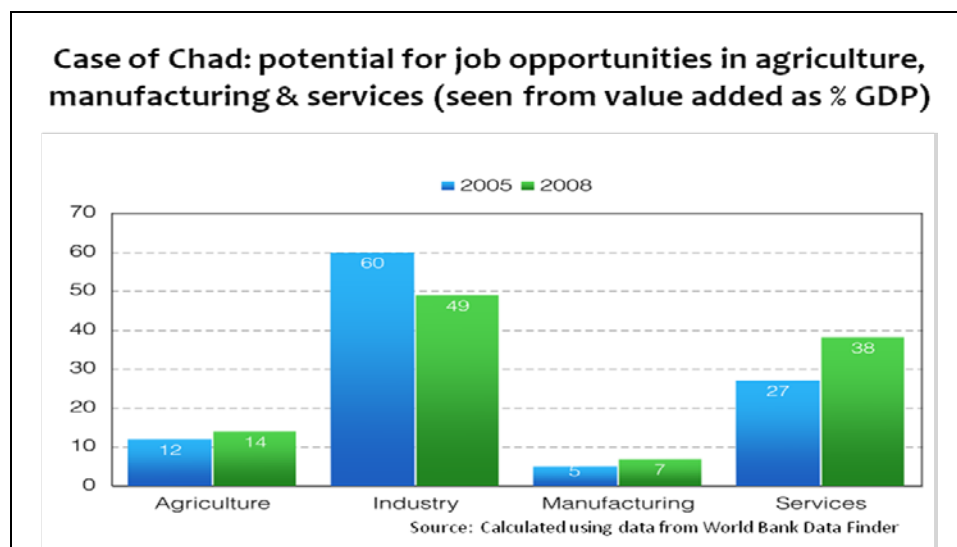
Source: Calculated using data from World Bank Data Finder

Countries will also need to make trade-offs in the policies supporting the development of various economic sectors particularly between services and agriculture. The job creating potential of these sectors varies tremendously across countries and across achieved levels of transformation (Table 9). Regional integration is a key opportunity for countries to balance their comparative advantages in diversifying and transforming their economies particularly as it relates to trade and labor opportunities.

### **Rural-urban nexus – the need for expanding rural job opportunities**

Africa's population is dominantly rural and with a large share of the labor force in agriculture, making rural activities a major part of the equation of youth employment. Given this reality, any development agenda must recognize that in the short term only rural activities, farm or non-farm, can effectively create occupation for most new job seekers (World Bank, 2009). Chad is an excellent case in point. The country discovered oil and invested in transforming its economy but neglected the potential for rural employment in farm and off farm activities (see Figure 7).

Figure 7



There are specificities of African economies and labor markets in that most of the labor force is either in informal jobs, self employment, or inactive. Rural wage labor markets are very thin and most youth are in subsistence agriculture or unremunerated home production activities, and unemployment there is typically very low. Low income and living standards in rural areas encourages youth to migrate to urban areas (Todaro, 1969). Expanding job opportunities in rural areas requires a very creative approach including sensitivity to gender issues (Okojie, 2003). This is because in the rural areas, women are heavily concentrated in agriculture, and within which, in food production. Attention, therefore, also needs to be paid to the specific needs of job creation in the service economy including access to finance, opportunities to set up in market friendly areas, and support to grow and integrate into the formal economy, amongst others. Beyond the informal sector there are opportunities to improve service jobs (see table 10) and particularly service exports as a result of the ICT revolution. Countries have had varied success in tapping into this opportunity.

Table 10

<b>Opportunities in the service economy</b>						
Varied performance across countries in trade in services (% of GDP)				Service exports in BoP generally growing across countries		
Country	2005	2008	Change (%)	Countries	US\$ (m in 2008)	Change 2005-2008 (%)
Algeria	23	26	+8%	Algeria	329.5	+46%
Chad	--	--	--	Chad	--	--
Egypt	28	26	-8%	Egypt	24,911.9	41%
Libya	7	5	-40%	Libya	207.7	-157%
Mauritania	--	--	--	Mauritania	--	--
Morocco	20	23	+13%	Morocco	13,416.4	40%
Tunisia	21	23	+9%	Tunisia	6,013.6	+33%

Source: Calculated using data from World Bank Data Finder

Making strategic employment-intensive investments in agriculture and other rural non-farm activities can create immediate short term employment opportunities for young people averting large numbers of would-be youth migrants or youths who currently crowd the cities with underemployment. As already noted above, this requires strategies that make agriculture an attractive enough option for youth to engage in, including moving away from subsistence agriculture, and introducing commercialization and productivity improvements (World Bank, op cit.).

There is need to increase agricultural productivity and to connect poor people to markets through enhanced infrastructure and trade related capacity (NEPAD, 2003). Sustained rural poverty-reducing growth will require significant growth in agricultural value-added and multi-sector approaches that solve gaps as well as support agribusiness, and rural diversification. To create jobs that will increase rural income and welfare and, thereby, retain young people, it is necessary to increase investments in irrigation, water resources management, and research and extension; increase rural public services; and increase use of improved seeds, fertilizers and better agricultural practices. It is also necessary to address vulnerability to weather-related shocks and limited farmer capacity, distorted incentives (including Government policies) that keep farmers in subsistence farming, poorly functioning input/output markets, and weak institutional capacity to manage the risk of food insecurity. Increased investment in rural infrastructure (roads, electricity, and communications) will enhance connectivity between rural areas and regional as well as global markets (World Bank, op cit.). Some of the issues may also require regional solutions although the reality suggests difficulties in financing regional public goods.

A major factor in the rise in urban unemployment is the high degree of mobility of the youth in the form of rapid rural-urban migration (Okojie, 2003:6). Youth migration can significantly change the composition of the rural population, which poses its own challenges for rural development because migration is often selective. Those who leave are generally younger, better educated, and more skilled with the possibility of reducing entrepreneurship and education level among the remaining population. In addition,

migration can change the gender composition of rural populations. But migration has several benefits too, as it diversifies risks, contributes to rural income through remittances, and increases knowledge and opportunities. The challenge, then, is to find the appropriate set of incentives that makes youth migration smoothen livelihood-gaps in both rural and urban areas.

### ***Improving the investment and macroeconomic environments to create jobs***

The last couple of years have seen significant attempts by African countries to reform their economies and secure macroeconomic stability. Attempts have also been made secure higher levels of investments by countries encouraging private sector development and investments. As the World Bank (2009) put it:

“[T]hough improving the investment climate is not youth specific, it can have a significant impact on youth by creating more and better jobs. Indeed, economic growth and job creation benefit most participants in the labor market, youth included. When labor demand is strong, youth employment and labor force participation for both males and females increases while the unemployment rate for youth tends to go down. Governments should create a better investment climate by tackling unjustified costs, risks, and barriers to competition. They can do this by ensuring political stability and security, improving the regulatory and tax climate for investment, and providing needed infrastructure. Trade facilitation and adequate industrial policies can also play a key role in the business environment in the region. In the case of Africa, which is a high risk and high cost place for doing business, improvements in the investment climate can rapidly be accompanied by creation of jobs” (p. 16).

The dynamics and flexibility demand by globalized economy call for the ability to change and adapt to new and varied production methods. The young as compared to older workers are likely to acquire this flexibility much quicker and in a savvy way. The young, if well trained, may be particularly attractive to firms in new and growing sectors of the economy because they are more adaptable than older workers to new production methods. Appropriate industrial and macroeconomic policies need to be in place as to support this growth as the demand for a more educated labor force able to adapt to new technology with appropriate knowledge, skills, and behavior will increase in time. Dynamic sectors provide incentives for youth to acquire more skills. In a recent survey of 48 developing countries, increases in apparel and shoe exports as a share of GDP were found to be positively associated with subsequent upturns in both male and female secondary school enrollment. For the average country, a doubling of apparel and footwear exports as a share of GDP raises female secondary school attendance by 20–25% (Gruben and McLeod, 2006).

A regional approach to the employment strategy is crucial to exploit economies of scale. Small domestic and regional market sizes and low purchase power of consumers may trap firms in low scale production and low productivity and help explain the limited labor demand and the types of jobs created. Limited economic activity is therefore an

important determinant of youth unemployment and underemployment. Resolving these problems requires growth of employment at a sustained and high level. Appropriate mix of policies becomes paramount.

During recent decades, growth in Sub-Saharan Africa has been volatile, which helps explain the poor investment climate and gloomy job creation (Arbache and Page, 2008). Africa must work to maintain the current 'bullish' growth prospects (McKinsey, 2010) and avoid variability (Arbache and Page, 2007). There is now sufficient evidence that economic, social, governance, and institutional variables are significantly different during growth acceleration and deceleration episodes, and that reducing growth volatility and preventing growth collapses turns out to be critical for sustainable growth and job creation. Africa must maintain and sustain its growth drivers.

There is need to get better and disaggregated data. Heavily aggregated growth data undermines understanding of the key determinants of job creation and poverty reduction (UNECA, 2010). Countries should work towards having growth data that is disaggregated to facilitate a better understanding of the different components and trends. Development planners should define the macro, meso and micro growth components, as well as the interactions between the three levels paying particular attention to the driven drivers of growth within sectors and their responsiveness to youth job creation and poverty reduction.

### ***Encouraging and supporting entrepreneurship among young people***

According to UNECA (2010):

“entrepreneurship is defined as the recognition of an opportunity to create value added and the process of seizing that opportunity, whether or not it leads to the constitution of a new entity. The creation of value added is a fundamental dimension of entrepreneurship; however, the creation of value added is the outcome of a strategic and creative thought process which young people have difficulty in developing. This suggests the need to boost their skills in this direction through entrepreneurially-focused vocational training” (p. 53-54).

As noted above, a major factor behind the high rate of youth underemployment/unemployment in Africa is the lack of productive jobs to meet the supply of youth. Encouraging entrepreneurship, a driving force for initiating business ideas, mobilizing human, financial and physical resources, and for establishing and expanding enterprises can be a constructive way of dealing with youth underemployment and unemployment on the continent... Although entrepreneurship is not youth specific, it can unleash the economic potential of young people and provide living alternatives for them. An enterprise and entrepreneurial culture is of primary importance in that it encourages innovation ala Schumpeter (1950). Societies that appreciate entrepreneurship and promote its values and norms can create a dynamic and vibrant class of young entrepreneurs as people who are prepared to take risks and bring ideas to fruition (Drucker, 1970, 1985).



Many young people, and in particular young women in rural areas, face particular challenges including having less capital in the form of skills, knowledge and experience, savings and credit, and limited access to business networks and sources of information. Weak political representation of young people in policy and decision-making is another issue that undermines their participation and social inclusion in society. Enhancing their capacity for participation in association building and policy advocacy can address this disadvantaged position. Young women entrepreneurs face additional hurdles, as in many cultures their roles in the family and society keep them from tapping opportunities in business development. As a result, these people are more likely to be in the informal economy, in self-employment activities, and are less likely to be entrepreneurs employing others (World Bank, 2009).

Youth business capacity and entrepreneurship skills can be maximized through programs and strategies that enhance ease of doing business, identify youth with entrepreneurial drive and talent to be nurtured, build the appropriate skills, and help new entrepreneurs develop their businesses. Successful development of youth business hinges upon good access to well integrated services such as management training, business mentoring programs, financial services, support in gaining access markets, and networking opportunities as well as granting the youth real political voice.

Member countries of RECs could enhance training to support entrepreneurship development by:

- Boosting of the quality and image of vocational training through the creation of entrepreneurial training centers which are better integrated into the national educational system;
- Implementing of practical support programs designed to tutor and mentor young learners and aspiring entrepreneurs;
- Creating micro credit schemes specifically targeting the youth as a means of resolving the problem of finding financial guarantees; and
- Reviewing and adapting of the youth development funds created by so many African countries in order to meet the new and structural financial needs of young entrepreneurs based on a regional approach.

In most African countries, the fastest growing form of employment is the non-agricultural household enterprise. This sector already reportedly accounted for 24% of the labor force in Uganda, and 30% in Senegal by 2008/2009 (World Bank, 2009). This employment is mostly urban, although there is an important rural non-farm sector as well. Informal economy agents should be strengthened to improve the quality of employment and increase productivity by creating conditions that formalizes their existence. The service sector offers immense possibilities in both rural and urban areas. By encouraging informal sector enterprises to grow and succeed, without encouraging illegal activities and tax evasion, several productive jobs can be created for the youth as well as the wider population.

### ***Improving access to education and skills at a regional level***

The link between education and economic growth as well as human development is relatively well known (Schultz, 1960, 1961, 1962, 1963; UNDP, 2010). Equally, a young person's employment prospects are closely correlated to the education received. Access to basic education is widely recognized as an effective means of combating child labor and eradicating poverty. Indeed, education and skills development generate important economic as well as social benefits. Unskilled youth workers are more vulnerable to economic shocks, less likely to find work, more likely to be trapped in low quality jobs, have limited opportunities to develop their human capital, and are also more vulnerable to demographic changes (World Bank, op cit.). In Ethiopia, young age cohorts have reportedly a much larger impact on the probability of unskilled youth in urban areas to find jobs than those more educated (Garcia and Fares, 2008).

Education and skills are central to increasing productivity and income as well as a major influence on decisions of firms to invest in a particular sector or region. Enhancing productivity requires technological change, which in turn is only possible if new and higher skills are available at large. Investment climate survey show that more than a fifth of all firms in developing countries as diverse as Algeria and Zambia rate inadequate skills and education of workers as a major or severe obstacle to their operations (World Bank, 2007). It is important to take these factors into account in policy planning. Capital investment and introduction of new technologies without having a locally skilled and educated workforce available means that local youth will be ill-equipped to take up emerging jobs. On the other hand, having highly-skilled and educated persons available without job opportunities will lead to outward migration, or trigger frustrations with negative consequences – such as the loss of state legitimacy and agitation for political change. These kinds of dynamics have been allegedly responsible for the changes in Tunisia and Egypt as well as the conflict in Libya.

Many African countries have made significant investments in their education systems as part of the drive to achieve the MDGs with significant improvements in primary school enrollment in most parts of the region, but access to and quality of education are still major issues, especially in rural areas. Some countries such as Uganda have introduced universal primary and secondary education. This action produced large increases in school enrollment and had large impacts on completion rates for fourth and fifth graders from poor households. Other costs, however, can still hinder the chances of the poor to attend school. For example, in some countries, distance to school was found to be a major correlate of program uptake (World Bank, 2008).

Countries must also constantly review their curricular to allow for specific technical skills in high demand by the private sector (e.g. English proficiency, plumbers, mechanics and accountants) and in rural areas – giving way in turn to successful youth employment policies. Better access to disadvantaged urban and rural youth, the less educated, and girls should be an important element of public policy. Better access to training also enhances the empowerment of vulnerable groups such as women and youths. There should be no literacy gaps (Semboja, 2007:16).

Universities and centers of higher education should be given more leadership space (Hanson. and Léautier, 2010) to be involved in the various youth training programs including the development of: national occupational standards; curriculum development which emphasizes both the acquisition of knowledge and understanding and the demonstration of occupational performance; skills assessment based on demonstration of competencies; additional skills for employability along with occupational training; proving funding focused on performance and outcomes of the Technical and Vocational Education and Training (TVET) institutions; and skills recognition and certification to help youth to seek jobs in the formal economy. The provision of public technical and vocational training should adjust to changes in the demand for skills of formal and informal sectors (Adams, 2008).

It is crucial that policies related to education and skills need to be fully synchronized with other policies and programs for productivity, income growth, and job creation. These policies must also consider the flow of capital investments in the economy. Therefore, inter-ministerial coordination and collaboration among different stakeholders becomes crucial. Regional centers of excellence could be created to encourage the rationalization of resources. As Semboja (2007:19) put it:

“[W]ith regional integration, globalization and the need to implement integrated national poverty reduction plans and strategies young job-seekers will be required to adapt to the changing nature of the jobs demanded by the new economy and the removal of all the distortions to labour mobility. Perceptions of white collar jobs and the work of the female labour force must be changed, particularly among the young themselves, who will be required to join the private sector and compete with the global labour force. Unless distortions created by job preferences are eliminated and replaced by incentives to increase productivity, efforts to improve employment opportunities will be futile”.

### ***Addressing demographic issues and possibilities of trans-border migration***

As already noted, Africa is undergoing demographic transition. Africa’s population is growing fast and with the proportion of young people growing faster in many countries. The size of the working age is growing at a faster rate than new jobs being created (Okojie, 2003:6). The projections are that this population dynamic will not stabilize before 2050. This transition has fiscal, political, and social implications, ranging from increased education and health costs to risks of social unrest as well as political instability and violent conflict. Equally, the demographic transition makes youth the most abundant asset that the region can claim, thus making it a window of opportunity – such as the creation of a burgeoning market and pool of cheap labour (World Bank, 2009). Indeed, China and India are believed to have put the right policies and institutions in place and were able to reap the demographic dividend.

Given the demographic reality and ever growing youth population, African countries will have to recognize that finding proper jobs for most new job seekers, especially in cities, will be a challenge, and that it is likely that the informal sector will continue to play a key

role as a means of job opportunities for a long time to come (Fox and Gaal, 2008). Countries need to seek solutions that harmonize population policy and broader development policy to build a sustainable and socially inclusive development agenda.

One dimension of transborder migration is those that leave the continent altogether – the Diaspora. There are increased opportunities in the small scale and export industry for the Diaspora to get engaged if the scale of production can be increased using technology. Secondly, young people from the Diasporas are coming back to their home countries to start businesses in the service sector. This sector is a key opportunity for jobs including self-employed, family owned and small scale enterprises. Examples of new types of activities lead by youth include: crèches, cosmetic companies specialized to African needs, apparel and clothing companies using local materials and talent, consulting firms, and online shopping companies. Policies specifically targeted at the Diaspora could attract them to return to the continent and create jobs that employ young people in these dynamic types of sectors.

### ***Addressing youth in violent and post conflict settings***

Africa has had armed conflicts where young people have been both the victims and the perpetrators of violence. For example, the period 1990–2000 alone saw 19 major armed conflicts in Africa. Children and youth are increasingly participating in armed conflicts as active soldiers. Many young people do so because of poverty. The region also has thousands of ex-young combatants— 100,000 in Sudan alone. In one study, crippling poverty and hopelessness were unanimously identified as key motivators for the 60 combatants interviewed (Human Rights Watch, 2005). More recent conflicts have been seen in Darfur, Tunisia, Egypt and Libya.

There are various non-economic aspects of poverty, such as the absence or inadequacy of essential services, the lack of livelihood and educational opportunities, and the non-participation of youth in decision—and policy-making are push factors for the involvement of young people in conflict. Conflict has numerous consequences such as the destruction of infrastructure, loss of resources and lives, social breakdown as well as the need for regeneration. There is usually high need for skills to allow for reconstruction and rehabilitation (Integrated Regional Information Networks, 2007). Targeted programs for young people have to be developed.

Regional solutions to conflict are also critical. This is the approach that has been adopted over the years by organizations such as ECOWAS and SADC where security of member of countries are discussed and in some instances peace keeping forces are deployed in the event of violent confrontations – for examples in Liberia and Sierra Leone.

### ***Improving the labor market conditions to enhance employability of young people***

African countries can also use labor market policies matching the supply of young labor to demand. The mismatch is usually due to the lack of both labor market information and job search skills. Labor market information, job search techniques, and career guidance play an important role in helping young people in their career choices and can bring about better labor market outcomes should jobs become available. Labor market

information improves the quantity and quality of job matches between employers and jobseekers, reduces unemployment spells, and increases labor market efficiency. The collection, analysis and dissemination of labor market information have a pivotal role in informing young jobseekers about employment opportunities and in providing indications for policy and program design.

Furthermore, the availability of reliable and up-to-date labor market information is essential for the design and monitoring of youth employment interventions (World Bank, 2009). Appropriate legislations could also be put in place to protect young workers.

### **What Can African Countries Do?**

In addition to the policies that we have expounded above, countries need to focus on the institutions, environments and needs to kick-start job creation. Three key institutions stand out – universities, policy units and associations and networks. Universities are critical in putting in place the skills and tools needed to speed up job creation, particularly those related to leadership development, innovation and entrepreneurship. Curricula reform of university program to focus on these three areas are key to starting such change when thinking of generating young people better prepared for the labor market. Universities can also support industries and businesses by providing opportunities for skills development and upgrading and sharing of tools that are needed for business development and marketing. Policy research and analysis done by universities can also be targeted toward improving the investment climate and seeking ways for enhancing opportunities for job creation. Universities are also an important link in innovation systems and countries could use them as early incubators for ideas and the place to launch high end research related companies. Universities also are a place that create job in research teaching and the lab work so critical for modernizing African's economies. Research done by universities in the areas of trade and market access and the role that universities can play to enhance regional and global integration as their lecturers, professors and students engage in global integration networks are also opportunities for idea generation, learning and exchange that countries can tap into.

Policy units, play a very important role in going from theoretical research to implementation. Such units can generate targeted case studies provide analysis of opportunities and constraints in a given policy or sectoral environment which could be directly useful for business development and marketing. Policy evaluation and advice targeted toward the investment climate innovation system, trade and market access and regional integration can be done by policy units to support governments, the private sector and civil society in the areas of job creation. ACBF currently supports 29 policy units and think-tanks across Africa which could be used immediately to address the issue of job creation and employment generation.

Last but not least, associations and networks have taken added on importance as a result of the high speed access provided by advances in information and communication technologies. Social media are particularly relevant at the idea generation stage.

Combined with traditional associations such as labour unions, women’s organization and professional and business associations combined with such media could unleash opportunities that speed up learning and exchange and create the critical interface and dialogue so need between the public sector, civil society and the private sector. The potential action countries are crisply summed up in figure 9 below.

Figure 9

<b>Potential Actions Countries can Take for Job Creation</b>			
<b>Potential Actions by Countries</b>	<b>Investment in Skills &amp; Tools</b>	<b>Improving the Investment Climate</b>	<b>Enhancing Trade &amp; Market Access</b>
<b>Reforming Universities</b>	Leadership Innovation Entrepreneurship	Policy Research Analysis Incubators	Policy Research Analysis
<b>Creating Policy Units</b>	Case studies, analysis of opportunities & constraints	Policy Evaluation Policy Advice	Policy Evaluation Policy Advice
<b>Supporting Associations &amp; Networks</b>	Idea generation Learning & Exchange	Interface and dialogue with public sector	
<b>Support to Industries and businesses</b>	Investment in Business development Marketing	Supporting the Development of Innovation Systems	Engaging in Regional and Global Integration

## Conclusion

We have elaborated the challenges and opportunities facing Africa and expounded on their consequent policies implications. Address the problem of youth job creation can be tackled in the short, medium and long term.

In the short term immediate job creation is needed which can come through support to public works programs such as infrastructure development and the construction sector, service sector jobs such as in tourism (guides, hotel service, drivers), internships, apprenticeships, and self-employment in off-farm jobs like small scale agro-processing, marketing and trade.

Building capacity to transform production in the medium term is also critical. This can be done through vocational and technical training, mentoring, and microcredit and financial support to small scale business ideas.

In the long term countries need to a) generate sufficient economic growth that creates jobs in large numbers and absorbs the growing number of youth; b) have stability to attract domestic and foreign private sector investment; c) ensure a strong and well structured education system which prepares youth for the market place for jobs; and d) ICT provides a unique opportunity for jobs and innovation and countries need to create an enabling environment in terms of private investment and enterprise creation including support to technology parks and incubators.

Key areas to focus on regardless of the stage of transformation of country economies include:

- **Skills building** – entrepreneurship, leadership, innovation, managing risk and uncertainty;
- **Investment climate** – policies, procedures, regulations, access to finance, infrastructure;
- **Trade and market access** – policies and inside-the-border constraints;
- **Business environment** – size of markets, access to markets, effectiveness of innovation systems; and,
- **Potential actions by countries** – reforming education system, creating policy units and think tanks, supporting associations and networks, supporting specific industries and businesses.

Policies for regional integration would be very relevant in supporting faster creation of jobs, better access to opportunities, and more stability in the labor market. These include policies that support regional infrastructure development which has a direct effect on job creation in the short run; and support job creation in the long run by increasing competitiveness of companies and countries, lowering logistics costs, allowing companies to afford more labor.

Investments in energy and transport could speed up export sectors and create export oriented jobs. Support for multi-country ICT could enhance connectivity and provide a platform for even deeper job creation especially for landlocked countries. Regional investment in a network of universities and centers of excellence could allow a) better specialization across universities and countries; b) improve the technical and vocational as well as science and technology skills across multiple countries at a lower cost; and c) free-up public resources for use in other areas of the economy.

A holistic approach is needed to address the problem of unemployment in general and of youth unemployment in particular. Improvements are needed both on the supply and the demand side of labour. In many countries, more needs to be done to improve the quality of labour supply so that it better matches the skills required by firms. This also refers to university graduates, who are vulnerable to unemployment if their skills do not match job requirements. At the same time, labour demand needs to be boosted by further improving conditions for economic growth in general and for private sector activity in particular, including through the creation of new firms. Improvements in agriculture as well as non-farm activities are also crucial for generating the jobs young people need with policies prioritising employability, equal opportunity, entrepreneurship and employment creation for young.

Institutions such as the African Capacity Building Foundation (ACBF) and the New Partnership for Africa's Development (NEPAD), that work on a regional level, could support countries in putting in place the policies needed to generate the type of employment levels needed to meet the challenges facing countries. Support can also go towards skills building and competence refining in order for countries to be creative in

their approach to employment creation. Helping put in place harmonized processes and systems including border crossings and harmonizing regulations across countries is also an area that can be supported in conjunction with developing the capacity of the Regional Economic Communities (RECs). Last but not least, sharing lessons across countries and platforms for dialogue between the public sector and the private sector and civil society could also be supported by such entities.

Going forward, there are major challenges facing Africa in the coming years. These challenges present opportunities for creativity, innovation, and job creation. Countries have differing capacities to tap into these opportunities and lessons learned from those more advanced can be useful for others. Solutions exist in a menu of policy and process change within and across countries, including in the potential offered by regional integration. Capacity development institutions like ACBF have a role to play in supporting countries to make the needed changes and enhance the speed of learning and change.



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