Best Practices in Job Creation

Lessons from Africa

NKC AFRICAN ECONOMICS
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United Nations
Economic Commission for Africa

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Methodological Note: Unemployment represents a key theme in this report. However, due to the fact that countries follow different approaches in terms of defining and measuring unemployment metrics, and also for statistical soundness reasons in many cases, it often proves more useful to utilise a single source for unemployment metrics especially for comparison, modelling and forecasting purposes. Hence, throughout this report, standardised figures often utilise sources different from those reported by statistical offices. Figures provided by statistical offices or other in-country organisations may well be elaborated on in this report, in which case the sources will be clearly referenced.

FOREWORD

One of the five regional commissions of the UN Economic and Social Council (ECOSOC), ECA supports Africa's economic and social development, fosters regional integration and promotes international cooperation in support to regional development through research and technical support to governments.

ECA's work is focused on the economic policies required for Africa to achieve structural transformation and a faster, stronger, economic recovery post COVID-19, with a focus on a number of areas including macroeconomics, governance, trade, statistics, employment, private sector, finance, social development and climate mitigation and adaptation.

ECA's regional work is supported by five sub-regional offices and a training center specially dedicated to African civil servants and officials.

This report examines 34 employment initiatives across 15 different countries, highlighting which features the most successful initiatives have in common. The report promotes best practices in job creation in Africa and discusses what governments and other key actors are doing to ensure that employment policies achieve meaningful results. The report recommends that the alignment of public sector employment objectives and private sector business objectives is a key success factor. Leveraging private sector resources by providing training incentives or by collaborating in public-private partnerships in formulating and implementing employment initiatives markedly boost the chances of success.

Dr. Vera Songwe
Executive Secretary of the Economic Commission for Africa
United Nations Under-Secretary-General

About the **Economic Commission for Africa**

As one of the five regional commissions of the UN Economic and Social Council (ECOSOC), the Economic Commission for Africa (ECA) supports Africa's economic and social development, fosters regional integration and promotes international cooperation in support of regional development through research and technical support to governments.

Creating sustainable employment opportunities remains a challenge globally. However, Africa's unemployment situation is arguably the continent's most pressing concern, especially in light of demographic trends characterised by a young and growing population. Apart from the negative socio-economic consequences related to elevated unemployment, especially among the youth, Africa runs the risk of missing out on the benefits of the so-called demographic dividend. Employment creation is therefore of the utmost importance to drive Africa's broader development goals and address serious issues such as widespread poverty, income inequality, gender disparities and insecure livelihoods.

It is towards this end that this paper examines some of the more recent job creation initiatives across the continent, with the aim of identifying the factors that have contributed to the success of these initiatives. The socio-economic diversity across the continent means that the success of an initiative in one country does not guarantee success in another, but there are undoubtedly lessons to be learnt from experiences across the continent. This, in turn, provides insights that can be considered when formulating future policies aimed at stimulating employment.

We, at NKC African Economics, all share in the desire to see our continent flourish. We want to make a meaningful contribution to the developmental discussion and play a supporting role in Africa's path towards unlocking its immense potential. The lessons drawn from this research, in collaboration with the United Nations Economic Commission for Africa, aim to provide insight from a policy perspective, or at the very least stimulate further discussion on a topic often marred by differing ideologies or preconceived ideas.

Noelani King Conradie
Managing Director
NKC African Economics

About **NKC African Economics**

NKC African Economics, based in the Western Cape Province of South Africa, is a majority-owned subsidiary of Oxford Economics that specializes in political and macroeconomic research in Africa. NKC investigates and interprets the economic, risk, and political conditions of African countries to caution against pitfalls and guide investors towards opportunities. NKC has a strong reputation for independence and quality and has a highly qualified team of economists, econometricians, quantitative analysts and political analysts, who are all experts in their fields and have decades of experience in covering Africa. Insights are provided within the context of comprehensive knowledge of the African continent, its history, and each country's economic setting.

ACKNOWLEDGEMENTS

This study, “Best Practices in Job Creation: Lessons from Africa”, is the first fruit of collaboration between the Subregional Office for North Africa of the Economic Commission for Africa (ECA), and NKC African Economics, headquartered in South Africa and part of the Oxford Economics Group.

The research team was led by Dr Cobus de Hart, Head of Macroeconomic Consulting at NKC African Economics, under the guidance of Khaled Hussein, Acting Director of the Subregional Office for North Africa of the ECA. The study was coordinated by Amal Nagah Elbeshbishi, Chief of the Employment and Skills for Balanced Development Section.

The publication has benefited from the debates, conclusions and recommendations of the webinar on Best Practices in Employment Creation - Lessons from Africa, organised by the Sub-regional Office for North Africa of the ECA, in Rabat on 26 May 2021.

The Subregional Office for North Africa of the ECA would like to thank all the participants in the webinar and also the recommendations which served to further inform and refine the findings highlighted in this report.

LIST OF ABBREVIATIONS

ADA	Agricultural Development Agency, Morocco
ADF	African Development Fund
AIPEX	Private Investment and Export Promotion Agency of Angola
ANSEJ	Algeria National Agency for the Support of Youth Employment
BNA	Bank of Angola
BoM	Bank of Mauritius
B-BBEE	Broad-based Black Economic Empowerment
CAPMAS	Central Agency for Public Mobilization and Statistics, Egypt
CBE	Central Bank of Egypt
CBN	Central Bank of Nigeria
CEMAC	Economic Community of Central African States
EIC	Ethiopian Investment Commission
FDI	Foreign Direct Investment
FeUJCFSA	Federal Urban Job Creation and Food Security Agency, Ethiopia
FY	Fiscal Year
GSS	Ghana Statistical Service
HCP	High Commission for Planning, Morocco
ICT	Information & Telecommunications Technology
IDF	Industrial Development Fund
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILO	International Labour Organisation
IMF	International Monetary Fund
INE	Instituto Nacional de Estatística, Angola
INS	National Institute of Statistics, Tunisia
JCC	Jobs Creation Commission, Ethiopia
KNBS	Kenya National Bureau of Statistics

LFS	Labour Force Survey
MIITD	Ministry of Industry, Investment, Trade and the Digital Economy, Morocco
MRIC	Mauritius Research and Innovation Council
MSMEDA	Egyptian Micro, Small and Medium Enterprises Development Agency
NBE	National Bank of Ethiopia
NBS	National Bureau of Statistics, Nigeria
NISR	National Institute of Statistics Rwanda
ONS	Office National des Statistiques, Algeria
PAYE	Pay-As-You-Earn
SEZ	Special Economic Zone
SMMEs	Small, Medium and Micro Enterprises
SOE	State-owned Organisation
StatsSA	Statistics South Africa
TNBS	Tanzania National Bureau of Statistics
TVET	Technical and Vocational Education Training
UN	United Nations
UNDP	United Nations Development Programme
UNIDO	UN Industrial Development Organization
USAID	United States Agency for International Development
WHO	World Health Organisation
WLA	World Learning Algeria
YEDF	Youth Enterprise Development Fund Kenya
YEP	Youth Employment Programme

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EXECUTIVE SUMMARY

The inability to find a means of income to generate a satisfying livelihood remains a problem across the globe. However, Africa's unique and tumultuous past has created a problem much more entrenched than those facing many other emerging and developing markets.

The situation has been exacerbated by the coronavirus pandemic, which could push millions of people into extreme poverty, erasing at least five years of progress in fighting destitution.

Unemployment and underemployment remain pervasive across the continent, and demographic trends suggest that the situation will deteriorate further if not effectively addressed.

The nature of the unemployment problem, however, is such that implementing the correct policies and pursuing effective initiatives will go a long way in setting a country on a favourable trajectory.

This study examines 34 employment initiatives across 15 different countries, highlighting which features the most successful initiatives have in common.

The idiosyncratic nature of each country's economic structure, labour force and state of socio-economic development means that there is little evidence to suggest that the success of a specific initiative can be replicated in another country without acknowledging these differences.

However, by ascertaining which broader approaches have proven successful across countries and identifying which focus areas have shown the most promising results, it is possible to gain insight into what constitutes best practice from an employment creation perspective.

Signalling commitment towards international best practices, not just from a policy approach perspective but from a legal standpoint as well, is another channel through which countries can learn from experiences elsewhere.

From the point of view of international labour standards, the International Labour Organisation (ILO) identifies cases of progress whenever countries that have ratified ILO conventions make progress in complying both in law and in practice with the conventions' broad principles. A number of African nations have already ratified the ILO's Employment Policy Convention (ILO, 2021).

As an initial step, identifying the most common phrases emphasised in the employment creation initiatives examined in this study already provides some insight into important success drivers. These phrases, depicted in a word cloud below, include partnership, skills development, youth employment, investment promotion, access to credit, etc.

A focus on youth employment and public-private partnerships a clear theme in job initiatives

While also elaborating on employment creation initiatives in certain African countries in more detail, this study also classifies each initiative or policy by the:

1) **channel** through which the project is being driven,
2) the **focus area** or target group of the intervention, as well as the
3) **sector** which is targeted or affected by the intervention.

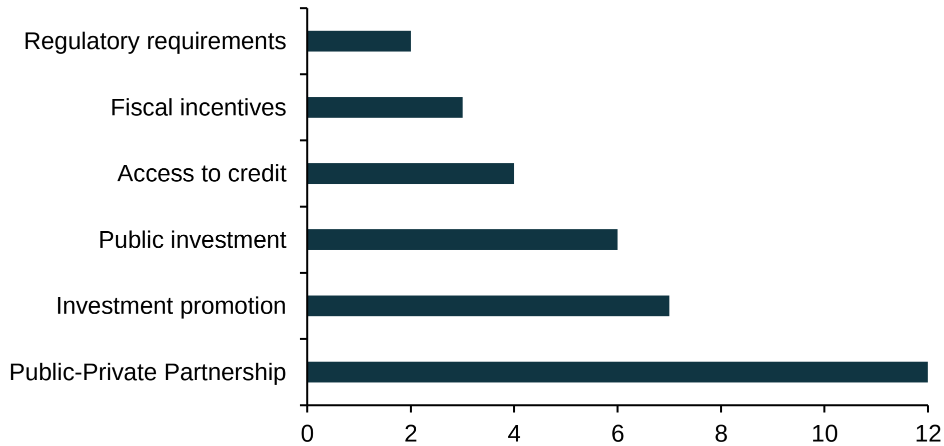
By classifying the **channel**, **focus area** and **targeted sector** of each initiative it is possible to formulate a more holistic view of which general themes emerge.

PRIMARY CHANNELS OF INTERVENTIONS

Of the 34 employment initiatives identified in this report, over a third took the form of public-private partnerships. These partnerships vary in nature and scope, with some focusing on private sector skills development while others take the form of joint enterprises between government and private companies. For instance, Kenya's Ajira Digital Programme, a government initiative that facilitates skills development in the private sector, has trained and provided over 50,000 work opportunities in the ICT sector (Ajira, 2020a). Kenya's Ajira Digital Programme exemplifies the benefits of leveraging the private sector's ability to identify opportunities and to adapt to change, thus creating a more robust labour market.

Number of employment initiatives by primary channel

Leveraging private sector expertise and promoting investment have been key drivers behind successful initiatives



Source: NKC African Economics (2021)

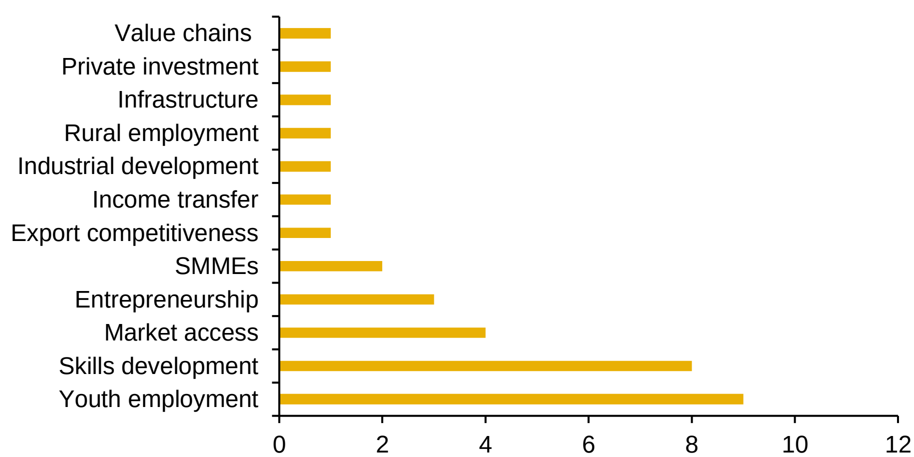
Investment promotion also represents an important channel, again reflecting the benefits associated with leveraging and incentivising private sector investment to drive employment creation.

FOCUS AREAS OF INTERVENTIONS

Turning attention to the focus areas, the study found that youth employment was at the centre of most initiatives, and appropriately so given the continent's youth unemployment problem.

Number of employment initiatives by focus area

A focus on creating job opportunities for the youth especially important given the scale of the issue



Source: NKC African Economics (2021)

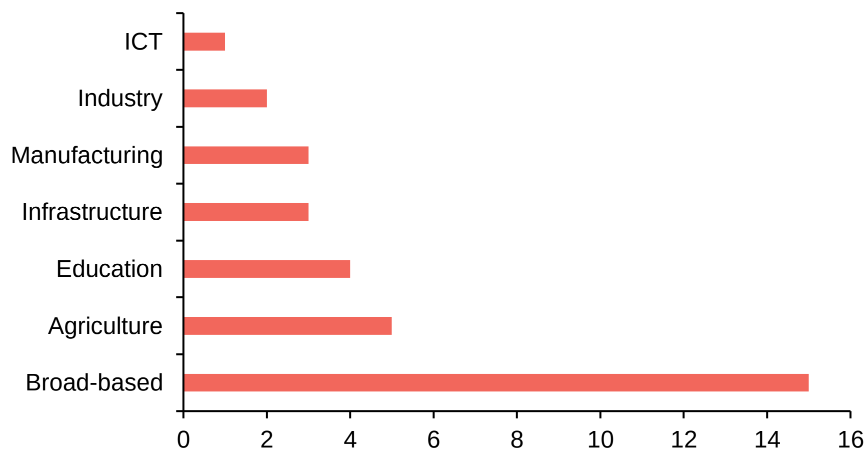
Other important focus areas included skills development, market access, entrepreneurship and a focus on SMMEs. The latter two focus areas are closely linked and critically important to driving job creation. A lack of skills, meanwhile, is often cited by businesses as a key factor constraining productivity and hence further expansion and investment.

TARGETED SECTORS OF INTERVENTIONS

The vast majority of the job creation initiatives considered in this report are broad-based and do not target a specific sector. However, most successful initiatives seem to have a clear focus on a specific channel through which to stimulate employment.

Most projects do not target a specific sector, but a clear focus still important in driving success

Number of employment initiatives by targeted sector



Source: NKC African Economics (2021)

For instance, providing subsidies for skills development will still allow market forces to determine which sectors see the largest take-up of the initiative. Furthermore, irrespective of the sector targeted, it seems that initiatives that aim to involve different participants in the value chain often have a greater impact. These projects often leverage the expertise of more commercial or advanced segments of the value chain to drive the transfer of skills while also boosting the competitiveness of the targeted beneficiaries. An example of such an initiative is Nigeria's Anchor Borrowers' Programme (ABP) which supports smallholder farmers but also strengthens the link with larger agro-processors. The design of the ABP initiative holds many advantages: It provides small-holder farmers with upfront funding to procure the necessary inputs and to pay for additional labour to increase production. The programme also involves training and support elements, linking more formal and larger businesses with more informal ones, which allows for the transfer of skills and knowledge. In addition, it involves many supply-chain participants rather than just considering a broader sector's headline performance. Here, again, a specific focus on addressing a particular market failure – weak supply-chain connections – goes a long way in allowing private enterprises to organically support job creation.

Where job creation initiatives do target specific sectors, agriculture and education are often the focus. The agricultural sector still offers immense potential if informal and artisanal activities can be upskilled and commercialised. Interventions focused on education, meanwhile, support skills development.

Many initiatives also target the manufacturing sector. Manufacturing development is of paramount importance for the continent and will be central in diversifying economies away from exporting raw materials and importing finished goods. However, shifting the continent towards adding more value domestically will require that Africa generate the necessary skills while other factors related to competitiveness also need to be considered. Manufacturing development is also especially important if countries want to take advantage of initiatives such as the African Continental Free Trade Area (AfCFTA).

KEY LESSONS FOR POLICY FORMULATION

The focus on youth employment has shown success across the continent and hits at the heart of the unemployment problem. The use of fiscal incentives to provide work experience to young job seekers has shown positive results in countries such as South Africa and Cameroon, while the facilitation of guidance and counselling services has also led to permanent employment in countries including Algeria and Egypt. Technological developments mean that the skills in demand are rapidly changing while demographic trends mean the number of job seekers is rapidly rising. It will be critical for governments across the continent to pursue a favourable equilibrium between labour demand and supply.

Another aspect to consider when assessing the labour market is the level of female labour force participation, how this level is expected to change over time, and what this means for productivity and labour supply. While female participation varies considerably across the continent, from around 17% in Algeria to some 65% in Botswana (World Bank, 2021a), recognising and embracing this segment of the labour force will be critical in formulating a sustainable, long-term solution to the unemployment problem. There has already been some success in this regard across the continent: the Egyptian Micro, Small and Medium Enterprises Development Agency (MSMEDA) formulated specific targets to reach and fund female-owned SMMEs; targets which the agency later exceeded. In addition, in Côte d'Ivoire around 50% of the beneficiaries of the Youth Employability and Insertion Support Programme (PAAEIJ) were female, exemplifying the potential benefits from creating more inclusive employment initiatives. Furthermore, many of the employment creation initiatives that focus on areas such as youth empoyement also incorporats targets to facilitate and encouyrage female job creation.

While the initiatives discussed in this report vary considerably with regard to both intervention channel and sector targeted, there are a few overarching themes that are present in many successful initiatives. These include the focus on youth employment and skills development, and the leveraging of private sector resources through public-private partnerships.

The continent's demographics profile shows that most job seekers are young. A focus on youth employment and early skills development targets the employment problem where it is most severe. In turn, fiscal constraints and organisational inefficiencies mean that government employment initiatives often disappoint and do not achieve targets if private sector resources are not leveraged. Private sector knowhow and understanding of skills demanded also boost an initiative's probability of success. The key themes across employment initiatives identified in this report can be summarised into the following policy recommendations:

- **Employability matters:** Demographic trends suggest that youth unemployment will increasingly become a concern if no direct action is taken. Initiatives that improve the employability of young individuals by generating opportunities to gain work experience or by supporting entrepreneurial endeavours hold great potential in traversing the gap between labour demand and labour supply.

- **Leveraging the private sector:** The alignment of public sector employment objectives and private sector business objectives is a key success factor. Leveraging private sector resources by providing training incentives or by collaborating in public-private partnerships in formulating and implementing employment initiatives markedly boost the chances of success.

- **Broad-based yet focussed:** Many of the initiatives are broad-based and do not target a specific sector. However, most successful initiatives seem to have a clear focus on a specific channel through which to stimulate employment. For instance, providing subsidies for skills development will still allow market forces to determine which sectors see the largest take-up of the initiative. Furthermore, irrespective of the sector targeted, it seems that initiatives that aim to involve different participants in the value chain often have a greater impact. These projects often leverage the expertise of more commercial or advanced segments of the value chain to drive the transfer of skills while also boosting the competitiveness of the targeted beneficiaries. A clear focus and explicit objectives are critical, and simpler interventions can often be most effective.

THE AFRICAN CONTEXT

The COVID-19 pandemic has resulted in socio-economic regression on a global scale. Most nations will experience a drop in economic output despite sound institutions and previously ingrained macroeconomic stability. Governments across Africa have been proactive in taking measures to attempt to cushion the economic impact of the pandemic.

However, many African nations, if not most, have had to grapple with much less favourable fiscal metrics than those observed in some more developed markets, and both the magnitude and duration of fiscal stimulus has had to reflect this reality. Still, government responses have been critical in protecting livelihoods across the continent. In the north of the continent, the Egyptian government announced a stimulus and bailout package to the value on nearly E£100bn in March last year, with around half of the funds directed towards the job-intensive tourism sector. In the south, the government of South Africa announced the commencement of a R500bn support package in April last year in addition to tax measures aimed at assisting businesses through the difficult months ahead. In the east, Kenya announced an eight-point economic stimulus package with a focus on supporting small- and medium-sized enterprises and jobs-intensive sectors such as manufacturing and tourism.

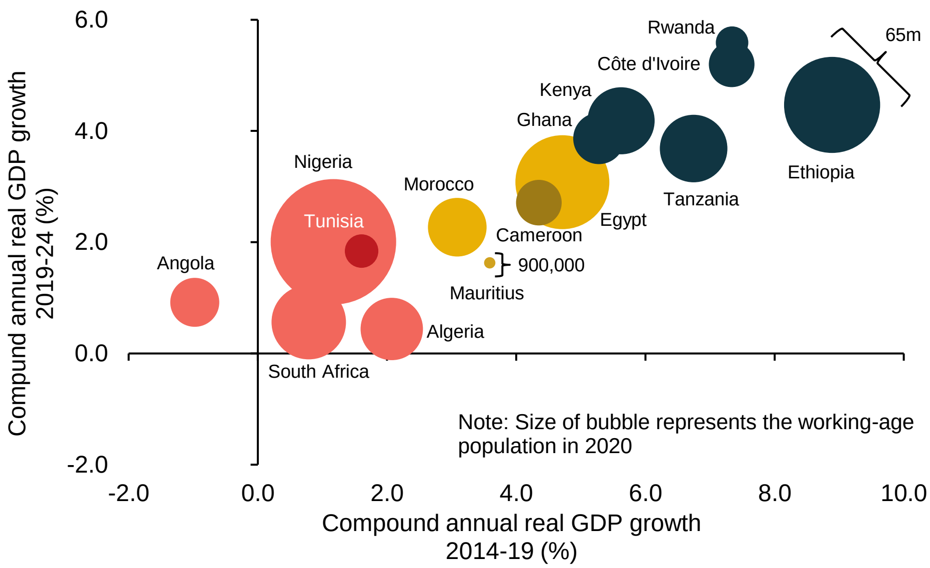
Finally, in the west, the Nigerian government pushed through expansionary revisions to the fiscal budget with the aim of easing pressure off the economy, despite lower oil prices putting severe strain on government finances. On the monetary policy front, benchmark interest rates dropped to all-time lows in countries from South Africa to Morocco and Rwanda to Côte d'Ivoire during the Covid-19 pandemic, but the more effective measures, arguably, have included widening the collateral accepted for central bank lending facilities and reducing liquidity and capital requirements for banks.

While the initial shock is exogenous, the speed of recovery will be determined by underlying fundamentals. There are numerous structural factors that will drive economic growth after the crisis, and the institutional and economic diversity across the African continent means that the recovery will be far from uniform. Countries with greater economic freedom and favourable operating environments will be more adaptable and therefore have an edge moving into a post-corona world.

Moreover, while many jobs will be lost and as businesses fail, new beginnings can be facilitated by flexible labour markets, skilled labour forces, and accommodating business environments. Now, more than ever, investment is likely to be skewed towards countries with stable macroeconomic and political environments.

Economic development has taken a knock, but medium-term recovery still a reason for optimism

Africa's medium-term growth outlook and labour force



Sources: NKC African Economics (2021), United Nations (2019)

The accompanying chart shows that during the five years ending 2019, certain East and West African nations boasted some of the strongest growing economies globally. The compound annual GDP growth between 2014 and 2019, as displayed on the x-axis, exceeded 6% p.a. in Tanzania, Côte d'Ivoire, Rwanda and Ethiopia. When looking at the projected compound annual growth rate for the subsequent five years (2019-24, as displayed on the y-axis), thus incorporating the loss of economic output due to the 2020 economic crisis, many of these economies are still expected to register growth in excess of 4% p.a. over this period.

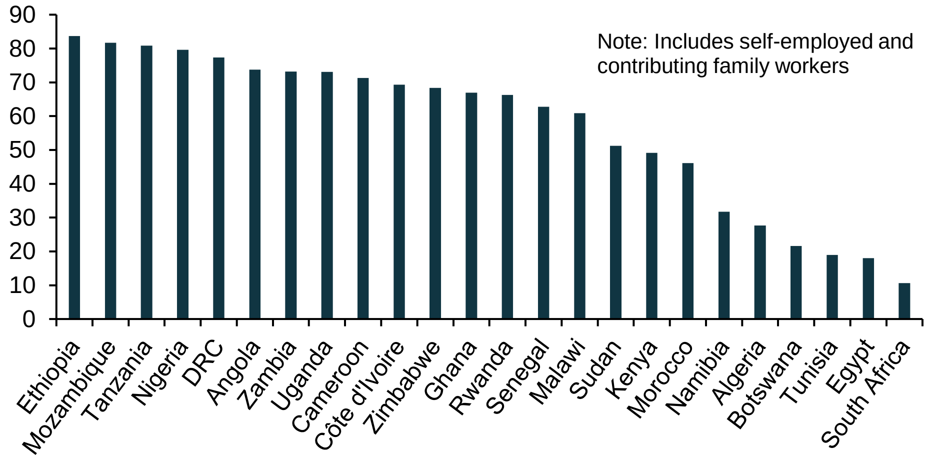
These figures reflect a new global economic reality, and while they pale in comparison to that observed over the past decade, they show the continent should remain host to some of the best performing economies globally.

Optimism, however, should be tempered by the continent's most pressing concern, which has been exacerbated by the pandemic: unemployment. It is concerning that some of the largest working age populations in the continent are present in some of the slowest growing economies. Meanwhile, most African countries, despite recent or expected future growth, still struggle with elevated unemployment. The coronavirus crisis has had a particularly negative impact on smaller firms, which matters because they are critical in job creation and supporting productivity growth. Another important factor to consider is the prevalence of vulnerable employment, meaning there is a high incidence of jobs that are inherently volatile and fail to provide income security.

Both unemployment and underemployment remain concerns across Africa

Comparing unemployment across Africa is difficult due to the numerous definitions used, with many countries recording subsistence farming as formal employment. However, these jobs do not provide income security and mask the actual level of underemployment. The latest figures from the World Bank (2021a) estimate vulnerable employment as high as 80% (as a proportion of official employment) in countries such as Ethiopia, Mozambique and Tanzania.

Vulnerable employment as a proportion of total employment (%, 2019)



Source: World Bank (2021a)

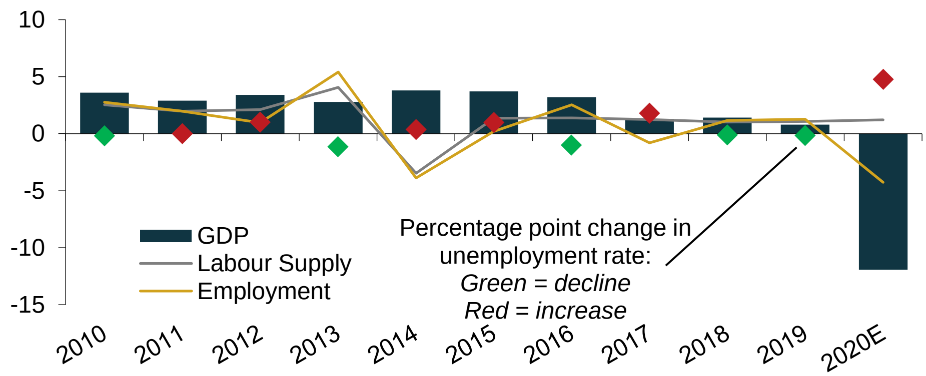
Unemployment is by no means an insurmountable problem. Various employment initiatives have borne fruit and the levers behind employment creation are within the reach of government. Not only will institutions and policy decisions determine the rate of economic recovery after the coronavirus pandemic, but these factors will also determine the extent to which economic progress is accompanied by job creation. Africa faces a number of environmental and socio-economic challenges, but one of the most pernicious of these, namely the widespread inability to generate a satisfying livelihood, can be addressed by taking corrective action.

1. ALGERIA

Prior to the 2014-16 oil price crash, Algeria experienced a significant economic upturn supported by booming hydrocarbon prices. Declining oil prices, however, resulted in exports falling by over 40% between 2014 and 2016 (Bank of Algeria, 2021). Although oil prices had been recovering in the years preceding the COVID-19 pandemic, fuel exports never quite returned to their former levels, leading to a substantial deterioration in the foreign reserves position. The onset of the COVID-19 pandemic brought further woes for the economy which is estimated to have contracted by double-digits last year. The severe slump would have had dire consequences for the unemployment rate, which averaged around 12.8% in 2020 compared with 11.8% in 2019 (World Bank, 2021a). Although global oil prices are forecast to gradually rise in coming years, a serious shift away from the rentier state model is needed to lift Algeria out of the economic crisis it faces.

The severe slump in 2020 had dire consequences for the unemployment rate

Annual change in labour market indicators (%)



Sources: NKC African Economics (2021), World Bank (2021a)

The worsening economic situation in Algeria has resulted in hiring freezes across the public sector, which accounts for around 40% of total formal employment (DTDA, 2020). This has translated into frustration amongst the young population – a large proportion of which is highly educated but cannot be absorbed by the lacklustre private sector. This is both a demand and supply-side issue: there is a lack of demand for skilled workers in the private sector, as well as a mismatch between labour market demands and education supplies.

Key Job Creation Initiatives

1.1 SUCCEEDING THROUGH YOUTH CAREER GUIDANCE

In 2015, the Youth Employment Project (YEP) was launched by World Learning Algeria (WLA) in partnership with the Middle East Partnership Initiative (MEPI). The three-year project sought to *"reinforce the linkages between young people and the world of work" (WLA, 2021).* To achieve this, youth career centres were established

Channel:
Public-Private Partnership

Focus:
Youth employment

Sector:
Education

in private vocational training schools across nine sites. These youth career centres provided students with supplemental trainings in job search and essential professional skills, as well as access to a new job search and matching platform. The project also upgraded training methods and materials of vocational training centres; reinforced links between technical schools and local businesses and provided internship and job opportunities to students. The project trained 9,500 young Algerians, and employment was secured for 79.7% of participants who sought work (WLA, 2021).

The Youth Employment Support Programme (PAJE) was implemented over the 2016-19 period. The programme, which was co-financed by the Algerian government (€2.5m) and the European Union (€23.5m), aimed to "*support reforms and actions taken by government in the implementation of youth-centred policies*" (PAJE, 2021). The programme was rolled out in four pilot "*wilayas*" or governates: Annaba, Bechar, Khenchela and Oran and reached more than 6,500 young Algerians through its guidance and counselling services. Lastly, more than 130 companies, which employed around 500 young people were also created (PAJE, 2021).

1.2 TAILORED TRAINING COURSES FOR THE YOUTH

Channel:
Public-Private Partnership

Focus:
Youth employment

Sector:
Education

The 'Increasing Employment in the MENA Region – Algeria' project is another initiative which has sought to tackle the youth unemployment problem in Algeria. The pilot project, which was founded by Education for Employment (EFE) in partnership with the Middle East Partnership Initiative (MEPI), ran from 2017 to 2019. The project engages with various corporations and industries to assess the demand for skills in the private sector and provides tailored training courses for the youth. The project also seeks to secure job opportunities for participants. So far, the project has provided employability and job-search training to 100 public university students. Soft skills training has also been provided to 616 youth, and 567 jobs have been secured following the training (EFE, 2020).

1.3 INTEREST-FREE CREDIT ACCESS

Channel:
Access to credit

Focus:
Entrepreneurship

Sector:
Broad-based

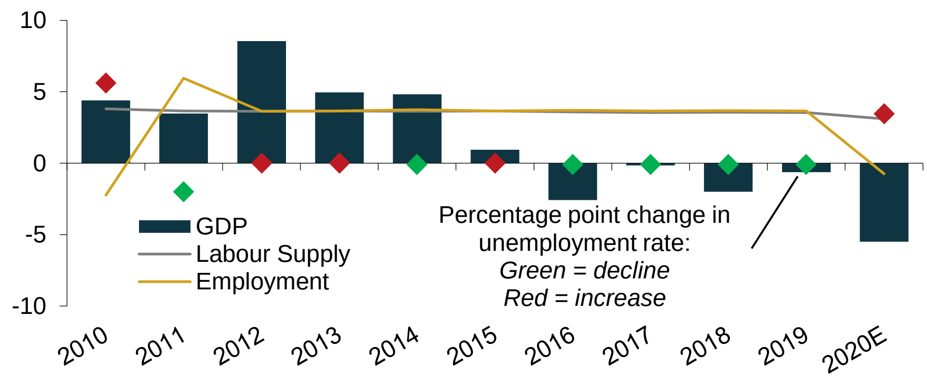
The Algerian state's interventionist policies to encourage youth economic participation have been facilitated through the National Youth Employment Support Agency (ANSEJ). One of the main intervention mechanisms used relate to the provisioning of interest-free loans. According to ANSEJ (2021), the programme had, since its inception in 1997, facilitated the creation of 878,264 jobs by the end of 2016, with 92% of loans going towards Algerians aged under 35. Some media outlets have reported that the jobs impact had increased to 1.2 million by November 2018. Adair and Souag (2018), however, highlights that considering gross job numbers rather than net flows may inflate the perceived impact of the programme. The study also found that *"the impact of labour market policies taming unemployment proved rather weak."*

2. ANGOLA

Africa's second-biggest oil producer has been mired in a five-year-long economic depression. Apart from contending with a lower oil price environment, oil sector exports – which account for more than 95% of total goods exports (BNA, 2021) – are under pressure from declining production due to insufficient investment. Efforts to diversify away from oil have been hampered by severe infrastructure backlogs, burdensome bureaucracy and corruption. The advent of the João Lourenço administration in 2017 – after the nearly four-decade-long rule of José Eduardo dos Santos – and approval of the three-year IMF loan programme in December 2018 have added some impetus to economic reform efforts. The Lourenço administration has clamped down on prominent officials accused of corruption (News24, 2020) and started a programme to privatise 195 SOEs (PROPRIV, 2021).

Annual change in labour market indicators (%)

Boom years of oil production did not coincide with reduced unemployment



Sources: NKC African Economics (2021), World Bank (2021a)

The boom years of oil production did not coincide with reduced unemployment, rather, most of the employment growth in recent years has been driven by public services and construction. Meanwhile, informal employment (mainly subsistence agriculture) remains the largest source of employment (IFC, 2019). The modelled International Labour Organisation estimate for the narrow unemployment rate in 2020 is 7.7% (World Bank, 2021a), while the official (broader) unemployment rate last was above 30% (INE, 2021).

Key Job Creation Initiatives

2.1 AGRO-INDUSTRIAL ZONES

Despite abundant land and water, the agricultural industry remains largely undeveloped with only around 10% of the estimated 35 million hectares of arable land being cultivated (Maylie, 2020). The Dos Santos administration favoured large-scale public investments in agro-industrial zones to develop the agricultural sector,

Channel:
Investment promotion

Focus:
Market access

Sector:
Agriculture

but the new government is looking to privatise several farms in these zones as part of the ProPriv programme to privatise 195 SOEs. The largest of these agro-industrial zones is the 411,000-ha Capanda Agro-Industrial Complex (PAC) located in the Cacuso municipality in the north of Angola some 380 km east of the capital Luanda (IFC, 2019). The anchor farms in the PAC are the Bioenergy Company of Angola (Biocom), the Molda Terras farm, the Montenegro farm and the Socamia farm. Biocom produces sugar targeted for the domestic market, electricity from biomass for the Angolan National Energy Company and ethanol for the European market. The company, which began operating in 2014, provides jobs for about 3,000 workers (VerAngola, 2020). Meanwhile, the Socamia farm produces rain-fed maize, which the French-based Castel Group uses for the local production of beer (Angop, 2019).

2.2 LUANDA-BENGO SPECIAL ECONOMIC ZONE

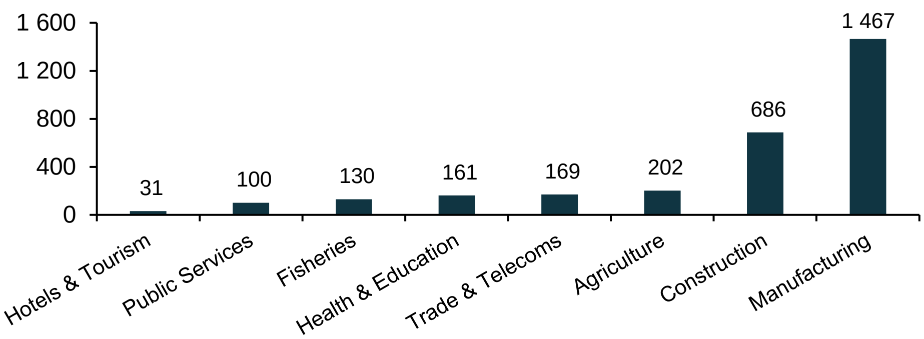
Channel:
Investment promotion

Focus:
Market access

Sector:
Manufacturing

The Luanda-Bengo Special Economic Zone (SEZ), the only special economic zone in Angola, was established as a SOE (a subsidiary of Sonangol) in 2009 and covers an area of about 840,000 ha. The SEZ is located about 25 km from the centre of the country's capital Luanda and had 80 operational businesses in 2020 (ZEE, 2020). Several state-owned industrial units in the SEZ are also currently being auctioned off as part of ProPriv.

Value ($m) of AIPEX registered investment projects at end-September 2020



Source: AIPEX (2020), NKC African Economics (2021)

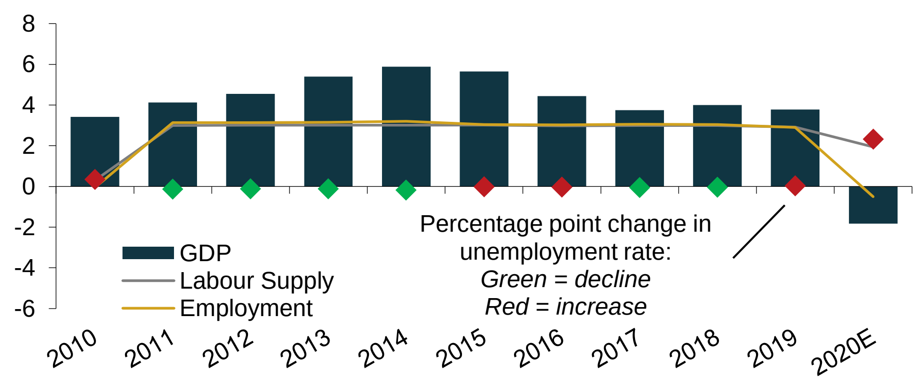
One of the latest businesses to open in the ZEE is a tractor assembly plant belonging to Kaheel Agricultura Angola; expected to assemble up to 3,000 tractors per year for the local market and possibly the DRC. The project was facilitated with the support of the Private Investment and Export Promotion Agency of Angola (AIPEX) – a government agency established in 2018 to promote greenfield FDI that boosts Angolan exports (ZEE, 2020). According to AIPEX, registered investment projects under the initiative have already created nearly 5,200 jobs between August 2018 and September 2020, while these projects have the potential to generate about 19,000 local jobs at full capacity. The majority of these projects are located in the ZEE and are manufacturing industry projects. The total value of manufacturing industry projects registered with AIPEX at the end of September 2020 was nearly $1.5bn, followed by construction with $686m (AIPEX, 2020).

3. CAMEROON

Lack of infrastructure and ongoing conflict inhibit potential

Cameroon's economy has been growing at a steady rate in recent years, with real GDP growth averaging 4.5% p.a. between 2010 and 2019 (World Bank, 2021). This constant economic expansion was accompanied by an improvement in unemployment, with the country's unemployment rate declining from 4.1% in 2010 to 3.3% in 2019 (World Bank, 2021). However, this momentum was halted last year when the economy was ravaged by the coronavirus crisis as the dual shock of the pandemic and commodity price slump resulted in a deterioration in virtually all economic markers. To add to this, continued conflict in the Anglophone region further shook the country while localised flooding also wreaked havoc. These developments are expected to result in increased job losses in the short-term, with our current forecast suggesting the unemployment rate will decline to 4.9% this year after rising from 3.3% in 2019 to an estimated 5.2% in 2020. A significant drag on growth, and consequently employment opportunity, is the lack of infrastructure development. To this end, Cameroonian authorities have taken noteworthy strides in recent years to expand the country's infrastructure in order to improve the business environment and create sustainable employment opportunities.

Annual change in labour market indicators (%)



Sources: NKC African Economics (2021), World Bank (2021a)

Despite Cameroon's steady progress in terms of unemployment prior to the COVID-19 pandemic, the high level of youth unemployment remains a persistent concern in the labour market. Young people represent 78% of the population, with over 50% of these individuals living in rural areas (International Fund for Agricultural Development, 2020). Consequently, various programmes have been successfully launched to address youth unemployment while there has also been a strong drive by local government and regional authorities to fund infrastructure development in order to advance economic development. To this end, the Economic Community of Central African States (CEMAC) launched its Regional Economic Programme, consisting of 84 infrastructure projects, geared towards boosting growth in Central Africa by 2025 (RFI, 2020).

Key Job Creation Initiatives

3.1 TAX INCENTIVES TO FIGHT YOUTH UNEMPLOYMENT

Channel:
Fiscal incentives

Focus:
Youth employment

Sector:
Broad-based

Cameroon introduced a tax incentive scheme in 2016 aimed at promoting youth employment in the country. The scheme incentivises businesses to employ individuals younger than 35 by exempting them from all wage and employer-related deductions (except for social security contributions) for these employees. Roughly 1,500 jobs were created by the scheme over the first three years of its introduction. The tax incentive was initially only meant to be in effect until 2019, but its success meant that it has been made permanent by the 2020 Finance Act. In order to benefit from these exemptions, businesses need to submit a list of individuals employed from 1 January 2017 to their local tax office. The scheme only applies to employment contracts and not labour leasing contracts. The rationale behind this exclusion is that labour leasing contracts involve specialised companies that provide labourers in return for compensation, and such a service is considered a commercial contract as opposed to an employment contract (Business in Cameroon, 2020).

3.2 PROMOTING YOUTH ENTREPRENEURSHIP

Channel:
Investment promotion

Focus:
Youth employment

Sector:
Agriculture

Another, larger scale youth employment initiative, called the Youth Agro-pastoral Entrepreneurship Programme (Youth AEP) was launched by the Cameroonian government in 2014 and is scheduled to run until 2023. The total cost of the programme is estimated at $73m and aims to achieve two main outcomes: (i) support young people in the creation and management of successful agro-pastoral enterprises; and (ii), promote a political, organisational and institutional framework favourable to the creation and development of agro-pastoral enterprises for young people. The programme concentrates its involvements in the four regions of the Centre, the South, the Littoral and the North-West, which encapsulates approximately 40% of the population of young individuals residing in rural areas. The Youth AEP follows an incubation approach to eliminate constraints, improve access for young entrepreneurs to various services, and support the development of businesses in the various value chains. Feedback on the progress of the Youth AEP at the end of 2020 indicated that the programme was 53.9% complete, and that the achievements of the initiative so far have been satisfactory, despite the impact of the coronavirus pandemic and the socio-political unrest in the Anglophone region. Results showed that the programme led to the establishment of 1,993 new agro-pastoral businesses, of which 38.8% are managed by women, with a long-term goal of 3,700 companies. These developments also contributed to the creation of 7,972 new jobs in the agricultural sector. The programme's focus in 2021 will be on the refinement of the businesses already created to ensure that they can operate autonomously, whilst also ensuring the sustainability of the agricultural activities promoted by the Youth AEP (International Fund for Agricultural Development, 2020).

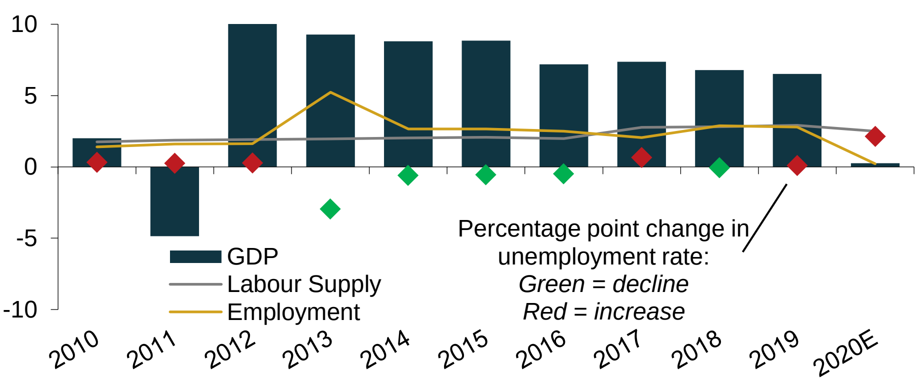
4. COTE D'IVOIRE

Considerable improvements in employment since 2012, however poverty persists

Côte d'Ivoire has experienced robust economic growth since the end of the Second Ivorian Civil War in April 2011, with the real economy growing by an average rate of 8.1% p.a. between 2012 and 2019 (World Bank, 2021). This rapid growth was accompanied by a significant improvement in unemployment, with the country's unemployment rate decreasing from 7.2% in 2012 to 3.2% in 2019 (World Bank, 2021). The COVID-19 outbreak in 2020, however, will severely hamper the domestic economy and, consequently, result in a spike in the unemployment rate. Despite this, Côte d'Ivoire is expected to weather the pandemic relatively well compared to the rest of the continent due to the robustness of the local economy.

As the world's largest producer of cocoa, steps were taken last year to improve farmer poverty in the sector as Côte d'Ivoire (along with Ghana) introduced a $400/tonne premium, often referred to as a living income differential (LID). This LID has, however, resulted in notable oversupply of cocoa during this time of economic crisis as it artificially props up prices. The long-term impact and viability of the LID is yet to be established.

Annual change in labour market indicators (%)



Sources: NKC African Economics (2021), UN (2019), World Bank (2021a)

In recent years, there has been a strong focus on industrial development in Côte d'Ivoire, which has been accompanied by efforts to upskill the country's workforce. This is equally important for reducing the domestic economy's reliance on cocoa as well as reducing poverty in the country.

Key Job Creation Initiatives

4.1 ADDRESSING YOUTH UNEMPLOYMENT

Ivorian authorities launched the Youth Employability and Insertion Support Programme (PAAEIJ) towards the end of 2013 in an attempt to change the country's labour force profile in the wake of the civil war that ended in 2011.

Channel:
Public investment

Focus:
Skills development

Sector:
Education

The programme was initially meant to run between December 2013 and April 2014 and comprised of three components: (i) offer support to vocational training and employment reforms; (ii) improvement of the relevance and governance of higher education and scientific research; and (iii) improved sector coordination. The PAAEIJ was meant to directly benefit 59,000 vocational training students, 155,000 higher education students and 2,000 unemployed youths across various sectors and industries. Funding came from the African Development Fund (ADF) and totalled $28.5m ($21m loan and $7.5m grant). The programme ran longer than initially projected and concluded at the end of March 2015. Outcomes were largely positive, with 108,384 individuals benefitting from vocational training compared with an initial target of 59,000 people. Beneficiaries were also equally distributed, with roughly 50% of them being female. The programme reached and benefited 301,226 students and scholars, with roughly 43% of these females. The PAAEIJ also managed to construct/rehabilitate three educational support facilities. One metric where the initiative came up short was in terms of job creation for unemployed youth, as it only managed to create 1,500 of the originally targeted 2,000 jobs. 49% of these 1,500 jobs were filled by female candidates (African Development Fund, 2017).

4.2 ADVANCING TRADE IN WEST AFRICA

Channel:
Public investment

Focus:
Market access

Sector:
Infrastructure

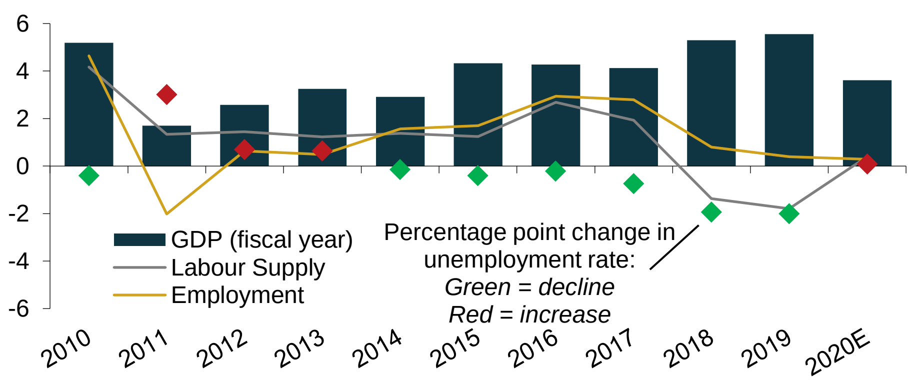
In an attempt to increase capacity and enhance job creation, construction on a new container terminal at the port of Abidjan started on 5 October 2020. The port, responsible for approximately 90% of the country's foreign trade, will be able to accommodate ships carrying up to 15,000 containers when the terminal is completed, compared with its current maximum capacity of 3,500. According to Hien Sié, general manager of Abidjan's port, the completion of the new terminal will enable the port to compete with all other ports in Africa in terms of ship reception, infrastructure and storage capacity. The new terminal is also built with the aim of capturing more trade traffic from landlocked countries in the region, such as Mali, Burkina Faso and Niger (Jeune Afrique, 2020). It is estimated that 800 jobs will be directly created through the construction and eventual operations of the port, whilst it is likely that many other jobs will be indirectly created through the positive externalities that will stem from the port of Abidjan's increased capacity. Not only will Côte d'Ivoire be able to transport more of its own export commodities to the international market, but it will also enable the country to facilitate maritime trade on behalf of landlocked countries in the West African region. This will also contribute to the development of Côte d'Ivoire's industrial and services sectors, and consequently result in the creation of more skilled employment opportunities, leading to a reduction in the domestic economy's dependence on the agricultural sector for mopping up unemployment, while also addressing severe poverty among the country's most vulnerable. Construction for this project is estimated to be completed in April 2022 (Ship Technology, 2020).

5. EGYPT

Egypt is one of the few global economies that seems to have shown resilience in the face of the COVID-19 pandemic. Although economic growth came in at around 1.2% in 2020, from 5.7% in 2019, it remained in positive territory, reflecting the economy's ability to absorb some of the shocks brought about by the pandemic. This can largely be attributed to several IMF-backed macroeconomic reforms adopted since 2016. The government was also quick to implement several initiatives to support hardest-hit industries at the onset of the pandemic. Despite the economy's relative resilience, the devastating effects of various COVID-19 restrictions were not entirely escaped. Egypt's unemployment rate rose to 9.6% in 2020 Q2, from 7.7% in 2020 Q1. This reflects a loss of 2.7 million jobs that quarter. As COVID-19 restrictions eased and normal daily activities returned, the unemployment rate was quick to recover – falling to 7.2% in 2020 Q3, reflecting a recovery of two million jobs that quarter (CAPMAS, 2021). The unemployment rate remained steady at 7.2% in 2020 Q4 according to the latest CAPMAS figures. While the economy is forecast to expand by 3.3% this year and 3.7% p.a. over the medium term, this will not be enough to meet the employment requirements of a fast-growing labour force.

Major policy changes are needed to tackle Egypt's looming unemployment problem

Annual change in labour market indicators (%)



Sources: NKC African Economics (2021), CAPMAS (2021)

Key Job Creation Initiatives

Channel:
Public investment

Focus:
Skills development

Sector:
Education

5.1 ADDRESSING THE SKILLS MISMATCH

In 2016, the Egyptian government launched a new national development framework entitled "*Vision 2030*", which seeks to build the foundation for sustainable economic growth through the pursuit of various economic, environmental and social targets. One of the ten pillars pursued under this framework is education & training – key in a country where a mismatch exists between the skills held by the workforce and those required by the private sector (Arab Development Portal, 2016). It is within this context that the Technical and Vocational Education and Training Reform

Programme (TVET) was established. The nation-wide initiative, which is co-funded by the Government of Egypt and the European Union operates across Egypt's 27 governates (TVET, 2021). The main aim of the programme is to better-align the education of youth with the needs of the labour market by encouraging the youth to learn a trade as an alternative to traditional academic learning. The programme also offers shorter specialised vocational courses to students and graduates. The programme focusses on labour-intensive industries, including tourism & hospitality, agriculture, food processing, ICT & renewable energy, textiles, building & construction, automotive, logistics and industrial engineering (TVET, 2021).

According to the TVET, the programme has made progress in fulfilling its mandate: it has handled around 45,000 career guidance cases; renovated 90 schools/ training centres; provided 1,320 internship opportunities; and trained 7,000 workers and job seekers, 4,000 technical teachers and 500 guidance facilitators (TVET, 2021). Despite this progress, much still needs to be done for the programme to have the desired wide-reaching impact on the TVET sector, which accommodates two million students per year.

5.2 IMPROVING ACCESS TO FINANCE

Channel:
Access to Credit

Focus:
SMMEs

Sector:
Financial services

Another key pillar of the Vision 2030 strategy is economic development and the development of a vibrant private sector is essential to that end (Arab Development Portal, 2016). It is within this context that the government along with various other stakeholders has prioritised improving financial access of Small Medium and Micro Enterprises (SMMEs). Banks are often hesitant to extend credit to SMMEs in Egypt leaving them excluded from formal financing channels. To tackle this issue the "Promoting Innovation for Inclusive Financial Access" programme was launched in 2014. The programme, which was funded by the World Bank, was concluded in 2019. The implementing agency for the programme was the Egyptian Micro, Small and Medium Enterprises Development Agency (MSMEDA) – formerly the Social Fund for Development. The key objective of the programme was "to expand access to finance for micro and small enterprises (MSE) in Egypt using innovative financing mechanisms with a special focus on youth and women, as well as underserved regions" (World Bank, 2021b).

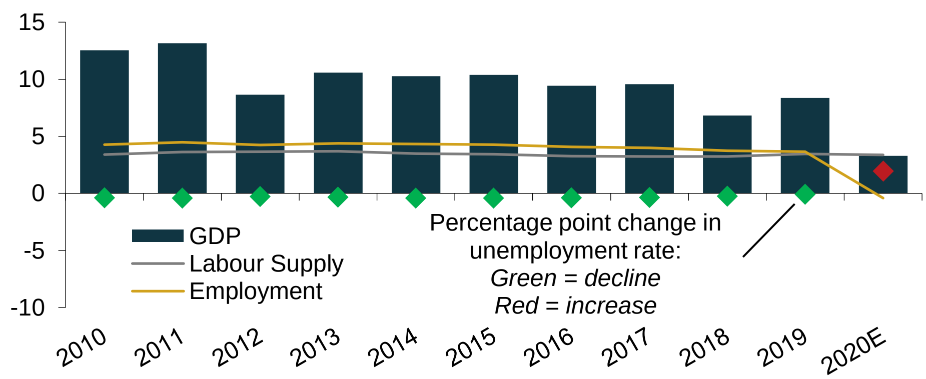
To achieve this, the MSMEDA was provided a credit line ($300m), which it was tasked with extending to participating financial institutions. These institutions provided sub-financing in the form of loans, equity or convertible debt to SMMEs. Overall, the programme exceeded its targets: three new financial products for SMMEs were introduced; the number of direct project beneficiaries was 174,488 (overshooting the target of 70,000); around 42% of the beneficiaries were female-owned SMMEs (compared with the 30% target), while 44% were youth owned SMMEs (compared with the 40% target). Lastly, the programme generated an estimated 71.4 million days of employment (World Bank, 2021b).

6. ETHIOPIA

Ethiopia suffered a cataclysmic shock in 2020 as the pandemic pummelled the various channels of discretionary consumption, travel and tourism, and weaker investment to disrupt growth momentum. The eye of the COVID-19 storm passed over the Ethiopian economy by the end of the 2019/20 fiscal year (FY, commencing on July 8) but a return to economic health remains elusive. Nonetheless, favourable demographics and increased openness toward foreign capital, combined with narrowing of the infrastructure deficit should catapult Ethiopian growth above the 6% p.a. barrier from 2022 onwards (NKC African Economics, 2021). The phased liberalisation of the telecoms sector will set the tone for broader services sector reform, ultimately extending into financial market deepening and progress towards opening the lucrative banking sector to foreign investors. Along with accelerated growth, these initiatives will be pivotal in the expansion of the formal labour market and strengthening household income. Employment opportunities created by investment projects licenced by the Ethiopian Investment Commission (EIC) stood at 3,211 permanent positions and 1,634 temporary positions during FY 2019/20 (National Bank of Ethiopia, 2020).

Large informal sector and subsistence farming in rural areas present opportunities

Annual change in labour market indicators (%)



Sources: NKC African Economics (2021), UN (2019), World Bank (2021a)

Data sources on the unemployment rate differ in their estimates but generally report very low figures (partly the result of a high informal labour market): the World Bank reported the unemployment rate to be around 1.8% in 2019, with higher estimates placing the proportion of the labour force actively seeking employment in the formal sector at 2.1%. Data released by the Federal Urban Job Creation and Food Security Agency (FeUJCFSA) showed a tremendous strengthening in employment through micro and small enterprises (MSEs) – during FY 2019/20, 111,547 new MSEs were established, leading to the employment of nearly 1.6 million people. MSEs received Etb7.7bn in loans during FY 2019/20, up from Etb7.3bn in FY 2018/19 (National Bank of Ethiopia, 2020).

Key Job Creation Initiatives

6.1 STRENGTHENING PARTNERSHIP WITH PRIVATE SECTOR

Channel:
Public-Private Partnership

Focus:
Youth employment

Sector:
Broad-based

Guided by the government's job creation strategy in collaboration with the private sector, the *Young Africa Works in Ethiopia* initiative was launched in 2019 in partnership with the Mastercard Foundation (who committed an initial $300m to the programme) and Ethiopia's Jobs Creation Commission (JCC). The initiative seeks to deepen growth and create employment opportunities within the tourism, agricultural, manufacturing and information & telecommunications (ICT) sectors. One avenue through which these goals will be achieved is the support of entrepreneurs and SMMEs by providing access to finance, skills development and business development support. The first phase of *Young Africa Works in Ethiopia* comprises implementing partners (including Kifiya Financial Technology, the International Centre for Insect Physiology and Ecology, First Consult PLC and DAI Europe) contributing a cumulative value of $119m with the aim of creating more than 1.4 million direct work opportunities. The initiative aims to create 10 million job opportunities by 2030 (Mastercard Foundation, 2019).

In turn, the JCC and Mastercard Foundation spearheaded the creation of *Enabling Ethiopia*, a five-year programme designed to implement the core objectives of the Plan of Action for Job Creation (PAJC) 2020-25. The PAJC was launched in October 2019 and envisions the creation of 14 million employment opportunities (JCC, 2019) by 2025 via the adoption of pro-employment policies (specifically to support women, people with disabilities and young people) such as lowering barriers to entry for entrepreneurs, creating a structured labour market information system and implementing resource optimisation tools. The *Enabling Ethiopia* programme is aligned with the *Young Africa Works* initiative.

6.2 BUILDING CAPACITY IN THE AGRI AND FOOD INDUSTRIES

Channel:
Fiscal incentives

Focus:
Rural employment

Sector:
Agriculture

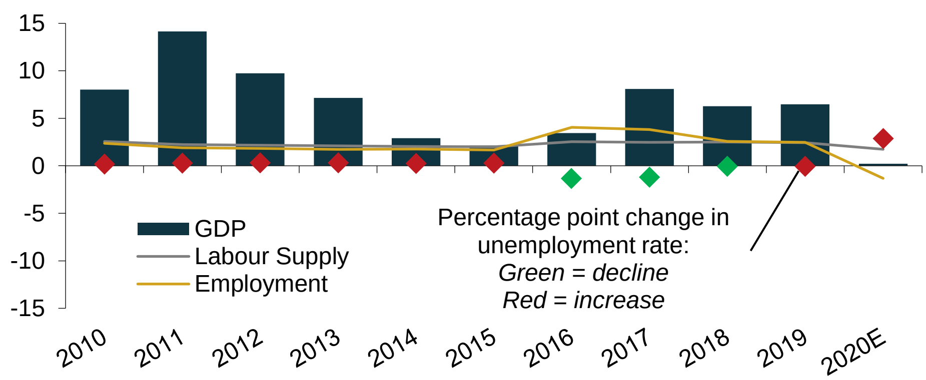
In 2017, the ministry of agriculture and natural resources unveiled the Rural Job Opportunity Creation Strategy (RJOCS) with the aim of creating job opportunities in rural areas. The European Commission (2020) released recommendations on policy support for the RJOCS initiative in 2019, including the development of industrial agro-processing parks, irrigation facilities, livestock extension services and social programme support via labour subsidies or a productive safety net programme (PSNP). The Commission determined that livestock offers the greatest employment generation capacity, followed by cash crops, food crops and agri-food industry. Increased investment (partly via a reprioritisation of public spending) in agro-processing industrial parks should result in good absorption capacity and hence boost job creation, production factor income and household income, according to scenario simulations. In addition, the rural development strategy will address migration to urban areas, in particular Addis Ababa.

7. GHANA

The country's strong economic growth trajectory over the past decade (averaging 6.8% p.a., GSS) has made the economy more resilient against external shocks. As a result, we expect the broader impact of the COVID-19 pandemic to be less severe on the Ghanaian economy, as the country endured a three-week partial lockdown compared with more severe restrictions and measures imposed in other countries on the continent. As such, the Ghanaian economy expanded by 0.2% y-o-y (GSS) during the first three quarters of last year. In August, a study conducted by the World Bank in collaboration with the GSS and United Nations Development Programme (UNDP) revealed that roughly 770,000 people (25.7% of the total workforce) saw a reduction in wages, while about 42,000 people lost their jobs as a result of the first onslaught of the pandemic (World Bank, 2020a). The pandemic still had a significant impact on many Ghanaian firms, with many forced to cut costs by reducing staff hours, lowering wages, and in some cases letting people go permanently.

Employment creation has remained low despite a robust growth trajectory

Annual change in labour market indicators (%)



Sources: NKC African Economics (2021), World Bank (2021a)

The strong growth trajectory over the past decade, however, did not translate into more job opportunities as one would expect. In fact, according to the World Bank the unemployment rate rose steadily from 4.6% in 2006 to 6.8% in 2015, before falling considerably in 2016 and 2017, but ticked up yet again in 2019.

Key Job Creation Initiatives

7.1 STRUCTURAL EMPLOYMENT TRANSFORMATION

Agriculture plays an important role in Ghana, both from an economic growth and employment point of view. The rapid economic growth trajectory, and the subsequent rise in household income and urbanisation in Ghana, has resulted in increased demand for processed foods. As such, local authorities have targeted agro-processing as a key industry to deliver the country's needs for processed foods,

Channel:
Access to credit

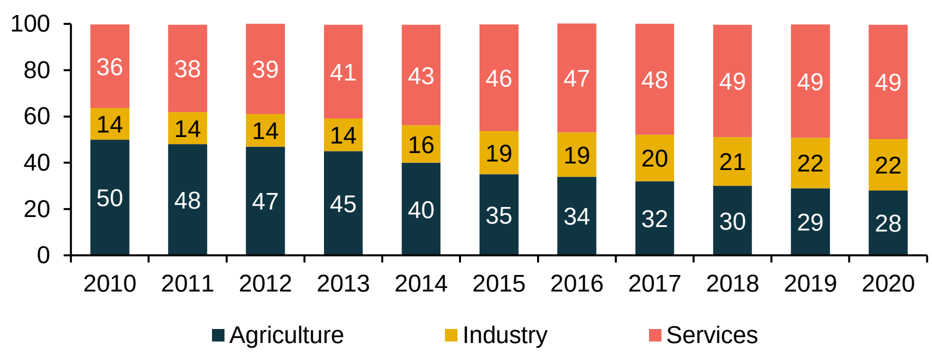
Focus:
Industrial development

Sector:
Manufacturing

while, in turn, shifting the country's workforce from the agricultural sector towards the industrial sector, especially manufacturing.

The agro-processing and manufacturing industries in general are ideal for job creation as they are seen as sustainable and labour-intensive. Furthermore, in many African countries, agro-processing is one of the most important sub-sectors in the manufacturing sector. The aim for the Ghanaian government was to enhance employment generation, contribute to enterprise development, diversify rural economies, and substitute import products. A stronger agro-processing sector, with close agriculture-industry linkages, was a key aim of the second-phase of Ghana's Shared Growth and Development Agenda (GSGDA II) from 2014-17. To achieve this the Ghanaian government would set up an Industrial Development Fund (IDF) to give support to the indigenous manufacturing sector, by directly funding agro-processing and light manufacturing enterprises.

Employment by sector (%)



Source: World Bank (2021a)

Small and medium sized enterprises tend to dominate the agro-processing industry in Ghana. Nevertheless, the industry continues to play a significant role in the country's economy. In fact, the industry grew at a robust rate of 14.9% p.a. between 2008 and 2013, according to the Ghana Exports Promotion Authority (Owoo and Lambon-Quayefio, 2017). National level data on employment in industry is mostly lacking, however, Ampadu-Ameyaw and Omari (2015) have demonstrated that the agro-processing industry is a key source of employment for Ghana's rural communities, specifically women, who tend to dominate employment in the sector. Looking at general employment data provided by the World Bank, it seems that the Ghanaian government was successful in achieving structural employment transformation thus far. As such, the proportion of industrial employment to total employment almost doubled over the last decade. More specifically, industrial sector employment rose from 13.7% to 22.2% in 2020.

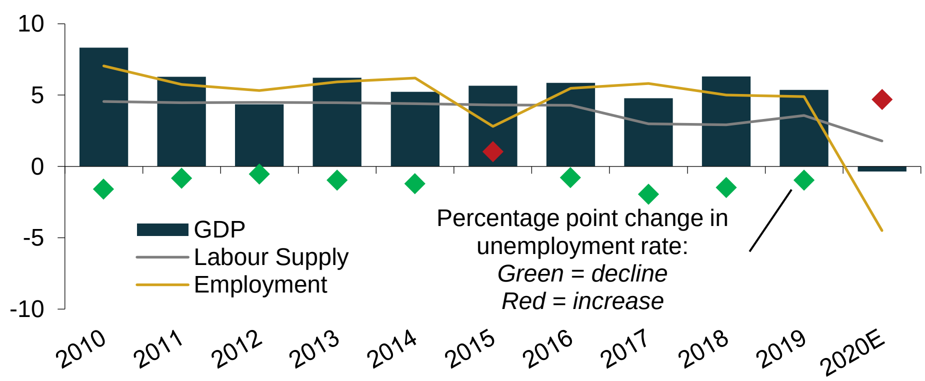
8. KENYA

Labour market dominated by informal sector employment

The onset of the global financial crisis and recession cut growth sharply in 2008 (0.2%), with only a modest pickup in 2009 (3.3%) due to drought conditions (KNBS, 2015). Growth then recovered to 8.4% in 2010, before slowing to an average of 5.6% p.a. in 2011-19 (KNBS, 2020b). However, COVID-19 headwinds have battered the economy, with the economy slipping into recession in Q3 2020 (-5.5% y-o-y in Q2 2020; -1.1% y-o-y in Q3 2020) (KNBS, 2021).

Between 2010 and 2019, employment grew at an average rate of 5.4% p.a., outpacing labour supply (KNBS, 2015, 2018). However, most of Kenya's jobs (over 80%) are in the informal sector. Employment growth in the informal sector averaged 5.7% p.a. in 2010-19, compared to 4.3% p.a. in the formal sector (KNBS, 2020b). Kenya's labour market remains susceptible to economic downturns as informal jobs have limited legal protections – during times of economic uncertainty, we are more likely to see job cuts in the informal sector than in the formal sector.

Annual change in labour market indicators (%)



Sources: NKC African Economics (2021), KNBS (2020b), World Bank (2021a)

COVID-19 containment measures to curb the spread of the virus led to significant job losses. Data from the KNBS shows that **the unemployment rate surged from 5.2% in Q1 2020 to 10.4% in Q2 2020 when severe containment measures were in place.** However, the rate improved slightly to 7.2% in Q3 2020 following the easing of lockdown measures (KNBS, 2020a). Despite the labour market's susceptibility to economic downturns and the challenge of informality, some initiatives been successful in creating job opportunities.

Key Job Creation Initiatives

8.1 PROMOTING YOUTH-OWNED ENTERPRISES

Gazetted in 2006, the *Youth Enterprise Development Fund* is a state-owned corporation "*mandated to provide financial and business development support services to youth-owned enterprises."* The fund seeks to create employment

Channel:
Public-Private Partnership

Focus:
Youth employment

Sector:
Broad-based

opportunities for young people through entrepreneurship, particularly since about 80% of Kenya's unemployed are below 35, by providing loans to youth enterprises; facilitating youth enterprises to develop linkages with large enterprises; providing trading premises and worksites; facilitating youth to obtain jobs abroad; and providing business development support services (YEDF, 2021). The latest performance report of the fund shows that between June 2016 and May 2019, the fund had trained 508,368 youth on entrepreneurship; assisted 10,767 youth to market their products both locally and internationally; provided 1,653 youth entrepreneurs with affordable trading spaces; and also helped 26,015 young people get jobs abroad. Also, in the three years, the fund disbursed KSh326m in loans to 525 youth enterprises (YEDF, 2020).

8.2 ACCESS TO DIGITAL JOB OPPORTUNITIES

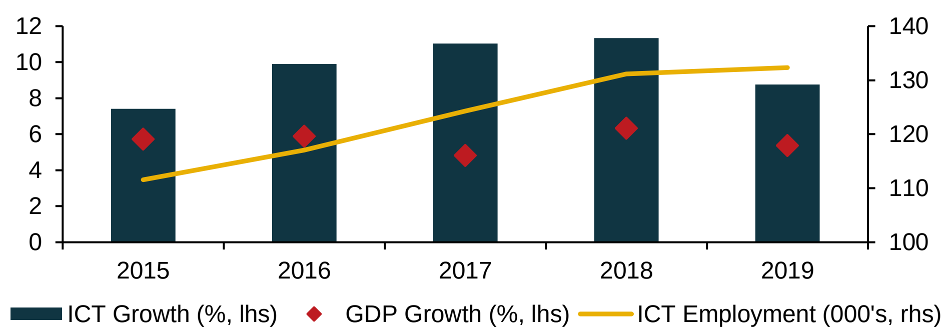
Channel:
Public-Private Partnership

Focus:
Skills development

Sector:
ICT

In 2016, the government launched the *Ajira Digital Programme*, an initiative driven by the Ministry of ICT, Innovations and Youth Affairs in partnership with the private sector, to empower over one million young people to access digital job opportunities. The programme seeks to "*position Kenya as a choice labour destination for multinational companies as well as encourage local companies and [the] public sector to create digital work.*" The programme's main objectives include raising the profile of digital work; promoting mentorship and a collaborative learning approach to finding digital work; and providing Kenyans with access to digital work. To achieve these objectives, the programme provides youth with access to ICT infrastructure, including innovation hubs and connect centres, and the education and skills required for improved youth employability within the digital economy (Ajira, 2020b).

ICT Sector Growth and Employment



Source: KNBS (2020b)

To kickstart the programme, over 150 youth officers were recruited and deployed in all counties to assist Kenyans in using the programme. According to the ministry, the programme has trained and provided over 50,000 work opportunities (Ajira, 2020a). This number is expected to rise due to labour market changes due to COVID-19. At the end of January 2021, the platform had 21,699 job opportunities listed, of which 5,682 jobs were local and the rest international (Ajira, 2020c).

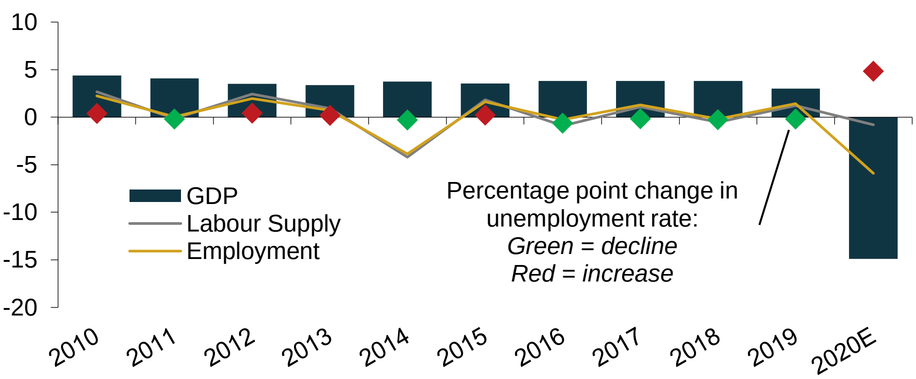
9. MAURITIUS

Since independence in 1968, Mauritius has transformed from a low-income, agriculturally based economy to a high-income, services-orientated economy. Although the island nation was the first African country to get the coronavirus under control, the collapse in tourism and prolonged containment measures have crippled its economy. The COVID-19 pandemic has had a significant adverse effect on unemployment in every industry and major demographic group in Mauritius. According to the Bank of Mauritius (BoM), at least 62,000 people ended 2020 without a job, which represents an increase of 56% compared to 2019 (BoM, 2021). The threshold of 100,000 unemployed, however, has not been crossed, as initially feared by the Minister of Finance. Towards the end of 2020, the World Bank established that the majority of job losses in Mauritius concerned self-employed workers and the restaurant industry. Their analysis of the socio-economic effects of the pandemic also made it possible to establish that women and young people (16-24 years old) would be the most negatively affected (World Bank, 2020b).

In response to the COVID-19 pandemic, the government implemented a wage support scheme and self-employed assistance scheme. The purpose of the two schemes was to cushion the socio-economic impact of COVID-19, by providing financial support to employees who have become unemployed on a temporary basis, as well as those who are employed in informal sectors or self-employed. Meanwhile, temporary amendments were made to the workers' rights act and the employment relations act under the Covid-19 bill to protect the rights of workers and support businesses (IMF, 2021).

The labour market is characterised by skills mismatch and scarcity of manual workers

Annual change in labour market indicators (%)



Sources: NKC African Economics (2021), Statistics Mauritius (2020), World Bank (2021a)

The island nation's unemployment rate declined from 7.7% in 2014 to 6.7% in 2019 (Statistics Mauritius, 2020). More specifically, the unemployment rate amongst females decreased from 11.4% in 2014 to 10.2% in 2019, while the unemployment rate amongst males dropped from 5.4% to 4.3% during the same period.

Key Job Creation Initiatives

9.1 IMPROVING YOUTH EMPLOYABILITY

Channel:
Public-Private Partnership

Focus:
Youth employment

Sector:
Broad-based

Local authorities created a Youth Employment Programme (YEP) to address the nation's relatively high level of youth unemployment. The programme, which is run by Skills Working Group (SWG), was established in 2013 and aims to reduce youth unemployment in Mauritius. Poor communication skills, lack of professional experience, and general skills mismatch are key barriers that hinder the youth of Mauritius from entering the labour market. As a result, the SWG's primary goal is to create and promote employable skills among youth under the age of 30. This is done by placing youth in organisations for one year to enable them to acquire on-the-job training. Out of the 6,450 youth registered on the SWG database in January 2014, 3,605 (55.9%) were placed in organisations (Ministry of Labour, Industrial Relations and Employment, 2014). From a broader perspective, Mauritius's youth unemployment rate (ages 16 - 24) fell from 24.7% in 2014 to 22.8% in 2019, while the unemployment rate of youth aged between 25 and 29 dropped from 11.1% to 10.9% during the same period (Statistics Mauritius, 2020).

9.2 DIVERSIFICATION AND SMME

Channel:
Public-Private Partnership

Focus:
Entrepreneurship

Sector:
Broad-based

Economic diversification has helped Mauritius to maintain stable economic growth and relatively low unemployment levels. Notably, SMMEs offer a viable solution to resolve unemployment, especially as they provide direct and indirect job opportunities in various sectors. In Mauritius, specific emphasis has been placed on bolstering the environment for SMMEs through different measures and schemes, as well as through the creation of policies and regulations. The National SME Incubator Scheme (NSIS) is one of the key schemes of the Mauritius Research and Innovation Council (MRIC, 2021), which aims to promote initiation and development of innovative start-ups that are facilitated by a network of private sector-led accredited business incubators. The NSIS has been in operation since December 2017, and has already incubated 181 projects, and graduated 13 start-ups as of January 2021.

9.3 WORK AND RESIDENCE PERMITS

Channel:
Regulatory requirements

Focus:
Skills development

Sector:
Broad-based

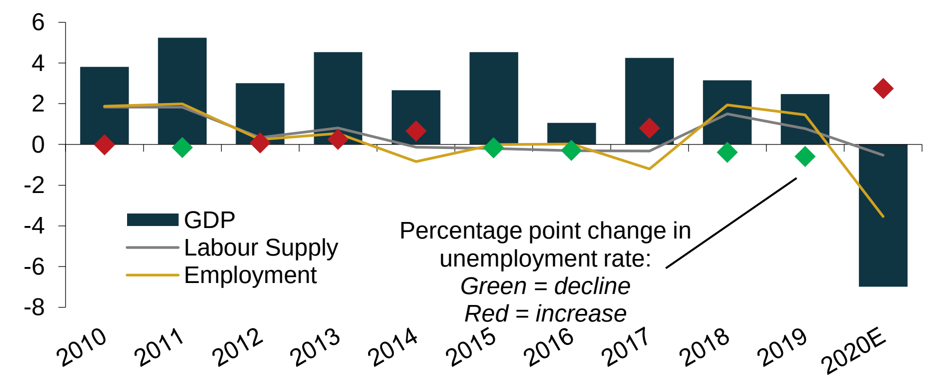
The United Nations (2019) expects the island's population to decline from 1.27 million in 2020 to 1.18 million by 2050. Additionally, its total dependency ratio (ratio of non-economically active population aged 0-14 and over 65, to the economically active population aged 15 - 64) is projected to rise as old-age dependency rises. The Finance Minister voiced his concerns about the potential decline in Mauritius's population in his 2020/21 Budget speech (MoFED, 2020). As a result, he implemented several measures to increase the influx of skilled immigrants and create more work opportunities (e.g. work and residence permits will be combined into one permit).

10. MOROCCO

The Moroccan economy came under increased pressure in the years preceding the COVID-19 pandemic, largely owing to volatility in the agricultural sector as the incidence of drought became more common. This, in turn, resulted in erratic GDP growth, which has hampered economic development. A heavy reliance on tourism, as well as foreign demand from the eurozone for its exports also did not bode well for the economy in the face of the pandemic. Overall, the economy contracted by 7.0% last year leading to a rise in unemployment. Morocco's unemployment rate rose to 12.3% in 2020 Q2, from 10.5% in 2020 Q1 and 8.1% in 2019 Q2 (HCP, 2021). This reflects a loss of 470,000 jobs in that quarter. Although the Moroccan economy started a slow and gradual recovery in Q3, the unemployment rate continued to rise to 12.7%, reaching its highest level on record. This reflects a further loss of 321,000 jobs in that quarter (HCP, 2021). More recently, the unemployment rate eased to 12.2% in 2020 Q4. Going forward, the government will have to prioritise inclusive growth and job creation if it is to reverse the detrimental effects of the pandemic on its labour market.

A heavy reliance on tourism was detrimental to employment in the face of the pandemic

Annual change in labour market indicators (%)



Sources: NKC African Economics (2021), World Bank (2021a), IMF (2020)

Key Job Creation Initiatives

10.1 TOWARDS A GREENER MOROCCO

Channel:
Investment promotion

Focus:
Export competitiveness

Sector:
Agriculture

In recognising the essential role of the agricultural sector in the economy, as well as the potential detrimental effects of climate change on the development of the sector, the government launched the Green Morocco Plan (GMP) in 2008 (ADA, 2021). The plan, which ran until 2020 aimed to make the agricultural sector the primary engine of economic growth. To achieve this, the GMP set out to enhance the competitiveness of Moroccan agriculture; increase agricultural output and exports; promote investment in the sector; promote aggregation as a tool of organisation (i.e. profit and input sharing, skills and technology transfer); increase resilience to climate change and mobilise different stakeholders. The GMP ultimately became the overarching policy of the Department of Agriculture and it is within this context that several different programmes were established under the support of the Moroccan government, as well as various foreign donors (Faysse, 2015).

According to the Agricultural Development Agency (ADA), the GMP had achieved many of its objectives by 2018: investment in the sector had amounted to over MAD104bn (at a ratio of 40:60 to public-private), agricultural GDP had almost doubled in size, and exports of agricultural products had increased by 117% to MAD33bn. This allowed for the creation of over 342,000 jobs, while the number of working days per year and per worker increased by 30 days/year to 140 days/year thanks to the expansion of cultivated areas, crop diversification and improved production (ADA, 2021). To further capitalise on the achievements made by the GMP, the Green Generation 2020-30 plan was launched last year. The new plan seeks to shift the way Morocco thinks about agricultural development by moving towards an approach which not only focusses on production, but also on building human capital, creating climate smart rural value chains and fostering livelihoods (Mokena, 2020).

10.2 FOSTERING GROWTH THROUGH INDUSTRIAL CLUSTERS

Channel:
Investment promotion

Focus:
Value chains

Sector:
Industry

The Industrial Acceleration Plan (IAP) was implemented by the Moroccan government over the 2014-20 period. The plan sought to build on the successes of the National Pact for Industrial Emergence (PNEI), which was implemented over the 2009-15 period and targeted the development and modernisation of six key export industries. The IAP aimed to increase the industrial sector's contribution from 14% of GDP in 2014 to 23% of GDP in 2020, and in doing so create 500,000 jobs. This was to be achieved by establishing ecosystems or *"industrial clusters"* through the development of Special Economic Zones (SEZs) and industrial areas. These clusters enabled industry-related firms (ranging from large firms to SMMEs), suppliers and service providers to operate within close proximity and benefit from supply chain links (MIITD, 2021).

Overall, the IAP was able to achieve most of its objectives: by 2018 around 405,496 jobs had been created in the sector with impressive results in the automotive, aeronautical, and textiles industries. More than 117,000 jobs were created in the automotive industry, while export revenues rose by MAD32bn to MAD72bn over the 2014-18 period. Around 17,000 jobs were created in the aeronautical industry, and 185,000 Moroccans were employed by the establishment of 1,200 new textile companies (Morocco World News, 2020).

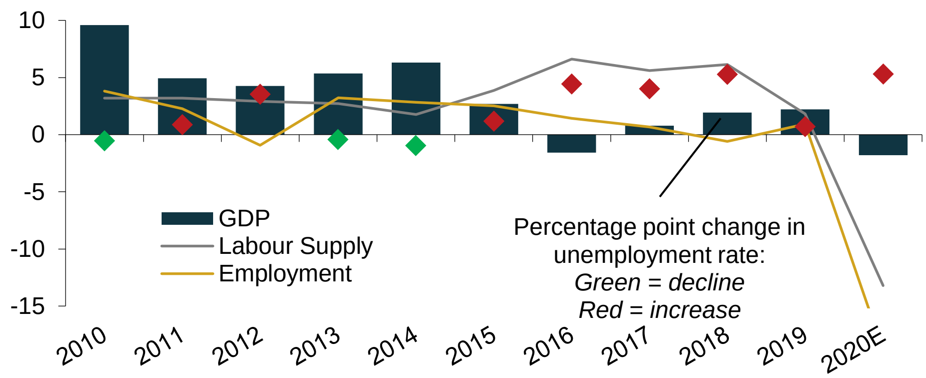
Going forward, the second phase of the IAP is set to run over the 2021-25 period. This plan aims to consolidate the achievements of the first phase of the IAP and generalise them across all Moroccan regions (Morocco World News, 2020) .

11. NIGERIA

The Nigerian economy came under immense pressure when oil prices declined in 2015, a situation which was only exacerbated by lower oil production due to sabotage attacks in the Niger Delta during 2016. The sharp slowdown in growth held significant adverse implications for labour markets. The weak policy response, with delayed decision-making and a shift towards a highly protectionist stance, especially in relation to erratic monetary policy and foreign exchange management, only served to exacerbate the impact on the real economy. Unfortunately, oil prices again plummeted to multi-year lows as a result of the COVID-19 pandemic, placing the already fragile economy under severe pressure. **Unemployment had increased from just 6.4% by end-2014 to 33.3% by end-2020** (NBS, 2020a), with labour force growth far exceeding job creation over most of this period.

High dependency on oil and a weak policy response have resulted in a sharp rise in unemployment

Annual change in labour market indicators (%)



Sources: NKC African Economics (2021), NBS (2020a)

While the below-potential growth prospects and still-weak policy environment in general will constrain job creation moving forward, some initiatives have still proved successful in creating employment.

Key Job Creation Initiatives

11.1 IMPROVED ACCESS TO CREDIT FOR AGRICULTURE

As part of its diversification strategy, the Nigerian government launched the Anchor Borrowers' Programme (ABP) in 2015. The aim of the programme is to support small-holder farmers, strengthen linkages with larger agro-processors (anchors), boost domestic agricultural production and create additional employment. Small-holder farmers are eligible for preferential loans backed by funds provided by the central bank, dependent on agreements between the relevant parties in the supply chain, including farmers, providers of input materials, and processors. Loans to farmers are to be repaid from the proceeds derived when delivering produce to the anchors.

Channel:
Access to Credit

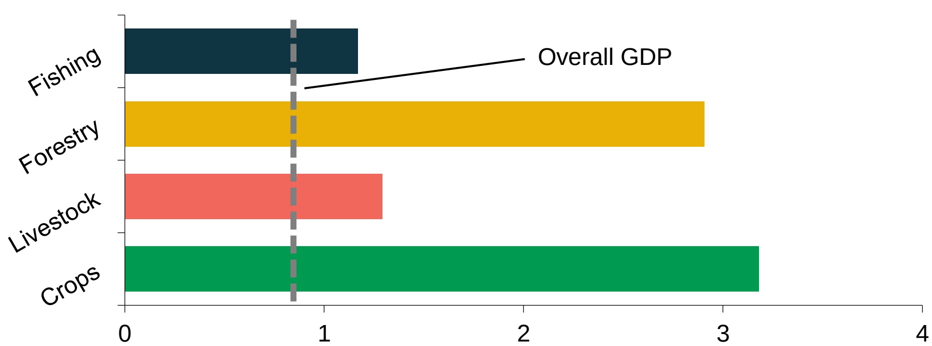
Focus:
Market access

Sector:
Agriculture

The design of the ABP initiative holds many advantages. It provides small-holder farmers with upfront funding to procure the necessary inputs and to pay for additional labour to increase production. The programme also involves training and support elements. Also, it involves many supply chain participants rather than just focusing on a specific segment, linking more formal and larger businesses with more informal ones which allows for the transfer of skills and knowledge. Finally, it is targeted at a sector which is very labour intensive, especially if small-holder farming operations are scaled up.

Initially the funding made available for the ABP programme was roughly N220bn when it was launched in 2015. According to the Governor of the Central Bank of Nigeria (CBN), Godwin Emefiele, a total number of 862,069 farmers had benefitted from the programme by October 2018 (CBN, 2018). Mr Emefiele also stated that the ABP programme had generated some 2.5 million jobs since its inception.

Average output growth, 2016-19 (%)



Source: NBS (2020b)

The ABP programme has also supported the agricultural sector in general in recent years, despite the rest of the economy recording especially sluggish growth rates. In fact, Nigeria's agricultural sector performance in terms of aggregate output has also consistently exceeded overall GDP growth over the 2016-19 period.

11.2 PRIVATE MEGA-PROJECT IN SPECIAL ECONOMIC ZONE

Channel:
Investment promotion

Focus:
Skills development

Sector:
Manufacturing

Both foreign and domestic investment in Nigeria has been well below potential in recent years, partly due to the challenging environment in addition to policy uncertainty. This, however, did not prevent the Dangote Group to commission the construction of Africa's largest oil refinery with a capacity of 650,000 bpd. Located in the Lekki Free Trade Zone, construction is set to be completed in 2022-23. Construction on other projects are also underway, including a large fertiliser plant. Aside from the jobs created through construction, estimates of permanent employment opportunities at the refinery once complete vary significantly, from around 10,000 direct jobs to as high as 100,000 - 300,000 indirect and induced jobs.

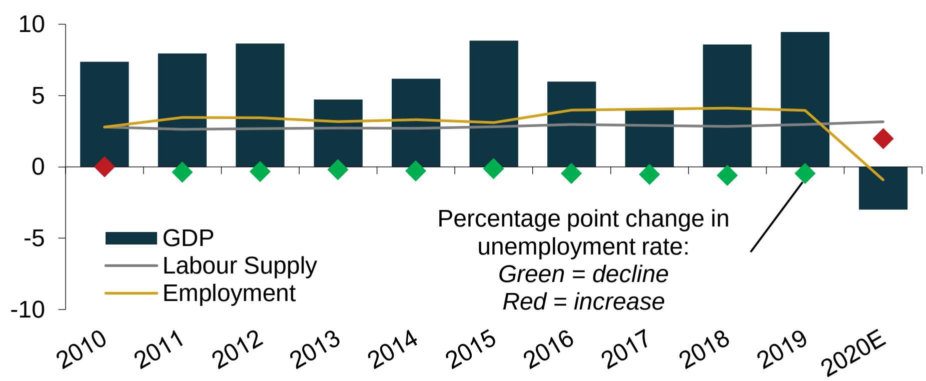
12. RWANDA

The domestic economy has been on a roll over the past few years, leading the charge among the rapidly expanding East African region. Rwanda's economy expanded at a rate of 9.4% in 2019 (NISR, 2020c), on the back of robust demand and government spending. However, the coronavirus pandemic saw the economy screech to a halt in 2020. Movement restrictions disrupted economic activity, while travel bans had a devastating impact on the country's nascent tourism industry.

Unemployment rose from 13.1% in February 2020 to a multi-year high of 22.1% in May, according to official Labour Force Survey (LFS) data (NISR, 2020a). That said, the unemployment rate declined by 6.1 ppts to 16% in the three months ended August 2020. The female unemployment rate (19.7%) remains notably higher than the male unemployment rate, which stands at 13.0% (NISR, 2020a). The closure of schools (owing to COVID-19 restrictions) has seen students increasing their involvement in the labour market, with the number of young individuals combining studies and employment having increased from around 123,000 in early 2020 to almost 324,000 in August 2020 (NISR, 2020a).

The youth are entering the job market prematurely

Annual change in labour market indicators (%)



Sources: NKC African Economics (2021), UN (2019), World Bank (2021a)

Rwanda's manufacturing sector has grown by an average rate of around 9% p.a. between 2015 and 2019 and accounts for around 8% of GDP (NISR, 2020c). The manufacturing sector is dominated by food production (accounting for 32% of total manufacturing production in 2019) and the beverages & tobacco subsector (accounting for around 25% of total manufacturing output) (NISR, 2020c). However, Rwandan factories could not operate at full capacities for most of 2020, since workers were unable to go to work due to the lockdowns. Industry and the services sector form a crucial part of the Rwandan economy from both an employment and foreign currency-generation perspective. Early data releases show that the former has rebounded quicker than the services sector as lockdown measures eased somewhat, but travel remained muted. We expect to see a similar trend in employment patterns going forward, as economic conditions continue to normalise gradually.

Key Job Creation Initiatives

12.1 PROMOTING INCLUSIVE AND SUSTAINABLE JOBS

Channel:
Public-private partnership

Focus:
Skills development

Sector:
Broad-based

Job creation is a key component of Rwanda's National Strategy for Transformation (NST1), which sets out to create 1.5 million so-called "*decent and productive*" (off farm) jobs over a seven-year period during 2017-24 (MINECOFIN, 2017). The government has identified agro-processing, horticulture, manufacturing, value addition to minerals, construction, tourism & transport as well as knowledge-based services & creative art as high priority areas. A collaborative partnership between officials, the private sector, trade unions and the National Labour Council aims to promote inclusive growth and programmes that will help lift people out of poverty. Between 2018 and 2019, the number of off-farm employment rose by 6.4% to just under 121,000 new jobs (NISR, 2020b). The industries that contributed the most were the transport & storage industry (+25%), accommodation & food service activities (+22%), followed by education (+9.5%) (NISR, 2020b).

Following the devastating impact of COVID-19, the government put forward a budget for the 2020/21 fiscal year, with the theme of "*safeguard livelihoods, jobs, businesses and industrial recovery*." The ministry of finance allocated RWfr16.2bn towards job creation and entrepreneurship promotion. Officials hope to create 205,500 "*decent and productive*" jobs during the current fiscal year, as set out under the NST1. Moreover, the budget also provisioned for 7,560 start-up tool kits to assist Technical and Vocational Education Training (TVET) graduates (MINECOFIN, 2020).

12.2 A BUSINESS HUB FOR AFRICA

Channel:
Public investment

Focus:
Skills development

Sector:
Infrastructure

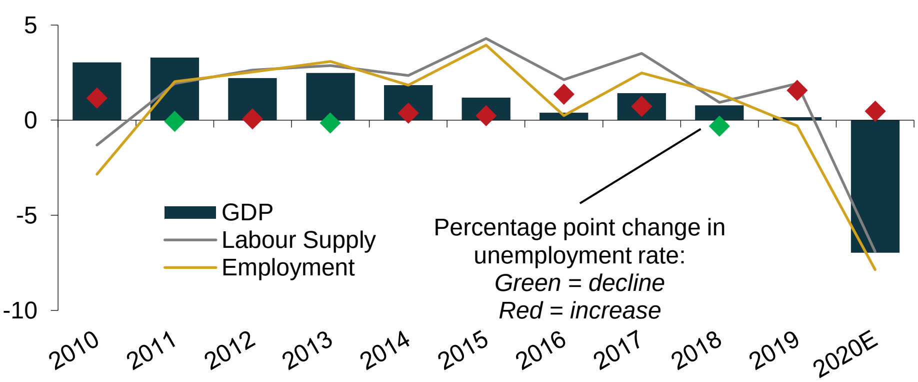
Rwanda's industrial sector is dominated by the construction sub-sector, with the latter recording an average expansion of around 10% p.a. between 2015 and 2019 (NISR, 2020c), becoming a key driving force behind overall economic growth – with public-sector investment playing a key role. Past government investment has led to strong growth in exports, including tourism and transport services, while the country has increasingly positioned itself as a transit hub and a re-exporter of goods from East African ports. In line with Rwanda's aim of improving and sustaining air transport infrastructure, the government recently reported that major expansion projects at Kigali International Airport were close to completion, while construction of the New Bugesera International Airport was 35% completed (MINECOFIN, 2020). Large infrastructure projects such as these have created a number of temporary work opportunities over the years. This strategy fits with the authorities' ultimate aim of making Rwanda a highly competitive, agile, open and innovative economy with a favourable business climate – and in doing so help create more sustainable jobs over the medium- to long term.

13. SOUTH AFRICA

South Africa had severe unemployment issues going into 2020 and the COVID-19 pandemic further devastated the labour market. The 2020 GDP contraction of around 7.0%, with employment feeling the brunt of the economic pressures during the second quarter: some 2.2 million jobs were lost that quarter according the Statistics South Africa (StatsSA, 2021). The third quarter saw only 543,000 of these jobs recovered. The latest figures show the official unemployment rate reaching 32.5% in 2020 Q4. However, given the prevalence of discouraged workers due to the pandemic, a more accurate picture of the labour market is reflected in actual employment figures: around 15.0 million South Africans were employed in 2020 in Q4 compared with the figure of 16.4 million before the pandemic hit in 2019 Q4 (StatsSA, 2021). The projected 2.5% GDP expansion in 2021 will be accompanied by further job creation, but the slow pace of the recovery and further increases in the size of the labour market mean that unemployment will remain a concern over the medium- to long term.

The unemployment problem has been exacerbated by the COVID-19 crisis

Annual change in labour market indicators (%)



Sources: NKC African Economics (2021), StatsSA (2021)

Key Job Creation Initiatives

13.1 PRIVATE SECTOR LEADS THE WAY

Channel:
Public-private partnership

Focus:
Youth employment

Sector:
Broad-based

The Youth Employment Service (YES) was launched in 2018. It is a business-led collaboration between government and labour with the aim of creating one million job opportunities for South Africa's young work seekers. The initiative's 12-month quality work experience programme leverages technology to facilitate the pairing of individuals wanting to gain practical experience with organisations that are able to provide that experience. The aim is to improve the employability of individuals once the programme has run its course. The initiative has reportedly facilitated over 46,500 work experiences with over 1,266 corporations signing up to the programme (Yes4Youth, 2020). As an additional incentive from a corporate perspective, the initiative also allows for companies to improve their Broad-based Black Economic Empowerment (B-BBEE) standing. The latter is a government policy that aims to improve economic equality by favouring businesses that employ previously disadvantaged individuals. The YES initiative has reportedly resulted in over 300 organisations improving their B-BBEE statuses since its inception in 2018.

13.2 TARGETED INCOME RELIEF

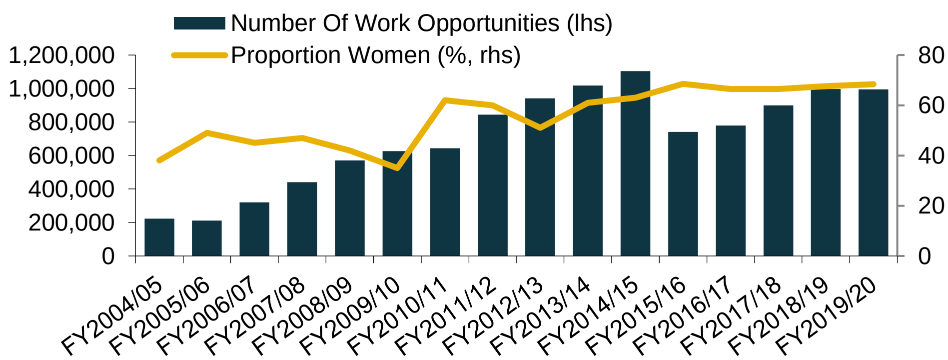
Channel:
Public investment

Focus:
Income transfer

Sector:
Infrastructure

The Expanded Public Works Programme (EPWP) aims at providing poverty and income relief through temporary work for the unemployed. The EPWP projects, which span all spheres of government and state-owned enterprises, employ workers on a temporary or ongoing basis to transfer income to poor households. The initiative increases the labour intensity of publicly funded infrastructure projects while also creating work opportunities through community, cultural and social programmes. The most recent figures show that the programme created nearly 995,000 job opportunities in the 2019/20 fiscal year, with 42% of employees being considered youth, while women accounted for 68% of job opportunities (DPWI, 2020).

Job creation due to EPWP initiative



Source: DPWI (2020)

13.3 PAYROLL SUPPORT

Channel:
Fiscal incentives

Focus:
Youth employment

Sector:
Broad-based

The South African government's Employment Tax Incentive (ETI) initiative aims at encouraging employers to hire young work seekers by providing tax incentives. After coming into effect in 2014, the scheme reduces the employer's cost of hiring young people through a cost-sharing mechanism with government. More specifically, the amount of pay-as-you-earn (PAYE) income tax paid is reduced while leaving the employee's nominal compensation unaffected. Qualifying employers are able to claim the incentive for 24 months for each qualifying employee. The qualifying criteria from an employee perspective centre around the age and income paid (with both a minimum and maximum remuneration to be considered), although the age criterion is exempted if the services rendered take place within a special economic zone (SEZ). The ETI initiative is currently scheduled to expire in February 2029.

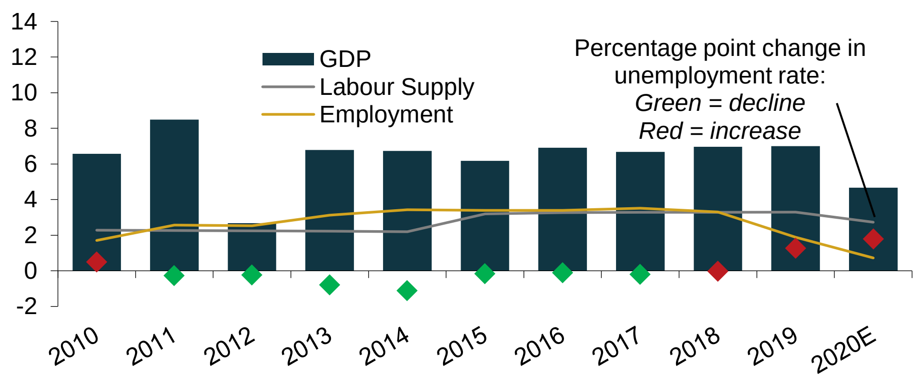
14. TANZANIA

The Tanzanian economy has shown robust growth in recent years, with real GDP growth averaging about 6.7% p.a. over the past decade (TNBS, 2021). Relative to its economic growth, the nation's progress in reducing poverty and unemployment has been rather disappointing. Official figures from Tanzania's National Bureau of Statistics (TNBS, 2018) show that the nation's unemployment rate improved slightly from 10.3% in 2014 to 9.7% in 2018 (latest data available).

Tanzania's ruling party took a series of counterintuitive steps in its response to the COVID-19 pandemic. Tanzania avoided implementing a nationwide lockdown and was slow to unleash fiscal and monetary support measures. Moreover, former-President John Magufuli announced that Tanzania was *"COVID-19 free"* in June 2020, only weeks after the authorities stopped reporting the number of COVID-19 cases and deaths to the World Health Organisation (WHO). According to official figures, the Tanzanian economy expanded by 4.8% y-o-y in the first three quarters of 2020, making it one of the world's star economies over the period (TNBS, 2021). Although the government did not implement a national lockdown, we do not expect that Tanzania was able to fully escape the claws of the COVID-19 pandemic.

Tanzania struggles to fully absorb its growing labour force

Annual change in labour market indicators (%)



Sources: NKC African Economics (2021), World Bank (2021a),

Tanzania urgently needs to transform its economy to create more productive jobs for its fast-growing population. Tanzania's population is currently estimated at 59.7 million and is set to see explosive growth over coming decades reaching 129.4 million by 2050 (UN, 2019).

Key Job Creation Initiatives

14.1 SUPPORTING LABOUR INTENSIVE SECTORS

Tanzania's industrial sector is dominated by manufacturing and construction, with the latter directly stimulated by public investment in infrastructure development. As

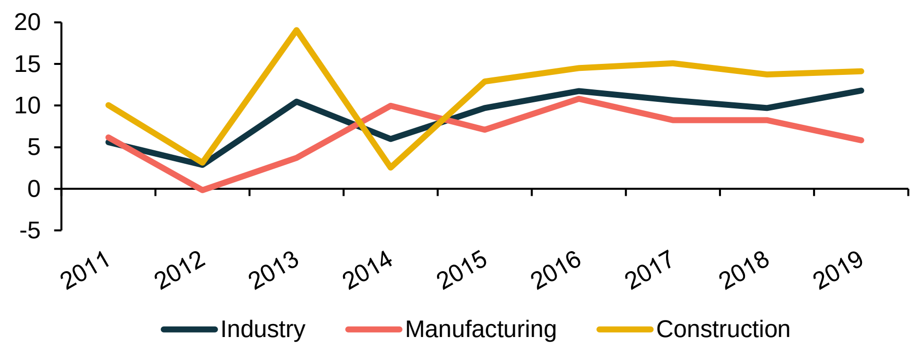
Channel:
Public investment

Focus:
Infrastructure

Sector:
Industry

a result, the industrial sector has been the nation's fastest-growing industry over the past few years (TNBS, 2021). Employment in the industrial sector has also been on an upward trajectory since the early 2000s. Notably, between 2015 and 2020, 8,477 new factories had been built, which created around 480,000 new job opportunities (Parliament of Tanzania, 2020).

Industrial Sector Growth (%)



Sources: NKC African Economics (2021), TNBS (2021)

14.2 SECURING PARTNERSHIPS WITH THE PRIVATE SECTOR

Channel:
Public-private partnership

Focus:
Private investment

Sector:
Broad-based

Former-President John Magufuli laid out several investment plans to boost local production and develop key economic sectors, notably agriculture, industry, trade and tourism. *"These sectors are the ones that employ the most Tanzanians. So, obviously, if we succeed in growing them, our economy will grow faster and thus reduce the problems of poverty and unemployment in the country,"* Mr Magufuli announced during his State of the Nation Address in 2020. The plan aims to push GDP growth to 8.0% p.a. over the medium term and to create eight million new jobs by 2025. He noted that the success of the latter goals relies heavily on forming a good relationship with the private sector (Parliament of Tanzania, 2020). Tanzania's new president, Samia Suluhu Hassan sang a similar song in her first speech to parliament in April this year.

14.3 LOCALISATION REQUIREMENTS AND UPSKILLING

Channel:
Regulatory requirements

Focus:
Skills development

Sector:
Broad-based

According to Tanzania's Non-Citizens Employment Act (2015), the hiring of non-citizens is restricted to jobs for which local talent is unavailable. Legislation also requires the employers to have succession plans in place, with the non-citizen employee eventually being replaced by a local worker.

Employers are, therefore, required to implement training during the non-citizen employee's tenure to upskill a Tanzanian capable of replacing a non-citizen employee (ILO, 2015).

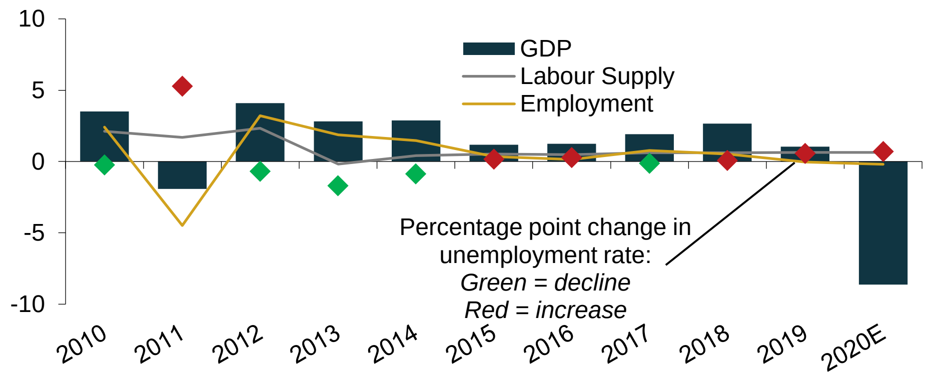
15. TUNISIA

Tunisia's economic structure has been shaped by a model orientated towards exports and industrialisation. The economy is fairly diversified, with strong manufacturing and services sectors. Consumption has been an important engine of growth due to hiring and a rise in salaries in the public sector. The services sector dominates in terms of its contribution to GDP. The State has a prominent role in the economy, with public services accounting for nearly a third of the services sector.

Tunisia spent the larger part of Q2 in a self-imposed isolation; while this stemmed the spread of COVID-19, it greatly impeded economic activity. Industrial production has recovered lost ground from the lockdown-induced decline seen in Q2, when real GDP contracted by 20.8% y-o-y. However, services sector stagnation continued to weigh on the economy, with real GDP declining by 5.8% y-o-y during Q3. On an annual basis, real GDP is estimated to have declined by 8.6% in 2020, from a 1.0% expansion in 2019 (NKC African Economics, 2021).

Knock to tourism a key driver behind the economic downturn and job losses

Annual change in labour market indicators (%)



Sources: NKC African Economics (2021), World Bank (2021a), IMF (2020)

Tunisia's unemployment rate has remained high in the period following 2010's Arab uprisings, reaching 14.9% in Q4 2019. In 2020, as international travel was halted, tourism and other services sectors were particularly hard hit with unemployment increasing to 18.0% in Q2 2020 before declining to 16.2% in Q3 (INS, 2021).

Youth unemployment in particular has been a concern, increasing steadily from 33.6% in 2014 to 36.5% in 2020. Many young Tunisians also find it difficult to obtain a job and are first in the firing line in the case of restructuring during an economic downturn. Unemployment amongst graduates has been rising in recent years, which represents a serious social issue.

Key Job Creation Initiatives

15.1 ECONOMIC STABILISATION AND YOUTH EMPLOYMENT

Channel:
Investment promotion

Focus:
Entrepreneurship

Sector:
Broad-based

The German Federal Ministry for Economic Cooperation and Development commissioned the Initiative for Economic Stabilisation and Youth Employment in 2015. The project aimed at supporting start-ups in inland areas where economic conditions are most dire via a range of advisory services and access to information technologies. To date, the project has supported more than 365 business founders and young entrepreneurs in economically disadvantaged regions of Tunisia in their endeavours to develop their businesses, in creating new jobs and generating income. The project has created work for 1,520 underemployed and unemployed individuals, 777 of them women (GIZ, 2020). In addition, 48 entrepreneurs are participating in a scheme providing post-start-up advice in two pilot regions: Sfax and Kairouan.

15.2 MASHROU3I (MY PROJECT)

Channel:
Public-private partnership

Focus:
Skills developments

Sector:
Broad-based

Mashrou3i represents a partnership with Hewlett Packard, the UN Industrial Development Organization (UNIDO), USAID, and the Italian Cooperation Agency to foster entrepreneurship and job training among at-risk youth in interior regions of Tunisia where unemployment is highest.

The project supports aspiring and existing entrepreneurs through training courses, business coaching and technical assistance. The project aims to reach 25,000 young entrepreneurs and to create 6,000 jobs in 14 governorates across Tunisia by the end of 2021 (Mashrou3i, 2017).

15.3 JOBS, OPPORTUNITIES AND BUSINESS SUCCESS

Channel:
Public-private partnership

Focus:
SMMEs

Sector:
Broad-based

Tunisia Jobs, Opportunities, and Business Success (JOBS) is a five-year project funded by USAID to support SMMEs in the period from 2018-23.

The project's aim is to identify and support high potential SMMEs and improve their competitiveness, access to finance and strategic growth plans. JOBS has targeted several key sectors including agro-industry, light manufacturing and technology.

The project also attempts to improve the skills match between vocational training institutions and the Tunisian labour market.

CONCLUSION

This report has identified and assessed various employment initiatives undertaken across the continent. Many that have been successful seem to share some key characteristics. It should be noted that assessing the success of an initiative is not as clear-cut as merely counting the number of jobs created. The amount of resources committed to a project should be considered, and the amount of jobs created could in some cases not justify the resources committed – the potential counterfactual should be kept in mind if these resources were spent elsewhere. However, examining the nature of successful employment initiatives and seeing which features these initiatives have in common across countries does allow for a more informed formulation of policy recommendations.

The correct decisions and effective implementation will allow the continent to address the unemployment problem

Finding an effective solution requires fully understanding a problem, and a salient feature of Africa's unemployment problem is the prevalence of youth unemployment. This, in turn, can be attributed to a mismatch between the demand and supply of skills, which has been compounded by GDP growth that has not been particularly labour intensive.

Both these issues can be addressed by considering another overarching finding from this report: the importance of leveraging private sector resources in pursing employment creation. Implementation efficiency and an intimate knowledge of the labour market mean that the private sector is ideally placed to facilitate skills development and generate work experience.

Furthermore, initiatives do not have to be sector specific, but a clear focus on which channel is being pursued and specific objectives within that channel improve the odds of success. The key themes identified in this report, namely that employability matters, the importance of leveraging private sector resources, and that good policy needs to be well-focussed, point towards some important policy recommendations:

- **Employability matters:** Demographic trends suggest that youth unemployment will increasingly become a concern if no direct action is taken. Initiatives that improve the employability of young individuals by generating opportunities to gain work experience or by supporting entrepreneurial endeavours hold great potential in traversing the gap between labour demand and labour supply.

- **Leveraging the private sector:** The alignment of public sector employment objectives and private sector business objectives is a key success factor. Leveraging private sector resources by providing training incentives or by collaborating in public-private partnerships in formulating and implementing employment initiatives markedly boost the chances of success.

- **Broad-based yet focussed:** Many of the initiatives are broad-based and do not target a specific sector. However, most successful initiatives seem to have a clear focus on a specific channel through which to stimulate employment. For instance, providing subsidies for skills development will still allow market forces to determine which sectors see the largest take-up of the initiative. Furthermore, irrespective of the sector targeted, it seems that initiatives that aim to involve different participants in the value chain often have a greater impact. These projects often leverage the expertise of more commercial or advanced segments of the value chain to drive the transfer of skills while also boosting the competitiveness of the targeted beneficiaries. A clear focus and explicit objectives are critical, and simpler interventions can often be most effective.

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