



**African  
Economic  
Platform**

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## **PLENARY PANEL 4**

**A brief on**

**African Skills Revolution and  
Reaping Its Demographic Dividend.  
Empowering Youth for Employment,  
Innovation and Entrepreneurship**

## **Introduction**

1. Africa's greatest resource is the skills of its people, especially the youth. As the youngest continent, and for Africa to reap its demographic dividend, it needs a concerted strategy to invest in its youth. The skills so developed can only be useful if they increase prospects for employability and job creation through innovation and entrepreneurship.

2. In this context, it becomes a critical issue to provide the required skills to Africa's youth along the value chain of our resources and global competitiveness. Among the underlying issues to be resolved include lack of education and skills mismatch which is among the principal obstacles of young people in labor markets. This is mainly observed in the context of high vacancy rates in the presence of high unemployment across different age groups and education levels. Increasing productivity even in the basic industrial jobs require a high level of ICT knowledge and scientific literacy, particularly in the light of automation and digitization. In manufacturing in particular though many of the positions require technical skills and may not necessarily pay the salaries that university graduates expect, innovation and problem-solving capabilities through university-industry partnerships is of critical importance.

3. Higher education systems in Africa need to become more diversified to meet the need for a variety of levels of skills and education. Furthermore, at the tertiary level, young Africans are confronted with a university system which has traditionally been focused on educating for public sector employment, with little regard for the needs of the private sector. Often a degree from a tertiary institution is an entry requirement for government employment, with little attention paid to a specific skill set.

4. It is apparent that the disconnect between education systems and labour markets, coupled with technological disruptions, creates instability and insecurity to the livelihoods of many. Although it is governments that must create the enabling environment that promotes the creation of quality employment and secure access to quality education, it is critical that business, civil society, and the education and training sectors are engaged in identifying and implementing solutions. The business led solutions will serve to address skills gaps, foster entrepreneurship and facilitate the talent market.

### **AU Employment and Skills Development Policies:**

5. The commitments of the Agenda 2063 are to reduce youth and women unemployment rate by at least 25%. Also, considering that youth are more represented in the informal economy and rural sector, they will benefit from the commitments to reduce underemployment by 50%, and to support 20% of informal sector ventures to graduate into Small Formal Enterprise category a year.

6. In pursuit of decent jobs, Agenda 2063 10 Year Plan seeks to improve access to social security and social protection. There is a particular concern that at least 20% of the informal sector and rural labor have access to social security, and all persons

working in the formal sector are provided with social security. The goal is decent work in all sectors.

7. The Agenda 2063 10 Year Plan endorses the Declaration and Plan of Action on Employment, Poverty Eradication and Inclusive Development (Assembly, January 2015) as one of the central policy frameworks for attaining the goals and targets set on Aspiration 1 aiming at "A prosperous Africa based on inclusive growth and sustainable development". The most critical component of inclusive growth is the creation of decent jobs.

8. Policy responses to the youth specific and structural challenges in the African labour markets are laid on the Six Key Priority Areas of the Plan of Action and its First Five Year Programme (2015-19). Furthermore, the Assembly supplemented the Plan of Action with a Public-Private Partnerships Framework on Jobs creation and Inclusive Development based on seven indicative programmes. The Assembly also provided for strategies aiming at facilitating intra and inter regional labour mobility to the benefit of youth, supporting private sector investment and development across the continent.

9. Key Strategic frameworks have been developed by the African Union that provide an anchor to youth skills development and employment discourse. For instance, in the Science, Technology and Innovation Strategy for Africa (STISA-2024), enterprises play a vital role as loci for research, adaptation and diffusion of technological know-how.

10. This is also echoed in the Continental Strategy for Technical and Vocational Education and Training (TVET) to Foster Youth Employment with a paradigm shift on development of TVET systems that prepare young people to become job creators rather than job seekers. Emphasis is placed on the urgent attention needed for the development and integration of agricultural value chains into the regional and global value chains.

11. The Continental Education Strategy for Africa (CESA 16-25) in one of its guiding principles also buttresses this point further by considering "quality and relevant education, training and research as core for scientific and technological innovation, creativity and entrepreneurship."

12. A well-educated workforce will be the single most important enabler for transforming Africa's economies and allowing them to benefit from a demographic dividend. Significant and immediate investment in education and skills development will be required if the workforce is to move up the value chain beyond simple production processes into more advanced manufacturing and service sectors while increasing these sectors' productivity.

### **The Challenges:**

13. Agenda 2063 describes structural characteristics of the African economies and labour markets, which have a strong influence on the outcomes and effectiveness in terms of employment and jobs creation for youth.

14. On their side, the youth are exposed to specific challenges in the job market: persistent high levels of unemployment and underemployment rooted on longstanding structural causes prevailing both on the demand and supply fronts. With almost 200 million people aged between 15 and 24, Africa has the youngest population in the world. 71% of this youthful population live below 2USD a day. Youth represent a large proportion of about 75% of the labor force holding vulnerable jobs- jobs in the informal sector that are insecure and pays wages less than poverty threshold per day.

15. In addition, given Africa's comparative advantage in agriculture and the great potential for international trade in processed agricultural products, the low number of graduates in the area of agriculture is striking. With 2% of students specialising in agriculture the discipline occupies the same rank among graduates in Africa as it does in Europe, even though agriculture contributes 13% to Africa's GDP compared to 1.4% in Europe (both for 2010, World Bank, 2011c). Agri-business is one of the few sectors for which finding high level managerial candidates is almost impossible in Africa, according to a large recruitment firm active in many African countries. Given the important role extractive industries play in many African countries, the lack of graduates available to work in the sector is similarly striking.

### **Labour Market and Youth Employment**

16. The functioning of African labour market institutions generates failures in responding to economic development needs in term of skilled manpower, in particular for the Small and Medium Sized Enterprises which opens up job opportunities for skilled and semi-skilled youth. However, the sector is hampered with limited capacity in human resource management and lack of labour market information. For the AU policies on accelerating industrialization and sustainable inclusive growth to reach their goals, these failures must be resolved.

17. Quality labour market information is needed to, among others, drive investment plans with operational manpower planning, support productive human resource policies in the private sector, align education and TVET outputs to job market requirements and develop effective career counseling for job seekers.

18. Another challenge concerns the non-inclusiveness of labour market governance. This is in the sense that its institutions provide professional services covering between 10 to 25% of the workers in the formal sector, thus excluding the majority of workforce engaged in non-structured sectors of the economy. These services on employment intermediation, social security, labour inspection, human resource management are very much needed for Africa's accelerated socio-economic development.

19. Africa's low productivity performance as compared to other regions of the world is also an issue of concern worth addressing. The East Asian worker is three times more productive than the African worker. This contributes to low paid wages, high working poverty in particular in informal economy and rural labour markets, where youth labor force is concentrated, among others. It will be necessary to raise productivity across all sectors of Africa's economy to achieve

higher growth and create quality employment, and turn this progress into sustainable and inclusive growth.

### **Skills Portability at the Continental Level**

20. A major concern in Africa and more specifically within the Regional Economic Communities (RECs) is the limited frameworks for recognition and compatibility of skills, experience and educational qualifications across national borders. This has been found to contribute to wastages of existing potentials, reduction in productivity and inability of employers to obtain needed skills. With the African Union's vision of an integrated Africa, it is expected that national borders will become more open to movement of peoples, skills and goods. This means that an African graduate will have the possibility of working anywhere in Africa; and a pool of skills from the whole continent is available for employers.

21. Workers need to have relevant and verifiable skills in order to gain access to job opportunities. On the other hand, employers' ability to select the workers they need depends on clear information on the type and level of workers' skills. This means skills need to be transferable between jobs and across borders and easily recognized by employers. It is important that mechanisms are put in place for mutual recognition and verification of skills certification.

22. Portability of skills implies recognition of certificates and diplomas and the possibilities that national certified are validated abroad. This process requires comparability of the knowledge, skills and competences held by the workers through skill portability mechanisms established at a continental level.

23. In the field of portability of qualification across Africa, an important milestone has been the adoption of the Addis Convention. The ratification process should be monitored and Member States stimulated to expedite it and adopt the necessary steps. In addition, the establishment of a Pan-African Quality Assurance and Accreditation Framework (PAQAF) with common agreed standards will strengthen cooperation in quality monitoring; development of compatible methodologies; harmonization of procedures; mutual recognition of academic qualifications; and facilitates the mobility of students and academics across the continent.

24. Technical Vocational Education and Training (TVET) approaches across Africa also require the adoption of a coordinated framework to orient Member States towards well-developed education and training systems, which produce qualifications responding to quality standards and labour market demands.

25. It is necessary to develop and apply TVET Quality Assurance Standards, which apart from serving skills recognition will also enhance the attractiveness and competitiveness of TVET and enhance the recognition of qualifications across the borders among Member States and Regional Economic Communities. The ongoing process towards the development of an Africa

Continental Qualification Framework under the Joint Labour and Migration Programme should thus be expedited.

## **Conclusion**

26. Africa's transformation therefore entails the double challenge of productivity growth and massive job creation. It is incumbent upon Africa's entire spectrum of leaders both in public and private sectors to put up concrete measures that would ensure harnessing the demographic dividend through investments in youth.