

POLICY BRIEF

By: Adedeji Adeniran, Chukwuma Nwofor, Halimat Abdulrazaq

June 2024

Africa's Decent Jobs Problem – Some Policy Options



1.0 Introduction

There is a consensus among policymakers in Africa that high unemployment, especially among youth, is a major impediment to inclusive growth. A recent Afrobarometer survey (Round 9) underscores this concern, revealing that 40 percent of African youth identify unemployment as the primary issue that governments should address. In response, regional and national policies, such as the Job for Youth in Africa program (2016-2025), have been designed to tackle the unemployment problem.

However, labor statistics on the continent indicate a more complex situation, where the quality of jobs is a greater concern than their quantity. Quality or decent jobs refers to employment that is "fair, dignified, stable, and secure", as opposed to vulnerable employment. Current estimates place the unemployment rate on the continent at 11.6%, while vulnerable employment reaches as high as 80% in several countries.

Essentially, Africa faces a decent job problem, and addressing this challenge will be key to unlocking the continent's demographic dividend.

This policy brief examines the decent work situation in Africa based on key trends in labor market statistics. The core premise of our argument is that decent work represents a complex and uniquely local issue, deserving more attention in the context of rethinking job creation in Africa. By exploring these labor market indicators, policymakers can better identify the factors contributing to the decent work problem.

2.0 Stylized Facts on Decent Work Trends

According to the International Labour Organization (ILO), decent jobs are defined as "productive work for women and men in conditions of freedom, equity, security, and human dignity". Specifically, work is considered decent when it pays a fair income; guarantees secure employment and safe working conditions; ensures equal opportunities and treatment for all; includes social protection for workers and their families; offers opportunities for personal development; and allows workers the liberty to express their concerns and organize.

Transitioning from this conceptual definition of decent jobs to actual measurement has been challenging. As a result, there is currently no consensus on the number and size of decent work opportunities in Africa. However, we can examine key attributes associated with decent jobs and use available statistics to draw conclusions about the state of decent work in Africa. The key trends presented in this brief highlight the depth and dimensions of decent job challenges in selected African countries².

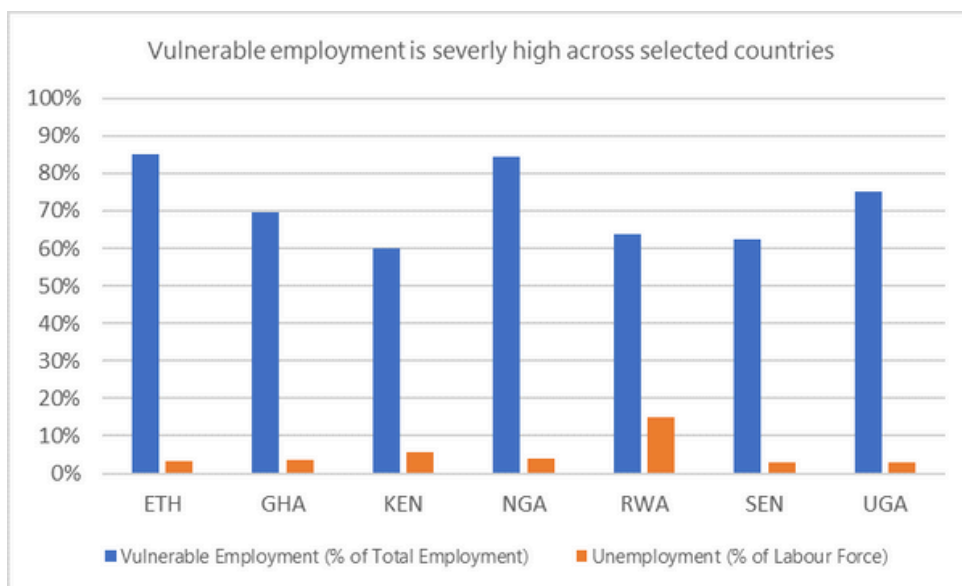
● A majority of the jobs can be classified as vulnerable

At least 60% of individuals are in vulnerable employment across selected African countries. In highly populated countries like Nigeria and Ethiopia, the unemployment rate is moderate, falling below 6%. However, the vulnerable employment rate exceeds 80%. The country with the least vulnerable employment is Kenya, with 60%. By definition, vulnerable employment represents the share of total employment classified as either contributing family workers or own-account workers. A significant proportion of individuals in this category are less likely to have formal work arrangements and, by extension, are more likely to lack decent working conditions, adequate social security, and effective representation by trade unions and similar organizations.

¹Extracted from [Employment and decent work - European Commission](#)

²Note: this brief is drawn from our ongoing study on the state of the education-labor market in these selected countries.

Figure 1: Share of Individuals in Vulnerable Employment vs Unemployment



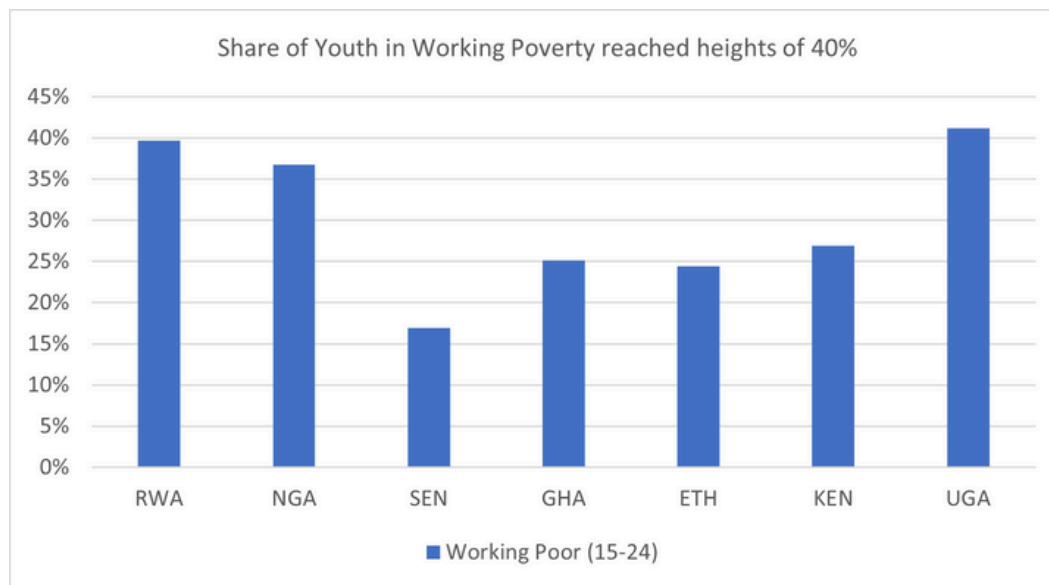
Source: Authors calculation based on annual data from World Bank

● There is a rising share of the working poor across the labor force

Employed people living in households that fall below the World Bank's international poverty line of \$2.15 per day is another indicator of a lack of decent jobs. Figure 2 shows that the proportion of individuals categorised as working poor is as high as 40 percent in Rwanda and Uganda, and around 25 percent in Ghana, Ethiopia, and Kenya. Notably, it is significantly lower in Senegal, standing at approximately 17 percent.

A high working poor population indicates many fundamental problems. First, it emphasizes the absence of social security that could support human capital development or facilitate migration to decent jobs. Second, it illustrates a possible link between low unemployment and high levels of indecent jobs. Specifically, many people are unable to continue as discouraged workers due to poor social protection, forcing them to accept work at wages below the poverty line.

Figure 2: Share of Youth in Working Poverty

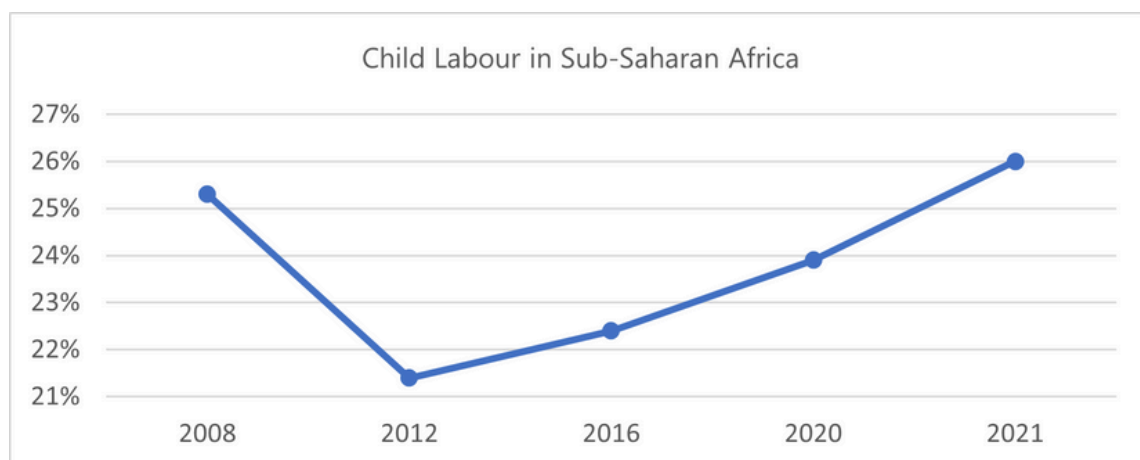


Source: Authors calculation based on annual data from ILO (2019)

● Child labor is still prevalent in Sub-Saharan Africa (SSA)

Employed people living in households that fall below the World Bank's international poverty line of \$2.15 per day is another indicator of a lack of decent jobs. Figure 2 shows that the proportion of individuals categorised as working poor is as high as 40 percent in Rwanda and Uganda, and around 25 percent in Ghana, Ethiopia, and Kenya. Notably, it is significantly lower in Senegal, standing at approximately 17 percent.

Figure 3: Child Labour Outcomes in Sub-Saharan Africa

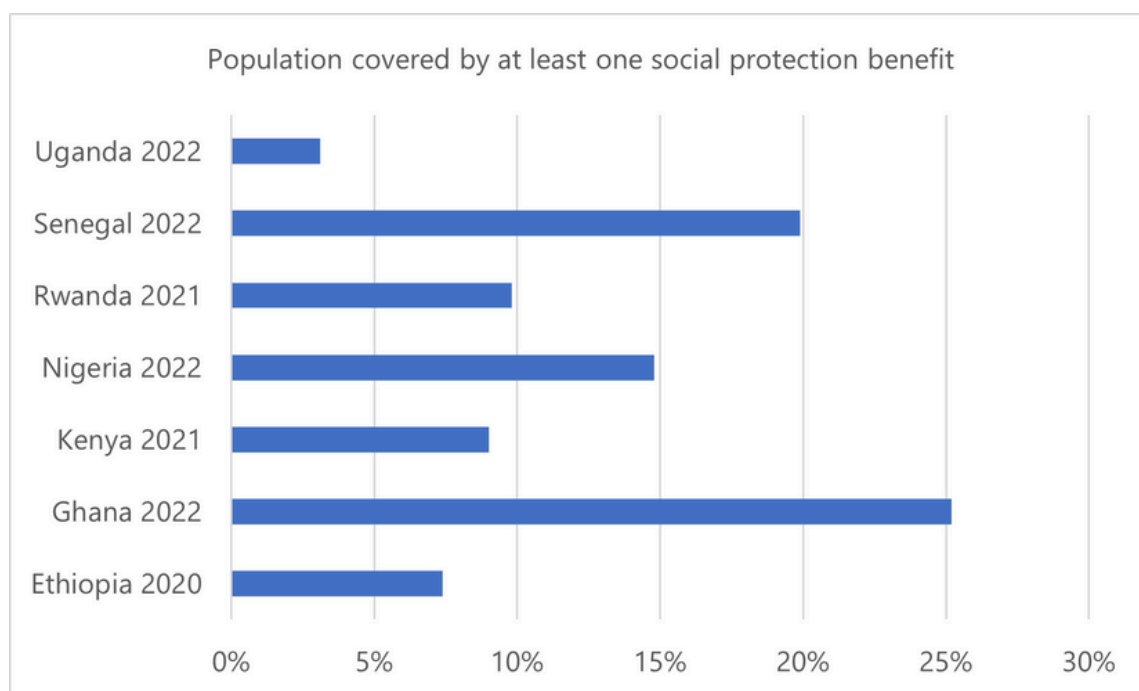


Source: ILO, UNICEF

● Social Protection Coverage is not wide enough

Social protection provides benefits to individuals based on risks faced across the life cycle (e.g., unemployment, disability, maternity) and to those suffering from general poverty and social exclusion. This can reduce vulnerable employment by providing opportunities for job search and skill upgrades. Data from the ILO, which examines the share of the population with at least one social protection benefit, shows that less than 30 percent of the population in selected countries have access to any form of social protection. This highlights the significant gap in social protection access on the continent. The situation is more severe in Ethiopia, Kenya, Rwanda, and Uganda, where social protection coverage is less than 10 percent.

Figure 4: Social Protection Outcomes in Selected Countries



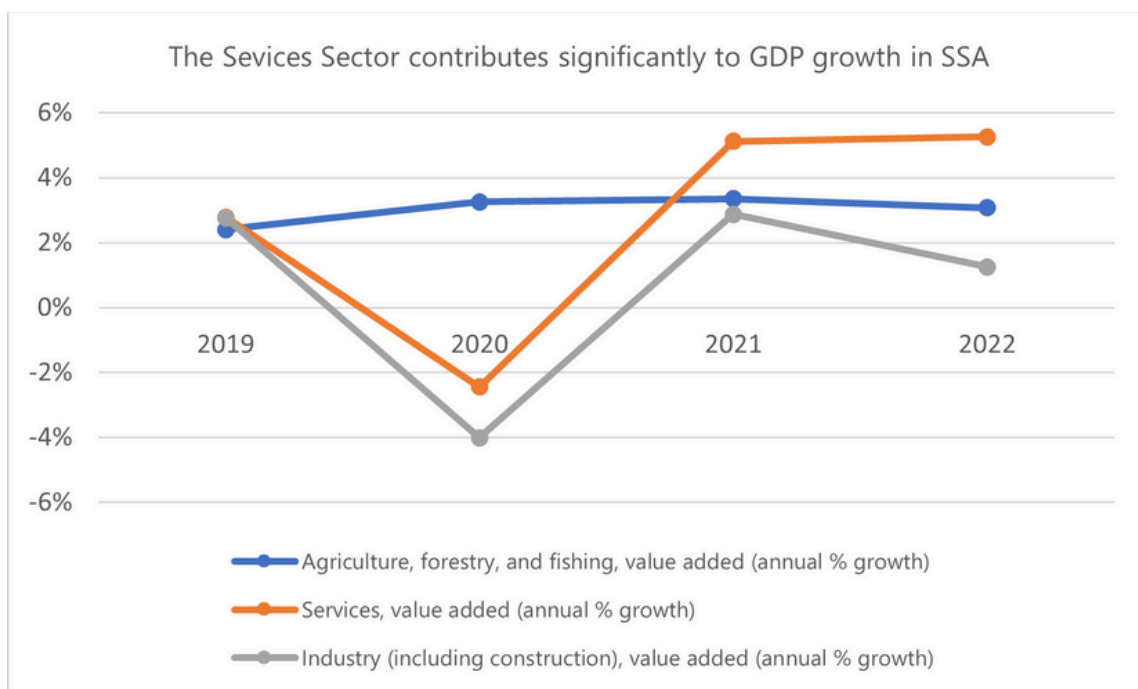
Source: Authors calculation based on annual data from ILO

3.0 Factors contributing to the decent job problem

The decent job problem does not exist in isolation but is influenced by several other issues that affect employment outcomes in Africa. Some of these factors include:

- **Formal sectors have low absorptive capacity:** Decent jobs are more likely to be found within the formal sector due to the presence of formal contracts, obligations, and government oversight. However, the absorptive capacity of the formal sector is low in many African countries. Africa is experiencing a youth bulge, which implies a higher supply of labor. The service and agricultural sectors, which are largely informal, have been the major growth driver for most African countries (see Figure 5). Industry and public sectors account for the lowest share of employment and their contribution to GDP is also modest. The resource sector (mining, oil, and agriculture value-added) has the potential to generate decent jobs but is capital-intensive. For example, in Nigeria, the most important sector is oil and gas, but its capital-intensive nature does not directly create jobs for the country's labor force. This lack of job opportunities in formal settings exposes workers seeking gainful employment to informal sector jobs that offer little or no security.

Figure 5: Sectoral GDP Growth in Sub-Saharan Africa (SSA)



Source: World Bank: World Development Indicators

- **Ease of Entry into the Informal Sector:** Undoubtedly, the informal sector plays a crucial role in the African economy. It serves as a platform for unpaid workers in family enterprises, casual wage employment, home-based work, service provision, and street vending to find employment opportunities. Despite the lack of decent working conditions in this sector, its accessibility makes it a practical choice for a significant portion of individuals who cannot secure employment in more formal settings. Another factor contributing to this ease of entry is the low educational level requirements in the informal economy. Workers in the informal sector can acquire skills both before they begin working and through practical experience gained on the job in an informal environment. For instance, the Igbo Apprenticeship System in Nigeria typically requires minimal to no educational prerequisites for enrolment, allowing participants to learn relevant skills and practices that guarantee lifelong employment opportunities.
- **Inadequate Entrepreneurial Education:** Entrepreneurial Education (EE) holds significant promise in Africa, especially in tackling the pervasive issue of youth unemployment. Despite the acknowledgment of the importance of EE programs, there is still a lack of consensus on their content and the specific entrepreneurial competencies that should be imparted. Entrepreneurs operating in the informal sector often have limited access to EE and other best practices that could facilitate their development and transition into the formal sector.
- **Induced Informality:** One of the ongoing debates about the nature of workers in the informal economy is whether their participation in it is a matter of choice or a consequence of the lack of formal sector alternatives. Gomez (2016) utilized the case of South Africa to delineate three forms of informality: Voluntary Informality, Induced Informality, and Subsistence Informality³. Evidence on the working poor and vulnerable employment suggests that most people in the African informal economy experience induced informality—they enter the informal economy due to limited opportunities in the formal economy rather than by choice. A nomenclature that often obscures the induced informality is self-employment, as it connotes individual choice, whereas it is often the last resort for mere sustenance. According to recent research, young people are more likely to be engaged in informal employment settings compared to working adults in other age groups⁴. As of 2022, self-employment, which is mostly informal, continued to account for more than 60% of total employment in these selected countries.

● **Education Quality:** Access to quality education is a crucial foundation for human capital development and economic prosperity . However, the inability of the African education system to meet global standards has had a detrimental impact on educational outcomes and, consequently, on the earning potential of graduates. Data from the UNESCO Institute of Statistics reveals that literacy rates of the African youth stands at 77%, compared to the global youth literacy rate of 95%. Additionally, the disparity in gender gap in education is more significant in Africa compared to other regions. While the global difference between male and female literacy rates is 2 percentage points, in Africa, males exceed females by 4 points, indicating the barriers faced by girls in accessing education. African youth also encounter significant obstacles when pursuing tertiary education. The tertiary gross enrollment ratio in Sub-Saharan Africa is just 9%, well below the global average of 38%. These poor educational outcomes among African youth significantly impact their employment prospects, reducing their chances of securing decent jobs due to their inadequate education and skills levels.

● **Barriers to Transition into Formality:** Transitioning from informal to formal employment is a significant challenge for the African labor force, especially for the youth. Often, the experiences gained in the informal sector are not recognized, creating a deterrent effect. Prolonged engagement in the informal sector can limit opportunities to transition to formal employment.

4.0 Recommendations: Ways to accelerate decent job creation


The challenge of decent job creation in Africa is huge, with a particularly pronounced impact on the youth. Consequently, public policy discussions should prioritize interventions aimed at mitigating this impact on African youth. Addressing the following action areas will contribute to improving labor market outcomes:

● **Formalization through Digitalization:** Most self-employed individuals and micro, small, and medium enterprises (MSMEs) operate informally, often due to reasons such as lack of trust in the government or the desire to evade tax obligations. Digitalization can encourage formalization by reducing costs and increasing profits. Implementing digital tax administration can streamline revenue collection, making it more cost-effective for governments. This approach also allows governments to specifically focus on providing exemptions and incentives to smaller firms. In addition, digital platforms can enhance informal sector activities like retail, transport, and domestic services by providing access to a larger customer base and improving contract enforcement through customer ratings and digital payments.

³ [The Transition from the Informal to the Formal Economy in Africa | International Labour Organization](#)

⁴ See ILO's report ► [The youth transition to formality](#).

⁵ [Why education matters for economic development](#)

- 
- **Tertiary Education Curriculum Restructuring:** With the evolving global economy, there is a growing demand for graduates equipped with modern workforce skills such as digital literacy, critical thinking, and entrepreneurship. The current curricula often lag these needs, leading to high rates of informal employment among graduates. Restructuring curricula to incorporate practical skills alongside theoretical knowledge can enhance students' preparedness for the challenges of the 21st century. By implementing and continuously improving these mechanisms, it will be easier for the youth to transition from education to the labor force, thereby reducing their reliance on informal employment caused by a lack of essential skills.
 - **Synergy between Higher Education Institutions & Employers:** Collaboration between tertiary institutions and employers is critical. By engaging in a transparent design process anchored by data on workforce demand and capacity, institutions and employers can create mutually beneficial partnerships. Regular surveys of employers and higher education institutions can provide insights into the current needs and expectations of employers, facilitating the absorption of the youth into the labor force.
 - **Improved Working Conditions in the Informal Sector:** For those unable to transition to formal employment, access to health insurance and pensions should be provided. Scaling up social protection can support informal sector workers and reduce the prevalence of working poverty. Additionally, expanding education and entrepreneurial training opportunities for informal sector workers can enable them to upskill and transition to the formal sector.