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Editorial

Labour market factors are a crucial link in the correlation between growth and poverty reduction. This is true in the short term, as access to paid employment is a basic condition for people of working age to escape poverty, but also in dynamic terms, given that labour market integration has an enormous impact on their individual biographical trajectories.

In this respect, young people's relationship to the labour market is a key challenge for poverty dynamics in Africa, at present and for the future. Young Africans feel vulnerable, like their counterparts in other continents, to the imbalances in the labour market specific to their age group. But this vulnerability is particularly strong and takes different forms in Africa.

In this issue of Dialogue, we present a summary of a report which the DIAL team prepared for the AFD (French Development Agency). The report takes stock of the information currently available on the place of young people in the African labour markets. We deliberately use the plural here, as the circumstances differ greatly from one African country to another. The article describes the gaps in the statistical data and the efforts to make up for them, particularly by the use of 1-2-3 surveys, designed and implemented with support from DIAL. The lack of statistical data is due to a structural feature of African labour markets, i.e. the major place taken by the informal sector which, by nature, is difficult to account for officially.

It is indeed a key feature of labour market integration for young Africans that in a growing majority of cases the informal sector is a gateway to working life. This has many different implications: vulnerability to the precarious jobs and low wages typical of the informal sector; demoralisation on the part of the better-educated young people who cannot find jobs, whereas their less-educated counterparts find refuge in the informal sector; uncertainties regarding on-the-job training acquired in the informal sector and finally, incentives to migration. As this means of access to working life will concern large cohorts for many years to come, there are long-term consequences for labour market organization and income formation. Formal sector jobs offer substantial wage premiums but access to the sector is extremely limited.

What solutions should development policies be focusing on to improve young Africans' chances of joining the labour market and thereby increase growth perspectives? One answer is to provide jobs with adequate resources to increase the returns to education which better-educated young people benefit from. However, incentives of this sort must go hand in hand with efforts to improve governance in order to manage and guide the development of the informal sector, by giving it access to more secure capital resources.



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YOUTH EMPLOYMENT IN AFRICA

Introduction

Africa is currently further behind than any other continent in the process of demographic transition. Fertility rates are still very high and there is nothing to suggest that they will fall in the near future. For this reason, Africa has the world's youngest population: in 2003, over 64% of Africans were under 25 and, according to UN forecasts, this percentage is likely to remain stable at least until 2015. Moreover, due to population growth, this stability masks an increase of nearly 29 million in the number of young people in the labour market in 2015. In these circumstances, the issue of their integration is clearly a major challenge. Similarly to Europe but to a much greater extent, young workers are at a disadvantage in African labour markets. They suffer from a much higher risk of unemployment than their elders and their living conditions are often more difficult. The combination of high demographic pressure and low job perspectives is a potential source of major risk for Africa and its neighbours, as the presence of large numbers of young people with no future prospects has an impact on crime figures, political instability and migratory flows. A recent report by the ILO (ILO, 2005) showed that employment led many young women to prostitution, thus increasing the risk of spreading AIDS and other venereal diseases. Other studies show that crime rates have increased in many African countries among the young unemployed, with gangs providing them with the means of satisfying their economic and social aspirations (Nattrass, 2002). It is also probable that the difficult situation of young Africans contributed to the spread of civil wars in the continent (Austin, 1999). For example, poor, socially isolated young men took an active part in the civil conflicts in Sierra Leone, Liberia and Côte d'Ivoire (Peters and Richards, 1998; Richards, Bah and Vincent, 2004). And, very recently, a study showed that there is more risk of civil war in a country when a historically large cohort reaches adulthood (Urdal, 2004). Finally, several studies show that people, particularly young people, who have difficulty in finding a job are more likely to migrate (see, for example, Gubert and Nordman, 2006).

For all these reasons, youth employment was included in the Millennium Development Goals, a sign that the international community recognizes the seriousness of the situation.

Nonetheless, there are probably few such crucial problems that we know so little about. The lack of harmonised, regular data on youth employment in Africa makes it very hard to make a precise assessment of the situation, and yet this must obviously be done before development policies can be drawn up to deal with the problem. This article aims to take stock of the information currently available on this subject. It is based on a report

prepared by all the researchers in the DIAL team for the AFD (French Development Agency) (DIAL, 2007). We will start with a rapid overview of the current sources of information and their conclusions. We will then go on to examine what can be learned from previous studies on the causes of non-employment of young people in Africa¹.

Overview

1. Poor statistics

There are two reasons why it is difficult to make a precise assessment of the situation for young people in African labour markets. First, existing surveys are insufficient; second, collecting information and building indicators comes up against conceptual difficulties due to the specific features of labour markets in developing economies. Labour markets in poor countries, especially in sub-Saharan Africa, differ from those in developed countries in that far fewer workers are in paid employment and far more are self-employed. There is also an apparent segmentation between a so-called formal sector, grouping "modern" enterprises known to the public authorities and a so-called informal sector, grouping "traditional" enterprises, which do not respect labour laws. Workers also have far less protection. When it exists, unemployment insurance is reserved for a small minority of the population working in the formal sector and very few workers contribute to retirement schemes or have health insurance of any sort. There are very few public employment services and, when they do exist, job seekers are not aware of them and tend to go through their families or social networks to look for a job.

The lack of regulation in the informal sector creates porous sectoral boundaries: there is a thin line between activity and inactivity and this to a certain extent invalidates the notion of unemployment in its usual sense, as defined by the ILO. For example, the 1-2-3 surveys carried out in 7 capitals of the West African Economic and Monetary Union (WAEMU) by AFRISTAT² in 2002-2003, showed that only 34.6% of occupied workers were wage earners, the remaining 65.4% being self-employed workers who had created their own jobs. In this way, people looking for a job in Africa usually rely on an informal network to find the information and the funds required to start up a small service or itinerant vending business. Together with the high percentages of self-employment, in many cases

¹ Except when stated otherwise, in this article the term "young people" refers to 15 to 24 year-olds.

² The seven capitals are Cotonou, Ouagadougou, Abidjan, Bamako, Niamey, Dakar and Lomé. The surveys were carried out as part of the PARSTAT project, financed by the WAEMU, managed by AFRISTAT with scientific assistance from DIAL.

members of the family are also employed in the informal activities, meaning that a non-negligible share of active workers currently in work are in fact unpaid family helps who are difficult to fit into the usual classifications. Finally, rural areas are subject to important seasonal fluctuations in work, so that the usual one-week reference period used to characterise economic activity does not apply.

It is also difficult to measure earnings given that people working in the informal sector are employed by production units that do not keep accounts. For this reason, there is little chance of finding out what informal workers have really earned in the previous month by asking them the question, because the notions of added value and intermediate consumption are difficult to define and to measure in a context of informal production units (IPU). Another problem is that IPUs are subject to large fluctuations in their business activities, which therefore makes it difficult to calculate an annual income figure by extrapolating on income measured for one month. Specific surveys such as *1-2-3* surveys that establish IPUs' accounts provide precious information in helping to understand economic activities in informal sectors.

Apart from these conceptual issues, our knowledge of employment problems in Africa also suffers from the lack of harmonised data with significant coverage. For example, the ILO's main database on employment only provides information on youth employment for 11 African countries, only 7 of which are in sub-Saharan Africa. This scarcity of statistics stems from the lack of regular labour force surveys, as less than 10 African countries have carried out such surveys since 1990. When it is available, information on employment comes from indirect sources such as surveys on living conditions, or irregular sources such as *1-2-3* surveys, which although they cover most of the capitals in French-speaking Africa, were only carried out as of 2002.

2. A vague, discouraging picture

Due to all these difficulties, statistics on employment in Africa, especially youth employment, are still very incomplete and sometimes contradictory. For instance, it is hard to have a precise idea of the trends concerning labour force participation for young people in the past 15 years. An ILO study on youth employment published in 2004 (ILO, 2004) indicated that their participation in the labour market was tending to decrease throughout the world (by 4 points from 1993 to 2003) but that the opposite appeared to be true in Africa. The report explained this trend by the increase in the numbers of women in the labour force. However, the latest report (ILO, 2006) published in October 2006 shows the opposite for sub-Saharan Africa. For the period 1995-2005, the youth labour force participation rate apparently fell from 68.2% to 65.5%. This rapid trend reversal may simply be a statistical artefact resulting from the scarcity of data. A study of the sources used by the ILO to produce these figures reveals that they

are based on a small number of observations extrapolated by a statistical imputation method. Moreover, a breakdown of the ILO figures shows, behind the averages, very different results from one country to another. For example, in Tunisia from 1997 to 2005, in Benin from 1992 to 2001 and in Ethiopia from 1999 to 2004, the youth labour force participation rate appears to have fallen, sometimes spectacularly. In these countries, this trend can be interpreted as the result of an increase in the length of studies, which implies that young people start their working life later, or as the effect of them feeling demoralised due to the lack of opportunities. On the contrary, the labour force participation rate apparently increased in Botswana from 1995 to 2001 and in Egypt from 1998 to 2002. These differing trends may partly be explained by the different statistical methods used from one country to another to measure the participation rates, or even from one year of observation to another in a given country. However, harmonised data collected by the PARSTAT project also confirmed the great differences to be found in Africa. A comparison of the labour force participation rates in WAEMU countries shows that the participation rate for 15-24 year-olds is relatively low in Kinshasa (less than 25%), but it appears to be very high in Abidjan, Lomé and Ouagadougou where it reaches its highest point at around 60%. Large differences can also be observed in youth participation rates depending on gender. In Abidjan, Bamako, Cotonou and Lomé, young women are more active than young men, whereas the opposite is true in Dakar, Douala, Kinshasa and Niamey. Finally, in Cameroon and the Democratic Republic of Congo, data from national *1-2-3* surveys shows that youth participation rates are significantly higher in rural than in urban areas, which may illustrate lower investments in education in rural areas and a greater capacity to absorb new entrants to the labour market.

What is the status of young active workers on the labour market? Once again, there are many gaps in the statistical sources and they are sometimes contradictory. The statistics published by the major international agencies indicate that the rate of youth unemployment, in the usual sense of the term is apparently not very high in countries in sub-Saharan Africa compared with other countries. Moreover, they claim that unemployment for young economically active workers has two points in common with that observed in developed countries: first, it is higher than for the 25-49 age group, although once again great variations can be observed from one country to another, and second, women are more likely to be unemployed than men. On the last point, data from *1-2-3* surveys highlights the great differences that can sometimes be observed between countries. Whereas the situation for youth employment in Abidjan, Dakar, Douala, Niamey and Ouagadougou confirms the trends identified in the international statistics by showing unemployment rates that are relatively higher for women than for men for young active workers, it is the opposite in Kinshasa, Lomé and, to a lesser extent, in Bamako and Cotonou.

However, the different sources all agree that, contrary to observations in developing countries, education does not seem to protect against the risk of unemployment. On the contrary, in many countries the likelihood of being unemployed grows with the level of education. This surprising trend can be explained in two ways: first, when the young unemployed people are from relatively well-off families they can rely on family solidarity and second, there is a strong positive correlation between levels of education and family resources. We will come back to this in the following paragraph. Finally, it seems that youth unemployment is higher in urban areas than in rural areas in African countries, demonstrating once again the role played by the farming sector.

At first glance, African unemployment statistics could give the impression that young people are not in a very different situation in Africa than in developed countries. But this is a false impression. Due to the importance of the informal sector in African countries and the apparent segmentation between the formal and informal sectors, the unemployment rate does not really capture the extent or the nature of young people's difficulties in integrating the labour market. Although the youth unemployment rate is relatively low in sub-Saharan Africa, the great majority of young active workers are employed in the informal sector. This illustrates how difficult it is for them to enter the formal sector and results in the fact that they are obliged to take precarious, poor quality jobs with bad working conditions. On the other hand, the percentage of young people employed in the public sector is very marginal; moreover, this category was very badly hit by the freeze on recruitments in the sector, which many African countries were obliged to adopt in the framework of structural adjustment programmes. Jobs in the informal sector are characterised by underemployment and low pay. The 1-2-3 surveys show that, irrespective of the age group, between 7 and over 30 percent, depending on the country, of people working in the informal sector work fewer hours than the legal minimum working hours in force, but would like to work more. To this 'visible underemployment' must also be added 'invisible underemployment', i.e. employees receiving an hourly wage that is lower than the legal minimum hourly wage. Young people are affected by this far more than their elders. Between 60% (Kinshasa) and 92% (Ouagadougou) of 15-19 year-olds and between 56% and 82% of 20 to 24 year-olds are in this situation. The rate is far lower for over 25s, although it still remains high, as it concerns over 55% of adults of over 50 in Ouagadougou. Once again, women appear to suffer far more from this phenomenon.

Overall, however uncertain the statistics may be, young people seem to be in a sorry state in African labour markets. They are practically excluded from the modern sector of the economy and, when they work, they have precarious, very badly paid jobs. As this situation has very serious consequences, it is important to understand its origins.

Origins

Underemployment is widespread in Africa. However, as in developed countries, the situation is relatively more difficult for young people than for their elders. We must therefore look for the origins of underemployment on two levels, first to understand the cause of underemployment in the population in general and second, to find out why young people are in a less favourable position than other workers. In the traditional labour market system, the causes of underemployment are identified by analysing the determinants of labour supply and demand and how the labour market adjusts to imbalances. The situation is slightly more complex in developing countries, because a large percentage of active workers currently in work are in fact self-employed, thus meaning that the supply/demand dichotomy is not always relevant. However, as this is a convenient way of organizing the arguments, we will use it in this section of the article. The vast majority of relevant work available on this topic deals with labour supply. We will therefore begin by examining this aspect of the question before studying the role of demand and finally, the way the labour market adjusts.

1. Abundant labour supply

As we observed at the beginning of this article, the population of Africa is young. At present, 15-24 year-olds represent 21% of the population of Africa, compared with 18 to 19% in Asia and Latin America and 14% in Europe, and this high percentage will not decrease in the short or medium term. A Malthusian approach to the question leads to the conclusion that the high numbers of young people arriving on the labour market explains, at least in part, their problems of integration. However, there is no clearly established correlation between the relative size of a cohort of young people and the underemployment rate of the cohort in question. In reality, a growing labour force can be an advantage or a disadvantage for economic development, depending on the growth rate and the jobs provided by this growth. Increases in labour can be an advantage for development if the economy needs labour and offers enough jobs. On the other hand, if there is not sufficient growth or the growth does not provide many jobs, the increase in labour will be a threat as it increases competition between job seekers. In this case, young people who lack social networks and experience and do not know how to 'sell' their qualities to employers, will in general have more difficulty finding jobs. In Africa as elsewhere, the relationship of cause and effect is yet to be established between an increase in labour and underemployment for the population as a whole and young people in particular. In addition, there are great differences between African countries. For instance, the percentage of young people decreased from 1995 to 2002 in Morocco, whereas it rose in Algeria from 1995 to 2000. In a comparable period, it rose sharply in Benin, but fell in Mauritius. These differences suggest that it might be worthwhile to compare these trends to those observed for youth

employment in a view to assessing the importance of demographic factors.

2. Relatively poorly educated

Despite remarkable progress in levels of education in several African countries, it is still a rare factor in the continent, particularly in the south. According to UNESCO, in 2002 the net primary schooling rate only amounted to 62% in sub-Saharan Africa, compared with 84% for the world as a whole and nearly 92% in North Africa³. However, once again, the average for sub-Saharan Africa hides great disparities. First, in terms of gender, as it is the region with the greatest differences between boys and girls, with a net advantage of about 20 percentage points in favour of boys. Second, in terms of countries, as in Malawi, Tanzania, Mauritius, Madagascar, Lesotho and Cape Verde the net primary schooling rates are higher than the world average, whereas in Ethiopia, Burkina Faso, Mali and Niger, the rate does not exceed 50%. However, it is important to remember that schooling rates only give a very partial picture of human capital accumulation. One reason for this is that basic knowledge is only acquired after spending enough time at school and another, that there are large variations in the quality of the teaching. For instance, although it is one of the countries in Africa with the highest rates of primary schooling (95.3% in 2004), in Malawi less than one third of children are able to read and write after 4 to 6 years of education. Similar observations have been made in Namibia, Tanzania, Ghana and Zambia (World Bank, 2006).

Low investments in human capital are in principle a good explanation for underemployment in the active population. For this reason, investments in labour force education schemes are regularly put forward as the best instrument for poverty reduction, because they help obtain better jobs and increase incomes. Apart from the fact that education has undeniable benefits for other fundamental aspects of individuals' lives, and that this alone probably justifies the scale of the efforts devoted to it, there is cause for doubt from the strict standpoint of labour markets. The compilation of studies on the returns to education made by Psacharopoulos and Patrinos (2004) suggested that private and social returns to education are high in Africa (one additional year of education appears to increase individual earnings by 11.7%) and higher than in the rest of the world (where the rate is 9.7%); and returns to primary education are apparently higher than those for secondary education (25.4% compared with 18.4%), which are in turn higher than those of higher education (11.3%). The strong decrease in returns to education suggested by these statistics, works in favour of concentrating resources on the primary school cycles as an effective way of combating poverty.

However, many authors question the validity of these conclusions. First of all, it is clear that, once again, the average figures for the continent hide the great differences from one labour market to another and it is therefore quite likely that they do not reflect the real situation in the field. Secondly, the statistical estimation methods used by the compiled studies are not always well-suited to the data in question and the estimates are of varying quality. Many studies show that when the non-observed characteristics of the employees and/or their employers are taken into account, returns to education decrease, sometimes radically. The few estimates available concerning returns to education in farming in Africa maintain the uncertainty. For example, the oft-quoted compilation by Jamison and Lau (1982) of 35 studies on returns to education in farming came to the conclusion that the returns were nil. More recent studies seem to confirm this, but they are limited to a small number of countries. However, it should not be concluded that education has no impact whatsoever on farm productivity, as the results are based on a very small number of studies and carried out using data that, in most cases, was not designed for this specific use. Sustained research efforts are needed before coming to any definite conclusions either way. Finally, the possibility that returns do not decrease with the level of education has been observed in several studies on French-speaking Africa (Kuepie et al., 2006) and English-speaking Africa (Söderbom et al.; 2006; Schultz, 2004). Convex returns to education challenge the validity of policies that favour universal primary education, sometimes to the detriment of investment in secondary and tertiary cycles. They could partly explain the low growth rates observed in Africa despite considerable efforts in favour of education, if these efforts have tended to concentrate too much on primary cycles.

Even if we accept that the estimates presented by Psacharopoulos and Patrinos (2004) are valid, this does not necessarily mean that universal primary education in Africa would have the positive effects suggested by the high average returns. What is true for an individual is not necessarily so for the population as a whole, given that on a macro-economic level, when there is an increase in the education of the whole population, we can expect to see a drop in its average returns. This type of effect has been observed in Africa concerning access to formal sector jobs. In Burkina Faso, Calvès and Schoumaker (2004) compared the conditions in which several successive cohorts entered the labour market. Irrespective of the cohort, the first job obtained by young people with no education was nearly always in the informal sector. For better-educated people, there was a real deterioration in the quality of the first job: whereas for the cohort born between 1955 and 1964 the percentage of informal employment for the first job was 'only' 56% for men and 74% for women, this exceeded 90% for the youngest cohort (born between 1975 and 1984). Probably more than ever before, education is still an advantage when it comes to integrating the modern sector of the economy.

³ http://millenniumindicators.un.org/unsd/mifre/mi_worldreg.asp.

However, many are called - with constant growth in the numbers due to efforts made in favour of education -, but few are chosen. The positive correlation between the risk of unemployment and the level of education can doubtless be explained by the relative increase in the scarcity of jobs in the modern sector of the economy. In an economy where, on the one hand, the most educated people come from the better-off families and, on the other, the informal sector is always able to serve as a refuge for young people rejected by the formal sector, it is normal to find such a correlation. Young educated unemployed people who have sufficient resources due to their families' relative wealth, are able to wait until an opportunity to enter the formal sector arises. The only solution for the others is to work in the informal sector.

General education received at school is only one way among others of increasing individuals' human capital. As we have seen, this form of investment is still relatively low in Africa and its effectiveness is questionable. What about other forms of investment? First of all, schools can also provide technical education, but are the returns any higher than those of general education? Despite the importance of this question, very few studies have been done as yet to help answer it. Secondly, there are two types of training for individuals who have already started working: formal on-the-job training provided in-house by the firm and informal training. Formal on-the-job training is not very common in Africa, mainly because the formal sector is not very well-developed. Nonetheless, it does seem to have high returns as shown by the results of studies carried out using data on the manufacturing industry, supplied by the Regional Programme on Enterprise Development (RPED) (Dabalén et al., 2003) However, it is the most highly educated workers who receive the most on-the-job training, which poses the problem of access to training. As for the training received by workers in the informal sector, it is very difficult to assess its scale and effectiveness not only, in the case of Africa, due to the lack of appropriate surveys, but also because, by nature, it is elusive. However, it is now accepted that training provided by the informal sector plays a key role in the transmission of skills in the crafts industries and in young people's access to the labour market. However, the young people are confronted with two difficulties (Walther, 2006): the master craftsmen do not always have a sufficient level of qualifications to transmit the required skills and the quality of the training suffers from a lack of organized progression.

3. Capital and labour demand

Is the lack of capital responsible for labour underemployment in Africa? It is tempting to accept this explanation. In the period 1960-1994, Africa invested 9.6% of its GDP on average, whereas the average investment rate in other countries during the same period was 15.6% (Hoeffler, 1999). The result was a lower stock of capital per worker in Africa than in other continents and some authors have put forward the idea that

this is the main source of underdevelopment in Africa (Barro and Lee, 1994; Collier and Gunning, 1997). However, investment is endogenous and several recent studies suggest that when it is taken into account and the effect of other parameters such as quality of governance is controlled for, the long-term effect of investment on growth tends to disappear in Africa. An increase in investment flows would therefore probably not be sufficient to increase the growth rate and reduce underemployment in the population (Hoeffler, 1999; Devarajan et al., 2002).

Several studies on the farming sector highlight the reduction in the average surface areas of land transmitted to young farmers and the fact that these transfers tend to take place later and later in the life cycle (Quisumbing et al., 2004; Senne et al., 2006; Jayne et al., 2003). This has two major consequences: first, the young people are supported by their parents for longer, which makes it even harder to escape poverty and second, the increased scarcity of available land encourages the young people to migrate to towns or abroad, and fires conflicts relating to the distribution of land, as observed in Rwanda, Côte d'Ivoire and Uganda (André and Platteau, 1998; Chauveau, 2000; Deininger and Castagnini, 2006).

4. Labour market regulation and adjustment

Labour market liberalisation was a key element of the structural adjustment programmes implemented in developing countries following the debt crisis at the beginning of the 1980s. However, despite the SAP, underemployment continues. Could this be the result of a lack of flexibility in the labour markets? The study by Kingdon et al. (2005) on the flexibility of African labour markets showed that the labour markets' capacities to adjust do not seem to be hampered by wage rigidity. Flexibility in real wages seems to be greater in English-speaking countries than in French-speaking countries, where private sector wages are more directly linked to public sector wages. However, even in francophone countries, the few available studies show that the levels of real wages are sensitive to the unemployment rate. For instance, Côte d'Ivoire has roughly the same elasticity as that of the United States.

On the contrary, employment in the formal sector of the economy and in large companies is associated with relatively high wage premiums (from 10% in Mali to over 60% in Cameroon) which persist even when the characteristics of the person employed are taken into account. There are several explanations for the differences between the sectors. For instance, large companies face specific difficulties with personnel management, due to the fact that managers are less capable of monitoring their employees' productivity. To solve the problem, they may choose to fix wages that exceed the market clearing level in order to retain employees. Based on RPED data, Fafchamps and Söderbom (2004) found evidence to support this hypothesis. Other studies, in particular those of

Teal (1996) on Ghana and Velenchick (1997) on Zimbabwe, point to rent-seeking behaviour made possible by certain firms' dominant positions in their markets. In this case, the employees can obtain higher wages than the market clearing level, to the detriment of the unemployed. Young people are obviously at a disadvantage with this sort of mechanism because they do not have the means of sending out positive signals concerning their productivity and do not have the networks to help overcome the problem.

The power of the trade unions has often been put forward to explain the slow pace of labour markets adjustments. However, once again, we cannot give a definite answer on this issue. In anglophone countries, there does seem to be a relationship between the presence of a trade union in a firm and a wage premium (Kingdon et al., 2005). On the contrary, in the franc area, Rama (2000) found that trade union members had lower average wages than non-union employees with identical observable characteristics. This surprising result could be due to the fact that Rama's study did not take into account the selection criteria for the trade union members (Alby et al., 2005). Further studies are required before coming to a conclusion on this point.

There remains the question of labour regulations and their application. Africa is considered to have the most rigid labour regulations in the world and this could be responsible for increasing its difficulties in integrating young people (World Bank, 2005). However, although labour regulations are very strict, the informal sector is so extensive that they do not apply to the majority of companies and, in addition, the entrepreneurs do not mention them as being strong constraint. Instead, the manufacturing company managers interviewed in the RPED project mentioned the lack of credit, insufficient infrastructures and public services and weak demand as the main obstacles to their activities.

Conclusion

Overall, what are the reasons for youth underemployment in Africa? Unfortunately, this

short review of the literature does not enable us to give a definite answer to this question, first of all because Africa is not homogeneous. Every country is a specific case and things that may explain underemployment in one do not necessarily apply to another. It is also unrealistic to hope to identify a single reason. For example, neither of the reasons mentioned above - Africa's under-capitalisation or the low levels of education - seems capable of explaining the continent's weak growth when taken separately. However, the combination of these two handicaps, which also tend to fuel one another - low education levels do not encourage investment; low capitalisation does not foster increased returns to education - may provide the beginnings of an explanation.

Philippe De Vreyer

Bibliographical references (due to the format of this newsletter, only the references not given in the report «*Youth and Labour Markets in Africa*» published by DIAL are given below. The report and full list of references can be accessed on the DIAL website, under the heading «*Publications*», sub-heading «*Work documents*»).

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XIInd Spring Meeting of Young Economists 2007. Communication by Anne Olivier « *Distributional Incidence of Access to Urban Water in Developing Countries: The Case of Casablanca, Morocco* », (Hamburg, Germany, 27 May)

XXIst European Society for Population Economics (ESPE) Annual Conference. Communication by Christophe J. Nordman and François-Charles Wolff « *Is there a Glass Ceiling in Morocco? Evidence from Matched Worker-Firm Data* », (Chicago, USA, 14-16 June).

ADRES, Doctoral meetings. Communication by Elise Huillery « *Colonisation and development: the long term impact of the French public investments in the former French West Africa* », (Paris, 19-20 January).

AFD - IRD, Seminar-debate to present a special issue of the review *Afrique contemporaine*. Communication by Mireille Razafindrakoto, François Roubaud and Léonard Wantchekon « *Gouvernance, démocratie et opinions publiques en Afrique* », (Paris, 7 March).

AUF, 7th Scientific Meetings of the « Démographie » network, « Mémoires et Démographie : Regards croisés au Sud et au Nord » (Québec, Canada 19-22 June). Communications by:

- Philippe Antoine, « *Comportements matrimoniaux au Sénégal à l'interface des traditions, de l'islam, de la colonisation et de la loi (du XVIII^{ème} au XX^{ème} siècle)* » ;
- Donatien Bégué « *Comprendre la transition de la fécondité au Sénégal : une relecture à partir des enquêtes EMF (1978) et EDS (1986, 1993, 1997, 2005)* » ;
- Alioune Diagne « *L'entrée des jeunes dans la vie adulte à Dakar : un passage de plus en plus étalé dans le temps* » ;
- Fatou Binetou Dial « *L'idéologie du mariage à travers cinquante ans de chanson populaire au Sénégal* ».

CSAE, Annual conference on « Economic Development in Africa » (Oxford, United Kingdom, 16-20 March). Communications by:

- Thomas Bossuroy « *The determinants of ethnic identification* » ;
- Thomas Bossuroy, Denis Cogneau and Victor Hiller, « *Intergenerational Mobility in Five African Countries* » ;
- Lisa Chauvet and Paul Collier « *Helping Hand? Aid to Failing States* ».
- Christophe J. Nordman and François-Charles Wolff « *Is there a Glass Ceiling in Morocco? Evidence from Matched Worker-Firm Data* » and « *On-the-Job Learning and Earnings in Benin, Morocco and Senegal* ».

DBSA, HSRC, SACN, University of Witwatersrand, Urban Landmark, « Inclusive Cities Conference, Towards creating inclusive cities: experiences and challenges in contemporary African cities ». Communication by Jean-Michel Waschberger « *Democratic citizenship in the poorest neighbourhoods of Antananarivo (Madagascar)* », (Johannesbourg, South Africa, 6-7 March).

Ecole d'Economie de Paris-ENSAE-DIAL, Lunch Seminar in Applied Economics (Paris, 31 January and 20 February), Communications by:

- Thomas Bossuroy « *Intergenerational mobility in five African countries* »,
- Elise Huillery « *Colonisation and development: the long term impact of the French public investments in the former French West Africa* ».

Ecole d'Economie de Paris-ENSAE-DIAL, Development economics seminar. Communication by Denis Cogneau, Charlotte Guénard, Sandrine Mesplé-Somps, Gilles Spielvogel and Constance Torelli « *Development at the border – A Study of National Idiosyncrasies in Post-Colonial West-Africa* », (Paris, 25 April).

Ecole d'Economie de Paris-ENSAE-DIAL, Development economics seminar. Communication by Philippe De Vreyer, Flore Gubert and François Roubaud « *Migration, Self-Selection and Returns to Education in the WAEMU* », (Paris, 16 May).

European University Institute, Mediterranean Social and Political Research Meeting, Robert Schuman Centre for Advanced Studies Mediterranean Programme.

Communication by Mohamed Ali Marouani « *Skilled workers unemployment in Tunisia: a prospective assessment of active labor market policies* », (Florence, Montecatini Terme, Italy, 21–25 March).

First World Meeting of the Public Choice Society, Lisa Chauvet and Paul Collier, « *Helping Hand? Aid to Failing States* », (Amsterdam, Netherlands, 29 March – 1 April).

France Culture, Nairobi Social Forum, 12 h 30 Radio news programme. Communication by Denis Cogneau, on the book « *l'Afrique des inégalités : où conduit l'histoire* » (21 January).

France Culture, « L'économie en question », Radio programme, 19.30-20.30. Communication by Denis Cogneau, Hervé Magro, Jean-Bernard Veyron, « *Afrique : l'eau, la terre, les déséquilibres économiques au cœur des conflits* », (5 February).

France Culture, « L'économie en question », Radio programme, 19.30-20.30. Communication by Denis Cogneau, Pierre Jacquet, Jean-Louis Reiffers « *Afrique-Méditerranée : vers une nouvelle politique de développement ?* », (11 June).

GDR (research group) « Development economics and transition ». Communication by Philippe De Vreyer, Flore Gubert and François Roubaud « *Migration, Self-Selection and Returns to Education in the WAEMU* », (Clermont-Ferrand, 3 July).

GSO (General Statistical Office), Internal seminar. Communication by Mireille Razafindrakoto and François Roubaud, « *Measuring Governance through Household Survey* », (Hanoi, Vietnam, 9 January).

GSO (General Statistical Office), Internal seminar. Communication by Mohamed Ali Marouani and Anne-Sophie Robilliard, « *Assessing the distributive impact of trade policies: What can be learned from micro-macro models* », (Hanoi, Vietnam, 18 June).

INSTAT-DIAL-EPP/PADR, Conference « *Rural dynamics in Madagascar, social, economic and demographic perspectives* », (Antananarivo, Madagascar, 23-24 April). Communications by:

- Philippe De Vreyer, Flore Gubert, Anne-Sophie Robilliard and Anne-Claire Thomas « *Consumption growth in Rural*

Madagascar: Do Social Services and Community Infrastructures Matter? »;

- Flore Gubert and Anne-Sophie Robilliard « *Risque et décision de scolarisation en milieu rural à Madagascar. Une analyse sur données de panel* »;
- Flore Gubert, Anne-Sophie Robilliard and Jean-Noël Senne « *Mariage, appariement des époux et transmission de richesse : étude sur les ménages ruraux malgaches* »;
- Nelly Rakoto-Tiana « *Scolarisation et travail des enfants en milieu rural à Madagascar* ».

International Conference on Population Ageing. « *Towards an Improvement of the Quality of Life?* » Communication by Mathias Kuepie « *Les vieux en Afrique aujourd'hui et demain. Participation au marché du travail et sources de revenus alternatifs* », (Brussels, Belgium, 1 March).

IREEP, Afrobarometer Summer School. Communication by François Roubaud and Jean-Michel Waschberger « *Sociologie politique de la citoyenneté en Afrique* », (Cotonou, Benin, 26-28 February).

IZA/World Bank, Conference on Employment and Development, (Bonn, Germany, 8-9 June) Communications by:

- Lisa Chauvet, Philippe De Vreyer, François Roubaud and Gilles Spielvogel « *Neighbourhood effects and the urban labour market in West Africa* »;
- Jean-Pierre Cling, Mireille Razafindrakoto and François Roubaud, « *Export Processing Zones in Madagascar: The impact of the dismantling of clothing quotas on employment and labour standards* »;
- Mathias Kuepie and Christophe J. Nordman and François Roubaud « *Education and Labour Market Outcomes in Sub-Saharan West Africa* »;
- Sébastien Merceron, François Roubaud and Constance Torelli « *Urban labour market dynamics in Cameroon, 1993-2005: does growth transmit to the households?* »;

National Economics University (NEU), Faculty of Statistics, Communication by Mireille Razafindrakoto and François Roubaud, « *The Informal Sector in Developing Countries, an Economic and Statistical Perspective* », (Hanoi, Vietnam, 16 January).

Sao Paulo University, Methodological Seminar, NEREUS laboratory (Nucleo de Economia Regional e Urbana da USP). Communication by Anne-Sophie Robilliard

« *Microsimulation Models and Macro-Micro Analysis* », (Sao Paulo, Brazil, 14 March).

Third International Roundtable on Managing for Development Results
Communication by Jean-Pierre Cling and François Roubaud, « *New Indicators on Labour Markets in Africa* », (Hanoi, Vietnam, 5-8 February).

UN-ESCAP, Seminar. Communication by Mireille Razafindrakoto and François Roubaud « *The Informal Sector: A first glance at the Vietnamese case* », (Bangkok, Thailand, 29 March).

University of Michigan, Conference on « The Micro-Foundations of Mass Politics in Africa ». Communication by Mireille Razafindrakoto and François Roubaud « *Corruption, Institutional Discredit and Exclusion of the Poor: A Poverty Trap* », (East Lansing, USA, 12-13 May).

University of Michigan / Cornell University, International conference on « Labor Markets in

Developing and Transition Economies: Emerging Policy and Analytical Issues », (Ann Arbor, USA, 25-27 May). Communications by:

- Philippe De Vreyer, Flore Gubert and François Roubaud « *Migration, self selection and earnings in the WAEMU* »;
- **Christophe J. Nordman** and François-Charles Wolff « *Is there a Glass Ceiling in Morocco? Evidence from Matched Worker-Firm Data* ».

WIDER, Conference « Fragile States - Fragile Groups: Tackling Economic and Social Vulnerability ». Communication by **Lisa Chauvet** and Paul Collier « *Election and Reform in Failing States* », (Helsinki, Finland 15-16 June).

World Bank – Moroccan Government, « Skills formation, social protection and job creation » workshop. Communication by Mohamed Ali Marouani « *l'impact de politiques alternatives d'emploi au Maroc* », (Rabat, Morocco, 19-20 April).

THE POLICY PARADOX IN AFRICA

Strengthening Links between Economic Research and Policymaking

Edited by Elias T. Ayuk and Mohamed Ali Marouani

It is becoming increasingly clear that without sweeping changes to both domestic and international policies, Africa will not reach the Millennium Development Goals by 2015. While there seems to be a consensus on increasing aid to Africa, donors will undoubtedly favour democratic countries that adopt sound development policies. For development policies to be sound, however, they must not only meet short-term political expediencies, they must also tap the broad knowledge base that is furnished by policy research in Africa, particularly economic research on a continent confronting chronic and crushing poverty. What role does economic research, particularly by African economic researchers, play in the existing process of policy development in Africa?

This book examines the extent to which policy-makers and political leaders take into account home-grown African research when they formulate policies intended to promote sustainable development. It reveals that there is a disconnect between policy-making and economic research and proposes ways that researchers can help to bridge this gap, improve the policy-making process, and thus enhance development efforts in Africa.

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