YOUTH AT WORK: BUILDING ECONOMIC OPPORTUNITIES FOR YOUNG PEOPLE IN AFRICA
JULY 2015
Generating viable employment for young people remains a serious global problem. This situation is particularly acute in Sub-Saharan Africa, where some 600 million people are currently under the age of 25. Many still do not have access to quality and reliable economic opportunities, either through self- or formal employment. The economic and social costs of this challenge are too high. It is time for the global youth jobs movement to take its work to a new level—a level that will create new economic opportunity for millions of young people.

The challenges of youth underemployment and low productivity self-employment are multi-faceted. Solutions require a holistic approach—at the level of individual young people, at the level of collaborating organizations and at the level of government leadership, so as to create enabling environments and remove obstacles to youth employment, entrepreneurship and productivity.

The Foundation’s Economic Opportunities for Youth programs provide instructive examples of how holistic approaches can be designed and implemented in Sub-Saharan Africa. These programs are guided by three principles:

• There is a need to improve training, skills development and education by developing and testing models that deliver the foundational skills, experiential learning and non-cognitive skills young people need.
• There is a need to link young people to real opportunities that exist in the market in developing countries.
• There is an opportunity to explore the role that financial services and education can play in helping young people make a successful transition into their working years.

While data on many aspects of this work are still emerging, a review of the Foundation’s programs and the broader literature reveals a number of important themes, principles and points of evidence that can help further guide practices in this field. The following are particularly important to note:

• There are not enough formal jobs for youth. This means that young people will have to pursue a mixed livelihoods approach to income generation, which means they will work in a variety of formal and informal working arrangements. In working with economically disadvantaged youth, then, there must be greater emphasis on the reality of self-employment—especially in the informal sector—as a possible pathway out of poverty.

• An understanding of growth sectors and market demand is essential to any strategies that prepare youth for and link them to the most promising economic opportunities. Employment readiness and training programs should integrate both technical and foundational skills development. Market assessments and employer engagement can help calibrate the balance between market needs, youth aspirations and opportunities. Sector-based approaches have merit, and agriculture remains an important source of employment and economic activity for African youth.

• Discussions on scale, innovation, sustainability and impact of programming are pressing given the urgency and sheer magnitude of the youth underemployment problem. Designing for the large scale of work required to meet the needs of youth populations involves intentional choices and trade-offs. Expensive programs that are entirely dependent on donor funding might not ultimately be possible to implement on a larger scale. Greater engagement between the public, private and non-profit sector is needed to both drive efficiency and to create incentives for markets and government to make necessary investments in this space.

Integration of these considerations into programs and policies will achieve better results for young people in Africa. Accomplishing this will require nurturing African leadership across sectors, deepening knowledge around what works and under which conditions for specific youth segments, and finding mechanisms and structures to coordinate collective activity. Youth participation in program development and evaluation must be considered integral to success.

The MasterCard Foundation has already made significant investments that can be leveraged to help catalyze this re-energized movement. This paper outlines the considerations that are informing this work, and how improving the prospects of young people in Africa will be central to its trajectory.
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1.1 Introduction

Promise for Africa’s Youth

Globally, there are 75 million young people—the population of a medium-sized country—who are unemployed; there are three times as many more who are underemployed.1 Put together, these groups would constitute the third-largest country in the world. This situation is particularly severe in Sub-Saharan Africa where young people make up more than half the population. Many still do not have access to quality and reliable economic opportunities, including access to education and skills development and employment and self-employment that can allow young people to improve their economic and social conditions and future prospects. In many African countries, labour markets are biased against youth, or do not function well.2

Presently, the majority of young people in Sub-Saharan Africa subsist on meagre livelihoods in unsecure employment or subsistence agriculture; most, especially women and those who are marginalized, live below the poverty line. While the sheer scale of this issue is challenging, the cost of not addressing it—in the context of multi-generational economic and social outcomes—is perhaps even more daunting.3 As the World Development Report 2013 noted, “Jobs provide earnings, generate output, and influence identity, they shape the well-being of those who hold them—and they also affect the well-being of others.”4

With Africa’s population expected to nearly quadruple by the end of this century, African nations and the international community must do much more to generate work for youth across the continent. Sub-Saharan Africa has witnessed significant economic growth spurts in the last decade.5 With projected demographic and economic trends, there is enormous promise for the transformation of lives and livelihoods of youth. Young people are vital to the economic, political and social development of Africa. Given the opportunity, the next generation has the power to rejuvenate the economic trajectory and prosperity of communities across the continent.

It is time for the global movement for youth employment to move forward from projects to programs, from evidence to policy, from local pilots to scaled solutions. The movement needs to be re-energized with new alliances—especially with governments and private sector actors—and substantial resources to reach the size that is necessary to make a significant difference. To be sure, the challenge of improving the livelihoods of youth and their households is enormous and framed within incredibly complex environments. It requires a focused, strategic, and long-term agenda of informed design and aggressive implementation. There is an urgency to addressing the challenge of youth underemployment on the scale that it requires, and the consequences of not doing so are already evident: unacceptably high poverty levels and mounting social and political instability.6

It is time to elevate our collective action to catalyze and sustain economic opportunities for youth in Africa.

Purpose and Objectives of the Review

The MasterCard Foundation, working with several local, national and international partners, has initiated a strategy and program called Economic Opportunities for Youth (EOY). Through it, the Foundation invests in innovative approaches that improve access to employment and entrepreneurship pathways for economically disadvantaged young people.

In 2014, the Foundation undertook a thematic review of its EOY portfolio, with the objective of synthesizing and sharing findings and lessons learned from the Foundation’s and other key actors’ work, particularly in Africa. At the time of the analysis, the Foundation had invested over US $177 million (in the last five years) in its EOY program. As of August 2014, an internal review of projects with monitoring data found that almost 130,000 program participants had graduated, with almost 59,000 making the transition to employment in a full-time job, employment in an internship or self-employment.7

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3“...we have seen how some youths with no job prospects and little hope of getting any have become the petrol to raging fires of conflict. They easily fall prey to war lords, criminal gangs and political manipulators to the detriment of peace and stability in their countries...” Jakaya Kikwete, President of Tanzania, remarks at the UN General Assembly, 2009, as cited in African Development Bank Group. (2013). Accelerating the AfDB’s response to the youth employment crisis in Africa. An OSHD/EDRE Working Paper.
7The MasterCard Foundation—Economic Opportunities for Youth (2014) Draft: Disaggregated Youth Transition Figures from the EOY Portfolio. It should be noted that this review included only results from seven projects that collected data on youth transitions from the training programs to livelihood pathways: CAP, DOT, EFE, IYF, Swisscontact, TechnoServe and YouthBuild International.
PART 1: CONTEXT

The thematic review involved primary and secondary research, including over 120 project documents from 29 projects in the Foundation's portfolio, interviews with Foundation staff, and a literature review of over 90 external publications. This review is intended to contribute to the design, implementation, and learning efforts for the Foundation, its current and future partners, and other stakeholders in order to ultimately deliver greater impact for young people. The main audiences for this report include other foundations and funders, project implementation partners and practitioners, African governments, and existing and potential employers of youth. We draw on the experiences of these groups and on the Foundation's partners, with the aim of contributing to shared learning.

The review is organized into three main parts. Part I introduces the issue of economic opportunities for youth, reviews the needs of African youth and how they can be addressed, and describes the Foundation's work in this area. Part II elaborates on three key themes that have emerged from the review of evidence generated by the Foundation's portfolio as well as the external literature—mixed livelihoods, working with markets and designing for scale. Part III examines the implications for enhancing economic opportunities for young people in Africa.

1.2 Economic Opportunities for Youth

Examining the Needs of Youth in Sub-Saharan Africa

By 2050, the population of Sub-Saharan Africa is expected to more than double. While economic growth rates have been appreciable in Africa in the past decade, the growth rates of the economies of Sub-Saharan African countries will not be sufficient to meet the ongoing exponential growth in population. People under the age of 25 comprise over half the population, and this “youth bulge” makes it increasingly difficult for young people to find work. Indeed, a multi-country analysis shows that a one percent increase in the share of youth in the population increases youth unemployment by 0.5 percentage points. As growth of the youth cohort far exceeds investment in economic development and job creation, particularly in rural areas, youth unemployment and underemployment will present a significant challenge for African countries for decades to come.

Governments, civil society organizations and international donors, among others, encourage economic opportunities for youth through numerous program and policy interventions. These opportunities improve the capacity of youth to develop skills, access jobs, grow businesses, access finance, and expand the opportunities available to them. Target youth are generally defined as between the ages of 15 and 30 and out of school or work; in addition, they may face specific barriers that make them vulnerable, marginalized, or excluded, such as educational attainment, household income, gender, societal expectations, or geographic location relative to the majority of economic opportunities.

While the needs of youth vary by context, our review of the literature and programs identified several core elements that youth need to enhance their economic opportunities, with some differentiation between those seeking wage employment and those on a pathway to becoming entrepreneurs or self-employed.

An overview of the data and methodology are included in the Appendix and the literature reviewed is included in the reference list at the end of the report. In general, our review of evidence from the external literature as well as internal program evaluations appears consistent with other similar initiatives, where much of the evidence cited is not very rigorous. This variability in the validity, robustness and quality of data has made it difficult to objectively describe what works or does not, definitively compare program interventions and accurately describe or predict program outcomes. As we describe further in the final section of the report, this must be an area of priority for this programming.
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<table>
<thead>
<tr>
<th>Basic Needs</th>
<th>Additional Needs of Those Seeking Wage Employment</th>
<th>Additional Needs of Those Seeking Self-Employment</th>
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<tbody>
<tr>
<td>Basic education (foundational literacy and numeracy), life-skills and work readiness</td>
<td>Labour market data to inform choices and preparation</td>
<td>Access to relevant entrepreneurship and business training, technology and tools</td>
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<tr>
<td>Educational training/institutions to support integration into economy</td>
<td>Both technical and soft skills via traditional and innovative/experiential learning</td>
<td>Identification of market opportunities in the formal and informal economy</td>
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<td>Coaching for navigating livelihood, including counseling, guidance and role modelling services</td>
<td>Strengthened workforce intermediation for work placements, internships and apprenticeships</td>
<td>Access to finance (credit) and access to savings</td>
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<td>Financial literacy and products, including savings</td>
<td>Access to networks that provide relevant and timely opportunities</td>
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<td>A better understanding of options across formal, informal and self-employment</td>
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<tr>
<td>Support programs that bridge economic and social needs</td>
<td>Financial literacy and products, including savings</td>
<td>Financial literacy and products, including savings</td>
</tr>
<tr>
<td>Programs focused on women-specific needs and challenges</td>
<td></td>
<td>Business coaching and mentorship supports</td>
</tr>
</tbody>
</table>

Source: Authors

Enhanced economic opportunities are important for youth, their households and their communities. These include access to new or better opportunities, improved quality of work and the enhancement of future prospects. As a recent report noted, jobs are the most important determinant of living standards, and quantitative analysis confirms that change in labour earnings is the largest contributor to poverty reduction. More broadly, economic opportunities for youth can be viewed within the larger context of poverty reduction efforts, where economic gains translate into social, cultural and physical assets. Without these opportunities, the repercussions for youth can be significant: in addition to negative economic outcomes, both unemployment and underemployment can undermine life satisfaction, and result in undesirable social trajectories over time.

Significant funding and effort has been directed at youth employment and self-employment initiatives. Nonetheless, there are few firm conclusions as to their efficacy, including which approaches and strategies work best under certain conditions and the durability of economic and social outcomes. Comparative analyses have yielded inconclusive or even indifferent results, while noting various methodological, definitional, and technical limitations. For example, the notable lack of longitudinal studies means that relatively little is known about the long-term impacts of programs; and the context-specific nature of most approaches do not lend themselves to comparability (to assess, for instance, what combinations of strategies work best under which conditions).

This thematic review was motivated by these concerns, and the need to deepen the collective knowledge in the field of economic opportunities for young people in Africa.

**The MasterCard Foundation's Economic Opportunities for Youth Strategy and Program**

The MasterCard Foundation seeks to improve access to employment and entrepreneurship pathways for economically disadvantaged young people. The strategy aims to:

- Understand the complexities of Africa's diverse economic development pathways.
- Address both the shortage of meaningful job or enterprise opportunities for young people.
- Understand the barriers that prevent youth from accessing these opportunities.

The overall approach is to:

- Identify value chains and markets that offer strong potential to be major sources of employment or entrepreneurship opportunities for youth.
- Target market opportunities or needs of specific youth segments with partner organizations that bring significant experience on the ground.

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The Foundation is a prominent funder and thought leader in the area of youth economic opportunities and youth learning, with a portfolio of initiatives across diverse fields in both rural and urban areas in many different African countries. While many projects are designed to target specific local objectives, several are intentionally structured to profile multi-sector and multi-region programs and learning. As well, there has been an intentional commitment to build research, learning and evaluation capacity across the portfolio. With a network of partners and an increasing depth of experience, the Foundation is well situated to contribute learning on effective programming design and implementation and to share findings and key themes with the broader ecosystem.

1.3 Youth-Centred Holistic Approach

The Importance of a Holistic Approach

The MasterCard Foundation’s EOY program and its theory of change embrace the notion that a holistic approach at all programming and ecosystem levels is critical. This perspective has emerged from the Foundation’s own experience in the evolution of its portfolio over the last five years; as youth and workforce development approaches have increasingly embedded both supply-side (training, skills development, education) and demand-side (improving opportunities and supports around work) initiatives. Evidence shows that these comprehensive multi-component holistic programs work.

A holistic approach recognizes that multi-faceted problems such as youth unemployment and underemployment require solutions that involve different components and organizations working together in a coordinated manner. It also acknowledges that a range of tactics and strategies must be harnessed. In the Appendix, an expanded description of the holistic approach is provided, drawing on examples from the portfolio and evidence in the literature. Here a summary of the key elements, which can be described on three levels, is outlined:

- First, youth must develop the awareness of their needs, what assets they bring and how they may leverage these for self-employment or a job. This impetus is an important starting point for a holistic approach. Self-aware, motivated and engaged youth tend to put themselves at the centre of the process of change and transformation of their economic opportunities and future prospects. A holistic approach involves offering youth a set of program options that enhance their capacity to find and secure productive work. These elements fall into three main categories: training and education (human capital), access to financial services (financial capital), and social support networks (social capital). It is important to note that youth always bring their own assets – including financial, social, human and physical assets – which should be recognized and harnessed.

- Second, at an organizational level, a holistic approach requires engaging the various NGOs (international and local), government agencies, private sector companies, technical and vocational education and trainings (TVETs), financial service providers and other organizations that have a role to play. Typically, these organizations operate independently, when what is most needed (and often missing) is coordination and collaboration. The Foundation’s consortium approach—targeting specific sectors in specific countries and mobilizing organizations—recognizes the importance of facilitating groups of organizations to work together.

- Third, at the level of macro-economic policy and the enabling environment, government leaders and their partners have an important role to play in making the labour market work better for youth, facilitating private sector investment, investing in education and infrastructure, and supporting business and labour markets.

The holistic approach at these three levels of analysis is illustrated on the following page (Figure 1).
Segmentation is Important for Targeting and Outcomes

Youth are not a homogenous group. A review of over 170 studies found that successful outcomes can be attributed to "the program's targeting strategies towards economically disadvantaged youth, the level of the development in the country, and the flexibility of local labour market regulations." Relevant categories of segmentation include age, gender, geography, level of formal education and level of family income. Segmenting youth matters because it avoids developing training programs and other supports that are not suited for the youth segment being served, or not suited for the markets and social context in which they are situated. There is evidence that youth workforce development programs in developing countries are having a positive impact on employment and earnings, but this varies considerably by region, youth segments, type of program, and other contextual factors. For different segments of youth that are marginalized, vulnerable, or excluded—such as rural youth and young girls—specific needs and strategies are important to consider.

How do youth needs vary by gender? While young women and men can have similar needs, there are also important differences that influence the nature of program strategies and approaches. Young people need help in understanding and implementing their property rights, accessing land, and learning how to participate in economic and political life. Women usually face more obstacles, however, in accessing these basic rights. The school-to-work transition of young women is typically more protracted compared to young men. Young single mothers are more prone to unemployment, underemployment in the informal sector, and discrimination and sexual harassment in all areas of their lives. Gender division of labour in rural areas is such that individual control of production processes is very difficult for women and girls. Male dominance, early marriage and gender norms influence girls' confidence to work in certain sectors and/or demand equal access with young males to the few decent work opportunities available. Notably, some programs have worked to promote gender equality by including men and boys to facilitate change in social norms. Further and more nuanced exploration is required into these issues and their implications for programs and policy.

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31 For example, a USAID report notes that most interventions enroll boys and girls, but do not look at whether programs are equally effective for both genders. United States Agency for International Development. (2013). State of the field report: Holistic, cross-sectoral youth development. Washington, DC: USAID.
PART 1: CONTEXT

How do youth needs vary by age?
Youth have distinct developmental needs as they transition from childhood to adulthood. They need opportunities for physical activity, development of competencies, achievement, self-definition, creative expression, positive social interactions, structure and boundaries. Investments in earlier years and adolescence are particularly important from a developmental standpoint in order to build appropriate behavioural and cognitive skills. There is empirical evidence to show that poor learning outcomes—such as circumstances where low-quality education produces individuals who are barely literate and numerate—limit the potential for education to increase productivity. As youth get older, life skills gain importance in facilitating the transition to adulthood. Youth trainers in the Foundation’s partnership with TechnoServe (the STRYDE program) perceived older youth (aged between 25-30) as being more serious about livelihoods compared to younger ones (18-24). Several reasons for this were noted, including older youth feeling a greater sense of responsibility and having a greater understanding of both opportunities and opportunity costs.

How do youth needs vary between urban and rural youth?
In both urban and rural areas, the majority of young workers in Africa are engaged in self- and informal employment. Different settings, however, lead to distinct social and economic needs. It must also be recognized that youth are not bound to their settings, and rural-urban migration is a reality for many young people seeking better employment opportunities. This migration can be seasonal, with youth travelling back and forth to pursue varying livelihoods, or with the intention to move on a more permanent basis.

Urban and Peri-Urban Youth. In cities and towns, education, health resources and income-generating opportunities for youth are more plentiful, but they are not evenly distributed. Further, youth in urban areas often work in the informal economy and thus face challenges, such as credit constraints and an increasingly competitive labour market. Young people can get frustrated by their inability to bridge income inequality.

Rural Youth. The bulk of youth reside in rural areas. Most youth policies concur that education and employment opportunities should be strengthened in rural areas. Rural youth have less access to quality education than urban youth and, therefore, experience unequal access to the labour market. Youth in rural areas are also likely to work in agriculture, which means that they need access to land, specific knowledge relating to agriculture, connections to agribusiness markets, and information and technologies that allow for greater productivity.

Youth Needs Vary by Age

USAID’s Youth Policy provides the following overview of how youth needs vary by age:

“Adolescence (15–19 years): These years are critical to sustain and expand health and education gains, protect against rights’ abuses such as trafficking, exploitation, or hazardous work, and prepare youth for citizenship, family life and the workforce. Programming includes health education for healthy lifestyles, promotion of positive gender norms, provision of youth-friendly reproductive health services, academic retention and vocational education, financial literacy and saving, soft skills and service learning, mentoring peer networking, civic engagement opportunities, and legal rights’ education.

“Emerging Adulthood (20–24 years): As behaviors form with last brain development, programs should continue to support positive and constructive decision-making and build resilience. Examples of relevant programs include advanced education and job-specific training, life and leadership skills, livelihood and career opportunities, such as trafficking, exploitation, or hazardous work.

“Transition into Adulthood (25–29 years): Although physical maturation is largely complete, learning continues. Programs should link youth to employment and civic engagement opportunities, as well as enable youth to build assets and provide economic, health and social support for family life.”


32For example, see the box from USAID’s Youth Policy, which notes the different needs of youth segments.
After undertaking a comprehensive review of the topic, it is clear that there are no quick fixes for addressing the needs of young people being served by these programs. The most influential organizations and individuals in the field have noted this as well; and youth unemployment still remains a defining public policy challenge for most developed and developing Sub-Saharan economies. Nonetheless, this review has identified three key themes that deepen our knowledge of the field and point to ways to improve impact and potential for scale:

i. Mixed livelihoods as a vital design consideration.
ii. Working with markets can optimize youth economic opportunities.
iii. Designing for scale involves trade-offs and choices.

### 2.1 Mixed Livelihoods are a Vital Design Consideration

Creating more economic opportunities for youth requires understanding the nature and implications of the particular constraints and opportunities that youth face. Often, youth employment programs focus primarily on formal sector employment, in the form of preparing young people for one job. The reality is that self-employment, the informal sector and agriculture-related activities will be the pathways out of poverty for the majority of young people in Africa.

Approaches and strategies that blend learning, earning and saving not only address short-term needs, but also help to build stronger coping and support mechanisms, as well as their own assets over time. Mixed livelihoods approaches recognize the nuanced reality for youth in terms of their participation in both the formal and informal sectors, and their movement in and out of education. A deeper appreciation and integration of these themes is critical to improving the effectiveness of these programs and policies.

**Mixed Livelihoods Approach to Income Generation**

It is important to first acknowledge the reality of young people in Africa. In many economies, there are not enough formal jobs. In the absence of large-scale employment creation, the informal economy remains a ubiquitous source of economic participation, including trading, street hawking, farming, and livestock production, or working for micro- or small enterprises. These are activities many young people begin while still at school. An International Labour Organization report found that 75 percent of young people aged 15 to 29 were engaged in informal work. Participation in the informal sector is the only option for a majority of young people in Sub-Saharan Africa.

In this context, the lived experience of many African youth is that they need to pursue a variety of income sources, moving in and out of different formal and informal work experiences as opportunities present themselves. They also seek income from a variety of sources at any one time, including working for family farms or businesses. The mix of activities can change over time as youth attempt to work their way up the ladder of skills and income-generating opportunities. They may also leave school to build skills at work, and return to school later on to enhance a specific skill set.

**Before [CAP], most of my bills and my clothes were being taken care of by my parents. But at the moment I am self-reliant. I do pay for my own bills and I do assist my parents in paying the fee of the last born.**

– TechnoServe staff commenting on Northern Uganda

– Participant, CAP Foundation Program

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40The World Bank, USAID, and ILO, in particular, have outlined several interpretations of a holistic model for programs in this space.

41An Appendix is available detailing the relationship between The MasterCard Foundation’s key learning questions and sub-questions and the list of codes, including the three key themes discussed here.


43A majority of young workers surveyed in sub-Saharan Africa were self-employed, mostly for involuntary reasons, as it is not the most desired livelihood. Elder, S., and Koné, K. S. (2014). Labour market transitions of young women and men in sub-Saharan Africa. Work4Youth Publication Series No. 9. Geneva: ILO.


PART 2: KEY THEMES

Greater Recognition of Informal Sector Pathways

This mixed livelihood approach to income generation requires us to expand our roster of interventions beyond those that lead to formal jobs. The reality on the ground is much more nuanced and dynamic, often with a large role for informal economic activity. For example, a young person can contribute to a family farm as well as a household enterprise, and take a temporary full-time job as a construction worker during the building of a local school. For youth and their households, this may mean setting expectations that a variety of jobs and income-generating opportunities will likely be commonplace.

This also means that there are multiple pathways to help youth succeed—for self-employment, working with a family farm, or informal or formal enterprise. As noted in Figure 2, the EOY portfolio spanned both formal and informal pathways, and bridges both jobs and entrepreneurship approaches to youth unemployment. Some programs fall squarely in one quadrant, with a specific focus on either the formal or informal sector, or working on the jobs or employment pathways. Several of the larger programs, however, recognize the interplay between the various quadrants, and were designed and implemented to embrace a mixed livelihoods approach. For example, TechnoServe programming included components designed to strengthen youth capacity to operate in both the formal and informal sector, by blending technical and soft skills training for specific commodities and crops, while also integrating broader entrepreneurial and financial skills.

Figure 2: Income generation for youth can come from a variety of sources

Informal sector pathways are influenced by several factors, such as the activities that parents or family members have been involved in, or agricultural commodities that are in demand locally. Data around how these economic patterns vary by youth segments and regions are still emerging; for example, a recent World Bank report found that, despite their small scale in terms of revenue generation and employment growth, small household-based enterprises can provide higher income than agricultural work, and supplement the income of the household. As youth find ways to diversify their income, they also need complementary mechanisms for income smoothing, such as being able to access savings accounts or working capital loans. Participation in earning opportunities will also be different for young men and women based on the relative lack of investment in girls’ secondary education in many African countries.

*Source: Authors assessment of selected EOY portfolio organizations*

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47The Foundation’s portfolio was iteratively constructed over time, and this point-in-time illustration is only intended to provide an approximation for comparative purposes. While the size of each organization represented below corresponds roughly to the financial grant size, the positioning for each within the quadrants corresponds to the primary objectives only, and it should be noted that this may have changed over time (for example, moving into other quadrants in response to changing local conditions).


Clarifying Entrepreneurship for African Youth
Understanding the reality of mixed livelihoods for many African youth allows us to re-examine what we mean by entrepreneurship in the African youth context. The reality of entrepreneurship for the majority of African youth is more likely to be “entrepreneurship of necessity” rather than “entrepreneurship of opportunity.”

An entrepreneur by necessity needs different skills and supports than an entrepreneur that has identified a significant market opportunity and plans to grow a business and create many formal jobs for others. The smaller percentage of youth who have the potential to be entrepreneurs of opportunity—such as those supported by African Leadership Academy and Ashoka—require training, financing and networks of support consistent with these aspirations.

The majority of youth will need preparation for entrepreneurship of necessity in informal sectors and agriculture. This requires a different approach, as young people must build an entrepreneurial skill set to experiment with economic activities and hedge among them to address their immediate and short-term needs. This may mean working or training in the formal sector. For example, in the Foundation’s partnership with the CAP Foundation, youth took on short-term formal employment because they saw it as a path to self-employment, as the work allowed youth to gain relevant experience, networks, and capital in order to increase their chances of success in future self-employment.

For these youth, priorities include training in general business and financial skills and the identification of sectors that are most likely to offer opportunities for enterprises that are owned by (or employ) youth.

Situating Individuals within the Household
Low-income households often diversify their income through livelihood strategies that include a combination of formal employment, self-employment and agriculture. Families encourage youth to become involved in multiple economic activities in order to add to the household’s collection of experience and knowledge. Because most youth lack economic independence, their contribution to the strategy of the household is not an autonomous choice.

Embedding Gender Considerations in EYO Programs
Both the literature and EYO programs clearly state that gender considerations are critical for program design. Embedding these in implementation and evaluation, however, is not always straightforward. For example, young women are often the caregivers in the household, and a key issue for program and earning participation is childcare provision. As such, it is important to understand this in light of the reality young women face with respect to time use. And while earning is key for young women, the reality of being able to keep their earnings needs to inform program design. Fathers, brothers and husbands may need their own role in such programs. Another example is around literacy as a barrier to participation, especially for young women who do not complete primary school; programs and employers that set minimum literacy levels may unintentionally select more educated youth who may have more opportunity to gain these foundational skills.

With thanks to Louise Fox and Veronica Torres for these specific questions.

1. With thanks to Louise Fox and Veronica Torres for these specific questions.

50 There are several interpretations of entrepreneurship that are also skewed by inconsistent data collection and analysis; for a fuller discussion, see Margolis, D. (2014). By choice and by necessity: entrepreneurship and self-employment in the developing world. Bonn, Germany: Institute for the Study of Labor (IZA).
51 This distinction has been made by several authors and organizations such as the ILO; for examples, see: Margolis, D. (2014). By choice and by necessity: entrepreneurship and self-employment in the developing world. Bonn, Germany: Institute for the Study of Labor (IZA).
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In turn, youth understand how essential families are in helping them develop livelihood capabilities and capital and, therefore, focus on contributing to the household’s economic wellbeing.55 The CAP Foundation program found that once youth were able to secure more viable livelihoods, they used their increased earnings to help their families cover basic costs such as siblings’ school fees, or emergencies. Participants felt a sense of pride in their financial contributions, which helped shift the way they were perceived in their households and communities. Young women who participated in the Foundation’s partnership with Camfed reported using profits from their businesses to support the education of their family, as well as to employ family members in their businesses.

In Uganda, self-employment and enterprise development will more likely enable youth to improve their livelihoods given that the country has the highest rate of necessity-driven (44%) vs. opportunity-driven (56%) entrepreneurs.

– Uganda Market Assessment (Save the Children)

The involvement and buy-in of households is key to the success and sustainability of formal and self-employment arrangements. Youth participation and empowerment are critical both as means to an end and as ends in their own right. Self-empowerment comes from the ability to influence decision-making within the household and to be recognized as a contributor to the economic stability of the family and community. Early evidence from several programs in the Foundation’s portfolio—such as those operated by Digital Opportunity Trust, TechnoServe and the International Youth Foundation—suggest that self-empowerment is an important aspect for young women in particular.

A global review of programs notes that the best interventions came from “learning while earning” programs that balanced immediate household needs with building long-term capabilities and assets.56 The Learn, Earn and Save programs in the EOY portfolio are a representative example. Notably, such programs must also address social norms and familial expectations. For example, entrepreneurship that is undertaken by choice rather than by necessity can often be perceived negatively by families that prefer that their children pursue professional and stable employment. The absence of sufficient formal employment opportunities, however, requires changing mindsets among youth and their families. This is particularly relevant for young women, who may face additional cultural barriers in some countries. As such, measurement of impact from program interventions should occur at both the individual and the household level.

2.2 Working with Markets can Optimize Opportunities for Youth

Ninety percent of the work opportunities in the developing world are in the private sector.57 Understanding how companies and markets can create more economic opportunities, and understanding the barriers that constrain the creation of additional jobs and self-employment opportunities is essential to addressing the current challenges of youth underemployment and unemployment.58 A recent report by the World Bank provides an updated snapshot of the labour market across the continent (see Figure 3), which can vary depending on the economic forces characterizing different countries. Beyond countries with upper-middle-income status, agriculture accounts for the largest portion of employment in Sub-Saharan Africa. Household enterprises also account for a sizeable portion of employment. By contrast, employment in wage services and wage industry work has yet to materialize in significant numbers.59

55James-Wilson, D. (2008). Youth livelihoods development program guide. Education Development Centre Inc. In general, there is a need for additional evidence around how families plan for, react to, and overcome the range of situations they face. For example, household level data that correlates earning, saving and spending patterns with decision-making among family members.
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Figure 3: Estimated structure of employment in Sub-Saharan Africa by country type, 2010

Note: On the horizontal axis, numbers show size of labour force in each group. Country classification is based on per capital Gross National Income (GNI) in World Bank (various years).

* Numbers do not add to total because of rounding.

Source: Filmer and Fox. (2014).

Build an Informed Understanding of Market Needs and Barriers

Market assessments should analyze both the needs of the market (demand for labour, products and services) and the supply of labour and how they are (or can be) linked. Market assessments should also explore relevant historical, cultural or political elements that trace both the root causes and the symptoms of youth underemployment, as there are often many contributing factors. Several implementing partners in the EOY portfolio—including CAP Foundation, Save the Children and the International Youth Foundation—conducted sector-specific market analyses. An in-depth analysis by TechnoServe, for example, identified agribusiness opportunities for youth along the maize value chain in Uganda (see Figure 4). This particular assessment compared the ease of job creation to the attractiveness of various opportunities for youth.


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Figure 4: Youth-related jobs created through increased maize farming in Uganda

Analysis of growth-oriented sectors should include opportunities that are particularly conducive to youth employment or are ‘youth friendly’. Since the informal sector is likely to continue to absorb the majority of workers in the non-farm sectors in the future\(^{60}\), market assessments must look beyond the formal wage sector. For example, a recent survey found that most employment in the nonfarm informal sector is in trade and services.\(^{61}\)

While employment creation is most often oriented towards formal work, and usually biased towards large or mid-sized companies, the reality is that most job growth occurs in smaller firms, which form a disproportionately large absorber and creator of employment in Sub-Saharan Africa.\(^{62}\) Evidence of this is reflected in the EOY portfolio through Education For Employment’s reassessment of its job placement strategy. When it found that corporate outreach was insufficient for placing youth in opportunities, it switched focus to securing placement partnerships with small and medium-sized enterprises (SMEs). The creation of informal opportunities involves finding income-generating activities with low barriers to entry where youth can develop transferable skills for future employment prospects.


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In addition to broad market intelligence, specific employer insights are revealing. Several market assessments that surveyed employers noted a significant mismatch between the requirements of employers and the characteristics of youth in the market. For example, in implementing its partnership with the Foundation, Education for Employment found that employers identified a lack of experience and under-qualification as the top obstacles to employment, while program graduates highlighted the inability to commute or move and the unattractiveness of the opportunities. The skills mismatch problem is also prevalent where the specific technical or life-skills that employers consider fundamental are not seen to be available in job applicants. Other factors at play include job quality, organizational culture, country context, and cultural and gender norms, as these are important considerations for targeted employee recruitment and retention.

Evidence from the EOY portfolio and external literature reveals several strategies for enhancing the process and outcomes of market assessments. One such strategy is to engage youth and their families in conducting and validating market assessments, or at the very least to interpret the findings in an accessible manner, in order to re-affirm the importance of their partnership in the process. Market assessments can also be used to inform curricula and training activities, and to raise community awareness and foster community dialogue about the key opportunities and challenges that young people face in securing better livelihoods. As labour markets and value chains are inherently dynamic and continually evolving, market assessments should be a continual, ongoing process of information gathering rather than a one-time snapshot.

Initiate Stronger Engagement with the Private Sector

The “private sector” is a broad term that can include a variety of different sizes and types of organizations, each with their own interests, needs and opportunities for youth engagement. Private sector youth engagement (whether a micro-enterprise or a large corporation) is most successful when their plans regarding return on investment align with what youth programs can offer. Enterprises will hire, buy from or contract out to youth when doing so will help them increase productivity and earn greater incomes.

Engaging the private sector is an increasingly accepted strategy, and can occur in several ways. For formal employment, engaging the private sector can include: working with employers to define employment readiness; developing and delivering training curricula; securing commitments to hire youth and providing post-employment supports. Recent research has found that apprenticeships and on-the-job training are most helpful when they are based on feedback from the market. In addition, private providers of training, and employers themselves, are often the best sources of information for industry-targeted training. For self-employment, youth entrepreneurs can engage private sector enterprises in value chains as suppliers, customers or partners.

Several EOY organizations—including the International Youth Foundation and Education For Employment—have worked closely with private sector employers to design curriculum and training programs that meet their needs, achieve buy-in and build relationships. Other successful approaches include developing a clear understanding and upfront agreements on hiring commitments (as Education for Employment has done), and shifting youth-focused initiatives from corporate social responsibility budgets to those managed under human resource recruitment. Engaging employers in the early design phase improves the ability of programs to focus on skill sets required by the market. Where these initiatives are private sector led, the employment readiness focus is clearer. Vulnerable youth in particular may need to develop basic literacy and numeracy skills, life-skills and skills that are prioritized by employers, and these can take significant time and targeted effort to develop. Having private sector employers play a more hands-on role in influencing school and education systems can reduce the gap around job readiness.

STRYDE participants are more sincere and dedicated in work, compared to our other employees.

– Employer in Nyeri, Kenya

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63For example, see: Dalberg Global Development Advisors, Save the Children and The MasterCard Foundation (2014) Multi-Country Assessment of Youth Employment and Entrepreneurship Opportunities in Agriculture: Summary Report of Findings, Lessons Learned and Recommendations.

64For additional guidance, see Beauvy-Sany, M. (2009). Guidelines and experiences for including youth in market assessments for stronger youth workforce development programs. Washington, DC: The SEEP Network.

65Enterprises are also motivated by enhancing their reputations and legitimacy through corporate social responsibility initiatives; however, the level of commitment and resources associated with these motivators is lower.


67Evidence came from several Foundation projects—including IYF, EFE and STC—as well as external literature already cited earlier.
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While there is a greater willingness and acceptance to work with the private sector to stimulate youth employment, gaps remain in expectations, incentives, and accountabilities among private sector actors, NGOs and governments. For example, some employer surveys conducted in the EOY portfolio reported a mismatch between required skills and their subjective assessments of whether young people who applied possessed them. Further, despite significant outreach to the private sector, Education for Employment faced challenges in creating a pipeline of jobs and internships for its students and graduates, partly because large businesses often had their own recruitment channels and their own training centres and programs. In other cases, broader cultural norms and behaviours may play a role, and, unfortunately, these are harder to address.

Sector-and Place-based Approaches Matter

Traditional approaches to workforce development have contrasted sector-based and place-based approaches—the former focusing on the “demand side” (employer and market-driven) and the latter emphasizing the “supply side” (the needs of unemployed youth). The reality is that both are important and needed. The key is to align them via program or policy design and implementation. Place-based approaches have been a staple of international development programs—including youth employment interventions, usually in the form of training and skills development—for a relatively long time. Recently there has been a more intentional emphasis on sector-based and market-driven efforts. The intersection of the two forms a more holistic approach, as described earlier.

Sector-based strategies, focused on particular regions, can be intentionally constructed to leverage synergies between private, public and non-governmental organizations. The Foundation’s recent round of EOY program funding involved an intensive research process to identify key sectors and regions. The results informed the allocation of funding decisions and program partners. Several levels of analyses were used, including macroeconomic conditions, youth employment needs and trends, sector-specific analyses on priority areas, and a “deep dive” along specific value chains. The process prioritized two countries of focus—Ghana and Uganda—as well as two sectors that presented the most promising intersection of market need and youth fit—agribusiness and construction. The next section delves deeper into the rationale for selecting agribusiness as a sector.

Defining Agriculture as a Business

Agriculture in Africa is set to create eight million stable jobs by 2020, but could potentially add six million more if the continent accelerates the development of this sector. Agriculture remains the top sector of employment for young people in Africa. Notably, pathways out of poverty through agriculture can be comparatively accessible for the poorest youth, who often have few other employment options available to them. Across the continent, however, there is also a social stigma that deters youth from aspiring to engage in agriculture, and African youth may only choose to work in this sector as a last resort.

Research commissioned by the Foundation identified the agriculture/agribusiness sector as an important growth area in Sub-Saharan Africa, and is expected to create some of the highest numbers of entry-level jobs for youth in the coming years. Evidence from the EOY portfolio suggests that self-employment in agriculture (usually described as informal sector employment) is one of the most viable means for short-term income generation, as there are relatively low barriers to entry. As TechnoServe has validated, agriculture has high potential for transitioning youth from no economic activity to some economic activity because of low relative start-up capital requirements. For rural youth in particular, the opportunity exists, as part of a longer-term process of structural change, to transform the agribusiness sector into a viable economic option.

As illustrated in Table 2 on the following page, there are several pathways to employment in agriculture, each requiring a different mix of land, capital, and skills.

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Table 2: Pathways for agricultural employment for youth in Africa

<table>
<thead>
<tr>
<th>Type of Employment</th>
<th>Need for Land</th>
<th>Need for Capital</th>
<th>Need for Skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time on existing family holding</td>
<td>None</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Full-time on new holding</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Part-time combined with mixed livelihood</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Off-farm work</td>
<td>None</td>
<td>None</td>
<td>Medium or High</td>
</tr>
</tbody>
</table>


Historically, agriculture in Sub-Saharan Africa has been characterized by low productivity and high inefficiencies. Today, the agriculture sector is modernizing and expanding to include many rapidly evolving commodity value chains. In order to appeal to youth, agriculture must offer real business opportunities that lead to a decent standard of living. Experience from projects in Rwanda and Kenya by TechnoServe has shown that shifting the mindset of youth around agriculture can yield important attitudinal changes. It is hoped that youth may eventually view agriculture as an activity that can earn a sustainable livelihood rather than just a subsistence income, particularly where they can add value. One way to shift this mindset is to provide relevant, ongoing follow-up support, such as access to finance, inputs and technical expertise.

Though African policymakers have begun to recognize the potential of agriculture after decades of neglect, there is more to be done.\(^75\) For example, better land policies and more fluid markets would allow youth other options for obtaining land, such as rental or leasing.\(^76\) Additionally, policymakers must develop youth friendly land policies, more relevant education, innovative financing methodologies and viable infrastructure in rural areas in order to support the next generation of agribusiness leaders.

This sector has unique challenges. The following strategies will be important to unlock opportunities:

- **Productivity.** To make the case for attracting African youth, there is a need to redefine agriculture as a business rather than merely as subsistence production, keeping in mind that subsistence agriculture may nonetheless remain an entry point for youth from poor families in rural areas. Enhancing the productivity of crops and livestock is important for increased income generation, such as supporting the organization of producer groups to facilitate learning, aggregation of products, bargaining power, and group problem-solving and solidarity. Access to productive land is also a key issue in facilitating productivity for primary producers.

- **Value chains.** A value chain approach looks at every step in the chain of production, transportation, processing, packaging, distribution and consumption of agricultural products end-to-end from producer to consumer. A value-chain emphasis brings into focus the wide range of possibilities for income generation and employment that exist beyond primary agricultural production, and it can identify key obstacles that can be removed to improve efficiency, incomes and productivity at each link in the chain where youth can be involved.

- **Target commodities.** It is important to explore opportunities related to specific crops (e.g., bananas or mangoes) or livestock (e.g., goats or poultry). Some value chains have great opportunities for growth and have entry points with lower barriers for young people (e.g., horticulture and small ruminants).

- **Gender.** Participation in value chains by young people can be differentiated by gender, and it is important to review how young women and men are engaged from production to commercialization, in order to examine how best to extend or deepen their involvement. For example, young men are more likely to take on roles as intermediaries and linking to final markets, and young women will tend to focus on more production-oriented activities and day labour options.

2.3 Designing for Scale Involves Trade-offs

Scale is about improving the lives of as many youth as possible with the resources available. It is possible to think of increasing scale in several ways: growing a program or organization in size or scope; replicating and disseminating an idea or model among many organizations; or making an existing market or value

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chain more effective, efficient, and inclusive so more youth can take advantage of opportunities. Scale also goes “beyond the numbers” to shift established norms and practices within social systems in order to influence positive behaviour change and community-level impact. There are emerging sets of considerations and tradeoffs around how to design for scale, particularly as they relate to impact and innovation.

Trade-offs Between Depth of Impact and Scale
There can be a trade-off between breadth (scale) and the depth of impact these programs can have. Programs may focus on training alone, or mix training with coaching support to help a young person apply the learning. As an example, through its partnership with the Foundation, Digital Opportunity Trust was able to reach over 98,000 students through its experiential training program. Despite this success in outreach, the program was not tightly linked to tangible employment opportunities, and may have benefitted from targeting a smaller number of youth and linking them to work. A second project with Digital Opportunity Trust was subsequently designed to address this finding, by placing emphasis on reaching a smaller number of trainees with additional supports. Ultimately, there is a trade-off in terms of the ability of a training program to credibly link earning outcomes to training. Furthermore, that training would need to take into consideration the profile of youth to be effective.

Another potential trade-off—noting that it will vary by targeted youth segments and by the type of work—is that the more economically disadvantaged the youth are (in terms of barriers to accessing or retaining work or self-employment opportunities), the more difficult or costly to prepare them for productive work or self-employment. There are strong ethical, rights-based and economic cases to be made for including more marginalized groups into programming. In this case, there is an additional set of considerations around the role of subsidies. One implication is that while it may be easier or cheaper to target youth with comparatively fewer barriers, there will continue to be pressures and obligations to other youth groups. Making these choices should be informed by clear identification of the target segments (as discussed earlier), as well as clear guidelines around potential issues and risks (such as working with vulnerable youth).

Trade-offs Between Innovation and Scale
Impatient for progress after decades of poverty alleviation efforts, many development organizations are looking for innovative new ideas to address problems. Programs that seek to identify innovation can be likened to research and development activities, while scale usually works best with proven solutions. The hope is that new innovations can provide a more effective, and possibly faster, route to addressing these problems than traditional approaches. Designing a project to foster new ideas, however, requires different objectives, incentives, organizational capabilities and performance metrics than designing a project to scale for proven interventions.

For some problems, where there is sufficient knowledge and practice around “good enough” solutions, what may be most needed is not more innovation but a focus on excellence in implementation, increasing cost-efficiency, and continuous improvement and learning. On the other hand, other problems may require discovery, testing, refining or adapting new approaches that could succeed or fail to varying degrees. For example, there can be a trade-off in involving young people in testing new program models, where the costs of adjusting may be higher than anticipated or not budgeted for. While it could be more efficient to go with a model that has a track record, the model may not be replicable in different or expanded contexts. Given this potential trade-off around innovation and scale, it is important to distinguish and clarify the objectives, approaches and success criteria of programs in this space.

78While the range of rigorous evidence around comparative approaches to assessing the depth and breadth of impact vary, there has been an emerging trend to use experimental and quasi-experimental techniques that enhance rigour and validity of evidence.
80For example, see OECD. (2009). Promoting Pro-Poor Growth: Social Protection. Paris: OECD.
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**Strategies to Mitigate Trade-offs**
While some trade-offs may be inevitable, there can be ways to mitigate or surmount them. For example, it is usually more expensive to work with younger youth over a longer period of time to enhance their foundational skills, compared to short-term technical skills training for older youth. There are important reasons, however, to work with younger age groups, notably the ability to instill positive behaviours and an appreciation of the range of assets they possess. Through a holistic approach, organizations that provide different services to the same youth can be more intentional around collaborating or co-investing with program strategies, sharing of data and learning. This involves demonstrating alternative investments in young people often overlooked by family, community and governments, though it can take some time to demonstrate results and to create sustained traction for these co-investments.

Another way to scale, as we elaborate below, is to work with government directly to influence policy, program design and delivery. For governments seeking to reach a national youth population (including in rural areas), cost-effectiveness can be the primary driver. Some of the most promising pilot projects are “bundling” interventions that target different constraints (i.e. the different elements of a holistic model), though they have been expensive, and have yet to be scaled up in Africa. Improving the economic efficiency of programs through specialization, standardization and incremental productivity improvements can reduce the cost per beneficiary and increase the possibility of scale through cost-effectiveness. In this way, breadth (and likely depth) of impact may actually increase when cost-efficiency is optimized, as programs would be able to reach youth who lack any access to comparable interventions and supports.

Technology is being harnessed in creative ways, not only to enhance reach and scale, but also to deepen impact and spur innovation. Data is being commoditized in ways that can “plug and play” across other data sets and issue areas, using standards and tools that operate consistently across platforms. Another area of opportunity is to enhance granularity and timeliness around data gathering, analysis and utilization—for example, performing real-time monitoring and benchmarking of how well classroom-based concepts are applied in experiential learning environments, by simulating a range of potential situations through virtual training. Blending ‘learning by doing’ in a safe environment—particularly for foundational skills such as customer service—can improve workplace readiness.

**Working with Governments**

**Government involvement is often a necessary—but insufficient—condition for scale and sustainability.** If governments have the capacity, political will and resources, policies they develop could be designed to anticipate scaling up. The goal would be to anticipate and plan the transfer of proven models to regional or national governments that have the potential for long-term sustainability and scale. In Zambia, for example, the ChildFund Nurse Training program was developed with the Ministry of Health from the outset to address a shortage of qualified nurses; it included standardized national training guidelines and guaranteed employment. While every country is unique, in practice, governments often face capacity and resource constraints. For example, budget constraints may exclude important components such as post-program supports, which can negatively affect long-term economic returns for youth and employers.

**Can Technology Overcome Traditional Trade-offs?**

Technology is an important consideration when discussing effective ways to achieve impact and scale. Youth, after all, are often early adopters of technology. Examples in agribusiness and digital employment are showing the potential to generate new information and jobs. E-learning platforms can deliver technical or non-cognitive skills training to rural or remote areas, and mobiles can be used to find work (e.g., job boards, social media) and track employment outcomes (e.g., job satisfaction, skill development). While evidence of what technologies and models are most appropriate and effective is still limited, the possibilities are encouraging. As an example, online platforms are aggregating ‘big data’ in innovative models to provide customized labour market data and verified job leads via mobile phones. This provides the opportunity to optimize reach, cost and impact.

Technology is playing an increasingly active role within the EOY sector, and could yield new opportunities to offset the traditional trade-offs among innovation, impact and scale.

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The need to explore scaling via existing infrastructure and policies. One way to address this is by seeking to work within existing government policies, so as to synchronize policy reform efforts with program development, and at the operational level, to link the existing technical and vocational education and training (TVET) or business development services systems. The transition costs of doing so (e.g., adapting TVET to different youth segments) can benefit from targeted collaboration and funding. For example, while elements of the training delivered by TechnoServe have been explored for scaled-up delivery across other African countries by national government partners, there remain challenges around how to best adapt this curriculum, integrate it within existing infrastructure, and deliver a holistic model without compromising quality and efficacy. Close consultation with national or local governments can provide guidance on how to best deliver consensus or partnership on pathways for scalability, sustainability or policy.

Testing and engaging multiple payers and funders. While there are successful examples in practice, in general, the notion that the primary route to sustainability and scale is through the transfer of a project to a set of government actors is an assumption that should be more fully examined. Instead, broader uptake may be more likely to occur through collaborations among different stakeholders, including private sector employers, student organizations, public and private training institutes and donors, as well as various levels of government. Youth or their families may also be able to contribute resources (not necessarily financial but time and networks). Both the International Youth Foundation and Aflatoun have partnered with other groups to scale their respective training modules and are able to attract a range of participants, as well as a diversity of payers. Recent proposals submitted to The MasterCard Foundation have included specific criteria to align the objectives of consortium members to work together across several areas and to incentivize collaboration and collective activity.

PART 3: IMPLICATIONS

Ultimately, the challenge of Economic Opportunities for Youth is to understand the reality of mixed livelihoods for African youth, to link holistic youth-centred models to the needs and opportunities of the markets within which they are situated, and to do this at scale with demonstrated impact. The various actors that work in this space—individually and collectively—face difficult choices regarding where to invest finite financial, human, and social capital. In this section, we examine the implications of how to address the issues in play and situate the Foundation’s priorities on these issues in the coming years.

3.1 Looking Forward

Taking on the challenges facing youth populations is urgent and requires coordinated investments. True, the barriers to change are formidable. In most parts of the world, both cultural values and labour markets privilege adult workers over the young. So do the suppliers of capital for business start-up and growth. Underdeveloped education systems cannot always deliver the necessary skills and knowledge young people need to assertively navigate livelihood opportunities.

The most rewarding part of the interview process for me was getting insights about unemployment that are based on views and experiences of fellow peers and community leaders. Given the fact that I serve a youth organization, these will be used to design more suitable projects for the youth in my community.

- Arnest Sebbumba, 24, Uganda, TechnoServe Participant

As powerful as these challenges are, however, we are presented with an opportune moment to act. Many African nations are riding a wave of unprecedented economic growth and new institutional capabilities. Prominent African governments such as Ghana, Uganda, Kenya and South Africa are reforming youth employment policies, and some are developing more nuanced approaches (e.g., Ghana’s policy on youth enterprise). And increasingly, African- and youth-led initiatives are sparking change and reform. New alliances involving African governments, the private sector, Western donors and new economic powers are now possible.

Presently, there is an opening to bring a broad range of stakeholders together to influence systematic improvements for youth. There is an emerging evidence base about best practices for designing, implementing and scaling models to create economic opportunities for young people in Africa. The Foundation—in partnership with funders, practitioners and policymakers, among others—has an opportunity to make targeted and sustained investments that positively impact immediate and long-term economic opportunities for youth in Africa. Elevating the issues at hand will require at least three strategies—building African leadership, deepening knowledge and working together—to achieve lasting impact at scale.

EFE does what the education system in Morocco fails to do.

- Participant, Education for Employment Program

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Building African Leadership
The Foundation has made significant investments across several areas related to education, financial inclusion and economic opportunities for young people. Collectively, these programs are making sustained, strategic contributions to bolster leadership capacity. More recently, the EOY program has taken a country- and sector-focused approach and is primed to make deep investments across those ecosystems as part of a holistic model. Priorities around building leadership can include the following:

• **At the level of youth: Institutionalize youth participation and leadership** by embedding individual youth and youth groups at all levels of program design, implementation and evaluation, and not just as beneficiaries. Youth voices, which are still often absent or limited, can be included in defining best practice and policy. There is a clear desire and willingness for youth to be true influencers and owners of programs so that initiatives work for, and with, young people.

• **At the level of organizations: Construct long-term, multi-tiered investments in African-led civil society organizations.** This will not only help to deliver programs at scale, but also build institutional capabilities (systems and people) to effectively reach and serve youth across multiple segments. There needs to be more nuanced discussions around scale and costs, and the need for different forms of capital for different purposes.

• **At the level of government:** Work with all levels of policymakers and bureaucrats—across multiple departments when necessary—to identify needs and gaps, test promising approaches and scale proven initiatives. It is also necessary to work with existing education and training institutions and programs. Aligning with national and local government priorities not only enhances synergy, but also fosters local ownership and accountability to citizens and civil society organizations.

Deepening Knowledge and Evidence
The post-2015 Sustainable Development Goals include specific goals for youth employment. These new goals present an opportunity to deepen statistical data collection, analysis and utilization.81 The publication, along with parallel investments in research, evaluation and other forms of evidence generation, as well as knowledge sharing platforms, can enable the field to advance. There are several priority areas to consider with respect to deepening knowledge and evidence.

• **Generating reliable, disaggregated data:** Data around youth employment is not always accurate or reliable, and usually not disaggregated by youth segments to the extent that is needed to properly inform program and policy design. At the extreme, it can even lead to misdiagnosis of core issues and inappropriate responses.84 Given the relative dearth of rigorous evidence, it is important to commission quasi-experimental research alongside complementary qualitative research. Smart investments of various kinds—for example, regular market assessments, longitudinal tracking by segment, frequent technology-enabled monitoring—can provide more accurate and timely assessments of youth needs and market opportunities, and can demonstrate how to connect them.

• **Producing original, youth-led research:** The youth perspective is noticeably absent within most research; rarely is research initiated and completed by youth themselves. Recent research around financial services notes that obtaining reliable information on the wants, needs, behaviours, and attitudes of young people will require triaging or using diverse sources of primary research that cross-reference, confirm, or contrast with each other.85 If used correctly, these methods, aided by technology and social media tools, can increase the diversity, depth and breadth of research that in turn can inform these programs and policies.

• **Deconstructing what works:** There is much anecdotal and project-level evidence around what works (including best practices that are highly subjective and context-specific), but it is still often unclear what combinations of approaches work under what contexts. Intentional funding around monitoring and evaluation must include project, program and sector-level research (e.g., ongoing, longitudinal monitoring beyond the project lifecycle, quasi-experimental approaches with appropriate counterfactuals, or detailing cost analyses and how they vary by the type of activity and youth segment). Other compelling opportunities include strengthening the business case for employers and a deeper understanding of how sector-based approaches can focus energies on the most promising economic opportunities.

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Working Together
There are no simple solutions to youth unemployment. Indeed, the opposite is true. A range of informed, contextually relevant and timely approaches are required to address the root causes of the challenges young people face. The urgency of this effort is evident, and there are opportunity costs for not acting that will reverberate over decades. Granted, there are still gaps in knowledge around the space, and a need to exercise humility and pragmatism. This fact should not, however, impede the private, public and civil society sectors from acting individually and collectively.

As outlined earlier, the following principles serve as a guide:

• The challenge of youth unemployment and underemployment requires a holistic approach at the level of individual youth, at the level of collaborating organizations, and at the level of government leadership and policy.

• As most youth will pursue a mixed livelihoods approach to income generation, there is a need to continue to invest in a portfolio of approaches across the spectrum, from skills development for informal work, to training for formal sector jobs, to supporting youth working on family farms and enterprises, and to support entrepreneurs.

• A thorough understanding of growth sectors and market demand is essential to appropriately prepare youth so that they can be linked to the most promising economic opportunities. This includes deepening collective investments in target sectors, such as agribusiness, and uncovering opportunities for youth to participate across value chains.

• The various actors that work in this space—individually and collectively—face difficult choices around where to invest finite financial, human and social capital. It is important to clarify the key trade-offs, such as innovation, sustainability, impact and scale, through multi-level cooperation and choreography with government, markets and civil society.

CONCLUSION

Young people are vital assets to the economic, political and social development of Africa. Collectively, there is a need for all stakeholders to step up to this urgent and important challenge, to mobilize the best knowledge and additional resources, and to commit to deep, sustained action. The MasterCard Foundation has made significant investments in order to positively address the immediate and long-term need for economic opportunities for young people on the continent. In the process, the Foundation has demonstrated its commitment to both deepening partnerships and to nurturing relationships among partners, to fund innovations as well as proven solutions, and to learn from governments, youth organizations and implementing organizations on the ground. All of this can be leveraged to re-energize the global movement for economic opportunities for Africa’s youth.

Millions more opportunities, both formal and informal, must be generated for young people across the continent. Now is the time for all organizations concerned with this issue—in business, government, philanthropy, development, civil society and education—to step forward and do more.
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APPENDIX A:
DEVELOPMENT OF A HOLISTIC MODEL FOR EOY PROGRAMS

Elements of a Youth-Centred Holistic Approach
A review of youth development programs noted that there is a trend towards constructing approaches that are comprehensive, preventative, and positive. At the individual youth level, many of the core elements that enable youth to be successful and fulfilled economically are often still not sufficiently available in Sub-Saharan Africa.

They are complete. We recruit techy people. They tend to be ‘robots.’ They have the technical skills but... EFE graduates also have the soft skills. They are actually able to communicate.

- Employer Participant, Education for Employment Program
The holistic model for program delivery requires clarity about how various elements, both individually, and in sum, should be validated, refined and extended. Too often, assessing what works is a highly contextual and often subjective exercise, and further study is needed to understand the relative importance and value of each element. The core components are not always the source of the debate, but rather which combination is appropriate for each context and how they are brought together to address the particular needs of specific youth segments. Some evidence is beginning to emerge on the relative importance of the various components of the holistic approach at the level of individual youth, but it is usually highly contextual and not always transferrable.

We can organize youth needs into three categories: training and education (human capital), access to financial services (financial capital), and social support networks (social capital). Each of these three elements and their sub-components are discussed below.

1. Skills Development and Education
For youth to be hired or to compete in self-employment activities they need to be productive. And to be productive—for themselves, their families or for larger organizations—workers need to possess the skills that are valued in the marketplace. As a report on African youth noted, “labour is the most abundant asset of poor households in Africa. Developing this asset is therefore essential to helping households move out of poverty.”

Many youth are not prepared for the labour market. Training, education and opportunities for learning are essential to developing the skills and capabilities that youth need.

Disadvantage and poverty can be understood as a lack of capabilities. Training and education develops a young woman’s or a young man’s capability to achieve economic (as well as non-economic) goals and aspirations for themselves and their families.

The greater the level of training, education, and capability development, the better the work outcomes will be for youth. While much of the literature focuses on formal training, there is evidence that non-formal or informal training approaches can also be feasible and appropriate.

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89The ‘capitals’ framework is consistent with Israel, Stern and Ignatowski (2008).
93A young person with tertiary education is more than four times more likely to be employed in a stable job than someone with primary education or less, Elder, S., and Kone, K. S. (2014). Labour market transitions of young women and men in sub-Saharan Africa. Work4Youth Publication Series No. 9. Geneva: ILO.
94Youth with postsecondary education are four times more likely to secure formal sector jobs than those without postsecondary education, as noted in Elder, S., and Kone, K. S. (2014). Labour market transitions of young women and men in sub-Saharan Africa. Work4Youth Publication Series No. 9. Geneva: ILO.
APPENDIX A: DEVELOPMENT OF A HOLISTIC MODEL FOR EOY PROGRAMS

I got Kiva Zip loan from STRYDE program and started this shop. I buy maize in bulk and sell it in retail. I have also added clothes to sell now. Learning about profit and loss in STRYDE helped me start this business.

- Participant in TechnoServe Program from Bomet, Kenya

Our review of the literature and EOY portfolio confirmed the importance of key sub-components of training and education (including training provided by TVETs and Business Development Services organizations) such as:

- **Foundational skills**: There is significant variability in the quality of educational systems across Sub-Saharan Africa and between urban and rural centres. One of the implications is that too many youth are leaving school without mastery of basic foundational skills that are needed in the work place.96 For example, basic literacy and numeracy skills that are not taught properly in earlier years inhibit further learning later in life.

- **Aligning training with market needs and private sector demand**: Lessons learned from several projects—including Ashoka, Education for Employment and the International Youth Foundation—have underlined the importance of aligning training with the needs of markets and the private sector to ensure workforce readiness.97 The involvement in hands-on market assessment activities can help youth understand how markets work and orient them to areas where they are more likely to find success. Involving the private sector in the development of curricula helps reduce skill mismatches and ensure the relevance of training.

- **Experiential learning**: Effective preparation for self-employment or work should include on-the-job learning wherever possible, and can take the form of visits to workplaces, apprenticeships, internships and guidance from experienced mentors. Ashoka has found that mentoring and experiential learning, through internships and apprenticeships, can prepare young people to access and be successful in employment opportunities. Camfed has noted that, for young women in particular, internships provided a secure opportunity to gain exposure to urban markets and build their professional networks.

- **Non-cognitive skills**: While training and education are often synonymous with technical skill development, there is evidence that a focus on non-cognitive skills may be even more appropriate and relevant for many youth segments.98 Non-cognitive skills are transferrable across a wide variety of different work and self-employment situations, and can boost short- and long-term prospects and outcomes.99

- **Participation and empowerment**: Another important consideration for education and training of youth is the development of self-efficacy and empowerment. Inviting youth to participate in program planning and implementation is a means to greater youth empowerment. An important lesson reported from Ashoka is that “Youth participation is critical. Young people need to be part of program design, implementation, and evaluation. They want to, and should, have a voice in the interventions that affect them.”100 Similarly, African Leadership Academy reported the importance of changing the mindsets of youth if they are to be successful.

- **Job search skills**: For youth being trained for formal employment or likely to follow a mixed livelihoods path, job search skills are important. International Youth Foundation in Egypt reported that young people have difficulty accessing information about what jobs are available and what skills they need to work for others or themselves. To respond to similar challenges in Morocco, Education for Employment Foundation has developed a curriculum around the idea that “finding a job is a job,” thus reinforcing the importance of job search activities.

99 Non-cognitive skills—also referred to as life skills or foundational skills—can be framed narrowly (e.g., good work and study habits, structured planning, and goal setting) or more broadly to include social, emotional, psychological, and practical skills linked to physical and psychological well-being (e.g., the ability to make good choices and problem solve). United States Agency for International Development. (2013). State of the field report: Holistic, cross-sectoral youth development. Washington, DC: USAID.
2. Access to Financial Services
Another important element that youth need for economic success is access to financial services. The thematic review of The MasterCard Foundation's Youth and Financial Services (YFS) portfolio explored young people's need for financial services, the benefits of financial service access, the business case for financial service providers in serving young people, and considerations around the regulatory and policy strategies required to create a more favourable environment for financial services for youth.

3. Social Support Networks
The third important element that youth need for economic success is social support networks. These include: family support; relationships with mentors, alumni and employers; and transition support. The Fundacion Paraguaya and International Youth Foundation projects noted that most youth overly rely on information about work prospects from friends, relatives, and acquaintances, and lack networks beyond these groups. Additional networks of support and information are therefore important for youth. Some types of networks are identified below.

- **Family support.** There are several ways in which supportive parents and family networks can sustain and enhance the economic and social outcomes for youth. Family members are important in helping youth transition to employment. Information from the Fundacion Paraguaya project indicates that many youth attribute their success to the caring adults and peers in their lives. Swisscontact has now begun intentionally engaging parents from the earliest stages of the youth learning process. Save the Children and TechnoServe also identified the importance of family support for youth success.

- **Community support.** Buy-in of community organizations and leaders is important for the success of a program, and projects like Digital Opportunity Trust include dissemination of information and benefits throughout a community as part of their key impact. This may be particularly important where cultural or attitudinal shifts are a core objective, such as the promotion of entrepreneurship as a viable pathway to prosperity, or when encouraging young women to pursue work in sectors such as construction that have been traditionally dominated by men.

- **Mentors and alumni.** Involving alumni and mentors in helping youth develop beneficial work-related relationships are important. Swisscontact and the International Youth Foundation found that mentors—community-based trainers, community members, previous program graduates and business mentors—have become increasingly important participants in their programs. Female mentors and role models that are relatable (particularly for young women), however, can be hard to find.

- **Transition support.** As Digital Opportunity Trust, Save the Children and TechnoServe have found, sustained post-program transition support is important as youth move into viable livelihoods, for both formal and self-employment pathways. As TechnoServe has noted, transition supports must be balanced so they are structured, yet responsive to individual needs.

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APPENDIX B:
DATA ANALYSIS AND METHODOLOGY

The findings in this thematic review were drawn from an inductive analysis of project documents, interviews with MasterCard Foundation staff and a review of external literature. As a thematic review, our methods were designed to reveal the most important ideas in the data that could be provided to both The MasterCard Foundation and the broader sector. Consistent with systematic, grounded, theory-building procedures for identifying themes from qualitative data, the gathering of information, analysis and identification of themes proceeded concurrently.

Phase I

We began with a set of 120 documents from 28 projects and a set of 59 learning questions and sub-questions from our initial terms of reference. Our start list of codes was based on open coding the learning questions and a few key documents, such as the EOY theories of change. Open coding is the initial phase of the coding process that begins to identify themes in the data. At this stage, high-level code families included “youth needs,” “model,” “market needs,” “outcomes” and “context,” each with several related sub-themes.

This initial list of themes then provided the framework for open-ended interview questions during the first round of MasterCard Foundation staff interviews. Key staff interviews were recorded and transcribed verbatim. Coding of project documents continued at the same time.

Phase II

A selected bibliography of important recent reports and studies related to economic opportunities for youth was created. Topic areas included “workforce development,” “entrepreneurship,” “youth programs and participation” and “youth financial inclusion.” Working through the initial learning questions, summary answers to each question were created from what is known from the literature.

During the iterative process of reviewing documents, coding, interviewing and reviewing external literature, the list of codes expanded and codes were merged or split and reorganized into groupings that were the best fit with the data. Memos (reflective notes written by the consultants on the emerging themes) were written. Regular meetings between the consultants were held to discuss and refine the coding, and understand the emerging themes and sub-themes and their inter-relationships.

Phase III

A second round of interviews with key Foundation staff was conducted to gather further insights and information on the six themes that had emerged as areas of high importance: “mixed livelihoods,” “agriculture as a business,” “holistic approach,” “market demand,” “transition supports” and “designing for scale.”

As codes and code families were increasingly refined, summaries of each project were developed, including information on each of the important high-level codes. Initial themes were presented to the Foundation’s senior management team for comment and feedback.

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104 Project documents included 20 projects from 16 organizations in the original portfolio and 8 projects from 8 organizations in the YFS portfolio.

APPENDIX C: REFERENCES AND LITERATURE REVIEWED


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APPENDIX C: REFERENCES AND LITERATURE REVIEWED


