YOUNG WOMEN IN AFRICA: AGENTS OF ECONOMIC GROWTH AND TRANSFORMATION BY 2030

Table of contents

What would it take to achieve this? **3**

1. Turning the tide. 3
2. Ensuring that young women stay in school. 4
3. Freeing up women's time by addressing the burden of care. 5
4. Accelerating access to financial services. 6
5. Enhancing young women's skills in sectors that accelerate their income and growth. 8
6. Enhancing young women's digital skills to increase their competitiveness. 9
7. Creating and implementing inclusive policies that address young women's realities. 10

Conclusion and Call to Action **11**

- Governments 11
- Private sector 11
- Communities and Civil Society 11
- Young Women/Women 12

The "**Young Women in Africa: Agents of Economic Growth and Transformation**" report was commissioned by the Mastercard Foundation to gain insights into young women's growth and potential contribution to Africa's economy. The study, conducted by McKinsey and Company, assesses the economic impact of young women on Africa's GDP, identifies sectors that present opportunities for work and entrepreneurship for them, and highlights key constraints that need to be addressed to enable young women to significantly increase their productivity and contribution to Africa's economic growth by 2030.

Young Women in Africa can become important contributors to the continent's economy, adding $287 billion (a 5% GDP increase) and 23 million jobs. The Democratic Republic of Congo, Egypt, Ethiopia, Kenya, Mali, Nigeria, Rwanda, Senegal, Tanzania, and Uganda are expected to have the fastest growth if they follow Namibia's[1] example of accelerating young women's contribution to GDP.

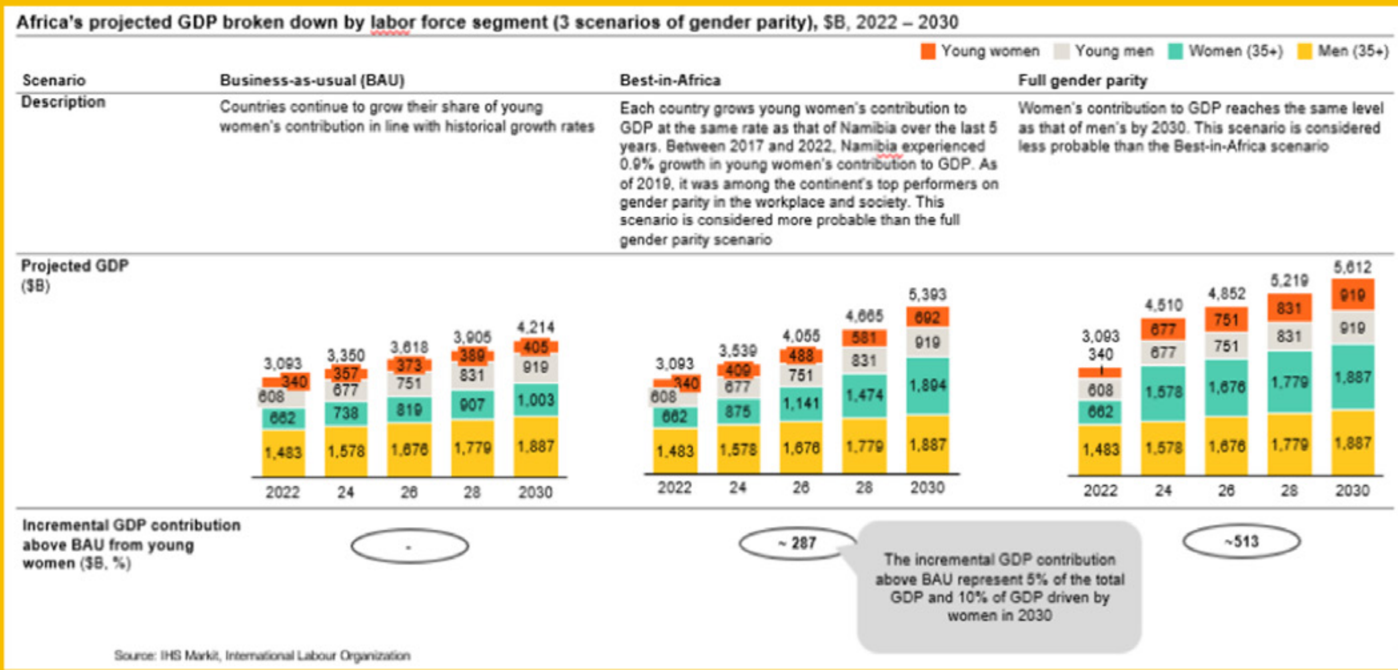


Figure 1 - Estimated Young Women's Contribution to Africa's GDP by 2030

What would it take to achieve this?

1. Turning the tide.

In 2022, Africa's collective GDP was US$~3.1 trillion. Young women contributed just 11% of this (US$~340 billion). However, their contribution has declined steadily since 2000, going from 18% to 11%. Unemployment is higher among women than men, and the COVID-19 pandemic has increased it further. More young women are not in employment, education, or training (NEET).

[1] Namibia is a trailblazer in gender parity. In just five years, it showed the fastest growth in young women's contribution to GDP – up from 40% in 2017 to 42% in 2022 – mainly by changing property and asset rights. Its National Gender Policy (NGP, 2010-2020) set a target in education and improved school completion rates for girls and women's access to vocational training, science and technology.

What would it take to achieve this?

2. Ensuring that young women stay in school.

Young women are not completing the full education cycle. Only 26%[2] of girls complete secondary school, and just about 8% are enrolled in tertiary education, which significantly impacts their access to higher-paid work and, thus, their overall contribution to GDP. Failure to educate girls could result in a $10 billion loss in GDP across the continent[3]. Ensuring young women can access education, especially in rural areas, requires developing innovative ways to keep girls in school. These should include:

- **Addressing girls' menstrual health and hygiene.** A UNESCO report estimates that one in ten girls in Sub-Saharan Africa misses school during their menstrual cycle. By some estimates, this equals as much as 20% of a given school year. Many girls drop out of school altogether once they begin menstruating. [4]
- **Addressing child marriage.** Child marriage is still high in Africa, with 34% of young girls being married before the age of 18.[5]
- **Addressing adolescent pregnancy.** In Sub-Saharan Africa, adolescent girls' pregnancy rates are increasing, with one in four young women giving birth before the age of 18.[6]

Developing second-chance education programs to enable young women who dropped out of school to get the skills and diplomas needed will help increase their opportunities to access work. Additionally, Africa needs ~16.6 million educators by 2030. Creating work opportunities for young women in sectors such as education and administration, would go a long way towards filling this gap. It would bring other benefits, too, particularly at the secondary and tertiary levels, by providing more role models and helping retain and advance young women through the system.

Private sector-led approaches could create around 3.2 million jobs by investing in after-school care led by young women. They could develop an e-platform for young women who would be paid for tutoring, mentoring, and counselling, and partnering with employers to bring in young women experts to offer refresher training foremployees.

[2] https://www.weforum.org/agenda/2022/07/education-africa-girls-boys-gender-school/

[3] https://mastercardfdn.org/wp-content/uploads/2022/05/SEA-Report-Gender-Brief-Final_English-04.04.2022.pdf

[4] https://blogs.worldbank.org/en/education/globally-periods-are-causing-girls-be-absent-school#:~:text=A%20UNESCO%20report%20estimates%20that,altogether%20once%20they%20begin%20menstruating.

[5] https://data.unicef.org/resources/towards-ending-child-marriage/

[6] https://data.unicef.org/topic/child-health/adolescent-health/

What would it take to achieve this?

3. Freeing up women's time by addressing the burden of care.

It is estimated that addressing the burden of care could enable 11.4 million young women to engage in work activities by 2030. There are several ways to approach this.

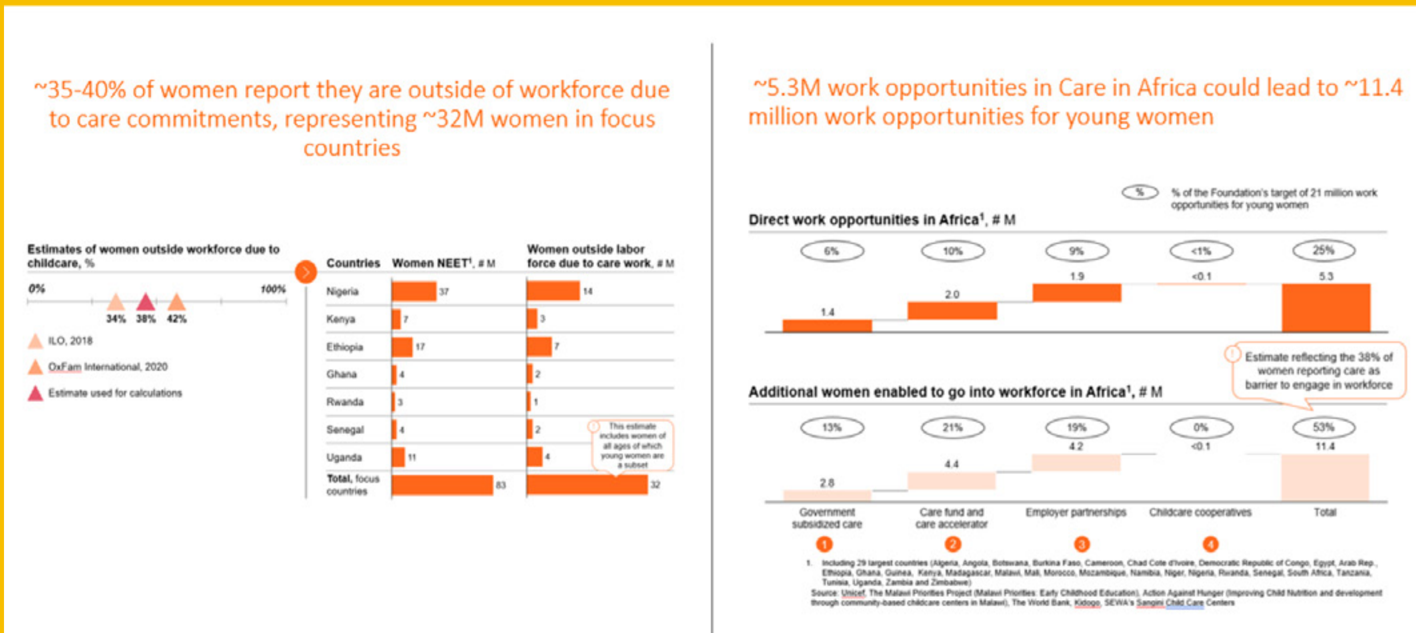


Figure 2 – Developing the Care Economy in Africa could lead to ~11.4 million work opportunities for young women

Government-funded models have already proven successful. For example, the World Bank's Global Invest in Childcare program helps countries improve childcare through a fund that matches country investment on a $1:$1 basis. In Nairobi's slums, vouchers for Early Childcare Centers have increased employment among mothers by 8.5%.

The private sector also has a vital role to play. Companies can provide childcare for their employees. For example, coffee plantation SOCFINAF in Kenya offers free child-care centers at an estimated monthly cost of US$3 per child. In various low-income communities in East Africa, social enterprise Kidogo has 139 centers that care for 2,800 children at less than US$1 per child per day.

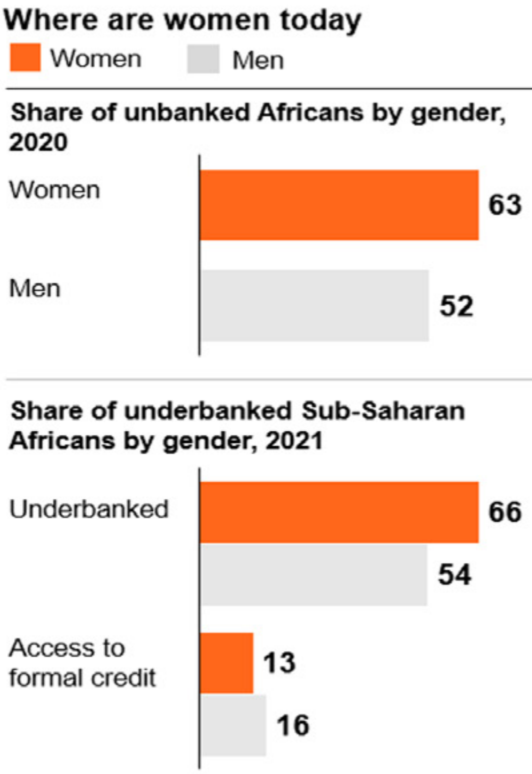
The private sector can help scale innovative care models by offering technical support, resources, or low-interest loans. It can also advocate for better working conditions and safety by supporting networks and collaborating with existing groups such as the Izwi Domestic Worker Alliance in Johannesburg, which offers women employment information and advice, training programs and events to ~1000 women, and engages in public and media advocacy.

Of course, such initiatives are not without risks. Guidelines would be crucial for recruitment (e.g., background checks, referral systems), training (childcare standards and regular training for all care workers), and daily operations (guidelines/policies for facilities, surveillance systems).

What would it take to achieve this ?

4. Accelerating access to financial services.

Women have much lower access to financial services (bank accounts, mobile wallets) and financial products (savings accounts, credit products, insurance, pensions) than men. As of 2020, a staggering 63% of African women across all age groups were unbanked vs 52% of African men. The same goes for the underbanked population (people with a bank account but lack access to a full range of financial services). As of 2021, 66% of women in sub-Saharan Africa were underbanked vs 54% of men, and 13% of women had access to formal credit vs 16% of men. Just 10% of the women who own SMEs have adequate funding and as a result their monthly income is 34% lower than SMEs owned by men.



- Although 13% of SSA women borrow formally, only **3.7%** of them borrow from a formal financial Service Providers[2]
- Only **10%** of women-owned SMEs have adequate funding resulting in a **34% lower** monthly income compared to men-owned businesses

1. Refers to individuals who have a bank account but lack access to a full range of financial services typically offered by traditional banks. They may rely on alternative financial services to meet their financial needs
2. Financial services providers

Source: World Bank, IMF, AFI, Press search

Figure 3 - Compared to men, women have lower access to financial products like savings, credit, and payments

While young women are very entrepreneurial, they mainly operate in the informal sector or in small businesses. They face significant challenges in accessing financial services as they own or work in informal microenterprises, which means they are likely paid less and thus have less income stability. Young women do not own physical assets, and financial products available in the market are not adapted to their needs and realities. Additionally, many of the tools that are readily available to men, e.g., mobile money and mobile data, are less accessible to women (except in Kenya, where young women are on par with men). It is critical to develop a more inclusive financial system with a credit ecosystem that meets young women where they are and addresses their short-, medium- and long-term financing needs is critical.

In rural areas, young women need access to equipment to move from primary agriculture to agro-processing or to adopt climate-friendly agricultural practices. They need access to low-cost credit to purchase farm inputs and machinery, e.g., micro-credit guarantees, micro-leasing and pay-as-you-go schemes. While Savings and Credit Cooperative Organizations (SACCOs) and village savings and loans are the common financing mechanisms, they often do not benefit from them given their place in rank and lack of physical assets, i.e. land. Further, microfinance loans usually require minimum savings which rural and young women often do not have and even if they do, interest rates are so high that they cannot afford it.

Traditional financial institutions, such as banks and microfinance institutions (MFIs), have limited presence and experience serving rural populations and do not understand the unique challenges and financial needs of rural women. They also operate within a highly regulated environment that can create barriers for rural and young women to access financial services.

Additionally, many areas lack access to reliable internet connectivity, electricity or even mobile phones, making it difficult for rural young women who may lack the skills to use digital financial services.
Finally, young women with limited financial education are likely to underuse financial products or fail to understand which ones best suit their needs. Further, undifferentiated products fail to address the unique challenges and needs of rural women. Thus, young women need training in financial literacy to learn how to use products and services and make informed financial decisions.

Financial programs and services need to account for demographics, socioeconomic status, financial behavior, goals, aspirations, and constraints. Organizations should reimagine how they approach partnerships, going beyond banks and MFIs to engage local rotational savings groups and connect with rural women. Programs should be flexible enough to identify and leverage quick wins fast, while planning and implementing systems should be rooted in solid facts to improve program outcomes.

What would it take to achieve this?

5. Enhancing young women's skills in sectors that accelerate their income and growth.

Young women have significant potential to contribute mainly through six sectors: Agriculture, Manufacturing, Skilled Trade, Wholesale & Retail, Education, Food and Accommodation.

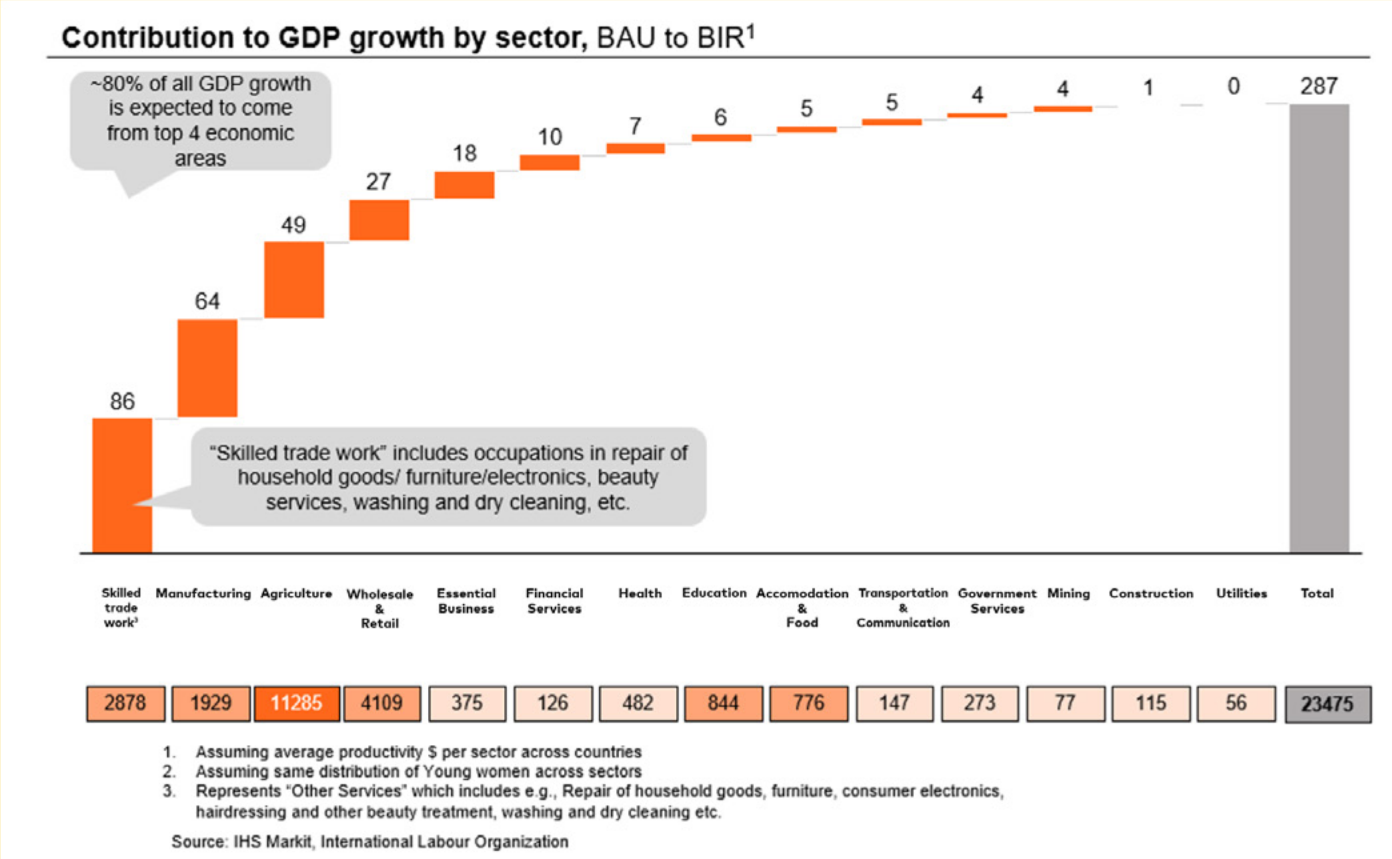


Figure 4 - A majority of the ~$287B is estimated to come from skilled trade work, manufacturing, agriculture, and wholesale and retail

These sectors are either already high employers of young women or can present significant growth opportunities for them. For example, in sectors like Agriculture, and Wholesale and Retail, which have a medium-to-high number of young women workers, accelerating opportunities for young women in these sectors requires advancing young women's working conditions and pay while enabling young women entrepreneurs to significantly add value to their activities to further grow their enterprises and income further.

The skilled trade and manufacturing sectors also present great opportunities for young women. They are sectors with medium-high projected contribution to GDP and job creation potential and could benefit from higher representation of women. Attracting young women in these sectors requires engaging them through awareness raising on the breadth of work/entrepreneurship opportunities while providing apprenticeship programs and skills boot camps to enable them to access direct work opportunities or to start businesses in these sectors.

What would it take to achieve this?

6. Enhancing young women's digital skills to increase their competitiveness.

In Ethiopia, Ghana, Kenya, Nigeria, Senegal, Rwanda, and Uganda combined, only **64,000 young women are employed** in the information, communication, and technology sector, **with women earning more than men in three of these countries**. The sector, especially through the digital economy, is the enabler that could significantly accelerate work opportunities and growth for young women. From accessing digital platforms to market their products and services, to accessing financing and working in the tech industry, young women's income and contribution to economic growth could grow significantly if they are given the knowledge and tools to increase their digital savviness.

	Does the sector engage many women?		Can the sector create more work opportunities?		Does the sector provide reliable income?	
Sector	# young women '22, thousands	% young women of workforce	GDP of Sectors '22 USD	GVA growth vs. market CAGR '18-'21	Monthly income of worker '19 (mean)	Young women/men income '19, %
Ghana	4	8%	$3.1B	17%	$180	144%
Kenya	8	12%	$6.8B	7%	$409	85%
Nigeria	41	13%	$11.8B	9%	$238	103%
Rwanda	2	14%	$0.3B	N/A	$267	84%
Senegal	3	16%	$1.3B	6%	$131	93%
Uganda	6	14%	$1.4B	N/A	$412	131%
Ethiopia	N/A	N/A	$2.5B	N/A	$120	78%
	64	*13%*	*$27.3Bn*		*$251*	*103%*

Source: World Bank, ILOstat, National Bureau of Statistics

Figure 5 – Only 64,000 young women in some of the largest countries in Africa work in the ICT sector.

What would it take to achieve this?

7. Creating and implementing inclusive policies that address young women's realities.

Policies are essential to accelerate young women's ability to contribute to Africa's economic growth. Policies encouraging young women's education, skills development, and entrepreneurship will enable young women to fully participate in the economy. This will enable them to increase their productivity and drive economic growth. Countries that have improved young women's economic participation in any meaningful way have done so through policy reform. Namibia is the lighthouse example. A trailblazer in gender parity, Namibia showed the fastest growth in young women's contribution to GDP in just five years – up from 40% in 2017 to 42% in 2022 – mainly by changing property and asset rights. Its National Gender Policy (NGP, 2010-2020) set a target in education and improved school completion rates for girls and women's access to vocational training, science, and technology.

Conclusion and Call to Action

Women are not a homogeneous group. Accelerating young women's productivity in Africa is essential for driving greater economic growth and could increase by 5% or to about $287 billion by 2030. However, reaching this opportunity requires an all-hands-on-deck approach by governments, the private sector, civil society, and young women. Young women need greater access to financial assets and resilience, training, networks, and digital skills. Gender norms need to be reshaped, and an enabling environment that addresses young women's needs to enhance their access should be created. Countries must create and implement laws that are more favorable to unleashing young women to grow as entrepreneurs, creating work for themselves as well as other young people.

Governments

- Prioritize/accelerate education for young women, ensuring they have access to quality schooling and higher education opportunities.
- Implement policies that encourage girls to stay in school.
- Support programs that promote STEM education for young women in urban and rural areas.
- Promote and support second-chance education.
- Develop and implement policies that address the burden of care for young women.
- Accelerate access to financial services for young women by developing financial inclusion policies that account for their demographics, socioeconomic status, financial behavior, goals, aspirations, and constraints of young women. Incentivize financial institutions to create affordable products tailored to different market segments and to their realities. Promote and facilitate the use of digital finance.

Private sector

- Promote recruitment strategies that target young women and create initiatives that address gender imbalances in specific roles or industries.
- Create mentorship programs and career advancement opportunities that link more experienced women with young women starting at the secondary school level.
- Collaborate with schools, colleges, technical vocational institutions, and universities to create pathways for young women to enter the workforce through wage work or entrepreneurship.
- Encourage the inclusion of young women entrepreneurs in industry networks.
- Encourage young women-led entrepreneurship by supporting them from start-up to growth stage. Ensure that the upskilling and capacity development programs include soft skills development, industry-specific certifications, in addition to financial literacy and business management. Capacity development programs should, just like financial institutions, consider young women in peri-urban and rural areas.
- Provide flexible work arrangements by offering flexible work options to support young women in balancing work and family responsibilities. This will increase workforce participation and productivity.

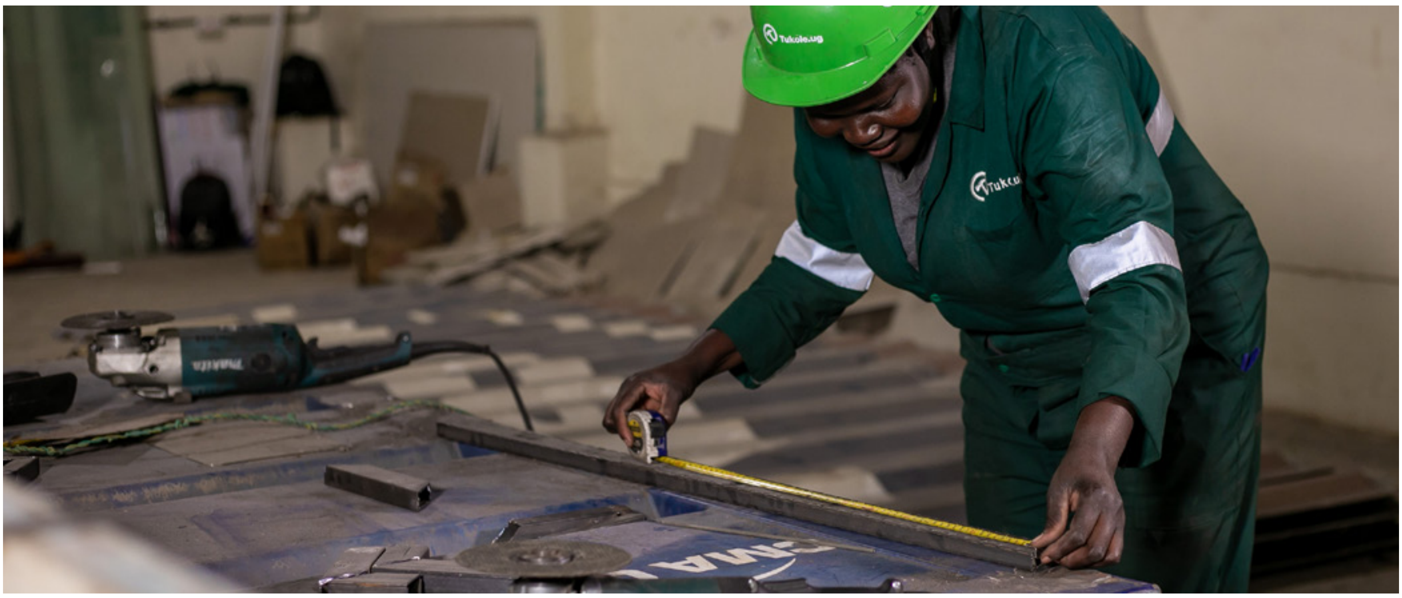
Communities and Civil Society

- Challenge cultural norms and stereotypes that limit young women's opportunities. Working with Youth-Led/Young Women-Led Organizations, promote the inclusion of young women through community programs, workshops, and awareness campaigns.
- Support the inclusion of young women in women's networks and associations to provide support, mentorship, and resources for young women in business and leadership.

Young Women/Women

- Be role models, share stories of your success and lessons learned along the way. Use your voice to promote gender equality and challenge the status quo.
- Buy from women-led or young women-led businesses and initiatives. Advocate for policies and practices that create opportunities for young women to thrive.

The "Africa we want" cannot happen without young women as active contributors to Africa's economy. The time to act is now—let's empower young women and unleash Africa's full potential.



mastercard foundation

Young Women in Africa: Agents of Economic Growth and Transformation by 2030