

POPULATION DYNAMICS AND EMPLOYMENT PROMOTION

In many parts of the world, populations are shrinking and there is a shortage of skilled workers – but not in Africa. Sub-Saharan Africa is the only region in which the working age population between the ages 15 and 64 will continue to grow significantly until 2100.¹ That also means a major increase in the number of young people. This young generation offers great potential for sustainable and socially just development on the continent, yet it also presents governments with challenges. Many countries are already struggling to address poverty and high unemployment rates. Over the next 50 years, the number of working-age people between the ages of 15 and 64 is expected to increase almost threefold.² Rapidly progressing urbanisation and the impacts of the climate crisis are creating additional problems. Decent jobs form the basis for making long-term improvements to people’s living conditions.³ **Progress in employment promotion is crucial to fight poverty, meet the basic needs of a growing population and reduce gender inequality. It is also a necessary foundation for advancing the demographic transition.**

A Large Youth Generation Creates Both Opportunities and Challenges for Africa

If enough good jobs are created for the growing young working population, there is a chance of reaping a demographic dividend⁴: This can happen when a drop in mortality rates and later in birth rates leads to a shift in a country’s age structure towards a larger proportion of working-age people. However, a demographic dividend can only be achieved if this growing number of people can secure decent employment with adequate pay. If household incomes increase and at the same time a country makes progress in healthcare, education and gender equality, this in turn will result in slower population growth.

Currently, birth rates in sub-Saharan Africa remain relatively high, and an increasing number of young people are entering the labour market. A large proportion of the workforce is employed in the informal sector in poor working conditions – with women affected by this to a larger degree than men.⁴ **A huge number of good jobs needs to be created quickly to address both unemployment and precarious employment, particularly among young people. Only then can young people’s potential be realised.**

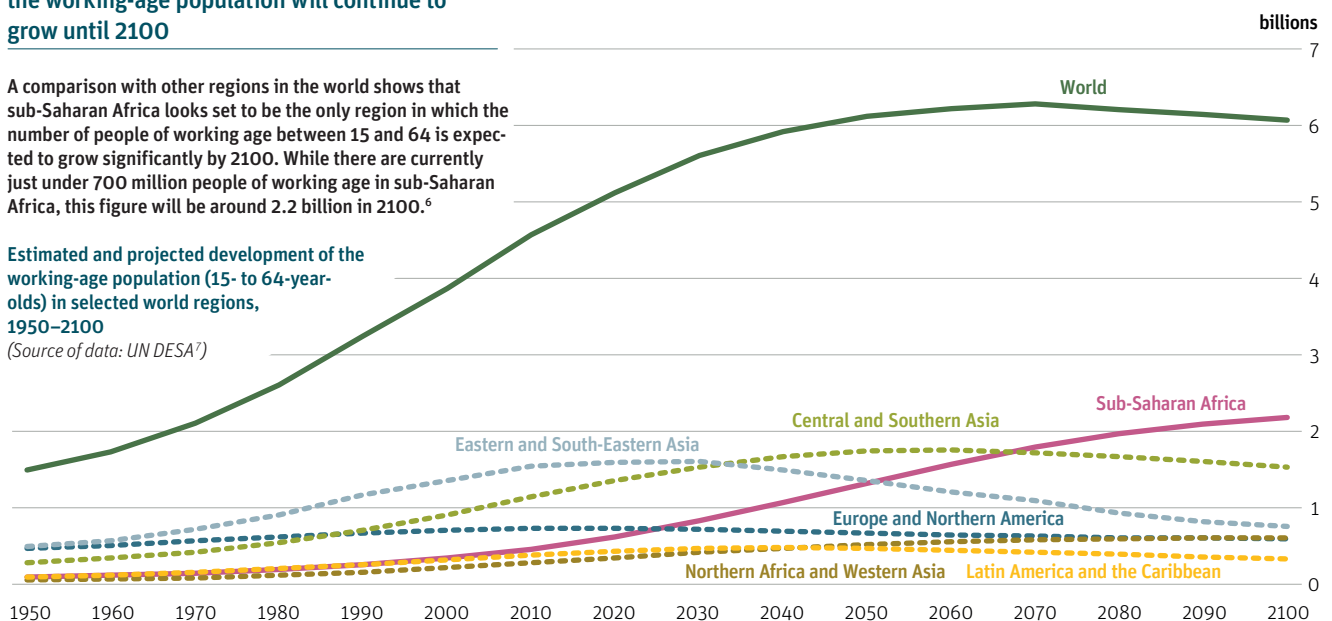
In the context of **Sustainable Development Goal (SDG) 8**, the United Nations defines **decent work** as “employment that is productive and delivers a fair income. It also should ensure workplace security, social protection, better prospects for personal development and social integration.”⁵

Sub-Saharan Africa is the only region where the working-age population will continue to grow until 2100

A comparison with other regions in the world shows that sub-Saharan Africa looks set to be the only region in which the number of people of working age between 15 and 64 is expected to grow significantly by 2100. While there are currently just under 700 million people of working age in sub-Saharan Africa, this figure will be around 2.2 billion in 2100.⁶

Estimated and projected development of the working-age population (15- to 64-year-olds) in selected world regions, 1950–2100

(Source of data: UN DESA⁷)



Good Jobs Can Accelerate the Demographic Transition

Unemployment in sub-Saharan Africa is particularly high among young people aged 15 to 24 – and will become an even more serious problem if governments fail to take decisive action.⁸ Persistently high unemployment rates and the associated poverty tend to result in continuing population growth when a large family serves as a form of financial security. In contrast, people who benefit from social security systems such as pensions or health insurance through their work enjoy protection during old age and are better able to cope with life risks such as unemployment or failed harvests due to climate change. In this way, secure, well-paid work and access to social security systems play a key role in the demographic transition towards lower mortality and birth rates (see BI fact sheet on ‘Population Dynamics and Social Protection’⁹). Sufficient income and better coverage with social security benefits have been shown to reduce the risk of poverty, improve education opportunities and reduce child mortality. In turn, improvements in these areas also result in a drop in birth rates in the medium term when parents realise that their children will survive and they themselves have better protection.

Employment promotion measures accompanied by better social protection for younger generations are therefore very important.

To ensure that every young person in sub-Saharan Africa has an opportunity for decent work, two million additional jobs need to be created every month up until 2040 according to current population forecasts.⁹ However, the African Development Bank estimates that in Africa’s private sector only around three million formal jobs are currently being generated each year for the more than 12 million young people entering the labour market.¹⁰ Creating a large number of new jobs quickly is therefore a top priority. **Today, jobs are being generated primarily in the agricultural sector, and in micro and small-sized enterprises (SMEs) in the agricultural and food industry (particularly in the processing, wholesale and retail sectors) – referred to as agribusinesses – employ a particularly large number of women and young people. Development cooperation programmes should devote particular attention to these businesses, not least because of their significance for the demographic transition.**^{11, 12}

Many people in Africa work in the informal sector without any social protection, with low pay and under precarious conditions, for example as street vendors or domestic workers. In sub-Saharan Africa, around 83 percent of working men are employed in the informal sector, while this figure is even higher for women at over 89 percent.¹³ The region has the highest number of self-employed workers – many of whom

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How a Digital Platform Is Making Informal Employment in Kenya More Secure

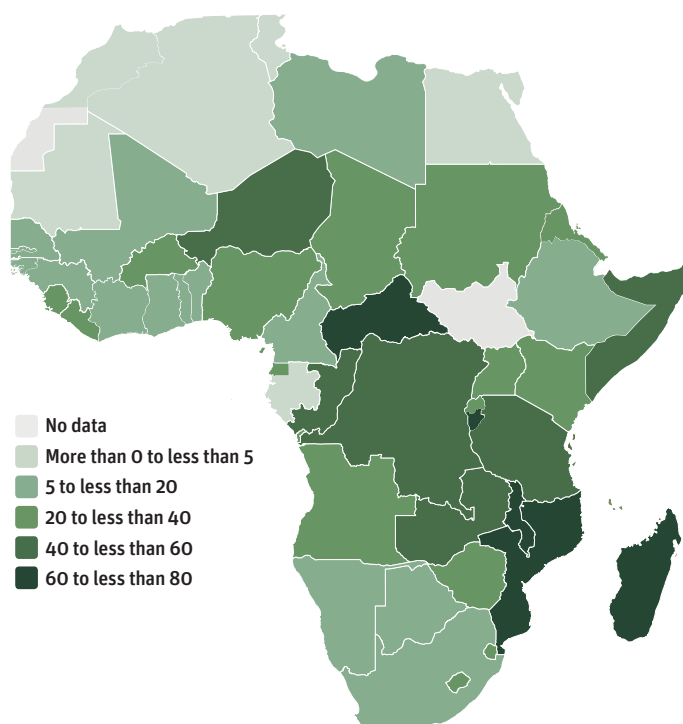
In Kenya, the informal sector accounts for 80 percent of jobs. Informal manual workers, hairdressers and other small entrepreneurs usually depend on word of mouth to get new business. Their income may fluctuate considerably and there is a risk that customers might not pay the agreed amount. To help address these issues, a Kenyan start-up launched the digital platform *LYNK* with support from Proparco, a subsidiary of the French development agency *Agence Française de Développement* (AFD). *LYNK* connects self-employed workers with companies and households that are looking for their services. Payments are also handled through the platform, resulting in greater security, better working conditions and new career opportunities. Users can also book training courses, buy tools and equipment or receive additional financing through *LYNK*. Between 2015 and 2020, 3,000 users registered with *LYNK*. It is now one of the largest internet platforms of its kind in Africa.¹⁴

Where income is not enough to live on

While the unemployment rate provides an indication of the level of employment in a country, it does not show whether the people who have a job can live well on their income. A look at working poverty is more useful in this context. People are said to experience working poverty if they have a job, but their income is below the poverty line of US\$3.65 a day.¹⁵ A person living in extreme working poverty must survive on less than US\$2.15 a day. In 2023, 145 million people in sub-Saharan Africa were affected by extreme working poverty.¹⁶

Extreme poverty rate among workers (income of less than US\$2.15 a day, adjusted for purchasing power parity), as a percentage, estimates for 2023 (based on surveys in different years per country)

(Source of data: ILOSTAT¹⁷)



become self-employed involuntarily, for lack of other options – as well as unpaid family workers in the world.¹⁸ For many people, jobs in the informal sector are a necessary survival strategy if there are no formal jobs with social protection.¹⁹ Although there are considerable differences within the informal sector, informal jobs are often poorly paid with bad working conditions and many informal workers are affected by working poverty: In 2023, almost 33 percent of workers in sub-Saharan Africa were living in poverty.²⁰ **Working conditions in the informal sector need to be improved to guarantee employment with adequate pay in the short to medium term for a large number of young people. In the long term, however, it is necessary to create many additional jobs in the formal sector.**

An analysis of numerous employment promotion programmes and initiatives has shown that measures based on cooperation between the public and private sectors show particular promise for creating a large number of jobs on a sustainable basis. In addition, promoting investments to support and set up SMEs in the agricultural sector and food industry show similar promise.²¹ In Ghana, for example, the government successfully created incentives for generating more jobs in the processing sector through targeted measures to promote SMEs in the agricultural sector. Rural regions, and especially rural women, have disproportionately benefited from these measures.²²

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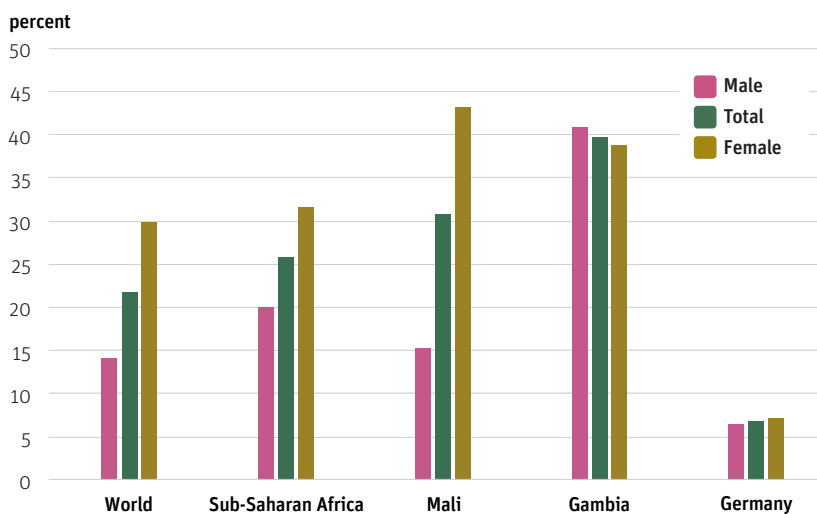
Promoting Employment in Africa Through Public-Private Cooperation

The programme *Employment and Skills for Development in Africa* (E4D) implemented by the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) focuses on five countries in sub-Saharan Africa where a large number of young people are entering the labour market. The aim is to improve the employment opportunities and economic situation of women and to promote businesses that drive the green transition. In each country, GIZ works with local and international companies – such as the chemicals and energy company Sasol in Mozambique: From 2020 to 2023, the programme trained 1,000 people in sustainable agricultural production methods and supported 500 entrepreneurs on the road to becoming self-employed.²³ By March 2022, the programme had already helped 40,000 people find jobs, of whom 34 percent were women and 41 percent were young people. It has supported more than 43,000 companies in increasing their capacity and helped improve the employment situation of more than 124,000 people.²⁴

Women Face Particular Challenges in the Labour Market

Improving women’s access to well-paid, secure employment is vital in order to increase their prospects for an independent, self-determined life and to advance gender equality. Progress in gender equality is also a key element in supporting the demographic transition. Generally speaking, women’s access to employment has improved in recent years in sub-Saharan Africa, but they continue to face challenges finding secure and decent work. On average, eight out of ten women are in precarious employment while one in four women work in family-owned, often agricultural enterprises and thus have no income of their own.²⁵ Women are also affected by unemployment to a greater extent than men.²⁶

To obtain a realistic picture of the barriers women face, additional indicators beyond the unemployment rate need to be considered. The unemployment rate does not reflect the specific difficulties that women experience in the labour market, such as less flexibility due to unpaid care work, which is a major disadvantage when searching for a job or training position.²⁷ The *Not in Education, Employment or Training* (NEET) and jobs gap indicators provide important additional information in this context. NEET indicates the share of the youth population (aged 15 to 24) who are not currently in education, employment or training.



Women are disadvantaged in training and employment

Compared with other areas of the world, the proportion of NEETs is particularly high in sub-Saharan Africa, accounting for more than 25 percent of all 15- to 24-year-olds and more than 31 percent of young women in 2024.²⁸ These figures underline the fact that it is especially difficult for (young) women to find training opportunities and jobs.

Share of youth population (aged 15 to 24) who are not in education, employment or training, by gender in selected regions, as percentages, only countries with more than 1 million inhabitants; Mali and Gambia represent the highest and lowest percentages in sub-Saharan Africa in terms of gender disparity

(Source of data: ILOSTAT²⁹)

The jobs gap indicates the number of people who would like to work but for various reasons do not have a job.³⁰ By taking into account not only the unemployment rate but also NEET and the jobs gap, we arrive at very different results: In sub-Saharan Africa, the jobs gap for women is 21 percent compared to around 13 percent for men.³¹ Meanwhile, the unemployment rate among over 15-year-olds varies between 6.5 and 5.1 percent.³² In addition, women earn less than men when they work. The *gender pay gap* is particularly high for women with children, at around 31 percent in both the formal and the informal sector. This is because women perform the majority of unpaid care work.³³ Moreover, women are more often employed in the informal sector than men. As a result, they have less protection when they experience illness, pregnancy, parenthood, unemployment and old age.³⁴

In addition, if they are to have the same opportunities as men on the labour market, women must be able to make self-determined decisions about whether, when and how many children to have. **Employment promotion should therefore be supported by measures to strengthen sexual and reproductive health and rights.**

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Inclusion of Vulnerable Groups in Employment Promotion

The *Enabling Ethiopia* initiative by the *Mastercard Foundation* supports the *Plan for Action for Job Creation*, an employment promotion programme by the Ethiopian Government designed to create 14 million new jobs by 2025. The initiative aims to reduce the access barriers to start a new business, focusing on groups who often face particular challenges on the labour market, including young people, people with disabilities, refugees and women, particularly in rural areas.³⁵ In this way, *Enabling Ethiopia* promotes the establishment of SMEs by vulnerable groups. These enterprises offer great potential for employment promotion and form an important intersection between agricultural producers and markets.

How Sexual and Reproductive Health and Rights Are Related to Employment Promotion

Women can only make self-determined decisions about their careers and lives if they can access modern contraception and good medical care in connection with pregnancy and childbirth. About 58 million women in Africa aged between 15 and 49 have an unmet need for modern contraception.³⁶ When women are not able to plan the timing and number of their children and they are also responsible for most of the care work, their options for participating in the labour market are very limited. Moreover, pregnancy and childbirth in sub-Saharan Africa still pose significant

and even life-threatening health risks: In 2020, the region accounted for 70 percent of the worldwide deaths resulting from pregnancy or childbirth complications (202,000 deaths).³⁷ In addition, an estimated 20–30 times as many women experience an illness or disability that severely affects their life as a result of childbearing.³⁸ Therefore, good sexual and reproductive health care is essential to enable women to take up training and employment opportunities and to subsequently keep them in the labour market.

Promoting Good Incomes – in Urban and Rural Areas

Employment promotion with foresight can support the demographic transition in the long term. In the short to medium term, it must factor in and respond to demographic trends such as migration between urban and rural areas, rapid urbanisation and a growing working population. The climate crisis – and its consequences – is another key factor that is already severely impacting many agricultural regions in Africa³⁹ and will continue to influence the conditions for both employment promotion and for population development.

Urbanisation is continuing unabated in sub-Saharan Africa: By 2040, every other person will likely live in a city.⁴⁰ From a historical perspective, the structural transition away from the less productive agricultural sector to a more industrial economy was accompanied by rapid urbanisation in many Western countries as well as in the Asian tiger economies. This led to an increase in productivity, a decline in poverty and a reduction in precarious employment^{41, 42} – but this is not an automatic development. In the towns and cities of sub-Saharan Africa, many people currently work in poorly paid informal jobs and the growth of formal jobs cannot keep pace with the influx of people.⁴³ People who used to work in the agricultural sector and move to urban areas in search of higher incomes are often at a disadvantage in urban job markets. In cities, good jobs tend to be in the service sector, for which rural migrants often lack training, so many of them end up working in the informal sector or become involuntarily self-employed, for example as street vendors or taxi drivers.⁴⁴ **Against the**

backdrop of a growing urban population, employment promotion measures should be geared towards training people to work in the service sector and at the same time driving the creation of good jobs in the formal sector.

At the same time, the rural population in sub-Saharan Africa continues to grow – in contrast to developments in most other world regions. According to UN estimates the rural population will grow from 691 million in 2024 to 909 million in 2050.⁴⁵ Rural areas play a key role offering (young) people prospects and income opportunities as well as ensuring food security for sub-Saharan Africa's growing population (see BI fact sheet on 'Population Dynamics and Food Security'). The agrifood sector in particular offers opportunities for employment promotion. It is already firmly established as a labour market and business sector in sub-Saharan Africa. The majority of workers are still employed in the agricultural sector: In 2022, the sector accounted for an estimated 52 per cent of the total workforce. Taking the agrifood sector as a whole, including the processing and restaurant industries, 66 percent of workers in rural areas were employed in this sector.⁴⁶ **In order to develop attractive jobs outside subsistence farming – especially for young people – the entire agricultural value chain must be taken into consideration in employment promotion – from farmwork to marketing and eating establishments.** To achieve this, it is critical to reduce barriers that young people face in this sector, such as limited access to credit for starting a business, and to offer sector-specific trainings.⁴⁷

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Employment Promotion in the Agricultural Sector – MENU in Uganda

The *Meals for Nutrition in Uganda* (MENU) programme funded by the *United States Agency for International Development* (USAID) aims to address population growth in Uganda by promoting employment for young people while ensuring food security for the population.⁴⁸ To this end, the programme is encouraging 420,000 farmers to grow crops such as beans, maize and pearl millet, which are both more profitable and more nutritious than traditional crops.⁴⁹ With regard to employment promotion, the programme pursues several objectives: creating jobs, keeping young and educated people in the agricultural sector, limiting the migration of young people to cities and promoting agricultural development. Particular measures to achieve these goals include upgrading value chains, for example by growing and selling biofortified sweet potatoes to help disseminate vitamin-rich sweet potatoes more effectively in Uganda, where they are still relatively new. In addition, the programme supports people in setting up small to medium-sized agribusinesses.⁵⁰

Recommendations

Increasing the number of good, decent jobs is an essential strategy to reduce poverty in sub-Saharan Africa on a sustainable basis, drive the demographic transition and thus create favourable conditions for a demographic dividend. At the same time, employment promotion programmes can be designed even more effectively if demographic developments such as rapid urbanisation and a growing working population are factored in from the start, thus facilitating an even more targeted response to people's needs. To harness the possibilities and consequences at the intersection of employment promotion and population dynamics more effectively, development cooperation institutions should...

- ... place a greater focus on the **development, structure and geographical distribution of the population** in a given partner country – and proactively respond to any significant shifts – when designing, implementing and evaluating employment promotion measures.
- ... incorporate **sexual and reproductive health** and rights in employment promotion as a key to promoting gender equality, and above all **support young women's self-determination** by facilitating access to good and secure jobs.
- ... take into account the needs of vulnerable groups that experience additional barriers to employment opportunities, such as **migrants, refugees and people with disabilities**, when developing employment promotion strategies.

■ ... promote **entrepreneurship** to an even greater extent **as an option for better incomes and employment promotion, particularly for young people and women**, and support efforts to improve access to credit.

■ ... **include evaluations that factor in demographic changes at all stages of programme design**. This can ensure that programmes are developed and refined efficiently to **respond to a growing need for jobs**.

■ ... take into consideration the opportunities and challenges for labour markets that result from **rapid urbanisation and the ongoing growth of the rural population**.

■ ... continue to promote the **establishment of social protection instruments and systems in conjunction with employment**. This is also important to create a more resilient agricultural sector that can withstand the adverse impacts of the climate crisis while at the same time providing good jobs.

■ ... help **improve the availability of data on the links between population dynamics and employment** to ensure that future programmes can deliver even more effective results.

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* During their socio-economic development, all countries undergo a demographic transition – albeit at different times and at different speeds. Learn more at: <https://www.berlin-institut.org/en/focus-areas/demographic-dividend>

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