4. EMPLOYMENT

Africa's absorption of its working age population in employment compares in general favorably to other developing regions but the situation in North Africa is significantly worse.

Africa has added 113 million workers since 2000 rising at an average annual rate of 2.8% to reach a total labour force of 386 million in 2012. Male workers accounted for 55% of the increase. The employment-to-population ratio, also known as the labour force participation, improved marginally since 2000 to reach 70.4% in 2012 in Africa (excluding North Africa), which compares favourably to the world average of 64.1% and ranks second highest of all regions next to East Asia. North Africa in contrast has a labour force participation rate of 49.1% the second lowest in the world, ahead only of the Middle East. While 64.6% of women in Africa (excluding North Africa) participate in the labour force, less than a quarter of women in North Africa were employed in 2012. The pattern of youth employment (workers between the age of 15 - 24) reflects similar differences with a participation rate of 53.6% in Africa (excluding North Africa) (second highest worldwide) and 33.4% in North Africa (second lowest).

The informal sector has been the main driver of job creation in Africa with vulnerable work -- which includes subsistence farming, informal self-employment, and work for a family member -- accounting for 60% of job growth since 2000 in Africa (excluding North Africa). Over 75% of employment was considered vulnerable in Africa (excluding North Africa) in 2012. The informal sector is less important in North Africa with only 35% of workers in vulnerable jobs. Vulnerable work is disproportionately driven by women and youth in Africa (excluding North Africa) where 85% are vulnerably employed.

The absence of social protection systems in most countries in Africa means that not working is not an option for most people. In Africa (excluding North Africa), the average unemployment rate for the labour force declined from 8.5% in 2000 to a low of 7.4% in 2007. With the global financial crisis and the economic slow-down in the Euro area economies, which have had a negative impact on jobs worldwide, the unemployment rate has risen marginally in recent years. In contrast to Africa (excluding North Africa), unemployment in North Africa remains a major challenge. After falling from 13.2% in 2000 to less than 9% in 2010, the uncertainty following the Arab Spring has caused unemployment to again surpass 10% in 2012 with youth unemployment at 24% or double the world average rate. In Africa (excluding North Africa), youth unemployment rate is less severe but at 12% is twice the rate for adult workers.

African governments have taken a number of initatives to tackle youth unemployment. However, the impact has been limited. The 2012 African Economic Outlook finds that the major obstacles to job creation include: barriers faced by the private sector in Africa, skills mismatches due to weak vocational and technical training, lack of finance for micro-enterprises and inadequate infrastructure.

In addition to youth unemployment, SSA is facing two further major challenges on the employment front. First, in spite of more than a decade of economic growth of over 5%, the growth of stable wage-paying jobs has been slow. While the rate has doubled since 2000, only 17% of workers in Africa (excluding North Africa) occupy wage-paying jobs in 2012. A review of historical experiences has shown that rising wage income is a major contributor to the decline in poverty. Second, it has not experienced a significant improvement in labour productivity which comes from the shift of labour from low-productivity sectors such as agriculture to higher productivity ones such as industry. Between 1991 and 2012, employment in agriculture in Africa (excluding North Africa) declined only marginally from 67.5% to 62.2% with most of the shift of the labour force moving to the low value-added informal services sector; employment in industry remains unchanged at 8.6%.

North Africa, on the other hand, faces a severe lack of employment opportunities, more particularly for young people, sharp labour market segregation along gender lines, and relatively high vulnerable employment rate estimated at 41.4% in 2012, reflecting a high ratio of informal working arrangements.