



The Uplifting Africa Program

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“IWOSS” - Factors Leading to Improve Youth Employment in Sub-Saharan Africa



Job seekers in Africa wait beside a road for work. Photo Credit: [Reuters](#).

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The World Bank estimates that Sub-Saharan Africa's population is still rising today and that by 2050 half of it will be under 25-years old.¹ People under 25 are one of the most significant productivity-generating resources for a nation and its economy. In other words, these people are essential in improving the poverty and an overwhelmingly low GDP that is currently a concern in Sub-Saharan Africa.²

What is “IWOSS”?

IWOSS stands for "industries without smokestacks," i.e., sub-sectors of other industries, especially agribusiness and service industries, that share the same characteristics as manufacturing.³ These sectors are tradable, as is manufacturing, and possess a high value-added per worker. In this sector, it is also possible to expect learning and productivity growth capacities, some of which exhibit economies-of-scale and agglomeration.⁴ These facts reveal that IWOSS can absorb high-skilled and low-skilled labor. In other words, IWOSS can be a resource that provides productive jobs/employment for most of Africa's youth. Proposed industries that fit Brookings' definition of IWOSS include horticulture and high-value agribusiness, tourism, business services, ICT-based service, and transportation and logistics in the research.⁵

¹ The World Bank . “The World Bank in Africa.” World Bank. The World Bank , October 1, 2021. <https://www.worldbank.org/en/region/afr/overview#1>.

² Coulibaly, Brahim S., and John Page. “Addressing Africa Youth Unemployment through Industries without Smokestacks A Synthesis on Prospects, Constraints, and Policies.”, Washington, D.C.: Africa Growth Initiative at Brookings, (August 2021), 1.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

How “IWOSS” is significant?

The IWOSS sector, when analyzed from an economic aspect, is labor-intensive in most countries and may employ more workers than other economic sectors, including manufacturing.⁶ For example, a case study by Brookings, Rwanda, shows that the IWOSS sector employs six times as many workers as the non-IWOSS sector and 1.5 times as many as the manufacturing sector.⁷ Other case studies from countries such as Ghana and Kenya show that the IWOSS sector is labor-intensive and is beginning to be a significant source of employment in Africa.

Segment for High-Skilled and Low-Skilled Worker

While the IWOSS sector creates jobs, the types of jobs created in each of the four IWOSS sectors - agriculture and horticulture, tourism, IT services, and transportation and logistics - are different and may correspond to different segments of unemployed youth. Also, it suggests that more jobs can be expected to be created in the IWOSS labor market for youth and women.

Tourism seems to offer the most room for low-skilled workers. Tourism occupations such as cooks, waitrons, and front office staff require less highly skilled and build many employment opportunities for low-skilled youth. Tourism has the highest youth employment rate among IWOSS sectors in Uganda.⁸ It indicates that tourism creates many jobs for low-skilled youth.

⁶ Coulibaly, Brahim S., and John Page. “Addressing Africa Youth Unemployment through Industries without Smokestacks A Synthesis on Prospects, Constraints, and Policies.”, Washington, D.C.: Africa Growth Initiative at Brookings, (August 2021), 2.

⁷ Ibid.

⁸ Coulibaly, Brahim S., and John Page. “Addressing Africa Youth Unemployment through Industries without Smokestacks A Synthesis on Prospects, Constraints, and Policies.”, Washington, D.C.: Africa Growth Initiative at Brookings, (August 2021), 16.

On the other hand, agriculture/horticulture and logistics offer the most potential for employment expansion to high-skilled workers. Skills required in the agricultural and horticultural markets are managing production, regularity, and continuity; improving product quality and safety; reducing time to reach customers; and understanding changing markets, which are highly trained skills.⁹ Important also are the transport/logistics that support the physical movement of goods. Transport and logistics consist of various non-transportation activities such as warehousing and storage, terminal operations at ports and airports, express delivery, customs clearance, and data and information management.¹⁰ However, the market for this sector in Africa is still growing. The logistics sector emphasizes customer focus, time management, integration, and information and increasingly employs highly educated people to manage these activities. In South Africa, for example, the logistics sector saw a 31.3% increase in formal private employment between 2010 and 2018.¹¹ Thus, it has been shown that the logistics sector can provide many jobs in Africa in the future for young people with the necessary education.

Furthermore, ICT-enabled services will lead to increased employment not only for youth but also for women. Second-generation information and communications technology (ICT) will allow far more developing countries to enter service export markets, perhaps even beyond the traditional business process outsourcing (BPO) model.¹² Thus, internet-based offshoring, such as

⁹ Coulibaly, Brahim S., and John Page. "Addressing Africa Youth Unemployment through Industries without Smokestacks A Synthesis on Prospects, Constraints, and Policies.", Washington, D.C.: Africa Growth Initiative at Brookings, (August 2021), 14.

¹⁰ Coulibaly, Brahim S., and John Page. "Addressing Africa Youth Unemployment through Industries without Smokestacks A Synthesis on Prospects, Constraints, and Policies.", Washington, D.C.: Africa Growth Initiative at Brookings, (August 2021), 17.

¹¹ Ibid.

¹² Coulibaly, Brahim S., and John Page. "Addressing Africa Youth Unemployment through Industries without Smokestacks A Synthesis on Prospects, Constraints, and Policies.", Washington, D.C.: Africa Growth Initiative at Brookings, (August 2021), 16.

call centers and human resources, accounting, and payroll outsourcing, will become an essential source of employment in Africa, especially for African women. Kenya stands out as an example of ICT creating jobs. In recent years, Kenya has become a hub for multinational technology companies, including Google's Sub-Saharan Africa office and IBM's first Africa Research Lab in the country, along with high cell phone and internet penetration which require high standards of education.¹³ As a result, the ICT services industry proliferates with its employment.

What might happen to the youth unemployment issue in Sub-Saharan Africa?

Given these case studies, the case study by Brookings suggests that the IWOSS sector they advocate has the potential to be a significant factor in improving the youth unemployment issue in Sub-Saharan Africa. The jobs created by IWOSS include those requiring IT and advanced technology and those in the service sector related to the tourism industry. Such occupations are considered suitable for the younger generation, who are better able to acquire new knowledge and skills. Suppose it becomes possible for the state governments in Africa to establish a system to provide young people with employment slots created by this sector. In that case, it will become a reality that the youth unemployment issues in Sub-Saharan Africa will improve.

Bibliography

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¹³ Ibid.

