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Review article

Youth unemployment in resource-rich Sub-Saharan Africa: A critical review

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ABSTRACT

This paper critically reviews the youth unemployment crisis in resource-rich Sub-Saharan Africa. Although the region has experienced continuous and a seemingly limitless flow of investment in all types of extractive industries in recent decades, this growth has not directly translated into significant poverty reduction. Its overdependence on natural resources economically seems to have had a negative impact on socioeconomic development overall, generating very few jobs for youth and exacerbating existing unemployment crises. The paper uses Ghana, one the region's top mineral-rich countries, as a case study to explore these issues further.

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1. Introduction

Sub-Saharan Africa is experiencing a youth unemployment crisis of unprecedented magnitude. Reports (e.g., World Bank, 2009; Gough et al., 2013; Peace Child International, 2013) from across the region, as well as donor documents, have reached the same conclusion: that not enough is being done to engage the region's youth, and that the response of host governments to the crisis is woefully inadequate. The literature on this subject has examined heavily policymakers' response to the problem, as well as the consequences of failing to engage young people and recognize their needs. Surprisingly few accounts, however, explore how the development agenda and trajectories of Sub-Saharan Africa fuel and/or exacerbate youth unemployment.

With few exceptions, this agenda emphasizes heavily the growth and development of export-led large-scale extractive industries. This strategy has spawned a series of capital-intensive 'enclaves' which, despite yielding significant mineral production, have failed to create many jobs suitable for swelling populations of

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skilled and unskilled youth. The purpose of this review is to draw attention to this issue by examining more closely how the youth unemployment crisis has played out in resource-rich Sub-Saharan Africa. Section 2 brings together key stands of literature, including analysis of youth employment and the impacts of resource extraction in Sub-Saharan Africa, in an attempt to explain how the problem has manifested in the region's mineral-rich economies. Section 3 builds on this discussion through a case study of Ghana, which, despite being heavily impoverished, has the world's tenth largest and Africa's second largest gold mining industry. Concluding remarks are then provided.

The review contributes to an assortment of crosscutting literature in international development, including analysis on the resource curse, structural adjustment, and donor strategy in Sub-Saharan Africa.

2. Youth unemployment in resource-rich Sub-Saharan Africa

This section of the paper reflects critically on the youth unemployment problem in resource-rich Sub-Saharan Africa. It begins by examining the region's youth employment issue generally, drawing on literature and data which illustrate its severity. Section 2.2 draws on this analysis to investigate how this problem has manifested in the region's resource-rich settings, drawing on debates from the extractive industries and development literature. It concludes by introducing the Ghana case.

2.1. Youth unemployment in Sub-Saharan Africa: a synopsis

Youth unemployment is arguably one of the most multifaceted and pressing development problems in Africa today. With close to 70% of its population aged below 25, Africa is the youngest continent in the world. Its youth population, which currently stands at 200 million people, constitutes approximately 37 percent of the total labour force (African Development Bank, 2011, 2012). But as Page (2013) explains, youth also make up three-fifths of the continent's unemployed. In an ambitious attempt to rectify this problem, the African Union launched its 'Youth Decade Plan of Action' (2009–2018), which aims to reduce Africa's rate of youth unemployment by 2% annually. But the continent's governments have not come close to reaching this target, failing to create enough jobs to absorb the 10–12 million youths who enter its labour markets each year.

What the efforts of the African Union and major donors working to tackle Africa's youth unemployment have shown is how complex the problem is, as well as highlight the need for holistic solutions. The literature offers some insight on this front, particularly for Sub-Saharan Africa, where the economic growth needed to generate consistent employment for school leavers has proved particularly elusive in recent decades due to a combination financial mismanagement, civil conflict and political instability. The situation is actually quite serious: an estimated 12% of the region's youth are unemployed; 25% are illiterate; and the number of people in the region aged between 10 and 24 years is expected to reach 436 million by 2025 and 605 million by 2050 (African Development Bank, 2011; UNDP, 2014b). In addition to the African Union and African Development Bank, the issue of youth unemployment in Sub-Saharan Africa has begun to attract the interest of multilateral organizations, including the World Bank and United Nations (Biavaschi et al., 2012; ILO, 2013). How has the donor community, as well as the scholarship informing policy interventions, conceptualized the challenge?

Over the past decade, coverage of the youth unemployment problem in the region has increased manifold (Amankrah, 2012; Gough et al., 2013; Hajdu et al., 2013; Hilson and Osei, 2014). The general view is that Sub-Saharan Africa has been slow to develop, which has given rise to negative socioeconomic outcomes such as poverty, underperforming industry, conflict and low-quality educational systems. Structural adjustment loans – financial packages laden with conditionalities dispensed by the World Bank and IMF – have been heavily responsible for these problems. Crippled by the oil crisis and unable to repay outstanding monies to creditors, 37 of the region's countries had secured structural adjustment loans by the mid-1990s (World Bank, 1997). In exchange for this financing, host government have been required to make sweeping changes to their economies and policy frameworks, including liberalizing agricultural activities; privatizing industrial activities, especially in the energy and mining sectors; deregulating industry; and revaluing currencies (Crisp and Kelly, 1999; Haselip and Hilson, 2005).

But rather than resuscitating Sub-Saharan Africa, adjustment lending would worsen its already-deteriorating economic condition, in the most extreme of cases, plunging countries into the abyss. As Ismi (2004) explains, during 1960–1980, prior to any major Bank or IMF intervention, the region's GDP per capita grew by 36%, whereas during 1980–2000, its heyday of intensive adjustment lending, it actually fell by 15%. In fact, under adjustment, external debt in Sub-Saharan Africa increased 500%, reaching US$333 billion by the turn of the century, by which time, 33 of its countries were designated 'Heavy Indebted Poor Countries'[1] by the World Bank. The poor performance of the region's economies led even Bank officials to partly question the efficacy of adjustment lending: they conceded in the organization's landmark document, *Adjustment Lending and Mobilization of Private and Public Resources for Growth* (World Bank, 1992), that, among other things, the annual growth for low income countries in Sub-Saharan Africa was less at the end of the 1980s than it was at the end of the 1970s.

How, then, have the changes made under adjustment potentially affected the region's youth? First, the roles of individual youths, reoriented radically during times of hardship, must be considered. As Reimers (1997) put it during the peak of adjustment lending, 'Availability of schools is a step to providing access to school, but only if parents send their children to the schools' (p. 7), the point being that, for the typical African family, given the staggering levels of poverty faced, induced by adjustment, the education of children and their subsequent pursuit of formal sector employment, was not a priority. The hardship endured at the time was very real, and captured effectively by data. In 2003, over half of the African population was subsisting on less than the international poverty line of US$1/day, a 75% increase from 1994. For Sub-Saharan Africa, per capita income was about 1/9 of that of OECD countries but by 1998, it had dropped close to 1/18 (Ismi, 2004). Revisiting points raised by Reimers (1997), such reductions in household incomes both increased the need to remove children from school and put them to work in the informal economy, as well as increased the costs of school items such as books, uniforms and transportation. These were clearly sub-optimal conditions for 'permitting' children to pursue an education and would consequently fuel an increase in the number of unskilled and unemployed youths in the region.

A second and interrelated point concerns the availability of high-quality jobs, which have dramatically decreased in number. Privatization and the scaling back of public services led to hundreds of thousands of redundancies and dismissals. There are countless examples cited in the literature. In Tanzania, for instance, by mid-1995, 47,000 persons had been relieved of their

[1] Heavily Indebted Poor Countries (HIPCs) have high levels of poverty and debt overhang, and eligible for special assistance from the International Monetary Fund and the World Bank.