



YOUTH AND LABOR MARKET IN SWEDD COUNTRIES

Wealth that comes mostly from Self-Employment



SWEDD
(Sahel Women Empowerment & Demographic Dividend)

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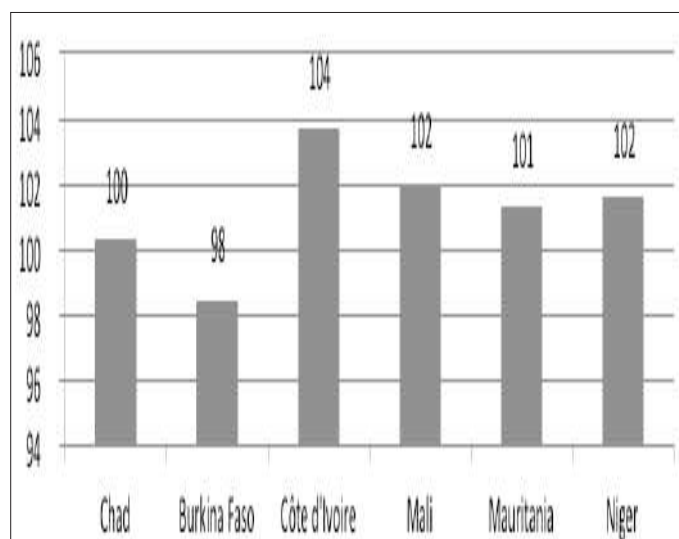
Wealth that comes mostly from Self-Employment

Improving the labor market is a major issue for economic and social development. In Africa and more particularly in the six SWEDD countries where half of the population is under 25, the employment problem is very often correlated and / or amplified by the age structure of the population.

In this regard, several programs have been implemented with the aim of taking charge of youth employment in order to enable them to play their full role in the economic and social development of their country. However, the expected results have not followed the fact that the SWEDD countries' labor market is characterized by a weak supply in relation to demand, by a low-skilled labor force, by a lack of training and professional qualifications, the importance of the informal sector, etc.

The demographic context of SWEDD countries is marked by a slightly larger male population (51%) than women (49%). The sex ratio at birth of SWEDD country, which indicates the number of men per 100 women, is given in the graph below.

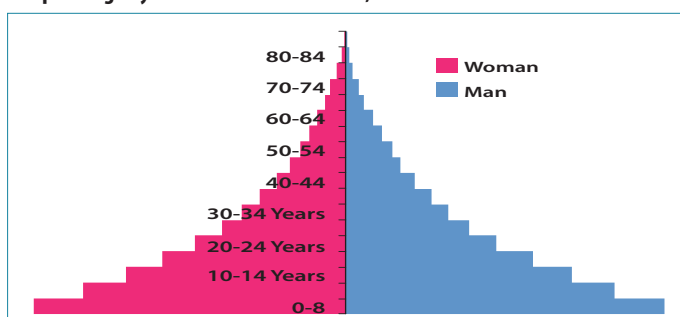
Graph 1 : Male Ratio in SWEDD Countries



Source: CREG /CREFAT, from World Bank Data

The SWEDD area has a very broad age pyramid at the base, a sign of high representativeness of the younger age groups. In 2014, the population under 15 represents 43% of the total population while the proportion of people aged 65 and over is only 3%. These statistics suggest that the majority of the population is comprised of the 15-64 age group. This highlights the preponderance of the working-age population which represents a strong potential for the capture of the Demographic Dividend.

Graph 2 : Age Pyramid of the SWEDD Zone, 2014



Source : author calculation, from UN. Population Data

Côte d'Ivoire, the most populous country in the zone, has a similar age pyramid to that of countries in demographic transition. It is characterized by a very broad base and a gradual and regular narrowing as one advances in age. Thus, children (0-14 years of age) represent 41.8% of the population. The dependency ratio, which measures the number of people of inactive age per 100 persons of active age (population aged 15-59), is 84 persons dependent for every 100 working people in Côte d'Ivoire, while is 113 dependents for every 100 assets in Niger. The fertility rate for women in SWEDD countries is relatively high (6 children per woman).

Table 1 : DDependency¹ Ratio of SWEDD Countries

Countries	Dependency Ratio
Burkina Faso	93
Côte d'Ivoire	84
Mali	100
Mauritania	77
Niger	113
Chad	102

Source : Author Calculation from UN Population Data

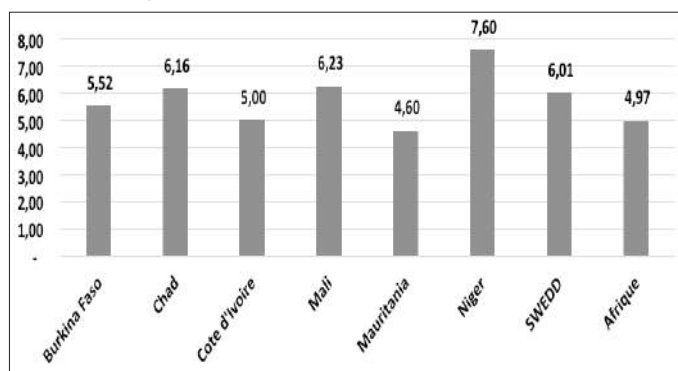
¹ Inactive population / Labor force



Indeed, in 2014, it is 5.52 children in Burkina Faso, 6 children in Mali, 5 children in Côte d'Ivoire, 4.6 children in Mauritania, 6 children in Chad and 7.6 children in Niger. These rates are far above the world average of 2 children per woman and the average for sub-Saharan Africa (4.97), except for Mauritania (4.60). total population and the young (15-34 years old) in number constitute 35.5% of the total population. Thus, 77.3% of the total population, a little more than 3 out of 4 people are under 35 years old.

The dependency ratio defined as : Inactive population / Labor Force is provided for the SWEDD countries by the following table.

Graph 2 : Fertility Index in SWEDD Zone, 20114



Source : CREG /CREFAT,, from World Bank Data

53% of the total population in age of working

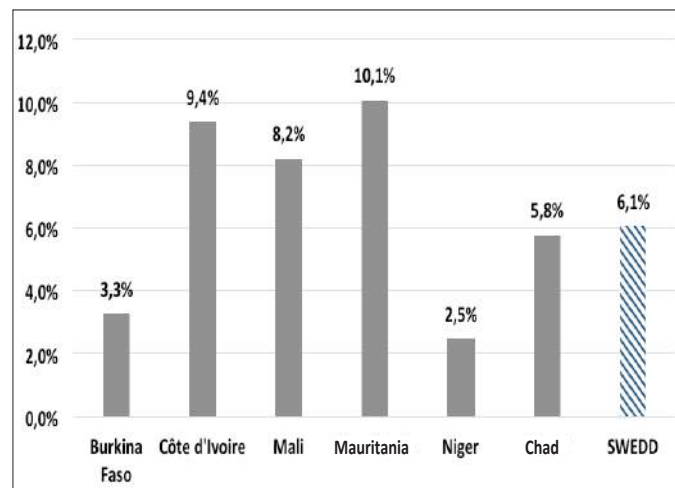
Youth employment has always been a major concern for developing countries, especially those in SWEDD. Constituting a large part of the population of these different countries, young people are often victims of unemployment and underemployment. This situation prevents them from making an effective contribution



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to economic and social development. In the SWEDD area, the working-age population is estimated at 53% of the total population in 2014 and the occupancy rate is 71%. This level of participation in the labor market at the zonal level, however, conceals certain disparities, at the country level. Regarding the unemployment rate, it is estimated at 6.1% in the SWEDD zone with higher levels in Mauritania, Côte d'Ivoire and Mali (respectively 10.1%, 9.4% and 8.2% in 2014).

Graph 2 : Unemployment Rate in different SWEDD Countries, 2014



Source : CREG /CREFAT,, from World Bank Data

This situation should lead governments in SWEDD countries to address some of the challenges in youth employment, including: (i) employability; (ii) self-employment and entrepreneurship, (iii) access to the formal labor market, (iv) access to finance. For this, it is important to ensure the match between the training and qualification of young people to facilitate the insertion of young people on the labor market.

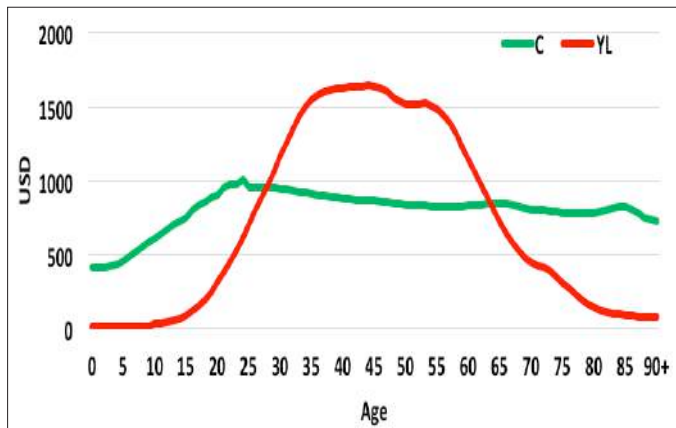
A deficit Until 27 years

As part of the assessment of SWEDD zone labor market performance and the specific situation of young people in relation to employment and unemployment issues, the results of the NTA methodology make it possible to characterize levels and types of income generated over the entire life cycle, both at the individual and aggregated level, but also to understand how much the income generated allows young people and other categories of the SWEDD population not to bear the burden of economic dependence.

The NTA consumption and income profile gives the consumption and average income (average profile) or overall (aggregate profile) levels at each age.

The analysis in Chart 3, which presents the average consumption and income profile of the entire SWEDD population over their entire life cycle, provides information on the high level of consumption of the 0-24 age group. would explain by education and health spending.

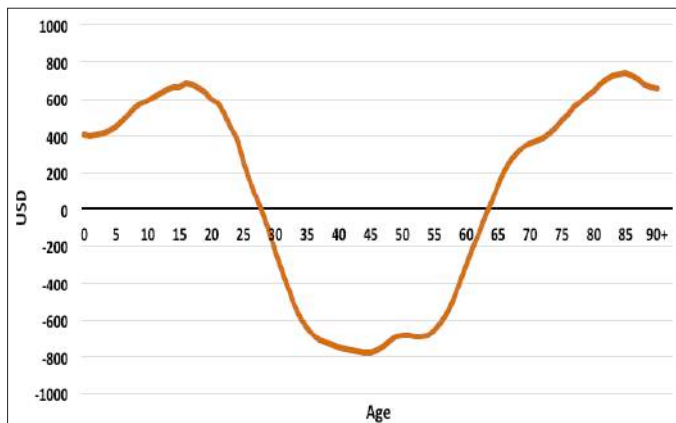
Graph 3 : Average Consumption and Income Profile



Source : CREG /CREFAT,, 2017

Based on the fact that, in the NTA sense, the life-cycle deficit is the difference between consumption and labor income at each age, the analysis in Charts 3 and 4 shows that young people in the SWEDD area have a deficit up to at the age of 27 when the onset of surplus is an average of 23 years in developed countries. This late entry into a situation of «economic independence» is a reflection of the difficulties of integration of young people in the SWEDD zone into the labor market, in the SWEDD zone and the precariousness of the jobs held.

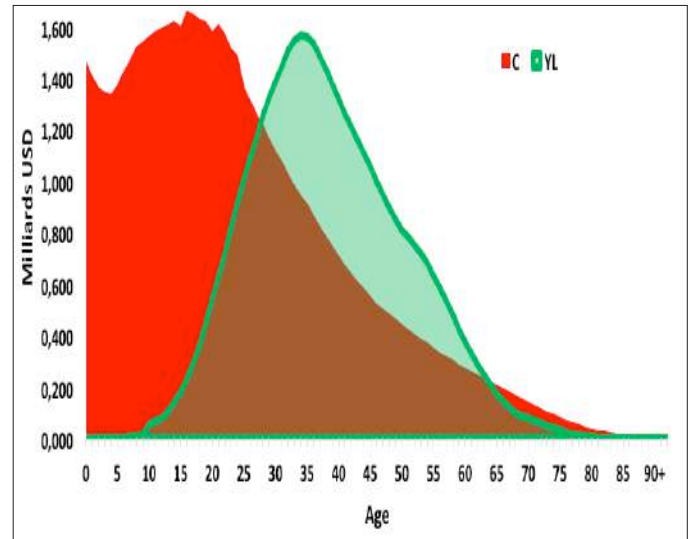
Graph 4 : Life Cycle Deficit Average Profile



Source : CREG /CREFAT, 2017

The analysis of the aggregate consumption profile in Figure 5 shows that aggregate consumption is highest for youth. This high level of aggregate youth consumption is the result, on the one hand, of the very high weight of youth on the population of SWEDD countries and, on the other hand, of the importance of their investment needs in human capita.

Graph 5 : Consumption and Income Profile Aggregate Profile



Source : CREG /CREFAT,, 2017

The surplus generated by the 28-64 age bracket makes it possible to partially cover the consumption needs of young people and seniors.

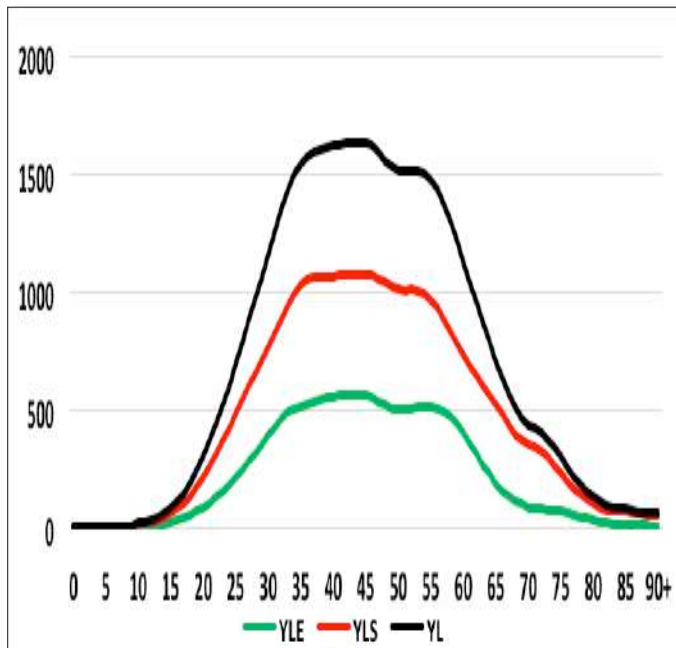
A much higher self employment income

The analysis in Figure 6 shows that over the entire life cycle, income from self-employment is greater than that from wage labor. Indeed, the income from self-employment weighs globally 68% of the average labor income against 32% for wage income.



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Graph 6 : Labor Income by type in SWEDD Zone



Source : CREG /CREFAT, 2017

This situation, which is even more pronounced for young people, where 67% of the 15- to 35-year-olds' income and 74% of the 15-24-year-old's income comes from self-employment, has as a corollary i) in terms of disparities, the Young people, while contributing significantly to wealth production, remain the lowest paid on average in SWEDD countries. ii) These same young people are more likely to generate self-employment income than wage earners. iii) In SWEDD, Self-employment income is on average much higher than wage income, which could be explained by the differentiated institutional and financial constraints between the formal and informal sectors resulting in a huge loss in terms of tax opportunities for the SWEDD Government . Average and aggregate income of the generations

Table 1: Generations average and aggregate Income

Age Group	Average income (USD)	Aggregate income (billion USD)
0-14	13	0,5
15-35	748	20
36-59	1539	23
60+	379	3

Source : CREG /CREFAT, 2017

The analysis in Tables 2 and 3 below shows that income from self-employment to youth contributes 67% of the labor income of young people (\$ 244 in wage income versus \$ 504 in self-employment). This means that self-employment pays more young people than salaried employment. It also follows from the table that the low income level of youth labor compared to that of adults is a result of their average wage earning and self-employment incomes smaller than those of adults. On the other hand, the contribution of youth self-employment income is much more visible at the aggregate level than at the average level (see Table 3). In fact, at the middle level, the

income from youth self-employment is about double their income from work, while it is more than double the aggregate level. This clearly means that young people are more involved in self-employment activities than in salaried activities.

Table 2 : Income from paid work and youth self-employment

Age Group	Salaried	Self-Employment
0-14	4	9
15-35	244	504
36-59	527	1012
60+	101	278

Source : CREG /CREFAT,, 2017

Table 3 : Aggregate income and Youth Self-Employment

Age Group	Salaried	Self-Employment
0-14	0,2	0,3
15-35	6	14
36-59	8	15
60+	1	2

Source : CREG /CREFAT,, 2017

The youth and labor market analysis shows that young people who are paid by paid work are less so than adults and that most of the wealth they produce comes from self-employment. This situation could be explained by the attractiveness of the self-employment market in the SWEDD zone and the precariousness of wage employment.





Recommandations

- Initiating bold policies in SWEDD countries to tackle the problem of youth unemployment
- Favor investment policies for job creation
- Promote the regulation of the informal sector to promote the capture of the demographic dividend in the area.



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