INCREASING EMPLOYMENT OPPORTUNITIES:
Navigating Africa’s complex job market
Chapter 2
The tipping point:
The youth bulge and the sub-Saharan African labor market

ISSUE BRIEF FROM THE AUTHORS

HAROON BHORAT
Nonresident Senior Fellow, Africa Growth Initiative, Global Economy and Development, Brookings Institution
Professor of Economics, University of Cape Town
Director, Development Policy Research Unit, University of Cape Town

KARMEN NAIDOO
PhD Candidate, University of Massachusetts, Amherst

ARABO EWINYU
Senior Researcher, Development Policy Research Unit, University of Cape Town

The demographic dividend has been touted as a potential source of growth for the African continent and its relatively young population.\(^1\) In the same vein, it comes with the challenge of employment creation that can absorb the large cohort of youth that is set to enter sub-Saharan Africa’s labor markets in the approaching decades. Less positively, however, countries that fail to plan accordingly might miss these potential opportunities or the resulting youth bulge could increase the risk of social tension and other risks arising from high youth unemployment rates. The year 2017 offers an opportunity for identifying and implementing policies to capitalize on the segment of the population that is quickly growing up.

Relative to other regions, sub-Saharan Africa’s demographic transition begins from a much lower base and is beset by conflict and death from HIV/AIDS and other diseases resulting in a demographic transition peak that is expected to be much lower than that of other regions (Bloom, Canning, and Sevilla, 2003). Between 1950 and 2010, the global fertility rate has almost halved and is estimated at 2.5 births per woman (Lam and Leibbrandt, 2013). However, sub-Saharan Africa’s fertility rate has declined at a much lower rate and remains relatively high at 5 births (World Bank, 2014). Data from Ethiopia and Nigeria, the continent’s most populous nations, indicate that average fertility rates have been declining over time to current rates of 4.6 and 5.7 respectively (Bhorat and Tarp, 2016). While these rates are still relatively high, the declining trend indicates

\(^1\) The shift from a regime of high mortality and high fertility to one of low mortality and low fertility is known as the demographic transition (Oosthuizen, 2014). The demographic dividend is associated with the potential economic growth prospects that come with a demographic transition—reduced dependency ratios and rising standards of living as resources are freed up for savings or investments.
that these countries are still very much in a demographic transition phase. However, different African countries are at different stages of the demographic transition: South Africa’s birth rate has already declined to 2.4 and is much further along its transition compared to Mozambique’s 5.9 births per woman, a rate that is observed to be rising with time (Bhorat and Tarp, 2016).

Subsequently, unlike other regions with aging populations, sub-Saharan Africa faces a rise in the share of its working-age population (WAP). Population data indicates that the WAP in the sub-Saharan African region will increase by 70 percent from 466 million in 2013 to 793 million in 2030 (Lam and Leibbrandt, 2013). However, high levels of youth unemployment and/or underemployment coupled with low-wage income will significantly constrain the continent’s ability to reap the benefits of the demographic dividend. Youth unemployment across sub-Saharan Africa is four times higher than the region’s aggregate unemployment level. In Nigeria, 45 percent

Youth are less likely than older cohorts to find employment, and, when they do, are disproportionately more likely to be self-employed or employed in the informal sector.

**TABLE 2.1. SUB-SAHARAN AFRICAN LABOR MARKET OUTLOOK**

Employment prospects in sub-Saharan Africa seem to be stagnating according to the International Labor Organization (ILO). Productivity, while predicted to rise in 2016, remains below 2000-2013 levels—largely due to Africa’s lack of economic diversification. In addition, despite decreasing numbers of the extreme working poor (under $1.90/day), many are unable to break the barrier out of the working poor category, as the share of working poor continues to grow. Not shown here is the underemployment (the underutilization of the productive capacity of the employed population) rate in the region, which, at an extreme, reaches 75.8 percent in Cameroon. Thus, unemployment numbers alone cannot always demonstrate the health of the labor market, as in Ghana, where the unemployment rate is 5.2 percent, but the underemployment rate is 47.0 percent.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor force participation rate</td>
<td>69.8</td>
<td>69.9</td>
<td>70</td>
<td>70.2</td>
<td>70.3</td>
<td>70.4</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>8.1</td>
<td>7.6</td>
<td>7.3</td>
<td>7.4</td>
<td>7.5</td>
<td>7.5</td>
</tr>
<tr>
<td>Employment growth</td>
<td>3.0</td>
<td>3.0</td>
<td>3.4</td>
<td>3.0</td>
<td>3.0</td>
<td>3.1</td>
</tr>
<tr>
<td>Vulnerable employment</td>
<td>72.9</td>
<td>71.4</td>
<td>69.8</td>
<td>69.9</td>
<td>69.7</td>
<td>69.6</td>
</tr>
<tr>
<td>Extreme working poverty (less than $1.90)</td>
<td>49.3</td>
<td>39.9</td>
<td>35.2</td>
<td>34.3</td>
<td>33.1</td>
<td>31.7</td>
</tr>
<tr>
<td>Working poverty (between $1.90 and $3.10)</td>
<td>23.8</td>
<td>27.7</td>
<td>29.6</td>
<td>29.7</td>
<td>30.0</td>
<td>30.4</td>
</tr>
<tr>
<td>Productivity growth</td>
<td>2.9</td>
<td>1.8</td>
<td>1.5</td>
<td>0.5</td>
<td>1.2</td>
<td>1.7</td>
</tr>
</tbody>
</table>

Note: Employment and productivity growth figures present percentage growth rates. Employment figures refer to the total economy. Labor productivity is measured as real output per worker, PPP-adjusted. Vulnerable employment share is defined as the sum of own account workers and contributing family workers in total employment.

Science and the farm

Africa’s youth employment issue is fundamentally one of agricultural modernization and investment in science. Farming remains the dominant occupation of most young Africans; this despite the fact that few respond “I want to be a farmer” when asked about their aspirations. More youths remain on farms than leave, although the movement away is very visible and has raised concern about food security, aging of the countryside, and excessive dependence on food imports. Concerns would be best directed toward understanding the needs of young people who stay on farms, already a large group that will grow as the global slowdown and attenuation of the commodity boom affect the continent. The agriculture that will allow young farmers to prosper will have to draw on the best of modern agricultural science—and at present it does not.

Current levels of investment in Africa’s agricultural science cannot support modernization. The prevailing paradigm of “closing yield gaps” has created the erroneous view that known science can be applied to great effect without investing in new science. Across the subcontinent, although investment in agricultural research has grown in real terms since 2000, it has declined as a share of agricultural GDP. Spending on agricultural research in Africa south of the Sahara in proportion to the size of the agricultural sector is about half that in Latin America and the Caribbean. At a time when social media vastly improves the capacity of young people to communicate even in remote rural areas, the absence of vibrant scientific communities weakens the attitudinal foundation supporting innovation. Even the improved varieties that advanced farmers seek may be a decade or more old. Today’s pests and diseases and erratic weather patterns overtake yesterday’s new varieties. Science that does not keep up falls behind.

Science that does keep up can deliver. Over 200 new bean varieties have been developed and released through the PanAfrican Bean Research Alliance (PABRA), a consortium of 29 bean-producing countries in Africa led by the International Center for Tropical Agriculture (CIAT). These new varieties are helping to transform beans from a subsistence food to a marketed crop that boosts nutrition. Over 60 new varieties of orange sweet potato with enhanced vitamin A have been released in 15 countries of Africa over the past decade and a half, reducing the vitamin A deficiency of millions. A new program on African Chicken Genetic Gains (ACGG) led by the International Livestock Research Institute (ILRI) in partnerships with the governments of Ethiopia, Nigeria, and Tanzania is producing a better backyard chicken for smallholder farmers. These and other efforts to strengthen the scientific foundations of Africa’s agriculture are essential for creating the jobs that will employ ambitious and hopeful young people. Some entrants to the labor force should become scientists, and millions of others should be beneficiaries of science through advances in soil management, greenhouse gas mitigation, better breeds and seeds, improved management of pests and diseases, rapid response to biotic shocks, and the myriad other ways in which advanced science serves agriculture.

The challenges of youth employment and agricultural modernization are often seen and addressed in isolation. In fact, they are inseparable—either mutually reinforcing problems that jeopardize the future of an entire continent, or mutually reinforcing solutions, each to the problem of the other. Investment in agricultural science determines which.

Employers and job seekers highlight high job search and training costs as limiting youth employment opportunities.

In the sub-Saharan African region, challenges to the creation of job opportunities for the youth stem from a combination of demand- and supply-side factors. In terms of supply, there is a marked mismatch between skills demanded and those attained by job seekers. Lack of access to finance for youth and particularly female entrepreneurs further limits growth and expansion opportunities. Labor demand is constrained by insufficient private sector growth resulting in muted employment growth. Accordingly, job creation growth has severely

**FIGURE 2.1. EXAMINING THE INFORMAL ECONOMY IN SUB-SAHARAN AFRICA**

There is a substantial informal economy in many African countries, as shown in the graph below. In fact, the informal sector contributes 50-80 percent of GDP, 60-80 percent of employment, and 90 percent of new jobs in the region. This high proportion of informality in the African labor market, though, deters much economic and human development. Not only is the informal sector less productive overall, but the individuals in the sector tend to earn less, not receive benefits, and lack many social protections. Policies to encourage movement to the formal sector would boost both the economy and livelihoods.

PERCEPTIONS OF UNEMPLOYMENT IN SELECT AFRICAN COUNTRIES

Though Nigeria, Kenya, and South Africa are among the biggest economies in sub-Saharan Africa, they also struggle with high unemployment, a challenge that may continue to grow as more and more of the youth begin to enter the workforce. Indeed, according to a Pew survey (2016), over 80 percent of respondents in these countries view the lack of employment opportunities “a very big problem.” Interestingly, the perception of on-the-ground challenges to getting a job differs somewhat among the countries.

<table>
<thead>
<tr>
<th>What are reasons why many people in our country do not have jobs?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Schools don’t teach the necessary skills.</strong></td>
</tr>
<tr>
<td><strong>Some people are unmotivated or lazy.</strong></td>
</tr>
<tr>
<td><strong>Many jobs only go to people with connections.</strong></td>
</tr>
<tr>
<td><strong>Some people are discriminated against because of their ethnicity/race.</strong>*</td>
</tr>
<tr>
<td><strong>Some people have health problems that prevent them from working.</strong></td>
</tr>
</tbody>
</table>

*Note: In Kenya and Nigeria, the question asked about “ethnicity.” In South Africa, the question asked about “race.”

While the services sector continues to absorb more and more jobs throughout the region, employment makeup in African countries varies substantially—though participation in agriculture remains stubbornly high in most places. Notably, though, is the lack of employees in the highly productive industrial sector, largely due to a lack of supply of workers or a nascent industrial sector. Policies to encourage movement into industry—especially those that encourage education—might be able to bridge those gaps.

Note: The above three employment sectors are the only sectors for employment available from the World Bank’s Development Indicators for the most recent available year for each country. Not all countries have available data and not all countries have sector totals that equal 100 percent of employment, which could be due to estimations used in the calculations of sectors or the possibility for other categorizations of employment outside the three sectors indicated.

Source: World Bank’s World Development Indicators (various years).
The world is facing a major shift in demographics. In fact, by 2050, Africa will be home to a billion young people. With so many of the world’s youth concentrated in Africa, countries have the advantage of large working-age populations, and could be looking to capitalize on a “demographic dividend.”

But the economic contribution of young people will depend on the skills they possess, placing a premium on education. Unfortunately, many countries in Africa are struggling to educate their current youth, and projections in coming decades predict millions more will be left behind. According to the latest UNESCO Global Education Monitoring Report, based on current trends, sub-Saharan Africa will not achieve universal secondary school completion until after 2080. On top of the issue of schooling completion, millions of young people who do complete school still lack even basic literacy and numeracy skills, and recent estimates from the Education Commission find that more than half the world’s youth in 2030 will not meet even low levels of proficiency.

McKinsey predicts this will lead to major skills gaps for the workforce, with far more low-skilled workers than low-skilled jobs and far too few medium- and high-skilled workers that employers will seek. Gaps in schooling and academic skills will also be exacerbated by changes in the world of work that demand a workforce with a broader set of skills that include critical thinking, collaborative problem solving, information literacy, and creativity. By 2030 it is predicted that 2 billion jobs will be automated, half of all those in existence today. What is perhaps most surprising is that many of these are not manual labor, but those that require “routine cognitive skills” like accountants and lawyers. Already today the lack of technical skills and “workplace competencies” like teamwork and communication skills are barriers for employers to fill open positions.

This climate poses major challenges to African education systems to rapidly expand access to high-quality education, as well as shift the focus of education systems from rote academic learning to a teaching and learning environment that fosters the full breadth of skills needed in a changing world. Already research from Brookings’ Center for Universal Education finds that countries across the continent have articulated a vision for education to fulfill this broad mission, and many

By 2030 it is predicted that 2 billion jobs will be automated, half of all those in existence today.

have included breadth of skills in curriculum and policy documents. However, most systems are struggling with how to implement a broader vision of high-quality education—which should be a priority in 2017.

African education systems need to rapidly accelerate progress in order to capitalize on their increasing share of the world’s youth. This will not be accomplished with a business-as-usual approach, but rather requires innovative approaches to teaching and learning, reaching children and youth in and out of school. African countries have already managed to “leapfrog” progress in other sectors—skipping land line phones in favor of mobiles and jumping to mobile banking before reaching everyone through brick-and-mortar banks.

No region may be more primed to do the same in education as well. In fact, our research shows new innovative approaches are reaching even the most marginalized children with more effective ways of teaching and learning breadth of skills. Such innovations are shifting the teaching and learning environment with a focus on “hands-on, minds-on” learning, altering the ways students are assessed and competencies are recognized, and utilizing new tools and technology to personalize learning and better build partnerships between schools and communities. For example, e-Learning Sudan, now called Can’t Wait to Learn, has managed to bring math instruction to displaced children with no access to schooling by providing tablets with engaging games and lessons that were designed based on their own drawings. Evaluations have shown children can learn basic numeracy skills aligned to the national curriculum quickly, and the program is a flexible and empowering way for children to learn. Learner Guides, a program run by the NGO Camfed in Zimbabwe, Tanzania, Ghana, Zambia, and Malawi, can also help leapfrog educational progress by expanding the education workforce, unburdening teachers, and helping children foster critical life skills like resilience and goal-setting. The program supplements the current schooling system by bringing young women who have completed Camfed’s secondary education program back into their rural communities to facilitate a peer-to-peer learning program.

Already today the lack of technical skills and “workplace competencies” like teamwork and communication skills are barriers for employers to fill open positions.

JOBS AND AUTOMATION: HOW SUSCEPTIBLE IS AFRICA?

The automation of jobs has been a historical challenge in the developed world and is becoming a growing one in the developing world. Both in Africa and elsewhere, two-thirds of all jobs are susceptible to automation due to advancing technology. The situation, though, is not necessarily dire, as slow adoption of advanced technology and lower wages are likely to stave off automation and its resulting job displacement in developing countries. The figure below demonstrates the number of jobs susceptible to automation generally (left), and also the number of jobs susceptible to automation but incorporating the lag time of uptake (right). The figures on the right show that in a majority of cases these developing-country jobs are safer than they would otherwise be in the short term owing to lags in technology adoption.

Note: As indicated in the World Bank’s World Development Report 2016, unadjusted probabilities of automation for occupation are from Frey and Osborne’s 2013 paper, “The Future of Employment: How Susceptible Are Jobs to Computerisation?” and weighted by employment, while the adjusted probabilities—which account for the slower pace of technology adoption in poorer countries, using the adoption lag of earlier technologies—are from Comin and Mestieri’s 2013 paper “If Technology Has Arrived Everywhere, Why Has Income Diverged?”

lagged population growth resulting in historically high unemployment rates for young people. Better access to tertiary education in Ethiopia, for example, has resulted in the increased supply of skilled graduate workers relative to available vacancies for skilled workers (Bhorat and Tarp, 2016). Employers and job seekers also highlight high job search and training costs as limiting youth employment opportunities. Consequently, the average unemployment duration among potential workers is observed to be on the increase.

Observing a demographic transition does not guarantee that the continent will benefit from a demographic dividend unless the shift is accompanied by nuanced policy changes that enhance the productivity of the working-age population and support the broad-based expansion of the economy and employment opportunities. Hence, we propose three main areas of focus for policymakers in 2017 and beyond.

---

**TABLE 2.2. EMPLOYMENT FROM THE AFRICAN GROWTH AND OPPORTUNITY ACT**

The African Growth and Opportunity Act (AGOA), the cornerstone of the U.S.-Africa trade relationship, has the opportunity to encourage job creation on the continent through incentives to trade. The following information comes from a 2016 survey conducted by the African Development Bank that received responses from 32 of 37 currently AGOA-eligible African ministries of trade on their trading relationship with the United States. As countries begin to create AGOA utilization strategies—like Ethiopia has—policymakers expect these numbers to increase. In the past few years job growth has strengthened. It is evident also from the responses that the ability to track employment creation is, unfortunately, a barrier to fully tracking the benefits of the AGOA legislation: Of the 32 respondents only nine were able to provide information on job creation due to AGOA.

<table>
<thead>
<tr>
<th>Jobs created in recent years because of AGOA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
</tr>
<tr>
<td>3,565</td>
</tr>
</tbody>
</table>

Note: This data is from countries that shared specific figures over the last three years. Not all nine countries with data available shared figures.

<table>
<thead>
<tr>
<th>Jobs created and/or maintained because of AGOA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
</tr>
<tr>
<td>21,806</td>
</tr>
</tbody>
</table>

Note: This data is from countries that shared specific figures over the last three years. Not all nine countries with data available shared figures.

<table>
<thead>
<tr>
<th>Jobs employing women and youth created and/or maintained because of AGOA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
</tr>
<tr>
<td>2,090</td>
</tr>
</tbody>
</table>

Note: Not all countries had data specific to employment for women and youth. These numbers represent the totals for the countries that did have data.

**Increased investment in human capital**

Broadening access to education will ensure a steady supply of skilled workers into the labor market to support the transition to higher value added sectors. As fertility declines, capital deepening motivates parents to support the human capital accumulation of their children.

Thus ensuring higher completion rates at the secondary school level and higher transition rates into university for male and female students alike may have a positive impact on employment and earning potential. Further recommendations revolve around re-establishing technical colleges to vary the skill sets of potential workers, reducing the cost and barriers to tertiary education, as well as transforming curriculum to provide skills that are more in line with labor demand and structural transformation objectives. Efforts must be put toward the creation of labor market information systems that can assess current skills gaps in the economy and allow for better skills planning.

**Targeted and productive job creation that will increasingly absorb the working youth**

Any youth employment objective will necessarily fall within the broader goal of structural transformation and economic growth. This is all the more reason why it is important to diversify economic activity away from the current high concentration in traditional low-value added agriculture, as it is in many African economies, to more productive activities such as agri-processing, manufacturing, and high-value added services. For example, Kenya has a large population of educated youth employed in mobile phone-based financial services innovations that have high job creation potential (Bhorat and Tarp, 2016).

**Institutional strengthening**

For those young self-employed workers in the informal sector, there should be institutional mechanisms that ensure adequate access to credit, in light of the fact that these individuals are likely to be wealth and asset constrained. This should be combined with strategies to improve the performance of informal businesses and create stronger linkages to the formal sector. This does not preclude larger objectives of ensuring more equitable asset and land ownership in many African countries. Improving access to formal financial services can help to more efficiently turn savings into investment and provide more opportunities for accessing credit for productive purposes.
The 2017 Doing Business report, which publishes annual data on regulatory constraints for small and medium enterprises (SMEs), notes that sub-Saharan African economies are improving their scores at a rate three times that of OECD high-income economies. Despite this achievement, though, running a business in the region is still quite difficult, as it requires going over multiple hurdles to even get the business started. Time is a particular bottleneck, as it takes extensive time to even start a business let alone obtain permits and electricity. Wait times at borders also allow agricultural exports to spoil. Eliminating many of these obstacles could promote the growth of SMEs—the major employers in sub-Saharan Africa—opening them up to even more job-creating opportunities.

Information and communication technologies (ICTs) are transforming Africa. Across the continent, new startup digital enterprises are emerging, while existing small and medium enterprises (SMEs) are increasingly leveraging ICTs to expand. Intensified use of ICTs presents Africa’s SMEs with opportunities in virtually every sector as well as room to create jobs.

The pace of transformation across Africa, however, is slow and one of the major barriers is poor ICT infrastructure. A number of countries are reaping the benefits of greater digital penetration but others are watching from the sidelines. In Kenya for example, the M-Pesa mobile money disruption has enabled many SMEs to be more efficient. According to the 2016 Global Systems for Mobile Association (GSMA) report, however, the rest of Africa is still the world’s most under-penetrated region in terms of mobile connectivity in spite of the fact that it recorded an annual subscriber growth over the same period of more than 13 percent. Improved universal infrastructure that is affordable and a flexible policy and regulatory environment would go a long way in realizing Africa’s digital potential. With improved access to the internet and a more open policy environment, African enterprises could be better equipped to leapfrog and create innovative solutions.

At the same time, the adoption of 4G in sub-Saharan Africa is dismal owing to the fact that the relevant spectrum is still tied up in analog broadcast. Implementation of digital migration in some countries is slow. As a result, many countries in the region have allocated far less spectrum to mobile services than their counterparts in other parts of the world, even though the region is heavily dependent on mobile networks for internet access. This trend undermines SME expansion, especially those that operate in remote areas.

Right now, Africa’s youth should be a catalyst for creating digital jobs in virtually every sector including business processing outsourcing both from external and internal sources.

1 Global Systems for Mobile Association (GSMA). The Mobile Economy. 2016. Available at: https://www.gsmaintelligence.com/research/title=9792881e09c92ba2864c61a10ad12658c&download.
have a fairly good education and can take advantage of the fiber connectivity in major urban centers. SMEs that have ventured into the BPO industry and other digital-dependent enterprises experience many challenges including excessive taxation on both ICT equipment and broadband use. Capacity building, too, is a problem in many countries as governments are often reluctant to spend in ICT especially on areas where they have no understanding. Just like other digital jobs destinations in India and the Philippines, there is need for a deliberate policy and effective implementation to support this emerging sector to provide much-needed employment.

In the future, the Internet of Things (IoT) and Big Data analytics will bring new digital jobs to the continent’s young job seekers. African governments should prepare by modernizing the education and training system to better prepare the workforce for the influx of these new types of jobs.

Further, as we look ahead, global dynamics indicate that China is losing its competitiveness in low-end manufacturing of ICT hardware. India is stepping into this one-trillion-dollar industry, but there is an opportunity for African countries to take advantage too. Perhaps there are lessons to be learned from Ethiopia, the African country already competing with India in this emerging space. This will require massive, practical capacity building in Africa’s SMEs through makerspaces or incubation centers.

For SMEs to succeed and exploit emerging opportunities that create jobs for Africa’s youth bulge, governments—in 2017 and beyond—must adopt supportive policies—such as targeted tax incentives and updated laws—that realize practical capacity building and flexible regulatory frameworks to enable innovation.
In addition, adequate taxation and fiscal policy is important for providing public goods such as schooling, infrastructure, and transportation that are crucial for any long-run growth trajectory and for improving the labor market prospects of lower-income groups and the youth. Finally, for those countries that are further along in the demographic transition, emphasis must be placed on the provision of pensions and health care for an aging population.

References


The 28th Ordinary Session of the African Union (AU) Assembly will convene African heads of states and governments in Addis Ababa, Ethiopia to discuss the regional organization’s priorities, including those under the 2017 theme: “Harnessing demographic dividend through investments in the youth.” Since 2016 marked the 10th anniversary of the implementation of the African Youth Charter and 2018 will conclude the African Youth Decade (2009-2018), the January Assembly will be an important opportunity for the AU to define a roadmap of concrete actions that member states and the regional economic communities can take in support of these agendas for empowering Africa’s youth in 2017 and beyond.

The 61st Session of the Commission on the Status of Women will take place in the United Nations headquarters in New York and will focus on the theme of “Women’s economic empowerment in the changing world of work.” Through deliberations of the policies, programs, and roles that different stakeholders can play in advancing women’s economic empowerment, the session will aim to develop action-oriented recommendations that support gender-responsive implementation of the 2030 Agenda for Sustainable Development.

The Continental Free Trade Area (CFTA) is expected to comprise all 54 African states, creating a single continental market for goods and services that reaches over a billion people—who represent a combined GDP of approximately $3.4 trillion. Ultimately, it will allow for free movement of labor and capital within the region, which in addition to boosting intra-African trade, competitiveness, and industrial and entrepreneurial development is expected to spur job creation and increase real wages for African workers.

Negotiations to establish the CFTA remain underway as the indicative deadline to launch the single regional market—the end of 2017—approaches. According to the initial roadmap for the implementation of the trade agreement, the CFTA Negotiating Forum—the technical body overseeing the negotiations—as well as senior officials and ministers of trade would adopt the final text of the agreement in meetings in October and November 2017. Then the African Union Summit of Heads of States and Government would approve it in January 2018. Observers have argued that although the current pace of negotiations may not allow these deadlines to be met, the target date of late 2017 has been useful in garnering political attention and moving discussions forward.