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An IDEV **Thematic Evaluation**

Mid-Term Evaluation of the Jobs for Youth in Africa Strategy 2016–2025

Executive Summary

AFRICAN DEVELOPMENT BANK GROUP

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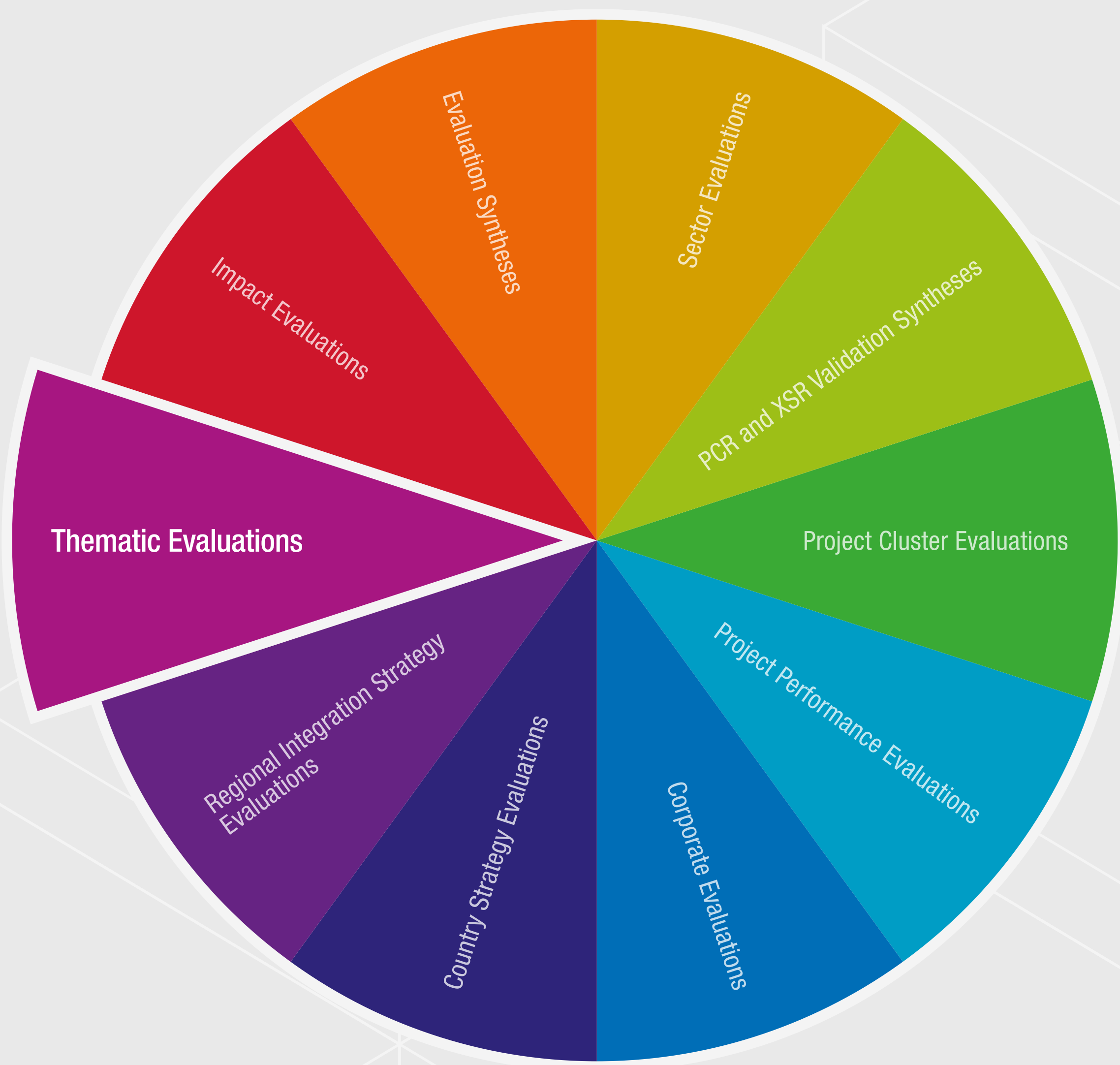

Executive Summary

Background and Methodology

In 2021, the African Development Bank Group's (AfDB or "the Bank") Independent Development Evaluation (IDEV) embarked on a mid-term evaluation of the Bank's Jobs for Youth in Africa Strategy 2016–2025 (JfYA Strategy). The JfYA Strategy aims to create 25 million jobs and positively impact 50 million youth (15–35 years of age) by 2025. The Strategy aims to achieve this through three strategic levers: (i) Integration (equip the Bank and Regional Member Countries (RMCs) to address youth employment); (ii) Innovation (working with private and public sector partners to incubate, implement and scale up promising ideas for creating youth employment); and (iii) Investment (catalyzing private and public sector resources to fuel job creation for youth). The Bank estimated that implementation of the JfYA Strategy would cost UA 4.1 billion. This included the mobilization and establishment of a UA 3.5 billion Jobs for Youth in Africa Special Fund and using other funding resources to achieve the objectives of the JfYA Strategy.

Evaluation purpose and scope: The purpose of the mid-term evaluation is to inform the remaining implementation period of the Strategy by assessing the progress made so far, identifying lessons, and recommending improvements and adjustments. The evaluation focused on the following questions:

- How well has the JfYA Strategy positioned the Bank to contribute to improving employment outcomes of youth in Africa?
- Is the implementation of the JfYA Strategy contributing to improvements in youth employment in RMCs?
- Are JfYA Strategy results sustainable or likely to be sustained?
- What are we learning about what works and does not work?

The mid-term evaluation covers the period of implementation of the Strategy from June 2016 to December 2021, with a focus on primary youth employment projects.[1] It cuts across all sectors of the Bank's support, as the Strategy is intended to be a Bank-wide priority.

Evaluation approach, methodology and limitations: The evaluation adopted a theory-based approach to establish the continued relevance, effectiveness, and potential for sustainability of the JfYA Strategy as of December 2021. The evaluation collected and triangulated data through a combination of quantitative and qualitative methods including: (i) document review of policies and strategies, project documents and available research; (ii) key informant interviews reaching Bank staff, RMC representatives, project implementation units, private sector organizations and youth; (iii) an online survey administered to youth participants of selected skills and entrepreneurship development programs; and (iv) a series of case studies, including country case studies, flagship programs and the

1 Primary youth employment projects were defined as those that directly promote youth employment and employability and reflect this in their goals, objectives or results. Secondary youth employment projects are those that do not define youth employment as an objective / result but have potential for creating jobs for youth. This category of projects is characterized by the presence of JfYA related indicators, such as jobs created, youth trained, SMEs supported, and financing made available for investments in youth businesses.

Youth Entrepreneurship and Innovation Multi Donor Trust Fund (YEI MDTF). Complementary reviews, including a portfolio review, policy and benchmarking review, and project review, were conducted to support the generation of evidence-based evaluation findings, conclusions, lessons, and recommendations.

Limitations: The evaluation encountered the following limitations: (i) unavailability and/or variations in the quality of both implementation and outcome data; (ii) difficulty in reaching a larger cross-section of youth due to limitations in social media platforms that could be used for online surveys; (iii) a low response rate in the online survey; (iv) the evaluation did not cover the Bank's jobs-related support to RMCs in dealing with the COVID-19 pandemic to avoid duplication with IDEV's evaluation of the AfDB's COVID-19 response that was ongoing in parallel, and because this support was not primarily focused on youth; and (v) difficulty in attribution of outcomes to the JfYA Strategy, given the Bank-wide approach to implementation.

Findings

Bank youth employment portfolio: The evaluation found that 479 or 49.5% of the 967 projects approved during the period June 2016-December 2021 incorporated youth employment considerations. Out of the 479 projects, 176 (36.7%) were categorized as primary youth employment projects, amounting to UA 5.16 billion, and the remaining 303 (63.3%) were in the secondary category, valued at UA 14.19 billion. These projects are predominantly public sector operations cutting across all sectors, with the majority falling within the agriculture (33.8%), social (17%), and governance (13.2%) sectors. Most of the primary youth employment operations are ongoing (67.5 %), with only 11.5% completed at the time of this evaluation.

Relevance and Coherence

The JfYA Strategy was found to be relevant for addressing youth employment across the African continent. The evaluation found that the Strategy and its country projects/programs are aligned with RMCs' development strategies, needs and visions, as reflected in their policy documents, medium-term plans and strategy papers.[2] Although the market-oriented approach that addresses labor demand, supply and linkages through its three strategic levers of Integration, Innovation, and Investment was found to be relevant for addressing the needs and opportunities for youth employment in Africa, its Theory of Change lacks sufficient detail to inform priorities in outcomes and useful measures of success. The evaluation also found that, though risks to the Strategy were identified, the mitigation measures have not been sufficiently implemented, posing a threat to achieving Strategy targets. This situation has been worsened by the unanticipated COVID-19 pandemic that delayed strategy implementation and has affected overall economic growth and job creation.

In terms of coherence, **the evaluation found that the JfYA Strategy aligns well with the Bank's Ten-Year Strategy (2013–2022) and other strategies, as well as RMCs' youth employment efforts**. In addition, the evaluation found that the Bank has taken a leadership role in donor coordination around youth employment in some RMCs and mobilized co-funding opportunities. One of the most remarkable examples is the feasibility study for the Nigeria Investment in Digital and Creative Enterprises Program (I-DICE), which was funded by the YEI MDTF, leading to the unlocking of funding and co-financing opportunities of USD 618 million within the Bank and from other donors, the Nigerian Government, and the private sector. However, the evaluation found that some strategy interventions were not aligned with and feasible within the Bank's systems. One example

2 This was evidenced in the case study countries of Kenya, Morocco, Democratic Republic of Congo, Senegal, and Malawi.

of this was in the provision of computation thinking in secondary schools, given that AfDB education activities focus on higher education and Technical and Vocational Education and Training (TVET).

The JfYA Strategy has provided the Bank with quantifiable youth employment targets that have served as a basis for dialogue, resource mobilization, and communication/ visibility around Bank efforts. However, the underlying assumptions behind some of these targets are not backed by evidence. This has undermined the realism of set targets. For example, assumptions that the Coding for Employment (CfE) program – which focuses on training and linking graduates – could create 9 million jobs are not backed by evidence. Moreover, research has indicated that training alone does not create jobs. An overt focus on the number of jobs created also masks the required attention to the quality of jobs, which is a much greater challenge in Africa. Inconsistencies in timelines for the achievement of the targets for high-level indicators complicate planning and measurement processes. For example, job creation and youth equipped targets are set for 2025 in the Strategy's objectives and for 2030 in its results framework.

Effectiveness

The evaluation found actual progress towards the achievement of Strategy results (outputs and outcomes) difficult to establish due to significant monitoring and reporting gaps. Of the 36 JfYA Strategy results measurement framework (RMF) indicators considered for this assessment, only 36% (13/36) have up-to-date information. The evaluation was unable to establish progress on the remaining indicators, due to the lack of reporting and/or inconsistencies in existing information.

A review of corporate data on the results achieved regarding the Strategy's high-level indicators of jobs created and youth equipped was inconclusive. Existing data from the Development Impact and Results Department (SNDR) estimate that Bank projects approved between 2016 and 2021 are expected to create 12,353,080 jobs (3,076,881 direct jobs and 9,276,199 indirect and induced jobs), which represents a 49% expected achievement of the target. However, the direct jobs data used for corporate monitoring and reporting of the JfYA Strategy is based on ex-ante estimates of jobs planned to be created from project appraisal reports, rather than data on actual jobs created. The evaluation found that although some data on actual direct jobs created exists in available project completion reports, they are not being used for monitoring or reporting on the strategy. In addition, both the direct and indirect jobs data are not age-disaggregated to determine the proportion accruing to the youth. The Strategy instead assumes that the majority of any jobs created will go to young people, since the median age in Africa was 19.5 years at the time of Strategy formulation. It is therefore not possible for the evaluation to say with certainty how far the Strategy has progressed in its aim to create 25 million jobs by 2025/2030.

The evaluation did not find consolidated data on the number of youth equipped/trained to assess progress towards the 50 million "positively impacted" target. Such data quality issues pose a high risk of not knowing overall outcomes of the Bank's youth employment interventions by the end of the Strategy. It is also worth noting that with only 11.5% of primary youth employment projects completed during the evaluation period, it is too early to adequately capture the actual results in terms of jobs created, and other outputs and outcomes of these projects, and therefore of the Strategy, at this point of its implementation.

The evaluation found that implementation progress varies across the three levers (Integration, Innovation, and Investment) of the Strategy.

Activities aimed at equipping the Bank to better integrate youth employment considerations were started soon after approval of the Strategy but have mostly stalled in recent years. Despite this slow progress, **Integration** of youth employment considerations into projects and operations across the Bank is occurring, as demonstrated by the large volume of primary and secondary projects (i.e., 84% of the 479 youth employment projects) under the management of other departments outside the Human Capital, Youth and Skills Development Department (AHHD) that houses the Jobs team. However, the evaluation found that a lack of systemic integration is manifested in the form of lost opportunities for addressing youth employment issues, and difficulty in standardizing monitoring and measurement of youth employment outcomes across the entire Bank portfolio. On a positive note, ongoing work on the development of a Jobs and Skills Marker System (JSMS) to maximize the employment impact of Bank investments through better integration of jobs considerations into projects, standardized results measurement, and improved portfolio management is expected to improve the quality and scale of implementation and measurement of youth employment outcomes across the Bank.

Interventions to strengthen RMC capacity to address youth employment through greater integration in country/regional integration strategy papers (CSP/RISPs), Program Based Operations (PBOs), Institutional Support Programs (ISPs) and policy dialogue are also ongoing, but results are not yet readily evident. For example, while 70% of sampled CSPs drafted after the JfYA Strategy's approval include some mention of it, only 43% of them translated this into a dedicated youth employment indicator. Similarly, all the five RISPs include intentions of furthering youth employment, but this is translated into an indicator in only one of them. One of the most significant contributions of the Jobs team was in the design of the COVID-19 Response Facility, bringing in the focus on the protection of enterprises and jobs as part of the strengthening economic resilience and recovery component.

Activities under the **Innovation** lever are ongoing but at a lower scale and pace than anticipated, thereby delaying the likelihood of the achievement of the desired results within the Strategy timeframe. Specifically, the adoption of flagship program models, the projects of which were anticipated to contribute over 88% of the job creation targets, is ongoing but not yet implemented at the scale required to deliver intended results. The aggregated performance of projects under each flagship program shows less than 50% of achievement of intended training, enterprise development, and job creation targets. Assumptions behind some of the targets were not found to be backed by evidence, reducing the likelihood of achievement. The COVID-19 pandemic also affected the timely roll-out and subsequent demand for flagship programs. Experience during the first five years of Strategy implementation has shown that RMCs prefer integrated and customized solutions that address multiple constraints to job creation and productivity over the predesigned flagship stand-alone program models. Though the Bank has now established the Innovation Lab, it is not yet positioned to be the youth employment knowledge generation and learning hub that will inform the scale-up of workable solutions within the Bank and across to other development partners, as intended. The Enabling Youth Employment Dashboard was developed but is yet to be made available for use in policy dialogue.

Though only half of the planned activities under the **Investment** lever are ongoing, they are generating necessary finance and stimulating private sector investment. However, the extent of reach and impact of these interventions on the youth is unknown. For example, the Bank has increased equity in the Africa Guarantee Fund (AGF) in accordance with planned levels towards reducing risks of lending to small and medium enterprises (SMEs). Despite COVID-19-related delays, the evaluation found that equity investments in venture capital funds through the Boost Africa Investment Program are on track to increase access to capital for young entrepreneurs. However, the evaluation found that the intended use of lines of credit (LoCs) through the Africa Small and Micro-Enterprise program for on-lending to youth-led organizations has not materialized as the program continues to lend to SMEs broadly. Despite the lack of youth focus in the investment activities, they are expected to benefit given their dominance in the labor force. The Bank is currently designing Youth Entrepreneurship Investment Banks (YEIBs) to address issues of access to finance and coordination of enterprise support services from the Bank. During the evaluation period, the Bank provided mentoring and coaching to young entrepreneurs through four prize challenges events that saw cash prizes awarded to 110 youth to grow their businesses and networks. However, the evaluation found that the current application of the prize challenges is not aligned with incentivizing market-based solutions to youth employment barriers as envisaged in the Strategy. For example, the 2020 AgriPitch Competition required participants to demonstrate sustainable malnutrition and gender inclusiveness in the agribusiness value chain but was not necessarily focused on addressing a specific youth employment barrier.

Adequacy of resources and systems to support implementation

The Bank has mobilized significant levels of funding for youth employment operations, exceeding the estimated requirement of UA 4.1 billion. This is evidenced by the UA 5.16 billion invested in primary youth employment projects and more than UA 2.8 billion mobilized in co-financing from external partners. However, the Bank did not establish the UA 3.5 billion JfYA Facility (Special Fund), which was expected to contribute 85% of the required funding for Strategy implementation. The evaluation found that overly optimistic expectations may have affected the non-realization of this Facility. Instead, the Bank mobilized resources from development partners to set up the USD 38.9 million YEI MDTF, which has facilitated the catalytic and innovative activities that are unlocking significant employment potentials. However, the absence of dedicated funding from the Facility has hindered implementation of core components of the Strategy. These include staff and RMC capacity-building activities, support for appraisal and supervision activities, facilitation of the Innovation Lab, and support for implementation of flagship activities at scale.

The evaluation found that modifications to the staffing structure and numbers have had mixed effects on the adequacy of human resources to coordinate the implementation of the Strategy. At the time of the evaluation, six of the original 18 positions were still vacant. Despite this, the current Jobs team has played a critical role in different phases of the design and management of youth employment projects. However, changes in staff functions and unfilled positions have affected the delivery of some critical tasks, with downstream implications on the Bank's ability to implement the strategy at scale and achieve sustainability. Specifically, these staffing shortfalls have undermined progress on developing required RMC capacity, the generation of knowledge on innovative scalable ideas, and the provision of adequate financing for youth-led enterprises to grow their businesses.

Though efforts were made to integrate youth considerations into the Bank's monitoring and evaluation systems, the evaluation found these inadequate for strategy management and continuous learning. One remarkable achievement in results measurement was the development and roll-out of the Joint Impact Model, a mechanism for estimating indirect jobs. At the same time, the evaluation found that, while AHHD is considered the sector lead on the Strategy, it does not have the authority, tools, and/or human resources to hold other departments to account for JfYA Strategy indicators they lead on and/or contribute to. Efforts are ongoing to improve the measurement of employment outcomes across the Bank portfolio, including the development and roll-out of the JSMS, standard indicators, and other monitoring and evaluation (M&E) enhancements.

Sustainability

The evaluation found that the JfYA Strategy's design and ongoing interventions demonstrate a strong likelihood of sustainability, given the attention to building institutional capacity and an enabling environment, and developing entrepreneurship and strategic partnerships for addressing youth employment concerns. However, the most significant risks to sustainability are related to inadequate implementation of key elements of the Strategy that could affect the achievement of the required institutional capacity, inadequate focus on youth beneficiaries, limited interventions to address access to finance for youth enterprises, and exogenous factors that affect overall macroeconomic stability and resilience.

Lessons

1. **Over-optimistic expectations around fundamental elements of a strategy, such as dedicated financing through a Special Fund, human resource allocation, and the establishment of the required systems, can undermine progress.** While the JfYA Strategy strived to be innovative, ambitious, and to implement at scale, initiatives that require new operational structures and systems, expertise and skills, and additional resources, require more feasibility analysis, upfront commitment, and attention to risk mitigation. While the evaluation found several examples of Bank adaptations to some of these shortcomings, risk mitigation and surveillance should have been stronger to signal the required Management action. A thorough analysis of the Strategy's feasibility and its key interventions, ensuring alignment with the Bank policies and procedures, securing upfront commitments, risk surveillance, and continuous monitoring of innovative elements are essential to strategy design and management processes.

2. **Governance structures supported by appropriate management tools, resources, and authority are essential for systematic coordination and oversight of Bank-wide strategies, such as that of the JfYA Strategy.** Such a structure is critical for the implementation of a cross-cutting strategy to review progress, mobilize joint action to address bottlenecks, and leverage opportunities and synergies. While the Jobs team is expected to oversee and coordinate JfYA Strategy activities implemented across different departments, the evaluation found that it does not have the tools, platforms, resources, and authority to effectively do this. The Bank's department-led planning, budgeting, and monitoring systems were found to be insufficient to enable ongoing coordination, resource mobilization, and reporting.

3. **The right incentives paired with accountability mechanisms can strongly advance successful integration of employment considerations across the Bank.** Effective integration of youth employment (or broad employment) within the Bank would mean that programs across the Bank consider and adequately leverage and integrate opportunities for youth employment from the onset. The integration of youth employment in the International Fund for Agricultural Development (IFAD) was reported to be more successful when combined with incentives and accountability structures within the institution. Within the AfDB, the gender marker system has enabled better integration of gender across the Bank. In addition, tracking gender and climate change integration indicators in the Bank's RMF, corporate key performance indicators (KPIs), and the delivery dashboard raise the profile and accountability across different complexes.

4. **Skills development, when coupled with access to finance and non-financial support, is key to boosting employability and youth entrepreneurship.** Skills development is essential, but in itself it is insufficient to create jobs. It is therefore important to be realistic about job outcomes from training and skills development activities. Firm creation and expansion create jobs, and this is where the more intense focus on jobs targets and monitoring can be directed.

5. **Small-size grants can be effective in unlocking catalytic opportunities.** In the case of the JfYA Strategy, the evaluation found that what has worked well is the shift towards catalytic efforts

to unlock funding and support the achievement of the broader Strategy goals. Specifically, the Bank leveraged the USD 38.9 million YEI MDTF funding to conduct feasibility and research studies of catalytic initiatives and financing of other innovative activities that otherwise might not have been funded.

Recommendations

IDEV makes the following recommendations:

1. **Update the Strategy and its implementation plan based on current circumstances and resources.** Bank Management is specifically advised to:

   - Update the Theory of Change, the Implementation Plan, and the targets for the remaining period of the Strategy, based on the findings from the mid-term evaluation, current realities (including Bank systems, the new AfDB Ten-Year Strategy under development, country specificities, and changes in the macroeconomic environment), and available resources.
   - Review and update the risk mitigation measures and surveillance plans to guide necessary adjustments to the Strategy and the Implementation Plan.

2. **Strengthen Results Measurement and Learning.** The Bank is advised to:

   - Advance implementation of the Jobs and Skills Marker System along with the necessary resources, technical assistance, and staff training to improve the quality, implementation, and measurement of youth employment outcomes across the Bank.
   - Improve the quality and consistency of data measuring actually created jobs for youth across the Bank's operations, and enhancing its ability to better demonstrate the results of the JfYA Strategy.
   - Consider adopting a jobs indicator among the Bank's KPIs to provide incentives and accountability for job creation, shared across Bank departments.
   - Review the JfYA Strategy's RMF, including considering reducing the existing number of indicators for delivering youth employment across the Bank, with a focus on relevance, feasibility, and utility. The framework should be accompanied by clear indicator definitions, measurement approaches, annual targets, clear roles and responsibilities, reporting procedures, and resource requirements to support data availability. The framework could also consider indicators of job quality and decent work, in line with building more resilient employment.
   - Capacitate the Innovation Lab to take on its intended core role of generating evidence on and becoming the Bank's center of excellence on youth employment and entrepreneurship, with a view to coordinating learning and knowledge exchange, working hand in hand with regional offices, research, and other departments in the Bank, and other development partners.

3. **Continue to mobilize resources to support catalytic activities and high employment-creating projects.**

   The Bank is advised to expand the scale and scope of the YEI MDTF, in line with the new Trust Fund Policy 2021, to continue its catalytic work including feasibility studies, research and project assessments, and seed financing for innovative activities that will unlock funds for job creation at scale.

4. **Strengthen leadership and coordination of youth employment across Bank departments, building on existing resources and considering other Bank priorities.**

   This can include reviewing the structure, positioning, functions, and resourcing of the JfYA team to provide leadership in the area of youth employment across the Bank. ■

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About this evaluation

Independent Development Evaluation (IDEV) conducted a Mid-Term Evaluation (MTE) of the African Development Bank Group's (AfDB or "the Bank") Jobs for Youth in Africa (JfYA) Strategy 2016-2025. Launched in 2016, the JfYA Strategy aimed to create 25 million jobs and positively impact 50 million youth by 2025. The MTE assessed progress from June 2016 to December 2021, focusing on primary youth employment projects, to provide lessons and recommendations to improve the Strategy's effectiveness during its remaining period.

The evaluation found the JfYA Strategy relevant for addressing youth employment across Africa. It aligns with the Bank's corporate strategies, and development priorities within the regional member countries. However, the changing economic growth context, recurrent risks, and unrealistic expectations undermine the validity and realism of the Strategy's targets. While the Strategy provides quantifiable youth employment targets that facilitate dialogue, resource mobilization, and communication/visibility, concerns raised relate to shortfalls in funding, and the absence of necessary human resources and management systems. It was difficult to determine actual progress towards achieving the Strategy's outcomes due to significant monitoring and reporting gaps. The sustainability risks arise from implementation gaps; inadequate focus on youth beneficiaries; limited efforts to address financing barriers for youth-led, and small and medium enterprises; and exogenous factors affecting overall macroeconomic stability and resilience.

The evaluation highlighted lessons on risk mitigation, governance, accountability mechanisms, skills development, access to finance and non-financial support, and utilization of small grants. Recommendations for the Bank include updating the Strategy and implementation plan, strengthening results measurement, learning plus leadership and coordination of youth employment across the Bank, and continuing resource mobilization for impactful projects.

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