Evidence Brief

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Political Economy Analysis of Youth Employment in Senegal

Key message

Youth unemployment remains a significant development challenge in Senegal, shaped by a combination of demographic, economic, and institutional factors. Rapid growth in labour supply, driven by demographic expansion, is not matched by commensurate growth in labour demand, resulting in mass absorption into the informal economy. This imbalance is compounded by institutional fragmentation, political incentives favouring short-term visibility over structural reform, and persistent inequalities in access to economic opportunity. Sustained, coherent, and long-term policy action is required to convert Senegal's demographic dividend into inclusive growth.

Source: Iwaria

> Senegal is facing a surge in job seekers, with about **400,000** people entering the labour market each year.

Background and policy context

Senegal's rapidly growing population places considerable pressure on the labour market, with around 400,000 young people entering it annually. This dynamic constitutes both a structural opportunity, a potential demographic dividend, and a binding economic constraint. The Youth Futures Policy Research programme, implemented by the African Institute for Development Policy (AFIDEP) and CAP-Youth Empowerment Institute (CAP-YEI), has conducted a comprehensive Political Economy Analysis (PEA) of youth employment in Senegal, generating evidence that fundamentally repositions the nature of the challenge. Youth employment deficits are not primarily attributable to skills gaps or attitudinal barriers; they reflect a systemic misalignment between demographic expansion and the capacity of macroeconomic and institutional frameworks to generate sufficient, quality labour demand.

This analysis employs a political economy framework to examine how economic structures, macroeconomic policy design, institutional incentives, and governance dynamics interact to produce observed employment outcomes. It is situated within the context of Senegal's emerging strategic framework, Vision Sénégal 2050, which articulates an ambition for structural economic transformation and inclusive, sustainable development. The study moves beyond descriptive labour market statistics to identify the structural, institutional, and political drivers of youth employment outcomes and provides evidence-based recommendations for sustainable policy reform.

Methodological approach

The study employs a mixed-methods research design, integrating qualitative inquiry with quantitative labour market analysis. Qualitative data were generated through 50 Key Informant Interviews (KIIs) and 6 Focus Group Discussions (FGDs) with a purposive sample comprising policymakers, private-sector actors, civil society representatives, and youth. Data were analysed using Dedoose software, guided by a structured thematic codebook incorporating dimensions of economic constraints, institutional incentives, programme

AFIDEP African Institute for Development Policy

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CAP Youth Empowerment Institute Linking Learning and Livelihood

Source: Iwaria

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access, and private-sector dynamics. Systematic thematic analysis and triangulation with national labour market data strengthened the credibility and robustness of findings.

Where perception bias and sample size limitations pose constraints, the triangulation methodology mitigates the risk to analytical validity.

Key findings

The study identifies a structural causal chain operating across the Senegalese labour market: demographic growth continuously expands labour supply; macroeconomic policy frameworks fail to generate commensurate labour demand; the resulting supply-demand imbalance is absorbed by an expanding informal sector; and this dynamic is further entrenched by institutional fragmentation, political incentives, and policy discontinuity. The informal sector thus functions not as a transitional space but as a structural adjustment mechanism in the face of insufficient formal job creation. Eight thematic findings emerge from this analysis.

1. Weak employment intensity of growth

- Economic growth has not translated into sufficient job creation, reflecting the country's ongoing structural transformation challenges
- Limited industrialisation constrains the conversion of growth into productive employment
- Insufficient investment in sectors with high employment multipliers
- The informal sector functions as the default absorption channel for surplus labour

2. Misalignment between skills supply and labour market demand, coupled with weak school-to-work transition

- Persistent misalignment between education and training outputs and labour market requirements
- Training and entrepreneurship interventions remain predominantly supply-focused
- Binding constraints lie on the demand side, not the supply side
- Weak private sector engagement in curriculum design and skills development

3. Political cycles and programme discontinuity

- Political transitions are accompanied by institutional restructuring and shifting policy priorities
- Programme discontinuities undermine institutional learning and long-term effectiveness
- Short-term, visibility-driven policy responses crowd out structural solutions
- Preference for interventions with immediate political returns over sustained reforms

4. Institutional fragmentation and coordination deficits

- Weak alignment between macroeconomic, education, sectoral, and employment policies
- Fragmented institutional mandates impede coherent implementation
- Inconsistent monitoring and accountability systems limit evidence-based adaptation
- Absence of effective inter-ministerial coordination mechanisms

5. Exclusion and unequal access to opportunity

- Young women and those living with disabilities face compounded vulnerability in access to employment and support services
- Geographic disparities produce systematic exclusion of rural youth from mainstream opportunities
- Unequal access to finance, market information, and institutional support by gender
- Structural barriers reinforce intergenerational cycles of labour market exclusion

6. NEET vulnerability and migration pressures

- Prolonged exclusion from education and employment creates heightened 'not in employment, education or training' (NEET) vulnerability
- Migration emerges as a structural response to limited domestic economic opportunity
- Limited domestic absorption capacity for youth labour supply increases emigration risk
- Marginalised groups face disproportionate exposure to long-term exclusion trajectories

7. Private sector constraints on employment creation

- Complex administrative and regulatory procedures impose barriers to firm formation and growth
- Limited access to finance constrains youth entrepreneurship and small and medium-sized enterprise (SME) expansion
- Weak value chain development limits employment generation in productive sectors
- Regulatory uncertainty suppresses private investment and hiring

8. Political economy of policy implementation

- Structural gaps between policy intent and implementation persist across successive governments
- Political patronage networks influence access to employment programmes and opportunities
- Weak institutional accountability mechanisms limit responsiveness and learning
- Youth participation in policy processes remains limited, constraining relevance and effectiveness

Evidence-based policy options

The evidence points unambiguously to the need for structural and systemic reform, rather than incremental or fragmented programmatic interventions. The following policy options are presented for deliberation by senior policymakers and development partners.

Policy Area	Policy Action
Macroeconomic policy alignment	• Integrate explicit employment intensity targets into national growth and investment strategies • Ensure macroeconomic frameworks formally reflect demographic labour supply pressures • Reorient public investment toward sectors with high employment multipliers
Labour demand stimulation	• Promote labour-intensive sectors through targeted industrial and trade policy • Strengthen productive value chains linking smallholder production to formal markets • Shift policy emphasis decisively from supply-side training toward demand-side constraint removal
Private sector development	• Streamline administrative procedures and reduce the cost of firm formation and compliance • Expand access to finance instruments for youth-owned enterprises and SMEs • Introduce investment stability guarantees and reduce regulatory uncertainty

Policy Area	Policy Action
Education and skills reform	• Strengthen institutional linkages between education systems and industry bodies • Expand work-based and apprenticeship learning modalities at scale • Update curricula systematically in line with sectoral and technological change
Employment incentive mechanisms	• Introduce fiscal incentives for formal youth hiring, including tax relief and contribution exemptions • Design wage subsidy schemes with graduation pathways to sustainable employment • Develop public-private risk-sharing mechanisms for youth employment programmes
Policy coherence and coordination	• Establish inter-ministerial coordination structures with clear mandates and accountability • Align macroeconomic, education, and employment policies within a unified strategic framework • Reduce institutional fragmentation through rationalisation of mandates and functions
Institutional stability and continuity	• Enact legal and regulatory protections for employment programmes across political cycles • Strengthen long-term planning systems insulated from short-term political pressures • Shift public funding from emergency interventions to strategic structural programmes
Monitoring, evaluation and accountability	• Invest in robust labour market information systems to support evidence-based decision-making • Establish independent accountability mechanisms for employment policy performance • Institutionalise adaptive management and policy learning frameworks
Inclusion and equity	• Design targeted interventions to reduce territorial disparities in programme access • Address gender- and disability-specific barriers in access to finance, information, and employment support • Embed inclusion criteria across all employment policy instruments
Youth Participation and Migration	• Institutionalise structured mechanisms for youth participation in policy design and review • Address structural drivers of irregular migration through credible domestic opportunity pathways • Develop bilateral and regional frameworks for safe and productive youth mobility

Conclusion

The findings of this Political Economy Analysis (PEA) establish that demographic pressure places significant strain on the country's economic system and the effectiveness of governance. Youth unemployment is not a function of individual deficit; it reflects a deep structural imbalance, where the growth in the labour force consistently exceeds the economy's ability to create productive jobs. This challenge is reinforced by institutional fragmentation, short-term political incentives, and persistent inequalities in the distribution of economic opportunity.

Without a fundamental reorientation of policy toward structural economic transformation, institutional stability, and genuine policy coherence, current programme-level interventions will continue to yield effects that are marginal relative to the scale of the challenge. Conversely, a coherent, integrated, and long-term national strategy, one that places young people at the centre of economic planning and offers credible pathways to productive employment, can convert demographic pressure into a driver of inclusive and sustainable national development.

Senegal possesses the strategic frameworks and human capital to achieve this transformation. What is required is the institutional will, governance coherence, implementation diligence, and long-term investment to deliver it at the requisite scale.

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