



Productive transformation, employment and education in Tanzania

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Employment Trends

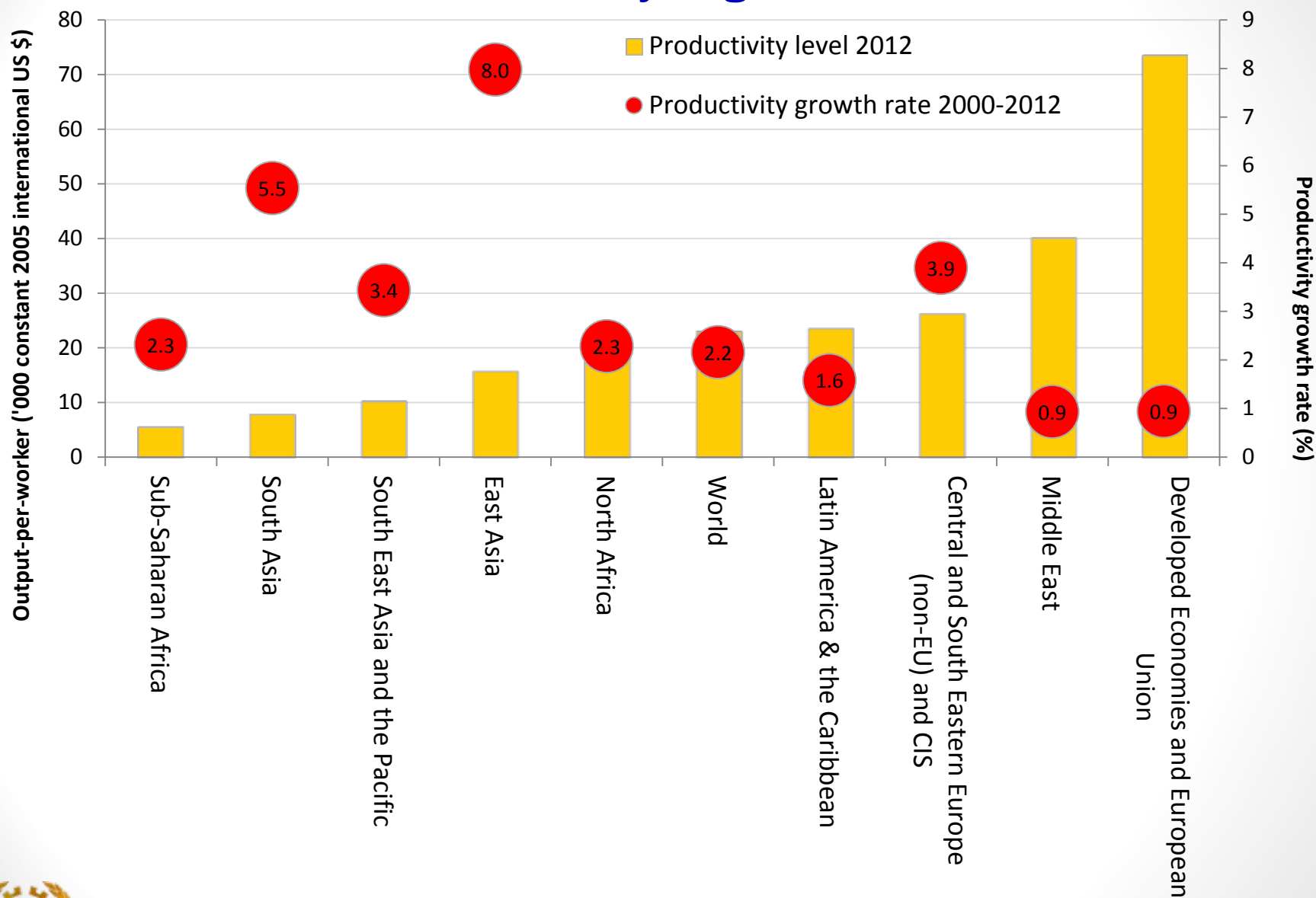
Overview



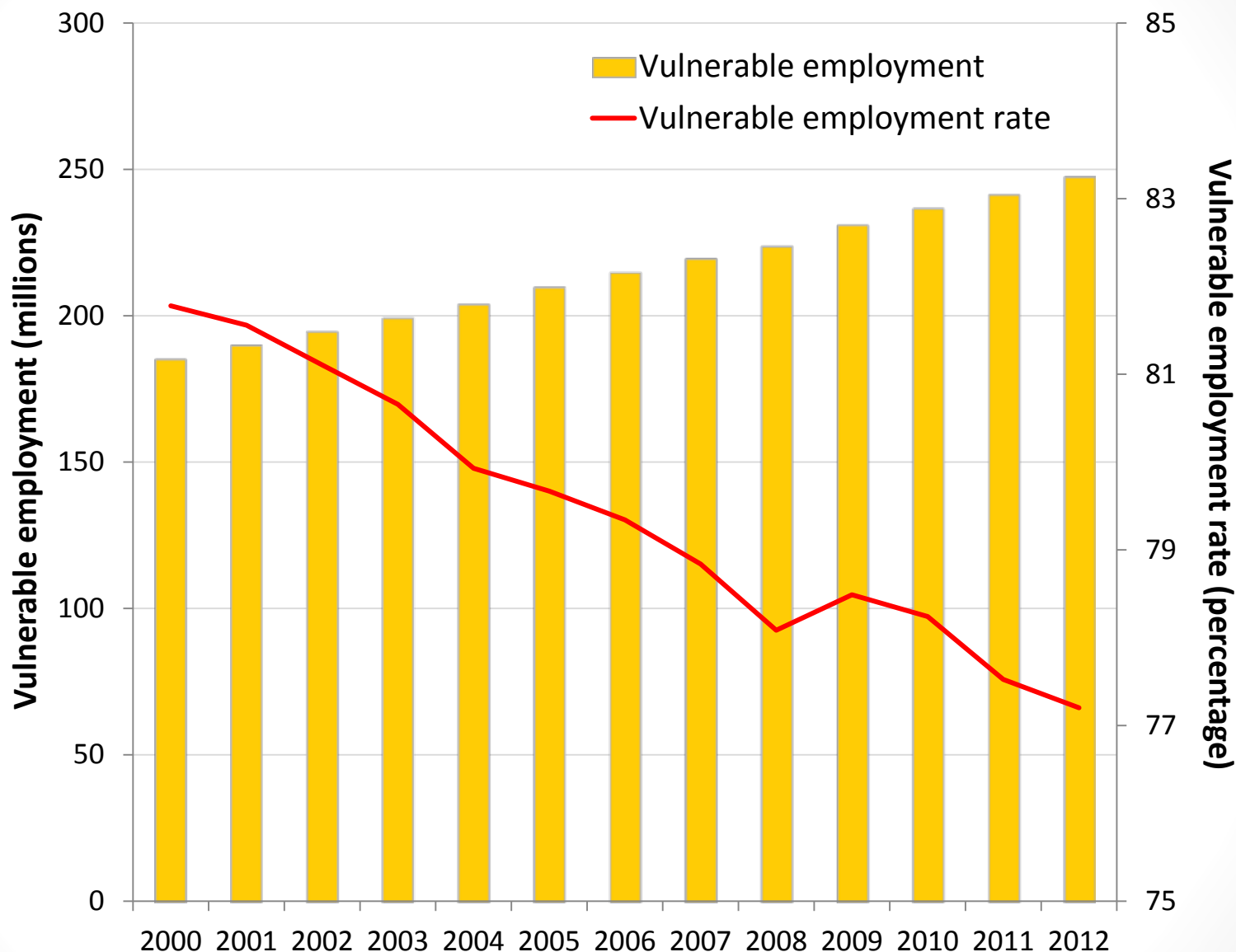
- Economic and labour market context in sub-Saharan Africa
- Growth and structural change in Tanzania
- Structural change and education
 - Education intensity framework: decomposition
 - Structural change and job quality
- Rate of return and qualifications mismatch analysis
- Conclusions
 - Educational advance barely keeps up with structural change
 - Limited productive transformation translates into demand for secondary education



Labour productivity levels and average annual growth rates, by region



Vulnerable employment in sub-Saharan Africa



Economic growth and structural change in Tanzania

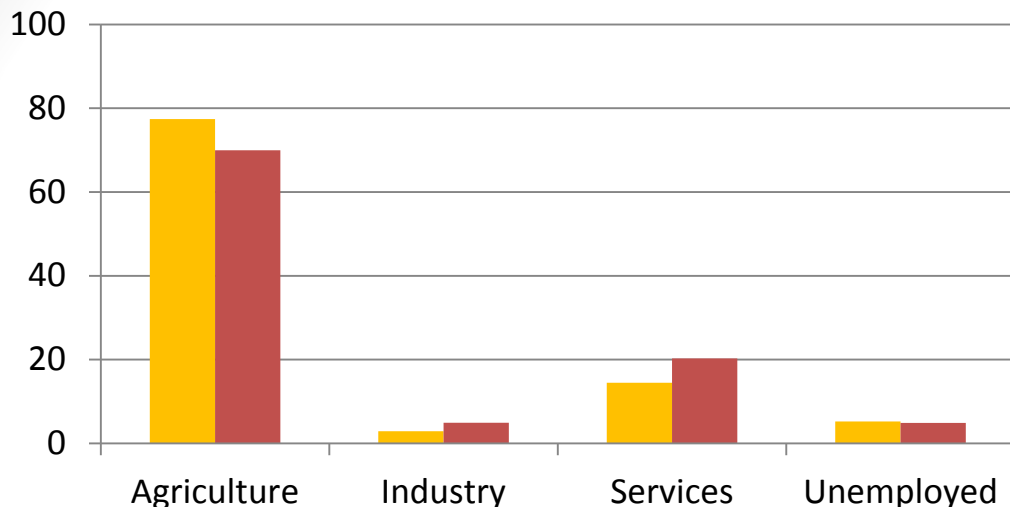
- Economic growth averaged 7.2 per cent annually from 2001 to 2006
- Productivity growth averaged 3.3 per cent in this period
- Vulnerable employment rate decreased by only 2.6 percentage points

Average annual growth of value added, employment and productivity by broad economic sector, 2001-06 (%)



Employment and education in 2001 and 2006

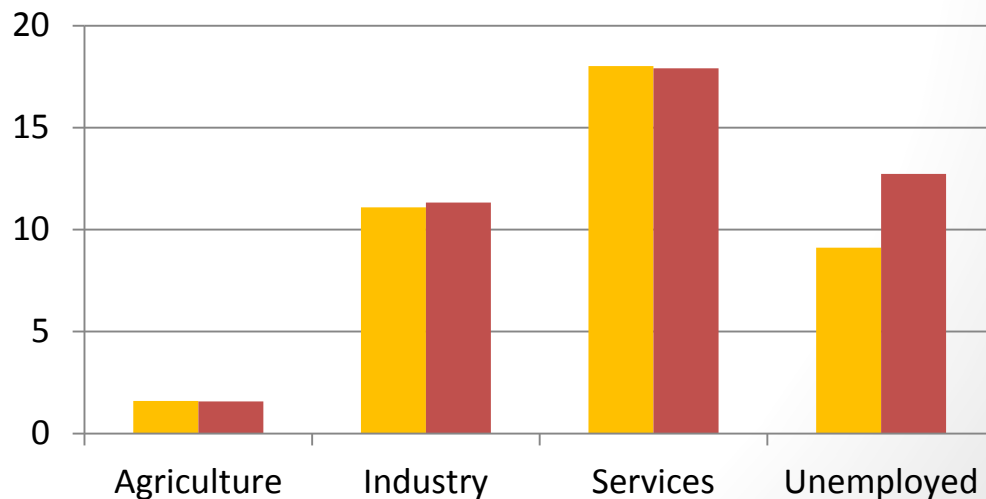
■ 2001 ■ 2006



Distribution of employment by broad sector (%)

Education intensity by broad sector (share of workers with at least lower secondary education, %)

■ 2001 ■ 2006



(6)



Decomposition of structural change and education intensity

	Period	Between sector change in education intensity (%)	Within sector change in education intensity (%)	Education intensity (end of period, %)	Share of agriculture in the labour force (end of period, %)	GDP per capita (constant 2000 US\$; end of period)
Tanzania	2001-2006	88.3	11.7	5.9	70.0	392
India	1993-2004	37.3	62.7	21.5	51.3	525
Indonesia	1994-2004	9.6	90.4	45.9	40.5	876
Philippines	1991-2004	29.0	71.0	50.9	33.1	1,153
Thailand	1995-2005	17.0	83.0	36.5	42.0	2,360

Note: education intensity is defined as the proportion of workers with at least secondary education
 Sources: ADB (2007); Sparreboom and Nübler (2013); World Bank (2012b).

(7)



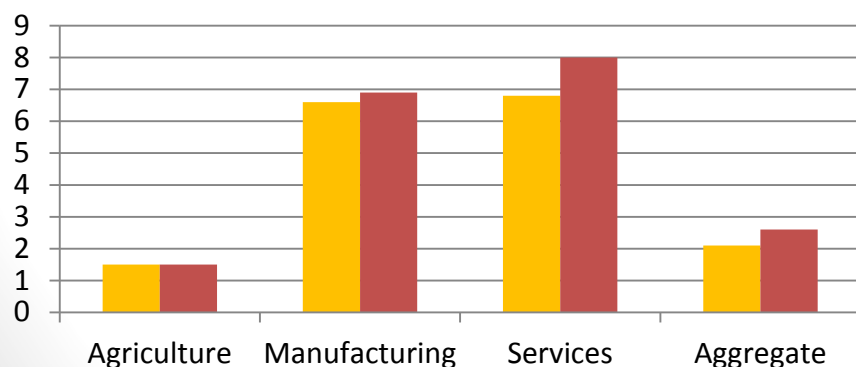
Structural change, job quality and education

- Advance in education hardly sufficient to keep up with the pace of structural change
- But large differences in dynamics within sectors between vulnerable and non-vulnerable employment segments
- In contrast to the change in education intensity across all workers, education intensity decreased in non-vulnerable employment at the national level
- Productive transformation within sectors was mostly limited to vulnerable employment, i.e. the low productivity segment of employment

Education intensity by broad sector (%)

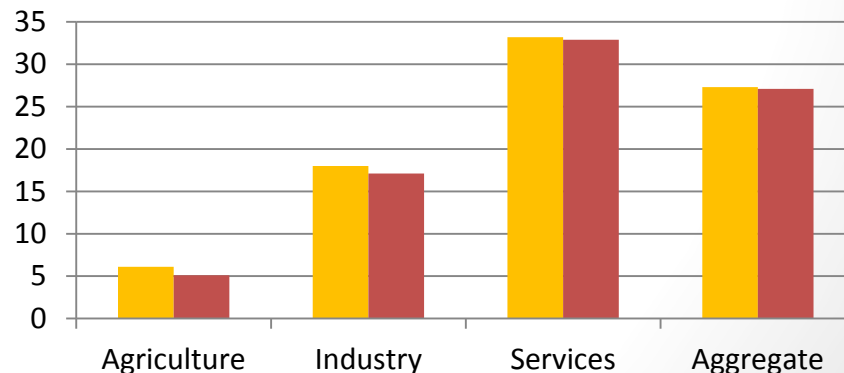
Vulnerable employment

■ 2001 ■ 2006



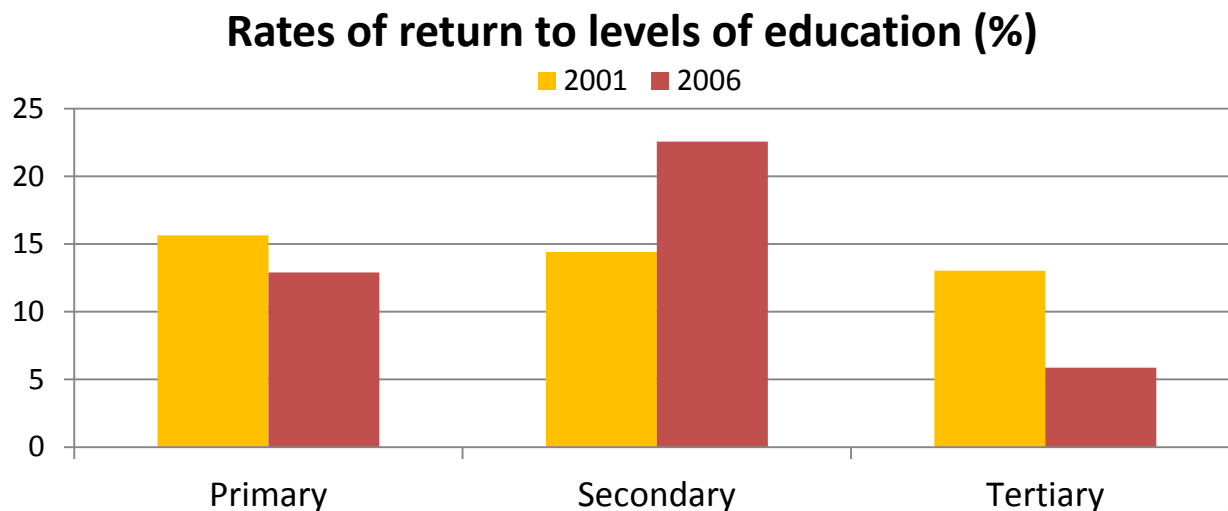
Non-vulnerable employment

■ 2001 ■ 2006



Demand for education: wage returns

- Rates of return for education are high in Tanzania, but slightly declined between 2001 and 2006
- Returns to years of schooling increased strongly in mining and construction
- Rates of return to secondary education rose sharply
- Decreasing returns for tertiary education reflect:
 - Lack of productive transformation within sectors
 - Quality of some tertiary qualifications



Skills mismatch: underqualification

- Skills and qualifications mismatch can be measured based on the correspondence between the occupational distribution and levels of educational attainment
- Underqualification is widespread in Tanzania, and is decreasing only slowly
- Mismatch analysis confirms the need for secondary education across all jobs

Underqualification (%)	2001/02	2004	2006	2008	2010
Europe	36.4	34.5	32.0	31.5	28.6
Philippines	35.9				29.4
Tanzania	93.5		90.7		

Sources: ILO (2013b); Sparreboom and Nübler (2013); El Achkar Hilal et al. (2013).

Conclusions

- Educational advance barely keeps up with structural change
- Large differences within economic sectors mask the dynamics of productive transformation: structural change in non-vulnerable employment is far more limited
- Limited productive transformation translates into demand for secondary education
- Industrial development policies need to support productive transformation patterns that create more decent jobs; these policies need to be aligned with education and training policies



Thank you for your attention

