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Thematic Focus: Fostering More and Better Jobs

Featuring articles from:

Roland Michelitsch, IFC

Agnes Soucat & Rosemond Offei-Awuku, AfDB

Interview with Rudi Delarue and Nicholas Taylor, EC

Africa's Jobs Gap, Brookings Institution

Jobs: A Tough Time to be Young in Africa, OECD

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Thematic Focus: Fostering More and Better Jobs

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Governance, Regional integration, Economics, Agriculture and Trade (GREAT) insights is ECDPM's monthly magazine covering a wide range of topics related to economic development in Africa and the developing world. *GREAT insights* gathers expert analysis and commentary from a wide variety of stakeholders with different perspectives

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Editorial

Unemployment is a global challenge, affecting both rich and developing countries, currently at a world average of 6%. But it particularly affects young people, with youth unemployment at 13.1%, almost three times the adult rate of 4.6%, according to the latest report from the International Labour Organization.

In Africa, with a rapidly growing population, the challenge is to translate recent sustained economic growth into new job opportunities. The average unemployment rate in Sub-Sahara Africa is 7.6% (up to 11.9% for the youth). Though going by the data, Africa is doing comparatively better than rich economies (at 8.6% in total and over 18% for the youth on average, and well over 50% in countries like Greece and Spain), the situation remains critical. Employment vulnerability is the highest of all developing regions, with high informal employment and a lack of social protection.

The challenge is thus to create more jobs, but also better jobs. Most of these should come from the private sector. This requires a long-term commitment to economic transformation, to reverse the decline in manufacturing, develop a more services oriented economy, provide new opportunities in the agricultural sector and generate value addition. Better education and skill development are key factors. But they are not sufficient if the conditions for more and better jobs are not created in parallel, as illustrated by the popular uprising in North Africa.

The role of the state is therefore critical in providing a conducive macro-economic and business environment, as well as in pursuing comprehensive policies, notably in the education, social, industrial and economic sectors. The creation of jobs, and better quality jobs, cannot be viewed as an independent policy, but must be an overarching objective integrated in a comprehensive package of public policy actions, in partnership with private and social actors. But this is easier said than done.

International actors, from businesses to financial institutions and donors, have a role to play as well. And in doing so, careful attention must be paid not only to the design of their intervention, and anchoring to domestic realities, but to the implementation of their actions, including the monitoring and evaluation dimension.

This issue of *GREAT insights* brings together a range of views and expertise to highlight the various dimensions of the challenges of creating more and better job. These cover diagnostic considerations as well as analyses of various forms of interventions and policies to address the employment question, as well as their assessment. We hope you find them useful.

San Bilal (Editor), *Head of Economic Transformation Programme, ECDPM*

Bruce Byiers (Guest editor), *Policy Officer Trade and Economic Governance, ECDPM*

Creating More and Better Jobs: The Defining Issue of Our Time

Hundreds of millions of people do not have jobs today and several hundred millions more will seek jobs by 2020. Most of these unemployed are under the age of 25 and live in developing countries. Whether these young people find jobs affects global security and well-being.

Seeking solutions to global unemployment is an urgent and pressing development issue. Studies have shown that jobs are the most important pathway out of poverty.

However, it is not just about the *quantity* of jobs produced. At the World Bank Group, working with our partners in development, we are also particularly concerned about creating quality jobs; these are 'good' jobs that are sustainable, offer fair pay, have good working conditions and provide opportunities for employees to advance. We also support *quality* jobs that provide opportunities for groups that are often marginalised – women, youth, the long-term unemployed and the poor.

The World Bank Group is implementing an ambitious strategy to help us achieve our two development goals: ending extreme poverty by 2030 and boosting shared prosperity for the bottom 40%. Central to achieving these goals is how we can support the creation of more and better jobs.

We know that the *private sector* – which provides 90% of the jobs in emerging markets and the majority of jobs in advanced countries – offers the only sustainable solution to global unemployment. The public sector also has an important role in creating a business environment in which the private sector can grow and thrive, as well as providing important social safety nets for the poor.

Job growth in emerging markets is essential for global demand, but as we have learned through the study 'Assessing Private Sector Contributions to Job Creation and Poverty Reducation'[1] published last year by the International Finance Corporation (IFC), the private sector arm of the World Bank Group, too many obstacles keep private companies from growing. Removing these obstacles can significantly increase job growth.

Key factors for job creation

Some of the key findings of the IFC Jobs Study are:

- **Investment climate:** While some regulations are clearly important and useful, too much regulation "red tape'' can hamper job growth. In Mexico, we learned that making entry easier for firms can add almost 3% to annual job growth. Combining entry with other regulatory reforms can have even greater impact. Brazil has demonstrated that by simplifying taxes a country can significantly lower the burden, particularly for small and medium sized enterprises (SMEs), while maintaining or even increasing tax revenues. Many tax systems today tax labour but subsidise capital.

- **Infrastructure:** Infrastructure is a critical constraint, particularly power in lower income countries. Many people focus only on the direct job effects of infrastructure, but we learned – in the case of India – how the effects of having access to power can be a large multiple of these direct job effects – in this case almost 40:1. The World Bank Group is now focusing much more on what we call “transformational projects”, and many of them are in the power sector. We are also learning how large the job effects are in other infrastructure areas, including ports.

> “Seeking solutions to global unemployment is an urgent and pressing development issue.”

- **Access to Finance:** Supporting particularly SMEs – which provide about two-thirds of the formal jobs in developing countries and the majority of jobs overall – can significantly add to job growth. Larger companies are important too as they tend to be more productive, offer higher wages, more training and better working conditions. Through their value chains, they typically offer a large multiple of the jobs they provide directly, reaching many SMEs and poorer citizens. For example, through a mining company in Ghana, we learned that by combining our investment with advice to strengthen local impacts, a firm can achieve much higher job multipliers than usual in the industry.

- **Skills Mismatch:** Often workers do not have the skills companies are looking for. Engaging the private sector is critical for addressing this skills mismatch. Combining formal with on-the-job training significantly increases the chances of finding a job, and the private sector needs to be more systematically involved in curriculum design and also as training providers. This is the approach we have already started to implement in the Middle East and North Africa (MENA) region under the *E4E Initiative* for Arab Youth.

- **Gender:** Women face specific obstacles in many of these areas. For example, many legal differences still disadvantage women – in terms of owning property, or even bank accounts. Women are less likely to get a loan – and pay more if they do. All these obstacles result in fewer women working and running companies, and removing these obstacles is not only good for women, but also their families, companies and societies. For example, increasing female labour force participation in Turkey just marginally (from 23% to 29%) could help reduce poverty by 15%.

- **Labour and Working Conditions:** We have found that by setting global standards – through the Equator Principles, modeled after IFC’s Environmental and Social Performance Standards, helping individual clients improve their practices, and by improving industry standards – such as through the ILO/IFC Better Work program - we can successfully contribute to high quality and inclusive job growth that is also sustainable.

What the World Bank Group is doing to foster more and better jobs

When we launched the Jobs Study, 27 international financial institutions (IFIs) signed a communique pledging to work with IFC on private sector job creation. This was in addition to efforts across the World Bank Group to collaborate on jobs to leverage our collective strengths.

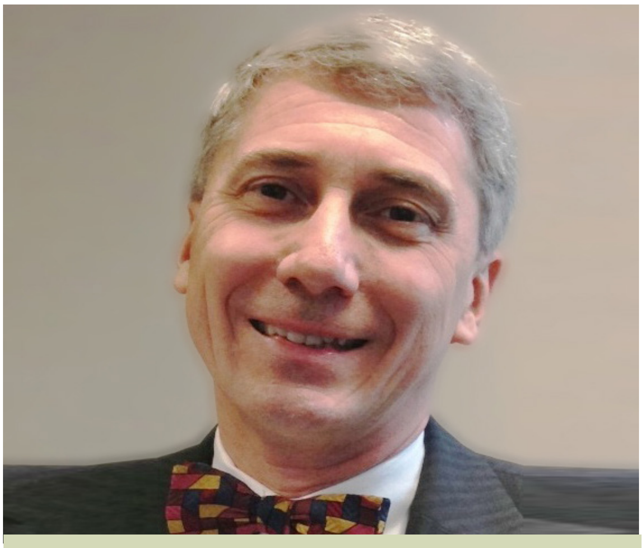
Since that time, the World Bank Group has continued to strengthen its focus on jobs. Instrumental to the success of our strategy is the establishment of Global Practices and Cross-Cutting Solution Areas, which will bring all technical staff together, making it possible for us to expand our knowledge and better connect global and local expertise for transformational impact. Job creation is central in all this and we are now putting in place a cross-cutting solution area on jobs, which will help provide seamless assistance to countries and companies seeking to create more and better jobs.

Another key action to multiply our impact on job creation is working with other international financial institutions, the private sector, donors and other key players, like the International Labour Organization (ILO). Unemployment is too big and important an issue for one development institution to tackle alone. We will achieve the fastest and most sustainable results by working with other partners, than we would working separately and in parallel. To this end, IFC is coordinating a global partnership to create more and better jobs called *Let’s Work.*[2]

Building on the findings of the Jobs Study and the experiences of our partners, *Let’s Work* will address the needs of various companies, sectors and countries on this pressing issue. *Let’s Work* will help further improve knowledge and develop practical approaches to tackle the jobs agenda that would serve as a public good for the development community.

Notes

1. See full report at http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IDG_Home/JobCreation
2. See www.ifc.org/letswork



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Ploughing Africa's Youth Goldmine: AfDB's Response to Youth Employment Crisis in Africa

Africa's unnerving youth unemployment burgeon concerns over the continent's ability to leverage its youth bulge for its economic transformation. The African Development Bank (AfDB) is leapfrogging practical solutions for countries to curb this prevailing downside risk.

Goldmine of a youthful workforce

Africa, the world's youngest continent, is experiencing an unprecedented youth bulge. Underpinned by high fertility rates, about 62% of Africans today are less than 35 years old; over 25% are aged between 15 and 24; and by 2020, three of every four Africans will be less than 20 years. The working age population escalated from 92 million in 1970 to almost 575 million in 2010. This population explosion- marked by youthful workforce turbulence- will continue for 40 more years between now and 2050, surpassing that of China and India by 2035 (Figure 1). The continent's 200 million youths, constituting 20.4% of its population and 37% of total workforce is set to reach more than one billion by 2050.This will represent more than 50% of the world's youth population. Expected decline in fertility and mortality rates offers an enormous opportunity for Africa to create wealth for its economic competitiveness and social development.

Yet, the gains of a youth bulge are neither automatic nor guaranteed. Already middle-income countries, including Mauritius, Tunisia, Morocco, Algeria, Egypt, and South Africa, are experiencing the greatest increase in population aging (65 years and older) and other countries, such as Libya, Botswana, Zimbabwe, and Djibouti, have also witnessed a significant increase in their elderly population. There are concerns over losing out owing to the youth employment crisis, as their youth cohort is expected to wane in coming years.

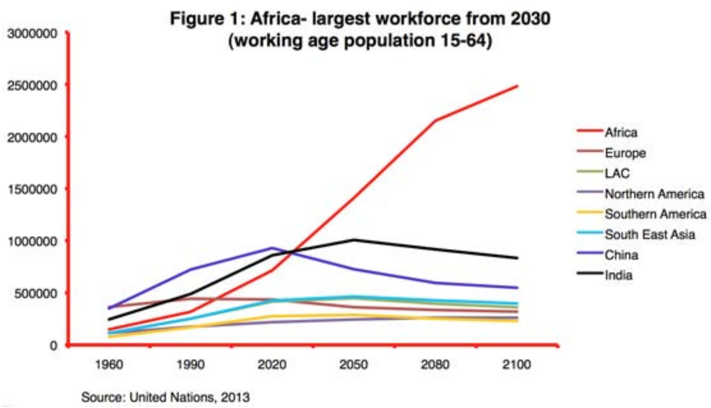


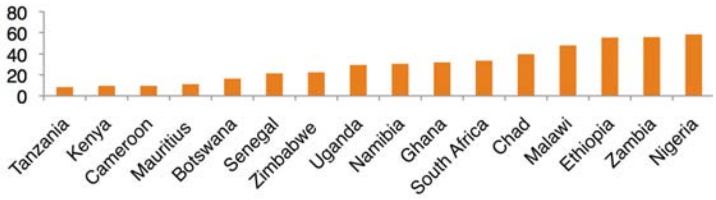
Figure 1: Africa- largest workforce from 2030 (working age population 15-64)

Source: United Nations, 2013

Youth wealth repressed

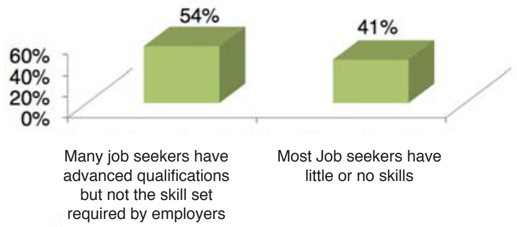
Daunting challenges faced by today's youth mirrors a bleak future. Africa is hailed as the second fastest growing continent, with GDP growth rate averaging 5% per year and a marked increase of its middle class. On the flip-side, the paradox of rapid economic growth lingers with poverty and inequalities devouring Africa's youth and women especially. The economic sectors contributing significantly to GDP such as mining, oil, and gas rely less on labour, as these are more capital intensive. Further, the labour market disarray marked by rising skills mismatch founded in limited relevance of education and training, low productivity in the informal sector, unemployment and underemployment against a mounting youth population reflects a generation at risk. Although Africa is witnessing a growing share of its youth being educated, it records the world's lowest school enrollment and quality, leaving over 90 million teenagers with little or no skills struggling for employment in low-paid, informal sector jobs. Many young people are leaving the education system without basic literacy and numeracy skills, under-qualified or with qualifications that do not match the needs of the labour market (Figure 2; 3).

Figure 2: Most pupils in school are not learning enough
(% primary pupils not meeting basic learning level in leteracy and numeracy for Selected African Countries)



source: Brookings Center for Universal Education, 2012

Figure 3: How can the youth engage in productive jobs when they lack the skills or their skills set is not what employers need



Source: AEO Country Expert Survey for 37 African Countries, 2012

Today, an overwhelming 72% of Africa's youth population lives on less than US$2 a day. This largely reflects the marked effects of the youth employment crisis; 60% of the continent's unemployed are aged 15 to 24. Notable effects are in North Africa (Figure 4) where the unemployment rate is among the highest in the world. Youth unemployment rate for Sub-Saharan Africa hides significant disparities among countries. In South Africa, for example, 50% of youth are unemployed compared to 25% in Ethiopia. In

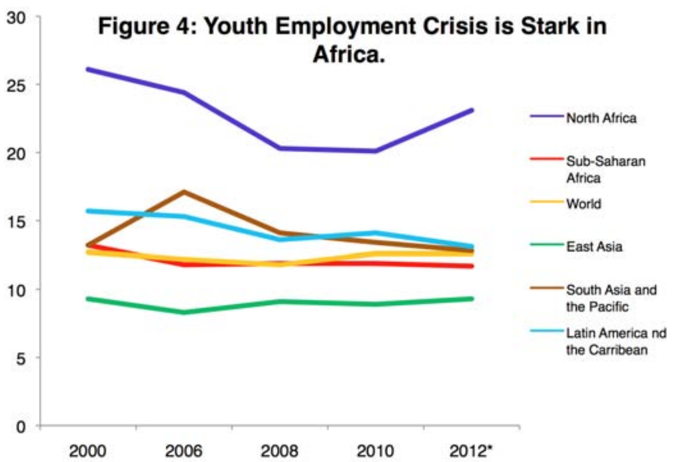
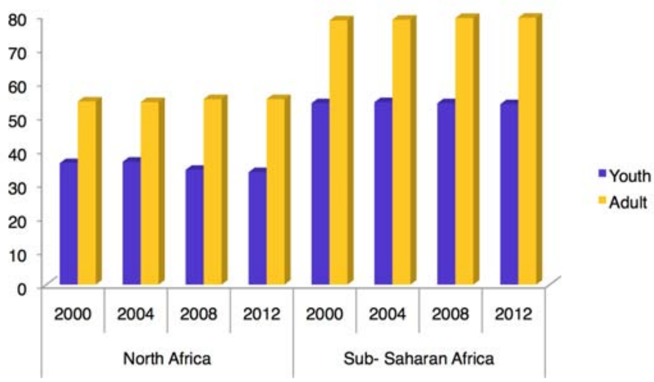


Figure 4: Youth Employment Crisis is Stark in Africa.

Source: ILO

Mali, Liberia and Malawi more than two thirds of young people cannot find a stable job. Vulnerable employment in sub-Saharan Africa, most of who are the youth, still remains extremely high - 77% of total employment in 2012. Half of the unemployed youth in Africa are women and gender gaps in employment opportunities remain exceptionally high.[1] Generally, there is huge scope to utilise the youth, as labour force participation rates remain low (Figure 5). For instance in South Africa, by the first quarter of 2013, youth neither in employment or education (NEET) was 33.5%.

Figure 5: Labour Force Participation Rate for the Youth is Low



The pace of job creation must accelerate to keep pace with the 10-12 million young entrants to the labour force each year; over the past decade, Africa has created over 37 million wage-paying jobs. There are pressures for quality education that creates productive and competitive skills, workforce skill upgrade and employment to large cohorts of youth. The good news is that policymakers across the continent and development partners are devising solutions to curb the youth employment crisis. Success or failure will be determined by how effectively young people are able to develop and make use of their talents and to fulfill their ambitions. The underpinnings and aftermath of the North Africa political crisis and the global increase in protests provides lessons to the continent on youth frustration and unemployment.

What is AfDB doing to tackle Africa's youth at risk?

Strategic choices and key objectives. AfDB's Board of Governors meeting in 2010 renewed a pathway to determinedly tackle the growing youth employment crisis on the continent. The Bank's strategy 2013-2022, *"At the center of Africa's transformation"*[2] stipulates *inter alia*, youth development through five core operational priorities – 1. skills and technology; 2. private sector development; 3. infrastructure; 4. regional integration; 5. governance and accountability guided by the twin objectives of (i) inclusive growth and (ii) transition to green growth and underpinned by special emphasis on gender, fragile states and agriculture and food security. The strategy provides the framework for spurring job creation by addressing labour market supply and demand side constraints largely through skills and technologies development; entrepreneurship and innovation, enabling legal and regulatory frameworks and social protection. The Bank seeks to engage

> Although Africa is witnessing a growing share of its youth being educated, it records the world's lowest school enrollment and quality, leaving over 90 million teenagers with little or no skills struggling for employment in low-paid, informal sector jobs.

more purposely with policymakers, with young people themselves, and with the private sector, to develop solutions and facilitate the entry of young people into a happy and productive adulthood.

Consolidating and reorienting operations. This aims to scale up linkages between youth and economic development in programs and projects and ensuring that vulnerable groups including youth and women are mainstreamed in the development process. Internal synergies have been strengthened cross-sectorally by expanding the focus of youth employment in its social sector arm towards the mainstreaming in other sectors such as infrastructure, private sector and agriculture operations.

In the last two years, the Bank has increased cross-sectorial operations that address policy issues of skills mismatch, education sector and labour market reforms in various countries, e.g. Côte d'Ivoire, Morocco, Mozambique, Rwanda, Senegal, Tunisia, Zambia and Zimbabwe. The Bank's operational strategies such as for private sector development, gender and human capital[3] - are inter alia targeted at strengthening education and training systems to adequately respond to industry needs; including technical and vocational training linked to specific needs in the labour market and upscaling of science technology, engineering and mathematics. Through targeted operations for innovation and catalytic effects, the Bank is supporting the strengthening of safety net programmes in countries, particularly by linking safety nets with jobs and entrepreneurship. Diagnostics on employment issues and education are addressing knowledge gaps to inform operations as well as to foster public debate and workable actions. The private sector development is crucial on the Bank's agenda by promoting an enabling environment for employment creation and lending to micro, small and medium-size enterprises.

Innovative rapid-responses for sustainable jobs. The Bank is promoting community-rooted innovators and has been contributing to Social Funds for Development in several countries such as Egypt, Djibouti, Guinea, Gambia and Mali, with the specific objectives of supporting community development and promoting employment through capacity building at local levels, support to income generating activities and basic social services. The Souk At Tanmia (Market for Development), piloted in Tunisia and increasingly in demand by other countries, echoes the dynamics of engaging the private sector and the inclusion of unemployed youth through training and micro enterprises. Social business is also being pioneered as an enormous potential to tackle youth unemployment in a financially sustainable way in Tunisia, Togo and across Africa. The Bank is strengthening private sector initiatives to develop value chains and promote labour-intensive manufacturing, especially in areas such as agri-business and agro-processing.

Engaging productive partnerships. AfDB cannot do it alone. The Bank is working closely with key institutions in Africa towards ensuring policy coherence, and building concerted efforts to increase coordination and the impact of various youth employment activities in the continent. The Bank is a key partner to the Joint Youth Employment Initiative for Africa (JYEIA[4]), aimed at ensuring policy coherence and synergies towards addressing labour market issues in Africa. The Bank also hosts the Global Facility for Employment Creation[5] in Fragile Situations. AfDB remains committed to partnerships that foster practical responsiveness to the youth employment crisis in Africa.

Key milestones are ahead: Will countries be successful?

Every country has its particular priorities in response to the youth employment crisis yet some dimensions of the youth employment challenge are universal. Targeted efforts are therefore required in developing youth employment opportunities in Africa.

Productively integrating the current youth into the economy. Economic growth policies should promote a pro-youth focus. Substantial investments in labour intensive economic sectors - such as in agriculture and manufacturing given Africa's enormous natural resource endowment - are important to absorb the already adult and not yet skilled cohort of youths. Over the past two decades, agriculture's share in GDP has contracted in Africa, but it still employs the majority of the labour force. Thus, improving agriculture through value chains development remains crucial. Policies should also address competitiveness and create an environment that promotes entrepreneurs. The informal sector, making up more than 80% of total employment in sub-Saharan Africa holds a lot of promise for harnessing entrepreneurial talent that can foster job creation if adequately enabled by government policies. Small and medium size enterprises (SMEs), which make up the main part of the informal sector, have to be stimulated through entrepreneurship and innovation, particularly along lines of value chain development in productive sectors and access to finance.

Schooling is not enough; education and training needs to be transformed. Investments in education must increase educational opportunities available and quality at all levels among all ages and sexes. Africa's education system should encourage greater involvement of economic and social stakeholders in the content and quality of education. Education must promote innovative entrepreneurship and relevant skills acquisition. Emphasis on science, technology, engineering and mathematics is necessary to foster skills appropriate for transformative and knowledge-intensive economic sectors. Expanding access and improving the quality of technical and vocational training will facilitate greater transition between schooling and employment. African countries' education systems must be rethought taking into account the new opportunities arising with technology and such challenges as rapid urbanization. The youth need to be prepared based on these shifting opportunities to bridge evolving skills gap. Most of Africa's youth are aiming for wage employment in the formal sector, but most will end up in the informal sector. Governments and educators must therefore make active efforts to guide young people with information on labour markets at all stages of the education system.

Strengthening and scaling-up youth employment programs. Problems facing the youth are multifaceted. This means youth interventions will be more effective if mainstreamed. In recent years, African governments are increasingly implementing youth employment initiatives; providing training and promoting entrepreneurship are the most frequent interventions. Yet, many programs are unlikely to have significant impact because they are poorly governed and remain ad-hoc and dysfunctional in many countries. In 2012, 21 countries had dysfunctional youth unemployment programs in Africa. Inadequate coordination between government agencies and related Overseas Development Assistance often leads to scattered and sometimes competing efforts that are not integrated into an effective strategy. While employment and growth are generated in the private sector, employment programs are often managed by public institutions with weak linkages to the private sector. There should also be increased opportunities for the private sector and the youth to engage in effective decision and consultative processes and to implement action plans.

Addressing knowledge gaps in labour market issues and youth. A major setback to youth development in Africa is the lack of data. Available global data on (in)activity of young people is clearly inadequate, which makes it difficult to design evidence-based policies aimed at reducing youth inactivity. Another sad reality is that employment interventions and programs that are generally applicable and that can be scaled up sustainably and reliably are yet to be discovered. Youth employment interventions in Africa generally lack knowledge on what works well and what does not, which is closely linked to the extreme paucity of employment data availability. High quality data is therefore crucial to guide effective youth policies, strategies and programs.

Notes

1. Male youth unemployment rate in North Africa is more than three times that for male adults and the female youth rate more than six times that for adult men. Nonwage work represents more than 80% of women's employment in Sub-Saharan Africa, but less than 20% in countries of Eastern Europe and Central Asia.
2. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/AfDB%20Strategy%20for%202013%E2%80%932022%20-%20At%20the%20Center%20of%20Africa%E2%80%99s%20Transformation.pdf
3. Forthcoming strategies for gender and human capital
4. In collaboration with African Union Commission (AUC), Economic Cooperation for Africa (ECA) and International Labour Organization (ILO). Read more at http://www.ilo.org/wcmsp5/groups/public/---africa/---ro-addis_ababa/documents/newsitem/wcms_210399.pdf
5. In collaboration with the World Bank, the International Labor Office (ILO/CRISIS), the United Nations Economic Commission for Africa (UNECA), the United Nations Development Program (UNDP/BCPR) and the United Nations Peace-Building Support Office (PBSO)

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Jobs: A Tough Time to Be Young in Africa

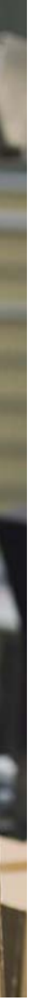
Africa's youth will double from today's 200 million to 400 million in 2045. Where will they find jobs? Even if we assume that economic growth remains strong, it is not going to do the trick unless it is made both transformative and inclusive. Business-as-usual –dependence on unprocessed commodity exports and external financial flows, slow productivity growth, lasting high levels of rural and urban poverty - can only exacerbate civil tensions and political instability in the context of fragile social and political institutions. African economic transformation policies "2.0" must aim to increase the creation of jobs in existing economic activities, but also promote new, more productive ones.

This is a tough time to be young in Africa. Growth is up but good jobs are scarce. Although the growth prospects of the continent are good, from an estimated 4.8% in 2013 to a foreseen 5.3% in 2014, 40 million young people are estimated to be out of work and many more in poor employment[1]. Young people globally have been hit particularly hard by the international economic crisis. Unemployment rates of young people are much higher than those of adults in most countries in the world. Youth are often the first to be let go, while competition for entry-level positions grows fiercer with each graduating class that enters the labour market. Young people in Africa are no exception. But their situation is particularly challenging. In some countries, like South Africa, the unemployment rate of young people is as high as 50%. In other countries most young people work, but do not make enough to put food on the table. In both cases, young Africans need growth that translates into more and better jobs.

And they need job growth to happen fast. Within the next ten years, 130 million young people will be leaving the education system and looking for jobs. But at current rates, not enough jobs are being created.

The job challenge

The African Economic Outlook[2], a report by the African Development Bank, OECD Development Centre, the Economic Commission for Africa (ECA) and UN Development Programme (UNDP), estimates that 53 million of Africa's 200 million young people between the ages of 15 and 24 are in unstable employment situations, very often linked to working poverty. 40 million young Africans are out of work. Only 18 million of them are looking for a job however; 22 million have given up looking for one.



Working with the Gallup World Poll[3] to collate household data for 37 countries, partners in the African Economic Outlook also find that only a minority of young working Africans have a 'good' job. Wage employment in the formal sector concerns only 7% of youth in Low Income Countries (LICs) and 10% in middle-income countries (MICs). Others fall in categories defined by International Labour Organisation (ILO) as 'vulnerable employment', including self-employment and unpaid work, e.g. family farming. And while self-employment may not be bad *per se*, in the overwhelming majority of cases it reflects the lack of alternatives, and implies precarious living conditions and working poverty. This casts a crude light on the continent's recent growth performance: Africa's capacity to offer economic and social opportunities to its younger generation has been falling short of its demographic dynamism.

> "Although the growth prospects of [Africa] are good, from an estimated 4.8% in 2013 to a foreseen 5.3% in 2014, 40 million young people are estimated to be out of work and many more in poor employment."

Surprisingly, Africa's poorest countries have less unemployed youth than the better-off countries. As countries grow richer and incomes rise, consumers start flocking to known brands, away from the simple local products that used to provide livelihoods for many locals. With rising incomes, families also have more capacity to support their young job seekers, who can therefore be more selective, rejecting job offers that go unfilled. A trend that leads to higher youth unemployment and potentially broader social costs. Frustrations mount if and when the expected "better job" does not come. Moreover, youth who are not working or studying are a waste of a country's most precious resource.

The global survey conducted by Gallup also showed that young North Africans would rather have a government job rather than one in the private sector. However, a combination of limited public resources and population growth prevent governments from employing a large share of the young. Indeed, the *African Economic Outlook* estimates for example that Egypt would need to create about 200,000 public sector jobs each year for the coming decade to maintain the current share of the population employed by the public sector.

Clearly, governments cannot provide all the jobs young people are expecting. But they can help the private sector create more jobs. Large firms, both domestic and multinational, are the main providers of jobs that pay good wages. But there are too few of them. They can employ only a small share of young job seekers. Most jobs will have to come from smaller firms and entrepreneurs of which African countries boast uncountable numbers. These are often one-man or one-woman operations, trading in simple goods, providing repair services or simple manufacturing like furniture making. Others are little high-tech outfits and internet companies providing modern services to a fast growing communications industry. Many of these small enterprises are not officially registered but show strong potential and obtain 60-70% return on their capital each year. They face obstacles governments can do something about.

Removing obstacles to local business

First, there is the attitude of governments towards small business. The fate of Tunisian vegetable seller Mohamed Bouazizi is an instructive example of the importance of the government's attitude towards small business. Early in 2011, he torched himself and contributed to sparking a revolution because government officials had been harassing him daily. Instead of providing him with services and incentives to register his business, government officials had been impounding his equipment and his vegetables, preventing him from growing his business and feeding his family.

Second, governments can support social insurance adapted to the needs of small businesses such as Mohamed's. With the security that insurance affords, a small business owner can invest his earnings into his business instead of having to stack them at home in preparation for sudden costs like health care of family members.

Third, many small entrepreneurs in Africa do not have access to the loans that could allow them to grow their business. Although obtaining very small amounts of financing has become easier thanks to microfinance, obtaining medium-sized loans, for example US$10,000, is very difficult. Most banks are not interested. They make money more easily with bigger firms. Governments should devise incentives for banks to move closer to small firms.

Fourth, better services could do a great deal. For instance, a stable electricity supply would allow many, especially in rural areas, to start small-scale production outfits. With stable electricity, young people could, for example, start a sewing business.

Training young people for the jobs that African firms offer

Governments can also strive to make the education young people receive more relevant to what they need to know in the world of work. Many young people in Africa suffer from skills mismatches. They have been to school, even university, but did not obtain the practical skills that employers are seeking. Many firms are looking for young people with technical skills to operate machines and oversee manufacturing processes but cannot find them. At the same time Africa boasts the highest share of students

“40 million young Africans are out of work.”

in the humanities and social sciences of any region in the world. Many young people with a university education go unemployed. In South Africa, for example, firms report 600,000 vacancies, while 800,000 young university graduates are unemployed.

Most young people in Africa learn a trade from a master craftsman. Many times the skills they acquire are not officially recognised, making it hard for them to build a career. Schools can do a lot to address these shortcomings, especially by linking with the local private sector and providing opportunities for young people to obtain certification for skills they have obtained elsewhere.

Creating better jobs: what new industrial policy for Africa?

Finally, improving the job creation potential of existing activities is important, but in order to promote a *real structural transformation of African economies*, new, more productive activities need to be fostered. Where should African economic transformation policies “2.0” look to? Recent evidence gives a few hints of the most promising sectors:[4]

i *extractive industries* can spur new activities and encourage diversification: while the possibility of processing profitably everything that is underground should not be overestimated, the promotion of backward linkages (local firms supplying goods and services to big extractive firms) holds the promise of job creation and technological spill-overs, as the Mozal cluster in Mozambique seems to show;

ii achieving competitiveness in light manufacturing requires more than low wages, but a number of established success stories (Mauritius, Tunisia, Morocco, Lesotho) or nascent ones (clothing in Ethiopia) suggest that the targeted removal of logistical, trading and administrative bottlenecks can work;

iii the greatest potential for inclusive growth may actually be found in agriculture and agroindustry: beyond the well-known examples of export sectors such as cashew nuts, cut flowers, etc., the next big thing may well be African local and regional markets, buoyed by steady demographic growth, urbanisation and rising income levels. Big retail companies such as Walmart are setting foot on the continent to serve those African consumers: this is an opportunity for local producers, if they can upgrade their capacity and beat the competition of imports to become their suppliers of choice.

The forthcoming African Economic Outlook 2014, to be released at the annual meetings of the African Development Bank in Kigali, Rwanda (19-23 May), aims to provide new insights and document Africa’s good practices in this regard.

Notes

1. See AfDB, OECD, UNDP and ECA. 2013. *African Economic Outlook* (www.africaneconomicoutlook.org).
2. http://www.africaneconomicoutlook.org/en/in-depth/youth_employment/
3. http://naiforum.org/2013/02/how-real-is-africas-development/
4. This largely borrows from an inspiring talk given by Tilman Altenburg (German Development Institute) at a recent African Economic Outlook experts’ meeting.

“Governments cannot provide all the jobs young people are expecting. But they can help the private sector create more jobs.”

Jan Rieländer (left) is Economist at the Europe, Middle East and Africa Desk and Henri-Bernard Solignac-Lecomte (right) is Head of Unit, Europe, Middle East & Africa at the Organisation for Economic Co-operation and Development (OECD).

Measuring Decent Work in Development: a Balancing Act

With the growing recognition of the importance of decent work in ongoing debates about global development, the need to conceptualise and measure this multi-dimensional concept has never been higher. Different stakeholders are contributing to these efforts. The International Labour Organization (ILO) has been at the forefront of new efforts to systematically map and analyse the decent work situation at the national level, and organisations such as WageIndicator Foundation have successfully developed instruments to popularise the concept amongst the general public. At the same time, the methodological challenges remain substantial, the outcomes are sometimes contested, and not all the information needs are currently being met.

Over the last decades a range of dramatic events have confronted the international community repeatedly with the reality that inclusive and sustainable development goes beyond progress against a set of neat macro-economic indicators. The Arab Spring, and more recently the Rana Plaza disaster in the textile industry in Bangladesh, demonstrated again the deficits in terms of decent work in our global value chains, highlighting the urgency to act on them. The global MyWorld survey[1] coordinated by the United Nations (UN) shows that the concerns around employment are shared amongst large parts of the globe, with 'better job opportunities' ranked as number three of a long list of issues. Another reason why decent work has risen up the international agenda relates to the increased attention for the role of the private sector in development. The International Trade Union Confederation (ITUC) and ILO continue to sensitise international policymakers that the hype around the private sector should go hand in hand with more attention for the Decent Work Agenda (DWA) as it cannot be assumed that more jobs will automatically lead to jobs of better quality. In this way, since its development by ILO in 1999 and subsequent adoption by the UN system, the DWA has become one of the corner stones in the debate about development at the international, regional and national level. While substantial efforts have been done to unpack the concept, the measurement of this multi-dimensional concept is challenging.[2] It turns out that methods from different paradigms differ in terms of what they model, how they model, and why they model[3] decent work.

In this article we focus on two different monitoring initiatives. The first one is an ambitious ILO project with a global scope. *The Monitoring and Assessing Progress on Decent Work* (MAP) project ran between 2009 and 2013 and included the development and piloting of a comprehensive framework to monitor decent work in nine low- and middle income countries. The second project, the *DecentWorkCheck*[4] is an initiative of WageIndicator Foundation, and entails a detailed mapping of the labour market regulations related to decent work in 70 countries, complemented with a practical questionnaire that compares the working conditions of the respondent with national and international labour market regulations. The WageIndicator Foundation website has more than 20 million hits annually.

In essence, the Decent Work Agenda as defined by the ILO has four components and is about creating jobs, guaranteeing rights at work, extending social protection, and promoting social dialogue. The integration of these social and economic objectives is expected to contribute

ILO Decent Work MAP framework	Indicators		DecentWorkCheck	Indicators (yes/no questions)
	Statistical	**Legal framework (qualitative)**		
Employment opportunities	11	2	Employment opportunities	/
Adequate earnings and productive work	7	1	Productive work and adequate earnings	4
Decent working time	5	2	Decent working hours	5
Combining work, family and personal life	2	2	Combining work and life (family responsibilities; Maternity protection)	10
Work that should be abolished	5	2	Children at work	2
			Forced labour	3
Stability and security of work	4	1	Employment security	
Equal opportunity and treatment in employment	8	2	Fair treatment at work	14
Safe work environment	4	2	Safe working environment (health & safety; sickness & employment injury benefits)	5
Social security	8	3	Social security	4
Social dialogue, employers' and workers' representation	5	3	Social dialogue / trade unions	4
Extra: economic and social context for decent work	12	3	Extra: Detailed mapping of labour regulations per country	qualitative

Table 1: Indicators of ILO MAP framework and DecentWorkCheck (WageIndicator Foundation)

to 'achieving a fair globalization, reducing poverty and achieving equitable, inclusive and sustainable development'.[5] Both the MAP project by ILO and the DecentWorkCheck translate the four components into a set of ten measurable constructs (Table 1).[6]

There are important differences between both monitoring frameworks in terms of the level the indicators focus on, the source of the indicators, and the users they target. With its strong reliance on national labour force surveys (about 60 to 70% of indicators), the ILO MAP monitoring framework is mainly addressing the information needs of national governments and other social partners in terms of getting a macro perspective of the main socio-economic trends in the labour force. The resulting national Decent Work Country Profiles provide a detailed analysis of the indicators in the ten areas of decent work, complemented with a qualitative analysis of the legal framework indicators, describing the status of existing laws and regulations and their implementation. The DecentWorkCheck on the other hand targets employees and asks them about 50 closed questions (yes/no) about the compliance of their employer with national and international labour laws and regulations. The set of questions is designed in such a way that the respondents can learn about the performance of his/her employer by comparing the total score (adding the 'yes' marked answers) with reference scores (the higher the better). Aside from being an awareness raising instrument regarding labour rights, the tool can be used by researchers, policy makers, or employers to get a picture of the degree to which key labour rights are respected in a given company, a sector or beyond.

Both tools have their respective strengths and weaknesses. In the review report of the MAP project, ILO provides a range of examples of how these mappings gave new insights into the state of the labour force in the pilot countries, far beyond what is coming out of traditional studies. Similarly, the DecentWorkCheck complements the data from some traditional indexes, which tend to be based on expert opinions. It is a user-friendly instrument, which does not require research expertise if used as an awareness raising tool. It can also be used to do a 'quick-and-dirty' assessment of the decent work situation in a firm or in a sector.

While they have therefore helped to increase our understanding of how decent work can be monitored, at least three challenges are currently limiting the potential relevance of these instruments, related to what they monitor, how they monitor and why they monitor.

A first issue relates to how both instruments deal with the informal sector, a sector which covers up to 80% of the labour force in many African countries. The focus of the DecentWorkCheck is on employees who work "in a non-managerial post in a firm/establishment of at least 50 employees". This has to do with the fact that the questionnaire builds on existing legislation and regulations (which are largely focused on the formal sector) and assumes a given profile of workers to avoid the need for many different questionnaires per country. While many of the questions are also relevant for other types of work, this assumption decreases the applicability of the instrument for large parts of the labour force. The MAP framework has a more extensive set of indicators which examines the

> The Arab Spring, and more recently the Rana Plaza disaster in the textile industry in Bangladesh, demon-strated again the deficits in terms of decent work in our global value chains, highlighting the urgency to act on them.

informal sector, but also here the overall bias is still largely towards formal sector employees. Addressing decent work deficits in the informal sector requires an adjusted toolbox, which takes into account the specific nature of workers in this area.

A second issue deals with how these instruments monitor decent work. In the MAP framework of ILO, the core of the analysis is based on statistical indicators, complemented with a more qualitative analysis of the legal framework in each country. This allows for easy aggregation leading to important overview statistics and some form of comparative analysis between countries. However, the lack of qualitative analysis in the Country Profiles, with for example no in-depth case studies in specific sectors or around specific themes limits the insights into the why and how of the observed labour situation. Especially in areas such as health and security, discrimination at work and non-monetary benefits, statistics tend to fall short to map decent work in a 'decent' way. The closed yes/no answers in the DecentWorkCheck face similar problems.

The third issue looks into the why of the monitoring and is affected by the previous issue above. The MAP project covers important information needs of policymakers at the national and international level. The same information can also be used by other social partners at the sectoral level and beyond. However, those who want to use the findings from these instruments to inform the strategies for their projects and programmes will often lack information on the how and why of the persistence of certain decent work deficits. The analysis tends to be 'under-socialised' in terms of institutions and actors, lacks aspects related to political-economy, and often remains stuck at the regional and national level. Addressing the information needs of practitioners who support or implement decent work development programmes requires additional monitoring efforts with data which is rich in terms of context to deal with the complexity of social change.

> The global MyWorld survey coordinated by the UN shows that the concerns around employment are shared amongst large parts of the globe, with 'better job opportunities' ranked as number three of a long list of issues.

Notes

1. UN. 2013. *MyWorld: The United Nations Global Survey for a Better World.* http://www.myworld2015.org/
2. Ghai, D. 2003. *Decent Work: Concepts and Indicators, International Labour Review.* Vol. 142, No. 2, pp. 114-145.
3. Mingers, J. 2003. A Classification of the Philosophical Assumptions of Management Science Methods. *Journal of the Operational Research Society.* Vol. 54, pp. 559-570.
4. Ahmad, I. 2012. *DecentWorkCheck: Analysing De-Jure Labour Market Institutions from Worker Rights Perspective.* WageIndicator Foundation. www.wageIndicator.org
5. ILO. 2013. *Monitoring and Assessing Progress on Decent Work: Lessons Learned from the MAP Project.* Manual. ILO. October 2013.
6. In the ILO project, the exact set of indicators differs from country to country. There are a number of basic indicators which are used in all countries, other are customised or added through a structured dialogue with the social partners depending on local context, needs and priorities. In the WageIndicator project, the component around employment opportunities is not assessed. The indicators are adjusted to the local context and labour regulations.
7. ILO. 2013. *Ibid.*
8. Ahmad, I. 2012. *Ibid.*
9. Patton, M.Q. 2002. Particularly Appropriate Qualitative Applications. In M. Q. Patton (Ed). *Qualitative Research & Evaluation Methods.* (pp. 143-205). Thousand Oaks: Sage. In this important book Patton provides extensive illustrations of the limits of statistics for the evaluation of a large-scale employment programme in the US (Story of Li).
10. Ramalingam, B. 2013. *Aid on the Edge of Chaos: Rethinking International Cooperation in a Complex World.* OUP Oxford.

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Inclusive Business: New Business Models, New Opportunities, New Skills

The rise of inclusive business

SimGas B.V. is an innovative design and production company focused on delivering affordable small-scale biogas and bio-sanitation systems to customers in (sub) tropical regions especially Eastern Africa. By providing clean, affordable energy and sanitation solutions, SimGas offers households tools to improve their lives and income positions. SimGas B.V is an example of a new breed of company seeking both financial and impact returns by involving low-income groups in their business as consumers, producers and entrepreneurs: a so-called Inclusive Business. Luring this group of four billion people commonly known as the Base of the Pyramid (BoP), companies seek in BoP markets growth opportunities, a new source of innovation, a first mover advantage or a long-term survival if they operate in saturated markets.

New employment opportunities for low-income groups

Inclusive businesses provide unique employment opportunities for low-income groups by engaging them and co-creating with local communities. In agriculture for instance, smallholders become engaged to produce new agri products for local markets. The Fruit Republic for instance is the first professional fresh produce trade company of Vietnam sourcing fruit and vegetables from smallholder farmers all over Vietnam and selling to middle class consumers in shops in the main cities such as Hanoi or Ho-Chi-Min. Impact Sourcing[1] is another way to engage low-income groups as producers in inclusive business. Impact Sourcing represents the socially responsible arm of the Business Process Outsourcing (BPO) and Information Technology Outsourcing industry. Benefiting from an increasing online penetration in developing countries, it employs low-income group people in BPO centers and creates unique employment opportunities. Finally, in rural Bangladesh, JITA provides rural distribution services to a number of well known brands, to make their produce (shampoo, yoghurt, shoes, etc.) available at rural village level at an affordable price. Retailers are women known as ‘Aparajita’, a Bangladeshi word meaning ‘one who cannot be defeated’. Started as an non-governmental organization (NGO), it is now a for-profit business employing 4,700 ‘Aparajita’ who have seen their incomes rise from less than US$12 per month to an average of US$20 per month.[2] Inclusive business creates unique opportunities for low-income groups in developing countries whether as producers, distributors or employees.

Intrapreuneurs in multinational companies

While small and medium enterprises (SMEs) and mid-size organisations have started to seize these BoP opportunities, it is equally true for multinational companies.

> “Inclusive businesses provide unique employment opportunities for low-income groups by engaging them and co-creating with local communities.”

Over the past decade the approach of multinational companies has evolved when developing products and services at the BoP. Initially, multinationals followed a one-direction approach selling products and services to the poor. The value for companies was clear, but the extent to which it served the poor remained questionable. Often, strategies failed to succeed because products were not developed together with the BoP. The next generation BoP approach came into place. People at the BoP are embraced in the innovation process as valuable business partners. A shift from business strategies targeted at the BoP to inclusive business together with the BoP. Today people at the BoP are included in projects as entrepreneurs, producers and consumers as described in the previous section. They co-create Inclusive Innovations partnering with companies, civil society and public authorities. The current developing view, 'BoP 3.0' strategies, combines different stakeholder perspectives working collaboratively towards integrated system solutions.[3] The strength of the company taking the lead is reinforced by smaller, more flexible, innovative, local and international companies. These are strong partnerships that have collective impact on the BoP.

These trends have a direct influence on the type of mechanisms multinational companies develop to address the BoP market. They still develop their own innovation with the BoP but they often provide technical and business support to BoP entrepreneurs (local or international) they invest financially in. In corporates such as Danone[4], GDF/Suez (Rassembleur d'energie) or Schneider Electric (Programme BipBop), these three legged programmes (innovation, support, investment) enable companies to create a systemic change in the BoP ecosystem they work in and ultimately accelerate their own development in the BoP market.

Often so-called "intrapreuneurs" pushed the innovation boundaries of the corporates to establish these programmes. Navigating through the internal corporate governance, they sustain the impact and financial vision of these new lines of business.

New skills needed: 4Ps

Whether it is from an SME like SimGas, a social business such as JITA or a multinational such as Schneider, new professional skills are needed to start and sustain the operations of an inclusive business. Passion, Perseverance, Partnership, Patience, or the 4Ps, are necessary. A genuine *Passion* for business that creates sustainable impact at the BoP. *Perseverance* to sustain efforts to develop these frontier breaking ventures, *Partnership* to create joint-ventures between companies, NGOs and public authorities, and *Patience* since to scale an inclusive business takes between five to ten years. This is the new breed of professionals needed that will continue developing a new inclusive business industry.

"Over the past decade the approach of multinational companies has evolved when developing products and services at the BoP."

Notes

1. http://www.rockefellerfoundation.org/blog/exploring-value-proposition-impact
2. http://businessinnovationfacility.org/page/bif-case-studies
3. http://www.bopinc.org/updates/publications/item/225-co-creating-bop-ventures
4. http://www.danonecommunities.com/

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Africa’s Jobs Gap

After almost two decades of sustained growth, Africa is attracting increasingly lavish praise from aid agencies, investors, and journalists, alike. But there is a worrying shadow among the bright lights. Africa is not creating enough jobs to absorb the 10 to 12 million young people entering its labour markets each year. Today, according to the African Development Bank, less than one fifth of Africa’s young workers find waged employment.

The challenge may have escaped the attention of the cheerleaders because unemployment in Africa seems low. In 2009 it was about 6%. This is not because Africa is doing well at generating wage-paying jobs. 80% of job seekers find themselves in informal employment, self-employment or family labour. These are not good jobs. In 2011, 82% of Africa workers were classified by the International Labour Organization (ILO) as working poor.

Africa’s lack of good jobs reflects a feature of the region’s growth often overlooked in accounts of its success: Africa’s economic structure has changed very little. The region’s share of manufacturing in GDP is less than a half of the average for all developing countries, and it is declining. The sources of Africa’s recent growth – improved economic management, strong commodity prices and new discoveries of natural resources – are not job creators.

While manufacturing is most closely associated with employment-intensive growth, there are also ‘industries without smokestacks’ in agriculture and services that can create good jobs. Investors in these industries, however, do not see Africa as an attractive location. Domestic private investment has remained at about 11% of GDP since 1990.

This is well below the level needed for rapid structural change. Foreign investment is overwhelmingly in oil, gas and minerals. Industry in Africa has declined as a share of both global production and trade since the 1980s.

> “Africa is not creating enough jobs to absorb the 10 to 12 million young people entering its labour markets each year.”

“Today less than one fifth of Africa’s young workers find waged employment.”

Three drivers – exports, capabilities and clusters – together determine the global pattern of industrial investment. To boost job growth, Africa needs a strategy to master them.

For poor countries the export market is the main source of industrial growth. Africa has had little export success: manufactured exports per person are less than 10% of the average for low income countries. Breaking into non-traditional export markets will demand a coordinated set of public investments, policy reforms and institutional innovations more characteristic of Asian than African economies. America and Europe also have an important role to play. Liberalisation and harmonisation of their preference schemes for African exports – the African Growth and Opportunity Act and the Economic Partnership Agreements – are vital to the region’s export success.

‘Firm capabilities’ – the know-how and working practices used in production – largely determine quality and productivity. Globally, firms compete in capabilities. To join the game, Africa needs higher capability firms. Value-chain relationships between local firms and foreign investors are a good way to learn global best practice. Thus, policies and institutions for attracting foreign direct investment are a key capability-building tool. While reducing the cost of doing business remains a priority, Africa also needs to develop world-class foreign direct investment (FDI) promotion agencies and market-friendly ways to connect domestic and foreign firms.

Manufacturing and service industries cluster together. Because such clusters generate productivity gains, attracting new industry into a sparse industrial landscape, such as Africa, confronts a collective action problem. No single firm has the incentive to locate in a new area in the absence of others. Governments can foster industrial clusters by concentrating high quality institutions, social services, and infrastructure in special economic zones. Unfortunately, Africa’s Special Economic Zones (SEZs) fail to reach the critical levels of physical, institutional and human capital needed to attract global investors. Strengthening their performance is essential.

Africa is growing, but a rapidly growing labour force and little job creation mean that for the vast majority of young Africans finding a good job is a distant dream. The frustrated young are an indelible image of the Arab Spring. To avoid an “African Spring” a strategy for industrial development is urgently needed.

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Rudi Delarue

Nicholas Taylor

INTERVIEW

ECDPM talks to European Commission employment experts, Rudi Delarue (Deputy Head of Unit, External Relations, DG Employment) and Nicholas Taylor (Head of Section, Employment, Social Inclusion and Migration, DG Development and Cooperation) on what the EU is doing to promote decent jobs

ECDPM: **In what ways does the European Union (EU) support the promotion of decent work for all, both inside its borders and beyond?**

Rudi Delarue: The EU promotes decent work for all through all relevant internal and external policies and actions, both in its bilateral relations, such as with partner countries and at regional level, and through international forums such as the International Labour Organization (ILO), United Nations (UN), Organisation for Economic Co-operation and Development (OECD) and G20. This approach[1] was adopted by the European Commission (EC) in 2006 and received strong support by the Council, the European Parliament and the European Economic and Social Committee.

The EU has since made efforts towards international initiatives for protecting vulnerable groups such as through the adoption and implementation of the ILO Convention N°189 on decent work for domestic workers. As this convention affects EU competences the European Commission has presented a legislative proposal to the Council authorising EU Member States to ratify this Convention. Council and Parliament have swiftly approved this proposal.

The EU strongly supported the adoption of ILO Recommendation 202 on Social Protection Floors from 2012 and fosters its implementation.[2] There is an increased interest in social protection in response to the global financial and economic crisis.

Furthermore, the new generation of free trade agreements (FTAs) includes labour provisions in the chapter on sustainable development, with clear commitments on fundamental rights and principles at work as well as a follow-up mechanism. FTAs furthermore include provisions for the promotion of and cooperation on other international labour standards, Corporate Social Responsibility and the broader ILO Decent Work Agenda.

The EU maintains dialogue and cooperation with strategic partners such as India and China on decent work issues, among other things. How does the promotion of decent work feature in the EU's partnership with emerging economies?

Rudi Delarue: This is part of the EU's efforts to promote the EU social and economic model as well as its values on employment and social policy outside its borders. The global endorsement of the Decent Work Agenda has facilitated the bilateral dialogue and cooperation on employment and social issues with partner countries and within international forums such as ILO, UN and G20.

China for instance has a strong interest in the EU's experience with the coordination of social security rights in the case of transnational mobility, as it is confronted with similar mobility challenges for Chinese workers moving between its provinces. EU experience on workplace health and safety, in particular in high-risk sectors such as mining, is also of interest to China. Other issues, such as labour market institutions and wage fixing, social protection, social inclusion and youth employment are or have been on the agenda. Skills development is a big theme in the EU-India dialogue, although there is also interest in issues such as social protection and workplace health and safety.

Crucially, the EU involves its social partners in its outreach to partner countries and regions such as in its meetings with Latin American and Caribbean countries as well as through ASEM (Asia-EU meeting).

How does the EU's commitment to the promotion of decent work for all translate into its development cooperation efforts?

Nicholas Taylor: Promotion of productive employment and decent work are highlighted as key drivers for sustainable and inclusive growth in EC Communication "A decent life for all"[3] as well as in the European Report on Development (ERD) 2013 "Post 2015: Global Action for an Inclusive and Sustainable Future".[4] Feeding into these discussions are lessons from a global joint EC-ILO project on decent work indicators, which supported nine developing and transition countries to self-monitor and assess progress in the various areas that conform the decent work agenda. The experience and results of this project provided crucial elements in the discussions on the role of employment in the post-2015 agenda.[5]

Furthermore, as Rudi noted, the Commission has been a strong advocate for social protection floors, including through the ILC Recommendation. The EU strongly supports the systematisation of social protection in developing countries. This is clearly stated in the Communication on Social Protection in EU Development Cooperation (2012).[6]

What recent progress has the EC made in promoting decent work outside the EU's borders, particularly in Africa? What can we expect in the new budgetary period (2014-2020)?

Nicholas Taylor: The EU has recently partnered with the ILO in order to support partner countries in developing comprehensive, evidence-based employment strategies covering the different aspects of the Decent Work Agenda through projects implemented in Benin, Burkina Faso, Zambia, Niger and Malawi. We have also worked on reinforcing labour market information systems from a bi-regional approach in Benin, Burkina Faso, Mali and Senegal, and are supporting vocational education and training (VET) national strategies in Ivory Coast, Gabon and Benin.

With regard to the 2014- 2020 programming period, while decent work will not be a focal sector as such in many country programmes, the EC will be working on strengthening the employment perspective within key sectors of cooperation in the Africa region. We aim to help policy-makers and development practitioners to effectively integrate the employment dimension and objectives within sector policies and programmes.

To this end, the Directorate-General for Development and Cooperation (DEVCO) will be implementing two new projects with ILO in 2014. The overall objective of these projects is to strengthen the positive impact and minimise the negative effects on employment in partner countries of sector policies and programmes on the one hand, and trade and trade policy on the other.

The first project focuses on the employment impact of sector policies, particularly in the agriculture, private sector development and energy sectors, within the framework of development policy. The second projects builds on the results of a recently completed project on the effects of trade on employment, and will further strengthen the capacity of partner countries to assess and address the employment impact of trade policies. These projects are expected to start by mid-2014.

How do and will the EC's efforts to promote decent work outside its borders link with initiatives to engage the private sector?

Rudi Delarue: Aside from the labour rights commitments in new FTAs, an important development in this regard is the cooperation between the European Commission and the ILO to strengthen the capacity of local social partners and labour institutions in developing countries on addressing the interplay between trade, investment and decent work.

Another recent and very tangible example is the Compact for Bangladesh, agreed by the government of Bangladesh, the ILO and the EU[7], which addresses safety and working conditions following factory building collapses and fires. The EU is the largest market for Bangladeshi Ready Made Garments (RMG), and Bangladesh enjoys access to the EU market under the EU trade scheme "Anything but Arms". Meanwhile, private sector buyers and brands signed up to accords on factory safety in Bangladesh set up by the private sector and international trade unions, with the ILO as a neutral chair.

Addressing decent work deficits also concerns other countries in Asia and elsewhere. The European Commission has financially supported a number of initiatives by civil society on promoting a living wage in the global RMG supply chain. The European Commission contributed to an initiative developed by the German and Dutch governments on promoting living wages in the global supply chain, and is considering an initiative on establishing an EU due diligence scheme for responsible sourcing of minerals from conflict affected and high risk areas. Furthermore, the EC communication on the EU strategy 2012-2014 on Corporate Social Responsibility includes a variety of actions aiming at promoting CSR both in the EU and outside.

Notes

1. See more at http://europa.eu/legislation_summaries/employment_and_social_policy/international_dimension_and_enlargement/em0023_en.htm
2. See more at http://www.ilo.org/secsoc/areas-of-work/legal-advice/WCMS_205341/lang--en/index.htm
3. EC. 2013. Communication: *A decent life for all: Ending poverty and giving the world a sustainable future.* 27.02.2013. EC: Brussels.
4. See http://www.erd-report.eu/erd/report_2012/documents/FullReportEN.pdf
5. See http://www.ilo.org/integration/themes/mdw/WCMS_123804/lang--en/index.htm
6. EC. 2012. *Communication: Social Protection in European Union Development Cooperation.* 20.08.2012. EC: Brussels.
7. See more at http://www.ilo.org/global/about-the-ilo/activities/all/WCMS_217271/lang--en/index.htm

This interview was conducted by by Florian Krätke, Policy Officer at ECDPM.

The Remaining Challenge of Job Creation in South Africa

In spite of significant economic achievements, unemployment, together with poverty and inequality, remain persistent challenges in South Africa.

South Africa (SA) is a middle-income, emerging market with an abundant supply of natural resources; well-developed financial, legal, communications, energy, and transport sectors. It has a GDP superior to that of Denmark, Finland, Portugal and Ireland in nominal terms but levels of poverty comparable to Cameroon, Nicaragua and Georgia. It is a country of many contradictions in many respects, one in which a sophisticated road transport network connects rich affluent suburbs to backward underdeveloped settlements (shanty towns). The range of challenges faced are enormous, including the fact that too few people work, that the standard of education for most black learners is of poor quality, infrastructure is poorly located, under-maintained and insufficient to foster higher growth, spatial patterns exclude the poor from the fruits of development, the economy is overly and unsustainably resource-intensive, a widespread disease burden is compounded by a failing public health system, public services are uneven and often of poor quality, corruption is widespread and South Africa remains a divided society.[1]

The triple challenge of poverty, inequality and unemployment needs immediate intervention. A quarter of the population is unemployed; that number increases to 35% when including people who have given up looking for work.[2] South Africa's economic policy has focused on controlling inflation, however, the country has had significant budget deficits that has restricted its ability to deal with its pressing economic problems. The creation of decent employment remains top on the agenda of the South African government and one area for which an informed contribution from external partners will certainly be value adding.

The challenge of persistent high unemployment in South Africa

A lot has been written about the historical origins of the unemployment problem in South Africa, its racial configuration and geographical distribution[3], but there is no consensus around the causes of its persistence and even increase almost two decades into the democratic South Africa. There is even less certainty about the exact intervention measures needed to reverse this pattern and bring the country to levels of employment consistent with comparative middle income countries of the status of South Africa. Factors identified to explain the persistent mass unemployment include: an insufficiency in the rate of output growth, a declining labour intensity of production in the formal economy, and the rigidity of South Africa's labour market.[4] Rigidity is accentuated by well organised and politically connected trade union federations that defend the rights of existing workers and makes radical policy reforms to labour market legislation a potentially politically costly venture to any incumbent government. In addition, there is a mismatch between the skills of the unemployed and the needs of the sectors and industries contributing the most to the growth of the country's total output. These challenges

> "The creation of decent employment remains top on the agenda of the South African government."

have adequately been acknowledged by the South African government in their strategic policy documents.[5]

However, agreeing on and implementing recommendations to address the complex nature of the unemployment problem in South Africa has proven difficult, in part as a result of South Africa's complex society and multifaceted political dynamics that emerged from its fight against apartheid.

South African Government employment creation initiatives

In order to eliminate poverty and reduce inequality, the economy must not only become more inclusive but also grow faster. South Africa's 'New Growth Path' framework[6] sets a target of creating five million new jobs by 2020, by providing a supportive environment for growth and development, while promoting a more labour-absorptive economy. As a long term plan, the government intends to create 11 million jobs by 2030 by inter alia: realising an environment for sustainable employment and inclusive economic growth, promoting employment in labour absorbing industries, raising exports and competitiveness, strengthening government's capacity to give leadership to economic development and mobilising all sectors of society around a national vision. Sustainable growth and development will require higher savings, investments and export growth. Yet, the policies that drive growth are not always good for employment and vice versa. Consequently, the government plans to focus the country's efforts on growing exports and building the linkages between export earnings and job creation which often occur in domestically focused small-and medium sized firms and most often in the service sector.

Development Partnership in employment creation

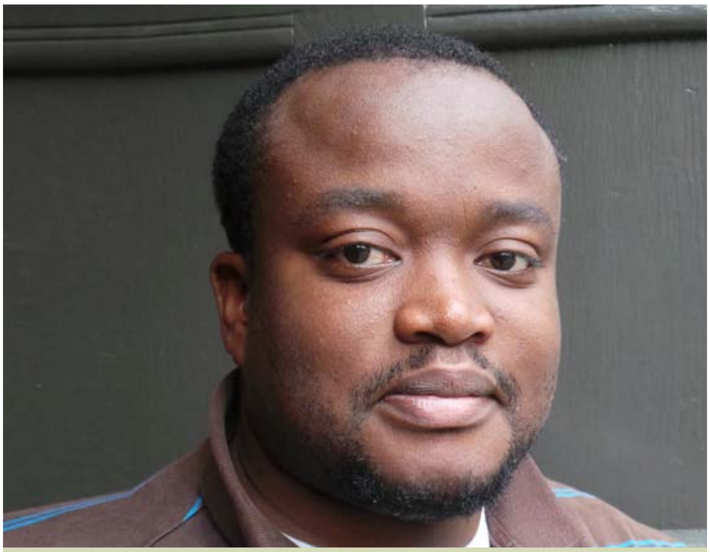
How and where could the involvement of the broader development community add value to the ongoing efforts of the South African government? South Africa's development partners - notably Brazil, Russia, India and China (BRIC) and the EU - could weigh in by means of experience sharing, knowledge transfer, training and technical assistance, based on their own experience of dealing with the problem of unemployment. Financial assistance could also be provided in the form of budget support programs, a preferred modality by South Africa. For a country with the only Strategic Partnership with the European Union on the African continent and one for whom total overseas development assistance (ODA) makes up less than 1% of its GDP and not often included in the national budget, the impact factor of external assistance is not in heavy weight lifting as in other African countries but in surgical specific interventions that have a multiplier and spillover effect. Technical assistance could be targeted at improving the functioning of the labour market to help the economy absorb more labour. Experience sharing on support provided to small businesses, especially in the domain of the coordination of activities of the small business agencies, development finance institutions and public private incubators could also be a useful avenue for input from South Africa's development partners.

A pro-active South Africa policy

However, the main responsibility remains with the South African government to create the conditions and environment for higher levels of public and private investments in the social and economic infrastructure of the country to create jobs and ensure rising incomes. It also needs to lower the costs of labour to be competitive with countries at a similar level of development, while at the same time raise productivity within the economy and bring more people into the mainstream of the economy. It is a task that does not promise to be easy but one for which it can be said significant efforts have been made to direct the process in the right direction. Whether these efforts will translate to the creation of significant numbers of jobs remains to be seen.

Notes

1. See the National Planning Commission (NPC) 2010 Diagnostic Report, www.npconline.co.za/pebble.asp?relid=23
2. See Goldman Sachs. 2013. *South Africa: Two Decades of Freedom,* www.goldmansachs.com/our-thinking/focus-on/growth-markets/south-africa-report.html
3. See Banerjee et al. 2008. *Why has unemployment risen in the new South Africa,* http://www-personal.umich.edu/~zmclaren/newsouthafrica_offprint.pdf, and Levinsohn, 2007, *Two policies to alleviate unemployment in South Africa*, http://levinsohn.commons.yale.edu/files/2010/10/Policies_SA.pdf
4. See UNDP. 2006. *An Employment-Targeted Economic Program for South Africa.* http://www.peri.umass.edu/fileadmin/pdf/UNDP_S.Africa.pdf
5. See National Development Plan (NDP), Vision 2030 www.npconline.co.za/pebble.asp?relid=757
6. www.info.gov.za/aboutgovt/programmes/new-growth-path



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EPA UPDATE

West Africa

EPA deal sealed off in West Africa

As of Friday January 24th, the West Africa Economic Partnership Agreements (EPA) negotiating region became the first African block to reach a deal at the level of senior officials on EPAs, more than a decade after negotiations began. A final meeting to officially endorse the deal as it stands is foreseen in Brussels for early February. It will then have to be endorsed by West African Heads of State.

Sources told *GREAT* that a deal was reached in Dakar, Senegal, at around 7.30pm local time. Karel de Gucht, European Director General for Trade, had made the trip to Senegal in expectation of an important negotiating session, the first since the talks broke down in 2011. He met with Senegalese President Macky Sall, who had been nominated by the region's leaders to supervise the talks between the two trade blocks.

Present at the negotiating round were the two regional Commissioners for trade matters, Mr. M. Ahmed Hamid for the Economic Community of West African States (ECOWAS) and Mr. Christophe Joseph Marie Dabire for the Union Economique et Monétaire d'Afrique de l'Ouest (UEMOA).

The negotiating session came after ECOWAS had approved its Common External Tariff (CET) and revised its market access offer upwards to 75% from the 70% it had stuck to previously (see previous *GREAT* reports on the topic).

The new position on market access was crafted by the ECOWAS Commission and approved by West African Heads of States in Dakar late last year. The move was at the time seen as an attempt to meet European negotiators halfway on the controversial topic of market access, which had bogged down negotiations up until last week.

While the technical details have not been revealed, the outlines of the deal are as follows. On market access, the European Union (EU) accepted the West African position of 75% market access opening over a 20 year span. On the development financing component of the EPA, the text pledges to mobilise EUR €6.5 billion in order to help West Africa cope with the agreement's implementation costs. From the information available, it seems the region backed down from its demand of having the text spell out that resources provided would be "additional".

The text of the most favoured nation (MFN) clause is at first glance more elaborate, reflecting its controversial nature. The EU has committed to grant West Africa any additional market access it would provide other parties in subsequent agreements. Since the EU already grants West Africa Duty Free and Quota Free (DFQF) access, and since the clause is limited to tariffs only, it is not immediately clear what the implications are.

West Africa, on its side, commits to do the same on certain conditions: the clause does not cover other African, Caribbean and Pacific (ACP) or African states, nor countries that have a share of world trade below 1.5%. Further, only agreements with countries having a ratio of manufactures to GDP higher than 10% will be covered. If the deal is concluded with "a group of countries", then the share of world trade considered shall be 2%.

It is unclear at present what countries or group of countries are covered by the clause. The aim of West African negotiators had been to minimise the number of countries under its reach, so as to retain flexibility during future negotiations. The symbolic nature of the clause, which seeks to extend additional concessions to the EU should ECOWAS go ahead and negotiate further Free Trade Agreements in the future, had also greatly contributed to the controversial nature of EPA talks.

Less controversial but still previously unresolved aspects, such as EU domestic support to agriculture and the so-called "Turkey clause" were overcome. The EU has agreed to refrain from using export subsidies on agricultural goods exported to the region, and agreed to provide ECOWAS with information regarding the nature and amount of support it provides to its farmers. On future negotiations with countries part of a Customs Union with the EU, such as Turkey and Andorra, the two parties will issue a declaration inviting West Africa to consider the prospects of future negotiations.

Most issues were solved by senior officials immediately after a first round of talks amongst experts did not manage to overcome the hurdles on which negotiations broke down in 2011. The two points on which the European Commission (EC) made significant concessions, namely the level of market access opening and timeframe for liberalisation, came after ministerial pressures from EU member states on these issues (see above).

The implications of the deal are far reaching. The ECOWAS grouping has in all likelihood succeeded in avoiding the prospect of seeing two of its members, Cote d'Ivoire and Ghana, break regional ranks and conclude an EPA individually in order to safeguard market access on crucial tariff lines. Secondly, the EU has lowered the threshold of 80% liberalisation over 15 years it had stuck to for more than a decade. Other ACP regions might seek to argue for a similar level of ambition, although talks in other regions are already quite advanced. Finally, the agreement comes a few months before the EU-Africa Summit, where EPAs are expected to be an important topic.

All ACP

European Ministers call on the European Commission to show more flexibility in EPA negotiations. In a letter addressed to Catherine Ashton, Andris Piebalgs and Karel de Gucht, trade and development ministers of five EU member states have called on the EC to show more flexibility in EPA negotiations with ACP countries.[1]

The letter, dated 5 December 2013, and signed by eight trade and development ministers from Denmark, France, Ireland, The Netherlands and United Kingdom, is a rare high-level plea from European member states for the Commission to soften its stance on a number of issues that have impeded the conclusion of regional EPAs so far. The last such letter dates back to 2008, when Denmark, Ireland and The Netherlands issued a similar message to the Commission in the face of wide-ranging criticisms from ACP quarters and European civil society.

Citing the fear that a failure to reach comprehensive agreements by the October 2014 deadline could spill over unto broader EU-Africa relations and undermine the EU's credibility on policy coherence for development, the ministers outline several areas where the EC could, in their eyes, adopt a more accommodating approach to ACP concerns and demands. These include revising the EU's interpretation of GATT Article XXIV, adopting a case-by-case approach to the issue of export taxes, and orienting European Development Fund (EDF) 11 programing towards EPA accompanying measures.

Some of the suggestions, such as the lowering of the 80% liberalisation threshold, or the lengthening of the liberalisation period, touch on topics that will be (or have been) front and

EPA Calendar

January 27-31, SADC – EU Negotiating round, Namibia
January 28, ESA-EU Interim EPA Committee, Brussels, Belgium
January 27-29, EAC-EU Negotiating round, Brussels, Belgium
March (TBC), Pacific – EU Negotiating round

> "With the deadline for interim EPAs approaching, fears of a fallout from a failure to reach regional agreements appear to be mounting in European capitals."

center of negotiation rounds with West Africa and Southern African Development Community (SADC).

France, which had argued for a longer "deadline" than the one set in 2012 during council negotiations on the EC amendment of MAR 1528, had already publically criticised the EC for its approach to EPA negotiations. The French President, François Hollande, stated in Dakar two years ago that "African countries' position in EPA negotiations has not been sufficiently taken into account (…) I am in favor of re-launching the process on a new basis, with a timeframe and content that is more favorable to African countries".[3] The final declaration of the high-profile Élysée Summit held in December last year included a paragraph largely along these lines.[4] French NGOs had also sent a letter to Hollande before the summit voicing strong concerns on the process.[5]

With the deadline for interim EPAs approaching, fears of a fallout from a failure to reach regional agreements appear to be mounting in European capitals. The deal reached last week in West Africa will in probably go some way in assuaging these fears, although talks are still ongoing in other ACP regions (see below).

A failure to reach an EPA in remaining ACP regions would entail seeing countries rolled back from the DFQF access they currently enjoy into the less generous Generalized System of Preferences. Some, such as Namibia, could even face MFN treatment. Alternatively, African countries could break away from their regional groupings in order to safeguard market access on crucial tariff lines, an option Cameroon appears to be contemplating.[6] Both scenarios would in all likelihood have repercussions beyond the world of trade negotiators, and spill over to the political domain.

Pacific

De Gucht meets Pacific trade ministers, Fiji lashes out at Pacific Islands Forum Secretariat

EU Trade Commissioner Karel de Gucht met Pacific ACP Fisheries and Trade Ministers in Honiara, Solomon Islands on 12 December 2013 in an attempt to "resuscitate" Pacific EPA negotiations, which had met serious hurdles during the second half of last year. The last meeting in October had seen Papua New Guinea (PNG) walking out of regional talks in an apparent step to finalise its Interim EPA (IEPA) and secure market access for its tuna canning industry.

The meeting drew strong criticisms from Fiji, who refused to attend. The country issued strongly worded criticism describing the talks as "rushed". Fiji's Attorney General said in a statement "The Forum Secretariat is not here to act on behalf of the EU and they should not dictate directions to the members but provide technical advice and further our position".[7] It had previously proposed a meeting to be held in Fiji, amongst Pacific ACP (PACPs) states. The Pacific Islands Forum Secretariat, which coordinates negotiations on behalf of PACPs, responded with its own statement qualifying Fiji's walk out of the ministerial meeting as something that "is simply not done, and was an extraordinary display of unwarranted and un-Pacific behavior."[8]

In any case, the regional press reports the talks to have been constructive, preparing the ground for renewed engagement.[9] The EU, for whom the withdrawal of PNG had "de facto" suspended regional talks, appears to be hopeful that the basis laid in Honiara could sway PNG back into the negotiations. PNG fears that the global sourcing provision it secured for its tuna exports in its IPEA could be watered down in a possible comprehensive, regional EPA. The EU is said to have shown a degree of flexibility on the issue during the meeting, but no further details are available at this point.

Notes

1. Available at: http://www.parlementairemonitor.nl/9353000/1/j4nvgs5kjg27kof_j9vvij5epmj1ey0/vjg0k5ved1vs/f=/blg274173.pdf
2. http://noepa.blogspot.nl/2008/11/letter-from-ireland-netherlands-and.html
3. http://www.jeuneafrique.com/Article/ARTJAWEB20121012115858/
4. http://www.elysee.fr/declarations/article/elysee-summit-for-peace-and-security-in-africa-final-declaration/
5. http://www.gret.org/wp-content/uploads/Lettre-APE-Sommet-France-Afrique-D%C3%A9c-2013-1.pdf
6. See the November issue of the EPA update.
7. http://www.pina.com.fj/?p=pacnews&m=read&o=9555273752aa2c8c909bfb7f25d33c
8. http://www.forumsec.org/pages.cfm/newsroom/press-statements/2013/larifications-on-article-published-by-fiji-times.html
9. http://www.pina.com.fj/?p=pacnews&m=read&o=189000748652afa11be2f1885c8963
10. http://www.atuna.com/index.php/2-uncategorised/244-pacific-nations-left-uneasy-after-png-epa-drop-out#.UtkI7GRdXU0, http://www.islandsbusiness.com/2013/11/trade/epas-off/

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Current discussions on ECDPM's blog on the challenges of the EU's international cooperation
www.ecdpm-talkingpoints.org

Economic transformation in Africa: What is the role for business-to-business in the mining sector?

Talking Points, Sebastian Grosse-Puppendahl, January 31st, 2014

So that African countries can continue the path of economic transformation, the role of the mining sector needs to be enhanced. Besides pure mining activities, there is vast potential to create spatial and economic spillover effects, using the businesses and services opportunities that operate around mining activities. While large business activities have been quite successful in connecting to mining value chains, small and medium-sized enterprises (SMEs) often lack the capacities or technology to tap the full potential out of such activities. (...)

Economic Partnership Agreements: West Africa seals a deal at the 11th hour

Talking Points, Isabelle Ramdoo and San Bilal, January 27, 2014

After 10 years of tough negotiations, on 24th January 2014, West African and European Commission (EC) negotiators reached a major breakthrough on what now will be the first regional economic partnership agreement (EPA) since 2007.

This is no small achievement. Given the disparity of situations among West African countries, some needing an EPA to preserve their preferential market access to the EU, (Cote d'Ivoire and Ghana), while others were not dependent on it. Failure to reach a regional agreement with the EU would have strained, and potentially threatened to disrupt, the integration process of West Africa.(...)

10 reasons why 2014 is the year for family farming

Talking Points, Hanne Knaepen January 24th, 2014

Family farming is a central piece of the agenda for African transformation. Declared the United Nations (UN) Year of Family Farming and the African Union (AU) Year of Food Security, 2014 will be particularly interesting, with key challenges for family farming in terms of policy directions, international processes and efforts on the ground (...)

African Minerals Development Centre – launch of a milestone for making good use of minerals for Africa's development?

Talking Points, Sebastian Grosse-Puppendahl, December 20th, 2013

The 3rd Ordinary Session of the African Union Conference of African Ministers Responsible for Mineral Resources Development between 13-17 December 2013 in Maputo, Mozambique, under the title Leveraging the Africa Mining Vision for Africa's Renaissance Towards Broader Ownership, intended to address important issues related to the development of mineral resources on the African continent. The main purpose was to identify and design strategies and policies of mineral resources through the African Mining Vision (AMV), adopted by Heads of State at the February 2009 AU Summit. (...)

Monthly highlights from ECDPM's Weekly Compass Update

www.ecdpm.org/weeklycompass

Is the international tax system working for low-income countries?

Weekly Compass, No. 177, 31 January 2014

Creating a fairer international tax system was a central ambition that came out of the G8 and G20 meetings in 2013. Yet several questions remain about how this rhetoric will be translated into reality. Do poorer nations have the resources and capacity to benefit from these initiatives? What more can low-income countries do themselves to create national tax systems that are more efficient, effective and fair? The latest Rapid Response Briefing from the Institute of Development Studies looks at how the agenda of trade, tax compliance and transparency moved from the margins to the mainstream agenda and whether the G8 and G20 have the political will to drive through these proposed changes.

Developmental regimes and the international system

Weekly Compass, No. 175, January 17, 2014

A number of recent studies have drawn attention to the many incentives arising in the international system that encourage elite behaviours harmful to national development, particularly in failing regimes. Relatively little has been written about how international factors affect the incentives of regimes trying to sustain processes of national development. This policy brief from Africa Power and Politics (APPP) and Tracking Development addresses that gap, distinguishing two categories of country: those such as Ethiopia and Rwanda where developmental regimes seem to be emerging and those such as Ghana and Kenya whose regimes show potential but seem regularly to fall at the last hurdle. A working paper by the same authors looks at how the international system hinders the consolidation of developmental regimes in Africa, beginning with the question of what should count as a developmental regime in the contemporary African context.

Blending finance for infrastructure and low-carbon development

Weekly Compass , No. 176, 24 January 2014

Blended finance is an innovative approach to development finance and aims to achieve a number of objectives that can potentially trigger an increase in private investment. The latest topic guide from ODI, Evidence on Demand and DfID provides an overview of the theory and practice of blended finance for infrastructure and low-carbon development. The guide's objective is threefold: to define and provide the theory and rationale behind blending, to highlight key considerations for donors and development finance institutions of blended finance, and to illustrate how blending occurs in practice.

A question of leadership? Challenges for Africa-EU relations in 2014

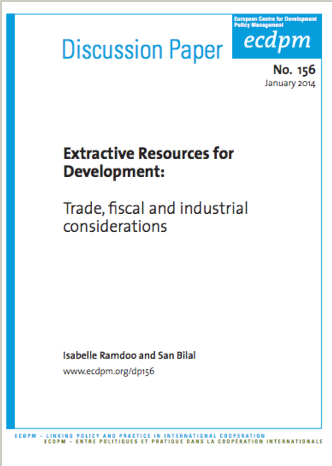
Weekly Compass, No.174, January 10, 2014

This year is a key year for Africa-EU relations. ECDPM's annual "Challenges Paper" pinpoints the challenges for Africa-EU relations in several areas: EU institutions and development cooperation; cooperation on key issues such as food security, peace and security and migration; and economic concerns including regional integration. The paper then looks at the AU-EU partnership of the future and considers the post-2015 development framework. It concludes by suggesting three priority items for the agenda of the Africa-EU Summit in April where the two continents will renegotiate the terms of the Joint Africa-EU Strategy: an open discussion about the Arab Spring and its consequences for the relationship; formulating an EU-AU position on the goals and financing of the post-2015 development agenda; and agriculture. The paper also says one of the the biggest challenges is to identify appropriate leadership on both sides to take ownership to make the process work over time. The paper was preceded by a series of blogs.

Latest ECDPM Publications

Extractive resources for development: Trade, fiscal and industrial considerations. Isabelle Ramdoo and San Bilal, ECDPM Discussion Paper 156, January 2014.

To be truly transformative, opportunities from the high growth rates have to be translated into employment creation, improved productivity and industrialization. For Africa, the capacity to mobilise domestic revenue and to stimulate industrial development from extractive resources is viewed as essential to economic priorities. Domestic industries should be linked to regional and global value chains. The most effective approach is to combine industrial strengths, deepen interconnectedness and develop competitive and functioning markets. The role of development partners in supporting African initiatives can only be modest: key impetus and drive should come from Africans themselves, and resource-rich countries have potentially greater means to reform their economies.

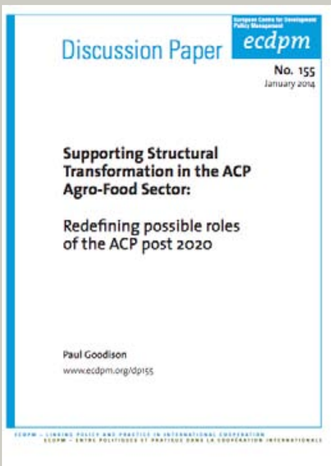


The impact of closer regional economic integration on food security in West Africa: Focus on the ECOWAS Common External Tariff. Quentin de Roquefeuil, Daniel Plunkett, Frank Ofei. ECDPM Discussion Paper 154, January 2014.

The long-delayed ECOWAS CET is now a reality, with a firm January 2015 launching. The 15 ECOWAS countries completed 10 years of negotiation on duty rates in March 2013 in Praia, Cap Verde with adoption by Heads of State in Dakar, Senegal in October 2013. This paper examines the inter-relationships between West Africa's efforts at closer regional economic integration and its vision to achieve food security and food sovereignty, outlined in the region's agricultural policy, the ECOWAP. Classifying agricultural products under different tariff bands is only the first step in ensuring the broader aim of a unified agricultural market. Now comes the hard work of monitoring member states' compliance with their commitments.

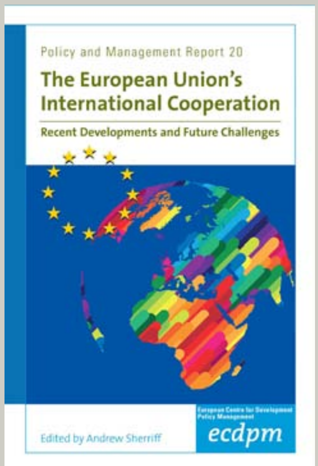
Supporting Structural Transformation in the ACP Agro-Food Sector: Redefining Possible Roles of the ACP Post 2020. Paul Goodison, ECDPM Discussion Paper 155, January 2014.

The raison d'etre of the ACP Group is the promotion of the gradual integration of ACP states into the world economy in ways which contribute to the eradication of poverty and the promotion of sustainable development. Agriculture is central to most ACP countries' economies, and an increasingly stringent EU agricultural product quality policy together with the proliferation of both official and private product standards are currently worsening the ACP Group's access to the EU market. Preventing the emergence of these new barriers to trade represents an important area of common interest for ACP Group members, and offers a potential rationale for future concertation as a group with the EU. The paper also puts forward additional issues that could form the base of continued ACP solidarity, such as cotton issues at the WTO and the penetration of of non-traditional export markets.



The European Union's international cooperation: Recent developments and future challenges. Edited by Andrew Sherriff. ECDPM Policy and Management Report 20, January 2014

This book seeks to explore the dilemmas facing the European Union as it aims to reconcile its values and interests in a changing world. These challenges will be relevant for the next leadership of the EU institutions and throughout the EU's budgetary period of 2014-2020. The increasing linkages between international relations and development policy has created a new agenda for international cooperation. For the European Union and its member-states to remain relevant and influential in a world driven by globalisation, the rise of middle-income countries and one of the longest recessions in recent history, it must respond to these changes and address the challenges upfront. This book explores these issues to give readers an overview of current developments and future challenges.



Next issue of *GREAT insights* on "New Diplomacy and Development".

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