



## ROUNDTABLE DISCUSSION SUMMARY NOTE

This roundtable discussion took place on Wednesday 18<sup>th</sup> June 2014

### **ENTERPRISING AFRICA: WHAT ROLE CAN FINANCIAL INCLUSION PLAY IN DRIVING EMPLOYMENT-LED GROWTH?**

'Africa's youth bulge and the demographic dividend: Building economic potential through employment and enterprise', was the third and final roundtable discussion supported by Barclays. The event aimed to address the financial inclusion and employment-led growth challenge through the viewpoint of Africa's largest growing demographic; young people. What, if any, influence might financial inclusion have on building supportive infrastructure, developing networks and securing access to skills and training needed to transform young talent and increase the employability of young people?

#### **SUMMARY OF ISSUES EXPLORED**

- Transforming Africa's youth bulge from dependency to securing real development dividends
- Introducing financial education early in young peoples' lives helps accelerate financial inclusion
- Financial access improves employment opportunities for young people
- Employment challenges for young people and driving economic change

#### **TRANSFORMING AFRICA'S YOUTH BULGE FROM DEPENDENCY TO SECURING REAL DEVELOPMENT DIVIDENDS**

Understanding how best to transform Africa's youth bulge to ensure real development dividends can be secured could arguable be based on:

a) ensuring that children and young people develop a range of basic and transferable skills enabling them to become economically active in adult life b) supporting economically active young adults through training to develop appropriate technical skills to enable them to seek and secure employment (or develop enterprise).

#### **INTRODUCING FINANCIAL EDUCATION EARLY IN YOUNG PEOPLES' LIVES HELPS ACCELERATE FINANCIAL INCLUSION**

Economic participation is critical to achieving universal financial access for all working age adults by 2020. Delivering financial education through school curricula, youth-focused organisations and financial service providers offer important introductory platforms to this element of citizenship. Potentially, a tiered and targeted approach which develops financial education by adopting an understanding of financial risks and helps to develop life skills focused on financial rights and responsibilities. The benefits of financial education can also be shared beyond the immediate family to include local communities. The roles and responsibilities of national governments are vital in replicating and scaling up financial education. In addition, partnerships across the public and private sectors (including civil society, financial service providers and mobile network operators, etc.) to engage diverse networks, develop relevant products, employ technology creatively and innovate are also essential. Yet, how might the funding required to deliver financial education in schools, across local communities and beyond be met and how can self-sustaining business models be developed to achieve these objectives? In addition, beyond financial access, supportive infrastructure for entrepreneurs and the self-employed are also important components. Examples might include access to credit for individuals to fund education and training. Furthermore, appreciating the complexity of identifying high potential and high performing entrepreneurs at the start ('gazelle businesses') is important - as more often than not the aspiring entrepreneur is not aware of their own potential.

The Rwandan-based African Entrepreneur Collective provides management training, entrepreneurship skills development and access to affordable capital through loans to young entrepreneurs whose business ideas demonstrate a high potential to create employment for other young people. Young people are recruited from secondary schools and tertiary colleges and enrolled on a programme which provides support for a minimum of two years. Over the last six months, 250 permanent jobs have been created. Stories of success help to inspire new entrepreneurs.



## **SCALING-UP FINANCIAL ACCESS IMPROVES EMPLOYMENT OPPORTUNITIES FOR YOUNG PEOPLE**

The advent of digital and mobile phone-enabled financial services provides a number of employment opportunities across Africa. New financial products ranging from mobile money payment services (such as M-PESA) and recently piloted electronic voucher schemes - using an android tablet (which stores and transfers data) which reads electronic cards. This pilot provides more reliable access to agricultural subsidies and inputs for farmers. The offers innovative ways to improve how ordinary citizens are better able to redeem public services for those both inside and outside mobile phone network coverage areas. Such schemes could be extended to include accessing healthcare and education services. Job opportunities in the emerging digital financial sector include: customer care agents, field sales training staff, agent networks (in kiosks and shops) and dealers to support voucher redemption, etc. The increasingly widespread use of technology and innovation to provide and deliver digital financial services offers employment opportunities which favour young people who are more readily able to adapt, adopt and share the application of innovation through technology. Yet, to what extent is this expansion in employment actually creating new jobs or merely replacing old ones? In addition, are these jobs driving an expansion in wage employment and is this employment helping to transform and upgrade what might often be unpaid work through increased productivity and improving living standards as well as household income?

## **EMPLOYMENT CHALLENGES FOR YOUNG PEOPLE AND DRIVING ECONOMIC CHANGE**

In order to respond to the growing demand for jobs available to young people in Africa, eco-systems which are catalysts for employment generation need to be developed. Large businesses potentially have the greatest impact on expanding paid employment across Africa, yet there are very few large business employers. Scaling up the size of high potential businesses is critical to integrating local and global supply chains in order to become globally competitive - essential for economic transformation and international competitiveness. Investing in existing businesses which have the ability to grow and create employment is critical in transforming the employment landscape for young people. Nonetheless, it is not simply about the pace of employment generation but its depth and quality, with respect to training opportunities, skills development and more importantly, how such jobs and the businesses support and transform, the real economy.

In the case of self-employment for young people, significant constraints include cash flow management - this is particularly acute for agriculturalists when there are long intermittent periods between harvests and thus incomes. In this case, there is a need to access low risk, incremental solutions which smooth income flows (when they are limited). One way to achieve this is through savings-led (opposed to credit-led) approaches to financial access.

## **CONTRIBUTORS**

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