



ROUNDTABLE DISCUSSION SUMMARY NOTE

This roundtable discussion took place on Tuesday 3rd December 2013

EMPLOYMENT, ENTERPRISE AND SKILLS: BUILDING BUSINESS INFRASTRUCTURE FOR AFRICAN DEVELOPMENT

The first of two roundtable discussions aimed to provide a broad overview of employment-led growth in Africa. Essentially, what works, what doesn't and how might success be appropriately replicated and scaled-up?

The exchange identified and explored four principal themes:

1. The central role played by employment in development transformation;
2. Understanding the characteristics and the nature of the types of employment which have the greatest impact on development (reducing poverty, tackling inequality, changing the structure of economies);
3. Economic sectors which have the potential to drive employment creation were identified;
4. A number of key factors essential for scaling up employment generation efforts to secure the best development outcomes were assessed.

1. The central role played by employment in development transformation

Productive jobs are a key ingredient in driving development transformation and enhancing growth. By its very nature, productive employment is not merely an outcome of development. It represents formal, often waged and essentially labour intensive employment which provides the growth momentum needed to: improve living standards, boost labour productivity and contribute to increasing social stability. The transformative impact of decent jobs is illustrated by the benefits accrued in child health, education and wellbeing from female employment in the formal sector. World Bank research suggests that the role of waged employment in driving job creation across Africa is likely to be limited in the short term, particularly in large economies where the size of the labour market is huge and rising, coupled with the fact that growth is starting from a very low base. Household and farming enterprises (and other forms of self employed microenterprises) are considered to be the main sectors in which employment expansion will be concentrated over the next decade. Yet, the critical question is whether microenterprises and small business owners really have the capacity and the potential to generate the jobs and drive the growth needed to absorb a growing labour force across Africa?

2. What types of jobs reduce poverty, drives down inequality and improve poor people's resilience and ability to respond to shocks and crises?

The issue of underemployment and the working poor is an important challenge which the employment-led growth agenda needs to address. Essentially, in what ways might the growth of jobs deliver a change in the structure of employment to maximise development outcomes?

3. Which sectors have the potential to expand employment creation?

It is important to understand that depending on the nature of the national economy and the complexity within different regions, the sectors which have the ability to generate employment will vary. Those sectors which have the greatest impact are likely to be concentrated in the poorest countries and in the most vulnerable regions and communities – where poverty is disproportionately high and the investment climate and market size are considerably more challenging. An important consideration in terms of the specific sectors driving employment are their propensity to generate jobs both directly and indirectly (creating a multiplier effect) through creating links across supply chains.

Examples of such sectors might include:

- ICT sector - e.g. call centres
- Creative industries - film production and distribution (e.g. Nollywood in Nigeria)
- Agriculture and the development of agribusiness - agricultural development focused on modernising agriculture (through appropriate and relevant technologies and innovation) to improve farming



productivity as well as increasing the opportunities to process agricultural products (adding value for trade (nationally, regionally and globally).

- Processing and manufacturing – e.g. meat and leather processing and textiles manufacturing
- Hospitality and tourism
- Industrial development – construction, infrastructure (eg. roads, electricity generation and distribution)
- Services – e.g. retail, banking and finance

4. **Key factors essential for scaling up employment generation to secure the best development outcomes**

- **Access to finance** (both working capital and investment capital). This requires functioning financial markets. In particular, it is important to understand the extent to which public debt can be a drag on employment creation in national economies. There is a trade-off between public expenditure being absorbed by servicing debt, as opposed to public spending to support employment expansion. Can donor agencies play a greater role in deepening financial access (e.g. building financial capabilities, investing in politically complex environments where investment capital is hard to attract)?
- **Access to training and skills development** (formal/professional). This represents an integrated learning, training and working platform which has a strong emphasis on technological (relevant and appropriate) and vocational skills development. Requirements will vary from region to region and economy to economy but skills development is vital to improve economic competitiveness which has a positive effect on employment creation across Africa. In particular, in sectors such as agribusiness, where issues regarding quality and safety in production outputs are paramount, the focus on skills development targeted at female entrepreneurs is critical.
- **Access to markets** – how can supply chains be better linked and improvements be made to drive regional and intraregional trade?
- **Development of supportive infrastructure** – access to and the distribution of affordable electricity, the development of towns in rural areas to help deter rural migration to already overcrowded urban cities.
- **Business and enterprise membership organisations and networks** - providing training clusters specifically organised and delivered by businesses and enterprises themselves. However, will these resource-scarce businesses have the time or the incentive to do this effectively? Such a commitment can be very high maintenance. Is there a supportive role that private sector education providers might offer?
- **The importance of partnerships** - understanding the most effective roles that facilitators and enablers can play in creating a supportive environment to generate the development of productive jobs. Partners include: the private sector, national governments, donor agencies and civil society organisations including diaspora groups.
- **An enabling policy environment**
- **Land reform and land rights** – what impact might inadequate or precarious access to land and land tenure have on employment generation particular in rural areas?
- **Countries sharing and exchanging lessons** from their successful employment expansion experiences.



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