



New Jobs for a New Africa

A Strategy for Rapidly Scaling Up Employment in Africa



Overview

- Africa is at a **crossroads** with high and rising youth unemployment.
- A big achievable **opportunity** to create 130 million new jobs by 2020 in Africa, triggered by 5 game-changing developments.
- Known and targetable **obstacles** to progress.
- A focused **strategy**, aimed at private-sector growth poles around key industries and addressing 4 core barriers to growth.
- **Delivering** the strategy with partners from both the private and public sector. Everyone wins, join us.

Africa is at a
Crossroads

High and rising youth unemployment

- 200 million underemployed youths
- 10 million new job seekers each year
- High expectations
 - Increasingly educated
 - Internet-connected
- Social unrest if no solution?



Small and declining foundations for new jobs

- Share of global manufacturing just 1% and declining
- Private investments still very low at 14% of GDP
- Current growth driven by commodities and consumption

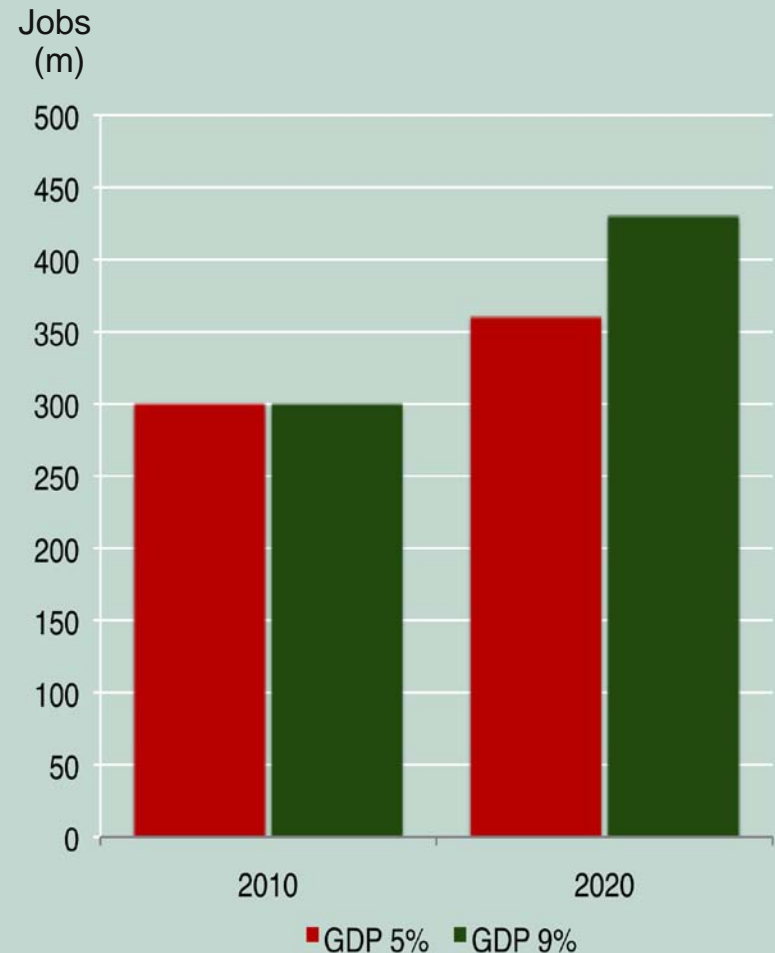


A big, achievable
Opportunity

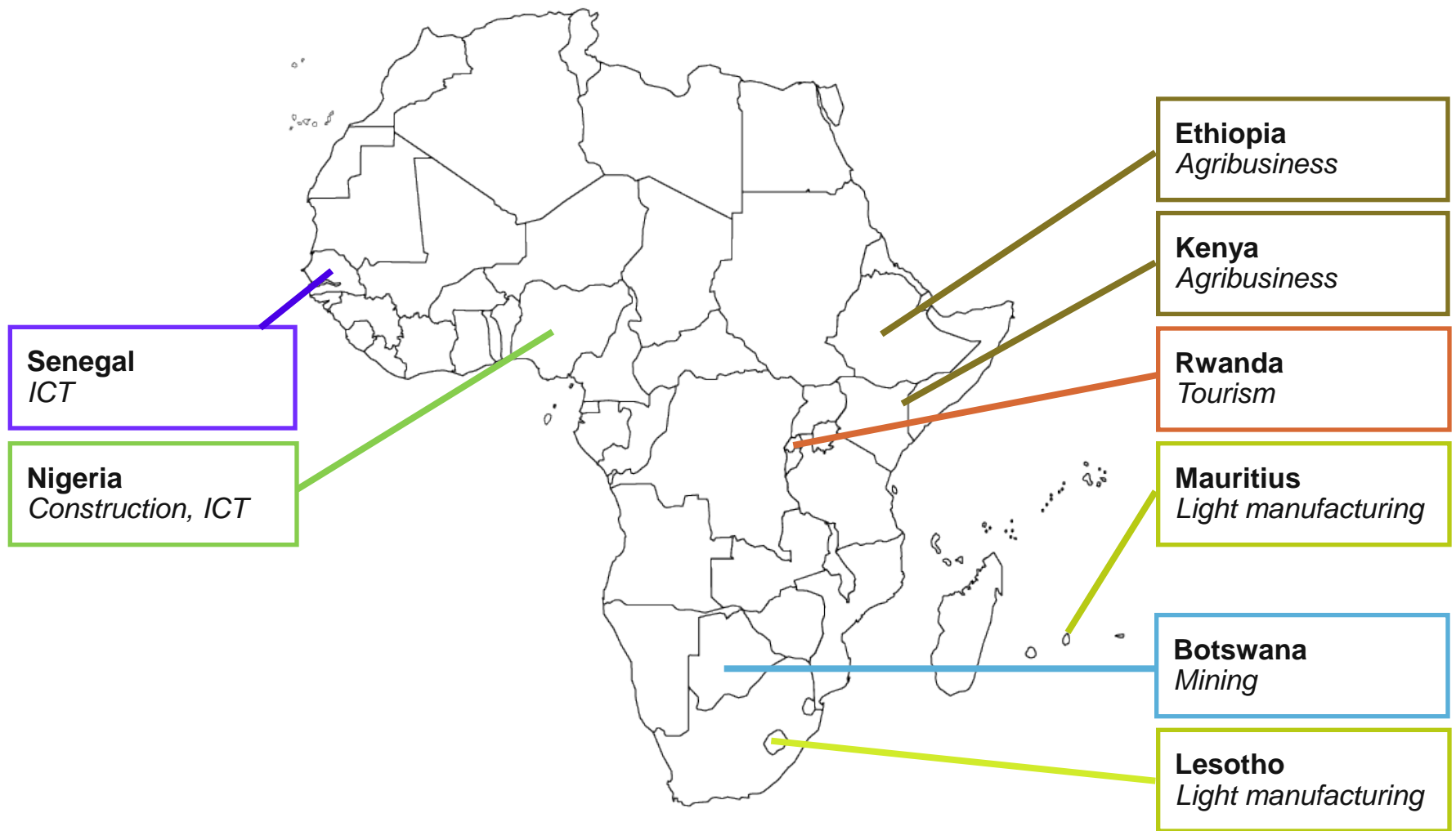
The prize - rapid mass employment

- 130 new million jobs by 2020
- Rising productivity and competitiveness
- Strong youth and female involvement
- Foundations for BRIC-style, sustainable growth

9% GDP growth accelerates employment



Africa has significant yet scattered successes



Five game-changers can spread and scale-up successes

1

New heavy-hitting investors offer critical mass

China, India, Brazil; private foundations

2

Regionalization is creating new large-scale markets

Intra-regional trade growing; new regional common markets (EAC)

3

Greater political and social stability makes Africa more attractive for investors

Democratic elections gaining ground; conflicts steadily declining

4

Spread and growth of ICT offer significant productivity gains

World's fastest mobile phone penetration

5

Climate change creates opportunities for a green economy

Africa has low carbon legacy; chance for green leadership

Known and targetable Obstacles

Structural deficiencies

- Restrictive business environment
- Poor infrastructure (e.g., power)
- Skills shortages
- Difficulties accessing finance
- Lack of scale
- Value chain gaps and weaknesses
- Limited public sector organizational capacity



Moving forward

Given the scale and extent of the obstacles, it's essential to focus scarce resources on the biggest opportunities for creating jobs...

Job creation Strategy

Strategic directions

Work with other sectors to support the implementation of the new Africa Strategy...



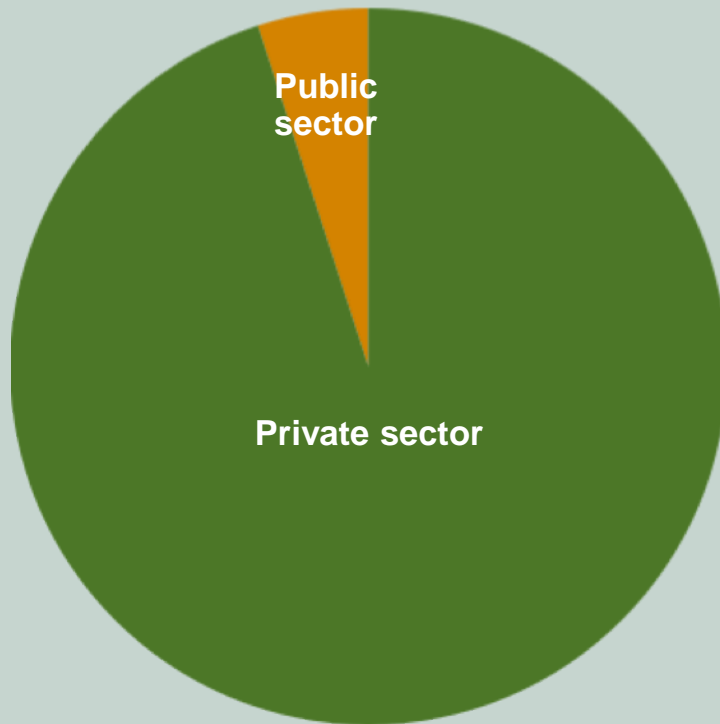
- Focus on private sector jobs through shared growth;
- Focus on a critical mass of interventions on growth poles;
- Focus on key industries with high job potential;
- Use 4 strategic enablers to remove the core infrastructural & institutional obstacles to job creation;
- Adapt solutions to different countries' needs; and
- Scale up via regional linkages, partnerships and knowledge.

Overview of the strategy

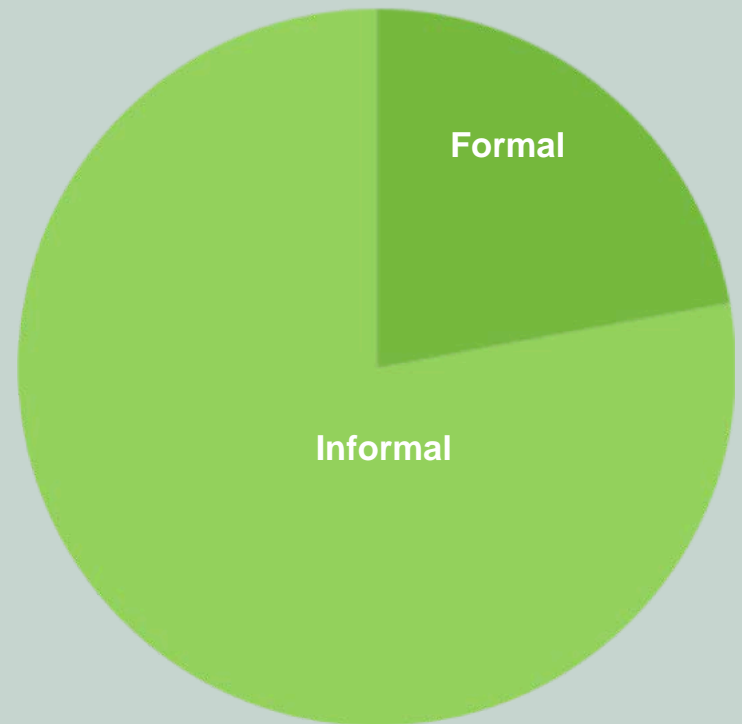
- Focus on **private sector** jobs through shared growth (incl. informal)
- Focus a critical mass of interventions on **growth poles**
- Focus on **6 key industries** with big export and job potential, supported by private-public competitiveness partnerships
- Use **4 strategic enablers** to remove the core infrastructural and institutional obstacles to job creation
- **Adapt solutions to different countries'** needs
- Scale up via **regional linkages, partnerships and knowledge.**

Focus on creating private sector jobs, including informal

Private sector accounts for 95% of Africa's jobs



Informal economy accounts for > 80% of jobs



Focus a critical mass of interventions on growth poles

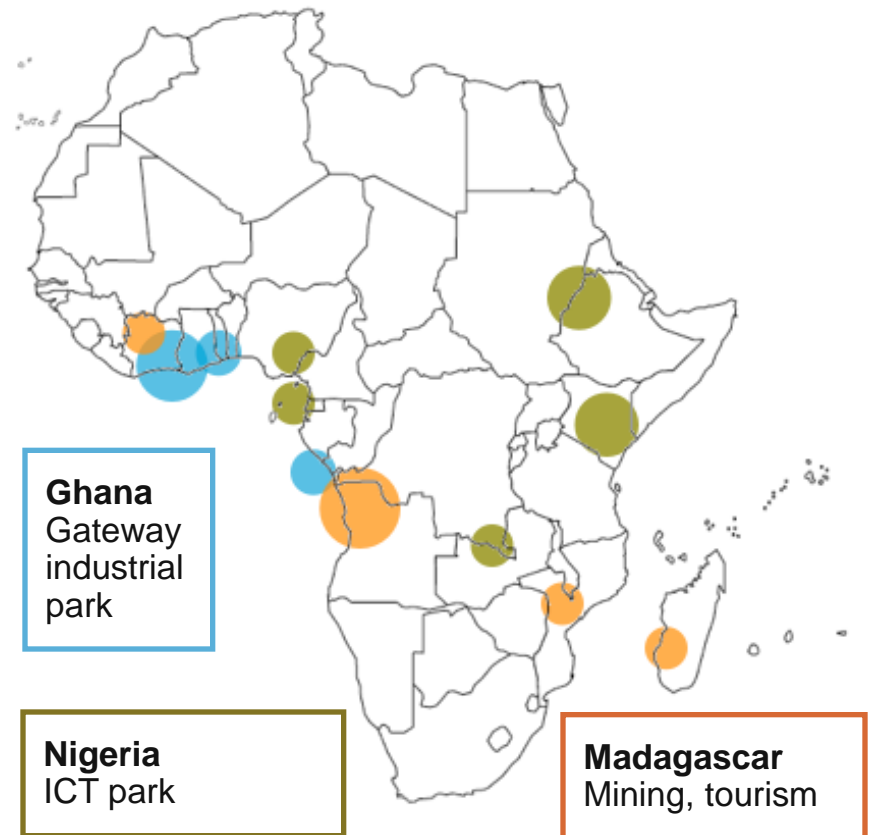
Characteristics of growth poles:

- Geographically concentrated or linked (industrial clusters, cities, transport corridors)
- Strong private-sector interest and committed governments

Critical mass of interventions:

- Policy reforms, infrastructure investments, skill building, financing facilities

Examples:



Focus support in these poles on 6 key export and job industries, across their value chains



Agribusiness



Construction



ICT



Light manufacturing



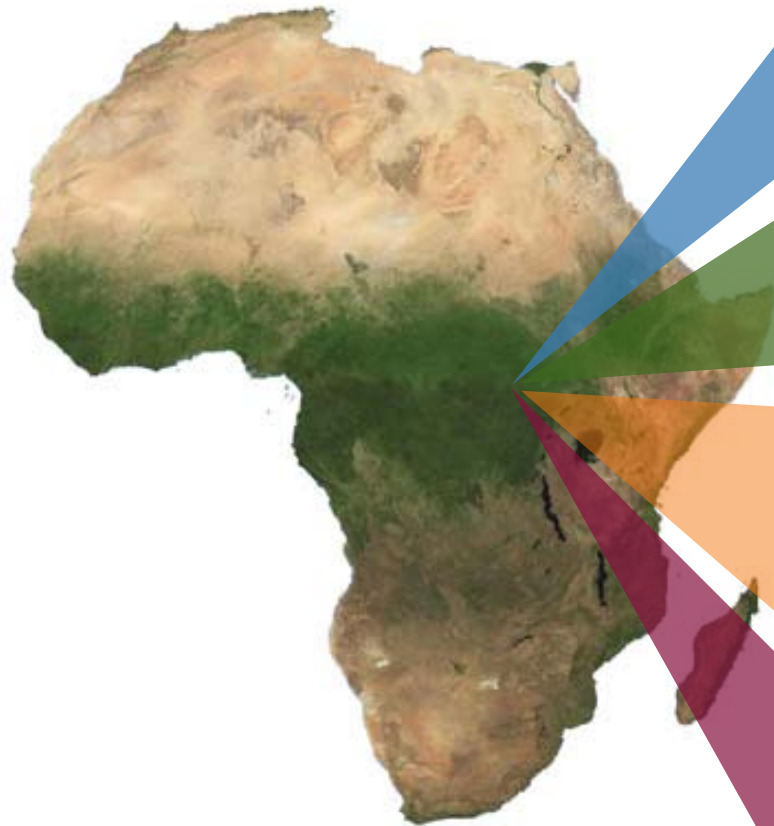
Mining



Tourism

- Understand each industry's specific needs to deploy a critical-mass of interventions through private-public competitiveness partnerships
- Improve value-chain links so businesses can move up the productivity ladder
- Enable supporting sectors such as retail and business services

Use 4 strategic enablers to address the core obstacles to growth



1

Business environment reforms:

Reduce cost and risk of doing business

2

Public-private partnerships (PPP)

Address the infrastructure deficit

3

Entrepreneurship, knowledge and skills: Raise productivity and create new markets

4

Finance for development: Increase access to finance and supply long-term capital, especially for SMEs

1 Business environment reforms

Example:

Kenya's regulatory 'guillotine' is halving the number of business licences (1,365), reducing the cost of doing business.



Types of actions:

- Cut red tape systematically
- Tackle industry-specific policy issues (e.g. competition)
- Facilitate trade
- Remove barriers to female entrepreneurs
- Facilitate access to land
- Improve commercial justice
- Leverage ICT for e-government
- Deploy world-class reform teams.

2 Public-private partnerships (PPP)

Example:

A \$315 million PPP finance facility for Nigeria will improve the provision of public goods such as roads.



Types of actions:

- Leverage the private sector for investments in infrastructure, transport, education and health
- Develop legal, regulatory and institutional frameworks
- Ensure systematic cost-benefit analysis and project structuring
- Establish PPP finance facilities at both regional and national levels.

3

Entrepreneurship, knowledge and skills

Example:

The creation of 'Maison de l'Entreprise' in Burkina Faso has led to a rapid increase in SMEs and business services.



Types of actions:

- Stimulate vocational training through the private sector
- Strengthen business services
- Help SMEs participate in public procurement contracts
- Invest in R&D, with 'green' focus
- Use ICT to increase access to new markets, suppliers, techniques

4 Finance for development

Example:

Mpesa's mobile money service in Kenya has increased financial access for all.

Types of actions:

- Leverage ICT for financial access
- Deepen regional integration of financial markets
- Develop markets for long-term finance, SME finance, mortgages, microinsurance
- Improve legal and regulatory frameworks
- Strengthen the financial infrastructure
- Ensure financial stability



Adapt solutions to different types of countries

Types of countries	Strategic focus	Delivery mode	1 Business environment reforms	2 Public-private partnerships	3 Entrepreneurship, knowledge & skills	4 Finance for development
Conflict-affected	Reconstruction, mining, ICT	Grants with intensive supervision	Bold reforms with high short-term social returns	Basic infrastructure and social services	Basic skills of informal sector	Microfinance, remittances, mobile banking, payment systems, financial literacy
Landlocked	Market connectivity	Regional bodies	Trade facilitation	Trade infrastructure and regional PPPs	Support to firms in regional value chains	Regional integration of financial sector
Resource-rich	Governance of mining, plus diversification	Investment loans for diversification and technical assistance (TA) for policy reforms	Removal of barriers to economic diversification	Infrastructure upgrades	Skill upgrades and green technologies	Domestic sources for long-term financing
Governance-challenged	Strengthen the voice of the private sector	Loans and TA targeted at the private sector	Transparency and accountability (e-government)	Cost-benefit analyses and regional PPP facilities	Private sector led vocational training	Financial sector governance, access to finance, financial literacy
Middle-income	Build specialist skills for public and private sector	Reimbursable TA	Second generation reforms	World-class, dedicated PPP units	Specialist skills and grants for innovation	Develop capital markets and support specialized financial institutions

Sub-Saharan African Countries by type

Income level	Fragile and post- conflict	Governance I (< and = 40 th percentile in governance ranking)	Governance II (>40 th percentile in governance ranking)
Lower income	<p>Landlocked: Burundi, Zimbabwe</p> <p>Resource-rich: DRC, Liberia, Sierra Leone</p> <p>Landlocked and resource-rich: CAR, Chad</p> <p>Other: Eritrea, The Gambia, Somalia</p>	<p>Landlocked: Burkino Faso, Ethiopia, Mali, Niger, Rwanda, Uganda</p> <p>Resource-rich: Guinea, Mauritania;</p> <p>Other: Comoros, Guinea Bissau, Kenya, Togo, Madagascar</p>	<p>Landlocked: Malawi;</p> <p>Landlocked and resource-rich: Zambia</p> <p>Other: Benin, Mozambique, Tanzania, Senegal</p>
Upper-low income	<p>Landlocked: Sudan</p> <p>Resource-rich: Angola, Cameroon, Rep. Congo</p> <p>Other: Cote d'Ivoire,</p>	<p>Resource-rich: Equatorial Guinea, Nigeria</p> <p>Landlocked: Swaziland</p> <p>Other: Sao Tome Principe</p>	<p>Landlocked: Lesotho</p> <p>Other: Cape Verde</p>
Middle-upper income		<p>Resource-rich: Gabon</p>	<p>Resource-rich: Namibia,</p> <p>Landlocked and resource-rich: Botswana</p> <p>Other: Seychelles, South Africa, Mauritius</p>

Working within global practice groups

Financial Systems GP	Global Capital Markets GP	Financial Inclusion GP	Investment Climate GP (joint WB/IFC)	Competitive Industries GP	Innovation, Tech. & Entrepreneurship GP
<p>Financial Architecture & Regulation</p> <ul style="list-style-type: none"> FSAP, FSB coordination Fin. literacy & consumer protection <p>Banking Services</p> <ul style="list-style-type: none"> Prudential oversight Crisis preparedness BCP Assessments Banking sector restructuring Central bank governance State Financial Institutions Islamic Finance <p>Financial Market Integrity</p> <ul style="list-style-type: none"> AML/CFT 	<p>Corporate Governance & Capital Markets Development</p> <ul style="list-style-type: none"> Capital market architecture & regulation Bond market dev. (GEMLOC) Regional bond market dev. (ESMID) Equity market dev. Commodities market dev. Corporate Governance <p>NBFIs</p> <ul style="list-style-type: none"> Insurance Pensions Housing finance 	<p>Micro- & SME Finance</p> <ul style="list-style-type: none"> Microfinance policy SME Banking Rural/Agri-finance <p>Financial Infrastructure</p> <ul style="list-style-type: none"> Payment Systems Remittances Credit Reporting 	<p>Business Regulation</p> <ul style="list-style-type: none"> Indicator reform advisory work (DB, ES) Business Entry & Ops Debt resolution and business exit Tax Simplification / incentives/transparency Company law <p>International Trade & Investment</p> <ul style="list-style-type: none"> Indicator reform advisory work (IAB) Trade logistics and non tariff barriers Investment Policy <p>IC for Industry</p> <ul style="list-style-type: none"> Industry regulations Investment facilitation Competition Policy <p>PPP & SOE reform</p> <ul style="list-style-type: none"> PPP Policy PPP transactions Privatization, SOE GG 	<p>Industry Knowledge and Policy Services</p> <ul style="list-style-type: none"> Competitive Industries Analytics Competitiveness Partnerships (PPD) Specialized industry expertise (Tourism, Manufacturing, Agribusiness, IT, etc.) Integrated Industry Support Programs <ul style="list-style-type: none"> Growth Poles, Cluster Development, and Linkages SEZ IFC Investment support 	<p>Entrepreneurship and innovation</p> <ul style="list-style-type: none"> National and regional innovation strategies (Regulatory and policy framework for innovation, research and skills Quality infrastructure and standards and technology transfer to SMEs Incubation, seed, & VC funding <p style="text-align: center;">CITPO</p> <p style="text-align: center;">infoDev</p> <ul style="list-style-type: none"> Climate Innovation Centers Innovation Incubators Technology Entrepreneurship
<p style="text-align: center;">FIRST</p> <ul style="list-style-type: none"> FSAP follow-up Financial Sector Development 		<p style="text-align: center;">CGAP</p> <ul style="list-style-type: none"> Govt. & Policy Market Infrastructure Analysis & Research 			

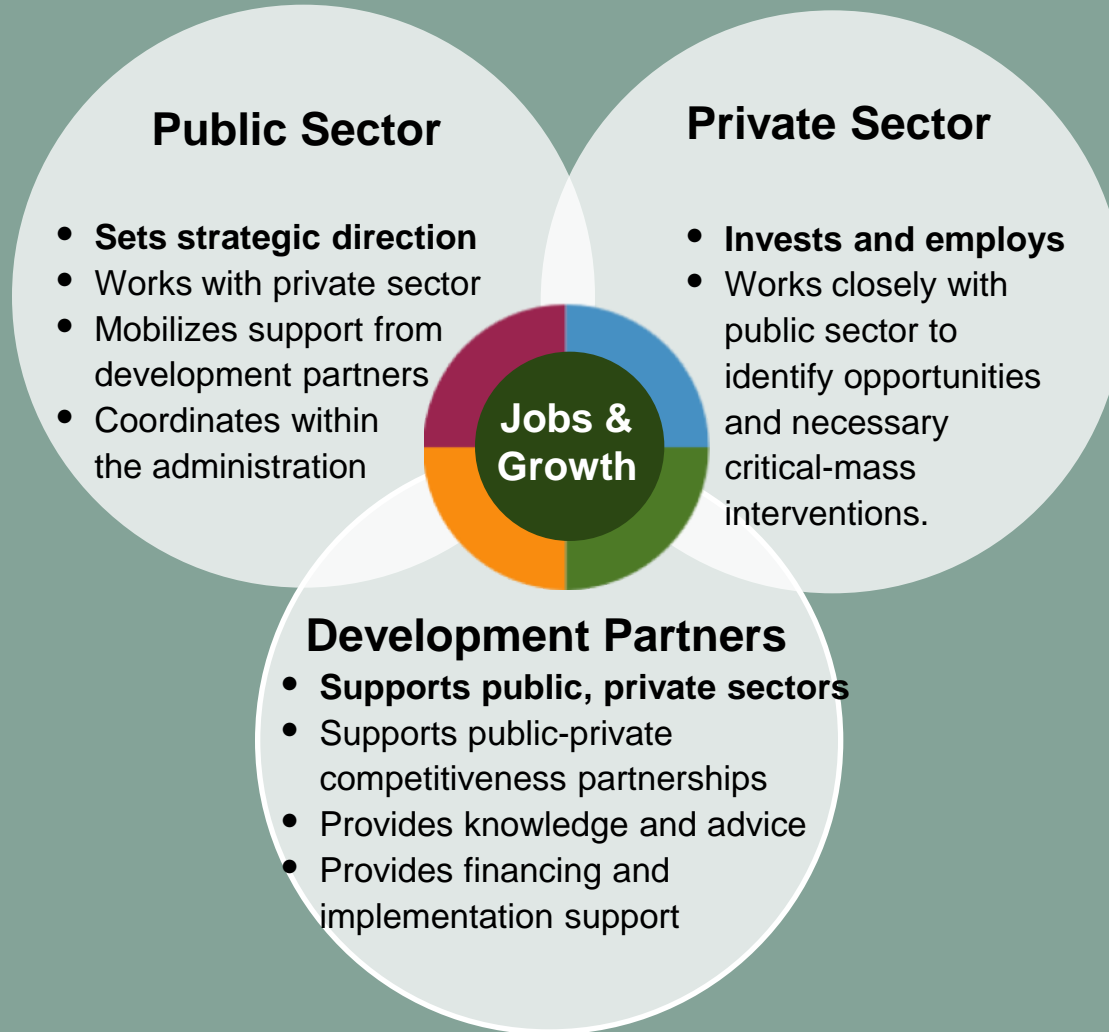
Staff will be mapped to specific global practice groups and expected to spend 25% of time outside of their respective regions

Scale up via regional bodies, partnerships and knowledge

- Generate regional solutions to create synergies and to reach out to more countries (e.g., OHADA initiative, EAC financial integration, Regional PPP facilities)
- Gear up impact through partnerships with leading private sector players and development partners
- Develop and diffuse cutting-edge practical knowledge for designing and implementing successful job creation strategies
- But how will all of this be brought to life? Who are the essential partners? And what should be their roles?

Delivering the strategy with partners

Three types of partners are critical for success



Partners by strategic enabler

Partner	Cross-cutting	1 Business environment reforms	2 Public-private partnerships	3 Entrepreneurship, knowledge & skills diffusion	4 Finance for development
Public sector (national)	Head of State, Ministry of Economy	Head of State (with reform team)	PPP unit	Sector Ministries	Central Bank and Ministry of Finance
Public sector (regional)	AU, NEPAD, AERC	OHADA, SADEC, UEMOA	ECOWAS, SADEC, EAC, regional PPP facilities	R&D regional centers	EAC, UEMOA, CEMAC, ECOWAS
Private sector	Presidential Investor Councils, Industry associations	Presidential Investor Councils, associations of women entrepreneurs	Private sector associations (e.g. PIA), institutional investors, equity funds, banks, leading firms	Private training institutes, Google, Microsoft, Alibaba, E-bay	Banks, institutional investors
Development partners (outside WBG)	AfDB, DFID, AFD, etc.	AfDB, ICF, DFID, AFD	AfDB, DFID, PPIAF	UNIDO, USAID	IMF, CGAP, FSB, G20, RFCs, Making Finance Work for Africa Partnership
Development partners (inside WBG)	Country Management Teams, PREM, IFC	IFC, PREM, LEGAF	SD, PREM, MIGA, IFC,	IFC, HD, WBI, CITPO,	MIGA, IFC

Key performance indicators

Indicator	Country	Industry	1 Business environment reforms	2 Public-private partnerships	3 Entrepreneurship, knowledge & skills	4 Finance for development
Quantitative	<ul style="list-style-type: none"> • Growth • Private investment • Trade • Employment 	<ul style="list-style-type: none"> • Exports • Value added • Productivity • Employment 	<ul style="list-style-type: none"> • Number of reforms • Costs and risks of doing business • Number of new firms • Number of new firms led by women 	<ul style="list-style-type: none"> • Number and size of deals • Improvement in the delivery of public goods 	<ul style="list-style-type: none"> • Number of all beneficiaries • Number of female beneficiaries 	<ul style="list-style-type: none"> • People and firms w/ access to finance • Private sector credit growth • Volume of long-term financing
Initial Areas of Focus	Reformers and regional locomotives	Agribusiness, Tourism, ICT, Construction	Reform teams competition and trade	Infrastructure finance facilities Cost Benefit Analysis	SME services Vocational Training Public Procurement	Regional Integration Financial inclusion, remittances, mobile banking

How will WBG FPD prepare for lift-off?

Expand knowledge frontier	<ul style="list-style-type: none">• Develop and sharpen analytical tools around Job Creation Strategies (JCSs)• Disseminate ongoing flagship reports on gender, competitiveness and industrialization, MFWA II,• Develop knowledge on youth entrepreneurship, informal firms, SME and procurement, and mobilizing finance for Climate Change in Africa• Evaluate the impact of direct support to firms' programs
Develop new skills	<ul style="list-style-type: none">• Develop more specialists in industry value chain, and growth poles – some progress made, more to go• Develop specialists in key industries (tourism, agribusiness, light manufacturing, construction)• Cluster skills and knowledge development around thematic teams• Work with global practice groups in doing all of the above
Decentralize further	<ul style="list-style-type: none">• Place responsibility for lending operations in the field• Locate Regional Cluster leaders in the field, close to Country Directors• Potential Sector Manager in the field
Strengthen internal and external partnerships	<ul style="list-style-type: none">• Assign internal point persons for each partner• Carry out joint pilot initiatives• Develop multi year systematic cooperation• Roll out implementation
Engage more actively with the private sector	<ul style="list-style-type: none">• Connect industry specialists with leading firms• Connect 'point' people with leading private investors in Africa (e.g. private-equity funds) as well as key industry associations, including the informal sector and women entrepreneurs.• Continue to support PPD fora at country level (e.g., Presidential Investors Council)• Support private-public competitiveness partnerships in the key industries

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