

Proposal for Building Policy-Oriented Research Capacity on Labor Market Issues in Africa

Background: In SSA, as in other low-income regions, research on labor market issues is little developed and labor market economics does not figure prominently, if at all, in the curricula of Master and Ph.D. programs. This contrasts with macroeconomic topics and has been recognized by the African Economic Research Consortium (AERC) which has introduced labor market courses at both master and Ph.D. level into their 2004/05 program. They had asked the help of the Bank (HDNSP) to this end.

To help develop the research capacity of young African economists within the African context and concurrently to develop further the core themes of the Trust Fund project, the following proposal for capacity building is suggested. It has been developed for the European Union in order to strengthen research capacity of the Baltic countries in the mid 1990s and was implemented with great success. It has been discussed with staff of AERC in Nairobi in February 2004 and they are eager and ready to implement.

The outcome should strengthen or even create the capacity by locals to analyze labor market issues, including impact evaluation of labor market programs and policies, and to contribute to evidence-based policy input into the PRSP process.

Proposal: The AERC together with the LM steering committee select, say, 5 topics for research by the Ph.D. students of AERC. The topics should be linked to those emerging from the Phase 1 stock-taking papers and from the country-activities in Phase 2 pilot countries. A focus will be placed on encouraging empirical, policy-oriented work on the central themes of the Trust Fund project – job creation, core labor standards, and poverty reduction. The choice of the participants' (nationalities), the topics and the empirical work will be guided by the objective to create input into ongoing policy work on strategies/policies such as PRSPs, national labour market strategies and Youth Employment Action Plans

To introduce the relevant research literature, relevant empirical/econometric methods and data, a small team of, say, 2 LM researchers from German/European Universities/LM research institute travel to Nairobi for 2 weeks and present each topic in 2 days. At the end of the two weeks, the research questions for the 5 topics to the, say, 20 students are presented. Each student is asked to address one topic and to write a research note (individually or in a team, as appropriate). After the teaching team leaves, it interacts with the students via e-mail and returns to Nairobi for a workshop presentation for the results.

The best 3-6 research notes will be selected by a jury, and the students invited to the research institutions in Europe for a 3-6 months research stay in order to deepen knowledge and instruments, and establishing personal contacts between European and African research institutions. Strong research capacity on labor market issues and

employment in African institutions is currently largely absent but crucial for fast progress under the Bank' proposed Labor Market Research Strategy.

It is suggested to hold such a research course first in English and, resources permitting, in a second round in French. German LM research institutions in Bonn (IZA) and Munich (CEifo) could potentially partner for the English language course, and partner with French, Belgium, Spanish or Italian institutions for the French course.

Costs: The estimated cost per course is in the range of \$ 80-100.000 depending on the number of visits to Nairobi by teaching team, the number of best students selected and their length of stay at the research institution. The minimum is around \$ 40.000 if no student reward program is included and stay in Nairobi and the visits kept to the bare minimum.