Regional Infrastructure as a Catalyst for Job Creation in the framework of PIDA

Africa-EU Infrastructure Reference Group Meeting
24th April 2017,
Brussels/Belgium
1. How can infrastructure create employment for Africa’s growing youth?

1. What is further needed to realize the job creation potential of infrastructure?
AFRICA’S DEMOGRAPHIC DIVIDEND

- 300 million youth entering the labour market until 2030
- Half of Africa’s population of 1.1 billion under 25 years

“A population that has an average age of 49 years cannot be governed in the same way as a population where the average age is 19 years old. “ – Dr. Mayaki

=> Realize the demographic dividend and create jobs
**INFRASTRUCTURE AS A CATALYST FOR JOB CREATION**

- **Infrastructure and economic development:** Infrastructure investment contributes up to 2% to GDP of African nations.

- **Infrastructure and jobs:**

<table>
<thead>
<tr>
<th>Direct Jobs</th>
<th>Indirect Jobs</th>
<th>Induced Jobs</th>
<th>Spill-over effects</th>
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<tbody>
<tr>
<td>Construction, operation and maintenance of infrastructure</td>
<td>Created by additional inputs of goods and services for infrastructure projects</td>
<td>Created by additional consumption of workers directly or indirectly employed</td>
<td>Jobs created thanks to increased transport and trade, improved electrification, better internet connectivity, etc.</td>
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African leaders adopted PIDA in 2012 as the means for socio-economic growth and intra-African trade!

How PIDA can create jobs – some examples/estimates:

1. **INGA III**: 7000 construction jobs and 3000 permanent jobs during operation
2. **Kaleta Dam**: 2000 jobs in small businesses who supply for Kaleta Dam thanks to Local Content Requirement
3. **Trans-African Highway Network**: 350,000 permanent jobs for maintenance and notable spillover effects from increased trade
Example: North-South Corridor

North South Corridor – Estimated Impacts

• Create 547k extra jobs by 2035, for example:
  • 88k new jobs in the agriculture sector of Tanzania
  • 2k jobs in mining in Zimbabwe
  • 43k in retail & wholesale in Mozambique
  • 11k in agriculture in DRC
  • 31k in manufacturing in South Africa
Regional Value Chain Corridors:

- Are multisectoral (energy, transport, ICT)
- Link countries, industrial hubs and rural areas
- Reduce trade barriers for agricultural and manufactured goods
- Trigger further production and industrialization
- And are planned in a way, that skills development programs in cooperation with governments and the private sector help to sustainably create jobs across all socio-economic and educational backgrounds!
Maximizing Job Creation with Infrastructure – Planning and Implementation Guide

- Currently prepared by NEPAD Agency

- The Manual will give practical answers to two questions:
  1. How can we estimate and track the impact of infrastructure development on the labour market, i.e. how many jobs are directly and indirectly created via the implementation of PIDA projects?
  2. How can we plan and coordinate regional infrastructure projects to such an extent that job creation is maximised/optimized?
What is further needed to realize the job creation potential of infrastructure?
POLICIES AND REGULATIONS ON LOCAL CONTENT

- Promote infrastructure development by local workers and with local supplies creating employment and demand for local businesses.

- The spatial dimension of the local content policy in the PIDA/African context will be regional.

Degrees of flexibility to adopt local content measures for States:
– Requiring or incentivizing use of domestic service suppliers and labor
– Requiring joint venture or a certain share of domestic equity
– Requiring or incentivizing transfer of technology
ENABLING LOCAL CONTENT DELIVERY WITH SKILLS AND ENTERPRISE DEVELOPMENT

Integrated Approach for Employment Promotion

Enterprise development

Employment opportunities:
- Promotion of self-employment and business start up schemes
- Enhance competitiveness of local industry in supply chains
- Advice on accessing to finance

Matching

Career services
- Providing job information and career guidance
- Supporting on the job training, job counseling & job placement services

Skills development

Promotion of employability:
- Developing labor market oriented TVET courses in close cooperation with private sector
- Providing entrepreneurship training
NECESSARY SKILLS DEVELOPMENT

- Local employment opportunities can only be created if the local labour force possesses the right and necessary skill-set for infrastructure development (unskilled, semi-skilled and skilled labor required).

- The availability of trained young Africans to enter the labour market encourages States and Investors to undertake infrastructure projects without having to import labour.

- Skills training in planning, preparing, building and operating roads, rail systems, power generation and power transmission systems as well as further vocational training in finance and investment qualify young Africans to compete in sectors characterized by growing demand.

“Capital for infrastructure financing is available. What is lacking are well-prepared, bankable projects. To have these, capacity and well-skilled experts are needed. Either we build this capacity on our own continent with adequate skills development schemes or we have to import these skills from outside.”

Moe Shaik, Director, DBSA
WHAT NEEDS TO BE DONE?

Identification of the Skills Gap:

➢ Definition of the market demand and skill-sets needed to implement priority infrastructure projects

➢ Comprehensive analysis of labour markets: What infrastructure-relevant skills are currently available? (ELMA)

➢ Identification of the Skills Gap: What skills need to be developed to prepare and implement the priority infrastructure projects using local labour and supplies?
REQUIRED ACTIONS TO CLOSE SKILLS GAP

• **Make it a political priority:** Integrate infrastructure-related skills development in national and regional development objectives.

• **Strengthen training institutes:** Support public and private TVET providers and teacher training institutes to ensure that they are well-equipped to provide relevant skills to the local labor force.

• **Adapt Curricula:** Include infrastructure relevant skills in respective accredited curricula.

• **Combine public employment programs with skills development:** Promote infrastructure development and employment through public investments and develop transferable skills to facilitate successor jobs.

• **Form strategic partnerships:** Engage the private sector as key partner to support vocational training and facilitate transition from education to work.
ENTERPRISE DEVELOPMENT

- Identification of suitable local MSMEs/ potential entrepreneurs to respond to market demand/ to provide required services depending on sector
- Setting up capacity development programmes in close cooperation with lead businesses (e.g. via PIDA Continental Business Network)
- Technical and business skills: Trainings for technical skills, management skills, entrepreneurship trainings, life skills, ToT, access to finance
- Upscaling of MSME to international industry standards: HSE assessments and training, relevant certification levels, advise on tender processes
- Mentoring programmes: linking larger/ international SMEs to local MSMEs, support and practical training for entrepreneurs
- Setting up sustainable structures: incubators, partnerships with TVET centres, industry enhancement centre, farmer business schools
Integrating job creation in infrastructure project planning

• Employment generation has to be factored in throughout the whole infrastructure project lifecycle. For instance, the PIDA Service Delivery Mechanism (SDM) provides capacity for early-stage project preparation and factors in job creation from concept stage onwards.

• Potential Entry Points:
  • **Local Content Requirements/Prioritization/Incentives** can be included in Intergovernmental Project Agreement; ToRs for studies; tendering documents
  • **Social Impact Assessments** should include the potential direct and indirect labour market effects of the infrastructure project (incl. gender differentiation): How many jobs can be directly and indirectly created with this project? How can female employment be promoted in rather male-driven sectors?
  • **Studies** should further identify the skills and enterprise competencies needed to implement the project; this demand shall then serve as the basis for skills development and MSME development
Example: Infrastructure Bootcamps with Private Sector

• Starting point of initiative: Un(der)employed youth despite the fact that employers complain about empty posts (especially at entry-level)

• Reason: Skill demand and supply don’t match

• Methodology:
  • Identification of high-growth industry in one country/region (e.g. energy sector; logistics; finance sector)
  • Identification of key employers in that industry in that region
  • Identification of skills gap
  • Compilation of a curriculum of 6-12 weeks (bootcamp)
  • Selection of candidates for boot-camp
  • Potential working contracts with employers

• Successful example of the methodology: GENERATION Initiative aiming at creating employment for 1 million youths until 2020; successfully applied for instance in finance sector in Kenya

• Examples for application on regional infrastructure:
  • Selection of one PIDA pilot project (e.g. Sambangalou Dam, Central Corridor, Abidjan-Lagos-Corridor), identification of necessary skills to advance project, compilation of curricula and identification of employers as partners
  • Identification of the special skill-set required for regional infrastructure development in general, e.g. technical advisory, financial structuring, legal advisory for cross-border projects, construction, etc. and then application of methodology
Let us improve the continent’s infrastructure and create jobs!

Thank you for your attention!