

**Report of the Panel 'PIDA Creating Jobs for Africa's Youth'**  
**15<sup>th</sup> November 2015 from 11.30 pm until 2 pm at PIDA Week in Abidjan, Côte d'Ivoire**

Panelists:

1. Dr. Ibrahim Assane Mayaki, CEO of NEPAD Agency
2. Prof. Ahmadou Aly Mbaye, Dean and Professor of Economic Science and Management, Cheikh Anta Diop University Dakar
3. Moe Shaik, Group Executive Manager, International Financing, DBSA
4. Yofi Grant, Co-Founder and Managing Director Grant Dupuis Investments Limited
5. Yao Kouame Claude, Senior Specialist for high intensity employment programmes at ILO

Moderator: Prof. Costantinos Berhutesfa Costantinos, PhD, Professor of Public Policy, School of Graduate Studies, College of Business and Economics, AAU

Audience: About 90 PIDA Week participants from public and private sector institutions

The panel discussion highlighted the importance of interconnected and reliable infrastructure services for an industrialized, service-oriented Africa, which provides enough job opportunities for its growing youth. Furthermore, the panel debated how infrastructure development should be steered and implemented to best serve the purpose of job creation, with a focus on youth.

Africa has the fastest growing demographics in the world. Deep changes, which all have had an impact on the constitution of its human capital, are affecting the African continent. A fast growing young population could be an asset for change, progress and dynamism, but also a threat to peace and security. One of the major challenges for the African continent in the upcoming years and decades will be to absorb the ever growing young population by sustainably creating new jobs. According to the World Bank, Africa's working age population is currently growing by 13 million or 2.7% every year.

Since not only recently, renowned economists stress the importance of infrastructure for inclusive, long-lasting economic development. The OECD, for instance, highlights that infrastructure investment contributes as much as 2% to the GDP of African nations. In absolute terms this means that for every dollar spent on public infra-structure development the GDP of a country rises between USD 0.05 and USD 0.25.

Failure to effectively deal with deepening unemployment among Africa's growing youth population could seriously erode the economic gains achieved across the continent in recent years. Dr. Ibrahim Assane Mayaki, CEO of NEPAD Agency, warned that Africa faces a large and growing unemployment challenge, with 300 million youth entering the labour market until 2030. Half of the continent's

population of 1.1 billion people is currently under the age of 25 years, with this population expected to double to 2.4 billion people by 2050.

Dr Mayaki emphasized that inclusive policies are a pre-requisite for political stability: *“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. If we do not succeed in the next 10 years in changing the way we govern and conduct business, we might face huge stability issues and risk repeating Tunisias on the continent.”* According to him, accelerating the development of Africa’s regional infrastructure could be the game changer that will trigger industrialisation and create jobs.

It is for this reason that African leaders developed the PIDA in 2012, as the means for socio-economic growth and intra-African trade. It was now time to build critical skills necessary to absorb Africa’s youthful labour force and implement infrastructure projects, he said. The CEO mentioned that the NEPAD Agency was working through the leadership of the African Union on a continental framework that will address skills development and job creation for the youth.

The representative of academia on the panel, Prof. Aly Mbaye (Dean for Economic Science at Cheikh Anta Diop University in Dakar) nourished the discussion with research results on the mutual correlations between infrastructure (electricity, roads, rail, internet, telecommunications and trans-boundary water) and youth development (more specifically jobs and training for African youth). The development of infrastructure can reduce costs of non-tradable goods and determine the competitiveness of African countries on an international level. Professor Mbaye underpinned the structural reforms that are necessary to create employment aligning labor supply and demand: *“We must ensure that Africa’s economy absorbs both skilled and unskilled labor – development and construction of infrastructure and its indirect employment effects are essential leverages for this.”*

Moe Shaik, Group Executive, International Finance, Development Bank of South Africa, addressed the questions above by starting out with the fact that the DBSA addresses infrastructure financing as long as they have effects on advancing public goods, besides their return on investment. Projects submitted to must advance human development, human security and shall address provision of basic services (water supply, electricity, etc). DBSA finances Resilient Infrastructure. Projects must withstand climate change impacts and other forces of nature that may result in buildings, bridges and roads that collapse under natural impact. Moe Shaik further continued to emphasize the necessity to press upon governments that development of infrastructure is needed and to determine which role government is supposed to play within its implementation. He concluded his remarks by summarizing the infrastructure-skills development nexus as follows: *“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.”*

Mr. Yofi Grant, Co-Founder and Managing Director Grant Dupuis Investments Limited and member of the PIDA Continental Business Network (CBN), started by saying that his interest in PIDA stems from the promises PIDA has for Africa's rapid development by providing infrastructure and jobs simultaneously.

He is specifically interested in contributing to the development of capital markets to finance infrastructure and hence job creation. Capital markets are critical to accelerate economic growth, create jobs, and reduce poverty. Indeed, securities markets, corporate governance, and non-bank financial institution reforms help mobilize domestic and international savings and allocate these savings efficiently to the most productive uses in the economy. With respect to infrastructure development and job creation, they:

- Provide the long-term local currency financing needed to finance infrastructure investments by governments, sub-sovereign and private entities and to facilitate equity and debt finance for small enterprises;
- They enable individuals to save for their old age and purchase retirement products; allow states, corporations, and households to manage risks and pool and transfer risks to domestic and international agents that are best able to shoulder them;
- They improve risk governance and company performance, resulting in responsible and productive institutions that contribute to sustainable economic growth and financial stability, deepen and broaden capital markets improving quality and transparency and reduce financial sector risk and finance development with stability.

Claude Yao Kouame, Senior Specialist on Labour-based Infrastructure Programmes at ILO, Dakar, West Africa, explained that the ILO Labour-based Infrastructure Programme is actively undertaking training and skills acquisition in infrastructure development. Labour-based infrastructure development directly addresses the 'jobs' effect it has in creating massive employment in a short period. Skills training in building roads, rail systems, power generation and power transmission systems enable young Africans to prepare themselves for programmes like PIDA. The availability of trained young Africans to enter the labour market encourages the state and investors to undertake infrastructure projects without having to import labour (for instance, Chinese investments are bringing labour from China).

Sunita Pitamber, AfDB Director for Human Development, noted the infrastructure sector offers massive job opportunities for youth. She pointed out that the Bank had “created eight million jobs through infrastructure development and trained 5.5 million youth in the area of infrastructure.” For example, encouraging youth start-up projects in areas such as renewable energy and ICT, and investing in them can create much-needed jobs, culture of entrepreneurship and innovation. In Africa, the youth constitutes about 37% of the total labour force, but make up about 60% of total unemployment, according to AfDB.

In addition to the above the panel formulated the following recommendations:

- The need to boost the private sector with improved infrastructure services, particularly small and medium enterprises, describing them as a driver of innovation and entrepreneurship, providing huge opportunities for job creation as well as economic growth.
- Transformation means destruction which means that before jobs are created, others will be destroyed. Disruption and dislocation cannot be avoided when progressing. Those who could

lose usually have a stronger voice than those who could gain. It is therefore necessary to balance winners and losers of infrastructure development.

- There is a necessity of more research on correlations between infrastructure development and job creation (idea of “PIDA Panel of the Wise”).
- Criteria of socio-economic impacts for feasibility studies of PIDA projects should be harmonized (“PIDA Code of Conduct”).
- Private sector should already be involved during the formulation of respective policies, the PIDA Continental Business Network (CBN) as a potential platform.
- There is need to develop innovative models for skills development and job creation for infrastructure development in cooperation with the private sector (e.g. vocational training programs with employers).

To sum up: As Dr. Mayaki said “Africa’s regional infrastructure could be a game changer triggering industrialisation and creating jobs. Structural transformation will happen through industrialisation and industrialisation will be the main factor for creating jobs”. And PIDA is a key leverage to Africa’s industrialization.

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