

# INCLUDE

KNOWLEDGE PLATFORM ON INCLUSIVE DEVELOPMENT POLICIES

## Strategic actors for employment creation

Report of the roundtable discussion hosted by INCLUDE and AERC

1 December 2017

Mount Meru Hotel, Arusha, Tanzania



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This report presents the highlights of the discussions that took place at the [INCLUDE roundtable discussion](#) on ‘Strategic actors for productive employment’, hosted by INCLUDE and the African Economic Research Consortium in Arusha, Tanzania on 1 December. Following the May conference on ‘[Boosting youth employment in Africa – what works and why?](#)’, it focused on *how* policies for youth employment can be best designed and implemented, and which actors have the strategic capacity to stimulate the process. The roundtable generated a lively discussion between INCLUDE platform members and stakeholders from the private sector, government, academia and civil society in Tanzania, Kenya and Nigeria. In particular, it attempted to move beyond the question of what only governments can do for employment creation to how the private sector and civil society organizations (CSOs) can be better engaged in coalitions for employment creation.



Nine key messages emerged from these discussions, which together form the structure of this report:

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## **Box 1. Roundtable programme**

The programme consisted of a paper presentation, five discussion sessions and a closing panel.

### Morning:

- Presentation 'Synthesis paper strategic actors', by Jean Bossuyt (ECDPM/INCLUDE) and Obadia Miroro (INCLUDE/AERC)
- Session 1: Shaping coalitions with the private sector
- Session 2: Shaping coalitions with governments
- Session 3: Shaping coalitions with non-state actors

### Afternoon:

- Session 4: Involving youth in policy and practice
- Session 5: African entrepreneurship
- Closing panel: 'Coalitions for employment: expanding demand, matching supply'

## 1. Politics matter

A key message of the roundtable discussion is that politics matters when it comes to creating productive jobs for youth. Promises about job creation have been made at high-level conferences and in African elections, but many of these promises have not been kept. This is largely because employment creation is not a matter for national governments alone, but dependent on many factors beyond the control of national governments, such as global capital flight, trade, and regional and local implementation of policies. For instance, as in [the May conference](#), the issue of illicit financial flows was raised in Arusha, as these outward flows hinder substantial investment in employment creation in African countries. Apart from these global issues, policymakers should also focus on local realities. As outlined by Jeroen Verheul (Dutch Ambassador to Tanzania), the implementation of employment programmes on the ground brings additional political challenges. For instance, trade unions may want to use the increase in jobs and labourers to enhance their influence, while the actions and involvement of local politicians depends largely on electoral politics. These local realities can hinder the ultimate objective of maximizing productive employment opportunities. A focus on power relations – local, national and global – should be central to defining and implementing employment interventions.

## 2. Guaranteeing ‘good enough governance’

Jean Bossuyt, in his presentation of the synthesis paper ‘Strategic actors’ (see Box 1), pointed out that trade-offs exist between interventions aimed at promoting inclusive political processes (e.g. promoting access to political dialogues for marginalized groups) and those aimed at inclusive outcomes (e.g. improving employment opportunities for marginalized groups). Some states are not inclusive, but have inclusive outcomes, and some states may not intentionally focus on inclusive development, but do produce inclusive outcomes. Apart from the question of which of the two to prioritize (inclusive processes or outcomes), Jeroen Verheul asked the following questions: At what cost should inclusive processes be promoted? Do they hinder the timely design and implementation of policies? And to what extent is it possible to facilitate inclusive processes in weak states and/or states with little resources?

As part of the answer to these questions, Bossuyt introduced the concept of ‘*good enough governance*’, in which a minimum set of standards for good governance are met while optimizing the outcomes for inclusive development. Yet, inclusive processes and outcomes are often interrelated and, therefore, not always distinguishable. Moreover, participants also stressed that inclusive processes not only have instrumental value, but also intrinsic value. In prioritizing between inclusive outcomes and processes, policymakers need to take both of these values into account.

## 3. Partnerships matter: the need for an enabling business climate

The question is not whether or not the private sector has the largest role to play in creating substantial employment, but how this role takes shape. This was the conclusion made during Session 1, ‘Shaping coalitions with the private sector’. Participants in this session agreed that governments do not have the means to create jobs on a large scale. Hence, private sector actors need to be stimulated to invest even more, particularly in the agricultural sector, where governments do not always keep their promises (such as to allocate 10% of national

budgets to agriculture, as agreed under the Maputo Declaration). As stressed by Reviliain Ngaiza from the Tanzanian Ministry of Agriculture, public-private partnerships are the only real way to absorb the youth bulge in the labour market, particularly in agriculture. However, according to Aggrey Mlimuka (Association of Tanzanian Employers), the potential for the private sector to do so has not been met, which is largely due to the Tanzanian government's perception of companies, especially international ones. This was supported by Herald Peeters (Rijk Zwaan), who emphasized that the current difficult relationship between the Tanzanian government and (foreign) private companies is hindering investment. There are large differences between African countries in terms of the relationship between the government and the private sector, and the willingness of the two to cooperate.

The government has an important role to play in creating the right incentives for companies to invest, grow and, hence, create jobs. The right investment climate is crucial for promoting entrepreneurship. Or, as INCLUDE platform member Maggie Kigozi put it: the private sector needs a level playing field. An enabling business environment is crucial for companies to thrive. It creates predictability, which is essential for doing business and which East African countries such as Kenya and Tanzania were known for, but which is now declining, according to Kigozi. This environment largely depends on the national political climate, particularly as several African governments perceive investing in labour markets as a socialist policy.

A first requirement for improving coalitions with the private sector is matching educational qualifications with labour market demand. Currently, the Tanzanian government, like many other African governments, is investing a lot in higher education, but relatively little in basic and vocational education. Youth often lack soft skills, which is particularly a problem for the services sector. As a result, employers in this sector are being hired from abroad. The Tanzanian government is already taking steps to make it easier for businesses to hire interns, by subsidizing public transport, for instance. As emphasized by Herald Peeters, for the agricultural sector to reach its potential, training is key. Companies are, therefore, encouraged to stimulate skills development among their employees, for instance by providing apprenticeships to graduates. Rijk Zwaan is a promising example in this regard: it hires 70% women and 30% men, mostly unskilled. Most of them have at least secondary education and are trained in-house. Rijk Zwaan also pays above the minimum wage, has training programmes on family planning, and ensures that all of its staff members have national health insurance.

A second requirement is the collection of sufficient tax revenue to allow governments to provide an enabling business climate to stimulate employment creation by the private sector. But, how should taxation take place and how can government agencies be strengthened to gather tax revenue? Although no clear recommendations emerged from the discussion, the argument was made that current systems are often designed to tax labour, rather than capital or profit. Moreover, the local implementation of tax policies needs to be reviewed. Tax collectors are currently incentivized to raise as much tax revenue as possible, which may in fact discourage companies from hiring more workers.

A third requirement for successful coalitions between governments and the private sector is government investment in infrastructure. According to Peeters, such investment is required

for the agricultural sector in Tanzania to become more productive. Investment in infrastructure goes beyond investment in transport. In the agricultural sector, stable and quality water supply can provide security, enabling farmers to sustain their businesses. In addition, local public procurement by governments can both stimulate businesses and set the right example.

Apart from these conditions, an important lesson to take into account is that it is difficult to stimulate homogenous action in a group of actors as diverse as those in the private sector. Not only do many firms differ in characteristics (e.g. large vs. small, export-oriented vs. local focus) and sector, but many have conflicting interests. According to Dr Aggrey Mlimuka, local private companies are increasingly recognizing that profit alone is not enough, but that it is a company's duty – as well as in its interest – to invest in society. Yet, there are large differences between companies. In the closing panel, Jeroen Verheul pointed out that policymakers need to decide what type of companies they want to stimulate, rather than focusing on a general enabling business climate. For instance, should governments focus more on companies that are value driven, rather than profit driven? This choice may depend on the sector in which the companies operate, as large profit-driven companies operate with different degrees of success in different sectors. For instance, some telecom companies in Sub-Saharan Africa (SSA) are delivering on their promise to create local employment, while companies in the agricultural and manufacturing sectors do not always do so.

It is difficult to stimulate collective action, as problems with collective action often prevent the shaping of coalitions. As stressed in '[Strategic actors](#)', the importance of trust building should, therefore, never be underestimated (see Message 8). In its [one-pager](#) on private sector involvement in youth employment programmes, INCLUDE makes some recommendations for stimulating collective action among private sector parties. As outlined by Noella Moshi, in her presentation on the WAVE programme for youth employment, the involvement of the national government of Nigeria is essential for the scaling up of initiatives, as government involvement in the partnership creates trust among parties. WAVE, therefore, partners with the government through trainings (of government trainers), by introducing a voucher system for waiving job search costs, by involving civil servants in graduation ceremonies and, in general, by enabling a role for the government whereby they not only fund, but participate in, the programme as well. The importance of an active role for the government is supported by the [findings](#) of the INCLUDE research group 'Agricultural partnerships in Ghana and Benin', where the absence of national strategic agricultural policies is seen as hindering the development of inclusive value chains. This research project argues for the Government of Ghana to take the lead in strategic action.

Another explanation for the difficulty in building effective coalitions for employment with the private sector, also stressed in the synthesis report, is that these coalitions imply that companies have spillovers effects for local economies. In many SSA countries, this is not the case. For example, non-African firms hold most of the technological patents, skills and knowledge in SSA countries. This creates entry barriers for local firms and limits technology transfers.

#### **4. Scalability matters: the need for domestic resource mobilization**

As outlined in the previous section, access to domestic resources is an important condition to enable the government to play a role in partnerships for employment creation. One of the main reasons why domestic resources are needed is the potential that programmes like WAVE have: in order to scale up costly initiatives and implement them sustainably, African governments need tax revenue. However, African governments are faced with substantial resource and capacity gaps, which prevent policies and interventions from being sustainable. Many participants pointed to the fact that very few governments have kept their commitments under the Maputo Declaration. Increasing tax revenue could help governments to meet this commitment and allow substantial investment in agricultural initiatives.

Yet, increasing tax revenue can also be at the expense of employment creation. Unfortunately, governments often play a market-disturbing role. Or, as put by one of the participants: “The direction that governments take is not always the one that the private sector takes”. The many bureaucratic measures and levies in place are an example of this. As a result, produce prices are high, which prevents competitiveness and access to international markets. Dr Aggrey Mlimuka of the Association of Tanzanian Employers stressed that the Association is in discussion with the Tanzanian Ministry of Industry and Finance to change this. However, this process takes a lot of time and strategic action, partly due to the power relations between different ministries. This does not facilitate the creation of new jobs. In comparison to Tanzania, in Uganda the Ministry of Finance is very powerful, at the expense of the Ministry of Agriculture. As a result, Mlimuka argued, the Ugandan government does not make optimal decisions when it comes to promoting employment in agriculture.

#### **5. Building coalitions with non-state and non-market actors**

In the context of productive employment creation, it is important to focus not only on private sector and government actors, but also on ‘unusual suspects’. During the roundtable, it was underscored that CSOs are important for bottom-up exchange processes. Two examples were provided in the presentations of John Mugo (Twaweza) and Audax Rukonge (Agricultural Non-State Actors Forum, ANSAF).

Twaweza is a pan-African CSO, which started in Kenya and Uganda in 2009 with the objective to improve the agency of citizens in holding their governments accountable. There is one sure-fire method of doing so: sharing information. Through five types of networks, Twaweza promotes information sharing with citizens on several issues (mainly education, health and water management). These networks involve religious institutions, mobile phones, teachers and civil servants, the mass media and consumer networks (e.g. through shops involved in distribution). Twaweza’s cooperation with the media is notable, as there is a presumed win-win situation for Twaweza (sharing information) and the media (access to information). The assumption behind these activities, backed up by research, is that information is one of the most important tools for civic action. All-in-all, Mugo concludes that Twaweza shows that CSOs can also be strategic actors for employment creation.

ANSAF provides a forum for NGOs at different levels of agricultural value chains. It aims to generate evidence on policy implementation in this sector. ANSAF shares research findings, organizes roundtables with farmers and CSOs, and meets with parliamentary committees biannually. In this way, it brings together non-state actors in coalitions for agricultural activities. ANSAF works a lot with young people and seeks to overcome the challenges they face in relation to service provision, such as in access to credit. ANSAF connects youth (and other agricultural labourers) to local actors and government agencies to overcome these challenges.

These examples show that while CSOs may not be directly responsible for employment creation, their indirect impact should not be underestimated. Particularly by connecting labourers to the right actors (ANSAF) and providing them with essential information (Twaweza), CSOs can play a networking role, the importance of which is often overlooked. Not only do forums such as ANSAF provide employment opportunities directly (through linking workers with promising initiatives), they provide a space in which to share best practices, overcome information asymmetries, and stimulate collective action to hold the government and private sector actors accountable.

Apart from CSOs, an important actor mentioned in the roundtable discussion was the African diaspora. Remittances by the diaspora are often overlooked (particularly in the light of the framing of migrants as causing expense in Europe). However, the knowledge and networks they bring when returning to Africa are important for employment creation.

## **6. Enhancing youth employability and empowerment: youth as strategic actors**

Can youth, or the organizations that represent them, be strategic actors in finding jobs and creating employment? Noella Moshi of WAVE suggests that youth can indeed be strategic actors in their own right. WAVE argues that rather than an exclusive focus on initiatives that create employment directly, it is crucial to enhance youth employability. Moshi shared how the WAVE programme in Lagos, Nigeria not only increases the likelihood of youth getting a job, but also significantly increases their income (earnings doubled after one year of participation and tripled after two years). Through waivers provided by the national government, WAVE is able to identify youth in different parts of Lagos and involve them in their employment services programme; linking employers to youth and providing youth with soft-skills training. As she stresses, soft skills are essential to enhance the employment chances of young people. One of the main problems related to youth unemployment is the mismatch between supply and demand. According to Moshi, the biggest challenge lies in teaching the millions of youth who are attending secondary school the skills they require to find a job.

However, for youth to be strategic actors, it is crucial to get youth to hold governments accountable, as pointed out by John Mugo, among others. A first precondition for this is for policymakers to recognize that youth are not an homogeneous group. Two aspects of their heterogeneity need to be recognized: not all young workers are entrepreneurial and many do not want a job in agriculture. For youth to become strategic actors, it is important to focus on their agency and how it can be increased. An example of how the agency of youth can be improved is given by Twaweza, which stimulates collective action through different



communication channels. In this way, Twaweza has also managed to address undesirable attitudes of youth (e.g. 'sitting idle' when their parents are working). Focusing on sharing information is a good way to enhance the agency of youth, as one of the main challenges facing youth – gaining access to credit – can be overcome by linking them to sources of funding and providing them with information on how to become more creditworthy and increase their likelihood of obtaining funds.

However, there remains a challenge and unsolved debate when it comes to the contribution of youth to inclusive development. The driving sector for employment creation in SSA is agriculture. But, as INCLUDE platform member Basil Jones (African Development Bank) pointed out, agriculture has an intergenerational problem: many farmers are old and only a few young people are willing to take over, particularly in rural areas. INCLUDE platform member Assefa Admassie (Ethiopian Economic Policy Research Institute) criticizes the popular aim of keeping youth in agriculture. He questions what kind of incentives youth have to stay in agriculture. Hence, the question is not whether or not enough jobs can be found in agriculture in the near future, but how youth can be lured to work in the sector. In the INCLUDE conference '[Boosting youth employment in Africa – What works and why?](#)' it was concluded that the way forward is agricultural transformation. As well as massive investment in agricultural businesses and skills programmes, changing the image of agriculture as a career for young people is part of this approach. Empowering youth organizations can be an important instrument in achieving this.

A promising example was given by Mary Maganga in her presentation on the project 'Seeds of Expertise for the Vegetable Sector of Africa' (SEVIA). This seven-year project aims to contribute to food security by breeding improved varieties of African vegetables (with Rijk Zwaan, among others), but also by disseminating new technologies. This project has enabled many youth to find a job in agriculture. As the training is free of charge and transport costs are covered, several youth have become engaged in the project. In addition, Akinyinka Akinyoade (ASC Leiden) argued that youth can best be empowered by cutting out the middlemen in agricultural value chains, particularly in relation to access to markets for their products.

## **7. (New) media as strategic actors**

As outlined earlier, several organizations have adopted media strategies to make their programmes more effective. The success of Twaweza in sharing information and mobilizing labourers stems, to a large extent, from their media strategy. Moreover, the current negative image of agriculture requires a focus on media strategies. Displaying promising agro-entrepreneurial programmes in the mass media (including social media) can help to change images of agriculture, as underlined by Maggie Kigozi.

An example of how to do so was given by Herald Peeters. In his presentation of the work of Rijk Zwaan, Peeters outlined how social media has helped to improve the outreach of the programme. Social media has also helped to explain the different technologies used. This can be a more timely and efficient way of overcoming problems with access to information than providing information in other ways, because using social media leverages one of the

advantages that African youth have: their strong social networks with each other through mobile technology.

## **8. The issue of trust**

The issue of trust ran through the entire roundtable discussion. Trust is an obvious, but often forgotten, factor in strategic action for inclusive development – trust between governments and the private sector, but also trust between citizens and their governments and between citizens and other citizens. Jeroen Verheul explained how lack of trust is frustrating employment creation in Tanzania. Profiteering by the private sector (companies that only invest in Tanzania to make as much profit as possible at the expense of Tanzanian citizens) has recently induced nationalism. The Dutch embassy can play a role here, but only to a certain extent. As Verheul stressed, mistrust between Tanzanians and non-Tanzanians also plays a role.

Noella Moshi also explained how lack of trust is an important factor in the youth unemployment problem. Before youth are able to participate in proper employment programmes, they have pass a lot of thresholds: according to Moshi, the process of identifying employable youth, training them in providing formal credentials, and communicating them is costly and time-consuming, but youth often cannot do this on their own. Marc de Tollenaere, therefore, emphasized that it is important that government staff are trained – they need to be aware that employment creation is key to inclusive development and be encouraged to find opportunities for youth who are unable to meet the threshold for finding a job in the formal sector.

## **9. Sharing evidence matters**

The eight messages outlined above all require a strong evidence base to ensure improvements in policies and processes. While the synthesis report ‘Strategic actors’, based on state of the art literature on strategic action, provided a general overview of the roles that different actors can play in employment creation, this roundtable discussion also showed examples of how to do so and what lessons can be learnt in shaping coalitions. In the closing panel, Basil Jones stressed that research and knowledge are essential to support policy making and improve existing and new programmes. The lessons learnt from presentations by representatives such as Rijk Zwaan, ANSAF and WAVE show that systematic knowledge exchanges can help to both improve and upscale existing programmes, as well as create new ones.

A main challenge for researchers is how to engage the private sector in research dialogue in order to increase the relevance of research to policy and practice. Several private (and semi-public) institutions need research to improve policy making. This implies that more attention needs to be paid to the dissemination of research and to how knowledge brokering activities can increase research uptake.

Apart from the private sector, outreach to (public) policymakers can also be improved. Sharing knowledge on what works to build coalitions with private sector parties is an example of where this is required. This outreach should focus not only on the designers of policies (i.e. politicians and civil servants), but also on those who implement the policies.

## Conclusion

Building on [the INCLUDE conference](#) about what works to create employment and why, this roundtable discussion shed light on the processes for shaping coalitions that need to underlie the design and implementation of the policies recommended. It also provided a more realistic view of what is needed for employment policies to succeed. For instance, it emerged that although inclusive policymaking processes are clearly beneficial (as a way to better policies, as well as valuable in themselves), investing in inclusive processes can be at the expense of inclusive outcomes.

It is also important to take into account that recognizing and enabling strategic actors is an iterative process, involving non linear processes. It is, therefore, important to have a realistic, context specific and non-linear view of how these actors can be enabled. For example minimum standards for 'good enough governance' can be established and implemented. Furthermore, focusing on inclusive processes and inclusive outcomes needs to be done simultaneously. Several developments in increasing the agency of strategic actors can have a catalyzing effect (particularly regarding trust building and coalition shaping), and may require an initial push in order for a snowballing effect to take place.

Any debate on strategic actors raises the question of which roles are expected from which actors. It was concluded earlier that the private sector should be the main driver of employment creation in terms of investment, involvement in the implementation of policies and ownership of employment programmes. Participants stressed that the government should be seen as the enabler of these interventions, by setting the preconditions for their success, such as an improved education system, investment in infrastructure, and participation in coalitions with the private sector and other non-state actors.