

## **Building trust in a hopeful continent**

*Methods to build and finance capacity of employment services in Africa*

Sub-saharan Africa is on the rise. The life expectancy is 10% higher than only a couple of years ago with HIV and malaria casualties at a record low. Consumer spending is believed to double in the next ten years. The average growth of GDP is higher than that of OECD countries, putting the African top performers on equal footing with Asian power houses. Ethiopia with its high share of agricultural production, in other countries a sign for slow development, has managed to turn into the tenth largest producer of livestock in the world bringing more wealth and security to their people. Kenya like many other countries in Africa is using technological innovation to outreach to their most vulnerable society members, for example via low-cost mobile services, like BlackBerry Messenger or What's App. Entrepreneurial spirit of the many young people in the continent, even if slow, is starting to materialize. The West of Nairobi with its rising start-ups, sometimes coming from a shanty-town environment, is nick-named Silicon Savannah. In general, Foreign Aid and capacity building measures seem to be turning more and more into sustainable local approaches and the ability to attract Foreign Direct Investment (FDI) instead. The FDI quote of 2012 is the highest ever seen in Africa. But what about the labour market?

### **Capacity Building in employment services**

Still, infrastructural shortcomings, administrative burdens and the occasional local mistrust towards pan-regional or global approaches can hamper further capacity development, also in the field of employment.

According to Jean Ndenzako, expert in the International Labour Organization (ILO), employment in Africa suffers from a "mutual, asymmetric information problem." Employers do not know much about the quality of the workforce offered and job-seekers lack reliable information about skills needs and working conditions. Entities that try to bridge this information gap, like public employment services, fight with the challenge of having insufficient resources for delivery and sometimes of a lack of trust from both client sides. Investing into developing capacity for employment services in Africa should thus not only focus on increasing staff and equipment but also on building a trustworthy communication to establish employment services as true job-brokers. Questions around how to improve information on skills needs, training of skills (including those of employment service staff) and increase of employability need to be asked and funded.

But how do additional resources, especially financial ones reach the level and the location where employment services really happen in order to, for example, improve the quality of labour market information? This is a question that foreign aid in general has been struggling with for decades.

The African Capacity Building Foundation (ACBF) with a long-standing history of successful development work at grass root level identifies two main aspects to avoid the trap of creating "aid-orphans." First, capacity development needs to empower the recipient rather than patronizing him. Second, the most fragile states are in danger of being loaded with aid and donations far beyond their ability to absorb the money. The

coordination of aid delivery always needs to look at whether the benefitting country is ready to do anything with the money right now.

Governments and donors in Sub-Saharan Africa that include aid money in their labour policy budgets are well-advised to follow this recommendations.

Most functioning public employment services in developing in emerging countries all over the world are however financing their operations and programs in mixed budget models with different money sources. The task of using it efficiently and with a good effect is complex.

### **Approaches to Financing**

The way public employment services are financed can be anyway quite flexible and creative. In their last member's survey, WAPES found out that for a number of employment services budgets, income tax and unemployment insurance are not the sole components. Countries in Europe and the Caribbean utilize loans and projects offered by international organizations or development banks to build and grow their service. Some African countries even rely on completely other sources like visas and work permits for immigrants or contributions from employers to pay for their public services. Although more than 60% of the respondents of the survey answered that they see little or no possibility to supplement their traditional funding, the tendency to do so in the future is visible.

Canada, one of the leading G20 countries with a dynamic labour market, operates a successful employment service with mixed financing models. Emploi Québec, for instance, manages the cost for its diverse employment policies through a combined budget of the regional entities and the federal government, plus funds for specific target groups to foster skills mobility or integration of vulnerable groups.

Michel Lalande, Financial Director of Emploi-Québec, describes the allocation system as very elaborated, especially when it comes to evaluating its effects. A system of labour market indicators including welfare impact, number of unemployed people reintegrated and contacts to employers generates a follow-up plan that serves both ends: Checking the success of the resources invested and adjusting for future strategies. The evaluation procedure is run through a partnership board, through this highlighting the importance of involving all stakeholders in the delivery of employment services.

In the USA, where employment services are mainly provided by partnership associations or workforce boards, the employers representatives, like DirectEmployers are even directly sponsoring programmes for job matching.

### **Conclusion**

If the public employment services in Sub-Saharan Africa want to respond to the promising developments on the continent while dealing with a yet demand-deficient labour and high unemployment rates, they need to tackle the issue of building employment service capacity. For this is seems important to invest in trust-building activities with relevant clients and partners. It is important to further look at how to improve labour market information systems. The allocation and use of resources needs to be tailor-made and the effects need to be evaluated and improved at the pace the growing labour market is setting.

African public employment services could then be a carrier of hope for their people and a model for other countries in the world.