



2015 African Growth and Opportunity Act (AGOA) Forum

**“AGOA at 15: Charting a Course for a Sustainable
US-Africa Trade and Investment Partnership”**

VIP Luncheon: Building a Decent Work Model for Trade and Development

Remarks by:

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Ambassador Froman,
Honourable Minister Coulibaly,
Honourable Ministers,
Your Excellencies,
Distinguished Guests,
Ladies and Gentlemen,

I wish to start by thanking the host of this luncheon, Ambassador Froman, for having invited the ILO to contribute to the discussions. It is indeed a great pleasure and a privilege to be with you today.

I particularly wish to thank you for having placed on the programme of this Forum a topic that speaks to the heart of our own development agenda: “Building a Decent Work Model for Trade and Development”. A topic that continues to shape and reinforce the mandate of the organization I represent here today, the International Labour Organization. A United Nations Specialized Agency that has been in existence since 1919 and which represents, on an equal basis, the views of governments, employers’ and workers’ organizations.

Decent Work, by definition, encompasses opportunities for employment that is productive and delivers a fair income, it involves security in the workplace and social protection for families, respect for rights in the workplace, freedom to organize and participate in the decisions that affect their lives and it also covers equality of opportunity and treatment for all women and men.

This is indeed a “big” agenda, which can only be realized through strong political commitment and concerted action by national governments as well as by the “players” in the real economy – the social partners – the representatives of employers and workers, as well as civil society and with support from the international community. It is also an agenda that recognizes that labour market outcomes are important to trade and that

improving labour standards and promoting Decent Work helps enterprises – exporting enterprises – do their job well.

The ILO works closely with the US Government – including the Trade, Labor and State Departments – to support and advance a Decent Work Agenda to grow US business investment with partner countries. We welcome the 10 year extension of AGOA and the opportunity it creates to generate more and better jobs in Africa. We believe that key ministries working together will make a difference in advancing trade agendas.

Ladies and gentlemen,

Africa is committed to Decent Work! In January this year, the member States of the African Union adopted a declaration on Employment, Poverty Eradication and Inclusive Development, giving a renewed impetus to the fight against unemployment and jobless growth in Africa and buttressing the African Union’s Agenda 2063 which calls for the transformation and industrialization of our economies, particularly through beneficiation and value addition of natural resources.

These developments make the discussions taking place in Libreville this week all the more important, and timely. Let me reflect a bit on “why”.

The financial and economic crisis of 2008 affected the drivers of Africa’s growth performance negatively. Demand for, and prices of most African commodities fell and capital flows declined. Most African financial markets were affected by contagion effects, resulting in large losses in value and capital outflows.

To most observers, however, Africa has turned a corner. Growth is again solid. Exports are growing. Foreign direct investment is flowing. Remittances continue to grow, exceeding 67 billion US dollars last year alone.

However, we also know that below the surface of this growth optimism, the undercurrents are still very strong. Decent work deficits, strong inequalities, persistent poverty, increasing informality and gender discrimination are some of the major challenges in the daily reality of African people.

We are learning, the hard way, that the growth model developed over the last decades does not always serve Africa well.

The need for a new policy paradigm to promote inclusive job-rich growth has been underscored in numerous policy debates. Trade can play a crucial role in the endeavour to ensure that economic transformation and sustained growth can occur in Africa. AGOA itself bears testimony to this, through its criteria of “policies to reduce poverty”; “protection of human rights and worker rights”; and “elimination of certain child labor practices”.

But, African governments continue to face some binding constraints. Let me highlight four in this respect:

First: The infrastructure gap. Africa’s underdeveloped infrastructure has been a longstanding barrier to accelerated trade and sustained growth. Roads, railways, ports and reliable electricity supply – the lifeblood of all economic activity – have suffered from decades of mismanagement and chronic underinvestment. On average, African governments have tended to invest less than 10% of GDP in building infrastructure while other developing regions have invested on average twice that level in the last 50 years.

Second: Regional integration challenges. Most African economies are too small to diversify and develop a competitive manufacturing base without expanding trade links to regional markets and deepening integration. Countries with large populations – Nigeria with 180 million people or Ethiopia with 90 million people – have the advantage of a large and growing consumer base but most African economies are too small to draw significant investment on their own.

Third: Skills-gaps and limited employment opportunities. If African economies are to move up the value chain and lay the foundation for more sophisticated and competitive manufacturing and services capacity, governments need to invest in their young citizens to become competent and capable participants in the workforce of the future and to avoid further “informalization” of the economy.

The human capacity challenge in Africa is two-fold. First, there is simply a shortage of jobs in quantitative terms to meet the demands of an increasingly well-educated generation of young people. Much of this problem is due to the structural underdevelopment of African economies which continue to rely on the production and export of primary commodities and capital intensive extractive industries.

At the same time there is a shortage of suitably qualified workers to fill the limited number of skilled jobs available. This stems largely from the longstanding mismatch between the demand and supply of labour.

Beyond the structural and binding constraints outlined above, there is one additional point that needs to be kept in mind: Embracing technology in promoting structural transformation and sustained growth. The African Union’s Agenda 2063 envisages “well educated citizens and skills revolution underpinned by science, technology and innovation for a knowledge society” However, the current information and communications technology revolution is resulting in a widening global “digital divide” for Africa. Unless this is addressed urgently, the employment aspirations and productivity potential of millions of workers in scores of developing countries cannot be realized.

Fourth: Respect for international labour standards. Labour standards are a core framework in regional and bilateral trade agreements, such as AGOA. Their principal weakness lies in implementation and supervision, particularly in countries that have not ratified relevant labour standards. As labour standards guide the way to more inclusive laws and policies, there is a cost to their denial in long-term development goals. For

instance, there is increasing evidence that companies that source from developing countries attach a significant premium to labour standards compliance.

Distinguished guests,

How do we get there?

Fostering and implementing national policy to achieve full employment and decent work is not the domain of any single actor but requires intensive consultation and coordination across a range of stakeholders. At the centre of the socio-economic debates are trade, finance and labour. The ability of ministries with responsibility for these portfolios to align their strategic interventions is key to the success of implementing macroeconomic and social policies and addressing the critical constraints they face.

We have practical examples of how ILO works with member States and international finance organizations to implement these goals on the ground. Allow me to flag the “Better Work” programme that has been developed by the ILO in partnership with the International Finance Corporation and implemented, with the support of the United States of America Europe and other partners in eight countries across the world since it was launched in 2007. Lesotho has been a beneficiary of the programme since 2010 when it was set up to establish Lesotho as an ethical sourcing destination for garment production and to strengthen the position of the country’s exports in global markets through compliance with national labour law and international labour standards.

Impact assessments show that the programme has positively influenced productivity and quality and profitability whilst workers’ rights and wellbeing have improved.

The ILO has also worked closely with governments, employers’ and workers’ organizations to develop Decent Work Country Programmes, such as the one implemented here in Gabon and close to 40 other countries across the region. These programmes provide a roadmap to assess national challenges and identify the priorities of

the key economic partners to advance the Decent Work Agenda and foster the alignment between national development priorities.

Ladies and gentlemen,

Finally, and by way of concluding, allow me to revert to the guiding question for this debate. How can we build a Decent Work *model* for trade and development?

In my view, there is a need to consider the following measures:

- Develop global knowledge on how to strengthen the positive impact on employment of sectoral and trade policies, including in the areas of agriculture and rural development, infrastructure and energy with a focus on private sector development.

Trade negotiations – bilateral, regional or multilateral – routinely lead to debates on the implications for employment. There are promises of new and better jobs as well as concerns over job losses and pressure on wages and labour rights. Factual assessments of the employment and distributional impacts of trade agreements are currently under study by the ILO Research Department to help us better understand these strategies.

- Strengthen country-level knowledge on the impact of sectoral and trade policies on productive and decent employment and on measures to optimize the employment effects of selected sectoral and trade policies and related issues such as structural transformation, labour standards, and skills development.

Also, strengthen knowledge of the linkages between trade policies and national labor laws related to labor inspection, working conditions for women and men, workers' rights and social dialogue between the economic partners.

- Provide guidance to development cooperation practitioners on how to address the employment opportunities and challenges resulting from sectoral and trade policies including through public policies, trade and investment programmes and operations in key sectors in developing countries.

Finally I would like to pledge the ILO's commitment to working with you and your trading partners in all the areas I have outlined.

Thank you for your attention.