

# Structural Transformation and Jobs: The Role of Employment-based Facilitation Policies in ECOWAS Economies

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# Outline

- Interpreting the ‘Africa rising’ narrative: ECOWAS perspective
- Modern growth economics and the growth patterns of ECOWAS economies: dual-economy approach (Lewis) and neoclassical growth theory (Solow)
  - Lessons from the experience of China
  - Relationship between growth and employment
  - Applying Dani Rodrik’s two distinct growth dynamics:
    - Fundamental capabilities*
    - Structural transformation*
- Employment-based growth facilitation (EGF) policies
- EGF policies to accumulate fundamental capabilities
- EGF policies to foster structural changes

# West Africa's Recent Economic Growth Performance and Jobs

## Prospect

- (Mis)interpreting the '*Africa rising*' narrative: based on high growth rates and assumption about the important role of economic growth in promoting development
- West Africa's *growth diagnostics*: resource-based (exports) aided by long commodity boom; foreign investments in capital-intensive extractive industries; rising middle class consumers (imports);
- Concerns about *sustainability* of growth momentum over time and *quality* of growth – development impact (i.e. poverty reduction and job creation)
- Growth necessary but not sufficient for job creation: managing the consequences of growth for expansion of *productive employment opportunities*
- From growth to jobs strategy: *Productivity-enhancement* and *employment-intensity* in different sectors; state facilitation; private sector participation including public-private partnership; modernise agriculture – agribusiness and agro global value chains

# employment-based growth facilitation' (EGF) policies –The ECOWAS facilitation' (EGF) policies –The ECOWAS case

governance) – accumulation of these broad capabilities (skills and strong institutions) seen as necessary for *long-term growth* and *sustainable development*

**2. *Structural transformation***: based on the structural heterogeneity of dual-economy approach (traditional and modern typically characterized by agriculture and industry) growth economics, the focus is on moving resources (labour, capital) from lower-productivity traditional/informal activities to higher-productivity ones usually through *industrial upgrading/industrialisation* ; New

jobs strategy; implement EGF policies for *productivity-enhancement* and *employment-intensity* in different sectors of the economy  
~~enhancement and employment-intensity~~ and *employment-intensity* in different sectors of the economy

# EGF policies to accumulate fundamentals capabilities: Where should the focus be

## EGF policies to accumulate fundamentals

- ***Education and training systems***: broad-based quality basic education (up to secondary level); resource-based skills development programs by easing and negative impact on productivity.
  - ***Health services and facilities***: control and reduce
- ***Regulatory frameworks***: state-led vision and strategy burden of infectious and parasitic diseases and negative impact on productivity
  - ***Regulatory frameworks***: state-led vision and strategy

# EGF policies to foster structural change

- **Industrial policy:** sector-specific productivity enhancement policies - improving relationship between rate of economic growth and employment-intensity of growth (towards higher employment elasticities of growth); participation of domestic firms; develop industries that tap into *comparative advantage* of resource endowment to secure *competitive advantage* regionally and globally; linking employment and industrial policies
  - Responding effectively to consequences of **shifting patterns of trade and investment:** case of relocation of enterprises (and jobs) from China and emerging economies to lower-wage developing economies at lower end of global manufacturing
- **Economic diversification:** agro-based value addition; global value chains; cluster-based industrial parks and special economic zones for light manufacturing

# Sustaining accelerated growth *with*

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- Overcoming challenges from external (changing
  - Overcoming challenges from external (changing composition of global growth and financial conditions) anddisrupt growth and development processes with adverse implications for employment.
  - Increasing economic competitiveness without the

‘transformational’, rather than ‘mechanical’ – ability to respond effectively to new opportunities and challenges

- Reducing informality in employment and the labour market
  - Promoting productive jobs in activities that connect the