



International Development Committee

Oral evidence: [Jobs and Livelihoods](#), HC 685

Tuesday 16 December 2014

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Written evidence from witnesses:

- [Peace Child International](#)
- [Youth Business International](#)
- [CARE International UK](#)

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Members present: Rt Hon Sir Malcolm Bruce (Chair); Sir Hugh Bayley; Fiona Bruce; Fabian Hamilton; Jeremy Lefroy; Sir Peter Luff; Fiona O'Donnell

Questions 78-131

Witnesses: **David Woollcombe**, President, Peace Child International, **Andrew Devenport**, CEO, Youth Business International, and **Gerry Boyle**, Senior Policy Adviser, Private Sector Engagement, CARE International UK, gave evidence

Q78 Chair: Good morning, gentlemen. Welcome and thank you very much for coming in to help us with our inquiry into jobs and livelihoods. For the record, could you introduce yourselves?

David Woollcombe: David Woollcombe, founder and President, Peace Child International.

Andrew Devenport: Andrew Devenport, CEO of Youth Business International.

Gerry Boyle: Gerry Boyle, Senior Policy Adviser on Private Sector, CARE International UK.

Q79 Chair: Thank you very much indeed for coming in, and I am hoping that you will be able to help the Committee, given that you are practitioners in this field. On the evidence we have had so far, first of all there is a youth explosion in Sub-Saharan Africa, and yet when people talk about jobs there is very little indication of how on earth we deal with that.

We got an OECD evaluation paper from Professor Michael Grimm that asks, “Do we know how to create jobs?” and answers: no, “the review underlines how little we actually know about how to create jobs”. Then, Max Andriesen of the World Bank, I think it was, said, “Your metrics are awful”. The 2007 WDR states, “The evidence base was uneven”. I guess that is the point. How big a problem is it? How important is it? What happens if we

cannot find useful employment, whether that is as entrepreneurs or informal employment, for this huge number of young people, in Sub-Saharan Africa in particular but also elsewhere?

Andrew Devenport: Chairman, Honourable Members, clearly the failure to address the rising unemployment undermines economic growth, undermines families and communities, and creates disaffected and disengaged young people. We do think that there are a number of very positive ways in which the employment of young people can be promoted. The main constraints, when we look at the market for young people, are a mismatch of skills and employers often not having the best understanding of hiring people. The YBI's particular focus is on youth entrepreneurship, and we find that we have about a third of young people starting businesses in Sub-Saharan Africa who we would describe as "necessity entrepreneurs". They need specifically tailored support, such as credit products that are structured to be more flexible with repayment schedules. They also need non-financial support combined with the financial support, especially if education and financial literacy levels are low.

David Woollcombe: First, may I say to this Committee, and you, Sir Malcolm, thank you for allowing us to raise the issue of youth employment? To me, it is of utmost important. It is the area that we have focussed on. A billion new jobs are needed in the next 15 years, with a million a month in Africa alone. It is a huge frustration for the youth themselves, but it is also an enormous drain on the Exchequer when you have that number of unemployed. As we have seen, it is also a security risk. That is why I am really grateful to this Committee for addressing the issue.

It is interesting, because the lady who used to run the Children and Youth department at the World Bank said that "development should all be about what happens in a young person's life between 0 and 25. Everything that happens after that is correcting the mistakes that we made first time around". The end part of that is the hardest part: the job creation part. Putting kids into schools and training is not so difficult. However, pushing the birds out of the nest and making them fly, and have jobs of their own and autonomy, is much the hardest part, which is why DFID has not really focussed enough on it.

When my friend Gavin McGillivray became the Head of Private Sector Development, I said, "Youth job creation is the most important thing that you should do". Of course, DFID has not done it. My friend Andrew is far too modest to show his graphic here, which shows 600 million young people coming into a big machine on one side and young entrepreneurs coming out of the other. This is the kind of machine that DFID should be creating to soak up these vast numbers of youth unemployed that exist around the world.

It is not enough to say, "We do not know how to do it", because obviously YBI does, and we have had education and youth credit programmes, and reports like this World Bank report evaluating \$2.85 billion invested by the World Bank in youth job creation. We know enough how to do it. It is just that, at the moment, DFID's whole approach is skewed towards the macro, whereas 83% of jobs are not going to be created in waged employment, but in household enterprises and self-employment. We think there needs to be a redress of the balance on that.

There are three things that DFID could do. Number one, there needs to be more expertise at the top of DFID in relation to youth issues. There needs to be an expert at director level who really understands all this stuff that we are talking about. Number two, as you mentioned in your introduction, we need better metrics; we need a simple way of measuring the effectiveness of interventions, particularly cost-effectiveness. The cost per job created is one of the ways that we are looking at to do that. Really, Mr Whitty and his

excellent research department at DFID need to work on that. The final thing that we need to do is what the Right Honourable Member for Stafford suggested. We need a youth fund that pilots DFID interventions and lets all those players in the field who are doing youth job creation put in their two cents' worth, try out programmes, and let DFID assess which are the most cost-effective. That would be my appeal to you this morning, sir.

Gerry Boyle: Certainly, at CARE, we would strongly agree with the need to find much higher levels of youth employment, and that a great deal of that is clearly going to come from the micro-entrepreneur and the informal sector. Certainly, what we see in our work in financial inclusion, and with the microfinance institutions that we fund through Lendwithcare, is that a relatively small proportion of the entrepreneurs who come to us are under the age of 25.

The barriers to that are fairly obvious. The microfinance institutions, for reasons of financial sustainability, tend to be relatively conservative. They obviously have to manage their own risk profile, and almost inevitably the young are seen as being higher risk. They lack the experience. They lack the networks that are likely to make an enterprise successful. Therefore, there clearly is a major issue about how to access more funding for younger people, and, I think, within that we would always see that there is an added difficulty in finding that for young women, as opposed to young men.

Chair: Thank you for that. That is why we called it jobs and livelihoods. We recognise that a lot of it will come through, as you say, entrepreneurs.

Q80 Fiona Bruce: Good morning, gentlemen. You have touched on the questions I wanted to ask, but if you have anything further you would like to add, I think the Committee would be grateful. The first question I wanted to ask was: what are the main constraints for young people in finding work? Perhaps I will ask my second one so that, again, you can add anything you want to, because David, in particular, you talked about this. Why is there not more research and evaluation on the problem? How can we find solutions if we do not perhaps have the evidence base that is needed? Perhaps the panel can address those two questions in more detail.

David Woollcombe: Very simply, with regard to the constraints, Gerry has mentioned one of them. Youth access to capital is, in my experience, almost impossible for young Africans. The doors to the big banks are closed to them. The microcredit institutions are charging huge interest rates, which might be fine for farmers planting a crop and getting the sales a few months later. For a long-term business start-up, however, it is almost impossible. The second thing is that education, as it exists in those countries, does not educate for self-employment; it educates for waged employment. When 83% of jobs are not in waged employment, there needs to be much more education for enterprise start-ups, of the kind that Andrew is describing, and self-employment and self-reliance. The entitlement culture and the dependency culture are not helpful to those cultures. That is, I think, the main constraint.

Why is there not more evidence-based research? It is very hard. It is very difficult to create a measure of cost per job created that analyses the quality of the job, the length of the contract and the different sectors. Obviously, it is difficult to measure the cost per job created in retail as opposed to medicine, so one needs to have a very carefully constructed matrix. The first question that the Head of Private Sector Development asked us, when we talked to him about this was, "What is your means of comparison?". Until politicians like you and economists have the way to measure the comparative cost-effectiveness of different interventions, it is going to be very hard, which is why I think all of us at this table would urge you to invest in that area.

Andrew Devenport: Youth employment, and the study of youth employment, is a relatively new area, and has really only emerged as a focus since the World Bank World Development Report in 2007. It is often difficult, therefore, to make convincing comparisons against other interventions, because the evidence is not readily available. Therefore, it calls for long-term research to understand the structural constraints in the labour market, and monitoring evaluation and programming at the micro level. There is evidence, certainly in what we do at YBI, of what works. There is not enough of it, and it is of variable quality.

The lack of investment in research and monitoring evaluation is one reason, and poor project design, to begin with. There is also an overemphasis on a number of very limited measures or outcome metrics that are very difficult to quantify, such as cost per job created, and there is perhaps a limited appreciation of context. These things can be addressed by better co-ordination between different sectors and better planning. We have been working with DFID and our member in Uganda, Enterprise Uganda, in a programme partnership of £2.5 million in northern Uganda, which is improving the livelihood of 10,000 young people and their households. It has been a very important learning process, particularly in terms of what we have learnt about gender, which is informing adaptations to improve the targeting of young female entrepreneurs.

We realise that DFID appreciates the holistic approach required for cost-effective development. It is very important, therefore, that there is dedicated expertise, and this is one the reasons why the youth focal point in the Civil Society Department is important. We could also do more in terms of data, by disaggregating data across DFID programmes not just by gender but also by age, so we build up a better evidence base.

Q81 Hugh Bayley: DFID has put a lot of money into education, because it was seen as a way of giving people the literacy and numeracy to make them more capable, both in terms of that nation's development and in terms of their personal family development. David suggested that schools and higher education institutions are teaching the wrong things with the wrong culture. I wonder whether you, Gerry, or Andrew, share his view that education is failing to provide an increase in the number of jobs, and, if so, what you would change in the education system. Perhaps you do not share David's thesis, and please explain why.

Andrew Devenport: May I make a comment in the context of entrepreneurship education? We would definitely support increased focus on entrepreneurship in schools. The question is whether the teaching systems are right, and whether the teachers are appropriately qualified to do that. There are significant initiatives such as Junior Achievement, which is working with 200,000 young people in Sub-Saharan Africa, bringing into the classroom people from the business world and having entrepreneurs share their experiences. We find this is extremely important in developing role models, and a sense of what entrepreneurship or running a small business is all about. We would very much support that. We would also focus on the development of business-related skills, which would probably come after a lot of secondary education.

Q82 Hugh Bayley: When Jeremy Lefroy and I were at the University of Dodoma, we talked to a room full of young people who seemed to me to be fairly unenthused with their university courses. When we described what a sandwich course was, a lot of them said, "It would be fantastic to have a year's work experience as part of an undergraduate degree". Is that a good idea? Why are there not more sandwich courses? This is not really entrepreneurship education, but it is a work-based situation. Would that be part of the answer?

Andrew Devenport: It could be. It is not my area of expertise.

Gerry Boyle: In our financial inclusion work, both with microenterprises and at the village savings level, quite a lot of our effort is around financial literacy, and very basic financial literacy such as the concepts of saving, of what financial institutions might be out there and what products might be available. Clearly, if that is captured better within schools, and achieved more effectively, then it does give everybody a step up.

For instance, David mentioned the high cost of loans from microfinance institutions. In one sense, however, some of those costs are driven by the lack of experience and lack of knowledge of the borrowers. Good, sound and responsible microfinance institutions will sometimes spend quite a lot of time working with that borrower to make sure they have a coherent plan and that they are going to be able to repay, significantly improving their financial and business literacy. If you were to take that burden away, presumably, from the microfinance institution, you may also in turn help them reduce their costs of servicing the borrower, and therefore reduce interest rates.

Q83 Hugh Bayley: Do you think that the emphasis on aid going into education is misplaced? Should donors, as the economist Francis Teal suggests, do less to fund education and spend the money instead in creating lines of credit for enterprises that will employ unskilled labour?

David Woollcombe: With regard to your sandwich course idea, the main thing that is my experience in education is that, if you read a book, you retain about 10% of it. If you are taught from the front of a classroom, you retain about 15%. If you go out and do something, you retain about 60%. Then, if you peer educate your peers, you retain about 90%. The idea of a sandwich course, where you are learning by doing, is a very good one. Andrew works with Fundación Paraguaya, in Paraguay, where they have companies within the school. There is also Teach A Man To Fish here in London, where they have the self-financing school. You learn from doing business in your school. That, and the idea of sandwich courses, is definitely the way that education should go.

In our experience, in our Be the Change academies, we find that a lot of the young women who come through our doors cannot read and write, but they have been doing business for four or five years. The prospect of getting a loan and improving their business is the incentive they have been waiting for to bother to learn to read and write. We do remedial numeracy and literacy courses with them. That incentivisation of education is what it needs, because, as you well know, a lot of the primary school investment results in young people leaving after six years without being able to read. That is, I think, dreadful.

What organisations like Global Partnership for Education should be pushing more for is education for self-employment, as I was telling Fiona. Sandwich courses could well be a part of that, because experiential education is far and away the most effective. I would also mention pyramid peer-to-peer education, where you match up young people and engage young people in the learning adventure together. That is the kind of school that we need for the 21st century. It works in IT education; it can work in general education. There needs to be much more imagination and innovation pushed into education, especially in Sub-Saharan Africa, where I am afraid they have inherited a 19th-century form of British education which remains, in many cases, largely unchanged.

Q84 Jeremy Lefroy: I will just declare an interest that I have done some work, together with David and Peace Child, on this subject. Could I just ask all of you: how can young people be encouraged to be entrepreneurs, rather than just relying on the fact that jobs

may be, or may not be, created for them? The word “entrepreneurs” is used sometimes in the sense in which we would regard it, as training for self-reliance and self-employment, rather than “entrepreneur” in the British sense, which is often a few high-flyers in the business sphere.

Gerry Boyle: An obvious point would be that many of the young people in developing countries have the strongest possible incentive to be enterprising, insofar as they have no other likely source of income. The issue becomes, then, one of: how does one make them see what is possible and feasible, and allow them to start to formulate plans that will make them an effective entrepreneur? We have already touched on whether education within schools can play a role in that. I do believe it can. Beyond that, government agencies, NGOs and donors can work to reach those communities and, via pretty well-established mechanisms like savings and loan associations, can, working with peers in groups, start to develop their ideas and start to access finance in pools.

CARE has helped set up village savings and loans associations that now incorporate about 4 million people in Sub-Saharan Africa, so it is certainly something that works at scale. More recently, as we pointed out, as youth employment has come more into focus, we have moved more towards young people and more towards urban. We have been setting up village savings and loan associations in Kibera, which is a very well-known slum in Nairobi. Those work just as effectively in an urban setting, with quite young people, as they do in villages. They are where people get to test their ideas out with their peers, and start to pool together their own money, whatever small amounts of money they do have, and save it as the very initial launch pad for any enterprise they want to run.

There are a lot of existing tools and institutions, and it is really about whether we are putting enough focus on reaching young people with those. CARE’s traditional emphasis has been very strongly towards women, and has only recently more switched towards thinking through whether there are differences for young people that we really need to address. That is also a point on whether the donors are focussing enough on driving that activity.

Andrew Devenport: Firstly, not every young person is necessarily an entrepreneur and wants to be one, but nonetheless an introduction to the world of business and running a small business is often very positive in terms of enhancing employability and proving young people with employment skills. We encourage young people as entrepreneurs by promoting the entrepreneurial culture through celebrating success. We also reduce the risk around starting a business by focussing on supply chain-type businesses and promoting micro-franchising in certain sectors.

When we look at the challenges facing a young person who may have spent their life hitherto in poverty, a lot of what we do is around confidence. We feel that providing non-financial support to young entrepreneurs is particularly important. Mentoring plays a very important role in everything that we do. Every young entrepreneur we support in the YBI network receives a mentor, and we are talking about a mentor for multiple years. The business plan they often had ceases to have any relevance after the first week, because some unknown factor has occurred and changed everything.

That is supplemented with training and helping to build networks for young people, which helps to give them a momentum to focus with the inevitable challenges of both failure and success that will come with starting a business. Fear of failure is common, although interestingly, in Sub-Saharan Africa, our surveys show that fear of failure is lower than, for example, it is in Europe. I think people feel that that is perhaps because the proportion of necessity-based entrepreneurs is higher in Sub-Saharan Africa, and that you just start a

business because you have to. They do not care whether it is entrepreneurship or whatever. They are just running a small business.

I would emphasise the holistic support for young entrepreneurs. I would avoid grants; I would tie the free services as such to obligations such as the repayment of loans. I would also make sure that any initiative was a combination of working with young people venturing into the world of starting a business, and working to support and strengthen existing small businesses.

David Woollcombe: You said, Jeremy, at our International Youth Job Creation Summit, that we need to embed entrepreneurship education in the DNA of all national education provision. That is where you have to start. Sammy Koech told this Committee, in the CPA hearing, that we have too many unemployed graduates. It is a terrible statistic that there are more unemployed university graduates than there are high school graduates, more unemployed high school graduates than there are primary school graduates, and more unemployed primary school graduates than those who stayed on the farm and never went to school. That is the situation; these economies are not mature enough to absorb highly qualified young people, which is why I come back to this focus on business entrepreneurship training for small household enterprises—making them more productive. That is what they need to be prepared for.

There is also an honest answer to your question, which is that we do not know. Frankly, the metrics are not good enough to tell us yet. Until we can have these comparative metrics, in different countries, in different sectors, for different levels and kinds of education, we are not going to be able to provide you with a clear answer. As Andrew said, it is not a simple “before and after” evaluation. It has to be a longitudinal evaluation, because interventions made at age 16 or 17 may not bear fruit until young people are 25 or 26. Therefore, the longitudinal kind of evaluations that the research department at DFID have taken up with younger children need to be applied to youth. Then we can get some metrics that can answer your questions more securely.

Q85 Jeremy Lefroy: Just to follow up on the barriers, we came across, just in our visit to Tanzania, people talking about the barriers to setting up a business, which in many countries go around licensing, tax authorities, registration and so on. How much more of a barrier to young people are those barriers to business, assuming that there are not any particular concessions to young people in the ease of setting up a business? How much more of a barrier are they to them than the general entrepreneur?

David Woollcombe: Jeremy, you remember the World Development Report last year on jobs, where it argued that informal is normal, and that we have to get used to that. Unregistered business is what most young people, and others, are in. I think something like 80% of business activity in Guatemala is in the unregistered sector. It is probably similar across a lot of the developing world. Those macro-level things, of lowering the number of days it takes to register a business, are obviously important, but so is training and inspiring and empowering young people to realise that that is their future. Hugh talked about going to this university, and there is a famous scene at the end of a *Panorama* documentary about development where the interviewer asks a group of graduating students, “How many of you want to go into business and make a lot of money?”. About four put up their hands. Then they asked, “How many of you want to go and work in government or at a big international NGO?”. 150 put up their hands. That is the culture that is engendered by the kind of education that we have at the moment. It is coming at it from the wrong direction; it is not helpful.

Q86 Fiona O'Donnell: Good morning, gentlemen. That figure of 1 million jobs a month in Africa alone is a huge challenge, and I just wonder: how scalable are the programmes that you are delivering? I know, Gerry, you have answered that already. David, with your Be the Change academies, how much of this need can be met by what you are doing?

David Woollcombe: I would say a great deal, because the principles of the Be the Change academy are that they are run by young people who are obviously in touch, casual and affectionate towards people of their own age, monitored by older professionals, in the principle that we call “co-management”, where elders and younger people work together but young people feel in charge. This is one thing that a big institution like DFID finds it very hard to do. The young people who run my organisation are sitting behind me now, and will kick me if I say the wrong thing, because it is their problem. Youth unemployment is a youth problem. That is why my organisation is determined to engage with them.

That is scalable, of course, across all societies. If you engage young people in solving the youth unemployment problem, they will come up with answers that we will never come up with sitting in a committee room like this. That is, I think, the important opportunity that must be given. That is scalable, as I say, hugely. However, I would come back to the fact that in order to do that wisely and prudently, you must have the metrics to figure out which of the interventions are most effective.

Andrew Devenport: The whole point of YBI is about delivering scaled support to young entrepreneurs. Locally, we deliver a combination of financial and non-financial services by local organisations. These are part of national networks, which are in turn a part of the global network, and are shareholders in the YBI organisation. The YBI network exists to share best practice, such as what is working in terms of the mentoring and training support that we provide, and how to be efficient in providing access to capital. We avoid reinventing the wheel; we have a similar IT system, which enables us to establish very high-quality data, on which we can base our monitoring evaluation alone.

We work together as a network to access resources from bilateral organisations such as DFID, and we work very strongly with the public sector, working with financial institutions, financial services companies, consumer goods companies and multi-nationals, but also those who are working regionally and nationally. We create an ecosystem of support, and we couple that with a combined approach to advocacy, being involved in campaigns like Global Entrepreneurship Week, which is undertaken in 130 countries across the developed and developing world, and the G20 Young Entrepreneurs Alliance. We think it is extremely important that the local support is locally rooted—since you can only really understand the local conditions of starting a business if it is local businesspeople who are making the decisions about approving loans and matching mentors—and is complemented as much as possible by leveraged international support.

Gerry Boyle: Yes, there are approaches that are definitely scalable. I already referenced the village savings and loans approach. However, also the other area where our work would say you can achieve results at scale is where you are looking at systemic change and agricultural value change, etc. A lot of work we have done in Bangladesh around the dairy value chain there brings tens of thousands of small farmers into a much more productive national value chain, which meets Bangladesh's previously unmet need for quality milk. However, that requires quite a lot of different players to come together along the value chain, including the large buyers, which might include multinationals but also large national companies, and support to the sort of microenterprises that then provide services to the small

farmers. That systemic approach is absolutely key, certainly in agriculture, to really making a change to large numbers of people.

Q87 Fiona O'Donnell: Given you have answered the second question I was going to ask, I wonder if I could ask this: for some young people, the route might not be straight into being an entrepreneur; they might want to work first of all in the formal sector. Are you aware, in terms of DFID's approach to private sector development and multinationals investing in countries, whether there is any emphasis there on them to recruit and train young people, to incentivise the recruitment of young people, either from DFID or in-country from government? Have you seen any evidence of that?

David Woollcombe: I have not. I think we on this panel would resist the idea of quotas. If you are aware, there was a big youth policy conference in Baku the week before last. The first principle they came up with was the rights-based approach. We think that the right to a job, and all this idea of youth guarantee schemes, wage subsidies and that kind of thing, is not the way to go, because we are all in the business of empowering young people to pull themselves up by their bootstraps, get on and make their own businesses. That is probably a better approach. The last Committee meeting in this room was where SAB Miller talked about creating thousands of jobs through making beer from sorghum. That obviously creates jobs. I am sure they are not saying, "We must employ this number of youth in the new jobs created", and I think that would be a mistake. Self-reliance, rather than entitlement or quotas, is the way to go. Would you agree?

Andrew Devenport: Yes, I would. The consumer goods companies in particular employ very large numbers of people in their work, and a lot of this, you might say, is limited entrepreneurship. It is providing distribution, essentially, for their goods, in small shops, bars, etc., which do provide quite a lot of employment.

David Woollcombe: The other thing, which we have not mentioned strongly enough, although Andrew mentioned it, is skills matching. That is the low-hanging fruit of job creation, where you educate for the skills that the private, waged sector needs. There needs to be much more work on that. A colleague of Andrew's and mine runs a programme called Entra 21, which puts private sector educators, young people, and the Government around the table, and sorts out what the needs of the private sector are, in terms of skills, and then makes sure that the education provision is delivering that. Skills matching is the easiest way to address the problem that you are talking about.

Fiona O'Donnell: The private sector providing apprenticeships as well.

David Woollcombe: Providing apprenticeships, work experience, and all that kind of thing, but engaging them up front, because there is this terrible thing that Infosys said: that only 13% of Indian undergraduates are suitable for employment by their company. That is a huge skills mismatch. That is something that we need to work on.

Gerry Boyle: While agreeing with that, the concern would always remain that, over the next coming few years, even if you ran very good apprenticeship programmes, etc., within the formal sector, the number of people you will reach will still be relatively small. Therefore, I would just return to the theme that, in fact, the largest majority of people are likely still to be micro-entrepreneurs. Often they will be in rural communities quite distant from what we would recognise as private sector activity, but obviously they themselves would be part of the private sector. Reaching out to them, and finding tools and methods that help them develop enterprises locally that sometimes will then take on other employees, has got to be a really key part of, certainly, donor activity and national government activity as well.

Fiona O'Donnell: Maybe we can learn from these countries, given so many of our youth are disengaged. It does not sound like they have that problem. Thank you.

Q88 Sir Peter Luff: I am going to ask some questions on access to credit. Can I begin with crowd-sourced funding, and particularly Gerry? It is an opportunity for a plug for Lendwithcare. First, tell us a bit about its success.

Gerry Boyle: Thank you. Lendwithcare is a crowd-funding platform that we have been running for about four years, and we currently have about 19,000 lenders. Over those four years, we have raised about £6 million. The way it works is as follows. You go online. You are presented with 35 to 50 microenterprises around the world, in about nine countries currently, and you can choose who to support by lending to them. You put in your sum of money, at a minimum of £15, and then you are kept in contact with that microenterprise as they develop and as they repay their loan. At the end of that period, you can choose to re-lend your money, or give to CARE, or take it back.

On the other side, the way it works is that the borrowers will approach a microfinance institution, and CARE carefully selects the microfinance institutions with which we work, to make sure that they charge fair interest rates, to make sure they have got a strong social mission, and to make sure they are financially sustainable as well. The entrepreneur then will approach the microfinance institution, receive the loan up front, and then have their information prepared for presentation on our website. As it is funded from this end, that money then becomes effectively the loan to the micro-entrepreneur, and the microfinance institution's funds are made liquid again, so that they can extend their lending. There is an interest rate paid by the borrower to the microfinance institution; that helps the microfinance institution meet its costs, which, as I have said before, include some elements of training and helping develop business plans for borrowing.

On our side, we supply the funds. As an individual, when you put money into Lendwithcare, 100% of it does go into the loan. We do not skim anything off the top to pay our admin costs. We lend for free to the microfinance institution, so the microfinance institution has improved liquidity and has a lower cost of funds, and in turn, working with them, we encourage them to use that to reach more and more communities, and perhaps take on some slightly higher risk borrowers.

Sir Peter Luff: It is a very attractive and easy to use website as well.

Gerry Boyle: It is. Thank you.

Q89 Sir Peter Luff: You operate in 80 countries around the globe, roughly. Why did you choose these nine particular countries for Lendwithcare?

Gerry Boyle: We had to start off with something manageable. To be honest, it has been something that has been bootstrapped internally. We did have funding in a corporate partnership with the Co-op, but we have always been relatively cautious about our rate of expansion. It was a relatively new idea in the UK. We are now looking at the extent to which we could significantly extend it. At the rate at which we can fund it currently, we will add another two countries in 2015, which will be Rwanda and Zimbabwe. However, we do recognise that it has been pretty successful. It has a very good reputation, I think, by word of mouth. It has a lot of very enthusiastic and committed lenders. Therefore, we think it could by analogy be extended across, for instance, multiple European countries, which we would like to look at, but also really the key constraint on us in this country is achieving higher public awareness to bring more people into our funnel, as it were, to go and look at the website. That really is driven by advertising and by word of mouth.

Q90 Sir Peter Luff: You are not funding for your operational costs.

Gerry Boyle: No. There is an option to donate to Lendwithcare's operational costs, and probably at the moment about 50% of our operational costs are met by those donations. As I said, we often find that people will lend money on Lendwithcare, maybe lend it three times over, and then at the end of it say, "I will let CARE have it". Previously, we did fund by corporate partnerships, and that is something where we are looking to find new corporate partnerships. They are attractive not only because they can provide direct funds to meet admin costs but also, with the right corporate partner, you can drag in a lot more lenders potentially, either through their employees or potentially through their customers. That is something we are working on actively at the moment.

Q91 Sir Peter Luff: However, if we are honest with each other, you are funding quite a small number of entrepreneurs in the global scheme of things.

Gerry Boyle: Yes, at any one time, it is probably about 4,000.

Q92 Sir Peter Luff: Of them, very few are young people.

Gerry Boyle: About 10%.

Sir Peter Luff: A guess, because you have not got accurate—

Gerry Boyle: We have relatively recently started seeking a lot more information on our borrowers, but our best guess at the moment is about 10%.

Q93 Sir Peter Luff: Earlier on, you gave some reasons why young people do not always do so well in this market. What are the reasons for Lendwithcare not having more young people? You are doing very well with women, for example.

Gerry Boyle: Yes, but in fact women are a much better credit bet than men. It is true, and it is where the foundation of microfinance came from.

Sir Peter Luff: What about young women, then?

Gerry Boyle: Yes, but there are two issues. One is, when they present themselves, potentially they are seen as being a higher credit risk, because they have less track record and they may well have less well-thought-through plans. However, the other point is that what we are not very clear on, and I do not have the statistics for, is what proportion of borrowers who present themselves to the microfinance institutions are under 25 in the first place. It is not necessarily that the real constraint is what the microfinance institution is doing. Potentially, it is that the people who have reached the point where they believe they need microfinance institution funding tend to be older, have more experience and have been running a microenterprise for some time.

Q94 Sir Peter Luff: I will turn to Andrew and David now. Crowd-sourced funding seems to be an attractive thing to get young people involved with; you would expect it to be a young person's market. What do you think are the opportunities for funding more young people's entrepreneurship through crowd-sourced funding?

Andrew Devenport: We think it is very exciting. It is an exciting development in the market, in an area where there has been, essentially, private sector faith that a lot of the funding that we provide young entrepreneurs comes as a result of the public sector providing loan funding programmes or guaranteeing banks, enabling them to take greater credit risk. A number of financial institutions lend to our young entrepreneurs on the basis of the collateral that they see the young person getting from the support that they are receiving in the form of

mentoring and training. That is extremely important, when you look at the risk associated with lending to young people in the area of entrepreneurship. Our average loan size in the wider network is around £4,000, and the success rate of our entrepreneurs is around 70% after three years, which is somewhat higher, in most economies, than the general start-up business success rate. Our young entrepreneurs are creating on average around four jobs per business. To me, there is a mix of financing. Crowd-funding is very exciting, and an expanding market. However, I also think there is a role for organisations like DFID to play, and the public sector to play, in providing credit, particularly when maybe we are talking generally about slightly larger amounts.

Q95 Sir Peter Luff: By directly providing that credit or by helping others do it?

Andrew Devenport: Helping others do it or working in concert with them is very important. Tying the financial and non-financial support together is critical. If you look at the success of, for example, here in the UK, the Start Up Loans programme, there it is being provided to young people in concert with other financial support through service delivery organisations.

David Woollcombe: Sir Peter, you asked why only 10% of loanees from Lendwithcare are young people, and we have to come back to education. They are simply not ready for it. They are not prepared for it. A young man in India told me, “They tell me I cannot get a job. They tell me to start my own company and make my own job, but nothing in my education prepared me for how to do that—how to create a business plan. It is just not in the training”. That is what we are trying to provide through the Be the Change academies, linked to the financing, so that you have, as all the research says, a comprehensive approach. What DFID should not do is tinker around the edges. It has to have a comprehensive strategy, which is why expertise at a senior level in DFID is really important to this field. It is not just crowdsourcing. It is fascinating—and Gerry will not mind if I tell you that I was just at Kiva in San Francisco. They have leant \$750 million in the first nine years of their existence. It is huge; the public really resonates to the idea that Gerry described. It is a huge opportunity to increase funding for this kind of development, but it needs to be as part of a package.

Q96 Fabian Hamilton: Just following on from what Sir Peter was asking, we recently heard from a witness to our Beyond Aid inquiry that microcredit was not as successful as had originally been thought. I wonder how you respond to that. Gerry has obviously given us quite a bit of detail about microcredit schemes he is involved in, but what about the others?

Andrew Devenport: I would make the observation that microcredit is a spectrum. There are some really wonderful things that microcredit does in terms of personal credit, simply in providing people with money at a cost that is often, while high, considerably lower than the previous informal lenders that they were working with. In fact, a number of our members in the YBI network are connected to microfinance institution organisations. In Africa, that would be in Tunisia. It plays a very important role. However, in terms of starting and developing businesses, you need, quite often, significant amounts of money to do that, and they are not always readily available from microfinance organisations at a cost and a tenor that is acceptable and consistent with the challenges of starting a new business.

David Woollcombe: Owen Barder’s point, I think, is that microcredit does not really work for the very poor. I think that is probably true, because without the support systems of something like a Be the Change academy or a Youth Business International trust to surround

and hold the hand of young entrepreneurs, it is very difficult to see microcredit. Also, so many of the microcredit institutions charge exorbitant interest rates, so that becomes very difficult for young people, especially the very poorest people. I think, as I say, it needs to be looked at very sceptically and rigorously, so that you can find out which kind of interventions, and which support and training systems, can support microcredit to work. There are a lot of examples of where it does work.

Q97 Fabian Hamilton: Has it not been successful in Bangladesh, for example, among very poor women, subsistence farmers and all kinds of people?

David Woollcombe: Grameen's success is legendary, but Kiva and Lendwithcare report repayment rates of 98% and 99%. That is far better than most commercial banks. You have got to accentuate the positive in microcredit, although Owen is completely right that it does not work in all cases.

Gerry Boyle: I would say, from a CARE perspective, although we do promote Lendwithcare, a great deal of our financial inclusion work is at the level of village savings and loans, which is about people saving together, lending to one another as a peer group, and then divvying up the interest that is paid on the loans among the group at the end of the year. Interestingly, we have found that it takes about three years for those groups to get to a level of financial literacy where generally they are then ready—some of them as entrepreneurs, but others just as savers—to then engage with the formal financial sector. This is also something that we are keen to see them do, because those small savings groups, after a period of time, need to become more sophisticated. They do start to need the products that MFIs and the mainstream banking system can provide.

Q98 Fabian Hamilton: Can I ask any of you, or all of you, what other options you think there are apart from microcredit to help improve jobs and livelihoods and entrepreneurship for the very poor young? Presumably, as you said, this is part of a spectrum, is it not? There must be other options, too.

David Woollcombe: The idea that we are promoting is this idea of a revolving loan fund built in to the training college. All these documents advise the comprehensive approach. Having a revolving loan fund in the school or businesses promoted by the school so that they get the experience of developing a business plan, and having it funded and mentored, as part of a package would seem to me to be the new generation that we are looking for as an alternative. It will not be little bits all over the place, but one package.

Gerry Boyle: I would say, from our perspective, the emphasis on savings is absolutely key. Giving people a better opportunity and encouragement with the discipline of saving to then fund their own microenterprise is the most secure way of getting people started. It is only really as they become a more sophisticated enterprise that they will need to start taking on credit. That is why a lot of our emphasis is very much on rolling out savings groups at scale.

Andrew Devenport: It is important to encourage the banking system to be involved in this sector. Helping the banking system by providing support in terms of credit is important. A lot of the businesses that we start in the YBI network involve an upfront purchase of capital goods, and taking title of those capital goods can substantially change the risk profile. It is a very important junction between the public and the private sector, in terms of helping young entrepreneurs take that first step.

David Woollcombe: But not grants, as Andrew said. Grants are too easy to steal. They do not establish the disciplines of repayment, and credit history and so on. The loan thing that Gerry is talking about is a much better approach.

Q99 Fiona Bruce: On the Committee's visit to Tanzania last month, some of us saw the use of payments through mobile phones providing a real opportunity for young men and women who were acting as agents, so they were self-employed, for a rapidly expanding business renting a system for solar-powered electricity. How might the use of mobile phone payments, and systems such as m-pesa in Africa, revolutionise the potential for young entrepreneurs there?

Gerry Boyle: Again, in our financial inclusion work we are pretty enthusiastic about mobile money. It has the two great attractions for financial inclusion of being able to access the most remote areas, and having lower transaction costs, which are two of the greatest barriers to financial inclusion. I think, though, the issue at the moment, and it is a very rapidly developing sector, particularly in east Africa, is that there are still concerns about the levels of transaction costs, and the range of products available on mobiles is still relatively limited. Even in Kenya, which is probably one of the most sophisticated markets, there are a fairly limited number of products on which you can achieve micro-loans, such as M-Shwari, etc.

The other interesting thing we find is that by starting to use technology, you can build up savings and loan histories that then operate as useful information to the formal financial sector, or to microfinance institutions when you go to them. You can show what your savings have been, or at least what cash has been flowing through your account. In addition, where you take out microloans, that should point towards your actual repayment. We think there is a huge amount of potential in mobile phones.

We also think there is quite a lot in card technology. Using fairly simple bank cards also has quite a lot of the same attractions that mobile phones do, and may be better suited in some markets. It is certainly something we would like to see, but we would like to see it develop in a way that transaction costs come down, and that the credit products available are handled in a fairly responsible manner, because there is potentially a lot of opportunity for fairly reckless borrowing.

There are a lot of very good ideas in the banking sectors and the MFIs. I was in Bangladesh recently talking to banks, and they were talking about the projected use of psychometric testing to judge what a borrower's predisposition to pay a loan would be. They see this as a way of achieving lower risk in credit, without necessarily collateralising loans. It is quite an interesting concept, but again the problem in there is what is available: the best products available to the marketplace they are being told have quite a high transaction cost to the bank. Therefore, their ability to use them on relatively small loans is obviously constrained by that. There are some market issues that need to be addressed.

Q100 Hugh Bayley: What do you think of DFID's private sector development work? Where do you think it has a comparative advantage, compared with the work of NGOs and the work of the private sector itself?

Andrew Devenport: DFID has the great advantage of being able to take a long-term view, which enables DFID, and particularly in an area like youth employment, which is relatively short on good information, good metrics and good understanding, to drive systemic important research and development. DFID is also able to help bring interventions to broader geographies than the private sector might wish to operate in. It is also, as we have been

talking about in relation to finance, able to correct market failures by helping to bring credit to parts of the market where credit was not possible. YBI is part of a PPA consortium, along with Restless Development and War Child, and DFID has a good understanding of the holistic development required for youth, covering areas such as sexual health, governance, participation, alongside employment, which are very important in terms of youth wellbeing. It is, therefore, a very valuable stable long-term partner, both of the NGO sector and the private sector.

David Woollcombe: DFID's access to Government is the key comparative advantage. None of the things we have been talking about this morning can be delivered from London. They all have to be locally owned and locally delivered by DFID's target countries. However, when this Committee goes and visits Liberia and Syria, as you did earlier this year, and are told by the Prime Minister and Presidents that they are worried about youth employment, you must have a raft of policies and practices and programmes of which you can say, "This works, and this works, and this works". DFID will work with you and with NGOs like you see on this panel to implement those solutions. With the solutions that are out there, there is a lot of emphasis on learning. We have talked a lot about metrics this morning, but what we do know is enough to get started on this, and go to scale. As you say, Fiona, these numbers are huge, and unless we get started now, and start building more capacity within government to deliver entrepreneurship education and to deliver microcredit, then the young people are going to become what they call "the last generation", and that is a very big danger to us all.

Q101 Hugh Bayley: Both you, David, and Andrew have said in your evidence that DFID is too focussed on the enabling environment, and it does not do enough to help family- and individually-run businesses. You are suggesting that the former type is less effective, and less cost-effective in producing jobs, at the end of a day, than the latter. We have reached 0.7%, but we are not going to go to 1.0%. What would you cut, to be blunt, in the enabling environment, to put more money into family-sized small businesses?

David Woollcombe: Gosh. I am afraid, Hugh, I do not know enough about DFID's budgets to be able to answer that question comprehensively. You have got the PIDG, so large amounts of money going into infrastructure, and huge amounts of money going into the EDSF, at £1.8 billion. All I would say is that, when you look at the five pillars of the EDSF, one-ninth of one pillar is relating to young people. You simply need to expand that, and put £10 million or £20 million on the table to try out some of these things, and then see where it makes sense to encourage 28 target countries to go to scale with programmes that work, and build, as I showed you at the front, that big beast that can transform unemployed young people, young people entering the job market, into self-employed, productive young people with decent jobs, so that they can build their livelihoods.

Andrew Devenport: I would endorse David's comments. It is surprising to us that the EDSF has a relatively modest focus on youth, given the enormity of the challenge you have heard today. Also, given the fact that we all realise this is an area where we do not know enough information, it is through more programmatic activity that DFID will be positioned, along with other organisations. That is why DFID's involvement in programmes such as Youth Employment Solutions, launched recently by the World Bank, is important in creating a greater understanding and collaboration across bilaterals and multilaterals of the challenges of youth unemployment.

Q102 Hugh Bayley: Can I step back for a moment from the levers and devices and cultures that are necessary to encourage entrepreneurship? Over decades of looking at Africa, I have seen people flooding away from the countryside into towns, creating problems of urbanisation and job creation in cities? I have seen schools doing virtually nothing to teach about agricultural practice. I remember, 30 years ago, seeing a teacher who oddly was trying to introduce that in a rural school in Gambia, to stop people getting a secondary education and going to Banjul and abandoning the countryside. Given that half to three-quarters of all small enterprises in Africa are family-run farms, why do we not just say, “Let’s have a serious agriculture policy?” and make agriculture more productive? You cannot do agriculture unless you understand that you invest and you get a return, and that you put in your labour and it combines with your capital. There is a lot of business practice that every farmer understands. Should a large component of job creation therefore be increasing productivity in the countryside?

David Woollcombe: The largest component, Hugh. Yes. Lendwithcare and Youth Business International—a lot of the businesses that we all create are agriculture-based, adding value to the food product. I was appalled in Sierra Leone to find a little bottle of pineapple juice made in Thailand. There are pineapples rotting in the northern part of Sierra Leone. That is insane. We need to enable these farmers to add to the value chain and produce food products not only for their own internal use but for export as well.

Q103 Hugh Bayley: The school curriculum—at least a day a week, or six or eight hours a week, tilling the school field, or growing food for school meals?

David Woollcombe: Fundación Paraguaya does that.

Andrew Devenport: Absolutely. More than that, it is being able to see these as business lines. David and I are big fans of Fundación Paraguaya. It is essentially a very powerful combination of conventional schooling 50% of the time and 50% of the time focussed on agriculture, but agriculture as a business and agriculture in its different forms, seeing how basic processes can be improved. You really produce young graduates who have ability and excitement about being able to make a viable living out of the land.

Q104 Fiona Bruce: David, I believe you said you thought that more private sector activities at a senior level were needed within DFID. I wondered if you could amplify that comment. What kind of expertise? What kind of experience? Bearing in mind that you have said that much of this work needs to be done in-country, are you speaking about not just in the UK but also in-country? How do you see the roles of these DFID staff working through?

David Woollcombe: I know DFID is cutting staff, but somewhere at the senior level there needs to be expertise. The UN Secretary-General just appointed a special Envoy on Youth. The European Commission at DG DEVCO has an adviser on youth. That is what I am saying. Someone who really knows this field is needed, and who knows all the different interventions that are being made, so that DFID can offer to its country officers expert advice on the very best knowledge about youth job creation, specifically focussed on youth. It is a part of the private sector department; it is a part of EDSF. It is not some sort of tangential nice thing to do for youth. It is not part of the education provision. It is about private sector development and economic growth, but also working with those millions of young people who are coming through what we call the “youth demographic bulge”. That is where you need to have incredible expertise. It should not be a young person. It needs to be a big beast, who can be rude to people and tell them what they need to do. That is where there is not

enough passion and energy at DFID driving the youth employment agenda, and that is really what I would like to see trickle down.

Chair: It is always the same: the Committee gets excited towards the end of the evidence session. I am just warning that we have another session after this, and I do not want to be left on my own in the Chair.

Q105 Fiona O'Donnell: I was just thinking that there are millions of young people displaced around the world because of conflict. Do you operate in any countries, or manage to deliver programmes, where there is conflict? Or is that completely disrupted?

David Woollcombe: There is a very famous organisation called Spark, in the Netherlands, that operates exclusively in fragile states and post-conflict states. It is a difficult and very specialist area, but a desperately important area. I certainly do not have that expertise.

Andrew Devenport: We have operated in Sri Lanka for the last 15 years. Small business has played an important role in keeping some of the glue together in that country in recovery from the conflict. YBI is currently operating in Eastern Ukraine, in an initiative catalysed some years ago by DFID support, and miraculously they manage to keep going despite the current conflict.

Gerry Boyle: CARE works extensively in conflict-affected states, because we are a humanitarian organisation as well as a development organisation. Within that work, whilst the initial focus is always on immediate needs, many people end up as displaced persons for quite extensive periods of time. Therefore, the tools and approaches that we have around development, with pool communities like savings and loans and the beginnings of developing livelihoods, are the things that we recently have been trying to achieve with displaced communities.

Q106 Jeremy Lefroy: DFID's single biggest investment in the youth field is the International Citizen Service. How successful is this, and in particular the ICS Entrepreneur programme that has been launched?

David Woollcombe: It is too early to say about ICSE, the entrepreneur programme, because they have only just started their pilot programme. The ITAD review of the ICS pilot showed success in almost every area. It is a programme that DFID can be extremely proud of. It is generating young people who come back to the UK full of the joys and horror of development. It is run from the communications department, so communicating development messages to the UK. There is a lot of enthusiasm there. Certainly, many of our colleagues in Raleigh International, VSO and Restless Development are working unbelievably long hours to make it a success. I think it has been a success.

What I would say, though, Jeremy, having talked to the people in DFID who have run ICS since I wrote my submission, is that it is not the answer to this question. It is not in the business of jobs and livelihoods. It does 7,000 British volunteers, and 7,000 in-country volunteers, so 14,000. That is a drop in the bucket compared with the numbers we are talking about here. That is why we say that if DFID is going to be serious about creating youth employment and jobs and livelihoods for young people, it must be part of the central EDSF economic growth plans of DFID. It is not a communications exercise; it is a much bigger problem. That is why I would say, "Let's do something different with the idea of a youth employment fund", rather than try to tack on something to ICS, because that is not its purpose. It is doing very well.

Andrew Devenport: I would make a practical observation about ICSE, which we think is a very good idea. We need a process of identifying what the actual needs of the local entrepreneur are, and making sure we are matching those. We also think it is very important that the volunteer is integrated into the non-financial support that the entrepreneur is receiving, and to turbocharge that support, if you like. There are organisations, and YBI is an example of one of them, that are running mentoring programmes, non-financial support programmes, and can provide that service and make sure that the support and the experience for the volunteer is also of value to the entrepreneur.

Jeremy Lefroy: I just have to say that Hugh and I, and in fact all of us, met some ICS volunteers in Tanzania, and were impressed with the dedication and commitment on all sides to it.

Chair: However, as you say, 14,000, when it is a billion or whatever you called it, is a very small contribution. Thank you all very much. I think you can see that you have generated a number of extra questions from the Committee. Thank you for the evidence you have given. I will say, as I usually do, that on reflection after this session, if you have any further thoughts that you want to pass on to the Committee, I hope you feel free to do so. We are very happy to have them. Thank you very much.

Examination of Witnesses

Witnesses: **Farah Kabir**, Country Director, ActionAid Bangladesh, **Mike Bird**, Operations Manager, Women in Informal Employment: Globalizing and Organizing, **Deepta Chopra**, Research Fellow, Institute of Development Studies, and **Mosharraf Hossain**, Director of Policy and Influencing, ADD International, gave evidence.

Q107 Chair: Good morning, and thank you very much for coming in. I apologise for keeping you waiting, but, as you will have seen, the last session was generating interesting questions. Again, just for the record, can you introduce yourselves, starting with you, Mosharraf? Nice to see you again.

Mosharraf Hossain: My name is Mosharraf Hossain. I am Director of Policy and Influencing, ADD International. ADD is a British charity working with disabled people in Asia and Africa.

Deepta Chopra: My name is Deepta Chopra. I am from the Institute of Development Studies, and I lead the DFID-funded programme on women's empowerment there.

Mike Bird: Mike Bird. I am the Operations Manager for Women in Informal Employment: Globalizing and Organizing, catchily.

Farah Kabir: Good morning, I am Farah Kabir. I am the ActionAid Country Director in Bangladesh.

Q108 Chair: Thank you very much. First of all, you will be aware that this Committee has, in the last year or two, produced reports on women and girls, and on disability. Obviously, these are areas of particular concern for employment purposes.

What are the main barriers that stop women from entering the labour market in developing countries? One of the things they often quote, not the obvious one of fetching and carrying water, is the caring responsibility, unpaid and very demanding. Indeed, we have

seen that, on average, women work for about 16.5 hours a day, and men for about six and a half. There is a clear disparity there. What are the barriers, and what do you think are the main solutions?

Deepta Chopra: I would like to kick off with that. Basically, you are very right. Women and girls—I just wanted to link it to the previous session about youth, in talking about young women—bear a disproportionate burden of care work. When we talk about barriers to economic empowerment, we really need to understand what we mean by economic empowerment, and whether economic empowerment is simply participation in the labour market or about the choice to participate in the labour market, the time that they have to participate in the labour market and the opportunities. It is the lack of the choices, and the lack of time and opportunity, that really constrains them.

This is where unpaid care work takes predominance. Unpaid care work not only restricts women and girls' time, in terms of their participation, but also limits the choice that they have in terms of the location of the work that they can do and the types of sectors that they are engaged with, and Mike will speak more about how then they end up in low-paid informal sector work. That is one of the key constraints and a structural barrier to women's participation in the economy.

You asked about solutions. The solutions are very much around recognising the importance of unpaid care work, and recognising that unpaid care work is a good thing. Care is good; it has to be optimised. Only by recognising that it is important in its contribution to the economy, and to sustaining the market economy, can it lead to gains that are both optimised, in terms of women's participation into the labour market, but also shared across families.

Q109 Chair: That was really the point I was going to press home. Given the disparity in terms of commitment, how realistic is it to change the culture so that men accept more of the responsibility of sharing?

Farah Kabir: It is realistic, given that men see the value in it, because we have almost 3 million women coming in and working in the government sector. A lot of them have young children and parents, and they have to leave them behind. Sometimes men are not there; there is another woman taking care of the children and the family. However, there have been occasions, and it is increasing, where men have come forward. It is about the social acceptance and practices, and that is one of the biggest barriers—whether your peers, your mates, are doing it, and you are accepted in doing it. It is really about the value and the economic returns of it. We need systems and institutions supporting that.

We need recognition that unpaid care is not just assigned to women, and nor is it a second-class kind of a job. It has to be seen that it is important for the continuity of the family and the entire fabric of the society. This is where we need that sort of awareness-raising and capacity-building programme. However, we also need institutions and support from the state, so that when women have to work, or if they are going into the labour market—because they have the potential—they can contribute and make a difference. This is the kind of support that needs to be institutionalised and provided.

Q110 Chair: Mosharraf, I am aware of your story. I do not know whether the rest of the Committee are. In the sort of discrimination that disabled people face when they are looking for work, jobs and livelihoods, what are the obstacles?

Mosharraf Hossain: Thank you, sir, for asking this question. Let me share my experience. I was born in a middle-class family and I came from a rural area. My family

gave a lot of support for my education so that I could overcome my disability. I completed a master's in economics, and then applied for a job in the government service. However, I was denied a job in the Bangladesh Civil Service, not because I did not have the quality, capacity or education, but because of disability. That is the discrimination; systemic discrimination is there. That is the main barrier for disabled people to have access for improved lives. That should be changed. As a result of that, even in Uganda, only 0.2% of disabled people are employed in the government, private sector, or even the NGOs. We can see just how that discrimination and marginalisation of some disabled people is there.

Q111 Chair: How do people justify saying you could not work as an economist because you were in a wheelchair?

Mosharraf Hossain: That is the question. A wheelchair is not a barrier to be an economist. To be an economist, intelligence is the main issue. I do have problems in my legs, but my hands work and my brain is working. Even among the world-recognised economists and scientists, Stephen Hawking, a disabled person, is contributing a lot to change the world. I think, first, we have to recognise the ability of disabled people. Then it will be much clearer. People who have an intellectual disability or other sorts of disability have some sort of functional limitation, but that can be covered. For example, in a rural area, a deaf boy was rearing cows, but he was getting less payment than other herders, simply because of the stigma. They think that a disabled person cannot work like others, so he was paid less. We need to change the perception of the stigma in society and create opportunities so that disabled people can gain equal opportunities like other people. Then, I think, their livelihood can increase.

Q112 Chair: Does the discrimination that affects women redouble itself if those women are disabled? Is that the practical evidence—that it is bad enough, in terms of the labour market or entrepreneurialism, to be a woman, but to be a disabled woman is twice as bad, or maybe worse?

Mike Bird: That is true, yes. What we know from statistical research is that women tend to be in the lowest remunerated and the riskiest forms of employment. If you face the double barrier of the stigma associated also with disability, then the short answer is, “Yes, it is a double barrier”. It is to do with this thing about perception, and how people perceive the roles of women, and the ability of people considered to be disabled.

Deepta Chopra: If you think about poor women, and you think about a woman who is able-bodied and has to go for, let's say, five miles to fetch water, you can imagine the kind of problems when the woman is disabled and not able to do those physically arduous tasks of collecting firewood and water. How does that play into the dynamics? This is what Farah was mentioning, when she said we need public services to cater to this double burden.

Q113 Fabian Hamilton: How far will general programmes to create formal jobs such as improvements to the enabling environment help women and people with disabilities, and how far are specific targeted programmes necessary? General programmes may not be specific enough for those groups.

Mosharraf Hossain: First we have to create opportunities in the general programmes. Many disabled people, or disabled girls or women, can work in the mainstream programmes. First, we have to ensure participation in the mainstream programmes. Nearly 50% of disabled women or men have severe disabilities. For them, some sort of targeted programme

is required to supplement or complement those sorts of limitations. In most of the cases, the disabled people can work in the mainstream programmes.

Farah Kabir: We have been working with acid survivors. Unfortunately, there have been incidents where men have attacked women by throwing acid on their bodies and face. We took up a programme of trying to create employment opportunities for them. We worked with HSBC; we worked with other organisations. What we found is, even including salons and parlours, when the women had scars that were not so visible, it was possible for them to go and work in general situations or employment. However, if they were in any form visibly disabled, or had changes in their facial structure or body, then it became very difficult. Then we really had to come up with alternatives and special job opportunities behind, or not in, the public sphere. It requires a blend of both the sensitivity to understand the kind of disability, but also a lot of the organisations do not have the infrastructure. If you want to work, say, in the Government office, or in a museum, they do not have the infrastructure. If you are in a wheelchair, or if you are visually impaired, it will be very difficult to access those premises.

Q114 Fabian Hamilton: Should resources be targeted at the infrastructure, to enable larger organisations or governments to employ people with disabilities? Is that the way forward?

Farah Kabir: It is one, but it cannot be either/or. It is one, but it is also about capacity-building. It is about providing opportunities and training for women with disability, or to take on newer options.

Mike Bird: Can I say something about informal employment writ large? I think it is really important.

Q115 Fiona O'Donnell: That is what I was going to ask about. Do you think we should be continuing to support women in formal employment, or should we be helping them to move out? Or should it be a combination? Thank you.

Mike Bird: Thanks very much. People have been talking mostly about the informal sector this morning. The informal sector is small and unregulated business and enterprise. The informal economy includes also people working in the formal sector, in formal jobs, but without employment contracts that offer social protections. By that broader definition of informal employment, rather than just focussing on the informal sector, over half the world's employment is in the informal economy. It is massive. There was a notion in the late 1950s that it was a stage we would go through, and then we would get past it, and formal jobs would be created for the people who needed them. It just has not happened. One of the speakers in the former session was talking about the informal being normal, being the conclusion of the development report from 2013. It is true, and this is what we find to be the case.

It is important, therefore, to talk about structural change. Again, there was a question earlier about whether the enabling environment is something to focus on, or something more focussed. The enabling environment is really important when you are talking about the numbers that we are talking about. There are international conventions on domestic work, and on home-based work, and these are areas with a large majority of women employed in them. It is possible to imagine extending out the benefits of work, and the protections that come with work, and the dignity that comes with work as well, into an informal economy, and just accepting that it is always going to be with us. People will always find a way to turn a buck, because they have no other option.

Q116 Fiona O'Donnell: It must have implications, as well, for the tax takes of these countries. It will make it much harder.

Mike Bird: It does. What is often meant by moving from informal to formal is to tax and regulate. One thing we would say is that these people pay tax, often just not in ways that we would expect. There is tax paid in Value Added Tax, for example, on the products that they use in the work that they do. Farah talked about the women, usually, who work in the households of other women and men who go out to work, and so they are enabling another part of the economy to be turning. I guess what we would say is, "Absolutely create all the formal jobs we can". That is an ideal to be aspired for, but recognise also that is not where the majority of the world's working poor are. If we are interested in supporting them, we should be talking more about lifting the constraints on how they are able to operate. Again, it comes back to the question of stigma, and the way such people are seen. Street vendors swept off streets are providing a service that people find useful. There is a reason that they are vending in the streets. Would it not, therefore, be possible to talk about a private sector that imagines these people, and the work that they do? They are the dynamos of the economies in the places where they work.

Mosharraf Hossain: To create employment for disabled people in both the formal and informal sector, along with structural change, attitudinal change is very important. For example, we are implementing a three-year project. It was completed this year, supported by DFID. We created 700 jobs for disabled people; we want to raise their skill level and they will be employed in the government sector. However, initially they refused to employ disabled women in the government sector, as a sewing machine operator. Then we had to work hard to change the attitude of the employers, and we worked with them, and in the end it happened. Therefore, it is very important to change the attitudes so that it will enable disabled people to have formal employment. Even in the informal economy, in the rural areas they have seen that a mentally challenged person can be supported to make furniture. However, government people do not want to believe that he can produce quality things. Very often, they do not go and buy from them; they buy from other things. Social change is very much important. Unless it has happened that the society is positive, it will take time to create employment for disabled people.

Q117 Jeremy Lefroy: I just want to pick up on something that, Mike, you pointed out—that there are an awful lot of casual or informal jobs in the formal economy. One thing I noticed 15 years ago in Tanzania was that the casual workers' employers had to pay National Social Security Fund for the casual workers, but they did not receive anything; it just went into their general running costs. That, after my inquiry, has now changed, and casual workers are now entitled to the NSSF, which is being paid on their behalf by employers. Are we seeing that kind of improvement of casual workers' rights in the formal sector, the formal economy, improving in other countries?

Mike Bird: Yes, is the answer. There is recent legislation in India on street vending, a national law on street vending, which again makes clear what the rights are of people who vend. There is an example we were involved in, achieved through DFID funding, through the Civil Society Challenge Fund, in Peru, extending out a universal healthcare system in Peru such that it included people who were working in casual jobs. Again, there was something similar in Ghana recently; again, there is a National Health Insurance Scheme, but for all the usual reasons there were barriers to the very poor who were working getting involved in it. It was possible, again, to extend that out. There was a recruitment drive for headload porters,

who are some of the most marginalised and abused of the women working in the markets around Accra, to get them involved in benefitting from that scheme.

Q118 Sir Peter Luff: I want to ask the same question twice, first about women and then disabled people. Where do you strike the balance between improving livelihoods for women in agriculture and creating new jobs for women in the new manufacturing industries?

Farah Kabir: Even now, we have almost 80% of jobs in agriculture. It is a very important sector, but it is affected by seasonal unemployment. It is affected by climate-induced disaster. Therefore, we find that when opportunities in agriculture are not there, there is a shift towards the manufacturing sector. It is not necessarily that the women who move to the manufacturing sector have made a fully informed choice. Sometimes it is driven by need and circumstances and disaster. We will need to have both of them, at least from the Bangladesh or South Asian experience, because the Government only employ a very small percentage of people, and we are a country of 160 million. The remaining 80% of employment is in agriculture and the informal sector. Then there is the employment in the formal sector. To try to increase the employment in the formal sector, and get to a balance, we would need more investment. We have not seen industries being invested in. We see a lot of investment from our development partners, in terms of supporting women for dairy projects, or household farming and gardening. However, no-one has really put in that investment to create an industry base, and right now there is a lot of discussion going on on national development strategy, and that needs to be synced in with the industrial policy. The Seventh Five Year Plan for Bangladesh is in the making.

Again, we need our development partners, including DFID and other development partners, to talk with the national government, to invest more and create industries. It is coming from the private sector. We now see Bangladesh has an electronics industry, where a lot of the women are employed, because it is assembling factories so it is not high-tech. It is low or semi-skilled, so the women are there. There are cycles that are being assembled in Bangladesh for the Chinese or the Europeans, and the leather industry, again, makes a lot of leather products for the European/Italian market. Investment has to come, and that will create formal manufacturing sector employment. Agriculture will remain, because of our context, and food production and so on. It has to be a blend of both.

Q119 Sir Peter Luff: It is difficult to disagree with that answer. However, when DFID comes to set its policy priorities, how can it choose whether to boost livelihoods for women in agriculture, or create new jobs in the manufacturing sector?

Mosharraf Hossain: The main development discourse, like the sustainable development goal, is on the principle of “leave no one behind”. Even this document, the Disability Framework, is also leaving no one behind. I think, even before people are leaving the agricultural economy, they should not be discriminated against. The issue is about strategy and innovation, and it depends on the country context. For example, in south-east Asia, that is a good place—the countries where more jobs can be created in the formal economy or in the manufacturing sector. But I also visited Tanzania two years ago and I saw a disabled woman producing a straw basket, and with this thing it is remaining in the vicious cycle of poverty. It is very difficult to come out from that. However, in Tanzania the Government expect that that will happen like south-east Asia, that new industries and employment will be there. Then DFID has to develop a strategy or a programme specific to the country context, so that even the old disabled women who are working in the agricultural economy can also act.

I can give you an example for Bangladesh. Disabled women used to rear cows, and once it was very difficult to sell cows and earn an income. However, there is now a national business chain, and they are producing and selling milk products based in Dhaka. They are also joining the supply chain. Accordingly, in countries like Bangladesh there is a greater possibility that you can engage them, but in a country where those sorts of opportunities are not there, DFID should develop a specific programme designed to address those priorities.

Deepta Chopra: I would like to offer a slightly different answer to your question. You asked where DFID should concentrate its priorities, in terms of investment in livelihood opportunities or investment in creating formal sector jobs in industry. What is missing in that question is the question of unpaid care. Whatever DFID does, wherever it creates its investment opportunities, if it does not take into account unpaid care work of women, women will not have the time to participate. They will not have the choice to participate in the sector they want to participate in, in the location they want to participate in. They will be constrained. Therefore, whatever DFID does, it is not going to reach that big-bang objective of economic empowerment of women, unless it actively creates those enabling conditions and tackles those very structural deep-rooted causes of poverty and their disempowerment, of which unpaid care is critical.

Q120 Chair: The Brazilian Bolsa Família offers social protection payments, but on condition—in that case, that you get your children vaccinated and they attend school. You could adjust it, could you, to say that these payments are available provided the care is shared, or provided opportunities for employment or earnings are included in the acceptance of the payment?

Deepta Chopra: Yes, social protection programmes like Bolsa Família have immense potential. However, I would say that when we are talking about poor families, both men and women work incredibly hard. It is not like men are sitting and not doing anything; in fact, we see in our research that the distribution of care work in poor families is more equitable than the distribution of care work in middle-income and higher income families. What we are proposing is not programmes like Bolsa Família, with those conditionalities like health and education in place, but perhaps to facilitate the fulfilment of those conditions by provision of public services, like drinking water and clean cooking stoves, and infrastructure like ICTs, which are care-sensitive. It would need not just any infrastructure but care-sensitive infrastructure, which takes into account those time barriers that women and girls face.

Q121 Sir Peter Luff: I do not think I will pursue the question, but I am not quite clear, if I were a Minister, where I would judge my policy priorities to lie: in livelihoods in agriculture, or new jobs in the private sector. I am not clear I have got the guidance I need to make that decision.

Mike Bird: Can I try a response as well? DFID is not going to solve the world's problems. DFID is not going to create all the jobs that can be created. There is merit in deciding where your expertise lies, building on that expertise, and doing that work, but as part of a much broader approach. What DFID does very well, in my experience, is also engage with other donors, and talk about how to run complementary programmes. I would encourage DFID to do exactly that. It matters less whether you choose one or the other. What matters more is to do whatever you are going to do as well as you can do it. It just is hard work; it just requires an awful lot of investment over a long time.

That is where I have seen DFID and other donors fall down, in my experience: just not following through. But as to the pursuit of the one idea that is going to solve the problem, as if there was one idea that would solve the problem, it just is not so. Develop expertise. People earlier were talking about metrics—about how to measure success. Figure out what is working best, and then follow through. Again, there is an assumption, often, that if you are working at central level in country X, then you are somehow reaching that country. However, a national programme is not a central programme, for me; it is a programme that has coverage across a country. Investment, somehow, in reaching out all across a country is more important than just saying we can fix some laws, or we can work in a technical unit with a ministry, and imagine that that will solve problems. It is more of an approach, I think, than a choice between thematic ends.

Q122 Jeremy Lefroy: Hugh and I, in Tanzania, visited a programme run in one particular reasonably remote place, called Babati, run by BRAC, which was financed by DFID and BRAC, who were operating in a lot of places throughout Tanzania, and often places that other NGOs would not go. I just wondered, since two of you are originally from Bangladesh, what your experience of BRAC was in Bangladesh and elsewhere, and whether they would be a good partner in the kind of work that we are talking about, particularly in respect of women and disabled people. Farah, you have got the on-the-ground experience.

Farah Kabir: BRAC is an amazing organisation, or institution. It is a hybrid. It is no longer an NGO; it is a model of its own. It has huge coverage across the country. They have contributed in terms of microfinance and education, and they do create employment. However, from our perspective, we do have some reservations, in terms of the creation of employment, or the informal education. I would like to just take you back a little bit to the informal education programme, which was supposed to be a bridge, and take this education into the mainstream. Somehow, however, BRAC's informal education continues, and DFID does fund a lot of that programme. It is a separate institution; it has not brought main education together. Therefore, there is a gap: children who are in BRAC institutions find it difficult to become a part of mainstream public education. There is a gap there, and that could also be difficult in facilitating employment and so on. They have certain programmes that are very useful. It is huge in coverage. It has spread all over the country, so that is the advantage that BRAC has. It can manage billions in that system.

Mosharraf Hossain: The institution of DFID and the institution of BRAC are almost the same. For example, DFID has created this framework to change internally—to make this type of organisation transformative. I had some similar discussions with DFID. They also have started a similar type of approach, to make BRAC disability-inclusive, to recruit more staff and gender policies. However, of course, this organisation is working in 47 or 48 countries. However, disability is not in focus.

I can give you two examples. They had a massive education programme, but two years ago, I gave them some consultation, and only 100,000 disabled children were there. However, the good thing is that only BRAC could see that was how many children are there. No other organisation, even the Government, can see that. The number is limited. They just started to include the disability issue. BRAC and ADD have measures to ensure that disabled people are included in their microcredit programme. Only last year, we gave them a list of 17 people. Through that, they started this very small number as a pilot. However, up to a certain time, the disabled people faced some problems in repaying their loans. We asked BRAC whether they could change their practice or not. They said, “No. If you want to include disabled microcredit, you have to come within our programme”, and the disabled

people said, “No, we do not want such a microcredit”. Then it did not work. However, other microcredit programmes, like the ones by the Government, are working, but within the existing programmes, that is.

Q123 Jeremy Lefroy: The reason I ask this is very specifically because we have been talking about the scalability of programmes, and it seemed to me that BRAC, of all the organisations I have met, can deliver things at scale in relatively remote areas. Therefore, the question is: can it also meet these other needs for minorities, or for disabled people, or indeed for women? In the employment programme, which we saw in Tanzania, they were suggesting to me that that is possible, but it needs to take engagement from DFID to ensure that is the case. Am I right?

Mosharraf Hossain: Even in Afghanistan, I have seen BRAC workers going to remote areas. BRAC has that capacity, through their practice, to reach remote areas. However, I do not think that BRAC is practised in reaching the more vulnerable people, like disabled people. If BRAC want to, they can do it, but I do not think sole agency should go to one organisation. It should be shared by many organisations. For an issue like disability, as many organisations should come as possible, so many disabled people get access to the development process. It also needs to have an innovative approach. Priority should be given to those people that are in hard-to-reach areas.

Q124 Jeremy Lefroy: My final question to everybody is that in the Economic Development Strategic Framework at DFID, they say that marginalised groups face specific structural barriers and are often over-represented among the extreme poor. They can include girls and women, ethnic and religious minorities, young and elderly people, conflict-affected populations, people with disabilities, and geographically disadvantaged groups. How can DFID ensure that its work on jobs and livelihoods helps overcome the barriers for these particular groups? It is a huge question, but how can it at least start to address that?

Deepti Chopra: One thing is that the EDSF does not have any mention of unpaid care work at all in its ambit. It is very surprising, when you are talking about economic development framework, you do not have the root or mainstay of all economic participation, especially when you are talking about the marginalised, the poor and the most vulnerable, and groups that face multiple vulnerabilities. They are not just the poorest. They are also the disabled poorest, or they are women and girls caught into social norms and gender disparities, and divisions of roles and opportunities within the household but also within society.

For me, I would suggest that DFID follows what I call a saturation strategy, which is that, because unpaid care work is so far-reaching in its consequences as well as its impacts, whatever DFID does in its framework needs to be linked very strongly to the recognition of unpaid care, the reduction of its drudgery, and its redistribution through public services. Also, in everything that it does, if care work is thought of, mentioned and worked upon, then the saturation strategy can make these gains sustainable.

Mosharraf Hossain: Now, we have the framework, but we should have vision as well. For example, by 2020, 600 million jobs will be created. How many disabled people will be there? If we consider that 15% of any population will be disabled, then 100 million jobs would go to disabled people. At this moment, 20% of all disabled people are unemployed or are living below. That is 200 million. If we can create 100 million jobs for disabled people, and if that target is set, then other actors, like the World Bank or other bilateral agencies, or even at a country level, can offer support. DFID can play that role, to

subsidise the work and to sensitise the actors in the development sector. For example, disability was not in the Millennium Development Goals. We did not get any benefit.

However, now, in the development discourse that is going on, there are four goals: employment, education, inequality and accessibility. In their report, those four targets are there. DFID can play a role to mobilise other stakeholders, so that whatever the sustainable development goals that will be passed in the next General Assembly, those four objectives should be there. Without that, it should not pass in the General Assembly, because this is our time. For a long time, we have been discriminated against. If we do not get that space in the next sustainable development goals, then these people, 15% of the population, will be living in poverty. With this framework, you can set up targets, and I want big targets to be there, so that all actors should come for that.

Farah Kabir: If I may, it needs to add decent work. If you look at the Secretary-General's report, he is also referring to dignity. Unless there is decent work, then it will be difficult to achieve the SDG target of work with dignity, and include the poor. We would think that it is tied in with responsible business. DFID could hold other international development partners or national governments to abide by ethical, business and human rights principles. Back in the UK, it can also hold their companies responsible.

We see this very much in respect to what is happening in the garment manufacturing sector. There is a huge gap in terms of ethical, business and human rights practices there. DFID could play a major role in ensuring that multinational or transnational corporations take this on board, because you have the UK national contact point on OECD. So far, the UK contact point's reports have not been really looking strongly into the business and human rights principles. Working with the ILO, and the UN Global Compact on Business and Human Rights, is where DFID can definitely contribute, and that would lead to decent working, and ensuring the rights of particularly women.

Mike Bird: I do think it is about time to re-evaluate the relationship with the ILO. If DFID is serious about working on employment, you had better be working with the one multilateral organisation that knows absolutely what is going on there. Another thing about the ILO is that it has that tripartite structure. The other side of what DFID can do, should do, and anyone who is interested in creating better jobs must do, is also to support organising. The world's working poor, without being organised, are not going to see benefits accrued to them. My organisation, WIEGO, was set up largely by the Self-Employed Women's Association in India, which started very small in the 1970s. It now has 1.9 million members, and is part of the International Trade Union Confederation. Their motto was, "We are poor but we are many". They have been able to win benefits for their members by virtue of being organised.

People must organise themselves; DFID cannot come in and organise them. What DFID can do is support workers' education programmes and those kinds of things, which facilitate, again, the leadership of women within representative associations of workers, who then can be the dialogue partner for their government and explain what it is that they need in order to see their livelihoods improve.

Q125 Hugh Bayley: That is a very useful comment, which I would like to pursue a little bit further. The Rana Plaza disaster showed only too clearly that not every job is a good job. I find this phrase "decent jobs" rather twee. "Indecent jobs" are jobs which kill people, which take mothers away from children and which ruin lives. Is there not a ghastly gap in the middle of DFID's strategy, where it just turns a blind eye to indecent employment? What

should change in the employment strategy, if we can do it, when workers are crushed through crappy factories?

Farah Kabir: For 20 years, in the garment manufacturing sector, businesses were making profit. They did not seem to have a problem. They did not take responsibility for what the conditions were on the ground and on the floor. They attributed them to offshore business, or they had contracted national workers. There was a gap there. No one had come forward to say, “You have to be responsible and accountable”. They were making triple the profit, and only 40.53 cents were going to the workers. That cannot be decent work. In the initial stages they were not even allowed to have more than a certain amount of water, because they would have to go the toilet, and mass production would suffer. However, none of the business houses, the companies, were really looking into that.

Then when you have incidents like the Spectra, where there is a fire, or the Rana Plaza—the worst industrial incident—then, suddenly, there was this awakening, and talk about inspectors, changing the labour law and bringing in association. There was a lot of pressure, and, of course, my government has complied, and now we have 200 labour unions registered. There are 200 or so inspectors to be employed. However, is it really going to happen? Then, if it is not happening, how do you monitor that? How do you follow up on that? That is one part.

In addition, civil society here needs to say to these companies, “While you were sourcing it from those countries, you were happy”. Walmart initially said, “We are not going to source anything from Bangladesh. We are walking the other way”. That is not responsible business. We feel that there is a role for DFID through the OECD national contact point and raising awareness here. The consumer also has to ask, “How can I get a t-shirt for £3?”. Somebody, somewhere, is being deprived.

In terms of the enabling environment, when you go the A-category factories, you see that it is there. It is state-of-the-art, high-tech and providing services. The problem is at the second and the third level, where they are turning away and saying, “We do not know. I contracted Farah, but I do not know to whom Farah subcontracted”. I do not think that, in this day and age, is going to work, because information is available. Through some form or other, you will understand that this is happening. Therefore, there has to be greater responsibility. DFID had the Challenge fund and the RAGS fund, where you created opportunities for workers to run cafes and legal literacy programmes outside the premises. Now, we can move to the premises, and ask for trade union association for the workers. This is where they will have the bargaining power. If something is not working, they can come back and register the company.

Q126 Hugh Bayley: You described graphically what needs to change. My question is: can DFID be an agent for change? First of all, has the existence of trade unions in Bangladesh led in some companies, at least, to improved conditions for the workers, a safer working environment and better rates of pay?

Farah Kabir: There has been awareness, but the trade unions were not allowed until recently.

Hugh Bayley: I know.

Farah Kabir: It is just in the last year that we see so many trade unions have registered. The negotiations fall through around the fact that we have legislators who own these factories, and they are making legislation for the poor and the workers. They are looking at their own pockets and interests, so we have this block. Having said that, our development partners can, and they have, put on pressure, which has led to the labour laws

being amended in 2013-14. That pressure, and the support, can continue. We will see a change, and DFID can play a role in that planning, because DFID is involved in helping us developing our Seventh Five Year Plan. It is working with the Government on good governance. It has helped on commerce and employment. It is bringing in UK business to Bangladesh. The FCO and the UK are inviting companies to come. As they come, they also have to have some responsibility.

Q127 Hugh Bayley: You talk about civil society organisations in the UK asking difficult questions about the conditions under which a t-shirt or flowers were produced. Why is it a responsibility for civil society organisations? Why is it not a responsibility for Primark, or Marks & Spencer? Should DFID not be organising a conference in this country to demand that products are sourced from companies that recognise trade unions, for example?

Mike Bird: It is a shame you cannot hear from one of my board members, who is a market vendor in Cotonou in Benin, who says, “It is difficult to wake people up when they are already awake and pretending to be asleep”. Part of the problem is that it is the business model that is being pursued by large corporations that is leading to the poor jobs. Absolutely, the kind of responsibility that you are talking about can be taken by DFID, and you can imagine convening these kinds of things.

DFID does two things already in this direction that I know about, and maybe others do as well. There was a project called Capturing the Gains, which was about looking at supply chains, and looking at contractual arrangements within them. The conclusions they drew were that the business model is to push risk down the supply chain. You have these hollowed-out companies like Gap, where it does not own the factories where things are produced, and it does not own the shops where it sells things. It owns the brand. It seeks to evade responsibility, I am afraid. It is unfair to home in on one company; that is a general business model.

Another thing that DFID has been part of is supporting the Ethical Trading Initiative here in London. Again, you can point to some examples of companies seeing the need to look at their business model, and seeing benefits in the long term of being more responsible right through their company and its business practices, rather than having a corporate social responsibility bolt-on that does things that it talks loudly about and points to, but does not affect the way its practices impinge on the people at the bottom of its supply chain. DFID could build on that. Again, that is another tripartite arrangement, and it is organised labour that are most sceptical of whether the Ethical Trading Initiative is producing anything that is of benefit to the workers at the bottom of these supply chains. Until and unless we can see more evidence of that, it bothers me that in this EDSF, there is a focus on working through the private sector, defined as British companies working overseas. As I was saying before, the private sector must be also about the people working in the informal economy.

Q128 Hugh Bayley: I know we are short on time, but I do not want general statements of what would make a better world. I want practical examples of things, now or in writing afterwards, that DFID could do to make workplaces safer or to address this problem of hollowed-out companies. We have talked about holding a big conference here, with large UK-based enterprises that source materials to sell from developing countries. In terms of the right of trade unions to exist, the right to water while you work, the right to a certain amount of space standards and other safety provisions, should we not have an advocacy programme?

Should we not be supporting NGOs and trade unions that are seeking to enforce these new laws? Would that not be a sensible thing for DFID to do?

We provide technical advisers in so many fields of government, such as to make courts work more effectively or to enable tax collectors to collect more revenue. Why are we not hiring trade union representatives, maybe from other countries in the south, who understand what it is like organising in a largely unorganised environment? Why are we not funding trade unions, so that they can employ more organisers to supervise: to see whether these regulations are being enforced or whether it is a bit of window dressing put up by the Bangladesh government?

Farah Kabir: Particularly because the business community has a greater clout than the poor workers down there, and therefore, until recently, as I was saying, if you take Bangladesh or other parts of South Asia, you were not allowed to have association. Now that you are being allowed to have an association, the history of trade unions in India is very strong. When you come to Bangladesh, the history of trade unions is partisan. The trade union is totally controlled by one party—whoever is in power. They have not been effective. Having said that, it is a good idea that DFID is talking about investing in advocacy, but you have to look at the context in which they are working and the legislation has to support the workers to be able to take these cases and complaints. Until recently, we were not allowed, because we were a part of EPZ, the Export Promotion Zone, which absolutely does not allow any trade union. That is the condition on which these companies were coming into Bangladesh. Now that they have been allowed, they have to be able to operate and take their complaints.

What might also be useful is to create a lobbyist group that can come to the UK or the US and the EU, and go and lobby for the rights of the workers as well. It is Primark or it is Walmart or it is some company saying, “Well, I am giving the manufacturer X amount of money”, but the worker, when he or she is creating, is putting £45 on that jacket price tag, and only gets 50 cents. The national manufacturer tells us they only make £5 on it. The rest goes to the buyers, who are the overseas companies. We can have lobbyists, who are there to take up the causes of the poor, and lobby with them, but the main thing is their country of origin has to hold them responsible. We have no legislation, no jurisdiction. I can complain; I can create all the noise with all my civil society organisations and workers’ unions in Bangladesh. How does it impact Primark or Marks & Spencer here, unless your government and your civil society create that pressure?

Q129 Hugh Bayley: What about the idea Mike came up with of re-joining the International Labour Organisation? Does the ILO provide support on these industrial safety issues, on employment law, on trade union rights?

Farah Kabir: Yes. In fact, right now, after Rana Plaza, it has been the ILO that has helped to work with us, a national organisation, on the compensation and on health. That has one of the vehicles or the conduits through which the funding has also come from.

Q130 Chair: Has DFID been involved in that? The Secretary of State, when he withdrew the core funding from the ILO, said that did not prevent and would not prevent DFID working with the ILO on programmes in-country. It was simply the core funding that they would withdraw on the back of that. I am just reporting what the Secretary of State’s view was. We definitely have had engagement with the ILO in some countries. I do not know if you have been involved in that.

Mike Bird: A particular project of the ILO that it is useful to mention in this context is the Better Work project, and this was set up initially as the Better Factories project in Cambodia, where I was working at the time. It has expanded since then. I know one of the critiques of ILO by the report that looked at the effectiveness of multilateral engagement was that it was difficult to measure its impact. The Better Factories and now the Better Work project are more focused and more targeted streams of work. That is providing for factory inspections, and it is building a framework that people increasingly on both sides, on the management and the labour side, are confident in. It is supporting commercial courts, which, certainly in Cambodia, were the only courts where you could get any kind of justice at all. It is doing good, positive stuff, and it will be useful to get behind that initiative.

Mosharraf Hossain: If we really want to create more employment, the work environment should be secured as well as accessible, so that the disabled people, wheelchair users and those with other sorts of impairments can also work on this. The ILO is reporting those things. With decent work, we need to be exploring an inclusive work environment, and factories should follow universal design, so that everybody, especially the disabled people, can work in those factories.

Chair: None of this resolves the problem of the fact that the majority of people are working in the informal sector, where none of these things will apply anyway. Or, if they did apply, it would be to say we should not buy their stuff, because they do not comply. We have to balance these things.

Q131 Fabian Hamilton: At an evidence session we had last month on our report entitled Beyond Aid, Owen Barder, one of the witnesses, said, “Microcredit for very poor people is, I think, of questionable value. The empirical evidence of impact evaluations suggests that it has not been a great success”. My question to you is: how important is the availability of microcredit for improving women and people with disabilities’ livelihoods? How do you respond to those recent criticisms of microcredit?

Mosharraf Hossain: If I can consider disability, the answer is yes and no, both. For example, yes, I personally believe, even from evidence, microcredit is a successful programme. That is why many different countries are following these things. If microcredit was not there, there would be more poor people. However, microcredit does not lease to the 10% poorest who are on the bottom of that poverty ladder. For extremely poor people, or extremely poor disabled people, I do not think that a conventional microcredit programme is working. That is why in Bangladesh neither Grameen nor BRAC, which has a big microcredit programme, could reach disabled people, or disabled people thought that they cannot pay the instalments, because of the high interest rate as well as the short repayment time.

However, the Ministry of Social Welfare is operating a microcredit programme, and that is much more flexible and suitable for disabled people. They are reaching those things. After six months, they can give the money back, and the interest rate service charge is only 5%. Microcredit should be designed in such a way that it can reach the poor and marginalised people.

For our projects, like From Margin to Mainstream, we work with extremely poor disabled people, and they do not have access to microcredit. First, we bring them under social protection programme. Within three years they had graduated from extreme poverty, and they needed more money to extend their business, and then they went to BRAC, and they gave them money, and they used the microcredit to expand that business. For extremely poor and disabled people, social protection is the most appropriate programme. For the people

who earn below \$1, microcredit is not effective. However, for those who earn more than \$2, the people who need more money, microcredit is suitable.

Fabian Hamilton: Microcredit has been patchy in its success, and good in parts, not in others. There are certain areas that it has not reached.

Mosharraf Hossain: Yes.

Fabian Hamilton: Do you concur?

Farah Kabir: The first generation of those who took microcredit have definitely benefited from it, but microcredit was introduced in the same social context and the same patriarchal set-up. For women, while they are recipients, what has happened is that the social context has not changed. The status and position has not changed. Now it is seen as, “You should be able to get microcredit, women. If you are not getting it, then there is something wrong with you”. The pressure on the women is now coming from a different angle. It has helped women to do small projects, and the main concept—that they have a right to credit—has happened, so they have access to credit.

However, I have reservations about the way it has worked out and been executed. We have never engaged in microcredit. We do do a revolving fund—small seed funds to enable poor groups to start saving and create their own capital and assets and then move on. However, because there is an institution involved, there is a recovery issue. They celebrate the 98% recovery, but at what cost? When there is a disaster, women have no resources to pay it back. You still have to pay it back. These are some of the inherent problems in the execution now. There is the rate of interest. It can be anything from 25% to 40%. An individual like you or me can go into a bank and get credit for 7% or 10%. The poorest of the poor are having to pay 25% to 40%.

Fabian Hamilton: That is not uncommon, I am afraid.

Farah Kabir: These are the difficulties. It is mixed. It is, as you said, not a total disaster. It has its merits. It has good points, but it needs to be reviewed.

Mosharraf Hossain: If we really want to create employment in the informal economy or the agricultural sector, microcredit is a good programme. For that, it has to be designed in a way so that the poor people or the most marginal disabled people can use that. It seems that now DFID has developed a strategy framework. You can take that initiative, so that now it leads to the people are not receiving it.

Chair: I believe we have set a few hares running. I guess it is trying to support the informal sector, so that people’s livelihoods can improve, and encourage higher standards in the formal sector. I will just give you an anecdote of an event I was at two or three years ago, where we were discussing fair trade and free trade, and I did quote the example of a shirt made in Bangladesh and sold in Tesco for a very low price. Should I buy that shirt? Am I helping or am I hindering? Unfortunately, the reply I got was from Christian Aid was, “I would not shop at Tesco anyway”. Increasingly, people are not, apparently.

I worry, and you said it yourself, that there is a danger that if you get halfway down the track, people say, “The best thing to do is not buy anything from Bangladesh”. I am not sure that is going to help poor people. I just think we have to be careful about how we get there. If DFID can engage, and show progress in improving the value share of health and safety and representation, and things like that, then that will obviously make people feel more confident in buying goods from developing countries. If we get too rigid about it, I can just see how the tabloid newspapers could work on that.

Thank you very much. We have nevertheless explored a very interesting avenue. I hope we will be able to come up with something that is helpful. I think, given the scale of the

challenge, DFID has really got to find out what works and put more resource behind it in conjunction with other agencies. That is one of the obvious lessons that is coming through. Thank you very much indeed.