

## WRITTEN EVIDENCE TO THE INTERNATIONAL DEVELOPMENT COMMITTEE

### Inquiry: Effectiveness of UK Aid

Date: 7<sup>th</sup> April 2020

Submitted by: David Woollcombe and Jeremy Lefroy on behalf of the Global Coalition for Youth Employment

Scope: This submission addresses point 3 *“How should the national interest be defined, and what weight should it be given in relation to targeting UK aid.”*

Our response is in two sections.

- 1) How the current Covid-19 crisis shows that the lessons learned from UK aid serve the national interest.
- 2) Specifically how it is in our national interest to address global youth un/under employment through UK aid and what more can be done.

1.0 **Covid-19 and Global Health.** In a speech given in 2017 in London by the then President of the World Bank<sup>1</sup>, Dr Jim Kim, he mentioned pandemics as the first of several global risks which the World Bank and other institutions (including DFID) needed to take seriously and develop resilience against. Indeed, the World Bank started a pandemic insurance facility at that time.

1.1 However this facility was developed in the context of the Ebola outbreak in 2014-2015 which was largely confined to Sierra Leone, Guinea and Liberia with a limited effect on the rest of the world. It did not envisage the impact of a true pandemic such as that we are now experiencing.

1.2 If the UK (or indeed most other ‘developed’ countries) saw pandemics as a threat, it was largely in the sense of fairly minor spill-overs from diseases in developing countries in which we would play a role in tackling as with Ebola. We did not see a pandemic as constituting a massive threat to our own health systems and way of life. That much is clear from a lack of preparation in some areas for such a pandemic. With hindsight, earlier instances of severe and highly contagious airborne respiratory epidemics such as SARS should have acted as a warning.

1.3 In that sense, the current pandemic shows the need for a whole-of-government approach to the question of UK aid. That does not only mean closer cooperation between the FCO, DFID and the Ministry of Defence, which is how it is often viewed. It means the Government as a whole - including DIT (trade policy), DEFRA (climate change), the Treasury (HMRC/taxation systems) and Health (health systems) – learning as much as possible from the work of DFID and that of our partners around the world.

1.4 In hindsight, had the whole UK government, for instance, fully taken on board the lessons from the Ebola outbreaks in 2014/15 in Sierra Leone, Liberia and Guinea (and more recently in 2018-20 in DRC and Uganda), then all the lessons drawn by former Liberian President Ellen Johnson Sirleaf from the earlier outbreak might have been applied to our own health system. In [her recent article](#) in *Time*<sup>2</sup>, co-authored with Dr Raj Panjabi, she mentioned five:

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<sup>1</sup> “Rethinking Development Finance” Dr Jim Yong Kim, Speech, April 11 2017, London

- Slowing down the virus through social distancing.
- Test, test, test.
- Protect health workers.
- Re-purpose parts of government including military.
- Plan for recovery now by focusing on those most affected by economic blow.

The government has thus far shown clear preparedness in a), d) and e) but not so obviously in b) and c).

1.5 The West African Ebola outbreak in 2014-15 taught us that the national interest is served when we support countries affected by pandemics; both for humanitarian reasons and because it prevents the spread of disease into the UK. However, the national interest is also served when we learn lessons to prepare for pandemics affecting the whole UK population. UK aid creates opportunities for such lessons to be learned and fed back to whole of government.

1.6 ***One practical suggestion that we would therefore make is for DFID to create an accessible database/body of evidence on what works (or does not work) in particular situations arising from its work over the past decades.*** This should be available to the whole of Government and constantly updated. Our experience is that much of the invaluable experience and expertise arising from DFID's work and people is not captured for the benefit both of future DFID and UK Government work.

**2.1 Unemployment and underemployment** particularly of young people is another major challenge which it is in the UK's interests to address. This is not merely for humanitarian reasons. If a person does not have a secure livelihood in a country with weak public services and little in the way of a safety net, they have almost no chance of escaping poverty. That often leads to political instability and/or a push to migrate to countries where there may seem to be greater opportunities such as the UK. We have seen the human, social and political consequences of that in Europe especially since 2015 when the refugee crisis erupted.

2.2 The statistics are well-known and getting worse. According to the World Bank in 2015<sup>3</sup>, *“one third of the world's 1.8 billion young people are currently neither in employment, education or training. Of the one billion more youth that will enter the job market in the next decade, only 40 per cent are expected to be able to get jobs that currently exist. The global economy will need to create 600 million jobs over the next 10 years – five million jobs each month – simply to keep pace with projected youth employment rates. Reversing the youth employment crisis is a pressing global priority and the socio-economic cost of inaction is high.”* In Sub-Saharan Africa alone, c20m new jobs are needed every year.

2.3 The report identified four 'frontier areas' for job creation for young people.

- The impact of the digital age, a shift which is unevenly felt across the world;
- The skills gap;

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<sup>2</sup> [“Five Key Lessons From Ebola That Can Help Us Win Against Coronavirus Everywhere”](#) Ellen Johnson Sirleaf & Dr Raj Panjabi *Time* March 19 2020

<sup>3</sup> *“Addressing the Youth Employment Crisis Needs Urgent Global Action”*. World Bank. October 13 2015 reporting on the inaugural report of Solutions for Youth Employment (S4YE) – *“Towards Solutions for Youth Employment: A2015 Baseline Report”*

[www.s4ye.org/sites/default/files/Towards\\_Solutions\\_for\\_Youth\\_Employment\\_Full.pdf](http://www.s4ye.org/sites/default/files/Towards_Solutions_for_Youth_Employment_Full.pdf)

- Entrepreneurship and self-employment – young people are 1.6 x more likely than adults to display entrepreneurial activity which needs to be bolstered;
- The need for quality jobs.

**2.4** It concluded that:

- Entrepreneurship promotion combined with access to finance bring highest returns;
- In rural areas, stimulating market environment for growth of farms and rural agribusiness is effective;
- Reform of business environment and labour market is linked to investment and employment growth;
- Carefully designed skills training can improve employment prospects;
- Youth participation is vital – to understand young people’s perspectives;
- Less effective interventions include investments in employment services and targeted formal employment interventions where very few formal jobs are available.

2.5 DFID, under the then Secretary of State Rt Hon. Andrew Mitchell MP, recognised the importance of private sector growth for the creation of jobs and livelihoods when the Private Sector Department (PSD) was established in 2011. He and DFID sought to *“deepen its capability to work with an enable private enterprise to improve the prosperity and well-being of poor people.”*

2.6 His successor, the Rt Hon Justine Greening, followed with a specific focus on Youth, organising the first DFID Youth Summit. In a speech on July 2 2015, she said: *“There is an absolutely fundamental jobs challenge – in particular, jobs for young people.”* She outlined the World Bank/ILO statistics and linked them back to our National Interest. *“What happens if just a small percentage (of those unemployed youth) come to Europe? The current problems we’re having with migration today will seem small-scale. There is no doubt that these problems – if left untackled – will reach our own doorsteps. Anyone who wants to take an insular view of the world only needs to look at the scenes in Calais these last few weeks or those migrants making desperate voyages across the channel to our shores.”* Her approach was continued by her successor Rt Hon Priti Patel MP.

2.7 Secretary of State Rt Hon. Penny Mordaunt MP followed this up with a call to *“turbo-charge youth jobs”* – which became the title of one of the Wilton Park Conferences on the issue. She called, specifically, for an *“ambitious and tractable global partnership for youth employment, bringing together all relevant actors, governments, development agencies, the private sector and NGOs around a single vision and plan to deliver at scale.”*

2.8 Our Coalition worked together with DFID staff in advance of the Commonwealth Conference to advocate what many, including the World Bank and IMF, have argued for: the imperative of implementing a systemic approach to tackling the problem. The Final Communique of the London Commonwealth Heads of Government Meeting (April 2018) includes this statement in Clause 19: *“Heads stressed the importance of investing in a systems approach to create meaningful employment opportunities for the Commonwealth’s growing youth population including through skills-building, entrepreneurship, apprenticeships, and the need for better data to target interventions effectively.”*

- 2.9 The Wilton Park Conference of January 2019 agreed on the creation of the then Secretary of State Penny Mordaunt's "*global partnership for youth employment*" and provided what one DFID director called "*...the oomph this field needs.*" The Conference agreed to complete 3 to 5 country demonstration projects before the Kigali CHOGM in June 2020. There were welcome words from DFID and others about resourcing this work. The Commonwealth Secretary General expressed the sense of urgency (more action, less desk research), describing it as "*learning by doing.*"
- 2.10 Since then, the Commonwealth Secretariat has supported the start of two country demonstration projects – in Nigeria and Kenya. But we are not aware of the progress being made by DFID in this most important of areas. The creation of jobs and livelihoods for young people in the poorest countries is such a pressing matter for our National Interest both to tackle extreme poverty and prevent mass migration and trafficking that it needs to be core work not only for DFID but for the whole UK Government.
- 2.11 Education is key. There is excellent work supported by DFID in education, particularly for girls and in the most challenging situations. The 2010-2015 and 2015-2017 IDCs saw this at first hand and reported on it. In the case of Northern Nigeria, DFID was the only international agency able and prepared to work with the government. DFID has also contributed \$1.3 billion in total to the Global Partnership for Education. However, while this is vital in improving literacy and numeracy, we do not see sufficient emphasis on the soft and hard skills which young people tell us are needed for jobs and livelihoods.
- 2.12 There is also very important work done by DFID to improve the business and regulatory environment, for instance through Trade Mark East Africa whose work past IDCs have also seen and praised. Cutting border delays for goods, improving tax collection and making it more transparent and increasing the capacity of ports such as Dar es Salaam all help job creation. The increased capital for CDC plc (100% owned by DFID) has resulted in investment in enterprises which might not otherwise have secured it and are now growing. Substantial job creation is one of the outcomes which CDC insists on as a condition of its investment. A National Audit Office report dated 28<sup>th</sup> November 2016 reported that companies invested in by CDC supported more than one million indirect jobs. <sup>4</sup>
- 2.13 However this work, vital though it is, does not substantially touch the informal or SME sector which is where 80 to 90% of young people are forced to earn their living in most of the world's least-developed countries. There is excellent work being done in this field by several members of our Coalition such as Youth Business International, Hand in Hand, Restless Development and Peace Child International. Some of this is supported by DFID, but their work needs to be scaled up hugely to deal with the scale of the problem that the World Bank, and DFID's own analysis, has foreseen in its projections.

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<sup>4</sup> <https://www.nao.org.uk/wp-content/uploads/2016/11/Department-for-International-Development-through-CDC-Summary.pdf>

- 2.14 Every member of our coalition has seen at first hand just how hard it is to obtain even basic training, mentoring and start-up finance, especially outside the major cities. The misery of un- and under-employment in rural areas leads directly to massive rural to urban migration, and, in many cases fuels rebel and terrorist movements and people trafficking and economic migration to OECD countries. Such tendencies would not be completely eliminated by youth job and enterprise creation, but it would reduce them, while at the same time massively improving the quality of life of these communities.
- 2.15 The link to education is critical. We would encourage DFID to review all its investments in education to ensure that they are delivering relevant entrepreneurship and business plan creation training to the 80-90% of young people who will be forced to work in the informal, sole trader or Household Enterprise (HE) sector. Where DFID is a major investor in a multi-lateral fund, like the Global Partnership for Education, it must ensure that its programmes focus much more than they do at present on delivering the skills that young people need to thrive in the informal / SME labour market – rather than just on subjects that are needed in formal or government jobs.
- 2.16 Our suggestion, therefore, to this Committee’s Inquiry into the Effectiveness of UK Aid, and its contribution to the Integrated Review’s ambition to define the UK’s role in the world as a problem-solving nation, is that it is overwhelmingly in the national interest to have an **effective and systematic approach to Youth Job Creation** (based on the areas outlined in 2.3 and 2.4 above) coordinated across Government and led by DFID. It is a policy that is both popular with the British Tax-payer and delivers on what Stephanie Draper, chief executive of Bond, calls: “... *the best interests of the world’s poorest, which is the sole objective of any investment in development.*” It should be one of the four pillars – the four immediate and pressing policy priorities which are all in the national and global interest – alongside the responses to **Climate Change, Conflict/Peacemaking, and Global Health.**

*Declarations of interest:*

*Jeremy Lefroy is a founder and co-Chair of the Global Coalition for Youth Employment and David Woolcombe is currently the Acting Coordinator. In addition -*

- *David Woolcombe – Founder and President of Peace Child International*
- *Jeremy Lefroy – Member of the International Development Committee (2010-2017); Chair, Equity for Africa Ltd; Co-Founder, Equity for Tanzania Ltd and Training for Life; Director, African Speciality Products Ltd, Blue Mountain Coffee Farms Ltd.*