Creating 100,000 new jobs in Africa by investing in private companies and public infra-structure

The "Investing for Employment" Facility will support both public and private entities to support the creati-on of decent employment in seven African countries, helping to meet the coming demand for work as the continent's population grows.

#8 Decent work and economic growth

#1 No poverty

#9 Industry, innovation and infrastructure

The Facility "Investing for Employment" seeks to create 100,000 new decent jobs in Africa over the coming five years.
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Donor
BMZ through KfW Development Bank

Client
KfW Development Bank

Location
Côte d'Ivoire, Ethiopia, Ghana, Morocco, Sene-gal, Tunisia, and Rwanda

Contract value
€17.1 million

Duration
September 2020-September 2025

As youth enter the jobs market and the consumer base grows in Africa, the German Federal Ministry for Economic Cooperation and Development (BMZ) esti-mates the continent needs about 20 million new jobs per year in order to provide its young population with reasonable prospects for the future. Seeing the po-tential for both African workers and international in-vestors, BMZ established the "Investing for Employ-ment" (IFE) Facility in 2020 through KfW Development bank. The Facility seeks to meet the growing demand for new jobs by funding job-creating projects in seven African countries: Côte d'Ivoire, Ethiopia, Ghana, Morocco, Senegal, Tunisia, and Rwanda.

Creating 100,000 new decent jobs.

The Facility began by launching a pilot Call for Pro-posals in Ethiopia in early 2020 and its second and third calls in Côte d'Ivoire and Tunisia at the end of November 2020. It is anticipated that calls will be launched in the remaining countries in 2021. IFE uses a "Challenge Fund" mechanism, offering grants to eli-gible companies, organisations, or government bodi-es that co-finance a part of the cost of the project. While the ultimate objective is to fund projects that have a high job creation impact, other elements are also considered: whether working conditions may be improved; skills increased; women or vulnerable pop-ulations brought into the workforce; environmental impact; and how rapidly the jobs are to be created.

Projects can be funded in one of four categories – with those contributing most to the public good eli-gible for a larger share of grant funding:

- Public infrastructure for job creation projects are eligible to have 90% of their costs funded by the grant, which could include projects like the con-struction of waste treatment facilities or an ac-cess road to an industrial cluster.
- Common service for job creation projects are eli-gible to have up to 75% of their costs covered. This could include training equipment for a vocational education academy to upskill workers for employ-ment for example.
- Projects fostering direct job creation but having impact beyond the project owners are eligible for up to 50% of project cost, which could include the construction of storage or cooled warehouses that strengthens agricultural value chains.
- Projects fostering direct job creation by the proje-ct owners are eligible for 25% of costs, which-could include expansion of manufacturing capaci-ty (new factories or production lines).

The projects are expected to be sizeable – grants will range from €1–10 million – and lead to long-lasting increases in the number of people with long-term quality jobs. NIRAS, in partnership with GFA Consul-ting Group, is supporting the management of the Fa-cility by organising the Call for Proposals process, outreach to potential applicants, evaluation of the project proposals, and working with the grantees to ensure smooth implementation of the projects.