



IDA19

**Special Theme:
Jobs and Economic Transformation**

May 17, 2019

ACRONYMS AND ABBREVIATIONS

Fiscal year (FY) = July 1 to June 30

AIMM	Anticipated Impact Measurement and Monitoring
CARCIP	Caribbean Regional Communications Infrastructure Program
CPF	Country Partnership Framework
CPSD	Country Private Sector Diagnostic
CWA	Compact with Africa
DE4A	Digital Economy for Africa
DFID	Department for International Development
FCS	Fragile and Conflict-Affected Situations
FY	Fiscal Year
GAFSP	Global Agriculture and Food Security Program
GDP	Gross Domestic Product
GVCs	Global Value Chains
HCI	Human Capital Index
HCP	Human Capital Project
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation
ILO	International Labour Organization
Infra-SAP	Infrastructure Sector Assessment Program
JET	Jobs and Economic Transformation
LIC	Low-Income Country
MIGA	Multilateral Investment Guarantee Agency
MFD	Maximizing Finance for Development
PPP	Public Private Partnership
PSW	Private Sector Window
RMS	Results Measurement System
SADC	Southern African Development Community
SCD	Systematic Country Diagnostic
SDGs	Sustainable Development Goals
SME	Small and Medium Enterprise
UHC	Universal Health Coverage
UN	United Nations
UNECA	United Nations Economic Commission for Africa
WBG	World Bank Group
We-Fi	Women Entrepreneurs Finance Initiative
WEDP	Women's Entrepreneurship Development Program

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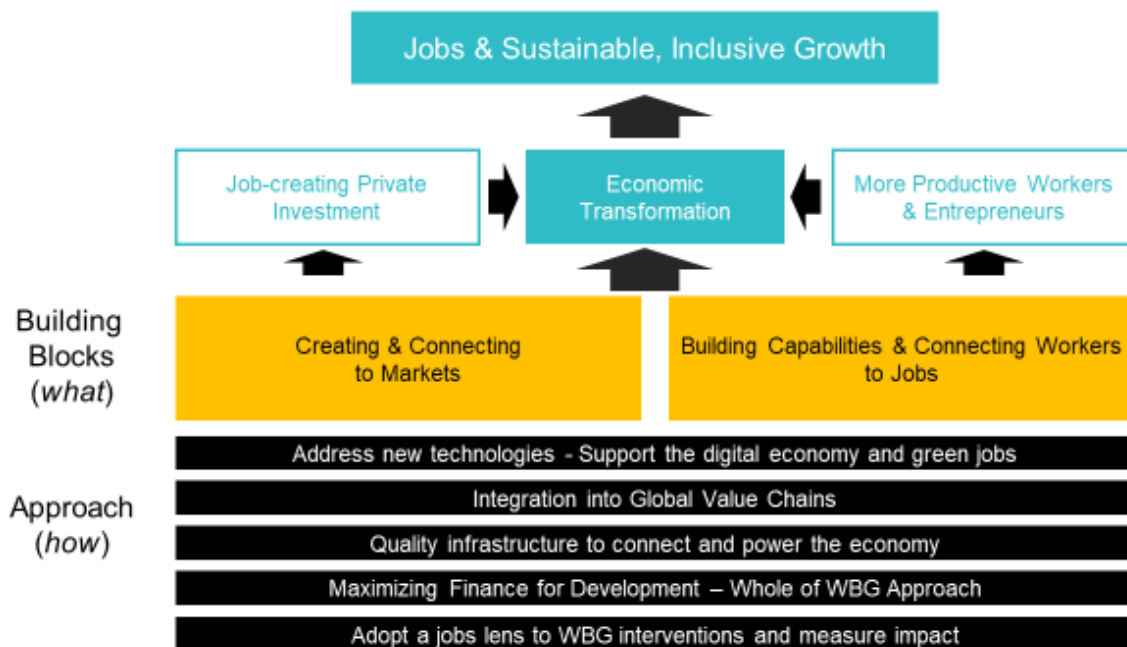
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EXECUTIVE SUMMARY

i. **Providing more and better jobs is a top development priority – and accelerating economic transformation is the primary way to deliver on this goal in a sustainable way.** It is achieved through deeper structural changes and market integration that catalyzes additional opportunities and raises productivity. It requires facilitating job-creating investment by the private sector and supporting workers and entrepreneurs with the capabilities to take advantage of opportunities to access jobs and raise earnings. The agenda is broad, but policy and investment priorities to address Jobs and Economic Transformation (JET) will depend on the individual context of each country. IDA is uniquely suited to support policymakers deliver on the comprehensive JET agenda, given its integrated delivery model of financing, advisory, and convening services.

ii. **Adapting the comprehensive framework introduced in IDA18, the JET framework for IDA19 has two pillars: i) creating and connecting to markets; and ii) building capabilities and connecting workers to jobs.** The framework is about establishing the conditions for job-creating private investment and raising the capacity of workers and entrepreneurs to raise their productivity and enhance their access to job opportunities (see figure below).



iii. **Under the first pillar, IDA19 will support economic transformation and job creation by helping create markets for private investments and connect to expanded market opportunities.** In IDA19, this will include a focus on critical infrastructure and enabling environment reforms that create the conditions for jobs-rich private investment, particularly in tradables.

iv. **Under the second pillar, IDA19 will focus on strengthening the capabilities of workers to take advantage of new opportunities to access jobs and raise earnings, particularly through investments in human capital and social protection.** The Human Capital Project (HCP)

presents a unique opportunity for IDA to focus at the country level on foundational improvements in human capital, for instance through early childhood development, strengthening of primary health services towards Universal Health Coverage (UHC) and delivering effective basic education. This will be complemented by greater attention to facilitating workers’ transitions to new and better jobs, including through enhanced social protection and labor mobility strategies.

v. **“How” matters: IDA19 will build on the lessons from IDA18 to strengthen IDA’s catalytic impact on the ground, with a stronger focus on creating markets and building capabilities.** IDA19 will do more to ensure that capital is channeled toward creating more and better jobs by targeting investments to facilitate economic transformation and unlock job-creating private investment. It is an agenda that mobilizes a “whole of WBG” approach, with more coordinated interventions in IDA countries, at both strategic and investment levels. A good example of this is the Digital Economy for Africa initiative. The recent introduction of Country Private Sector Diagnostics (CPSDs) is playing a valuable role upstream in convening an integrated WBG approach, combining targeted public investment and policy reforms to facilitate job-creating private investment in sectors with high potential. The Private Sector Window (PSW) complements such an integrated approach by de-risking investments and supporting demonstration effects.

vi. **To support this step-change in the approach to JET in IDA19, nine policy commitments are proposed.** The commitments reflect the key principals of “how” the WBG intends to intensify its focus on JET and are organized around the components of the JET framework:

<p>Creating and connecting to markets</p>	<ol style="list-style-type: none"> 1. The World Bank Group (WBG) commits to the operationalization of joint International Finance Corporation (IFC) – World Bank (WB) diagnostics in 10 IDA countries through IDA and IFC interventions leveraging from among the WBG’s full suite of instruments, including technical assistance, policy advice, lending and investment. 2. At least 66 percent of agriculture and agribusiness projects in IDA countries include support for value chain development, through connecting producers to markets, technical assistance for meeting international standards and regulations, and supporting logistics and reducing trade costs. 3. IFC will aim to increase the share of its commitments in FCS-IDA17 & LIC-IDA17 countries, reaching 10-15 percent of its own-account commitments during the IDA19 cycle. 4. IDA commits to support in 10 IDA countries the modernization of infrastructure systems (e.g. power, transportation). 5. IDA commits to close the digital infrastructure gap by reaching 30 percent broadband penetration in at least 20 IDA countries in the African continent by 2023.
<p>Building capabilities and connecting workers to jobs</p>	<ol style="list-style-type: none"> 6. 50 percent of entrepreneurship projects will incorporate digital financial services and/or digital entrepreneurship elements – and ensuring they address particular constraints facing women and/or persons with disabilities. 7. IDA commits to support at least 12 IDA countries among the 30 with the lowest HCI with programs or policies to improve skills and employability, emphasizing the differential constraints facing young women and men.
<p>Cross-cutting</p>	<ol style="list-style-type: none"> 8. All Systematic Country Diagnostics (SCDs) of IDA countries at moderate or high risk of debt distress will address the country’s strategy for sustainably financing its development. 9. 85 percent of new jobs themed IDA projects will track at least one jobs indicator, and the IFC will track direct jobs and estimates of indirect jobs associated with all PSW investments.

vii. **JET is linked explicitly to other IDA Special Themes to ensure a more coordinated, impactful approach.** Strengthening *governance* and building capable institutions both raise the profitability of private investments and reduce the risk of those investments. In IDA19, the JET and the Governance and Institutions special themes will put increasing emphasis on the stability of macro-fiscal environments, the effectiveness of debt management, and the efficiency of public investment. Implementation of JET at the country level includes a strong focus on *gender inclusion* in each aspect of the agenda, from addressing occupational sex segregation, to ensuring women's access to productive infrastructure, to support women's access to skills, finance, and markets. In IDA19, commitments supporting human capital development for youth employability, promoting financial inclusion, and facilitating entrepreneurship all have an explicit gender dimension. The need for inclusive job creation remains particularly critical to maintain social cohesion in Fragile and Conflict-Affected Situations (*FCS*) contexts. Addressing the jobs challenges in FCS contexts requires parallel efforts to support more productive self-employment, while also attempting to create markets for private investment through improving the enabling environment, leveraging de-risking tools to provide demonstration effects for which the PSW plays a critical role. *Climate change* is having a dramatic impact on jobs and earnings opportunities of the world's poorest. In IDA19, JET will support strengthened resilience, for instance, through integrating climate-smart approaches to agriculture development, and helping countries exploit new green industry opportunities and helping workers build necessary skills.

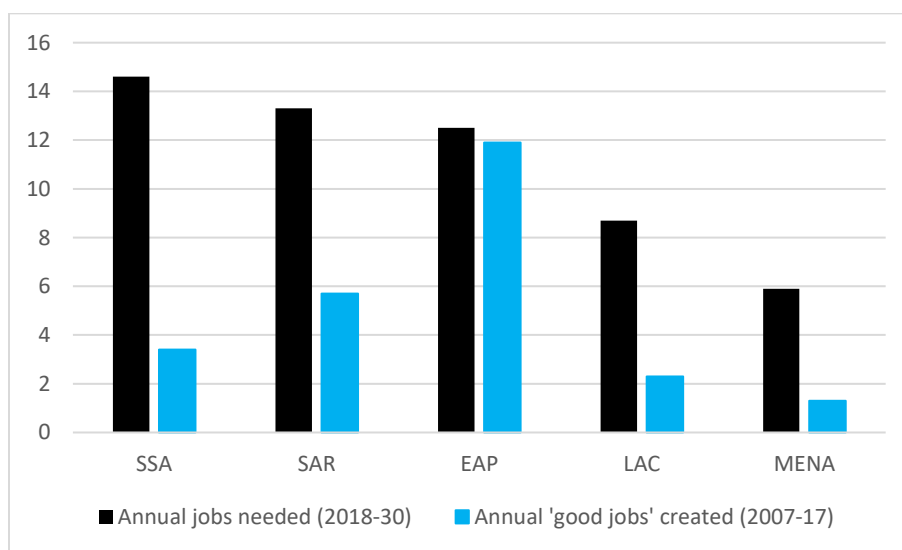
viii. **Management would welcome feedback from IDA Deputies and Borrower Representatives on the proposed policy commitments for the JET Special Theme set out in this paper.**

I. INTRODUCTION

1. **The need for more and better jobs remains a top development priority.** Labor income accounts for over 95 percent of total income among poor households in IDA countries. Ensuring that economic growth is accompanied by increased access to productive economic opportunities, particularly among those at the bottom of the distribution, is therefore critical for sustainable poverty reduction and to meet the aspirations of citizens in IDA countries. Beyond earnings, jobs are also a source of learning and of raising productivity, and a critical channel for social inclusion.

2. **The jobs challenge is becoming more acute in youthful IDA countries, leading to social issues such as large-scale international migration.** Eighty-four percent of the world’s new workforce will come from Sub-Saharan Africa and South Asia, predominantly from IDA countries. Indeed, 28 million jobs will be needed each year in these regions simply to meet the growing number of young people entering working age over the next decade. Yet the pace of job creation remains far below what is needed – over the past decade these regions created, on average, just nine million “good jobs” each year (See Figure 1).¹ Closing this gap is critical to exploit the potential of the demographic dividend – estimates suggest that demographic change in Africa alone, if effectively harnessed, could lead to a reduction in the number of poor people by somewhere between 40 and 60 million.² Moreover, failure to close the jobs gap raises significant social risks, contributing to fragility and to large-scale international migration in search of better opportunities. In fact, it has been estimated that this jobs gap has the potential to create a pressure for up to 230 million new migrants by 2030, almost equal to the total current stock of international migrants.³

Figure 1. Jobs Needs and the Jobs Gap



Source: World Bank staff based on data from World Development Indicators.

¹ “Good jobs” are defined based on the International Labour Organisation (ILO)’s definition for “vulnerable jobs” which includes own-account workers and contributing (unpaid) family workers; thus “good jobs” is defined here to include salaried and waged workers and entrepreneurs with employees.

² Bruni, L.M., J. Rigolini, and S. Troiano (2016) *Forever Young? Social Policies for a Changing Population in Southern Africa*, Washington, DC: World Bank.

³ World Bank, *Leveraging Migration for Development: A Briefing for the World Bank Board*. Draft April 30, 2019. Technical Briefing to the Board, May 16, 2019.

3. **Creation of sufficient, quality jobs requires acceleration of economic transformation and sustainable, inclusive growth spearheaded by the private sector.** Economic transformation is achieved through deeper structural changes and market integration that catalyze business opportunities. It is in pursuit of these opportunities that enterprises invest and hire workers. Thus, the agenda is about creating an environment where people can shift into higher productivity activities, raising their incomes as they earn higher returns on their labor and other assets. Without accelerating economic transformation, the potential to create more and better jobs is limited. While growth is necessary, it is not sufficient to deliver more and better jobs, particularly for the poor. What is needed are productivity gains across the range of jobs where the poor are actively engaged or those to which they are able to transition.

4. **In the coming years, global conditions will make it more important to undertake the reforms and investments needed to accelerate economic transformation.** The recent experience in many IDA countries shows that growth in the context of weak macroeconomic frameworks, dependent on commodity cycles or debt-fueled consumption, has not sufficiently expanded job opportunities. Looking forward, macroeconomic forecasts predict that job creation will be even more challenging in the coming years, with global growth moderating, commodity prices dropping, and costs of borrowing rising. In this context, it will be critical to use debt financing to maximize growth potential, alongside stronger macroeconomic management, greater debt transparency, stronger push to diversify the economy and greater market integration. Particularly for countries facing moderate to high risk of debt distress, any further public borrowing must be done transparently and sustainably, thereby reducing market uncertainty and vulnerability to debt risks, and encouraging private-sector led growth. With 10 years left until 2030, making progress on the JET agenda is critical not only in meeting the eighth Sustainable Development Goal (SDG8) on employment, but also in achieving most of the other SDGs. There is thus both urgency and promise in delivering on the JET agenda.

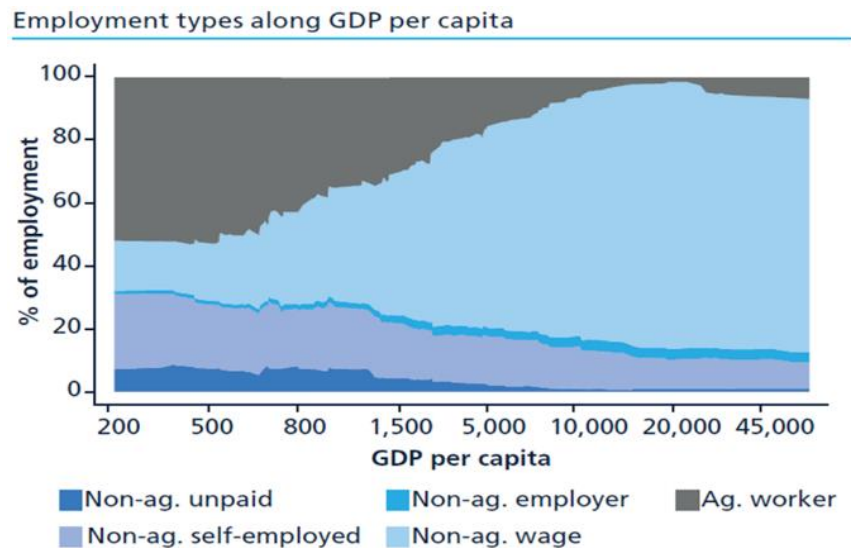
5. **Economic transformation facilitates inclusive and sustainable growth by increasing productivity growth within sectors and shifts employment to more productive sectors.**⁴ In IDA countries, more than five out of six of the extreme poor live in rural areas, with the vast majority reliant on agriculture. In general, growth reduces poverty faster when countries: i) accelerate labor productivity growth in primary agriculture and agribusiness value chains, thereby improving earnings for farmers and releasing them for jobs in other sectors; ii) attract private investment in labor-intensive off-farm activities—namely in agribusiness, manufacturing or services; and iii) make these newly-created jobs accessible to relatively low-skilled youth and women. Specific pathways will vary significantly across countries depending on resource endowments, comparative advantages, and market access, among others. For small economies, particularly island states, the breadth of opportunities for diversification may be limited, and the need to connect to larger markets to achieve scale will be crucial. In FCS contexts, security conditions may limit the extent to which the formal, private sector can drive the transformation process.

⁴ “The expansion of smallholder farming, for example, cuts poverty quickly, raising the incomes of rural cultivators and reducing the price of the poor’s food bill. Growth in labor-intensive manufacturing also raises the incomes of the poor. The expansion of capital-intensive mining industries, on the other hand, can result in jobless growth, making little impression on poverty” Source: Commission on Growth and Development (2008) *The Growth Report: Strategies for Sustained Growth and Inclusive Development*, Washington, DC: World Bank.

6. **Urbanization involving an orderly shift of employment from rural to urban areas is a critical driver of economic transformation.** Over the past three decades, the pace of urbanization in low-income countries has been more than double that of middle- and upper-income countries. The degree to which this urbanization process supports transformation – by providing the basis for scale and specialization and reaping the resulting agglomeration benefits – depends crucially on factors such as land use regulations, urban planning, market connectivity, infrastructure development and service delivery.

7. **Beyond sectoral and spatial change, another key dimension of economic transformation is the shift from self-employment to enterprise development and the expansion of wage work.** Entrepreneurship is a key source of innovation and productivity growth, but for many in low-income countries, it implies self-employment as an option borne from necessity rather than opportunity. Multi-person enterprises are more efficient, more able to benefit from economies of scale, and leverage division of labor based on complementary skills. Indeed, the rise of wage work is strongly associated with levels of development (Figure 2). In many developing countries, the public sector provides a large share of wage jobs. In some cases, public employment can also provide experience and skills that enable people to eventually pursue jobs in the private sector. The dynamics of public employment can thus affect the larger labor market. In addition, the degree to which these wage opportunities are available to women, youth and vulnerable populations like persons with disabilities will have significant implications for the poverty reducing potential of growth. Increasing access to skills, finance, and other assets, decreasing occupational sex-segregation, closing gender wage gaps and improving working conditions will all support inclusive labor market transitions.

Figure 2. Growth in Waged Employment is Key to Economic Transformation



Source: Merotto, D., M. Weber, and R. Aterido (2018) “Pathways to Better Jobs in IDA Countries: Findings from Jobs Diagnostics”, Jobs Series No. 14. World Bank, Washington, DC.

8. **Yet many IDA countries are lagging significantly in economic transformation and in creating good jobs.** Insufficient growth and limited progress on economic transformation have not led to the creation of enough good jobs. The jobs that are being created in higher productivity sectors typically require skills that the majority of the youth lacks in IDA countries. As a result,

these workers are increasingly forced to rely on self-employment to get by. In effect, they are shifting from underemployment in agriculture in rural areas to underemployment in services in cities.

9. **Successful transformers highlight the pathways to job creation and poverty reduction.** Countries that have been successful in delivering economic transformation, such as China, Thailand, and Vietnam (and more recently, Bangladesh and Cambodia) gained significant growth dividends and created good jobs on a large scale. These countries were not only able to expand their manufacturing and service sectors, but were also able to shift a large share of the workforce from low productivity self-employment into wage employment in larger enterprises. For example, between 2003 and 2016, Bangladesh experienced an almost 10 percentage point shift in the share of employment in primary agriculture to manufacturing and services. During this period the working age population grew by 2.1 percent each year, but waged jobs grew by almost 6 percent annually. Moreover, this process of economic transformation can be highly inclusive. In the case of Bangladesh, 70 percent of all new jobs created over the 2003-16 period went to women.⁵

10. **Exports remain key to economic transformation, even as export-led growth pathways are diversifying.** Most successful transformers developed in part through development of export-oriented manufacturing sectors. Export-led strategies provide access to larger markets that enable economies of scale, increase technology transfer and leverage competition to raise productivity. Traditionally, growth led by exports of manufactured goods has been the dominant development paradigm, reinforced by the success of many Asian countries. However, patterns of globalization and rapidly changing technology, combined with large differences in country endowments, may make this traditional pathway less relevant for many IDA countries. Moreover, a growing set of economic activities share manufacturing's export-oriented, productivity-enhancing characteristics, including high value-added agriculture, tourism, and digitally-enabled traded services. For example, Botswana achieved growth in wage employment mainly through expanding services exports, and Côte d'Ivoire through increasing value added in agriculture.

11. **Delivering economic transformation for more and better-quality jobs requires facilitating job-creating private investment and building the capabilities of workers and entrepreneurs. In this context, a comprehensive framework for JET was adopted in IDA18 and subsequently adapted for IDA19.** This framework is built on two pillars: i) Creating and connecting to markets; and ii) Building capabilities and connecting workers to jobs. In effect, the framework is about establishing conditions for job-creating private investment and raising the capacity of workers and entrepreneurs to raise their productivity and enhance their access to job opportunities:

- **Creating and Connecting to Markets:** Unlocking jobs-intensive private investment requires a policy and regulatory environment that supports entrepreneurs to seek out new opportunities, businesses to expand, and capital to be channeled to productive uses. This requires effective *macroeconomic and debt management, sound governance, well-functioning product markets, financial markets and factor markets*. Access to markets is underpinned by investments in high quality *infrastructure, integrated digital development, and pro-poor trade strategies* that reinforce comparative advantage, and leverage domestic,

⁵ Farole, T. and Y. Cho (2017) "Bangladesh Jobs Diagnostic", *Jobs Series No. 9*, World Bank, Washington, DC.

regional, and *global value chains* (GVCs) in high productivity agriculture, manufacturing, and services sectors.

- **Building Capabilities and Connecting Workers to Jobs:** Raising human capital and helping workers transition to new jobs will enable workers to increase their productivity and earnings through self-employment, finding new jobs in the country, or taking advantage of opportunities for safe and legal migration. This will require an agenda that includes: foundational improvements in human capital, for instance through *early childhood development, strengthening primary health services towards Universal Health Coverage (UHC), and delivering effective basic education*; supporting the acquisition of jobs-relevant skills to prepare young workers through *vocational education and on-the-job training*; *strengthening the capabilities of entrepreneurs and managers*, so that firms can expand and create more jobs; *social protection and labor mobility strategies* to support increased worker employability, and enable safe, legal and sustainable overseas migration.

12. **A sustained effort will be needed to realize benefits across the full spectrum of jobs, including raising the quality of jobs in the informal sector.** In Sub-Saharan Africa and South Asia, three out of four workers are either self-employed or a family worker.⁶ This will not change overnight. To achieve the twin goals, attention is needed to improve productivity and earnings within the informal sector, through expanding access to markets and building capabilities and resilience. This will be critical for the inclusion of women, youth, and persons with disabilities, who are significantly overrepresented in the informal sector, particularly in FCS contexts.

13. **Policy and investment priorities to address JET depend on the individual context of each country.** The circumstances of IDA countries vary widely: resource-rich or resource-poor; large countries or small-island states;⁷ stable economy with strong institutions or FCS; stagnant or robustly growing. Thus, while the broad nature of the JET agenda is potentially daunting, country-specific analytics can help set clear priorities at the country level. Prioritization can improve effectiveness. Where it is possible to leverage the private sector's know-how and capital, scarce public resources can be used for other purposes.

14. **IDA, working together with the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), is well positioned to support policymakers deliver on the comprehensive JET agenda, given its integrated delivery model of financing, advisory, and convening services.** WBG's knowledge at the global, sectoral, and industry levels provides an integrated perspective to advise governments on policies to promote private sector-led job creation and economic transformation. IFC and MIGA's connection with the private sector contributes to an effective convening power to bring together key stakeholders to address the challenges of JET, with creating markets an explicit centerpiece of IFC. This is supported by a wide range of financing instruments, through IDA, IFC, and MIGA, that can leverage effective combinations of public and private investments.

II. PROGRESS UNDER IDA18 AND LESSONS LEARNED

15. **JET was introduced as a new special theme in IDA18.** Following the IDA17 Inclusive Growth theme, IDA participants asked the WBG to take a more targeted approach on the jobs and

⁶ ILO (2015) *World Employment and Social Outlook*, Geneva: International Labour Organization.

⁷ Populations of IDA countries range from just 10,000 to nearly 200 million.

economic transformation agenda, through deliberate and coordinated interventions supporting structural transformation, private sector-led job creation, increased job quality, and strengthened inclusion of women and youth.

16. Substantial progress has been made in implementing all the IDA18 JET commitments, and these have helped WBG to focus more explicitly on job creation and economic transformation. Nine policy commitments were introduced as part of the IDA18 JET package,⁸ all of which are completed or on target for completion. This commitment package, while largely knowledge-oriented, has increased IDA’s focus on the JET agenda in various dimensions of its work: influencing strategic diagnostics, country-level priorities, and project-level design, as well as strengthening our capacity to measure the impact IDA is having on JET outcomes (See Annex 1 for details).

17. During IDA18, high-impact analytics have helped identify constraints to JET and articulate how they can be tackled at the country level. During IDA18, the WBG published a number of flagship analytical reports related to the JET agenda.⁹ Global analytics are complemented at the country level by: (1) the increasing uptake of Jobs Diagnostics, which supported by IDA17 and IDA18 policy commitments, have been rolled out across 23 IDA countries; as well as (2) the new Country Private Sector Diagnostics (CPSDs), completed or ongoing in 28 countries, which take a sector lens to prioritizing how to create markets and spark dynamic productivity and jobs gains. These analytics are clearly shaping strategic prioritization of the JET agenda. All nine IDA country Systematic Country Diagnostics (SCDs) in FY18 had a strong emphasis on job creation and/or economic transformation. For example, the Guinea SCD priorities are organized around “pathways to structural transformation”, and the Burundi SCD identifies “boosting agricultural productivity” and “fostering economic diversification” as the main priorities to build on from the urgent actions to address fragility and spearhead recovery. Adoption of the “migration-lens” (an IDA18 policy commitment) is shaping SCD priorities in IDA countries where migration has a significant economic and social impact.¹⁰ There is also increasing recognition that remittances could help reduce poverty and improve countries creditworthiness in debt sustainability analysis, while diaspora investments can support the creation of jobs back home.

Box 1. Incorporating JET in Benin’s Country Partnership Framework (CPF)

In line with the findings from the Systematic Country Diagnostic (SCD) and the Government’s own strategy to achieve rapid economic transformation and a rebalancing of the structure of the economy, the Benin CPF launched in July 2018 identified “structural transformation for strengthened competitiveness and productivity” as the first of its three key focus areas for the next five years of programming. The strategy outlined in the CPF aims to support growth and job creation by fostering agricultural productivity, improving the sustainability of infrastructure (electricity, water and sanitation, digital economy), strengthening governance in the management of public finances, and promoting a more conducive environment for private sector investment and competitiveness. The CPF also sets an objective to improve governance in public financial management, in order to reduce debt and create the fiscal space needed to deliver on the JET-oriented development agenda.

⁸ For details on the nine JET policy commitments in IDA18, please see: World Bank (2018) *IDA18 Mid-Term Review: Progress Report on Jobs and Economic Transformation*, Washington, D.C.: World Bank Group.

⁹ Including: *WDR 2019 – The Future of Work; The Future of Manufacturing-Led Development; Pathways to Better Jobs in IDA Countries: Findings from Jobs Diagnostics; The Innovation Paradox; Future of Food: Maximizing Finance for Development in Agricultural Value Chains; High Growth Entrepreneurs; Digital Jobs for Young Women; Electricity Uptake for Economic Transformation in Africa; and, the upcoming Industrializing for Jobs in Africa?* among others.

¹⁰ Migration diagnostics are being carried out in Comoros, Nepal, Pakistan, Bangladesh, Sudan, Somalia, and Zimbabwe.

18. **JET-focused analytics have also helped ensure strategic priorities carry over to the Country Partnership Framework (CPF).** Six of eight IDA CPFs in FY18 received the newly-developed “Economic Transformation” tag. For example, Guinea’s CPF targets accelerating structural transformation, “*moving from an economy based on mining and low productivity agriculture to a more diversified, productive private sector capable of employing its young people*”, while Benin’s links structural transformation explicitly with growth and job creation and also links debt management with delivery of the JET agenda (Box 1). Pilots of “Jobs Platforms” in Bangladesh, Bhutan, and Nepal offer an innovative approach to link global knowledge and tools on the jobs agenda to country-level portfolios.

19. **IDA18’s analytical commitments also helped operationalize the JET agenda, contributing to a substantial increase in targeted, innovative operations.** Analytics on inclusive GVCs helped inform innovative operations, such as Bangladesh’s *Export Competitiveness for Jobs*, which supports manufacturing Small and Medium Enterprises (SMEs) to raise environment, social, and quality standards to facilitate access to export opportunities in GVCs. Improved knowledge of “what works” for SME and entrepreneurship interventions are informing the design of programs to ensure that traditional supply side measures like finance and training are complemented with demand-side interventions—for example through support for marketing and business development, as demonstrated by the rigorous evaluation of entrepreneurship approaches in Togo. The preparation of operational guidelines for integrated youth employment programs is informing a new generation of innovative youth employment operations (Box 2). Jobs Diagnostics are directly contributing to the design of new operations, such as the *Jobs Programmatic Development Policy Credit* in Bangladesh. Support from these analytical tools helped contribute to a 60 percent increase in “jobs-themed” IDA investments in IDA18 to date, with more than US\$8.8 billion deployed through Q3 of FY19.

Box 2. Human Capital Development to Support Youth Employment and Productive Inclusion

Ghana Jobs and Skills Project provides financial and technical assistance for (i) apprenticeship, business training and business start-up cash grants to individuals; (ii) cash grants to private enterprises for workforce expansion; and (iii) a labor market information system and local public employment centers to assist individuals and enterprises with intermediation.

Niger Youth Employment and Productive Inclusion project aims to expand income-generating activities for vulnerable youth by tackling multiple binding constraints to productive employment. A first component is focused on improving agricultural production and off-farm opportunities in poor rural areas by providing support to group formation and savings facilitation, community sensitization on social and gender norms, microbusiness management training and a productive grant. A second component focuses on non-farm activities in semi-urban areas linked to agricultural value chains such as input supply, rural mechanic, transportation, processing, marketing. Eligible youth will receive specialized technical training along with a sequence of activities promoting financial inclusion, skills training and a start-up grant.

20. **The launch of the IDA-IFC-MIGA Private Sector Window (PSW) has generated opportunities for Maximizing Finance for Development (MFD) and mobilized WBG synergy in supporting economic transformation in the most difficult environments.** As one of the key innovations in IDA18, the PSW is helping unlock private sector investment in IDA countries. While building and delivering on the pipeline will take time, evidence from early transactions shows the PSW can play a unique role in supporting the JET agenda by de-risking individual investments that complement IDA’s typically more broad-based interventions. For example, in

Afghanistan, the PSW, leveraging a MIGA guarantee and together with an IFC investment supported by the Global Agriculture and Food Security Program (GAFSP), helped unlock investment in the Rikweda Fruit Processing company, creating 60 new jobs in processing facilities and increasing the earnings of up to 3,000 local raisin farmers. The PSW is also mobilizing private investment by helping create markets in high-risk IDA countries. For example, in the Kyrgyz Republic, a US\$4 million contribution from the PSW matched by a US\$4 million investment from IFC helped catalyze the creation of a private equity market for local SMEs.¹¹

21. Progress on jobs measurement in IDA18 has helped improve understanding of the impact IDA is having on the JET agenda. In FY18, WBG launched a corporate indicator monitoring jobs impacts.¹² In addition, a new *Economic Transformation* indicator in the IDA18 Results Measurement System (RMS) – developed jointly by the WBG and the Department for International Development (DFID) – reports on the share of CPFs that directly support economic transformation.¹³ These measurement efforts are also being supported at the project level, with the launch of the *Jobs M&E Toolkit*, providing a set of robust jobs-related indicators, along with guidelines for implementation in project results frameworks. The launch of the Anticipated Impact Measurement and Monitoring (AIMM) System marked a step-change in IFC’s monitoring of development impacts, including jobs and structural economic changes. This has been complemented by new principles that the IFC and 60 other institutions have endorsed on managing impact investments. The IFC’s report *Creating Impact: The Promise of Impact Investing* provides the analytical underpinning of principles for new standards that will bring much-needed discipline, transparency, and credibility to the market.¹⁴

¹¹ See IDA19 Proposal for IFC-MIGA Private Sector Window Paper for more details.

¹² The indicator is “beneficiaries of jobs-focused interventions”, where “beneficiaries” refer to individuals, workers, households, farmers, microenterprises, small and medium-sized enterprises (SME), and other target groups claimed as benefiting from WBG projects in different sectors and types of operations; and “jobs-focused interventions” refer to a World Bank lending activity that has an explicitly stated and substantive link to creating jobs, improving the quality of existing jobs, and/or helping individuals connect to jobs or move to better jobs. This means that activities are selected or designed with a focus on jobs or on addressing a jobs challenge.

¹³ This is assessed based on evidence from CPFs showing support for: (i) sectoral productivity; (ii) value chain expansion; (iii) increased productive capital stock or investment in energy, transport, manufacturing, or services; and/or (iv) export sector output / value added and/or trade facilitation.

¹⁴ See Operating Principles of Impact Management, IFC,

https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Impact-investing/Principles/

Box 3. Independent Evaluation Group (IEG) Evaluation of the JET Special Theme under IDA18 Supports Proposed Approach in IDA19¹⁵

The recent IEG report on lessons for IDA Special Themes finds that the Jobs and Economic Transformation (JET) theme has been well integrated into country strategy objectives. IEG noted the inclusion of the JET theme in almost all country strategy objectives. The review also found that the intensity of analytical work on job diagnostics and measurement has increased significantly in Systematic Country Diagnostics (SCDs) and Country Partnership Frameworks (CPFs). However, the IEG report notes that only a small proportion of the World Bank Group portfolio supporting the JET agenda explicitly references jobs in objectives, interventions, or indicators. As the menu of jobs indicators and guidelines on how to measure them has been a focus of IDA18, expanding their use to address this learning opportunity is a proposal for IDA19. IEG's evaluation on industry competitiveness and jobs (IEG, 2016b) supports that the pursuit of job creation in individual operations should be framed in a multi-sector approach to generate economy-wide impact, which is well aligned with the 'whole of WBG approach' IDA19 is supporting.

Source: Learning from IDA Experience - Lessons from IEG Evaluations, with a Focus on IDA Special Themes and Development Effectiveness, IEG, April 9 2019

22. There is much to be done to deliver on the huge challenge of JET, and critical lessons from initial efforts in IDA18 can serve as principles for shaping JET in IDA19 and beyond. IEG's evaluation of the JET Special Theme under IDA18 is very encouraging (Box 3). Introduction of the JET theme has also stimulated strong engagement across stakeholders, notably including the JET Non-Paper issued by African borrower representatives at the IDA18 Mid-Term Review. Ongoing discussion with partners has continued through seminars in Washington, DC and Addis Ababa (Box 4).

23. Five key learnings from IDA18 implementation of JET are the following: 1) Delivering on the JET agenda will require a sustained commitment from IDA – economic transformation is a long-term process that extends well beyond a single IDA cycle; 2) While IDA can play a critical role in supporting JET, its investments alone will not directly create millions of jobs. Large-scale job creation needs to come from sustained private sector investment. The role of IDA (and of the WBG) is, therefore, to help catalyze job creation by helping build the conditions for profitable, jobs-rich investment and providing demonstration effects; 3) To have such a catalytic effect requires coordinated interventions among many actors, where the WBG can play a convening and coordinating role ; 4) Delivering effectively on JET requires a balance of demand and supply-side interventions combined with a deliberate focus on jobs as a critical outcome; and 5) Rapid developments of technology and changing policy landscapes will continually reshape opportunities and challenges for jobs and economic transformation in IDA countries. In this context, IDA needs to remain flexible and ensure it is not using the approaches of yesterday to solve the development challenges of tomorrow.

¹⁵ The discussion in this box refers specifically to the recent report evaluating progress and lessons learned on the IDA special themes (IEG, 2019). There are, of course, many other IEG reports in recent years that have touched on issues directly relevant for the JET agenda, including its reports on Inclusive Growth (IEG, 2018), Industry Competitiveness and Jobs (IEG, 2016b), SME support (IEG, 2014a), and Investment Climate (IEG, 2014b), among many others. It should be noted that none of these reports, including the lessons discussed on JET in the latest IEG report, cover the time period since the IDA JET theme was launched.

Box 4. Consultation on Directions of JET under IDA19: World Bank – United Nations Economic Commission for Africa (UNECA) Workshop on Jobs and Economic Transformation

On March 5, 2019, a Roundtable Workshop on JET was held in Addis Ababa, Ethiopia, organized by the World Bank and the UNECA. More than 60 participants joined the workshop from public and private sectors: government officials from both IDA donor and client countries including IDA Borrower Representatives, private sector participants from the real sector and digital platforms, researchers from think tanks, as well as staff from international organizations. Building on the momentum from the IDA18 Mid-Term Review, the workshop was designed to discuss IDA countries' emerging priorities in their economic transformation efforts and how IDA19 can best organize its support.

The discussion at the workshop confirmed the direction for IDA19 to have more ambition, sense of urgency, and discipline in implementation. The overall IDA19 JET organizing framework—around creating and connecting to markets and building capabilities and connecting workers to jobs—received positive feedback, and there was clear recognition for country specific strategies and tailored approaches. The three emerging priority areas under JET were well received: Digital Transformation, Global Value Chains, and Human Capital for Jobs. In addition, other areas of IDA support were also highlighted including agricultural productivity, infrastructure (especially energy), improving data collection and statistical capacity, as well as the WBG integrated approach to mobilize private investments. Participants also emphasized the importance of partnership with organizations like the African Union, the United Nations and others in organizing and implementing IDA's support.

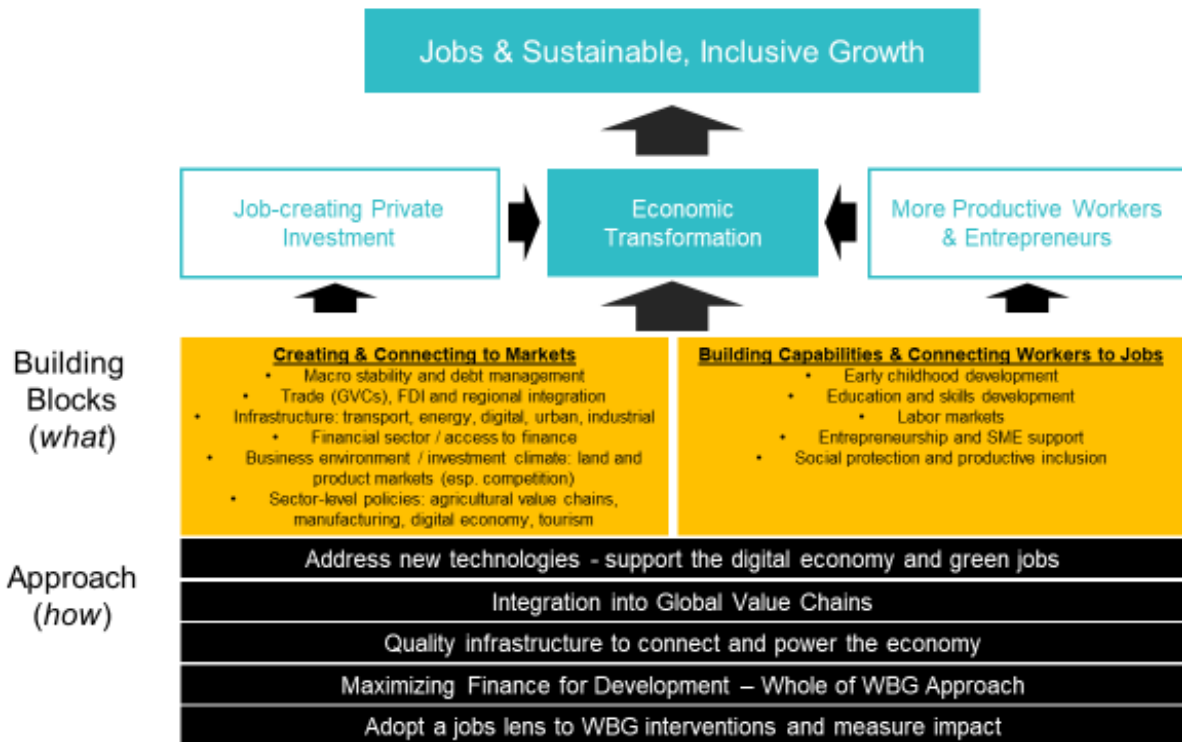
The workshop ended with a call for a robust policy package on JET, and a strong IDA19 replenishment to meaningfully scale up IDA's support for countries' economic transformation efforts.

III. WAY FORWARD AND PROPOSED POLICY ACTIONS

A. APPROACH TO JET IN IDA19

24. **During IDA19, JET will increase its focus on operational impact.** The WBG will continue to support economic transformation and private sector development as the pathway to more and better jobs, improving the quality of jobs in the formal and informal sectors, and strengthening inclusion. While IDA18 focused on developing knowledge and diagnostics tools to support the JET agenda, IDA19 will mark a pivot towards operational impact, including through a more deliberate focus of JET in country programs. This will require changing the way the WBG approaches JET, including the incentives for focusing on more transformational, job-creating interventions led by the private sector (Figure 3). This will be achieved by supporting the development of a dynamic and inclusive digital economy, enabling greater integration through value chains, and leveraging quality infrastructure to power firms and connect them to markets. It will be built around a coordinated, “whole of WBG” approach that leverages the WBG's unique capacity to integrate analytics, convening power, policy reform, and public and private investments using a broad set of financial instruments suited for high-risk IDA contexts.

Figure 3. Approach to JET in IDA19



(i) Pillar 1: Creating and Connecting to Markets

25. **In the first pillar, IDA19 will support economic transformation and job creation by helping create markets for private investments and connect to expanded market opportunities, in collaboration with IFC and MIGA.** Key priorities include:

- Unlocking jobs-intensive private investment to exploit expanded market opportunities requires a *supportive policy and regulatory environment* that enables entrepreneurs to seek out new opportunities, businesses to expand, and capital to be channeled into productive uses. This requires effective *macroeconomic and debt management* to strengthen incentives for investment and growth, along with *sound governance*, including secure property rights and legal frameworks.
- Supporting productive investments requires well-functioning *product markets* that promote competition and support trade and investment, along with robust and transparent *land markets* for both rural and urban land, to support growth in agricultural productivity, the shift of workers to urban areas, and investment in high productivity activities in urban areas. It also requires well-functioning *financial markets*, including capital markets and longer-term financing and de-risking instruments, along with broad and inclusive access to finance.
- Access to markets is underpinned by investments in *high quality domestic and regional infrastructure*, including *transport, energy, urban, and business infrastructure*, including functional industrial parks, as well as by integrated *digital development*, including core

infrastructure and digital platforms. Infrastructure construction is a powerful jobs stimulus which is especially important in growth downturns, in FCS contexts and in improving labor market inclusion, especially for youth. But the most important impact of infrastructure is as an enabling sector that supports wider economic growth and indirect job creation.

- Building agricultural value chains helps connect farmers to higher value-added opportunities in the broader food system, supported by pro-poor *trade strategies* that reinforce comparative advantage and leverage domestic, regional, and *global value chains* in high productivity agriculture, manufacturing, and services sectors.
- Tax and regulatory policies associated with *labor markets* should facilitate labor force participation, while avoiding disincentives to hiring or placing an excess burden on investment in labor-intensive activities.

26. **IDA19 will focus on developing quality infrastructure and enabling environment reforms that create the conditions for private investment, as well as generating demonstration effects by facilitating pioneering investments.** WBG’s analytical and diagnostic work supports this agenda, providing opportunities to work across the WBG with complementary tools such as advisory services, technical assistance, lending and investment. Access to larger markets enables businesses—from small farmers and traders to established SMEs and larger firms—to grow faster than the pace of local demand, to realize scale economies, and to benefit from technology diffusion and competitive pressures to improve efficiency and innovate. Exports are also critical to support macro-economic stability and to finance the investments required for economic transformation. Strengthening backward linkages, particularly in export-oriented value chains, offers a significant opportunity to diversify and transform resource-based economies. Leveraging the gains from improved market access for the poor in IDA countries requires a focus on the agri-food systems as well as development of new opportunities in manufacturing and services. This will require improved planning and investment to develop more productive and climate-smart cities, along with strengthened links between urban and rural areas. Addressing constraints in land, product, and factor markets will be fundamental to delivering on these sectoral and spatial transformations.

27. **Rising debt levels make it even more important for countries to be strategic and transparent to ensure productive use of debt to support JET.** Debt can provide an opportunity to expand investments. For all countries, particularly those with moderate to high risk of debt distress, ensuring the expected economic and/or social return of debt is critical. With debt levels rising in many IDA countries, issues of debt transparency and sustainability will need to be considered in shaping countries’ growth strategies.¹⁶

(ii) Pillar 2: Building Capabilities and Connecting Workers to Jobs

28. **Under the second pillar, IDA19 will focus on strengthening the capabilities of workers to take advantage of new opportunities to access jobs and raise earnings, particularly through investments in human capital including primary health services, basic education, and social protection.** Under this pillar, key priorities include:

¹⁶ See more details in IDA19 Replenishment Paper on Sustainable Development Financing.

- Foundational improvements in human capital, starting with *early childhood development*. A focus on *health, especially primary health coverage and moving towards UHC, and basic education* provides the fundamental cognitive and socio-emotional skills required to be productive and to adapt to changing skills demands that result from continued technological disruption.
- Supporting the acquisition of jobs-relevant skills is critical to prepare young workers for suitable and available jobs, including through *vocational education and on-the-job training* programs designed with strong guidance from the private sector.
- Increasing the capabilities of workers needs to be complemented with *strengthening the capabilities of entrepreneurs and managers*, including to adopt new technologies and processes, and to identify and raise productivity standards, so firms can expand and create more jobs.
- Social protection and labor mobility strategies should support increased worker employability including through *pensions reforms* and *safety nets* that adapt to meet the country's demographics and jobs challenges. It should also support vulnerable populations, *labor market matching* to connect workers to relevant opportunities, and *productive inclusion programs* that help the poorest households graduate from social assistance toward developing sustainable sources of earnings.
- *Overseas migration* that is safe and legal is critical to achieving the sustainability and maximizing the benefits of migration for both sending and host countries. Supporting the achievement of SDG 10.7.1: “reducing recruitment costs paid by migrant workers for jobs abroad” would contribute to facilitate safe and legal migration.¹⁷ IDA could support improvements in the regulatory framework surrounding recruitment agencies and bilateral labor agreements. IDA can further support IDA countries' policies to integrate legal migrants, including access to jobs, education, health care and housing services as well as facilitate the provision of language and skills training.

29. **The Human Capital Project (HCP) presents a unique opportunity for IDA to leverage an increased focus at the WBG and country level on investment in people's health and education.** IDA can ensure effective links with the JET agenda through a focus on investments that increase productivity of individuals and contribute to productive employment and ultimately human capital accumulation. For example, an IDA project in Mozambique is targeting adolescent girls and addressing a range of social and educational barriers to productive inclusion.¹⁸ IDA projects in Ghana, Benin, and Niger target eligible youth to receive specialized technical training along with activities to promote financial inclusion, skills training, and access to finance. This emphasis on human capital development, especially of the poor and vulnerable groups – notably women, youth, and persons with disabilities, who face overlapping constraints often not effectively addressed by traditional approaches – will be complemented by greater attention to facilitating workers' transitions to new and better jobs. This includes social protection and labor mobility strategies that: make labor markets open and inclusive; enforce appropriate labor regulations to

¹⁷ The WBG together with the ILO is a co-custodian of SDG indicator 10.7.1. Millions of low-skilled migrant workers are vulnerable to recruitment malpractices, including exorbitant recruitment costs.

¹⁸ Including access to education but also access to sexual and reproductive health services, as well as social factors that leave young girls exposed to gender-based violence and social norms that lead to under-investments in girls.

protect workers; increase employability in the waged sector; enable international migrants to earn more and contribute more to host countries; and correct underinvestment in labor.

30. **Strengthening the capabilities of entrepreneurs and managers is also important for raising productivity and expanding opportunities for wage work.** The ability of entrepreneurs and managers to improve their internal processes, adopt and use new technologies, and seek to compete in new markets are critical for providing new job opportunities. As the pace of technological change accelerates and as IDA countries invest in the foundations of the digital economy, these complementary efforts will be even more important to ensure private enterprises thrive. Special attention is being given to constraints facing female entrepreneurs. New analytical work is providing evidence on promising interventions to support female entrepreneurs in Africa;¹⁹ and they inform IDA projects such as the Women Entrepreneurs in Ethiopia (WEDP) project for visible impacts on the ground (see Box 5). The Women Entrepreneurs Finance Initiative (We-Fi), which is largely focused on IDA countries, is helping test and scale up innovative interventions.

Box 5. Women Entrepreneurs in Ethiopia Project

Women Entrepreneurs in Ethiopia (WEDP) has introduced innovative credit technologies to lenders, such as psychometric tests which can predict the ability of a borrower to repay a loan and reduce the need for collateral. Data on these borrowers over two years showed that customers who scored higher on the test (top quintile) were seven times more likely to repay their loans compared to lower performing customers (bottom quintile). As of June 2018, more than 9,000 women entrepreneurs took loans (66 percent of WEDP borrowers had never taken a loan before) and over 13,000 participated in business training. Participating female enterprises who took WEDP loans grew profits by 40.7 percent and employment by 54.3 percent, over two years. For repeat borrowers, loan sizes have increased on average by 870 percent. Other banks are asking for the technology already, and scaling up this technology could be even more relevant in a country where there is no existing collateral registry.

31. **JET will maintain its strong commitment to women and youth in IDA19, while broadening the inclusion agenda to better address challenges facing persons with disabilities.** The degree to which jobs and earnings opportunities are inclusive has significant implications for the pace of poverty reduction and delivers large social externalities. The WBG will continue to put a focus on women and youth in IDA19, by ensuring design of projects takes into account their differential needs and challenges. This same approach will be extended to ensure better access of persons with disabilities to, among other things, labor market opportunities, finance, and training and skills development initiatives. This will be achieved by leveraging existing WBG commitments on disability-inclusive development and by making deliberate efforts to incorporate the needs of persons with disabilities into the design and delivery of IDA operations.

(iii) How these Priorities will be Implemented

32. **Within this approach of creating and connecting to markets and building capabilities, IDA19 will emphasize digital transformation to support JET.** With technology rapidly changing conventional industrialization and growth patterns, IDA needs to support countries to leverage opportunities and address challenges posed by digital technologies (Box 6). This reflects a larger corporate commitment to mainstream disruptive technologies to harness opportunities and mitigate risks, as laid out in the Development Committee papers in October 2018 and April 2019.²⁰

¹⁹ World Bank Group (2019) *Profiting from Parity: Unlocking the Potential of Women's Business in Africa*, World Bank, Washington, DC.

²⁰ *Disruptive Technology and the WBG: Harnessing Opportunities - Mitigating Risks*, October 2018; *Mainstreaming Disruptive and Transformative Technologies at the WBG*, April 2019.

During IDA19, the WBG will support the creation of dynamic digital economies to speed up transformation of both the private and public sectors. Indeed, digital development will cut across all facets of the JET agenda, supporting productivity growth in the agricultural sector, and facilitating the structural transformation process by enabling technological leapfrogging, development of new, high productivity sectors, and new forms of market connectivity. It will also demand – and support – the acquisition of skills to strengthen the capabilities of workers. Through major initiatives like the Digital Economy for Africa (DE4A), the WBG will support a comprehensive approach to developing the digital economy, combining development of infrastructure for connectivity and creation of new markets, building digital platforms for access to finance and markets, entrepreneurship and skills, and regulatory frameworks that address emerging risks, such as competition, privacy and security. Ensuring digital technologies as a force for inclusion will also require careful attention to addressing the constraints – including access, skills, capital, and social norms – that prevent certain groups (notably women and persons with disabilities) from taking full advantage of opportunities.

Box 6. Leveraging Digital Technologies to Support the JET Agenda in IDA Countries

Raising agricultural productivity, connecting farmers to markets, and enhancing inclusion:

The *Côte d'Ivoire E-Agriculture Project* helps rural communities increase access to digital services to access markets and raise agricultural productivity. It supports infrastructure provision, policy reforms, and capacity building including on climate smart production management. The project will benefit about 6.1 million smallholder farmers, with a specific focus on increasing the number of female smallholders able to access mobile services and the internet. The *Digital Agriculture Scaling Up Program* in Kenya brings innovative agricultural technology and digital start-ups together with established technology companies, financial institutions, and the public sector on a scaled-up platform to promote the creation of new types of quality jobs in the agriculture and wider agri-food sectors.

Facilitating regional integration, digital skills acquisition, and diversification in small island economies:

The *Caribbean Regional Communications Infrastructure Program* (CARCIP) seeks to increase access to regional broadband networks and advance the development of an ICT-enabled services industry in Caribbean region through a combination of targeted investments in ICT infrastructure, enabling environment reforms, institutional capacity building, and youth training initiatives.

33. **IDA19 will adopt a forward-looking approach to the jobs of the future, addressing not only changing technology but also a changing climate.** The emphasis on digital development and human capital is part of a broader approach to prepare IDA economies for a rapidly changing external environment, where the development paths, the jobs, and the skills requirements may differ significantly from those of the past. This includes development of the digital economy, but also preparing IDA countries to adapt to climate change, which will raise serious risks for the poorest, particularly those that are reliant on agriculture. Reforms that remove fiscal incentives that encourage the use of fossil fuels can mitigate climate change while also reducing distortions that favor capital over labor in production. On the other hand, adaptation to climate change will also create new job opportunities, both through climate-smart approaches to traditional sectors and through the development of “green jobs” in entirely new sectors. For example, a recent report estimated that a successful clean energy transition could create 65 million new jobs worldwide by 2030.²¹ Moreover, the emergence of these new sectors creates an

²¹ The New Climate Economy (2018) *Unlocking the Inclusive Growth Story of the 21st Century: Accelerating Climate Action in Urgent Times*, The Global Commission on the Economy and Climate.

opportunity to target positive labor outcomes for women, before traditional gender barriers become established.

34. **Prioritizing among the many possible JET interventions in each country will leverage IDA’s country-based model.** There is no “one-size-fits-all” solution to JET challenges. With systematic analytics, countries can develop their own targeted strategies for JET through CPFs, identifying the sources of growth that are available to them and prioritizing the constraints to be addressed to unlock specific opportunities. IDA’s approach in working with public and private sectors at the country, sector, and project levels is also complemented by deep engagement at the regional level, including through Regional Economic Communities. IDA’s commitment to regional integration will be reinforced with an expansion of the Regional Window in IDA19. Building on progress under IDA18, WBG will deepen engagement on regional trade and cross-border infrastructure in IDA19 (Box 7). This will include, notably, the DE4A, a transformative program that commits all African countries, development partners, and the private sector, to policies, actions and programs that catalyze digital transformation to achieve ambitious development targets.

Box 7. Innovative, Cross-border Projects Supporting JET in IDA18

- **West Africa Power Pool:** IDA’s continued support to the West African Power Pool, through the Regional Window, represents an important example of the potential for IDA to play a catalytic role in supporting critical regional infrastructure. IDA also supported Climate Change priorities through a US\$21 million grant to develop regional solar power infrastructure and strengthen regional technical capacity for large-scale solar energy generation in the Sahel.
- **Khyber Pass Economic Corridor:** This project is an example of IDA’s support to develop regional trade and unlock private investment in Fragile and Conflict-affected Situations through a combination of infrastructure and value chain development. The project coordinates investment in road and fiber optic infrastructure between Afghanistan and Pakistan, combined with technical and institutional support to integrate local producers along the corridor into Global Value Chains (GVCs).
- **Southern African Development Community (SADC) Regional Industrialization Strategy:** The World Bank Group provides technical support to the SADC Secretariat for implementation of the SADC Regional Industrialization Strategy. Support is built around identifying high potential regional value chains and piloting pragmatic public-private dialogue mechanisms to identify policy and investment interventions needed to unlock regional trade and investment in these value chains.

35. **To mobilize private investments for development in IDA countries, the WBG has put MFD at the heart of its approach to JET in IDA19, in particular by mobilizing private investments for development of quality infrastructure (Box 8).** It is clear that IDA can only meet a small share of the investment required to deliver on the JET agenda. For example, the financing gap to narrow the infrastructure gap in Africa alone is estimated to be up to US\$108 billion per year over the next decade.²² In this context, developing capital markets and long-term financial instruments are needed to mobilize private investment. The MFD approach is being increasingly mainstreamed in WBG operations, with successful operations implemented in a number of IDA countries, including Afghanistan, Bangladesh, Benin, Madagascar, and the Solomon Islands. According to IDA RMS, US\$6.24 billion of private investments have been catalyzed by IDA interventions in FY18.

²² African Development Bank (2018) African Economic Outlook 2018.

Box 8: Draft G20 Principles for Quality Infrastructure Investment

The focus on both the quantity *and* the quality of infrastructure investment is important for maximizing the developmental impact of infrastructure investment. In this context, the G20 2019 round has set out principles for quality infrastructure investment, outlining a “virtuous circle”, whereby job creation, technology spillovers, enhanced capacities, and improved productivity resulting from quality infrastructure investment contributes to growth and crowds in further private investment. These key principles for quality infrastructure investment include:

1. Maximizing the positive impact of infrastructure to achieve sustainable growth and development;
2. Raising economic efficiency in view of life-cycle costs;
3. Integrating environmental considerations in infrastructure investments;
4. Building resilience against natural disasters and other risks;
5. Integrating social considerations in infrastructure investment; and,
6. Strengthening infrastructure governance.

Source: G20 Principles for Quality Infrastructure Investment (Draft 9)

36. **IDA19 will do more to channel capital towards generating more and better jobs.** This is not to say that the focus is solely on labor intensive projects. Jobs are created directly in such projects, but the effects can be much larger taking into account indirect generation of jobs through value chains and forward/backward linkages. The focus on creating markets and attracting investments with such dynamic impact can make a significant difference for job creation and higher earnings. However, as private investors do not seek to maximize jobs or take into account the social benefits of providing additional job opportunities, the number of jobs provided will tend to be lower than what would have been optimal. For example, in labor-abundant IDA countries where poor workers are unemployed or employed in low productivity jobs and where markets are still emerging, specific interventions may be needed to incentivize the private sector to invest in additional jobs for low-skilled workers. Better understanding – and quantifying – the externalities linked with job creation will be critical to design and deliver interventions that catalyze more jobs-intensive investments. More can be done to use complementary WBG instruments to incentivize investments that maximize job creation and ensure access to jobs by targeted populations.

37. **The JET objectives described in this section requires a strengthened whole-of-WBG approach.** Thus, the WBG increasingly focuses on coordinated approaches, including through integrated operations that address both demand and supply-side constraints, as well as more broadly through coordinated interventions at the sectoral, portfolio, and national / regional level. A good example is the DE4A initiative, where upstream regulatory work and mobilization of private capital are needed, as well as expertise in how to harness technology across sectors, from e-health and e-commerce to improved distribution of water, energy, and transportation. Another example at the project level is the *Cashew Value Chain Competitiveness Project* in Côte d’Ivoire, which leverages IDA’s agricultural sector expertise to reform sectoral governance and improve access to markets and technology, with innovative financing from the IFC to catalyze local private credit access across the value chain.²³ The project also exemplifies how WBG interventions can help alleviate the risk of conflict in an FCS environment by addressing regional imbalances and supporting market integration of lagging areas. The recent introduction of CPSDs is playing a valuable role upstream shaping an integrated WBG approach, combining targeted public investment and policy reforms to facilitate job-creating private investment in sectors with high potential. Similarly, Infrastructure Sector Assessment Programs (Infra-SAPs) identify key

²³ As a result of the intervention some 225,000 farmers are expected to see significantly improved earnings and 12,000 direct jobs will be created – half for women – in a new domestic processing sector.

bottlenecks in the enabling environment and opportunities in key infrastructure sectors where private investment could be catalytic, with a focus on energy and transportation (Box 10). The PSW can promote such an integrated approach by de-risking private investments.

Box 9. Whole of World Bank Group (WBG) Approach: New Collaborative Diagnostic Tools

IDA lending will increasingly be informed by the application of structured diagnostic tools that allow for systematic identification of the most critical policy gaps and the most impactful investment priorities to support the JET agenda. Along with Jobs Diagnostics pioneered through a policy commitment in IDA17, these include the rollout of two diagnostic instruments launched in IDA18 based on close collaboration between the World Bank and the International Finance Corporation (IFC): notably, the Country Private Sector Diagnostic (CPSD) and the Infrastructure Sector Assessment Program (Infra-SAP).

- The CPSD is based on an analysis of sectoral comparative advantages that are used to identify the main private sector led growth opportunities for a country and highlights barriers standing in the way. It also suggests in response the priority upstream policy reforms, technical assistance, and investments in public goods that can help unlock transformative private investments. Fourteen CPSDs have been completed/are being finalized with another fourteen underway – about half of the CPSDs are in IDA countries. The CPSDs are informing WBG country strategy through the Systematic Country Diagnostics (SCDs) and Country Partnership Frameworks (CPFs) (e.g. in Ghana, Kazakhstan, Morocco, Angola, Rwanda, Kenya and Ecuador). They have triggered and informed policy-based lending (Ghana, Nepal, Uzbekistan, Morocco and Kenya) and advisory on investment climate reforms (Ghana, Nepal, Morocco, Angola and Ethiopia) followed by public private partnerships (PPP) and privatization transactions (Uzbekistan and Angola). They have also triggered and informed investment lending and/or advisory services in key sectors such as agribusiness in Ghana, Nepal, Rwanda, and Kazakhstan, pharmaceuticals in Kenya, tourism in Nepal, ICT in Ghana, sustainable mining in Ecuador as well as affordable housing in Rwanda and Kenya.
- The Infra-SAP is designed to focus on the specific economic, regulatory, and financial challenges faced by the infrastructure sectors. It is the key analytical tool developed for the implementation of Maximizing Finance for Development (MFD) and focuses on identifying bottlenecks in the enabling environment and prioritizing areas that are suitable for private sector investment. It puts an emphasis on energy and transportation. Infra-SAPs typically identify the investment financing gap, and evaluate the quality of the investment climate, the regulatory framework for PPP, and the depth of local capital markets. Infra-SAPs have been completed in several countries (Egypt, Indonesia, Sri Lanka, Vietnam) and are currently underway in many (Bangladesh, Belarus, Jordan, Mongolia, Nepal, Romania). Conclusions from Infra-SAPs are already informing the design of policy operations to improve the enabling environment (Egypt, Indonesia, Nepal). Looking ahead, the Infra-SAP will increasingly turn toward IDA countries, and the methodology is being further enriched to provide a more comprehensive understanding of: how infrastructure contributes to countries' economic and social development agenda; how investments can be prioritized around their contribution to addressing key connectivity bottlenecks; how best to deploy the overall financing envelope for maximum impact; and, how to strengthen the institutional and regulatory framework to improve the efficiency of service delivery.

38. The whole-of-WBG approach is made more effective through strengthened coordination with development partners from the public and private sectors. Close collaboration with development partners, both through global and regional strategic initiatives and on-the-ground in countries, will remain fundamental in IDA19. For example, DE4A is being launched jointly with the African Union, along with the International Telecommunications Union and the African Development Bank. The WBG is also a close partner of the G20 Compact with Africa initiative (Box 11), supporting private investment in Africa. Partnerships with the UK innovation fund Nesta, the European Commission, the Global Entrepreneurship Network, the United Nations University – Maastricht Economic and Social Research Institute on Innovation and Technology, and Singularity University are working with IDA on innovation and entrepreneurship. We-Fi is a US\$330 million, multi-partner initiative empowering women

entrepreneurs in IDA countries. In Mali, IDA and UN Peacebuilding Support Office are leading a pilot on youth employment in conflict areas. In Bangladesh, WBG and the ILO are jointly developing a national Jobs Strategy in cooperation with the Government of Bangladesh. The Solutions for Youth Employment program housed at the World Bank is a partnership founded with Accenture, ILO, International Youth Foundation, Plan International, RAND Corporation, and Youth Business International. Membership includes bilateral and multilateral partners as well as private sector partners such as Microsoft and Mastercard Foundation. Similarly, the World Bank hosts the Partnership for Economic Inclusion, a global partnership to accelerate policy, good practices, and knowledge on interventions to increase earnings, productivity, and assets of the extreme poor.

Box 10. Compact with Africa Promotes Job Creation Through Private Investment

Launched in March of 2017 under Germany’s presidency of the G20, the Compact with Africa (CWA) is the central pillar of the G20 Africa Partnership and its mission to support private investment, sustainable infrastructure, and employment in African countries. Of the Compact’s 12 members, nine are IDA: **Benin, Burkina Faso, Côte d’Ivoire, Ethiopia, Ghana, Guinea, Rwanda, Senegal, and Togo**, plus Egypt, Morocco and Tunisia. The most recent report presented to the Africa Advisory Group and the G20 Finance Ministers on the margins of Spring Meetings shows that CWA countries committed to maintaining macroeconomic stability, reporting positive trends in economic growth, and recording slow but encouraging progress in investment generation. Compact countries are outperforming global and regional growth projections. Moreover, as demonstrated by *Doing Business* results, they remain focused on continuing to undertake relevant business-related reforms.

In *Doing Business 2019*, the 12 CWA countries reported 47 reforms for ease of doing business, an average of nearly 4.0 per country compared to a global average of 1.7 reforms per country. Three CWA countries—Côte d’Ivoire, Rwanda, and Togo—were among the top-ten *Doing Business* reformers for the year. In the past few years, nearly all the Compact countries have been among the top ten *Doing Business* reformers. Several IDA CWA countries have also taken concrete steps to address debt sustainability. For example, in Benin, the government is targeting a debt-to-GDP ratio below 50 percent; and Togo has implemented several policy and institutional reforms, including steps to strengthen revenue mobilization, enhance public investment efficiency, and improve financial viability and service delivery in key infrastructure sectors. IFC’s most recent analysis of cross-border investment trends in CWA countries shows that seven—Burkina Faso, Côte d’Ivoire, Ethiopia, Guinea, Morocco, Rwanda, and Togo—attracted increasing volumes of cross-border investment, with US\$16.5 billion in 2018 up sharply from US\$6.4 billion in 2017.

39. **Finally, the JET agenda in IDA19 will be supported by better and more systematic measurement of JET interventions, both to improve the understanding of IDA’s impact as well as to strengthen organizational incentives to focus on JET.** Measuring jobs impacts of investments is difficult, not least over attribution. Improving the techniques to estimate jobs impacts, especially *ex ante*, is an ongoing effort to which WBG and development partners must contribute. Ongoing efforts, notably through the IFC’s AIMM System and the Jobs Umbrella Multi-Donor Trust Fund’s *Let’s Work* jobs measurement program, are making important progress. Alongside this, WBG will look to increase the systematic measurement of JET-related outcomes, which to date remains limited in the operational portfolio.²⁴ This will require a clear recognition that the process will remain imperfect but that, with appropriate caveats and transparency, regular use of JET measurement as part of investment decisions will be critical.²⁵ New work is underway

²⁴ IEG (2016b) found that just three percent of WBG projects with industry specific competitiveness components included a jobs-related outcome indicator. A Jobs Group assessment of 314 IDA projects that are “jobs-tagged” or “jobs-themed”, 36 percent track the corporate indicator on “beneficiaries of jobs-focused operations”. This reflects both a greater awareness of tools to include job indicators on the one hand, and a recognition that many “jobs themed” projects do not necessarily have direct beneficiaries. To expand the share of projects with jobs indicators will require expanding the menu of indicators.

²⁵ This is to ensure that jobs can be considered as a priority outcome, their contributions to the twin goals can be better understood, and staff are incentivized to focus on these outcomes. This does not mean that job creation will be the only or even

on drivers of technology adoption, entrepreneurship ecosystem assessments, and improving productivity in agriculture and services that will contribute to broader measures of economic transformation. Finally, ongoing efforts to improve access to quality data in IDA countries, particularly on the demand side (firm-level microdata) will be important to improve knowledge and strengthening monitoring capacity.

B. POLICY COMMITMENTS

40. To support this step-change in the approach to JET in IDA19, nine policy commitments are proposed. The commitments reflect the key principals of ‘how’ WBG intends to intensify its focus on JET and are organized around the components of the JET framework.

(i) Creating and connecting to markets

41. The first policy commitment for IDA19 aims to better coordinate and direct IDA interventions toward enabling high opportunity, job-creating private sector investments. Specifically, WBG commits to *the operationalization of joint IFC-WB diagnostics in 10 IDA countries through IDA and IFC interventions leveraging from among the WBG’s full suite of instruments, including technical assistance, policy advice, lending and investment.* The commitment aims to incentivize cross-WBG coordinated approaches that adopt a “creating markets” approach. This commitment helps ensure country-driven prioritization based on comparative advantage and market opportunities, while also focusing IDA programs and IFC investments on sectors that have high potential for inclusive job creation, taking into account direct, indirect and catalytic impacts of the interventions or investment.

42. The second proposed IDA19 policy commitment focuses on facilitating integrated regional trade and access to GVCs, with a focus on agri-food value chains. With the majority of the poor in rural areas and reliant on agriculture, a key pathway to creating jobs and improving earnings will come from connecting producers to better market opportunities and raising value-added across the agri-food chain, including production, processing, and distribution. Building on the findings of the 10 GVC studies conducted under the IDA18 commitment, the development of agri-food value chains will present significant opportunities to expand regional trade and deepen regional value chain integration, while also opening up possibilities to attract investment and increase exports through GVCs. Specifically, IDA commits that *at least 66 percent of agriculture and agribusiness projects in IDA countries include support for value chain development, through connecting producers to markets, technical assistance for meeting international standards and regulations, and supporting logistics and reducing trade costs.*

43. As the third JET policy commitment highlighting the importance of mobilizing private sector investments for JET, IFC will leverage the IDA PSW and the IFC Capital Increase to expand IFC’s own account annual commitment investment in IDA countries, thereby supporting the creation of jobs through private sector-led economic transformation in these countries. Specifically, *IFC will aim to increase the share of its commitments in FCS-IDA17 & LIC-IDA17 countries, reaching 10-15 percent of its own-account commitments during the IDA19 cycle.*

the most important criterion for any investment decision (and indeed, it is important to recognize that the biggest jobs impact of most WBG investments will be indirect and induced), but rather that consideration of JET effects should become standard.

44. **A fourth commitment focuses on improving quality infrastructure in the region that will be critical for ensuring access to markets.** Modernizing transportation systems, from using innovative big data technologies to ensuring sustainable road maintenance strategies, will ensure goods can reach markets and people can access jobs. Similarly, effective power systems are critical to enhance productivity in key sector and drive economic transformation. *IDA commits to support in 10 IDA countries the modernization of infrastructure systems (e.g. power, transportation).*

45. **Two proposed commitments support the implementation of the catalytic Digital Economy for Africa initiative, through a combination of infrastructure (commitment 5) and digital platform development (commitment 6, see paragraph 26).** Infrastructure connectivity is one of the foundational enabling pillars for the digital economy. Specifically, IDA commits to *close the digital infrastructure gap by reaching 30 percent broadband penetration in at least 20 IDA countries on the Africa continent by 2023.*

(ii) Building capabilities and connecting workers to jobs

46. **Also, under the implementation of the DE4A, this commitment aims to support job creation and connect SMEs and entrepreneurs to new market opportunities through creating dynamic digital economies.** Specifically, IDA commits that *50 percent of entrepreneurship projects will incorporate digital financial services and/or digital entrepreneurship elements – and ensuring they address the particular constraints facing women and/or persons with disabilities.*

47. **The seventh policy commitment leverages the HCP to strengthen education and skills development programs that raise productivity, earnings and employability, particularly for women, youth, and vulnerable populations in IDA countries, and facilitate employability.** The HCP complements JET by focusing on how workers and entrepreneurs can become more productive by accumulating more and better-quality human capital. In order to reap the benefits of the demographic dividend and improved human capital, IDA commits to *support at least 12 IDA countries among the 30 with the lowest Human Capital Index (HCI) with programs or policies to improve skills and employability, emphasizing the differential constraints facing young women and men.*

(iii) Cross-cutting issues

48. **An eighth commitment seeks to strengthen the macroeconomic framework and ensure that debt is used effectively as a tool to promote economic transformation.** Effective use of debt to support productive investment is central to delivering on the JET agenda in IDA countries. At the same time, with rising debt levels in many IDA countries, the sustainability of investments may be at risk. To support debt transparency and effective management of debt (and of the broader macro-economic and fiscal environment), IDA commits that *all SCDs of IDA countries at moderate or high risk of debt distress will address the country's strategy for sustainably financing its development.* As SCDs bring together existing analyses, teams can draw on the analytics support by the Governance and Institutions Special Theme as well as from elsewhere and ensure they are discussed within the SCD and that their findings are taken into account in setting country priorities.

49. **Finally, a ninth, cross-cutting policy commitment targets more systematic measurement of the jobs impacts of JET interventions in IDA19.** During IDA19, the WBG will continue to advance on key initiatives to improve jobs measurement. For many projects, the number of jobs directly associated with an investment can be small relative to the indirect effects through backward and forward linkages, or the catalytic effects of investing in infrastructure, the financial sector or other enabling sectors. In addition to further developing ex ante measures, leveraging improved monitoring and evaluation frameworks and indicators, efforts will be made to more systematically include measurement of jobs and economic transformation impacts of investments. Specifically: *85 percent of all new jobs themed projects in IDA countries will track at least one jobs indicator and the IFC will track direct jobs and estimates of indirect jobs associated with all PSW investments.* However, given challenges in collecting quantifiable measures as well as attribution challenges across the range of jobs themed projects, projects will not necessarily have targets for jobs created. Rather project teams would choose from a menu of possible indicators to monitor appropriate dimension of jobs impacts.²⁶ This will expand the evidence base of the extent of impacts to expect, as well as potential trade-offs across dimensions, at least in the short-run. Concerns about attribution have discouraged monitoring jobs impacts; encouraging them now by developing the menu and related methodological approaches will help fill important knowledge gaps.

C. LINKS WITH OTHER SPECIAL THEMES

50. **JET continues to strengthen its links to other IDA Special Themes in order to ensure a more coordinated, impactful approach.** Following is a brief description of key links to each of the Special Themes:

51. **Governance and Institutions:** Strengthening governance of economic institutions and building their capacity is fundamental to delivering growth and jobs. Effective institutional environments both raise the profitability of private investments and reduce the risk of those investments. Delivering on all aspects of the JET framework relies on countries having capable institutions and appropriate incentives to support growth and job creation. In IDA19, emphasis will be placed through the JET and Governance special themes on the stability of macro-fiscal environments, the effectiveness of debt management, and the efficiency of public investment. Strong institutional capacity will also be needed across the JET agenda in terms of prioritization (e.g. acting on good analytics with little capture), coordination and sequencing of reforms (e.g. sector reforms prior to privatization / PPPs) and strong implementation and monitoring capacity.

52. **Gender:** Jobs are at the core of the WBG Gender Strategy, and gender is at the core of the JET theme. The pace of economic transformation and the development outcomes that result from these transformations depends fundamentally on women's access to economic opportunities. Implementation of JET at the country level includes a strong focus on gender inclusion in each aspect of the agenda, from addressing occupational sex segregation, to ensuring women's access to productive infrastructure, to supporting women's access to skills, finance, and markets. In IDA19, several policy commitments link JET and gender explicitly, including commitments supporting human capital development for youth employability, promoting financial inclusion, and facilitating entrepreneurship, especially for women.

²⁶ The menu could include quantity, productivity, earnings, inclusion and dimensions identified in the theory of change as contributing to jobs that the project influences.

53. **Fragility, Conflict, and Violence:** Inclusive job creation remains critical to maintain social cohesion in FCS contexts. Yet the creation of good jobs in most FCS remains woefully inadequate to meet the needs for growing youth populations. This is due to multiple, overlapping constraints such as instability, inadequate infrastructure, and poor business environments. Addressing the jobs challenges in FCS requires parallel efforts to support more productive self-employment, while also attempting to create markets for private investment through improving the enabling environment, leveraging de-risking tools, and providing demonstration effects. In addition to the key role of the PSW, during IDA19, the WBG will expand coverage of CPSDs in FCS, helping to take a focused approach to identifying opportunities for job-creating investment. Alongside this, WBG will continue to take pilot innovative, context-specific approaches to support skills acquisition, productive inclusion, and entrepreneurship, with a particular focus on youth.

54. **Climate Change:** Climate change is having a dramatic impact on jobs and earnings opportunities of the world's poorest and contributing to large-scale climate-driven migration. In IDA19, the JET agenda will support strengthened resilience, for example through integrating climate-smart approaches to agricultural sector development, providing services to displaced people and host populations, supporting adaptation plans that address migration, and improving data on slow-onset and sudden-onset climate-driven migration. It can also exploit the opportunities that emerge from climate adaptation. This includes supporting IDA countries to develop new green industries and preparing workers to build the skills required to take advantage of the new job opportunities that emerge in these industries. The policy tools used under Climate Change and JET can reinforce each other. For instance, fiscal instruments used to internalize the costs of carbon-based energy producing technologies, like carbon pricing, can generate revenues. These revenues can then be used to lower distortionary taxes and boost employment opportunities or protect the incomes of the most vulnerable.

IV. ISSUES FOR DISCUSSION

55. **Management would welcome feedback from IDA Deputies and Borrower Representatives on the proposed policy commitments for the JET special theme set out in this paper.**

ANNEX 1: STATUS OF JET IDA18 POLICY COMMITMENTS (AS OF END-MARCH 2019)

Objectives	Policy Commitment	Progress
<p><i>Supporting job creation through economic transformation</i></p>	<p>1. WBG will deploy tools and resources from IDA and IFC to undertake 10 inclusive global value chain analyses in IDA countries to understand how they can contribute to economic transformation and job creation, including through growth in agri-businesses, manufacturing, and services and will use this analysis to inform activities within the IDA portfolio.</p>	<p><u>Delivered</u> <i>The WBG has completed global value chain analyses in the following 10 IDA countries:</i> Nepal, Mongolia, Ethiopia, Uganda, Bangladesh, Haiti, Mali, Chad, Tajikistan, and Pakistan.</p> <ul style="list-style-type: none"> • Additional in-depth sectoral and GVC analyses carried out as part of the Country Private Sector Diagnostics in the following 11 IDA countries: Ghana, Burkina-Faso, Senegal, Rwanda, Nepal, Uzbekistan, Cote d’Ivoire (completed); and Guinea, Ethiopia, Mozambique, Nigeria (ongoing). • Additional relevant work includes an approved second phase of work on supporting agro-processing regional value chain integration in the SADC region (including eight IDA countries), as well as the training of Haiti Ministry of Commerce Officials in key aspects of value chain analysis (1. Cluster Description, 2. Strategy and 3. Action Lines) which is resulting in the analysis of over 20 value chains. • Learnings from GVC analytics highlight the importance of investments in connective trade infrastructure, firm capabilities, and developing standards. Findings have been integrated into a number of operations targeting jobs growth through GVC integration, including in Bangladesh and Haiti. As an FY19 deliverable, and using funding from the Umbrella Facility for Trade, an ASA is being developed to extract the key findings from the studies produced under this commitment.
	<p>2. WBG will use the Global Infrastructure Connectivity Alliance to make available to IDA countries knowledge on lessons and approaches related to cross-border investments and economic corridor development and will use this analysis to inform activities within the IDA portfolio.</p>	<p><u>On track</u> <i>The Global Infrastructure Connectivity Alliance (GICA) knowledge products already available online and disseminated, focus remains on leveraging information to inform IDA operations</i></p> <ul style="list-style-type: none"> • <i>GICA has launched a website containing more than 300 publications</i> from various GICA members on connectivity, along with over 100 maps consolidating and structuring knowledge resources – this information is available to all IDA countries. The first annual meeting of GICA was held on January 25-26, 2018 and identified key priorities for GICA Members. The first GICA online conversation through its GICA LinkedIn Group is ongoing.

Objectives	Policy Commitment	Progress
		<ul style="list-style-type: none"> The GICA knowledge base increasingly informs innovative regional infrastructure investments in IDA. During FY18, the GICA connectivity framework was shared with the Association of Southeast Asian Nations (ASEAN) countries, and a prioritization approach is starting to be applied to a list of connectivity projects in Cambodia, Laos, and Myanmar.
<p><i>Raising job quality and ensuring inclusion of youth and women</i></p>	<p>3. WBG will systematically carry out impact analyses of SME and entrepreneurship programs across IDA countries to assess their overall impacts and differentiated outcomes for women and youth and will develop operational guidelines to inform future operations.</p>	<p><u>On track</u></p> <p><i>WBG has moved to conduct impact analysis as a standard part of undertaking SME and entrepreneurship programs</i></p> <ul style="list-style-type: none"> <i>A report is being prepared bringing together the learnings from these assessments across the portfolio.</i> It builds on the collaboration between the Finance, Competitiveness, and Innovation (FCI) global practice and the IFC on SME programs, including the SME Working Group. It draws on the results of extensive evaluations of SME programs in recent years, including rigorous impact evaluations (including randomized control trials) through the ComPEL program. It also draws on a review underway to assess the effectiveness of programs seeking to support technology adoption and absorption by SMEs.
	<p>4. WBG will prepare operational guidelines for integrated youth employment programs with a focus on connecting to demand-side interventions and supporting labor market integration to inform the design of a new generation of youth employment programs in IDA countries.</p>	<p><u>Delivered</u></p> <p><i>WBG published detailed guidelines for task teams designing and implementing integrated supply-demand side youth employment programs.</i> These guidelines have begun to inform a new generation of integrated youth employment programs such as in Nepal and Ghana.</p> <ul style="list-style-type: none"> The guidance is complemented by a report: <i>A Stock-take of Evidence on what works in Youth Employment programs.</i>
<p><i>Targeting support for jobs and private sector development in high-risk contexts, including</i></p>	<p>5. WBG will enhance existing and introduce new operational instruments to improve risk sharing in projects and crowd-in private capital in high risk investment environments, including through the introduction of the IFC-MIGA PSW.</p>	<p><u>On track</u></p> <p><i>PSW is fully operational supported by financial, administrative, and legal infrastructure; first suite of programs delivered; strong focus remains on accelerating project origination, pipeline, and delivery.</i></p> <ul style="list-style-type: none"> With US\$294 million from PSW, IDA is supporting US\$383 million IFC investments and US\$390 million MIGA guarantees, which further mobilize a total of over US\$1.5 billion of investments from other private sector investors. Proposal for IDA19 PSW has been prepared for June Replenishment meeting.

Objectives	Policy Commitment	Progress
<i>fragility and migration</i>	6. WBG will adopt a ‘migration lens’ in IDA countries where migration has a significant economic and social impact (including home, host, and transit countries): this will include analytics that close critical knowledge gaps and, where there is explicit country demand, support for operations that focus on job creation, managing legal economic migration, and integrating young people and economic migrants.	<p><u>On track</u></p> <p><i>Knowledge gaps being addressed; focus remains on increasing the number of countries and operations supported through analytical work.</i></p> <ul style="list-style-type: none"> • WBG has made significant progress in operationalizing a ‘migration lens’ in a systematic way. This included, first, the adoption of a set of criteria to identify focus countries. Reviews of ongoing Systematic Country Diagnostics (SCDs) in focus countries (e.g., Cape Verde, Comoros, El Salvador, Tajikistan, Ghana, Gambia, Somalia, and Sudan) show that migration issues have been addressed, even in the absence of formal migration diagnostics. In Timor Lester, the CPF addresses the issue of promoting financial access through a payments system project which aims to lower cost of remittances. • Comoros Integrated and Competitiveness Project is being prepared, which will support targeted investment promotion and marketing initiatives related to the selected value chains as well as the diaspora.
<i>Improving the knowledge base to inform operations supporting jobs and economic transformation</i>	7. WBG will develop and make available for use in IDA countries a set of ex ante measurement tools and systems to assess the impacts of large-scale public and PPP investments targeting infrastructure and economic transformation on jobs, including pilot assessments on gender outcomes.	<p><u>Delivered</u></p> <p><i>Five macro model pilots led by IFC in coordination with the WB Jobs Group have been carried out to assess ex ante the direct, indirect, and induced jobs impacts of prospective infrastructure investments.</i></p> <ul style="list-style-type: none"> • The <i>Let’s Work</i> program also implemented value chain analysis to assess jobs impacts of investments ex ante. Pilots are underway or completed in Bangladesh, Burkina Faso, Mozambique, and Tajikistan.
	8. WBG will catalogue learnings from the Jobs Diagnostics, assess how Jobs Diagnostics are informing the design and implementation of operations in IDA countries targeting job creation and economic transformation, and recommend any changes necessary to improve the impact of the tool.	<p><u>Delivered</u></p> <p><i>WBG has met the IDA18 policy commitment to catalogue learnings from the Jobs Diagnostics. ‘Pathways to Better Jobs in IDA Countries: Findings from Jobs Diagnostics’ has been finalized and is publicly available.</i></p> <ul style="list-style-type: none"> • Jobs Diagnostics have informed several IDA operations in FY18, such as the Agribusiness and Trade project in Zambia, and the First Programmatic Jobs DPC in Bangladesh under preparation. More can be done to ensure these links are systematic, particularly through its links with SCDs, CPFs, and Country Private Sector Diagnostics (CPSDs).

Objectives	Policy Commitment	Progress
	<p>9. WBG will develop and integrate spatial perspectives into analysis of migration and urbanization trends, and the impacts of infrastructure on jobs and economic transformation, this will include piloting of: spatial inventory of infrastructure in five IDA countries; urban jobs accessibility assessments of 10 cities in IDA countries; and spatial assessment of trends in job creation and destruction in five countries.</p>	<p><u>On track</u></p> <p><i>WBG is well on its way to pilot new approaches with spatial data to inform the JET agenda in IDA18.</i></p> <ul style="list-style-type: none"> • <i>The WBG piloted rapid machine learning approaches</i> to extracting the network infrastructure and buildings from satellite imagery in Tanzania, Djibouti, and Comoros to help develop inventories of critical infrastructure mapped against the communities they serve. Additional inventories are underway for South Sudan and Ghana. • <i>Urban jobs accessibility assessments were carried out in seven cities</i> in IDA countries in Africa as part of a United Kingdom Department for International Development (DFID)-supported report launched in May 2018. • <i>Spatial tools have also been used</i> to assess firm location and job creation patterns in Bangladesh, Tanzania, Zambia, and Zimbabwe.