



**LET'S WORK**  
A global partnership to create  
**more & better** private sector jobs

# A Global Partnership to create **More and Better** private sector **Jobs**

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Ministry of Foreign Affairs of the  
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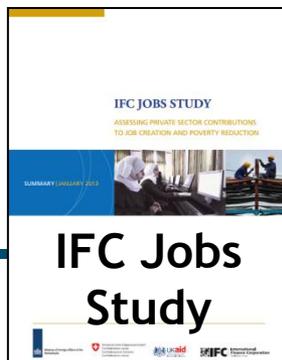
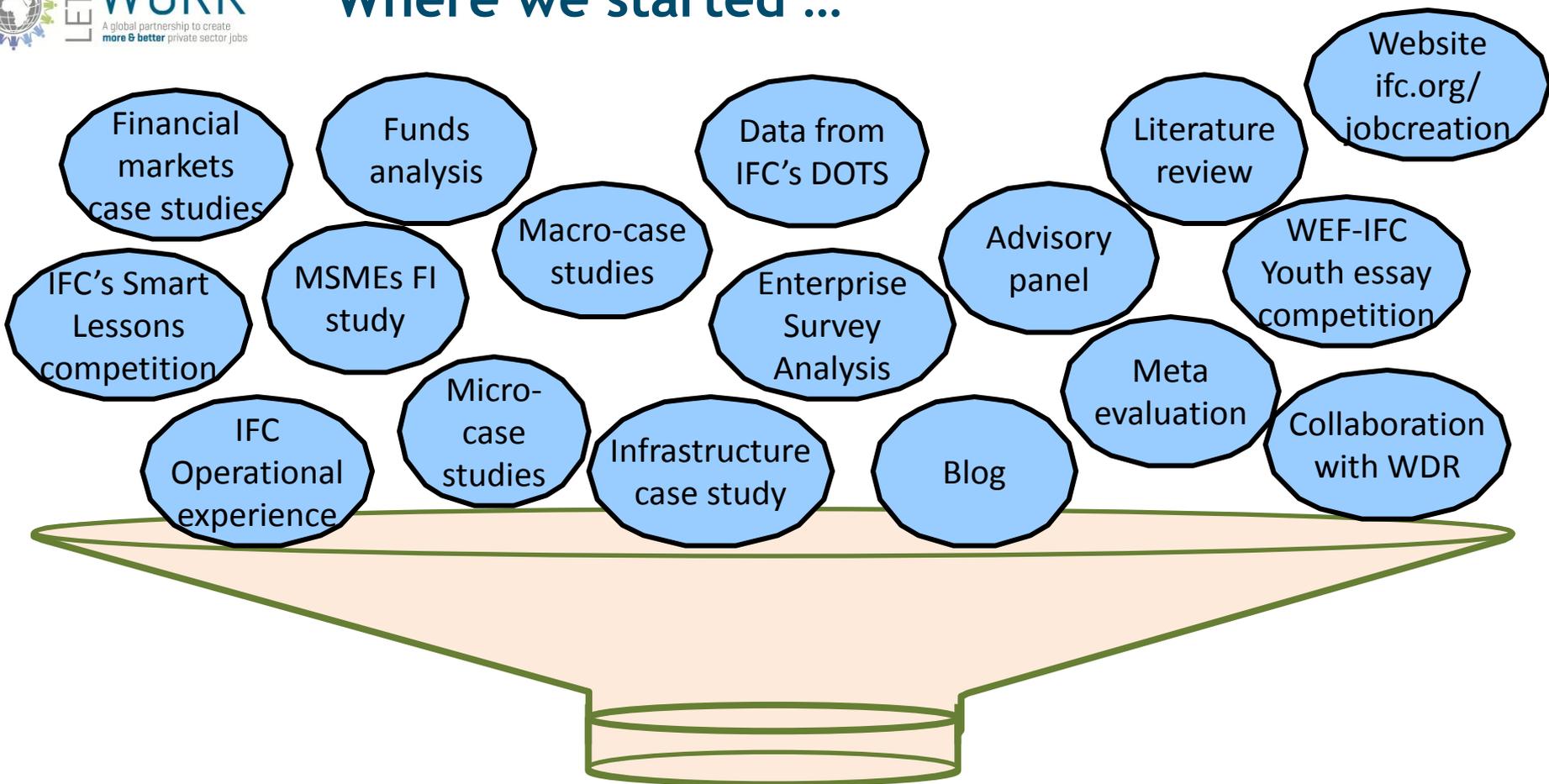
Federal Department of Economic Affairs FDEA  
State Secretariat for Economic Affairs SECO

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Coordinated by:



# Where we started ...



# Key Findings: Major constraints facing firms

## Four findings stand out:

- ❖ **Finance (A2F):** A problem particularly for **SMEs**
- ❖ **Infrastructure (A2I):** A reliable **power supply** is the most important issue for **companies in low-income countries**
- ❖ **Investment climate (IC):** **Informality** is a key issue in **middle-income countries** and for **SMEs**; **taxation** is also important
- ❖ **Training/skills (T&S):** A key challenge for **larger businesses** and businesses in **high-income countries**

Constraint (Top 3)	Firm size*			Country income group				All firms
	Small	Med.	Large	Low-income	Lower-middle	Upper-middle	High	
Access to Finance	1	1	3	2	1	1	3	1
Electricity	2	2	1	1	3			2
Informality	3	3			2	3		3
Tax rate				3		2	2	
Skills			2				1	

→ Both “demand” side constraints (what keeps firms from hiring workers) and “supply” side issues (what keeps workers from getting jobs) need to be addressed to tackle (youth) unemployment.

\* For this analysis: Small = 5-20 employees, medium= 21-99 employees, and large >= 100 employees.

Source: World Bank Group’s Enterprise Surveys covering 46,566 enterprises in 106 countries.



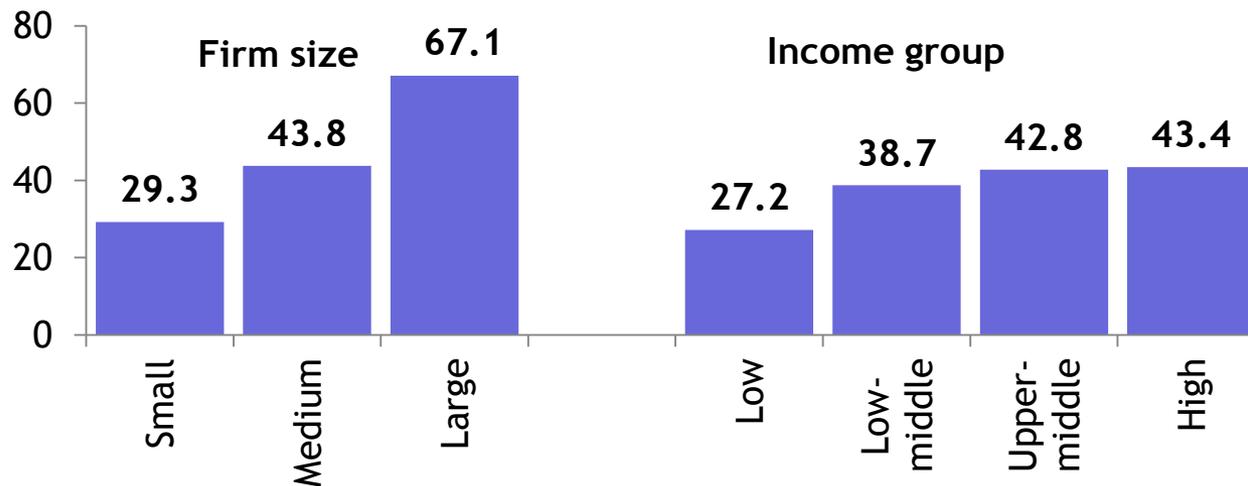
# Key Findings: Removing constraints creates jobs

- ❖ **IC:** Business entry reforms can have large positive effects, particularly when combined with other reforms.
  - Mexican **one-stop shops:** Firm entry + 5%, jobs +**2.8%**.
- ❖ **A2I:** Most studies focus on immediate direct job creation, but effects through enabling economic growth are even larger.
  - A reliable power supply could increase job growth in low income countries, by at least 4-5% ... and probably much more. *Powerlinks:* Effects from having power far outweigh direct + indirect + induced effects of power transmission.
- ❖ **A2F:** Improvement can create *significant* number of jobs.
  - Significant extra job growth from bank loans (>3%) or external financing (>4%).
  - “Footprint”: Jobs provided - in 2011 IFC clients “reached” 23M MSMEs ... which employed an estimated 100M+ people → huge potential.
  - Job created: Sri Lanka case study – SMEs financed grew twice as fast (12%) as jobs in economy ... but attribution is difficult, and more studies needed.
- ❖ **T&S:** Programs show mixed results, but involving private sector and combining education with on-the-job training works best.
  - Programs that included both had 20% increase in probability of success

# Training and Skills

- ❖ **Not enough workers for high-skilled jobs**
  - ~1/3 of companies can't find the workers they need.\*
- ❖ **Not enough jobs for low-skilled workers \*\***
- ❖ **Mixed results** for training programs, but **engaging the private sector helps** (needs assessment, curriculum design, combine formal + on the job training).
- ❖ **Business owners/managers can lack skills** to manage firms
  - Limits potential for firm growth and job creation.
  - Combine advice (e.g. private equity funds, loans, demand from large firms)?

**% of firms offering training to their workers**



**Small firms:**  
Skills a constraint, but less likely to offer training.



# Partnership following the Jobs Study

## 28 International Financial Institutions (IFIs) agreed to collaborate and signed a **Joint IFI Communiqué** to:

- Use expertise and act in a coordinated manner to maximize impact.
- Learn from each other and spearhead efforts in knowledge and methodologies.
- Complement high-level international efforts to promote job creation and improve quality of jobs.
- Work together towards addressing the creation of **more & better** jobs, which requires joint efforts for lasting solutions
- Commitment to promoting quality jobs and the inclusion of vulnerable groups, such as women, youth, and the poor.



# Stakeholders



# Let's Work: Current partners ... a growing list



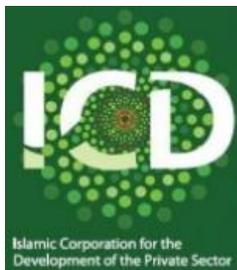
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**IDB**

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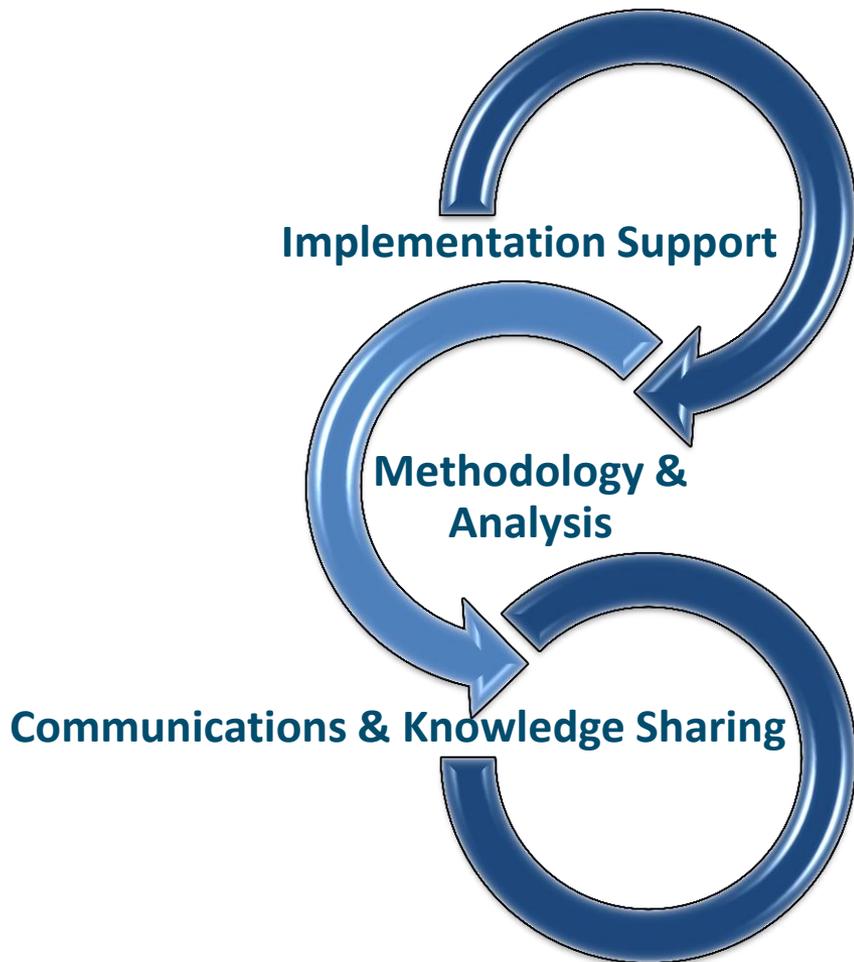


- **Let's Work** is a **global partnership** that unites organizations dedicated to providing effective solutions to the global jobs crisis by harnessing the potential of the private sector to help create more and better jobs that are inclusive.

## Mission

- To work with countries, private sector companies and development practitioners to support **private-sector-led job** growth by focusing on **removing the main constraints to job creation** and **strengthening value chains**.
- To help create **more** formal sector jobs in developing countries, but also **better quality jobs** that increase productivity and wages, improve working conditions, and provide more opportunities for everyone – especially women and youth.

# Work Program



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