



The State of Eritrea



United Nations  
Economic Commission for Africa

**23<sup>rd</sup> Meeting of the Intergovernmental Committee of  
Senior Officials and Experts (ICSOE)**

**ECA Office for Eastern Africa**

**Concept Note for the Ad Hoc Expert Group Meeting (AEGM):  
Promoting Regional Trade for Faster Job Creation**

**Asmara, Eritrea**

**05-07 November 2019**

## I. Background

The benefits of Eastern Africa's high growth (6.6% between 2014 and 2018, compared with the African average of 2.9%) have not been shared by all. Structural transformation has remained elusive: labour has shifted from agriculture to the service sector, but a large proportion of service-sector jobs are low-paid and low-productivity and in the informal sector. The manufacturing sector in most East African countries is stagnant or growing at a pace which is below that of broader economic growth. As a consequence, the majority of economies in the region registered a decline in the share of manufacturing value-added over the past decade (UNECA, 2019b). Meanwhile, inequality indicators are widening throughout the whole continent: this is driven by wage differentials across sectors, differences in human capital levels, and urban and rural divides.

Across Africa, countries are at different stages of demographic transition — specifically, the shift from high fertility and high mortality to low fertility and low mortality. This transition is associated with dividends that contribute to economic growth, development and poverty reduction. However, in many cases, the “demographic dividend” does not seem to be manifesting itself. The African labour force is expected to expand to nearly 2 billion people by 2063 (AfDB, 2018: 48), and it will be essential for governments and the private sector to create new formal (i.e. wage or salaried) jobs to accommodate this expansion.

This is particularly critical in Eastern Africa, where the working-age population is expected to increase by 8.6 million individuals annually between 2015 and 2030. During that period, Ethiopia alone is expected to welcome more than 2 million new entrants to the job market every, single year. Meanwhile, D.R. Congo, Tanzania, Kenya and Uganda are each anticipating the entry of more than 1 million job seekers annually. This puts tremendous pressure on the economies of the region, requiring the creation of half a million jobs every month (AfDB, 2018). Despite the extensive reforms implemented in recent years, waged and formal-sector job creation has continued to lag behind growth. If the quality of growth is not improved — and if the creation of waged and salary jobs remains sluggish — poverty reduction and social stability could be at risk.

The African Continental Free Trade Area (AfCFTA) aims to create a single continental market for goods and services – with free movement of people and investments – and to lay the foundations for the establishment of a Continental Customs Union. The implementation of the AfCFTA is expected to boost intra-African trade, industrialization and structural transformation for Eastern Africa, by allowing regional firms to tap into the rapidly growing markets within Africa. Certainly, none of the gains from trade agreements are automatic and their realization requires a series of complementary policies. It also needs to be recognized that regional integration carries with it challenges and transition costs: tariff revenues may fall, and increased competition may pose threats to less competitive sectors and firms. However, over the long run, the evidence is that the potential gains outweigh the possible transition-period losses.

Few studies have focussed on the effect of deeper regional trade on employment creation. Hence, in the background study for this expert meeting,

- a) We explore **East Africa’s historical performance in terms of job creation**, recognizing that some standard labour concepts are difficult to apply to conditions prevailing in the region,
- b) We examine the effects of increasing regional trade on **employment creation** and on the **quality of growth**,
- c) We make use of the Computable General Equilibrium (CGE) model to **quantify the potential job creation effect** of an increase in regional trade, by focusing on the specific case of the AfCFTA.

## II. Objectives of the Expert Meeting

Participants will be invited to provide inputs to the discussion and to review the following questions:

- a) How has the pattern of economic growth in East Africa shaped job-creation?
- b) What do studies reveal about the impact of regional trade on employment creation?
- c) What policy measures can be implemented to maximise the job creation potential of the AfCFTA?

## III. Format of the Meeting

This will be one of the parallel sessions on Wednesday 06 November 2019, 13:30 – 17:30.

Presentations by:

- **Weldeyesus Elisa**, D.G., Ministry of Labour and Human Welfare, Eritrea
- **Tekeste Baire**, Secretary General, National Confederation of Eritrean Workers
- **Jessica Atsin**, Research fellow, UNECA Office for Eastern Africa
- **Mike Okumu**, School of Economics, Makerere University
- **Abebe Shimeles**, Manager of the Development Research Division, African Development Bank
- **Maureen Were**, Research Fellow, UNU-WIDER
- **Vincent Leyaro**, Economics lecturer, University of Dar es Salaam.

## IV. Participation

The Session will bring together experts – economists, econometricians and policy makers – from Eastern African countries, as well as representatives of the private sector, civil society organizations, and other relevant institutions. For further information and clarification, please contact Mr. Rodgers Mukwaya, [mukwayar@un.org](mailto:mukwayar@un.org).

## V. Supporting Documents

African Development Bank (AfDB). (2018). **African Economic Outlook 2018**. Available at: [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/African\\_Economic\\_Outlook\\_2018\\_-\\_EN.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/African_Economic_Outlook_2018_-_EN.pdf)

Buckley, J. (2014). **Jobs and Regional Economic Integration in East Africa**. Economic and Private Sector Professional Evidence and Applied Knowledge Services (EPS PEAKS). Available at: [https://assets.publishing.service.gov.uk/media/57ecfc60e5274a0eb7000010/Jobs\\_and\\_Regional\\_Economic\\_Integration\\_in\\_East\\_Africa.pdf](https://assets.publishing.service.gov.uk/media/57ecfc60e5274a0eb7000010/Jobs_and_Regional_Economic_Integration_in_East_Africa.pdf)

Monga, C., Shimeles, A., & Woldemichael, A. (eds.) (2019). **Creating Decent Jobs: Strategies, policies, and instruments**. African Development Bank Policy Research Document 2. Available at: [https://am.afdb.org/sites/default/files/AfDB18-16\\_Jobs\\_English.pdf](https://am.afdb.org/sites/default/files/AfDB18-16_Jobs_English.pdf)

Republic of Rwanda. (2019). **Revised National Employment Policy**. Available at: [https://mifotra.gov.rw/fileadmin/user\\_upload/FINAL\\_REVISED\\_NATIONAL\\_EMPLOYMENT\\_POLICY.pdf](https://mifotra.gov.rw/fileadmin/user_upload/FINAL_REVISED_NATIONAL_EMPLOYMENT_POLICY.pdf)

Republic of Kenya. (2013). **Sessional Paper No.4 of 2013 on Employment Policy and Strategy for Kenya**. Ministry of Labour, Social Security and Services. Available at: <http://www.nea.go.ke/web/wp-content/uploads/2019/01/SESSIONAL-ON-EMPLOYMENT-POLICY-AND-STRATEGY-FOR-KENYA-2017-1.pdf>