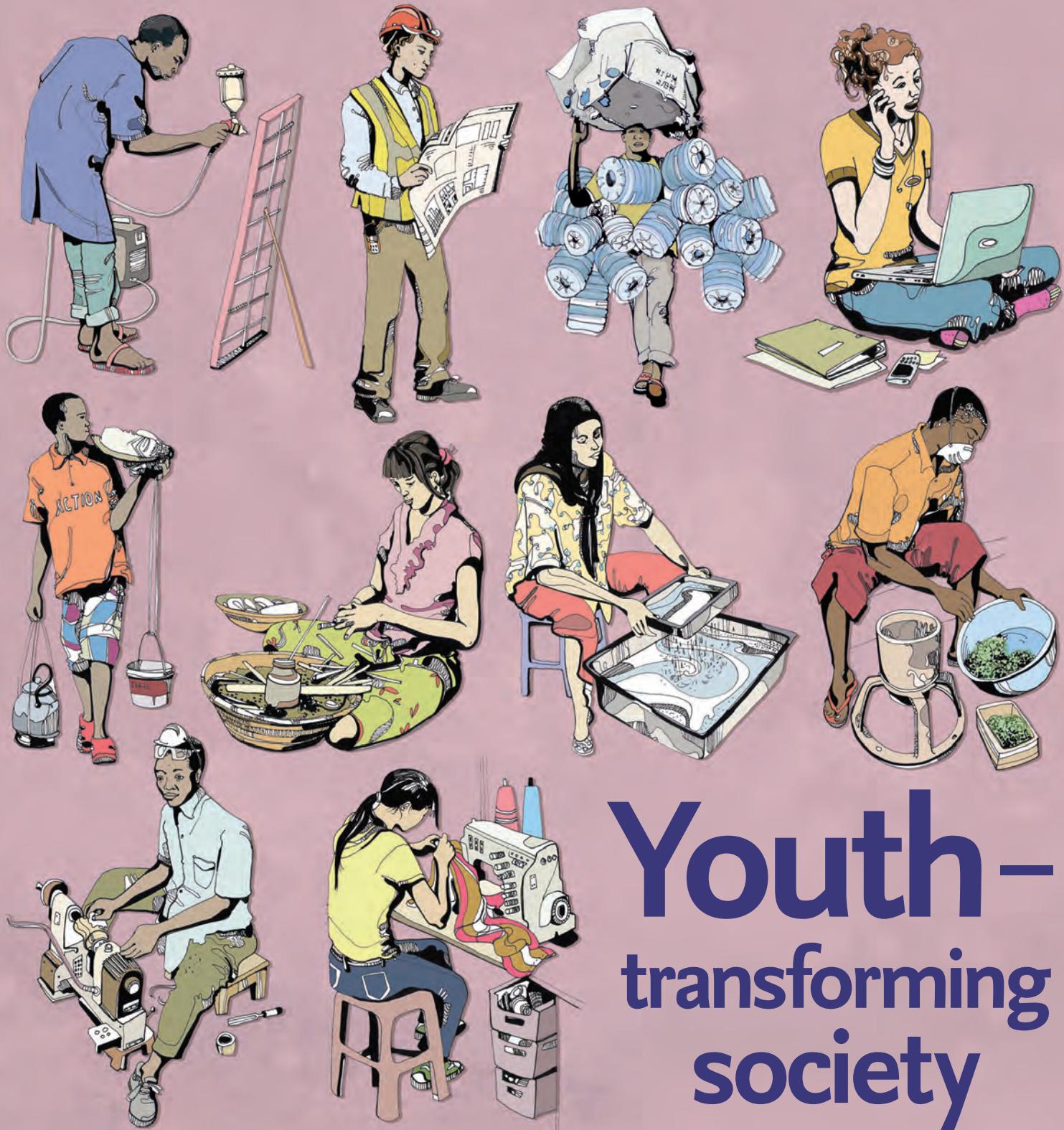


3rd quarter 2012

# Making It

Industry for Development

- The 'Girl Effect'
- Kenya's EcoPost
- Sustainia
- Low-carbon growth in Asia
- Costa Rica



Youth-  
transforming  
society



NUMBER 1, DECEMBER 2009

● We must let nature inspire us – Gunter Pauli presents an alternative business model that is environmentally friendly and sustainable ● Hot Topic: Is it possible to have prosperity without growth? Is 'green growth' really possible?



NUMBER 2, APRIL 2010

● The International Energy Agency's Nobuo Tanaka looks at energy transitions for industry ● Energy for all – Kandeh Yumkella and Leena Srivastava on what needs to be done to improve energy access



NUMBER 3, JULY 2010

● China's stunning economic rise: interview with minister of commerce, Chen Deming ● Towards a more productive debate – Ha-Joon Chang calls for an acceptance that industrial policy can work



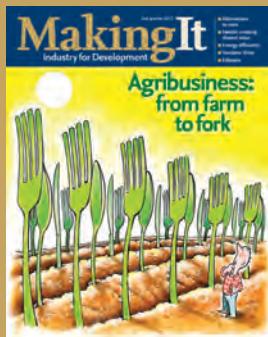
NUMBER 4, NOVEMBER 2010

● Strengthening productive capacity – Cheick Sidi Diarra argues that the LDCs should – and can – produce more, and better quality, goods ● Patricia Francis on climate change and trade ● Hot topic: The relevance of entrepreneurship



NUMBER 5, FEBRUARY 2011

● A window of opportunity for world trade? – Peter Sutherland assesses the prospects for the conclusion of a multilateral trade agreement ● A path to mutual prosperity – Xiao Ye on trade between sub-Saharan Africa and China



NUMBER 6, APRIL 2011

● Feeding a crowded world – IFAD's Kanayo Nwanze argues that smallholder farmers must have opportunities to be entrepreneurs ● Nestlé CEO Paul Bulcke on 'Creating Shared Value' ● Hot Topic: Does energy efficiency lead to increased energy consumption?



NUMBER 7, JULY 2011

● The globalization paradox – Dani Rodrik ● Unfair share – Thomas Pogge on affluent countries' responsibility for increasing global poverty ● Hot topic: Is nuclear power necessary for a carbon-free future?



NUMBER 8, NOVEMBER 2011

● Closing the gender gaps – Michelle Bachelet on overcoming the barriers that prevent women from seizing economic opportunities ● Engineering eco-friendly solutions – Carolina Guerra on hazardous waste in Colombia ● Hot topic: Growth: the end of the world as we know it?



NUMBER 9, JANUARY 2012

● Jeremy Rifkin on the Third Industrial Revolution ● Morgan Bazilian and Kandeh Yumkella on the new economy: inclusive and sustainable ● Hot topic: Climate change, climate action



NUMBER 10, JUNE 2012

● Klaus M. Leisinger, chair of the Novartis Foundation for Sustainable Development, on the intersection between industry and health ● D-Rev's Krista Donaldson on designing health care equipment for the developing world ● Hot topic: gas flaring

**A quarterly magazine.  
Stimulating, critical and  
constructive. A forum for  
discussion and exchange  
about the intersection of  
industry and development.**

# Editorial

Approximately 1.3 billion young people in the world today are between the ages of 15 and 24. That's a quarter of the world's population of working age. However, young people are disproportionately affected by unemployment, underemployment and vulnerable employment.

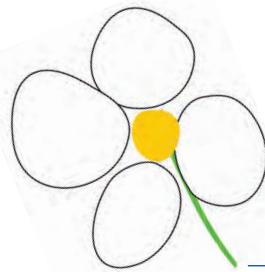
Even during periods of economic growth, many economies have been unable to absorb large youth populations into the labour market. In recent years, the global financial and economic crisis has further hit young people, particularly in the developed world. According to the International Labour Organization, in 2009, against a total global unemployment rate of 6.3%, the global youth unemployment rate peaked at 12.7%, representing 75.8 million young people. This is the largest annual increase over the 20 years of available global estimates.

The creation of opportunities for young people to find employment in productive activities is essential for the stability and well-being of our societies. Youth need meaningful, decent jobs for their own personal development and to stimulate sustainable economic development.

Many young people in the developing world face little prospect of obtaining a job in the formal sector and, for many, self-employment is the only option. By earning a living through entrepreneurship, young people can make a crucial contribution to poverty reduction. Youth entrepreneurship is a key tool to develop the human capital necessary for the future, to unleash the economic potential of youth, and promote sustainable growth. Innovation and economic growth will depend on future leaders with entrepreneurial skills and attitudes.



# Contents



Editor: Charles Arthur  
[editor@makingitmagazine.net](mailto:editor@makingitmagazine.net)  
Editorial committee:  
Jean Haas-Makumbi, Kazuki Kitaoka,  
Wilfried Lütkenhorst (chair),  
Matilda Muweme, Cormac O'Reilly  
and Jo Roetzer-Sweetland  
Cover illustration: Sarah Markes  
Design: Smith+Bell, UK –  
[www.smithplusbell.com](http://www.smithplusbell.com)  
Thanks for assistance to  
Donna Coleman  
Printed by Gutenberg  
Press Ltd, Malta –  
[www.gutenberg.com.mt](http://www.gutenberg.com.mt)  
on FSC certified paper  
To view this publication  
online and to participate in  
discussions about industry for  
development, please visit  
[www.makingitmagazine.net](http://www.makingitmagazine.net)



To subscribe and receive future issues  
of *Making It*, please send an email  
with your name and address to  
[subscriptions@makingitmagazine.net](mailto:subscriptions@makingitmagazine.net)  
*Making It: Industry for Development*  
is published by the United Nations  
Industrial Development Organization  
(UNIDO),  
Vienna International Centre,  
P.O. Box 300, 1400 Vienna, Austria  
Telephone: (+43-1) 26026-0,  
Fax: (+43-1) 26926-69  
E-mail: [unido@unido.org](mailto:unido@unido.org)  
Copyright © 2012 The United  
Nations Industrial Development  
Organization  
No part of this publication can be  
used or reproduced without prior  
permission from the editor  
ISSN 2076-8508

The designations employed and the  
presentation of the material in this magazine  
do not imply the expression of any opinion  
whatsoever on the part of the Secretariat of  
the United Nations Industrial Development  
Organization (UNIDO) concerning the legal  
status of any country, territory, city or area or  
of its authorities, or concerning the  
delimitation of its frontiers or boundaries, or  
its economic system or degree of  
development. Designations such as  
“developed”, “industrialized” and  
“developing” are intended for statistical  
convenience and do not necessarily express a  
judgment about the stage reached by a  
particular country or area in the development  
process. Mention of firm names or  
commercial products does not constitute an  
endorsement by UNIDO.  
The opinions, statistical data and estimates  
contained in signed articles are the  
responsibility of the author(s), including  
those who are UNIDO members of staff, and  
should not be considered as reflecting the  
views or bearing the endorsement of UNIDO.  
This document has been produced without  
formal United Nations editing.



22

## GLOBAL FORUM

### 6 Letters

### 8 Sustainia: building the world of tomorrow

– Introducing a virtual  
construction site and community for  
those building the sustainable future

### 10 Hot Topic: The ‘Girl Effect’

– Interviews with Maria Eitel, President  
and CEO of the Nike Foundation, and  
Professor Hester Eisenstein, author of  
*Feminism Seduced*

## 16 Business matters – news and trends

## FEATURES

### 18 Youth unemployment and the Arab Spring

– Three perspectives on a major  
challenge confronting the  
countries of the Middle East  
and North Africa

## KEYNOTE FEATURE

**22 Realizing the potential of  
young people – The case for  
mobility.** Mei Yi, the president  
of the student-run  
organization, AIESEC, outlines  
the three keys to effective  
youth engagement

**28 Youth entrepreneurship in  
Côte d'Ivoire: the missing link** –  
Doris Hribernigg introduces a  
new way to provide access to  
finance for micro-projects



10

28



30

## 30 “I think there are many more youths who could realize their potential” –

Snapshots of successful young innovators and entrepreneurs from across the globe

**34 Country feature: Costa Rica** – A look at the Central American success story, including an interview with Mayi Antillón, Minister of Economy, Industry and Trade



Cover illustrator, **Sarah Markes**, is an artist and graphic designer, originally from the UK, but based in Southern Africa for the last 15 years. She currently lives in Dar es Salaam, Tanzania which is the source of inspiration for her project, 'Street Level' – an artistic celebration of the city, and a call for action against the loss of its architectural heritage. The second edition of her book, Street Level – a collection of drawings and creative writing – will soon be published. More information: [www.darsketches.wordpress.com](http://www.darsketches.wordpress.com)

Some of the drawings for the *Making It* cover were inspired by the Wonder Workshop, where Tanzanian artisans with a physical handicap make hip, unique art using recycled materials: [www.wonderwelders.org](http://www.wonderwelders.org)

**38 A partnership for low-carbon growth in Asia** – Akihiko Tanaka and Shuzo Nishioka introduce the East Asia low-carbon knowledge platform

**40 Good business** – Profile of EcoPost, a Kenyan firm that uses recycled plastic to manufacture durable and environmentally friendly fencing posts

## POLICY BRIEF

**42 Climbing the stairway of development**

**44 Beyond the Millennium Development Goals**

**46 Endpiece** – Interview with Paul Hohnen, Managing Director of Sustainability Strategies



# GLOBAL FORUM

The Global Forum section of *Making It* is a space for interaction and discussion, and we welcome reactions and responses from readers about any of the issues raised in the magazine. Letters for publication in *Making It* should be marked 'For publication', and sent either by email to: [editor@makingitmagazine.net](mailto:editor@makingitmagazine.net) or by post to: The Editor, *Making It*, Room D2142, UNIDO, PO Box 300, 1400 Wien, Austria. (Letters/emails may be edited for reasons of space).

## LETTERS

### Frack on!

I didn't know whether to laugh or cry when I read the World Bank article on gas flaring (*Making It*, issue 10). The conclusion is that a reduction in gas flaring is relevant, viable and desirable. No one would argue with that – which makes it all the more shocking to read the latest World Bank gas flaring bulletin, which states that there was a two-billion cubic metre increase in flared gas in 2011 compared to the previous year, largely due to increased hydro-carbon production in Russia and shale oil and gas operations in the US state of North Dakota. Frack on!

● **Deb Do Rea, received by email**

### Why trade?

The UN special rapporteur on the right to food says that one of the five key priorities for improving nutrition across the world is to support local food production so that consumers have access to fresh and healthy food (*Making It*, issue 10). We know that the transport sector accounts for approximately 15% of overall greenhouse gas emissions. A recent article in *Nature* states that almost a third of threats to animal species around the world stem from damage to biodiversity caused by trade to meet the demands of richer nations.

Why then do the World Trade Organization and various United Nations agencies continue to promote trade – particularly the trade in food commodities – as a way for developing countries to prosper?

It looks to me as though rich consumers in the North are getting cheap food at the expense of the rest of the planet and of future generations!

● **Alex Otho, received by email**

### Land and profits

I found the article in *Making It* issue 9 entitled, "A case of 'homeland security'", to be very interesting, but I wonder if the authors are perhaps overstating their case. Their main argument seems to be that investors in agribusiness will inevitably be obliged to engage in a radical rethink of the business model because of the security risks and threats that will emerge if they carry on with 'business as usual'. As examples, they cite the ecological limits of industrial farming, and the negative impacts on local communities and water supply created by foreign companies' purchase of vast swathes of agricultural land in Africa.

The long-term risks are clear but isn't it naïve to think that these risks will deter those investors looking for a quick profit? As we can see everywhere we look, it is precisely because investors are only concerned with short-



Image: Damien Gez

term profits and show no concern for the future, that we are facing the 'end-of-the-world-as-we-know-it' scenario.

● **Harvey Jackson, received by email**

Alejandro Litovsky, Founder, Earth Security Initiative, replies:

*Mr. Jackson raises a good point. As with all other sustainability agendas, from fisheries to climate change, dealing with not only economic but also political interests that put short-term private gains before long-term goals remains the ultimate challenge. The upsurge in civil society and media activity with regards to land investments, aided by improvements in information, communications, and awareness of the risks involved, is increasing. An investigative drive in civil society, in collaboration with local actors across the world, is raising the profile of this agenda. It is essential that the public scrutiny of land-related investments continues to grow. Given that ultimately there is a limited amount of land available, the popular interest in land-related issues is likely to grow in momentum. In our recent report, The Land Security Agenda: How*

*Investor Risks in Farmland Create Opportunities for Sustainability, we have laid out a number of parameters and ideas with which to address this challenge – it can be downloaded at [www.earthsecurity.org](http://www.earthsecurity.org). There are obviously no easy solutions to this challenge, but if anything, I believe that the public oversight of the land agenda is going to evolve in very interesting ways.*

### Creative industries

I like the story about the Rags to Riches eco-ethical fashion company in the Philippines (*Making It*, issue 9). Why don't you provide more information about the so-called creative industries, such as architecture, art, crafts, design, fashion, film and music? In many developing countries, these kind of productive activities provide an income to many people. Isn't this industry for development too?

● **Jasmine Jade, website comment**

### Jigar Shah

Jigar Shah ("No place to plug in", *Making It*, issue 9) has now moved over to the Board of The Carbon War Room and has been replaced as president by José María Figueres, the former President of Costa Rica (1994-98) and Managing Director and CEO of the World Economic Forum.

● **Mark Grundy, Director of Communications, The Carbon War Room, received by email**

For further discussion of the issues raised in *Making It*, please visit the magazine website at [www.makingitmagazine.net](http://www.makingitmagazine.net) and the social networking Facebook site. Readers are encouraged to surf on over to these sites to join in the online discussion and debate about industry for development.

## Policy shift

I picked up a copy of your magazine with a major article by economist Ha-Joon Chang on 'industrial policy'. That same day he argued in a newspaper article for more active use of it in African countries.

In his "Towards a more productive debate" article in *Making It* number 3, Chang defined industrial policy as "targeting" or "selective industrial policy" which included subsidies, regulation and state provision.

In "Africa needs an active industrial policy to sustain its growth" (*The Guardian*, 13 July), Chang pointed out the failure of what he called the "Washington orthodoxy" of

"leaving things to the market". As he described, "in the 1980s most African countries became heavily indebted to the World Bank and the International Monetary Fund. Their loans came with a lot of strings attached... [they] were made to cut government spending, privatise their state-owned enterprises, deregulate their financial markets, and liberalise international trade and foreign investment. The reasoning behind these policies was that big and intrusive governments were the main causes of poor economic performances of the African countries. Once you lift the "dead hand" of the state, it was expected, private sector entrepreneurs would burst out and revive their economies."

As Chang points out, "The expectation was, to put it mildly, unmet. In most African countries, there was no private sector that could rush in to fill the vacuum left behind by the shrinking state. Between 1980 and 2000, per capita income in sub-Saharan Africa fell by 9%."

As he points out, "Few African countries have been able to convert their recent resource bonanza into a more sustainable industrial base. Worryingly, over the past decade many African countries have increased, rather than reduced, their reliance on primary commodities, whose notoriously large price fluctuations make sustained growth difficult."

He goes on: "Hence the growing interest among the

African countries in industrial development through more active industrial policy – similar to what we saw in the east Asian "miracle" economies, like Japan and Korea, between the 1950s and the 1980s... and further encouraged by the fact that the main source of Africa's recent economic recovery itself – the Chinese economic boom – has been generated by such policy."

I have to agree with Chang when he says: "The bankruptcy of free-market policies in the core capitalist countries revealed by the 2008 global financial crisis is making it more difficult for local free-market economists to defend the Washington orthodoxy."

● **Melissa Aleksic, London, by email**

**Global South-South Development**

**EXPO 2012  
SOLUTIONS !**

Energy and Climate Change:  
Inclusive Partnerships for Development

Hofburg Palace Vienna, Austria  
19-23 November 2012

Hosted by UNIDO

MILLENNIUM DEVELOPMENT GOALS

1 2 3 4 5 6 7 8

[www.southsouthexpo.org](http://www.southsouthexpo.org)  
[gssd-expo@unido.org](mailto:gssd-expo@unido.org)

“Being a champion in body building, in movies or in politics, I learned that the key to success is people power—motivating and inspiring everyone to be a part of the solution, not just part of the problem. The Sustainia initiative and the awards that recognize innovative people and technologies can help our campaign to make communities healthier, wealthier, and more sustainable for generations to come.”

**Arnold Schwarzenegger**

“In journalism, it is called, ‘Don’t tell it. Show it’. It is not enough to tell people to transform our societies into more climate-friendly societies. We must show them it is going to be lively, creative, interesting – something we all want to be part of.”

**Connie Hedegaard**

Photo: Sustainia



## Sustainia: building the world of tomorrow

Reaching beyond written visions, Sustainia is a virtual construction site and community for those building the sustainable future.

As Antoine de Saint Exupéry said: “If you want to build a ship, don’t drum up people to collect wood and don’t assign them tasks and work, but rather teach them to long for the endless immensity of the sea.”

Sustainia is a concept for communicating a sustainable future based on concrete and tangible know-how and technologies – a global collaborative platform for building a model and vision for a sustainable future. The model of Sustainia represents best practice, knowledge and technologies that already exist. It is inspired and designed by

the world’s leading companies, institutions and experts. It is a clear demonstration of the society we could create if sectors, companies, scientists, politicians and civil society worked together towards a common goal.

Sustainia is a consortium of partners representing civil society, businesses and experts. The concept of Sustainia is developed by the Scandinavian think tank, Monday Morning, in a collaborative effort with global companies and foundations, organizations and experts. Key



organizational partners are the United Nations Global Compact and Arnold Schwarzenegger's climate initiative, R20 – Regions for Climate Action.

The partners behind Sustainia aim to make sustainability more tangible and easier to grasp for both decision makers and citizens by developing a new narrative and language to communicate about a desirable sustainable future. It seeks to motivate and inspire instead of communicating gloom and doomsday scenarios. Facts and figures are translated into appealing, easily-understandable visual presentations.

We will build Sustainia by focusing on three key elements.

- The *Sustainia100* presents a pool of 100 concrete sustainable technologies and solutions. It was delivered to decision makers during the Rio+20 conference to inspire the discussions. Gathered from 56 countries spread over six continents, *Sustainia100* is a complete guide to innovative and scalable solutions instrumental in creating sustainable

societies. Building on ready and available solutions only, *Sustainia100* is as a tangible tool for sustainability professionals – from politicians to CEOs – to create desirable and sustainable societies. Individually, the solutions represent sustainable innovation in areas such as city planning, energy, fashion, water and waste management, high-tech and transportation. Collectively, they provide a guide of the building blocks available for transforming our societies.

- One of the *Sustainia100* solutions will be honoured for its outstanding performance in sustainability and be given the *Sustainia Award*. The *Sustainia Award Committee* is chaired by Arnold Schwarzenegger (Honorary Chair of the Committee), Connie Hedegaard (European Commissioner for Climate Action), Gro Harlem Brundtland (former Prime Minister of Norway and former Director General of the World Health Organization), and Rajendra Pachauri (Chair of the Intergovernmental Panel on Climate Change – IPCC). The announcement and award ceremony will take place at the Global Sustainability Forum in Copenhagen in September 2012.
- The book, *Guide to Sustainia*, describes the full vision of Sustainia and explains in a clear and simple manner what your city, home, energy system and transportation could be like in 2020. The book was developed by Monday Morning in a collaborative effort with 20 global companies, including Microsoft, GE, DNV, Philips Lighting, DONG Energy, Tetra Pak and Cisco. The *Guide to Sustainia* compiles real initiatives and real technologies from all parts of the world into an entirely attainable vision of sustainable living. It paints a fascinating picture of a new sustainable society.

- *Virtual Sustainia* – a virtual model of Sustainia that everyone with internet access can visit and inhabit will be opened to visitors from around the world during 2012.

[www.sustainia.me](http://www.sustainia.me)

“Securing the planet for future generations is a global collaborative task. *Sustainia100* demonstrates that, since the first Earth Summit in 1992, solutions and innovations to tackle this challenge have been developed all over the world. We need to make more people aware of these solutions and inspire more to act. With the *Sustainia100*, there is no excuse for not choosing a sustainable path to the future. The solutions are there – ready for use.”

**Gro Harlem Brundtland**

“Science has long provided a body of knowledge that covers the huge and vast potential of sustainable solutions. With Sustainia, we now have a platform that communicates this potential in a clear and comprehensive manner to a broad audience of politicians and corporations as well as civil society. Sustainia makes science easier to understand for a larger group of people, which is just what we need to meet the challenges ahead.”

**Rajendra Pachauri**

# HOT TOPIC: THE 'GIRL EFFECT'





Photo: Brent Stirton/Getty Images

## HOT TOPIC: THE 'GIRL EFFECT'

# Stopping poverty before it starts

**Interview with MARIA EITEL, President and CEO of the Nike Foundation, which invests exclusively in adolescent girls, describing them as “the most powerful force for change and poverty alleviation in the developing world”. The Foundation sponsors a campaign, The Girl Effect, to promote “the unique potential of 600 million adolescent girls to end poverty for themselves and the world”.**

### How did the Nike Foundation get involved with investing in adolescent girls in the developing world?

We started out in 2004 with a goal to end the most pervasive and disenfranchising issue of our time – intergenerational poverty. When we started out, girls were not the obvious answer, but the short story is that ultimately we came to see that women were disproportionately affected and that had a huge impact on their children as well, and we realized that the most critical intersection in a poor woman’s trajectory was happening as she transitioned from girlhood to adulthood. Adolescent girls are the highest point of leverage. By investing in girls, you can stop poverty before it starts.

We looked around and found out that other than some investments in girls’ education, people weren’t really focusing on adolescent girls specifically. They were typically included in women or youth, and what that really meant is they weren’t included at all because there wasn’t much

understanding about what was unique about girls’ experiences.

Even though not nearly enough was being done, there were a few innovative programmes showing that, with the right opportunities, she could finish school, marry and have children when she’s ready, stay healthy and pass all of that onto her future children. That’s one path a girl can take.

The other, more common, path is where she turns 12 and all of her opportunities are shut down. She gets pulled out of school to face early marriage, pregnancy, risk of HIV infection. When that happens, things are pretty much set for her and for the next generation.

We realized to solve poverty, we’d have to get to her before she arrived at that intersection; we had to figure out how to get her on the first path. And if we could do that, it wouldn’t just be an investment in her, but an investment in everyone around her.

### What inspired the creation of The Girl Effect campaign and how successful has it been in both raising awareness?

Adolescent girls have been invisible for a long time, so the first thing is really just this issue of finding ways to show the world why we need to invest in girls. That’s where we were when GirlEffect.org was originally launched. At that time, we were putting a lot of effort into getting girls on the global agenda because they weren’t on the radar of the CEOs, government leaders and other influential people.

Nike Foundation President Maria Eitel and former World Bank President Robert Zoellick celebrating the publication of the Bank’s 2012 World Development Report on gender equality and development.

Photo: Robin Barrett



The other thing is that the issues are very complex. We could talk forever about the data and programmes and the factors that influence girls’ trajectories, but we were missing the tools that could help people take the first step in just understanding why this is so important to all of us.

So, the real inspiration was just this feeling that the world needed a rallying point, something people could get behind and make their own. The Girl Effect is a movement that belongs to everyone and the whole point of GirlEffect.org is to offer tools to help people drive that movement forward.

In terms of impact, there is a much broader understanding of “why girls?”

than there was. I think over the last few years, we've had a culmination of a lot of different people and organizations that are saying that, in terms of global poverty, we can't keep doing things the same old way and expect a different result.

And, if we look at non-governmental organizations like CARE or Plan International, and donor institutions like the World Bank and the UK's DFID, you can see that there are some really big players out there who are rethinking their strategies and making a real commitment to The Girl Effect within their organizations and on the ground. All of that taken together – that critical mass – is what's starting to move the needle.

**Since becoming the Nike Foundation's first president in 2004, what are the most important insights you have learned in the context of international development, philanthropy, and leadership?**

This is a great question for me because Nike itself is insight-driven and that's something we as a foundation have really taken from our corporate culture.

Certainly our biggest and most important insight, the one that drives everything we do, is that adolescent girls stop poverty before it starts. And the insight within that is that the simple answer – educate a girl – wasn't working because it didn't get at the root cause. Girls weren't being educated because their families couldn't see the return on that investment. Her potential wasn't valued. And she faces so many other barriers: nearly half of girls in developing countries are married before they turn 20. The same number bear children while still children themselves. Half of sexual assaults are against girls younger than 15. In sub-Saharan Africa, 76% of HIV-infected youth are female. When girls' lives are limited, everyone loses.

The near-term solution for people who are absolutely desperate for a near-term

payoff is to pull a girl out of school so she can fetch water and firewood and tend to other family members. In other words, she's being used to compensate for the failure of infrastructure. Early marriage and adolescent pregnancy are big pieces of that value equation too. The minute she's seen as more valuable as a bride than a schoolgirl, the window has closed.

The other big development insight is that the system isn't working for girls. If they can't walk to school safely, if they don't have rights to their own property, if they can't choose when they get married or how many children to have, then their ability to participate is completely cut off. The system is set up to fail them.

It's not just on the ground either. As an international community, we really need to challenge ourselves and ask, "Are we really valuing girls and believing in their potential? Do our investments reflect that? And are we willing to do the work necessary to turn around such a big ship?" The need is clear: the leading cause of death for young girls aged 15-19 in developing countries is early pregnancy. One-quarter to one-half of girls in developing countries give birth before the age of 18. Early marriage remains pervasive in many parts of the world.

**What have been some of the successes of the Nike Foundation's investments in adolescent girls?**

The experiences and the contexts girls live differ from one area to another. In Ethiopia, many of the girls our programmes reach live in rural settings, sometimes far away from the nearest road. In Kenya, it can be urban slums that are home to a million people in a space as big as New York's Central Park. In Liberia, it's a post-conflict setting where many of the programmes that existed before targeted male ex-combatants while girls were left behind.

The one thing that never changes is girls'

potential. Wherever you are, whatever the context, girls prove that they have the potential to rebuild their families, communities and countries.

We have programmes like Berhane Hewan in rural Ethiopia – communities where girls have hardly any chance. By 15, they're more likely to be married than in school. The programmes uses incentives – things as simple as a school supplies – along with rewards and community dialogue to delay child marriage and change attitudes about girls. So far more than 11,000 girls have been able to delay marriage and stay in school. Not one girl aged 10 to 14 was married during the pilot programme period and participating girls were 90% less likely to be married than other girls in the community of the same age. It's worked because it relies on a transformation of the entire community, not just the girl. The result is sustainable change. Our original investment is now being scaled up with partners to reach far more girls.

In Kenya, our partners are working in one of the world's most dangerous places for a girl to live: a Nairobi slum called Kibera. Without assets, a 12-year-old in Kibera is nothing more than a target. Binti Pamoja offers safe spaces for a girl to connect with other girls and learn about reproductive health, finances and other basic life skills. When girls finish the programme, they establish new safe spaces throughout Kibera and widen the network of safe, supported and informed girls. Prior to 2006, very few physical spaces in Kibera were safe for girls and only 1% percent of girls had participated in a girl-only programme. The programme started with 40 girls, and grew into a programme of 1,000 girls in 30 groups across all 13 villages of the Kibera slum. The Binti girls use their extensive friendship network and role models to have a saving account, insist on condom usage and resist sugar daddies. ➤

## HOT TOPIC: THE 'GIRL EFFECT'

► When girls have a support network and the opportunity to earn and save money, they stop engaging in transactional sex, thereby reducing their risk of HIV and other sexually transmitted diseases, along with pregnancy. When girls participate in group microfinance programmes, such as our Ishaka programme with CARE in Burundi, they expand their network of friends, feel more confident and respected, increase HIV testing, avoid transactional sex, and increase condom use. The opportunity makes the difference – a recent World Bank cash transfer programme in Malawi demonstrated that small amounts of direct cash payments to girls decreased their HIV prevalence rate by 60% compared to peers.

In Liberia, the World Bank's Adolescent Girls Initiative is connecting older girls to employment opportunities linked to labour market demand. There's no training for useless occupations. We work with the private sector to identify what skills are needed and for what jobs. Girls also receive life-skills training to address some of the major barriers to development including early marriage, pregnancy, social isolation and violence.

These are all examples in Africa, but the girl effect is everywhere. The Adolescent Girls Initiative is already spreading around the world – to Afghanistan, Jordan, Lao PDR, Nepal, Rwanda and South Sudan to start. And we've seen amazing girl effect programmes everywhere from Brazil and Paraguay to China and India. Like I said, the girls are different, but their potential is not.

● Interview by Rahim Kanani. The full interview is available online at [www.rahimkanani.com](http://www.rahimkanani.com)

## Covering up the reality of austerity



**Interview with HESTER EISENSTEIN, Professor of Sociology at Queens College and the Graduate Center, The City University of New York, USA. She is the author of *Feminism Seduced: How Global Elites Use Women's Labor and Ideas to Exploit the World*.**

**In recent years, in development circles, there has been a focus on the need to increase the economic empowerment of women, and in particular to create more economic opportunities for young women in developing countries. Do you think this initiative will improve the situation of young women across the world?**

The emphasis on women's economic empowerment is of course welcome, but as currently framed these initiatives will inevitably reach only a small number of women, if governments continue to follow the same macroeconomic policies that are creating a race to the bottom. As I argue in *Feminism Seduced*, the path to overcoming poverty (within capitalism) is what economists call state-led development. Writers like Michel Chossudovsky and Ha-Joon Chang point out that in the 19th century the United States built its economy through government intervention – from high tariffs to providing land for the railroads – as well as through capitalist investment. Similarly, in the 20th century,

the high per capita incomes achieved in the Republic of Korea and Japan came through state-led investment. In the 21st century, China continues a policy of state-led development through its state-owned enterprises and the use of economic stimulus, although this is increasingly being contested by private sector interests. But the policies that have been imposed on developing country governments since the debt crisis of the 1980s have prohibited most governments from pursuing such policies, forcing them instead to open their economies to foreign investment with no capital controls.

Governments have been forced to put virtually all of their resources into debt repayment and to starve the public sector, from education and health care to social services. These "structural adjustment" policies, which basically force austerity on a country, are currently being replicated in the developed world, with drastic results: look at Greece, for example. As the European crisis proceeds, we see a re-run of the debate between those, like Paul Krugman, who call for investment in growth, a basically Keynesian approach, and those who, like Angela Merkel, insist on austerity and the integrity of creditors, rather than the right of people to employment and social services. In this context programmes to uplift a small number of young women with access to credit and education can only be a Band-Aid approach.

**A number of partnerships with the private sector have recently been created to help young women take their place in the global economy as consumers, producers, employees and entrepreneurs. What do you think of these partnerships?**

On the one hand, it is a victory for international feminism that organizations like the Nike Foundation and the La Pietra Coalition have raised the issue of women and girls, and their poverty, lack of access to credit, lack of education and basic health care, as part of the international debate on economic development. This idea, that women are key to development, goes back to the important work of Ester Boserup.

But, on the other hand, it is in my view a very cynical approach, which uses the appearance of helping small numbers of girls and women as a way to cover up the reality of austerity that is increasingly the economic approach of governments and corporations around the world. The policies that favour corporate profits and that relentlessly drive down wages essentially destroy the living standards of women, children, and men alike. Thus, I believe that these programmes are a form of window-dressing, concealing the cruel conditions that characterize, for example, the garment industry in Bangladesh, where wages are now the lowest in the world, and where the workers are bravely struggling to increase the minimum wage at a high cost in brutality and suffering.

This is what I meant when I talked about feminism being seduced: precisely the use of feminist ideas – that women have the right to economic autonomy, to escape from patriarchal controls, and to define their own destiny – to create an ideological smokescreen for the intensification of capitalist exploitation.

**Do you mean then that you don't think that these programmes really help the young women that they target?**

Of course the provision of education, childcare, job training, measures for

reproductive health, and other interventions are going to produce benefits for the young women lucky enough to receive them. But in a world of such widespread and intense poverty, small programmes that reach hundreds or even thousands of women and girls cannot achieve the scale of change that is being promised by the promoters of these projects. As I argue in *Feminism Seduced*, the development of individual women is no substitute for the economic development of a nation as a whole.

**In many developing countries, young women are working in assembly operations, usually in export processing zones. These women – often previously peasant farmers or the daughters of peasant farmers – are in paid employment, whereas without these jobs they would be unemployed or underemployed. Is this progress for these women and for women in general?**

There has been an intense debate in recent decades over the significance of export processing zones (EPZs) for women's emancipation. The "new international division of labour" from the 1970s on, saw the export of many kinds of manufacture to zones in the developing world, where manufacturers could take advantage of cheap labour, especially that of women, and could evade labour and safety laws at the same time. On the one side are scholars, such as Naila Kabeer, who have argued that despite these draconian conditions, the opportunity to receive wages on their own gives peasant women the chance to escape the patriarchal controls they experience in their marriages and extended families (she cites the case of Bangladesh). On the other side are those who argue that these opportunities come at too high a price.

There is no doubt that waged work for women has an emancipatory potential, an argument that was made by Marx and Engels at the dawn of the Industrial

Revolution in Great Britain. But this argument is currently being used to justify the existence of horrific conditions. Writers like Nicholas Kristof actually applaud the spread of sweatshops, no matter what the level of exploitation, whether it is wages that barely permit survival, sexual harassment (from rape to humiliating pregnancy tests, as in the case of Mexican maquiladoras), or unsafe labour conditions.

The implication here is that liberation for women depends uniquely on their entry into the paid workforce. This in itself constitutes a narrowing and a diminution of the wide range of demands and proposals made by the feminist movement over a couple of centuries. But beyond this larger point, the defence of EPZs on the grounds that they liberate women is another cynical use of feminist ideology by corporate interests, boosted by the international financial institutions (the World Bank, the International Monetary Fund and other agencies) that stress EPZs as a reliable path to economic development.

On the ground, the way this works is illustrated by a recent story in the *New York Times* about the eviction of 366 farmers "from a large, fertile tract of land to clear the way for a new industrial park" in a part of Haiti that was not damaged by the earthquake. Brokered by US Secretary of State, Hillary Clinton, the new Caracol Industrial Park will house Sae-A Trading, a South Korean clothing manufacturer that supplies Walmart and Gap, among others. Even the *Times* story questions whether this is "a venture that risks benefiting foreign companies more than Haiti itself." Taking away viable farmland from self-sufficient farmers to create EPZs, in a country that can no longer feed itself, is a strategy to increase corporate profits using the labour of young women, not a path toward educational and professional opportunities for Haitian women.

● Interview by Charles Arthur, UNIDO.



■ The latest *National Geographic/GlobeScan* survey, called the Greendex, shows nearly diametrically opposed behaviours and opinions between people in industrialized countries and developing ones. For example, North American, Japanese and French consumers feel the least “guilty” about their impact on the planet, while Indians, Chinese, Mexicans and Brazilians feel the most. A very similar distribution was apparent for the question of whether citizens of different countries felt more or less

“empowered” to change the situation.

That consumers in the West have a nastier impact on the environment is obvious: they are richer, so consume more, and they are less numerous, so their individual impact is greater when the national figures are scaled for population. Yet, there is also a sense that the West cares more about going green, due to its numerous activists groups and its diplomats pushing the issue at climate change talks. However, the *National Geographic/GlobeScan* data suggest that the matter is more

complicated: the people who apparently lead the most unsustainable lifestyles and might be best able to rectify it, don’t seem to feel very badly about it.

Yet, the report shows reasons for optimism too. Five countries recorded an increase in green behaviours since 2010, while only one backtracked. People in the biggest emerging economies – who are also hefty polluters – want to be more sustainable. And among the countries that made the largest improvement in consumer behaviour in the 2012 report is China.

The Greendex ranks the environmental impact and attitudes of 17,000 consumers in 17 countries based on 65 criteria regarding housing, transport, food and goods.

■ In June 2012, the International Renewable Energy Agency (IRENA) announced the first funding cycle from the Abu Dhabi Fund for Development. The Fund aims to support and strengthen IRENA’s mission to promote the widespread and increased adoption and the sustainable use of renewable energy. IRENA is encouraging developing countries to present innovative project proposals that can contribute to the cost-effective promotion of renewable energy, energy access and national development with the potential for

## BUSINESS MATTERS

### Soft power, emerging markets

Everyone is familiar with the concept of hard power. Hard power is the military and economic might a nation state uses to obtain what it wants from other political bodies. However, countries can sometimes obtain the outcomes they want without tangible threats or payoffs. This indirect method has sometimes been called “the second face of power” or *soft power*.

At its core, soft power rests on the ability to shape the preferences of others. If one is able to get people to do what one wants, there is no need to use either “carrots” or “sticks.” The ability of a nation to influence others tends to be associated with intangible assets such as an attractive personality, culture, political values and institutions, and policies that are seen as legitimate or having moral authority.

However, soft power is more than just the ability to influence others. Influence, after all, can also rest on the hard power of

threats or payments. Furthermore, soft power is more than just persuasion or the ability to move others by argument, although that is an important part of it. It is also “the ability to attract, and attraction often leads to acquiescence.”

The rise in the hard power of the emerging market (EM) economies over this decade has

been dramatic. After decades of boom and bust cycles, the EM economies have enjoyed an enormous growth advantage over the countries in the developed market since the turn of the century. But what about the soft power of EM economies? This is a question that a new report by Ernst & Young attempts to answer.

The *Rapid-growth markets soft power index* is an attempt to construct a quantitative index that accurately reflects a nation’s soft power, and then uses it to rank the countries that are not members of the Organization for Economic Co-operation and Development. To try and understand the key drivers behind soft power and how countries accumulate it over time, Ernst & Young have selected 13 variables that define soft power. These variables are organized into three major categories: global image, global integrity and global integration.

#### The top 10 soft power emerging market economies

**China**

**India**

**Russia**

**Brazil**

**Turkey**

**Mexico**

**South Africa**

**Hungary**

**Czech Republic**

**Slovakia**



regional or global replication. The process for submission of project proposals is available on the IRENA website: [www.irena.org](http://www.irena.org)

■ A total of 28 out of 52 African countries are expected to see annual average growth of 5% over the next five years. A new report from the Economist Intelligence Unit, *Into Africa: Emerging opportunities for business*, identifies urbanization, trade and technology as the key factors driving African growth.

Urbanization is taking place at a very fast pace, and the continent's demographic picture is rapidly changing. In the 1990s, some 250 million Africans were town dwellers, excluding the slums. By 2000, the number had increased to

270 million. This represents an urbanization pace of 4% a year. Forty nine African cities now have a population in excess of one million, and five of those – Cairo, Khartoum, Lagos, Luanda and Johannesburg – are home to over seven million.

Another main driving force of growth is trade, which has risen in terms of value since 2005. Oil and minerals are still the key exports. A large number of the economies, including South Africa, are very import-dependent. Europe is still Africa's largest trading partner, but China's share of trade has exploded in the last decade.

The number of mobile subscribers in Africa exceeded the 0.5 billion mark in 2010, and there is further room for growth. With

the exception of South Africa, all the markets are just taking off. Africa's ongoing connection to the global fibre-optic network continues: along with the rise in mobile phone usage, more fibre-optic cables have been laid. Last year, the East African countries came on board. This will not only help to deepen the Internet and telecoms markets and allow businesses to operate more efficiently and cost effectively in the future, but will also present significant opportunities for the business sector.

■ Mexico has become just the second country in the world to enshrine long-term climate targets into national legislation (the other is the United Kingdom). A number of measures have been enshrined in

law, including a 30% reduction in emissions growth measured against a "business as usual" pathway by 2020, and 50% by 2050, and 35% of energy to come from renewable sources by 2024. The law builds on Mexico's previous commitments to action on climate change, and reflects the country's green leadership on the international stage. The targets appear demanding, especially for a country where the population is growing and the economy expanding, and where oil makes a significant contribution to national revenue. But analysts predict that the law will reduce long-term investment uncertainty, and mean that Mexico can become a destination for green technology and innovation.



Kandeh Yumkella (left) with Veerendra Heggade and L.H. Manjunath of SKDRDP, winners of the 2012 Ashden International Gold Award.

Photo: Ashden Awards

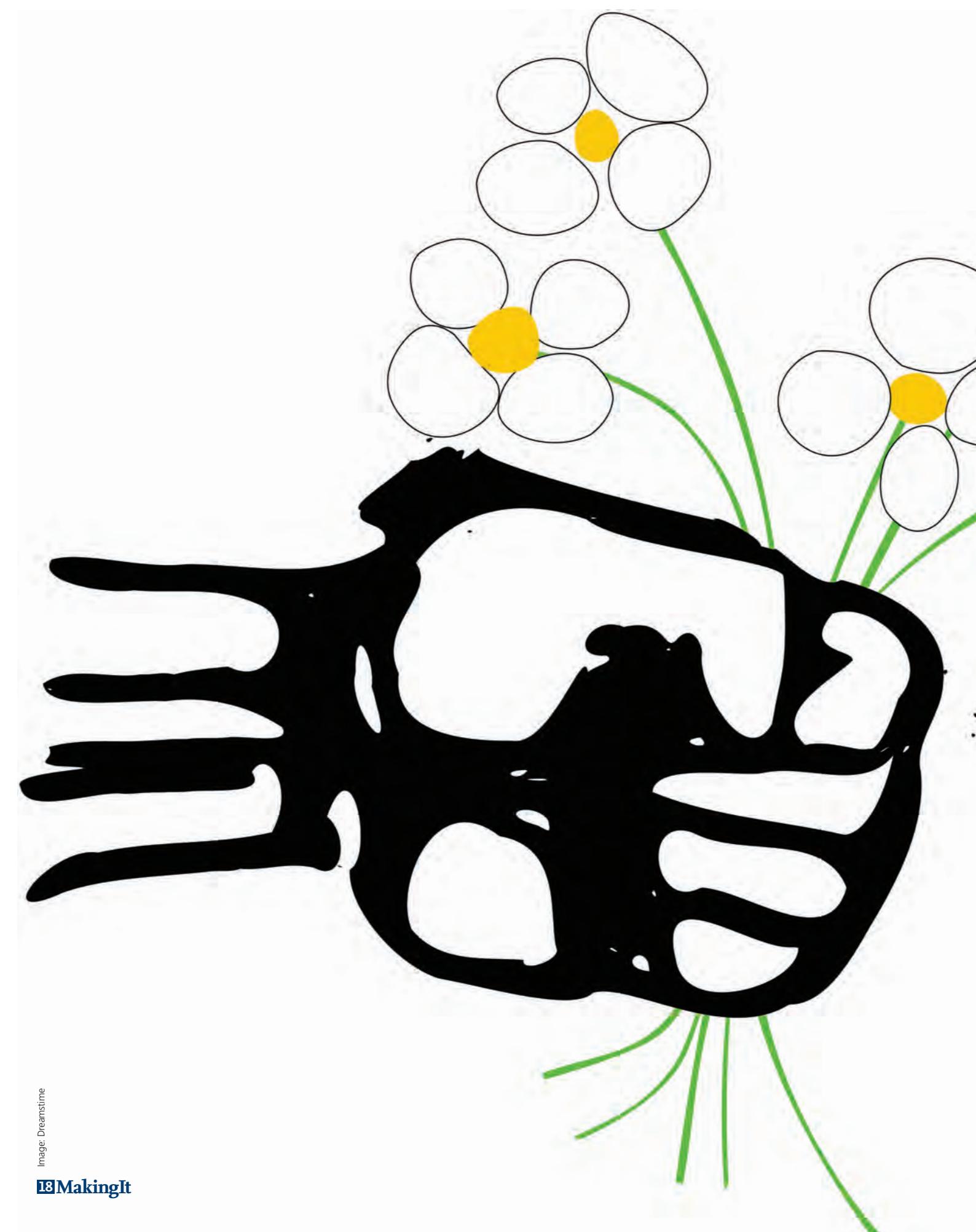
## Ashden Award international winner 2012

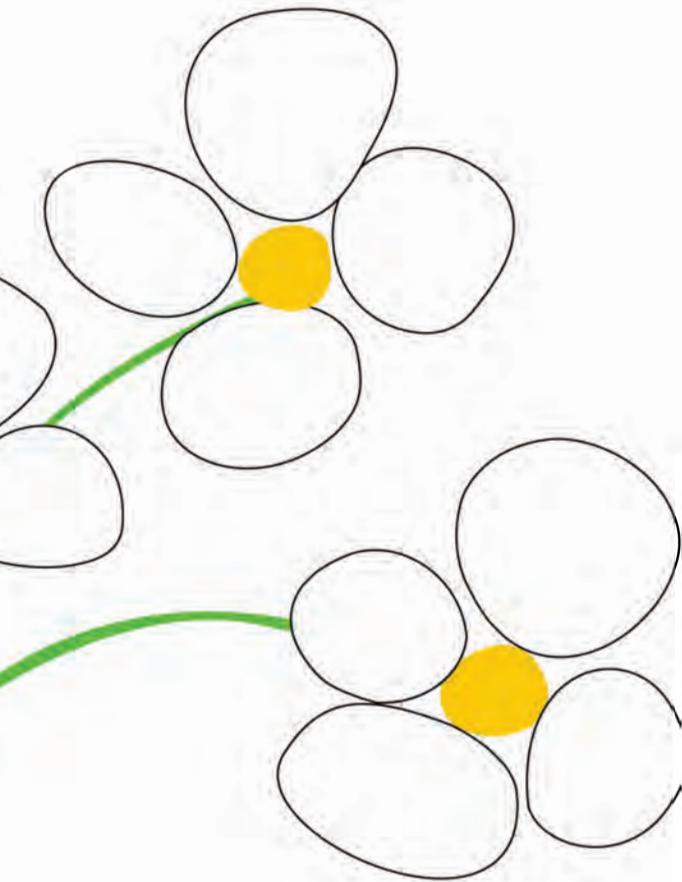
The Shri Kshethra Dharmasthala Rural Development Project (SKDRDP) in South India picked up the 2012 Ashden International Gold Award for providing a fantastic example of how ethically managed microfinance can deliver sustainable energy to the poor. At the award ceremony at the Royal Geographical Society in London, UK, in May, the judges said, "SKDRDP is demonstrating that providing consumer loans for energy makes sound social, environmental and economic sense. We were bowled over by the scale SKDRDP has achieved so far, along with the responsibility it takes for lending to the poor, nurturing users to take out effective loans. SKDRDP has huge potential to expand its work even further, and to inspire many others to follow its lead."

The Karnataka-based NGO provides affordable loans to families in the area, helping them buy renewable energy systems, such as biogas plants, solar home

systems, cookstoves and family-scale hydro plants, which improve their quality of life. Key to the success of this highly replicable programme are 169,000 self-help groups that help people make informed choices on what energy products they buy. So far, SKDRDP has provided nearly 20,000 energy loans, benefiting around 82,500 people.

In his keynote speech at the award ceremony, Kandeh Yumkella, Director-General of UNIDO and Chair of UN-Energy, urged governments around the world to increase their support for clean energy pioneers. "The Ashden 2012 winners are exposing the myth that poor countries cannot stimulate growth without degrading the environment. They are demonstrating that sustainable energy stimulates green growth and new jobs, lifts people out of poverty, improves health and opens up new educational opportunities."





# Youth unemployment and the Arab Spring

Three perspectives on a major challenge confronting the countries of the Middle East and North Africa

● IMED DRINE is 39 years old and is a Research Fellow at the United Nations University – World Institute for Development Economics Research (UNU WIDER). He previously served as associate professor of economics at the University of Sousse in Tunisia.

Many observers see youth unemployment as the major reason behind the recent popular uprisings in a number of Arab countries. Increasing unemployment over the past two decades has led to frustration among young people, especially among university graduates. Frustration among unemployed youth spilled out into the streets at the beginning of 2011, leading to rebellions against the existing political regimes in Egypt, Syria, Tunisia, and Yemen. Civil disorder and strikes have exacerbated the situation, and reduced prospects for a rapid economic recovery. The unemployment crisis is being aggravated by low capital flows and a sharp decline in exports, resulting from the slowdown in investment and growth in the economies of the region's main trading part-

ners. The situation for many countries is further complicated by a sharp contraction in employment opportunities in Europe, as well as the Gulf countries – a consequence of the global economic crisis. Finding new job opportunities in the Middle East and North Africa (MENA) region is now more pressing than at any other time in the past. The problem is naturally worst in those countries where the risk of increased poverty is most prominent.

High levels of unemployment are a challenge for the region's economies. Furthermore, the lack of good jobs has the potential to be a source of further social disruption and conflict, particularly as the population is forecast to grow and the number of job seekers to massively increase. Women's growing participation in the workforce will put greater pressure on the labour market, adding to the already serious nature of the jobs crisis.

If the workforce in the region continues to grow at the same rate, it is estimated that the labour force will reach 185 million by 2020. This means that to meet the additional needs of job

seekers, as well as of new labour market entrants, the MENA region needs to provide 105 million new jobs by 2020.

Unemployment particularly affects the young, and is linked to the problem of entering the labour market. The youth unemployment rate in the region is about 25%, among the highest in the world. The situation is even worse for young women, for whom the unemployment rate is about 40%.

Unlike most other regions, unemployment rates in the MENA region are highest amongst the more educated youth. This situation is typical in countries where education and training systems are not adequately linked to the skills required by the economy, including its most promising growth sectors. Indeed, graduates, misinformed about the country's working conditions and requirements, have educational profiles that are inconsistent with reality. This makes their first attempt at labour market entry very difficult. Based on a survey of 1,500 youth and 1,500 employers in Egypt, Jordan, Morocco, Saudi Arabia and Yemen, a ➤

► report by the International Finance Corporation and the Islamic Development Bank shows that the skills and knowledge taught in Arab schools often have little or no connection to labour market needs.

Youth unemployment in countries like Egypt, Syria, Tunisia and Yemen will rise in the near future as a consequence of the current economic and social deadlock they are facing. Worse, if the new governments fail to find adequate solutions, this may be a source of instability and a breakdown of the democratic process in the region. The situation is further complicated by the lack of necessary financial resources and the narrowing economic prospects for the region.

MENA countries always considered addressing the unemployment challenge a top priority in their national development plans. However, it is clear that the economies of the region have not been able to create the jobs needed to meet the needs of a growing labour force. In addition, the Arab world has produced more college diplomas than they can make use of. This mismatch between what the labour market offers, and what young people expect, is growing.

The few existing studies suggest that demographic trends and the pre-eminence of the public sector, which cannot feasibly absorb all the labour market entrants, are the main causes of youth unemployment in the region. However, some of the region's experts argue that past development models were inadequate, resulting in low and unstable growth rates, and that this, together with the concentration on low value-added economic activities, is the major reason behind the high levels of unemployment in the MENA region today. The lack of dynamism in the private sector, the weakness of the education and training system, and bad governance, are also cited as causes of dysfunction in the labour market.

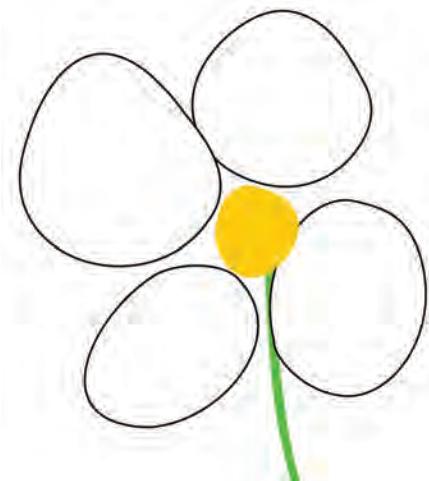
Youth unemployment is quite different from adult unemployment. It involves a transition from school to work, and is also associated with a move from single to married status. Due to the fragility of this period in life, young people need a different set of policy prescriptions for employment. The region needs a strategy that targets skills development by improving the quality of education, improving public employment services, and the functioning of employment services. Better training programmes and private sector incentive schemes that help to fill the skills gap will also

improve employability of new entrants to the labour market.

On the other hand, a substantial literature shows that entrepreneurship and self-employment are effective ways to foster economic progress and reduce unemployment among young people. Accordingly, targeting groups of young people through specific programmes to support entrepreneurship, and to promote entrepreneurial values and norms, could make employment policies more effective. In addition, improving access to the financial sector to meet the needs of micro, small and medium-sized enterprises is necessary to support young entrepreneurs.

Obviously, youth unemployment is a major problem for the MENA region, but adult unemployment is also too high. So, while youth-focused labour market policies are crucial, they will not be enough to address long-term challenges. The Arab Spring offers a good opportunity to think about new development models that could promote global competitiveness, and labour-intensive growth. The MENA countries need to transform their commodity-based economies to knowledge-based economies. Indeed, the recent developments in the world economy confirm that knowledge, innovation and technology are the main drivers of economic growth. In an increasingly competitive international environment, improving productivity by bridging the technology gap becomes a priority if the region's economies are to remain viable in the global economy. The MENA countries must also encourage the private sector to provide opportunities for youth employment, and they need to develop a financial sector that fosters labour-intensive economic growth. Finally, more investment in neglected and poor regions is essential to addressing regional inequality, releasing pressure on the big cities, and improving labour market efficiency. ■

*This is an abridged version of an article originally published in Wider Angle, and is reproduced here with the permission of UNU-WIDER.*



● **SARAH KHALID** is 25 years old, and lives in Amman, Jordan, where she is currently working in a start-up company in advertising.

I recently graduated from Jordan's University of Science and Technology. During my studies, I participated in the Jordan Forum for Business and Professional Women (a business association established in 1976). It was a good experience to enter the world of women, especially to hear about success stories and how they started their own businesses. After my graduation, I tried to find a good job. But finding a job is difficult in Jordan because we have a huge number of unemployed, educated youth. There are three main causes:

First, there has been an extraordinary expansion in higher education colleges, which means that the percentage of those who pass the examination for university places (Tawjihi) is around 75%, compared to 20-25% who make it into university in developed countries such as Britain where graduates are working in respectable careers. If we take into account the fact that more than half of the unemployed in Jordan are university graduates, that the unemployment rate for females is the greater than for males and that the rate of unemployment among young men and women is three times the national average, the depth of the crisis regarding the relationship between education and unemployment is clear.

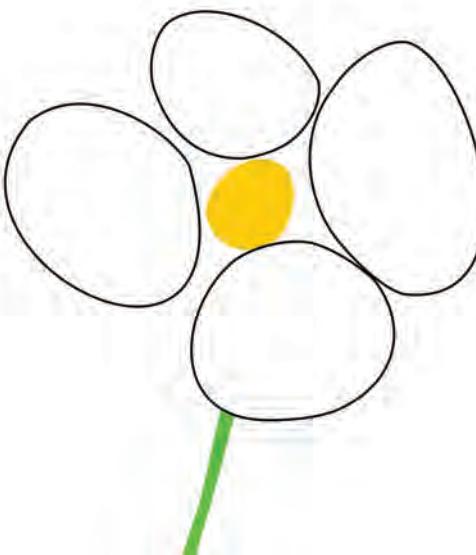
Second, the uneven distribution of development gains and projects between the cities means that most economic activities and development are concentrated in the central region. Thus, in several provinces there are very few jobs and, in those areas, the inability to absorb labour feeds a constant migration to the capital.

The third reason is that the problem of transportation has become a real obstacle to new entrants to the labour market, especially

females. The poor state of public transport, the low level of service, and the high costs – all these things limit access to work opportunities, especially for those in remote areas. There is a real problem of transportation within cities but the problem is still greater in the provinces. The need to rely on buses, without railways linking the vital parts of the country, not only limits the ability to take advantage of employment opportunities but also hinders progress and social change. Women in Jordan suffer from this problem of the so-called 'culture of shame' whereby it is seen, by some, as socially unacceptable for a female to get a job or work outside the household. The drawbacks of the transport system and the long distances mean that women who want to work must spend a long time away from their homes, and, for this reason, most employers in the capital refuse to hire women from other cities.

I didn't find a job for six months, so I tried to solve this issue by attending a programme called the Maharat Employment and Training Programme. Maharat helps college students and recent graduates to acquire the personal skills and professionalism needed to find meaningful and rewarding work, and to overcome the obstacle of not having practical experience as one of the basic conditions of employment. As a result, I found a good job as a purchasing engineer in a Dead Sea products company. As part of my job, I participated in many conferences for women. It was a good opportunity to see the huge support for women getting involved in elections in Jordan and I came to understand the importance of letting women play a bigger role in society.

In Jordan, students have been encouraged to start their own business and there are many non-profit organization and investors to support them and help them, for example, Queen Rania's Centre for Entrepreneurship. This has helped a lot of graduates to start out on their own path. Helping creative people to start their own business is one of the solutions that would let a lot of people stay in Jordan. There are many innovative women in Jordan that could start their own business. ■



● **MOHAMED ABARAN** is a 31-year-old schoolteacher, living and working in Marrakech, Morocco.

The media are using a variety of names to describe the Arab Spring: "the bread revolution", "the Facebook revolution", "dignity protests", etc... The powder keg's wick was a young Tunisian graduate who lugged around a cart, selling vegetables on the streets of Tunis. Being a victim of constant humiliation, he set himself on fire, opting for eternal peace. Just the brief description of this man reveals both the material and symbolic reasons behind the Arab Spring protests:

**Young** – this category of people are dominant in number but dominated in terms of decision-making;

**Graduate** – education and training do not fit with the job market or the need for economic change;

**Cart** – disguised unemployment; pseudo-employed people and the real meaning of 'work' for them;

**Humiliation** – sounding the alarm about abuse of power and the current state of human rights in the MENA region.

Looking at these overlapping dimensions, it turns out that the link between them all is employment: "If I don't have a job, I feel useless and marginalized, and, as a result, I will never make my voice heard, and I will be subjected to social exclusion."

This social exclusion is the result of a big structural problem.

Upstream, the Arab world's educational system and its professional training programmes are obsolete and out-dated in a rapidly changing job market. Guesswork, improvisation and a failure to adapt are the key ingredients of the educational system within

the MENA region. The number of training programmes is inadequate, and even those that are more or less adapted to the job market seem to lack competent, resourceful and specialized trainers, and are therefore detrimental to the quality of training and employability.

Downstream, the Labour Code, which has been gathering dust over the years, the terrible working conditions, and the complicated administrative and banking systems, all make the creation of small businesses a distant and elusive dream.

The MENA countries are at a difficult crossroads, with a pervading sense of insecurity. They are unable to absorb the graduates spewed out by their universities and vocational schools; and are also unable to make any educational reforms or foster the culture of entrepreneurship among young people. The latter, even when qualified, don't trust the private sector because there are no guarantees (lay-offs without prior notice), no social security, no incentives and, above all, no enforcement of the labour laws. Nor do they trust the public sector, because it operates with flagrant nepotism. Moreover, the weakness of the economy, and poor governance in the management of public affairs and resources, contribute to the grim landscape.

Having a job is not just about a simple activity with an income in return. It also means existing, and it can be equated with security, dignity, and self-actualization. I believe that the Arab Spring in Morocco is not due to the problem of poverty. It is rather a problem of human dignity. Young unemployed Moroccans plunge themselves and their families into debt, in order buy an overseas job contract or fund an overseas illegal trip, paying the people-smugglers, only to end up, in most cases, drowning under the Mediterranean's waves. As for the unemployed Moroccans with qualifications, they tend to sell their skills and creativity to developed countries that recognize and embrace their talents.

In a nutshell, the MENA countries must rethink their respective educational systems, value the potential of their young people, and implement equal opportunity employment schemes in the private and public sectors in a situation where transparency and the rule of law prevail. ■



Realizing the potential  
of young people

# The case for mobility



**MEI YI**, the president of AIESEC, outlines the three keys to effective youth engagement. AIESEC is a global, non-political, independent, not-for-profit organization run by students and recent graduates of institutions of higher education. The acronym stands for the Association internationale des étudiants en sciences économiques et commerciales (the International Economic and Commercial Sciences Students' Association). Present in over 110 countries and territories, and with over 60,000 members, AIESEC is the world's largest student-run organization.





*“A wise man reads. A wiser man travels.”*

My name is Mei Yi. I grew up in Shanghai, rooted in the duality of that city. I carry within me the tranquility of ancient Chinese virtues and the openness of a diverse and globalized world. I speak three languages and I have travelled to over 30 countries, working on three continents. I am 23 years old.

I am typical, and I am not typical – just like the young people I have been asked to represent in this article. So, I ask your patience with the simple words I offer on these complex topics.

### **World view**

From my desk in AIESEC's global office in Rotterdam, the Netherlands, I see a world at a pivot point. Sovereign debt crisis, Arab Spring, income inequality, protests against the rising cost of education: so many things could go very well, or could spiral into disaster. I see small changes happening, but I am not convinced they will bring the results we need.

These pivotal moments create incredible pressure. I feel that every day. Everything I do with this organization must be perfect, and still I will not be doing enough. There is so much possibility in these young people. It is clear that we are not realizing their full potential. But how can this be, when the world is investing so heavily in us?

The United Nations called 2010-11 the International Year of Youth. The European Union (EU) has projects for youth dialogue and a student mobility target of three million. Pakistan, Kenya, Australia, and more, have established Ministries of Youth to try to engage their young people.

MEI YI (Florent), 23 years old, is a native of Shanghai, China. A study-abroad experience in France when he was in high school, as well as an internship in Ghana, convinced him that there was more to life than simply studying hard to get the best corporate job. After graduating with an Arts degree from Tsinghua University, Beijing, Mei Yi took a series of full-time leadership roles in AIESEC, culminating in his election as President of AIESEC International in February 2012. In the future, he hopes to return to China to open a series of restaurants, bringing good food, good service and good company to families in his native land.

Businesses in countries as disparate as Hungary and Bahrain are entering university classrooms and providing up to two years of on-the job training.

With so much effort dedicated to us, you might suggest that it is young people who don't want to engage. Yet 90% of respondents in our most recent global youth survey say that they had thought about representing youth. More than 60% think that taking action to solve problems is the best way to make a difference. Globally, over 50% of respondents value experience more than fun, impact, work, or networks. In Africa, 42% say that impact is the most important of the five. We are young, and we want to engage.

Our governments, our businesses, our non-profits and our young people want to plug youth into development. So, why is it so hard for these movements to gain momentum?

### Three keys to effective youth engagement

Most of the intentions and ideas behind the activities I have seen are very good. That leads me to conclude that it is probably the way these projects are implemented that is preventing youth engagement from reaching its full potential.

In my experience, in order for youth projects to work on a large scale, they must follow three principles: simplicity, evolution, and higher purpose.

I will share a story that illustrates these principles, and then I will apply each to development. I will conclude with a final underlying element that makes it more natural to use all three.

### Li Zhen's story

The story could start in 1948, with AIESEC's founding, or in 1999, when an organizational crisis forced AIESEC to re-think its operations. But I'll start with Li Zhen, the President of AIESEC in mainland China four years before I held that post.

When Li Zhen became president of AIESEC in mainland China in 2007, AIESEC had overcome a series of challenges and begun to grow again. Li Zhen's generation of leaders faced a new challenge. Their predecessors had set a global internship exchange goal of 10,000 for 2010. However, AIESEC was not meeting the yearly targets needed to achieve this goal. Many AIESEC leaders said this was because there were not enough opportunities in Western Europe and North America.

Li Zhen thought differently. He saw that AIESEC in India was consistently making positions available that went unfilled. He thought: The goal is to broaden Chinese students' mindset through practical

experience. Sending them to India will do this just as well as sending them to Canada. Let's do it.

There was one small problem: Chinese students had no interest in India.

So Li Zhen began to travel across China, talking to local leaders. In the end, he found three who were willing to take the risk. They worked hard to dispel the stereotypes about India, preparing research and presentations to "sell" the idea of going there. That summer, 120 Chinese students took internships in India.

Four years later, the programme counts 555 participants annually. It accounts for 3% of AIESEC's global internship exchanges. The resources it generated allowed AIESEC in mainland China to invest in other areas, so that it is now a global role model for its incoming exchange and team programmes. Li Zhen is now one of two people on Electrolux's Global Innovation team. And the impact on China was clear: in 2010, every Chinese person under 25 who went to India was an AIESEC member.

Moreover, the concept Li Zhen created – the idea of focused "country-country" partnerships – proved to be the key to unlocking global cooperation. It permitted countries such as Egypt, Ukraine, Romania, Brazil, Colombia, Nigeria and Uganda, which had long been minor participants in the balance of exchange, to grow dramatically and take strong global roles in the international exchange programme. AIESEC exceeded the goal of 10,000 internship exchanges in 2010, and the growth continued. In the past year, AIESEC has given 20,000 young people the opportunity to grow abroad.

This matters for global development.

Twenty thousand internships globally isn't much. It's just 0.7% of the EU's student mobility target. Yet, I believe that our small success story has valuable lessons for global development. "How" it was done – the simplicity, evolution, and higher purpose – made it work. These principles can be applied to any youth development initiative.

### Simplicity

The first success of Li Zhen's method was its simplicity. He started with one idea: exchange. He made it even simpler: exchange to one country. He simplified it still further, to one time of year. Simplicity brought three benefits: at first, it focused his resources; then, it made ideas easy to spread – both within China and around the world; and finally, it generated the resources and talent capacity needed to begin the cycle again with a new idea.

In the case of youth enterprise projects, the parallel is obvious. The simpler the programme, ➤



► the higher the youth engagement, and the greater chance it will spread.

That underlies some challenges faced by the EU, where the youth enterprise programmes are complicated. The programme has great intentions, but as Calin Lupo, a young Romanian trying to start his own business, told me, "Paperwork can go to hundreds, maybe thousands, of pages", adding, "Not to mention a lot of costs you have to incur before even getting the money."

In contrast, Lupo says, the best programme he has seen is in Estonia, where the government is focusing lots of resources in parallel on this single goal. "There are a lot of preparation programmes and fiscal benefits, and you can take loans with a low interest rate." Plus, approval is quick. This is a key differentiator from Romania, where "the programme is better than the EU, but not as good as Estonia, because our bureaucracy slows the process down."

Outside Europe, a Nigerian government project is perhaps the best example of simplicity. "They bought rickshaws," says Femi Adebayo, a 28-year-old Nigerian from the city of Jos, who was recently awarded a Nigerian fellowship for entrepreneurship. "Then, they made it really cheap to get one. So, you could easily open your own transportation business." Femi doesn't have statistics on the programme, but he's sure it worked. "They're all over the streets now."

Simplicity brings early success and rapid spread. Do your youth programmes work this way? Do they focus on simple ideas and bring them to maturity before they move on to a new idea?

## Evolution

Evolution is the necessary corollary to simplicity. It's built on the combination of consistency and improvement. In the case of the China-India

collaboration, it meant that each of Li Zhen's successors had to decide to keep the programme, while making small changes to dramatically increase the impact it could create. It also meant knowing when evolution could slow down because the programme was becoming 'mature.' That signalled to us that we should begin to innovate in other areas, finding the next simple programme to diversify our operations.

Evolution addresses the endless "what if" questions that often plague planning processes, allowing a team to focus on bringing results. They know that there will be time for feedback and improvement if the programme shows promise. There's an additional benefit here for working with young people: we like change. Seeing systems respond effectively to feedback inspires us to stay engaged.

Here's an example from the world of development. Around 80% of businesses think schools should be doing more to help young people think more globally and lead more sustainable lives. Responding to this pressure, schools and universities around the world – from rural African schools connected through One Laptop Per Child; to Wootton Bassett School in Wiltshire, UK, which has partner schools in China, South Africa, Sweden, Canada and the USA; to Erasmus institutional participants the world over – are connecting their students and teachers to resources across borders. This is a good thing – something to keep consistent. But they are also facing detractors. With 500,000 students enrolled in a single MIT OpenCourseWare class, and the recent success of online institutions like the Khan Academy, teachers are beginning to question the relevance of physical classrooms.

I would argue that the increasing presence of



online solutions is not a cause for cancellation of programmes that are doing well, but it might be a call for them to evolve – making simple changes that dramatically expand their impact.

How can we implement our development solutions in a way that ensures they will evolve?

### Higher purpose

Evolution and simplicity are lost without the third and final principle: higher purpose. It means investing time and energy – lots of it – in building a common understanding of the reason for what you do. In the case of AIESEC in mainland China, it meant that, each year, we invested quite a bit of time to make sure that the new generation of local leaders understood not just the *what* of the programme, but also *why* it existed. This motivated them, empowered them to solve problems, and freed them to innovate.

My generation is savvy. We see a world in crisis, and we're quick to identify inconsistencies in efforts to resolve it. If we do not see authentic commitment to higher purpose in what we are invited to do, our interest and motivation will quickly fade.

This might be why some youth employment programmes are not working smoothly, and why employers are frustrated with young people's qualifications.

Take, for example, a recent statement by one of our most-valued global partners. "Global companies are looking for people who can take a global perspective," said Sonja Stockton, Director of Talent at PWC. "We need students to be intellectually curious and culturally agile if they are going to work in a global context."

I know that behind this statement is a genuine desire to see employees grow and learn, and to build a better world. But, on the surface, it's a

statement about competency development. Sometimes, that rhetoric can overpower the purpose behind it. Then, I disengage.

Young people are adaptable. So, if we think learning to make a CV will get us a job, sooner or later, we'll do that. But the purpose of education, training, and programmes for transition into the work force isn't to fill a checklist of competencies. It's to prepare responsible citizens to be ready to lead the world of tomorrow.

Does that higher purpose really come alive for the young people with whom we are engaging?

### A final word

There you have it. As young people, we see and respect your efforts to connect to us. We hope for your simplicity, your openness to evolution, and your commitment to higher purpose along the way. I believe these are basic truths, and that, applied to any programme, they will increase the chance of success.

But there's one more thing I'd like to mention about Li Zhen's story – a crucial element that enables all of these. Li Zhen – and each of his successors – had travelled. The simplicity of his idea, its rapid spread, the feedback that led to its evolution, and the community that brought him and his successors a higher purpose – all were formed by travel and conversation with people from around the world.

So, while every programme is valuable, I'd like to make a special final plea for investment in mobility programmes for everyone in the world, old and young. Life is based on our trust and connection with each other. When you travel, you spread and refine ideas, and you inspire new ones. So, please keep opening borders and sponsoring flights. Moving people moves the world. ■

Côte d'Ivoire, like many countries all over the world, is facing the difficult issue of how to create jobs for the country's young population. Already in 2008, Côte d'Ivoire had more than four million unemployed youth (the total population is estimated to be 21 million). At that time, the unemployment rate was 24.2% among 15-24 year olds, and 17.5% among 25-35 year olds. This situation has been greatly exacerbated by the post-election crisis of 2010-11.

Without access to employment and excluded from credit with which to finance income-generating activities, young people have essentially been left on their own. There is a need for urgent action to equip the country's youth with the means to develop their entrepreneurial potential. Adequate training that matches the demand of the private sector, and access to funding, are both needed to help integrate young people into private companies or to create and manage their own micro-enterprises. Côte d'Ivoire has many young graduates who have come through the basic education system and undergone vocational training. Providing this segment of the population with access to decent and sustainable jobs is a key priority for the government, and one of the biggest challenges to achieving President Alassane Ouattara's aim of making Côte d'Ivoire an emerging economy by the year 2020.

### **SERGE ANDERSON DJI TCHESSOGOHO, 29.**

"I trained as an electro-mechanical engineer. My project is a small business, recycling plastic, and then using the plastic, combined with sand, to manufacture surfacing/paving. This type of paving is exceptionally durable and offers a sustainable alternative for the paving of roads. In addition, it is an ecological project since it recycles plastic waste. This project will initially create five jobs and will give young entrepreneurs a foothold in the economy."

### **DORIS HIBERNIGG**

introduces a new way to provide access to finance for micro-projects. We talk to four potential beneficiaries.

#### **CHRISTIAN KROU, 23.**

"I pursued a graduate studies course in industrial maintenance. My project is in the field of agribusiness, and consists of the transformation of food products and seasonal fruits into semi-finished products (juice, syrup, jam, biscuits). This project will solve the problem of preserving food and, at the same time, will offer consumers food products with a high vitamin intake. This project will at first create around five jobs."

In this context, the United Nations Industrial Development Organization (UNIDO) has created a support mechanism to help integrate young people into the job market. Taking into account the limited absorptive capacities of the public sector and the formal labour markets, youth entrepreneurship is a viable option to create employment. Entrepreneurship and sustainable businesses generate economic growth and jobs for young women and men, as well as stimulating structural change and innovation.

One of the major obstacles for successful youth entrepreneurship creation and expansion is the missing link between financial and non-financial services. Entrepreneurial and technical training must be combined with adequate financial services in order to deliver the full potential in terms of results. However, available financial services are often not sufficiently accessible to youth, who are perceived as a high credit risk due to their lack of collateral, limited experience and young age.

UNIDO's *La Chaîne de l'Emploi* (The Employment Chain) therefore combines vocational and entrepreneurship training with access to funding in order to create income-generating activities. The skills acquired enable young people to engage in specific occupations and to find work in private companies through internships and training programmes.

As part of this approach, a support fund for youth entrepreneurship has been established to provide access to finance for micro-projects with high value added. UNIDO, with funding from the government of Austria, and local Ivoirian partners, including the Ministry of Industry, the Ministry of Crafts and SME Promotion, the Ministry of Youth, and the Chamber of Commerce and Industry of Côte d'Ivoire, have established *Le Fonds d'Appui à l'Entreprenariat des Jeunes* (Youth Business Fund). The Fund will grant repayable loans to aspiring young entrepreneurs, aged between 16 and 35, to help them establish their micro-projects, while providing them with the necessary entrepreneurship training, technical assistance and coaching, over a period of 14 months.

The specific objectives of the Fund are to issue a call for project proposals, select the projects with the most innovative projects with the greatest market and employment-generating potential, train the project-holders in accounting and business administration, and

#### **DJENEBA KONE, 32.**

"My project is located in agro-industry and consists of setting up a small processing unit to create raw shea butter lotion and ointment for skincare, and processing peanuts to produce peanut butter for households and restaurants. This project will take advantage of the shea value chain and will initially create around four jobs."

# **Youth entrepreneurship in Côte**

DORIS HIBERNIGG is the  
UNIDO Representative in Côte d'Ivoire.

### SITA ELINE ATTOKORA, 31.

“Previously, I worked as a secretary. My project involves the production of poultry feed from local produce, such as shellfish, corn, and fish waste, to which vitamins will be added. This project supports poultry production and the processing of food products into local by-products. At the start, this project will create around four jobs.”

then award loans to the most viable projects. The most promising projects receive support and monitoring, and once they become self-reliant and profitable they will repay their loans, in order to keep the Fund revolving.

In the first stage, 150 project ideas were selected out of almost 900 submitted to the Fund. Eligible projects include those focusing on craft production, the production of intermediate and finished products, food processing, and communications. In May 2012, the promoters of these 150 projects began their training programme. On completion of the programme, the best 100 – a selection based on the potential profitability of the project and the market demand for its services – will receive a loan of up to a maximum sum of €7,500.

UNIDO’s role in the running of the Fund essentially focuses on the provision of non-financial support services. In close cooperation with business support institutions, such as the Chamber of Commerce, the aim is to provide young, potential and existing entrepreneurs with entrepreneurship training, counselling during the start-up and expansion phase, and the technical assistance needed to successfully create or develop their businesses. Once the pilot round of the Youth Business Fund has yielded its first tangible results, UNIDO intends to replicate the programme throughout Côte d’Ivoire.

● For further information, contact the UNIDO office in Côte d’Ivoire: [office.cotedivoire@unido.org](mailto:office.cotedivoire@unido.org)

Photo: Opération des Nations Unies en Côte d’Ivoire (ONUCI)



# d'Ivoire: the missing link

Young women processing cashew nuts in the north of the country.

“I think there  
are many more  
youths who  
could realize their  
potential”

*Making It* takes snapshots of some  
successful young innovators and  
entrepreneurs from across the globe.

## Hassine Labaïed (Tunisia)

At the end of 2011, Hassine Labaïed quit his job with Citibank in Dubai to move back to Tunisia to start Saphon Energy with his friend, partner and inventor, Anis Aouini. The company's new zero-blade technology will, says the 34-year-old Labaïed, change the way we look at harnessing and capturing wind energy. The prototype is nothing like a normal wind turbine and instead uses sailboat technology that oscillates with the wind in a 3-D motion to maximize the energy captured. The device, named the Saphonian, is a breakthrough innovation that is patented by the World Intellectual Property Organization.

As Hassine explained at TED@Tunis in May 2012, "Our aim wasn't to improve current wind turbine technology but rather to come up with a radical new solution through a lateral thinking process. Our basic idea was to replace the whole rotating system with a new non-rotational mechanism, largely inspired by the sailboat."

Empirical tests have shown

that the Saphonian's efficiency level is two to four times greater than that of the three-blade wind turbine. By removing some of the most expensive components of a wind turbine, it is possible to slash production costs by 50%. The system can store energy for use at a later stage via hydraulic accumulators, solving a big problem with existing systems. Labaïed enthuses, "On top of that, it is bird-friendly, almost silent, and offers a good visual integration into the landscape."

Labaïed concluded his short talk to a TEDGlobal audience in the UK in June 2012 by saying, "Some of you might think it's too good to be true, but the history of human evolution has taught us that nothing is out of reach. The overwhelming majority of innovation came from places that are least expected. Our dream is to take this innovation to the next level, and to contribute to the global efforts to make this world a better and a cleaner place for the next generation."

Saphon Energy was awarded the first KPMG Innovation Award in May 2012. ■



**"My mission was to make a difference"**

## Joseph Lim (Malaysia)

The Kuala Lumpur-based company, Global Green Synergy (GGS), started out as an oil palm, dried long fibre trading firm, exporting mainly to China. It has since ventured into the development of oil palm biomass treatment and processing technologies to produce various value-added oil palm biomass products, such as briquettes and pellets, compost and palm kernel-shell char.

The founder and managing director, Joseph Lim, said, "When I established GGS, my mission was to make a difference and to mitigate environmental adversity. My initial objective was to utilize the oil palm biomass generated in the palm oil industry through innovative and creative technologies. Along the way, I realized the potential of converting oil palm biomass into renewable energy."

GGS is now one of Malaysia's leading solution providers for the treatment and processing of oil palm biomass to produce value-added biomass products. "We lack local supply of specialized machinery with higher efficiency, so GGS converts existing technology from the sawdust, wood chips or rice husk industry to process empty fruit bunch biomass," Lim said. GGS works with local biomass experts to run higher efficiency systems and a certain percentage of revenue is reinvested into innovation and new technology, such as developing composite material to help address the shortage of wood.

In November 2011, Joseph Lim was announced the world winner of the 2011 Junior Chamber International (JCI) Creative Young Entrepreneur Award in Brussels, Belgium. The award recognizes exceptional young entrepreneurs and the role of creativity in their success. ■

## Jessica O. Matthews & Julia Silverman (USA)

Matthews and Silverman, both in their early 20s, are the inventors of the sOccket, a soccer ball that doubles as an eco-friendly portable generator, and co-founders of Uncharted Play, a social enterprise established in May 2011. Uncharted Play will, they say, "show the world that doing good and doing good business need not be mutually exclusive."

The two met at Harvard College in Cambridge, Massachusetts, USA. Both studying to be social scientists with no experience in engineering, they nonetheless worked together on a class project to invent the sOccket. After graduating from college, Matthews and Silverman set up shop in New York City and put together an enthusiastic team to further develop the founders' core values.

Created for resource-poor communities in the developing world, the sOccket harnesses the kinetic energy generated during play with the ball, and stores it as electrical energy that can be

used to power different appliances, like cell phones, lamps and water sterilizers. About 30 minutes of play is enough to power an LED light for up to three hours.

In March 2012, Matthews and Silverman were awarded a grant of US\$50,000 as winners of the Woman in the World Foundation/Toyota Mothers of Invention award, and in the same month were nominated Scientists of the Year 2012 by the Harvard Foundation.

By April 2012, they had about 6,000 sOcckets confirmed for distribution to developing countries in Africa, Central America and Asia. They hope that, with their 'buy-one-give-one' programme, they can roll out 40,000 sOcckets by the end of the year.

For young entrepreneurs looking to start a social enterprise, Matthews' advice is simple: "Just find an issue you're passionate about and start Googling how you can make a change. You just need to start and take the first step." ■



## Chunhong Chen (China)

Chunhong Chen is the managing director of the Shanghai-based, Yiyuan Environmental Group, which manufactures and markets toilets designed to avoid cross-contamination and whose patented technology can save up to 83% of water compared with conventional 6-litre models.

Whereas traditional flushing toilets use a siphon to drain the sewage and the water that remains in the bottom of the bowl as a seal from the drainpipe, Yiyuan toilets use gravity to pull sewage down and a valve to separate the dirty from the clean. Chen explained, "The foot pedal means you don't even touch the toilet with your hands, so no cross-contamination issues arise either."

The breakthrough technology, which the company has patented, means that even if the mains supply is cut off, the equivalent of a large glass of water would suffice to clean the toilet. The system requires no new fittings or adjustments to install and is extremely hard-wearing. Tests to measure its robustness have seen it take up to 300,000 flushes before any sign of a fault. "Going by average use for one family, that makes a lifespan of 100 years – three times longer than traditional flushing toilets," explained Chen.

Since Chen won the Cartier Women's Initiative Award in 2011, Yiyuan Environmental Group sales have grown by 50%. Chen was included in the Chinese version of *Fortune* magazine's May 2012 list of business leaders in China under the age of 40.

In Chen's dreams, the whole city of Shanghai would use Yiyuan toilets, "and 270 million tons of water would be saved!" ■

Leanne Talbot and Xavier Bedasee, both aged 25, are old school friends with a tremendous drive and passion for entrepreneurship. In 2011, they set up Island Cycle, a recycling business, which aims to make recycling the norm across the Caribbean.

"Our goal is to implement a recycling structure for Jamaica and the wider Caribbean, collecting recyclable materials from households, schools, offices, hotels, gated communities, gullies, beaches, and other public recreational areas," said Bedasee. "Island Cycle will make recycling easier for the average person by providing a gate collecting service in residential and commercial areas."

The business will make money by selling recyclable materials to manufacturers overseas who will use the shredded or compressed matter as part of their production process to make new products. Island Cycle will be able to offer them large quantities of recycled

## Leanne Talbot & Xavier Bedasse (Jamaica)



materials on a regular basis at competitive rates. The business will also sell advertising on recycling bins, and create recycled plastic rooms and floating bars for hire.

One of Island Cycle's main goals is to reduce the Caribbean's carbon footprint. It will offer a cheap and easy way for

individuals to contribute to a healthier and cleaner environment, for themselves and future generations.

"Whilst working towards achieving this goal we hope to provide jobs and opportunities to locals along with enhancing tourism," said Talbot. "We can work to raise the awareness of

Jamaicans and people living in the wider Caribbean on the subject of recycling. Simultaneously, we will be contributing to economic growth and improving the level of development in the Caribbean region."

Eventually, rather than selling materials to overseas manufacturers, Island Cycle aims to open a plant in the Caribbean where the recycled materials can be used to produce new products.

Island Cycle was one of the first entrepreneurial ventures inducted into Richard Branson's Centre for Entrepreneurship – Caribbean, which opened in Montego Bay, Jamaica, in September 2011. Bedasee said the experience "provided us with practical entrepreneurial and business training, widespread exposure, brilliant business networking opportunities and an access to a network of very helpful and successful entrepreneurs both from the Caribbean and the United States." ■

## Joel Mwale (Kenya)

When Joel Mwale was hospitalized with dysentery, his doctors advised him to focus his energies on making a full recovery. The 18-year-old Kenyan student had caught the illness after consuming contaminated water during the country's annual dry season. As he lay in bed, Mwale came up with the idea that would provide his community with access to safe drinking water and put him on the road to becoming one of Africa's most promising young entrepreneurs.

As he told CNN, "I thought that what if this thing keeps on happening, year in, year out. What if next year the same problem happens." On his release from hospital, Mwale invested his life savings, 10,000 Kenyan Shillings (US\$95), in building a borehole in his village. Four years on, and the project has been so successful that it still provides clean water to around 500 households.

**Mwale investigated how he could bring safe and reliable drinking water to the wider Kenyan population...**

Galvanized by his DIY borehole success, Mwale set about planning bigger projects and investigating how he could bring safe and reliable drinking water to the wider Kenyan population.

With the help of a financial loan from a local farmer, Mwale began investing in the necessary equipment and business infrastructure to put his idea of harvesting rainwater into action. Within a matter of months, he had founded Skydrop Enterprises – a company that captures falling rain water in a series of giant tanks, before purifying and

bottling it for sale on the commercial market.

Skydrop Enterprises has brought clean drinking water to a wide consumer base – selling 33,000 bottles across Kenya and into Uganda in the last financial year. Mwale hopes his success will inspire others in Africa to act on their ideas and become involved in different types of entrepreneurship. "I think there are many more youths who are sitting on their potential," he said.

In September 2011, Mwale was selected as the recipient of the first Anzisha Prize for African leaders aged 15-20 who have developed and implemented innovative solutions to challenges facing their communities. ■



President Laura Chinchilla speaking during a visit by Pascal Lamy, Director-General of the World Trade Organization, September 19, 2011. Following Costa Rica's accession to the General Agreement on Tariffs and Trade (GATT, the forerunner of the World Trade Organization) in 1991, successive administrations have accorded a high priority to trade liberalization.

In many respects, Costa Rica is a development success story. Following the 1948 civil war, the country's army was abolished, a new constitution was enacted and the foundations were laid for one of the region's first welfare states. Since 1949, Costa Rica has enjoyed the region's longest period of unbroken democracy, during which there has been an orderly succession of democratically elected governments.

State-led industrialization during the 1960s and 1970s, and the implementation, since the late 1980s, of a strategy of outward-oriented, export-led growth, openness to foreign investment and gradual trade liberalization have transformed the country. Formerly dependent on income from the export of bananas and coffee, Costa Rica has become a more diversified economy with developed manufacturing and services sectors. Since the mid-1990s, this trend has intensified, with the start of high-technology manufacturing operations and the rapid expansion of financial services.

High value added goods and services, including micro-chips, have further bolstered exports. Tourism continues to bring in foreign exchange, as Costa Rica's impressive biodiversity makes it a key destination for ecotourism. The country's tropical forests are home to a profusion of flora and fauna, including 1,000 species of orchid and 850 species of birds, such as macaws and toucans.

Foreign investors remain attracted by the country's political stability and relatively high

# Central American success story

education levels, as well as the incentives offered in *zonas francas* (free-trade zones, or FTZs); and Costa Rica has attracted one of the highest levels of foreign direct investment per capita in Latin America.

The economy grew at an annual average rate of 5% throughout the 1990s and has generally outpaced the average growth rate for the region in the early years of this century. Gross Domestic Product (GDP) growth reached a peak of 8.8% in 2006, but as a consequence of the global financial crisis the country's economy grew just 2.6% in 2008 and registered a decline of 1.3% in 2009. In response, the government increased its spending in social and labour-intensive infrastructure, helping the economy recuperate to an estimated 4.2% growth in 2010. Current projections have growth at 4% in 2011, driven by robust private consumption and domestic investment.

On the back of steady economic expansion over the past 25 or so years, Costa Rica has registered some impressive social achievements. Life expectancy is substantially higher than in comparable countries, while infant and child mortality rates are significantly lower. Income inequality is also among the lowest in Latin America. Costa Rica was able to press the poverty rate down from 23% in 2004 to 17.7% in 2008. Extreme poverty also decreased to 3.5% in 2008, in line with the relatively high levels of growth and effective social transfer mechanisms.

Costa Rica's business environment remains relatively friendly thanks to strong

institutions, policy predictability and favourable attitudes towards private investment. The country's economic outlook remains strongly linked with developments in the global economy, particularly in the United States, the country's main trade and investment partner.

Since 1997, the US microprocessor company, Intel, has had an important manufacturing and research presence in Costa Rica, and the production of microprocessors has become the largest

single area of manufacturing activity. Today more than 2,800 employees of Intel Costa Rica assemble and test microprocessors, design electronic circuits, and provide financial services for the entire corporation. Although Intel's decision to locate in Costa Rica attracted at least 15 other foreign high-tech manufacturing companies, including Abbott Laboratories and Baxter Health Care, two US companies that produce medical equipment, there are concerns about overdependence on Intel and an emerging economic 'dualism' – the gap between strong GDP growth, led by high-tech exports from the FTZs, and slow growth in the domestic manufacturing sector.

In recent years, the administration of President Laura Chinchilla has taken on the task of supporting and developing micro, small and medium enterprises (MSMEs) across the country. In this regard, the Costa Rican government is implementing business development initiatives in three consecutive and closely-related stages. The first of these is the promotion of an entrepreneurial culture throughout the country, involving all sectors, based on the idea that being an entrepreneur does not only involve an entrepreneurial aptitude but also requires the establishment of a role in the overall economy. In the next stage, the government is managing more tangible and targeted entrepreneurial initiatives. These early stages are taking place under the umbrella of the National Policy on Entrepreneurship, *Costa Rica EMPRENDE*, which will feed into the third stage in the development cycle to strengthen and support MSMEs.

## At a glance



*Head of state: Laura Chinchilla of the Partido Liberación Nacional was elected president for a four-year term in February 2010*

*Population: 4.7 million*

*Urban population (% of total population): 64*

*Internet users (% of total population): 42*

*Electricity production from geothermal energy (% of total production): 12*

*Ranking in the New Economics Foundation's Happy Planet Index: 1*

*GDP – composition by sector (2011 est.): agriculture: 6.3% industry: 21.7% services: 72%*

*Main industries: microprocessors, food processing, medical equipment, textiles and clothing, construction materials, fertilizer, plastic products*

*Main exports: coffee, bananas, sugar, textiles, electronic components, electricity*



Interview with **Mayi Antillón**, Minister of Economy, Industry and Trade



**At a local level, what policies is the Costa Rican government implementing in order to improve the economic development of the country and its different regions?**

The country is facing a complex situation, with a fiscal deficit that has made the authorities invest more strategically in areas that are of crucial importance for the development of Costa Rica. We are pledging our commitment to a greater competitiveness and, hence, to a stronger physical infrastructure, road infrastructure and a bigger investment in airports. Creating a better business climate is a specific responsibility of the Ministry of Economy, because as this is a country which has one of the highest levels of exports per capita, and which has one of the highest levels of foreign direct investment, we cannot afford to have red tape that suffocates the productive sector.

On the contrary, what we seek is to have a greater simplification of procedures. This is something to which the President has given particular emphasis, since we will not make an investment through the budget because there is a clear limitation in this regard. Thus, we need to increase our internal dynamism, a dynamism based on the local capacities that this country already has. Costa Rica has successfully integrated itself in external trade, but it is time to review our internal policies so that we can achieve an internal growth which allows those economic units of smaller size to seize opportunities at a global level. This is

where the Ministry of Finance plays an essential role, ensuring that 98% of the national production, represented by micro, small and medium-sized enterprises, can participate in this new raft of opportunities offered on the global market. It is the responsibility of the national government to find potential alternatives for the country by working jointly with local governments, in order to create real opportunities for micro, small and medium-sized enterprises.

**How much importance does the Costa Rican government give to young people as the country's economic engine, and, in this context, what actions are being taken to promote employment among youth?**

The government launched the national entrepreneurship policy at the end of 2010 with the clear understanding that the country must create an environment that enables young people to become entrepreneurs in their own businesses. We should remember that Costa Rica has made a sustained investment of between 6% and 8% of GDP in education, which has strengthened the education and training of our youth.

While foreign direct investment has allowed many of these young talents to develop their careers in transnational corporations – and there have been major curricular changes in all those careers linked to new technologies – it is important that young people can aspire to develop their own businesses, in order to improve this definitely positive economic

motor in terms of the development model to which the country has been committed for more than 20 years. This policy of support for entrepreneurship has also created a national network of business incubators. In addition, through a system of development banks, a financial policy based on venture capital has been launched to deal with the different parameters for those entrepreneurs who have big talent and know-how but don't have the means required to start up an economic activity. In this way, and with the collaboration of universities and training institutions, we can have companies with a very big impact due to the potential of knowledge acquired in our universities.

We are also striving for an entrepreneurial culture in all the areas of the country, especially in the Atlantic region, populated predominantly by African descendants, which are provinces characterized by high unemployment. For example, in the Limón region we have encouraged young people with the project, "Limón Emprende", using it as a mechanism to develop the talent of the youth of Limón through the cultural, artistic and creative industries in order to create a development pole closely linked to tourism, but also accompanied by a business vision.

**At the regional level, what steps are being taken by the government to promote the creation of knowledge networks at both national and regional level?**

Thanks to the support provided by UNIDO, we have developed a pilot project which has shown that a productive development plat-

**MAYI ANTILLÓN** was appointed Minister of Economy, Industry and Trade in 2010. Previously, she served as Minister of Communications, as a member of Parliament (2006-2009) and, for over twelve years, as vice-president of the Chamber of Industries of Costa Rica.



Photos: Joaquin Fuentes-Cardona

form needs to interlink the different regions of Costa Rica, providing concrete and genuine opportunities, and creating more jobs. For the Ministry of Economy, it would be actually easier to go and open small craft fairs, rather than fostering development policies. Nevertheless, these openings are followed by a sort of frustration on the side of the traders, since they cannot commercialize their products and the added value remains minimal. So, we are establishing a consortium made up of different stakeholders that is being developed in a structured way in the southern part of the country, one of the most economically depressed regions, but also one with a remarkable agro-industrial and tourism potential. It is very difficult to nurture new entrepreneurs and create economic development without a platform that enhances the productive environment, and for this reason, through the network called *Desarrollo de la Zona Brunca*, the different stakeholders involved understand the potential of the region and we have been able to launch a model of regional development and competitiveness, which can enhance cooperation among parties and help us create the conditions for reaching sustainable, productive development goals.

We would like this model – which already exists in the south, after one year of hard work, and in which six different local administrations have been coordinated – to be used as an example of uniform and coherent management of the public institutional framework for the proper development of areas that are currently affected by economic depression.

Later on, this model will be extremely helpful for us in the northern area of the country, towards the Atlantic region. This knowledge network could be replicated according to the specific local background.

**Costa Rica is a country internationally recognized for its environmental policies. What concrete strategies are being developed by the government to achieve sustainable environmental development?**

Costa Rica has identified several fundamental pillars concerning its development. Education is one of them. Investment in health is another one. Another pillar, which has been internationally recognized, comprises policies for environmental development and the protection of the environment, hence, an environmentally sustainable development. We start with the protection of our territory. We possess 5% of global biodiversity, and this allows us to be very reflective, since being a country with such an impressive natural heritage and biodiversity level induces us to avoid industrial policies that could negatively affect this natural wealth.

At the Ministry of Economy, Industry and Trade, we support SMEs with green policies, starting from their initial planning. This is a pivotal principle.

Also, the Ministry has a renewable energy cluster in the northern region of Guanacaste, where, through a very visionary institution called INVENIO, we have incorporated knowledge variables about renewable energy in order to manage the creation of renewable enterprises in a place where an ideal ecosystem exists – there is wind, water, volcano, and sea. It can be an inspiration to others. We believe that

the country has the capacity, working together with industrialized countries, to become a centre of renewable energy and development.

**How important is the relationship with UNIDO in the framework of Costa Rica's National Strategic Development Plan?**

I am lucky to have known UNIDO for more than 15 years. During my time at the Chamber of Industries, I always saw this institution as an irreplaceable reference, as the “benchmark” for best practices, even at the time when it was widely believed that the best industrial policy was not to have any industrial policy at all! It is very useful to have a forum of analysis related to industrial development in order to establish each country's characteristics, in terms of size, local capacities, and in terms of the development centres in which they are established. So, we look to UNIDO in order to always have an industrial policy plan for our country, and to have guidance on the latest tendencies related to industrial development.

I think that UNIDO is almost playing the role of our industrial conscience. We are at a moment of industrial development in which countries must assume their responsibilities for a highly inclusive development, taking into account economic actors, no matter how small, but interlinked at both national and regional levels, while respecting the values of environmental preservation. This can only be achieved through discussions at the highest level, and those who implement national policy are inspired to follow guidelines clearly established by a serious organization, like UNIDO, that is engaged in global analysis.

● Interview by Kai Bethke, UNIDO. Translated from Spanish by Joaquin Fuentes-Cardona.

**Akihiko Tanaka** and **Shuzo Nishioka** introduce a new partnership to encourage the widespread use of energy-efficient technologies and renewable energy sources, reduce environmental and forest degradation, and promote efficient transportation systems in Asia's growing cities.

# A partnership for low-carbon growth in Asia

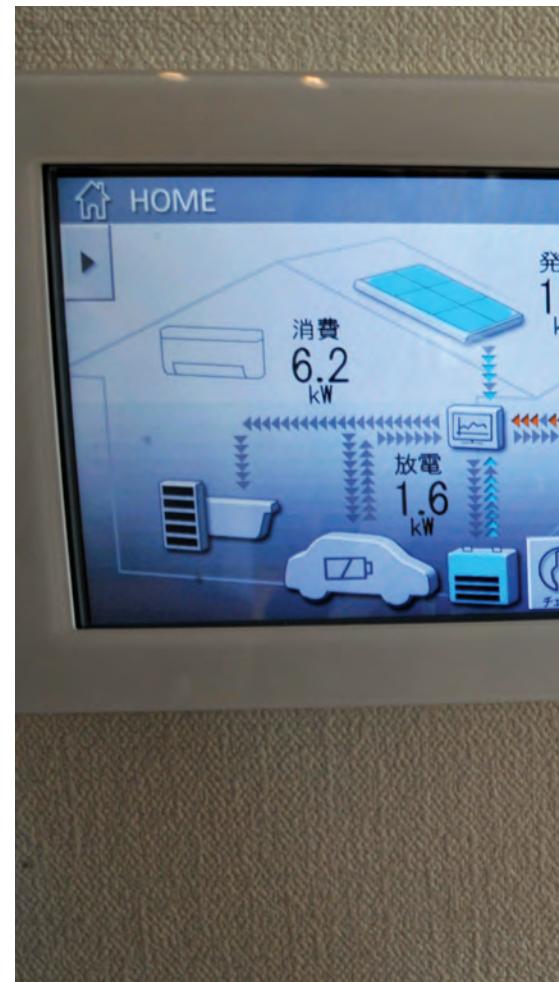
## The East Asia low-carbon knowledge platform

Reducing greenhouse gas emissions, while achieving sustainable growth, is an extremely important topic for the entire world, but particularly for Asia, due to its rapid growth. In order to promote the dissemination of low-carbon technologies and the establishment of resource-efficient urban transportation networks, we need to rely on advanced technologies developed by the private sector and the know-how accumulated by the local governments. In addition, policymakers should carefully listen to proposals from academia and the research community based on studies that focus on policy and the institutional aspects of low-carbon growth. In a nut-shell, it is highly likely that the existence of functioning partnerships among diverse stakeholders with rich experiences and knowledge will determine the future fate of low-carbon growth in Asia.

The Japan International Cooperation Agency (JICA) has been helping Asian countries achieve low-carbon growth based on strategic partnerships with diverse stakeholders. A few

of JICA's flagship contributions to low-carbon growth, based on such partnerships, include, among others, improving energy efficiency in Viet Nam, developing geothermal energy sources and protecting forests in Indonesia, and designing and developing a modern transportation network in Bangkok, Thailand.

With a view to further strengthen partnerships among stakeholders with diverse knowledge and expertise, JICA, the National Institute for Environmental Studies (NIES) and the Institute for Global Environmental Studies (IGES) jointly proposed the concept of an "East Asia Low-Carbon Knowledge Platform" at the East Asia Low-Carbon Growth Partnership Dialogue held in Tokyo in April 2012. JICA is planning to operationalize this platform based on a technical assistance project called "Capacity Development for Mitigation/Adaptation to Climate Change in the Southeast Asia Region" proposed by the Government of Thailand. As part of this project, JICA is considering implementation of training programmes which will



help policymakers in the countries of the Association of Southeast Asian Nations (ASEAN) and other countries formulate low-carbon growth policies by receiving inputs from research networks and the know-how of local governments in Japan and other countries.

● *Akihiko Tanaka is President of the Japan International Cooperation Agency.*

**Pictured above:** A control panel showing the energy usage in the kitchen of a model house in the Higashiyama district of Toyota city, Japan. The Toyota City Low-Carbon Society Verification Promotion Council, an organization of 26 entities, including Toyota city and private companies, has completed model smart houses in the Higashiyama and Takahashi districts of the city in order to test energy-management systems and has started trial operations for the establishment of a household and community-based, low-carbon city in Toyota.



Photo: Kimimasa Mayama/Bloomberg via Getty Images

Japan and the Republic of Korea face declining populations, while China's rate of population growth has remained steady. Japan has the world's fastest aging society, with the Republic of Korea, Singapore, and Thailand not far behind. Aging societies require further improvements in productivity and advancements in technology, as well as enhanced investment efficiency in building regional infrastructures.

If rapidly growing Asian cities make poor decisions now on how infrastructure investments are made, they will be locked into carbon-intensive development paths. Therefore, it is necessary for us to design energy-efficient residences and offices, as well as transportation systems focused on public transportation, while also making cities more compact, thinking 50 or 100 years into the future.

Unless we orchestrate a great amount of expertise from all over the world, it will be next to impossible for us to address this most urgent challenge of transforming the high energy-consumption civilization that developed over some 200 years into a low-carbon society within the very short timeframe of only 50 years.

A recent trend shows that in many parts of the world mechanisms are developing to share existing knowledge about low-carbon societies amongst stakeholders, including researchers and policymakers. The East Asia Knowledge Platform for Low-Carbon Growth is one of these mechanisms for sharing knowledge about low-carbon growth in Asia. This platform aims to provide opportunities for information exchange and knowledge sharing about low-carbon growth in Asia for those who are active, making efforts and demonstrating hard work on the ground. Stakeholders will include policymakers of both central and local governments, private sector entities, donors, researchers and various international organizations. It is expected that the information sharing and knowledge exchange undertaken through this platform will be incorporated in national and local development plans, policy formulation, and infrastructure investment. This information sharing and knowledge exchange will also help give rise to green investments towards low-carbon growth, establish green industries and encourage infrastructure investment, and as a result, activate green finance.

● *Shuzo Nishioka is Secretary-General of the International Research Network for Low Carbon Societies, and Climate Policy Project Leader at Japan's Institute for Global Environmental Strategies.*

## Asia's responsibilities and opportunities

The global climate is changing, and it is virtually assured that global climate change is caused by greenhouse gas emissions arising as a result of human activities. While the ultimate aim is the realization of a sustainable earth and sustainable societies, climate change is the first barrier for humankind to address.

Should present trends continue, it is predicted that in 2050 greenhouse gas emissions in the Asian region will account for half of the global total. However, if Asian countries are able to move down the pathway to low-carbon development in a far-sighted manner, Asia will lead the way to a low-carbon world at the global level. Due to climate-related limitations, Asian countries cannot – and need not – grow in a manner dependent on high energy consuming technologies as developed countries, including Japan, did in the past. It is necessary for Asian countries to “leapfrog” in their development, immediately and directly, to build low-carbon societies, without making the same mistakes made by developed countries.

The United Kingdom, Germany and the United States achieved economic growth by using tremendous amounts of energy. However, in Japan we racked our brains about how to cope with the oil crisis, all at once leapfrogging to become the world's most efficient energy-saving country in the 1970s by incorporating the wisdom we had gleaned through responses to the oil shocks of that decade. Asian countries are expected to leapfrog in their development by changing the current challenge caused by climate change into opportunities. Asian countries have already had a lot of leapfrog developments. For example, in India, there have been rapid advances in transitions to the information industry, China is said to have attained a 50% share in the production of cellular phones globally, and the Republic of Korea's liquid crystal display televisions are highly respected around the world.

Looking at Asia's current circumstances in this century, against a backdrop of overall population growth in the region, we see that

In the second of a series focusing on remarkable companies that are making waves in the areas of green industry and sustainable development, *Making It* talks to the entrepreneurs behind EcoPost, a Kenyan firm that uses recycled plastic to manufacture durable and environmentally friendly fencing posts.

# EcoPost

The city of Nairobi generates over 2,800 metric tonnes of waste every day, 20% of it plastic. Most of it is dumped in the streets, creating ever larger areas of rubbish, blowing into peoples' homes and yards and clogging drains, or is thrown into sprawling dumps on the city outskirts. Meanwhile, human settlement, land grabbing and illegal logging have reduced the area covered by forests to just 2% of Kenya's total land mass. To address the twin challenge of managing the city's municipal solid waste and conserving the country's remaining forests, in 2008, Lorna Rutto and Charles Kalama founded EcoPost.

As a young child, Lorna Rutto was disturbed by the plastic waste littering the streets of her native Nairobi. As an adult, she has found a solution to the problem that is threatening to literally bury the city.

"The waste problem in Nairobi has reached dangerous levels. It is so bad that the United Nations Environment Programme has classified it as one of the worst humanitarian crises in the city," says Rutto.

After leaving a career in finance, Rutto ventured into entrepreneurship with business partner, Charles Kalama, a biochemical engineer. For Rutto, the move has been extremely rewarding. "Each day when I go to work, I feel I am serving my purpose on this Earth." EcoPost removes

tonnes of plastic waste from streets and landfills around Nairobi. The plastic is processed and transformed into fencing posts. "The posts provide an alternative to timber and thus prevent the cutting down of trees."

Charles Kalama explains how the business began. "In 2008, we began searching for ways to create an integrated waste management solution for Nairobi, with a focus on unlocking and utilizing the latent value of our municipal waste streams. At the time, we realized that, without adequate solutions, the waste challenge would continue to grow, based on the fact that with increased economic growth, we will generate more and more waste."

Kalama says the idea for EcoPost was a simple one. "There is huge demand for long-lasting and environmentally friendly fencing posts, and waste plastic is hugely abundant and readily available. We aimed, first of all, to get a permanent solution to the plastic menace by using waste plastic to create value. Secondly, we wanted to provide an alternative material to timber and contribute to conserving our forests and water catchment areas, in addition to mitigating climate change."

The process of manufacturing the posts, is says Kalama, quite basic. "To manufacture our posts, we employ common plastic extrusion technology in a process called injection

Plastic waste littering a street in Nairobi.





Lorna  
Rutto  
delivering  
fencing  
posts to a  
customer  
at his ranch  
outside  
Nairobi.

moulding. Shredded plastic pellets are gravity-fed into an extruder. This has a heated barrel, which melts the plastic, as a screw, driven by a motor, pushes the molten polymer forward and injects it into a mould. Whilst cooling and solidifying, the molten polymer takes the shape of the mould and, when removed, becomes a fencing post.”

Kalama expresses his pride in EcoPost’s impact, “Each month we use about 40 metric tonnes of plastic. That is plastic that otherwise would still be littering the environment.”

Around 200,000 timber posts are bought in and around Nairobi every month, indicating both the pressure on the Mau forest, Kenya’s largest indigenous forest, and the potential demand for plastic posts. As Rutto explains, “There is a high demand for posts to make fencing around the country’s houses, plantations and huge game reserves. For years, these were made from red cedar trees, which are now an endangered species, and a presidential directive has made it illegal to chop them down. Those looking for an alternative can bank on EcoPost, which recycles waste and helps the environment.”

Utilizing dirty plastic to make a product that saves wood is not just an environmental plus; it boosts employment. To

source its raw material, EcoPost hires hundreds of women who work as casual labour to collect the plastic from dumps and streets, and then sell it to EcoPost by the kilo.

In October 2011, Rutto was awarded the Cartier Women’s Initiative Award for sub-Saharan Africa, and received a prize of US\$20,000 in seed money and a year of business coaching. Rutto says, “I have started using the funds to help women set up collection yards from which we will buy our raw material. We have also bought a truck, which has already boosted our capacity.”

Rutto hopes this will be the beginning of EcoPost’s expansion across Kenya and the greater Eastern African region. “We also intend making products for various other uses, such as support beams and roofing trusses for the construction industry, as well as furniture, all of which are multi-million shilling industries in Kenya.”

Cécile Ney, Coordinator of the Cartier Women’s Initiative Awards recalls Rutto’s successful participation, “The jury members were impressed by what this young lady had achieved in such a male-dominated field in a very short time. Also, the company seems viable as the products are highly innovative and the market is quite big, which will allow it to expand rapidly.” ■

# Climbing the stairway of development

By **LUDOVICO ALCORTA**, Director of the Development Policy, Statistics and Research Branch, United Nations Industrial Development Organization (UNIDO)

## Structural change as the driver of economic growth

Economic growth and development are intrinsically linked to changes in the structure of economic activity, i.e. to structural change. Structural change generally refers to long-term changes in the relative importance of sectors in an economy in terms of production and share of capital and labour. Structural change can lead to economic diversification, upgrading and deepening, which in turn boost economic growth, reduce economic volatility, create employment opportunities and enhance integration into the global economy. If the direction of structural change is misguided, or if its pace is too slow, the economy will stagnate.

Structural change, as the transition from low-productivity activities with low value – such as agriculture or garment production – to high-productivity activities that can absorb surplus labour and are more closely associated with technological development and innovation – such as manufacturing or motor vehicle production, generates higher profits and wages and promotes economic growth. Structural change enables the productive sectors to be integrated into the domestic economy, thereby strengthening domestic linkages. The speed at which such a transition takes place also has an impact on the rate of economic growth: countries that quickly climb the ladder towards

more technologically advanced economic activities, grow more rapidly, and are more successful in lifting people out of poverty.

The remarkable economic growth of China and South-East Asia, for example, is linked to the decline in the significance of the traditional agricultural sector, and the rapid expansion of the industrial sector and subsequent higher value added production. When the programme of economic reforms was initiated in China in 1978, 70.5% of the total labour force was engaged in primary sector activity. By 2009, this figure had declined to 38.1%, while the percentage of those working in secondary and tertiary industries rose from 17.3% to 27.8% and from 12.2% to 34.1%, respectively, in the same period. Today, China is an economic powerhouse on account of its planned and profound structural change, spurred by economic reforms, liberalized foreign trade and investment and a sustained increase in productivity.

## Shares and shifts

As an economy grows, the share of sectors changes. Likewise, different industries contribute more to the economy at different stages of a country's development. The wearing apparel industry, for example, which is a labour-intensive industry, grows quickly during the early stages of a country's development, yet decreases rapidly after a level of US\$8,000 GDP per capita is reached. The motor vehicle industry, by contrast, begins growing once a level of US\$8,000 GDP per capita is reached. Industries with a higher development potential change continuously as the level of income in a

country increases.

Diversification away from the primary sector (for example, subsistence agriculture) into high-productivity sectors triggers a process of sustained growth (inter-sectoral structural change). As the share of the total workforce in the primary sector declines in favour of the manufacturing (secondary) and services (tertiary) sectors, inter-sectoral resource allocation results in changes in the composition of domestic demand, generating a continuous rise in the level of skills, productivity and wages, and, as a consequence, increasing consumer purchasing power.

Domestic and international competition, as well as innovation, forces a country's manufacturing sector to continuously change. Shifts take place in the form of diversification from labour-intensive industries, such as textiles and apparel, which are characterized by low skill-, capital- and technology-intensity, to industries which have high skill-, capital- and technology-intensity, such as the production of advanced machinery, automobiles or chemicals (inter-industry structural change). These shifts involve the reallocation of investments and resources from one industry to another and the emergence of new industries.

Structural change within manufacturing also entails shifts in the form of expansion and upgrading within existing industries, thereby improving the country's domestic and international position. Examples include moving away from mass-market garments to more exclusive collections or from the production of low-value fibres to



Illustration: istock

high-tech fibres for specialized applications. Such intra-industry shifts also involve industrial deepening, which results in the creation of more forward and backward linkages within industries, as well as complementarities between different sectors and industries within a country. They are usually triggered by the introduction of new and superior technologies and machinery, higher-quality inputs and raw materials, and new production processes.

### Effective industrial policies

Structural change takes place under widely varying conditions, and strategic industrial policymaking can therefore not be standardized, despite the fact that development experiences show that countries usually follow a stylized pattern of manufacturing development. Industrial policymaking must therefore be tailored to the country's specific circumstances (already existing manufacturing activities, stage of development, endowment structures, country size, etc.) to promote structural change and economic growth.

Identifying the development patterns of the manufacturing sector can help policymakers elaborate a long-term development strategy with regard to when a given manufacturing industry is likely to contribute most to the country's economic development and at what point in time to shift to services.

If policymakers are aware of which industries will speed up or slow down development at different levels of income,

they can pursue a path of industrialization consistent with their country-specific features by investing in those industries that are most likely to succeed. This is particularly relevant for sustaining economic growth, as the decline of certain industries needs to be substituted by the emergence of others in the continuous process of structural change.

The diversification and upgrading of production structures is predominantly driven by private entrepreneurs and market forces. However, the government plays an important role in assisting the private sector in the exploration of new upgrading and diversification opportunities, and in the improvement of information and knowledge flows. A successful industrial strategy thus involves careful consideration of the relative attractiveness of given industries (i.e. the economic growth potential of specific sectors at the country's current level of development) and the strategic feasibility of individual manufacturing sectors (i.e. which manufacturing activities are immediately viable, given available capabilities, and which activities will only be feasible in the medium- and long-term through building new capabilities).

There is widespread agreement among development economists that structural change is necessary for economic growth, and that the state – and not market forces alone – has a role to play in promoting economic development and technological advancement. It is also agreed that the government should not attempt to modify the structures of the current economy too quickly or too drastically. Yet, how closely a government's industrial policies should conform to the country's current comparative advantage or to what extent a country's industrial structure should deviate from it, continue to be debated. ■

The Future We Want project gathered solutions from more than 50 organizations and showcased them on a solutions wall at the Rio+20 conference.



By DAVID SATTERTHWAITE, Senior Fellow at the International Institute for Environment and Development (IIED)

The Millennium Development Goals (MDGs) were set up to make governments and international agencies focus on actually meeting the needs and priorities of low-income groups – by reducing, for example, extreme hunger and poverty, infant and maternal mortality rates, and the proportion of people without safe water and basic sanitation. Most of the eight MDG targets are meant to be achieved by 2015, although many won't be reached by then. Now, more attention is

## Beyond the Millennium Development Goals

being paid to which targets will be met – and what should replace the MDGs.

These discussions around the post-2015 development agenda are titled, 'The future we want'. It would be nice if it actually was the future that people currently suffering from hunger and other forms of deprivation want. Here are five points to consider to ensure that it is.

### Don't just set targets

The MDGs and their various targets are clear about what they want to achieve (and by when) but say nothing about how. They don't set out who is responsible and capable of meeting the targets and who needs their capacity to act enhanced to be able to do so effectively.

The people whose needs the MDGs are meant to address are passive recipients to be targeted by governments and external agencies – there is no mention of their roles or rights. Nowhere is there any recognition of the agency and capacities of grassroots groups to address the MDGs themselves. Yet we know from experience that these groups are often the most effective agents for their own development and that this agency is essential for these targets to be met effectively.

There is also no mention of local governments, yet meeting many of the MDGs falls within their statutory responsibilities. In many countries it is the increased competence, capacity and accountability of local governments that have contributed much to meeting many of the MDG targets.

## Finance

The MDGs, and the international development targets that preceded them, were set to generate support for aid agencies and development banks – not to ask tougher questions about whether these could deliver on the targets. If the post-MDG discussions on ‘the future we want’ just generate a new list of goals without considering the financial and other mechanisms that support their achievement (even if these are generated by a much broader consultation), it won’t take us very far.

The crisis in aid/development assistance is the limited capacity of the large aid agencies and development banks to support the kinds of on-the-ground local initiatives that deliver on MDG targets through support for local governments and support for grassroots organizations. For example, the task is not only to install a water standpipe, it is to make sure that enough standpipes or other water connections are installed to

allow everyone quick and easy access, and to ensure the water provided is fit to drink and available 24 hours a day.

In urban areas, we have models of how this can be done, as shown by the work of the many federations of slum/shack dwellers, the partnerships they have forged with local governments, and the funds they have set up and manage. The Asian Coalition for Community Action has spurred new relationships between low-income households, their communities and local governments and helped 185,000 households to improve their local infrastructure in the last two years.

## Indicators that match targets

Measurements are needed to assess whether targets are met. But some of the indicators being used to measure progress on MDG achievements are flawed. The dollar-a-day poverty line is a completely inappropriate indicator of who is poor because the income needed to avoid deprivation is much more than a dollar a day in many places. The income needed to avoid poverty is usually particularly high in the informal settlements in urban areas in which around one billion people live. Here, the costs the residents face in getting accommodation (usually renting poor-quality, overcrowded accommodation), accessing water, toilets, employment and health care, and keeping children at school, are often far more than a dollar a day.

Set a poverty line unrealistically low and poverty seemingly disappears even as hundreds of millions remain under-nourished and at risk. There are already claims that the MDG poverty reduction target has been met based on a US\$1.25 a day poverty line. But if poverty lines were set in each nation at levels that match the costs of food and non-food essentials and

adjusted for where such costs are particularly high (for instance in larger and more prosperous cities) it is very unlikely that the poverty reduction target has been met – or will be met by 2015.

The indicators being used to measure progress on water and sanitation MDG targets also do not measure who has safe and sufficient water and who has sanitation to a standard that really reduces health risks. For instance, for water, the indicators measure who has ‘improved’ provision, and this includes many forms of provision that often do not provide safe and sufficient water, such as public taps and standpipes. Again, set the standards for water and sanitation provision too low, and it gives a false impression of progress.

## Avoid ambiguous statements

Sadly, a commitment to sustainable development means nothing today unless it specifies what is meant. The term sustainable development is used to mean so many different things. It should always be used to highlight the two priorities emphasized by the Brundtland Commission in 1987 – meeting the needs of the present without compromising the ability of future generations to meet their needs.

## What about climate change?

Somehow the issue of climate change got left out of the MDGs and their targets. Oddly enough, building resilience to the impacts of climate change depends on local competence and capacity, and partnerships between those most at risk and local governments (point 1). It also requires finance systems that support on-the-ground knowledge and the capacity to act (point 2).

Considering and addressing these points now, could lead to a future that everyone wants. ■

# Moving towards a green economy

Ahead of the next issue, looking at the future of sustainable industrial development, *Making It* interviewed **PAUL HOHNEN**, the Managing Director of Sustainability Strategies.

**For nearly four decades you have worked on economic and environmental issues, as a diplomat, Director of Greenpeace International, Strategic Director of the Global Reporting Initiative and now as consultant, advising governments, inter-governmental agencies, businesses and non-profit organizations. What the main changes that you have seen in the field of sustainable development?**

There are reasons to be disappointed and reasons to be excited. It is clear that since 1992 and the first Earth Summit, governments have not shown the follow-through and seriousness in relation to the commitments that they made. Equally, on the business side, we can see that the majority of companies around the world are still not routinely integrating sustainable development considerations into their daily operations.

We know this – and this is the good news – because since 1992 there have been a vast array of exciting developments in relation to: legislative changes, particularly in the European Union; changes in corporate behaviour and management; the development of new international instruments, such as the ISO standard on social responsibility; the new, updated OECD guidelines on multinational enterprises; and the fact that 20 years ago there was no mechanism for companies to measure, monitor and report their



Photo: UNIDO

progress against environmental, social and economic indicators, and now there is – the Global Reporting Initiative.

We know that well over 80% of the major companies in the world, the leading blue chip companies on the Fortune 250 list, are routinely reporting their sustainability performance to investors and the wider public. We have a better understanding of what sustainability means in practice and we now have the management tools that enable companies to integrate sustainability considerations into their strategies.

Also, on this positive side of the equation, we see a vast array of new technologies – wind and solar power; new technology for generating low-carbon energy; energy-efficiency technologies; the rise of telephony which has dematerialized telephone systems; etc. There is an endless list of market potentials and technological changes which embed sustainable development considerations and create economic growth and jobs.

**That is quite an upbeat appraisal. How do you respond to the charge of 'greenwash' – that companies are saying they do one thing but are really carrying on with 'business-as-usual'?**

UNCTAD states that there are something like 77,000 multinational corporations around the world, and there are countless small and medium-sized enterprises. The majority of these companies are, as far as we are aware, not even concerned about issues of labour codes, safety standards, raw material depletion and the longer-term challenges that sustainable development poses.

There are undoubtedly large companies saying 'green' but not doing 'green'. However, a small but growing number of companies recognize that the future of mankind, the future of this planet, depends on the development of a number of core themes.

Let us be clear, we have crossed planetary boundaries, and changes to the climate system, to nitrogen cycles, to fresh water availability – in fact, a whole range of fundamental changes to the planetary ecosystem – will have profound effects on

our political, social and economic systems in the future. Our political, social and economic systems were built on a healthy ecosystem, and that ecosystem is now in peril.

### So, what is going to happen if governments and business fail to react to this danger?

If we fail to act quickly in response to the very clear signs that we have had from scientists, which have been accepted by governments around the world, that there are these massive long-term changes, system changes, taking place, then the changes will be forced upon us. We will be forced to become energy efficient because we will run out of oil and gas or they will become too expensive. We will be forced to develop new ways of growing food more efficiently, with less water, because there will be less water available. We will be forced to use residential accommodation and factories that are self-sufficient in energy and water because these commodities will be too expensive.

It is clear that time is rapidly running out to make the choice to move towards a resource-efficient, viable and socially-just economy, because if we don't, it will be forced on us. Or worse, we will be forced into a state rather like Europe in the Middle Ages, where we all retreat into nation states, tribal warfare and castles on the hills. We will be in full defence mode, and that is an ugly world to live in.

### What should our governments do in the short-term?

We are in a phase where, quite wrongly, governments, including those in the developing world, have bought in to the myth that a resource-driven economic recovery is the best policy for the next decade or two. The rationale for this is superficially appealing – the idea that

we can go back to 'business-as-usual', creating more jobs and more export-led growth based on cheap raw materials. But in this rush to restore old-fashioned, twentieth century-style economic growth, we will undermine our prospects, our ability, to actually have sustainable development in the second half of this century. At the same time as we will be taking people out of poverty, we will be depriving them of development mere decades later.

Governments should be honest about the scale of the problems, which they are not at the moment. They need to be honest and open about the difficulty of making the transition. There is no single, simple answer to this. It means moving towards green industry, to a green economy that prizes and prices raw materials effectively and that takes us to a world that is solar-powered and wind-powered, uses renewable energy, and creates biological reserves that allow fish stocks and forests to recover and to spread. And they need to be prepared to pay for this.

We readily pay trillions of dollars for defence systems and wars, yet we are not paying the same amount to protect ourselves from climate change. That is poor insurance, poor policy. Governments need to recognize that they should put a price on carbon because, if they don't, we will be paying far more, not only financially, but also in terms of the very future of cultures and ecosystems, and the political systems that we have built up over the last 4,000 years of city-based civilization.

● *Interview by Charles Arthur, UNIDO*  
The full interview can be read on the  
*Making It* website:  
[www.makingitmagazine.net](http://www.makingitmagazine.net)

## FURTHER READING

- Eisenstein, Hester – Feminism Seduced: How Global Elites Use Women's Labor and Ideas to Exploit the World
- Gilding, Paul – The Great Disruption
- International Labour Organization – Global Employment Trends for Youth 2012
- Lloyd, Saci – The Carbon Diaries 2015
- Lynas, Mark – The God Species: Saving the Planet in the Age of Humans
- McGovern, Mike – Making War in Côte d'Ivoire
- McKibben, Bill – Eaarth: Making a Life on a Tough New Planet
- Palmer, Steven, and Molina, Iván – The Costa Rica Reader: History, Culture, Politics
- Pew Research Center – A Portrait of "Generation Next"
- UN Department of Economic and Social Affairs – Youth Employment: Youth Perspectives on the Pursuit of Decent Work in Changing Times
- Wilson, Nikki and Rob – On the Up

## FURTHER SURFING

- [www.aiesec.org](http://www.aiesec.org) – AIESEC, the world's largest student-run organization, offers young people the opportunity to be global citizens, to change the world, and to get experience and skills that matter.
- [www.bransoncentre.org](http://www.bransoncentre.org) – The Branson Centres of Entrepreneurship in the Caribbean and South Africa.
- [www.greenforall.org](http://www.greenforall.org) – Green For All is a US organization working to build an inclusive green economy strong enough to lift people out of poverty.
- [www.hohnen.net](http://www.hohnen.net) – Sustainability Strategies offers governments, business and international organizations a range of tailored advisory services on sustainable development issues.
- [www.jci.cc](http://www.jci.cc) – Junior Chamber International is an international community of citizens between the ages of 18 to 40 with the aim and purpose of creating positive changes in the world.
- [www.learningpartnership.org](http://www.learningpartnership.org) – Women's Learning Partnership is an international non-governmental organization that is dedicated to women's leadership and empowerment.
- [www.projectsurvivalmedia.org](http://www.projectsurvivalmedia.org) – Project Survival Media is a global youth journalism network dedicated to broadcasting stories of survival and ingenuity in the face of climate change.
- [www.restlessdevelopment.org](http://www.restlessdevelopment.org) – A youth-led development agency with a mission to place young people at the forefront of change and development.
- [www.unleashingideas.org](http://www.unleashingideas.org) – Global Entrepreneurship Week is the world's largest celebration of the innovators and job creators who launch startups that bring ideas to life, drive economic growth and expand human welfare.
- [www.youthbusiness.org](http://www.youthbusiness.org) – Youth Business International is a global network of independent non-profit initiatives helping young people to start and grow their own business.

# MakingIt

Industry for Development

A quarterly magazine to  
stimulate debate about global  
industrial development issues



partner for prosperity