

**Director-General's Keynote Address
AU Specialized Technical Committee on Finance,
Monetary Affairs, Economic Planning and Integration
Tunis, Tunisia
Saturday 6 July 2024**
(1561 words)

Honourable ministers,
Central Bank Governors,
Representative of International and Regional Organization,
Ladies and Gentlemen,

1. It is a pleasure to join you at this African Union Specialized Technical Committee on Finance, Monetary Affairs, Economic Planning, and Integration, here in Tunis.

Honourable Ministers,

2. This discussion on macroeconomic policy couldn't come at a better time. Indeed, to meet the goals of the Agenda 2063 and the Agenda 2030 for Sustainable Development, Africa needs to find its way in a disruptive global context. In the space of a few years, and notably in the aftermath of the Covid-19 pandemic, the main foundations of the multilateral system have been radically altered. It is a fact

that trade and investment restrictions have multiplied, with economic security, or de-risking, taking the place of economic efficiency based on laissez-faire principles. Meanwhile, technological change has also become disruptive, partly driven by digital developments, most recently Artificial Intelligence, and partly as a result of the need to fight climate change.

3. This transformation has major policy implications, requiring greater coherence between macroeconomic policies on the one hand, and labour market and social policies on the other.

4. First, I believe that Africa cannot address successfully the ongoing global transformation without a major push to enterprise investment. We need more investment in order to seize the opportunities of technological change, fight climate degradation and boost decent jobs and sustainable development. It is thus not a coincidence that countries like Benin, Cote d'Ivoire, Ethiopia, Kenya and Morocco have managed to achieve high investment rates, this going hand-in-hand with relatively high economic and employment growth. That said, for Africa as a whole, the

investment effort, at around 21% of GDP, is almost half as in emerging and developing Asia. Africa also has less resources to invest than advanced economies, counter to what would be needed. That said, the situation is uneven.

5. Of course, higher investment has to be achieved through the involvement of the private sector. But there is also a case for public involvement, within prudent budget management. In this regard, I must mention that weak fiscal space and the continued risk of debt distress represent a serious challenge for many countries and seriously constrain their ability to tackle the deep structural challenges as I have mentioned.

6. Secondly, in a moving global environment and in view of the deficit of decent jobs, there is a new role for well-designed trade and industrial policy. In this regard, the AfCFTA should be a top priority. Evidence shows that such regional integration brings with it greater economic diversification of African economies and more stable economic growth. And this, in turn, is conducive to more stable and better jobs, especially if the AfCFTA includes a

labour and social pillar, as is the case in other trading blocks from developing Asia to Europe.

7. Third, there is a case for acknowledging the importance of well-designed labour and social policies as part of the economic strategy which is needed in this disruptive context. The scale of the technological, green and global transitions makes it imperative to improving education and worker skills. We must also be able to better utilize existing skills, notably among African youth. We can expect the youth labour force to increase by another 76 million on the continent by 2050. The ability of African countries to create decent jobs for so many young labour market entrants becomes a matter of global concern. At the same time, the youth bulge in Africa could prove to be the region's most valuable asset moving forward as other regions of the world grapple with ageing populations and labour shortages. Importantly, The Africa Union has together with the ILO developed a forward-looking Youth Employment Strategy, the YES Africa, that outlines the important role all policy areas need to play to ensure that the continent can profit from its youth population.

8. The pervasive incidence of informal employment is another major issue which requires urgent attention in Africa. According to ILO statistics, the rate of informality has barely changed in 20 years in Africa: in 2004, it was 84.6 per cent, and, twenty years later in 2024, it is still pretty much the same at 83.1 per cent. Today, over four in five individuals or over 400 million people – are employed in the informal sector. Women, youth, and individuals residing in rural areas are bearing the brunt of this phenomenon. Not surprisingly, a staggering 29 per cent of Africa's workforce finds themselves in extreme working poverty (below 2.15 USD/day PPP). High informality and working poverty are huge social problems. They also make it difficult to address the global economic transformation underway. Here too, there are cases where progress has been made, from South Africa to Mauritius: let's build on these experiences.

9. One immediate answer would be that economic growth itself hasn't been strong enough. As we know, before the pandemic, Africa saw an average growth rate of more than 4 per cent. The latest data show that the African economy is now back on a recovery track after massive setbacks

during the pandemic. It is expected to continue to grow in the coming years, although the growth is slow and uneven. I remember that the African Development Bank (AfDB) has predicted around 4 per cent GDP growth for 2025. I cannot judge if these growth rates are sufficient or optimal, but we can certainly say that growth has been significant.

10. However, we haven't seen an improvement in employment at a scale one might expect from such economic growth performances. There are many ways of demonstrating this phenomenon of "job-poor" growth but let us take a closer look at one of them: informal employment.

11. We have been told repeatedly that informal employment and working poverty would shrink with economic growth, openness and transformation. Yet this optimistic prediction is not consistent with the experience of Africa to date. The African experience is decades of "job-poor" growth, which inevitably raises questions about how we can make economic growth and structural changes more job friendly - hence, questions of coordinating macroeconomic and sectoral policies for maximizing decent job outcomes.

Ladies and Gentlemen,

12. Although the scale and disruptive nature of this global transformation is a huge challenge in and of itself, I believe that it also offers an opportunity for Africa to move up. The African Development Bank (AfDB) has predicted around 4 per cent GDP growth for 2025. While this is significant, experience shows that more often than not, upturns precede major downturns, and that the result tends to be job-less growth. In short, a new approach, based on a coherent strategy that combines macroeconomic, sectoral and labour and social policies, along the lines that I have outlined above, is called for. Indeed, overcoming the challenges of these multiple crises that are threatening decent work is a daunting, but it is not impossible. It requires coordinated and sustained policy actions.

13. So, I would like to take this opportunity to encourage you to foster inter-ministerial coordination in the pursuit of macroeconomic and sectoral policy coherence in your countries. I am happy to see Finance, Planning and Labour Ministers as well as Central Bank Governors here. As I said, development policy is not the preserve of one

ministry, and it demands a coordinated and inclusive approach.

14. For its part, with its agenda geared towards the real economy and knowledge of policies that work, the ILO is ready to work with all of you, the African Union, and other international agencies in order to achieve such a change in the policy strategy that serves the interests of all African women and men.

Distinguished Guests,

15. I remain confident that your collective and coordinated efforts will continue to gain strength and steer the African continent towards strong, inclusive, and job-rich economies. And I will continue to be part of your journey, and to play my part to support multilateral support.

16. As some of you may know, this is one of the reasons why the ILO has launched the Social Justice Coalition which seeks to foster multilateral cooperation, accelerate progress towards the Sustainable Development Goals and champion social justice globally.

17. The Coalition was officially launched at the International Labour Conference last month and already has more than 280 partners including, governments, workers organizations, employers' organizations, international organizations & bodies, regional organizations & bodies, international NGOs, research and academic institutions as well as private sector companies. All have come together to confront the global challenges related to decent work deficits, rising inequalities, exclusion and disparities, climate change, and digital transformations.

18. I am pleased to note that 22 African countries have already joined the Coalition so far. It is my strong belief that the Coalition will help Africa strengthen its policies and place adaptability, innovative and transformative approaches at the centre of its inclusive development strategy. This includes enhanced coordination of macroeconomic and sectoral policies.

19. So, let me take this opportunity to extend a call to those who have not yet done so to join us. Become a partner, add your voice to our advocate for social justice and contribute to our shared goals.

20. As I conclude, I would like to reiterate that the ILO is committed to work with member states and the African Union on the design and implementation of pro-employment macroeconomic and sectoral policies.

Thank You!