

Excellencies,

Dear colleagues from the AfDB

Ladies and gentlemen,

My keynote speech of today is on the impact of the recession and the inequality gap on jobs, youth, and Africa's demographic dividend. Unfortunately, many countries are already in the midst of economic turmoil and numerous economists forecast very worrying and alarming outlooks. But since my speech is part of the evaluation week of the AfDB, I would try to refrain from predictions. Rather, I will focus first on what we have noticed and learnt so-far about the impact of the multiple global crisis on African young people, on their labour market prospects and on the inequality gap. Secondly, I will offer 4 key thoughts on what we should be doing to empower African youth and to maximise employment impact, with concrete examples. These 4 recommendations are:

- Firstly invest into statistics and data collection for evidence-based policy and decision-making;
- Secondly formulate and deliver inclusive policies and pro-employment frameworks, with and for youth ;
- Thirdly put decent jobs creation systematically at the forefront of all programmes, policies and investments in Africa;
- And finally implement and accelerate a transformative agenda for structural economic changes and for addressing growing inequalities, based on honest assessments and evaluations of what has worked and above all on endogenous pathways to sustainable development in Africa.

Certain sectors and demographic groups have been hit hard by the Covid crisis. Among them are women, youth, migrant workers, along with SMEs and many workers in the informal economy.

According to the 2022 ILO Flagship Report World Employment and Social Outlook, the pandemic has reversed some of the progress in poverty reduction achieved in recent decades.

The region's GDP is estimated to have declined by 1.9% in 2020, with significant heterogeneity across subregions and countries. In Africa as a whole, the pandemic in 2020 is estimated to have resulted in a deficit of 15 million jobs - – 15 million jobs either lost directly or not created because of a lack of economic growth! And jobs losses are only the tip of the iceberg: labour underutilization has increased, working poverty has increased while incomes declined. The most recent ILO estimates show that in 2020, nearly 5 million additional workers and their households fell below the extreme working poverty line, increasing the extreme poverty rate for the first time since 2000 by 1.3 percentage points, from 31.9% in 2019 to 33.1% in 2020.

In terms of the specific impact on young African men and women, young people in Africa have had to face the consequences of the setbacks to the global economy. In 2020, over one in five young people in Africa were not in employment, education or training (NEET); it means one among five young are at risk of becoming socially excluded and are lacking necessary skills to improve their economic situation. In 2020 in Northern Africa, it was estimated that the percentage of young people in Africa who were not in employment, education or training was at 29.1% (equivalent to 11.8m youth) and at 21.8% in sub-Saharan Africa (representing 47.4 million young men and women).

In addition, the COVID-19 pandemic has put significant socio-economic pressure on the region, with strongly felt impacts of global and local lockdowns, value chain disruptions and widespread economic downturns. In sub-Saharan Africa for example, the covid 19 crisis resulted in working hour losses equivalent to 13.5 million full-time jobs and women accounted for the lion's share of net job losses in the region. Young women were particularly hit by Covid-19 induced job losses, in part because of their over-representation in sectors that were most affected, including in the informal economy and in part because women, including young women, still carry the brunt of unpaid care work and in many cases had to abandon income opportunities to look after family members.

The just published 2022 ILO “Global Employment trends for youth in Africa” report helps to shed some light on youth labour markets in the region. Youth unemployment rate ranges from almost 30% in Northern Africa – where almost every other woman in the labour force is unemployed – down to 11% in sub-Saharan Africa.

One important point I would like to stress here, reflecting on these statistics: you might have noticed that in Sub-Saharan Africa, youth unemployment is not that high, only – quote on quote – 11 percent. However, “youth unemployment” and even labour underutilisation, aren’t the biggest challenge for young people in Sub-Saharan Africa.

In fact, many young people simply cannot afford to be unemployed but need to engage in any income-generating activity available to them. These jobs, in almost all cases, take place in the informal economy, do not come with any social protection, are often insecure, at times unsafe and in many cases do not offer young women and men personal growth opportunities. Addressing the youth employment challenge in Africa is thus first and foremost about dealing with a deep-rooted crisis of job quality.

In terms of inequalities, we have sadly observed growing income and gender inequalities in the continent and the pre-pandemic economic growth has not significantly helped to reduce social and economic inequalities. Africa, with Latin America, remain the two most unequal regions in the world and both regions have the largest proportion of countries with relatively high levels of income inequality, as measured by both the Gini coefficients. According to the 2021 ILO flagship report “Inequalities and the World of Work”, different forms of inequality co-exist, including vertical inequalities between rich and poor and horizontal inequalities between different groups in society, and these inequalities have generally been on the increase or remained high in many countries across the continent.

The pandemic has thus clearly aggravated the existing vulnerability of young people in labour markets and to put it bluntly, Africa’s growth and employment patterns have not created enough productive employment opportunities. Besides, inequalities have been exacerbated by the ongoing crisis and the inequality gap is deepening. As the labour force continues to grow at a rapid rate in the continent, these challenges will become ever more pressing.

Young people will likely be the most affected by the long-term consequences of the crisis but the overall impact is also not fully known, due, at least partially, to substantial data challenges. As I see it, this data challenge is twofold:

- Firstly Africa is the youngest continent, yet it is where the definition of youth is stretched in some countries up to 35 years of age;
- Secondly, data is often lacking or outdated in many African countries, and it thus prevents government and development partners to take stock of the current situation in terms of employment and to estimate what has worked (or not). This needs to change and substantial investment should be made to harmonize definitions, to regularly collect data in order to inform decision-making and to formulate holistic pro-employment policies, notably for young African men and women. Ultimately and to guarantee social cohesion, governments need to ensure that youth constitutes a key resource for the continent and not a source of instability....and we, as ILO and development partners, need to go all in decent jobs creation in Africa.

Despite these troubling trends, there is also cause for optimism. Young people have also been, and certainly are, an energetic force at the forefront of developing creative solutions. We should therefore look at young people as part of the solution, and not as part of the problem or better say, to rely much more in the future on young people to tackle these challenges of employment in the continent. That means young African men and women need to play an active role in shaping their future and we have, as development partners, evaluation professionals and policy-makers alike, a moral obligation to support this enabling environment and to guarantee them these opportunities, while strengthening resilience, providing antifragility measures and financing youth specific initiatives to boost entrepreneurship and to upscale their skills for the digital future economy.

Too often, young people feel trapped in a system which was created for them by older generations and the pathways for them to thrive in needs to be formulated 'with them', as opposed to 'for them'. An example of this is the ILO/ITU/AU Joint Programme on Boosting Decent Jobs and Enhancing Skills for Youth in Africa's Digital Economy, where we are

establishing a Youth Advisory Group on Digital Jobs. I take this opportunity to invite young participants of this event to apply before the 9th of October on the ILO website.

A third recommendation, at least as critical as the previous one, is for African governments, International and regional Finance Institutions and development partners alike to put youth employment from now-on at the forefront of their agenda, investments and policies. The youth employment challenges – and potential solutions – are becoming better understood, and many governments in Africa nowadays recognise that youth employment can no longer be regarded as a side priority but it needs to be systematically considered, estimated, measured and evaluated in all future investments, policies and programmes. In other words, maximising and mainstreaming employment impact, particularly for young African men and women, needs to be at the heart of our collective efforts.

The recently launched Global Accelerator on Jobs and Social Protection for Just Transitions is a prime example of such required transformation and mentality shift: it aims at channelling national and international, public and private investments into social protection for the four billion people who fall outside any existing coverage and to create at least 400 million decent jobs.

Another prime example is the current ILO-AfDB joint project I am managing, consisting of developing a Jobs Markers for the Bank and hopefully later for its partner countries. This Jobs Marker, coined as a game changer recently by the ILO Regional Director for Africa, Ms. Cynthia Samuel-Olonjuwon, ambitions to enhance employment impact by integrating employment considerations into the Bank's operations and thus making sure ultimately that all the Bank's financial instruments, contribute to decent jobs creation.

Last but not least, at the policy level, governments, employer and worker delegates from 181 countries unanimously adopted the Global Call to Action for a Human-centred Recovery at the International Labour Conference of June 2021. The Call to Action commits countries to work for an economic and social recovery from the crisis that is fully inclusive, sustainable and resilient, and it calls for policies that prioritize the creation of decent work for all and address inequalities, outlining a comprehensive agenda, with specific measures to promote quality

employment and economic development, worker protections, universal social protection and social dialogue. Unfortunately, fiscal and other policy response we have observed to-date in the region have not been sufficient to enable human-centred recovery but the current impact of the recession should be, I hope, a wake-up call.

Finally, my last recommendation is directed towards evaluation colleagues, as I guess many of you are participating in this Evaluation week of the Bank. I believe it is the right time for us to take an honest look and review at what we have been doing so-far in terms of maximising employment impact, as well as our results to-date in terms of reducing the informal economy in the continent and reducing inequalities, which to be honest, are not satisfactory. I would argue that our efforts, programmes and projects have been rather fragmented and there is an urging need for profound structural transformations as well as coordinated actions on at least 3 levers:

1. By implementing, at the country-level, the strategy on inequalities and the world of work, resulting from the conclusions adopted at the 109th International Labour Conference, in order to tackle inequalities and boost skills and life-long learning. This strategy entails combined and coordinated action in seven areas: promoting employment creation; fostering equal opportunity; ensuring adequate protection for all workers; accelerating the transition to formality; ensuring gender equality and non-discrimination, promoting equality, diversity and inclusion; realizing universal social protection; and promoting trade and development for a fair globalization and shared prosperity.

Reducing inequalities is a matter of choice – but the cost of inaction is increasing by the day. The COVID-19 crisis has highlighted – and in many cases further deepened – some of these pre-existing inequalities, which is also making countries less resilient to respond and adapt to crisis. The economic and social cost of inaction is, in many places, increasing by the day... Acting against inequalities has become a matter of extreme urgency.

2. Secondly, by rethinking macro-economic policies towards pro-employment macroeconomic frameworks, hence leveraging the use of monetary, fiscal and

exchange rate instruments to create a policy environment that is conducive for economic growth and decent employment creation, while maintaining 'macroeconomic stability'.

3. And thirdly by testing innovative and alternative approaches, as well as renewed partnerships, aiming at piloting and scaling-up youth-led, community-based and decentralised initiatives in line with the prevailing African mentality, tradition, culture and cortex of solidarity....

To conclude, I would like to summarise my four recommendations, which derive from the Abidjan Declaration Advancing Social Justice: Shaping the future of work in Africa. Essentially, we need to build on a human-centred approach to the future of work and make sure that decent work becomes a reality for Africa's youth, while substantially reducing inequalities. This is not just a statement but a shared recognition, I hope, that African countries do embark on much needed structural transformation for better employment outcomes. Hopefully this recession will trigger a paradigm shift and bring forward innovative, alternative and endogenous African youth-led solutions.

Finally, I would like to quote the AfDB President Akinwumi A. Adesina, speaking at the NEPAD at 20 symposium, as a way to, at the same time, thank the Bank and the colleagues from the Bank who organised this event. He said, and I quote "The youth are not the future of Africa but the present of Africa and what Africa does with its youth will determine the future growth of this continent". This in my view, summarises it all....