

**Tenth Joint Annual Meetings of the African Union
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Affairs, Economic Planning and Integration and the
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Development**

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Session 1: Strategies for sustainable and inclusive growth

Key issues

Africa has exhibited strong and continuous growth since the early 2000s, after two decades of poor growth performance. Many countries have experienced a double-digit growth rate and the average growth rate on the continent was 4.3 per cent per year, which is 3 percentage points higher than in the previous two decades. In recent years, the collapse of commodity and energy prices has hampered growth to some extent. Still, many countries continue to register a high rate of growth, and Africa is expected to remain one of the fastest growing regions in the world.

There is an increasing consensus on the imperative need for African countries to foster economic diversification and strengthen continental resilience to adverse shocks, such as decline in commodity prices and climate change. It is widely recognized that industrialization and integration of the knowledge-based economy is of critical importance in sustaining Africa's growth performance over the longer term.

Economic growth, however, is not enough. The nature of that growth is important and structural transformation should lie at the heart of national development plans to increase productivity, create new jobs, reduce poverty and achieve higher economic growth. Governments must intervene to promote strong economic growth, to implement targeted policies to reduce poverty and inequalities, and to generate new job opportunities.

African leaders have reaffirmed the importance of integration in creating inclusive growth through both the 2030 Agenda for Sustainable Development and Agenda 2063. Member States and the regional economic communities have made significant progress but many challenges remain. Such challenges need to be addressed in order to ensure sustainable and inclusive growth and regional integration.

Questions to inform the interactive discussions:

- What strategies, complementary actions and institutional arrangements are required to sustain both the quantum and the quality of growth momentum achieved by African countries?

- What factors contribute to stronger growth in some countries and regions than in others?
- How to promote inclusive growth through regional economic integration?
- What are the impacts of government spending on economic growth and available options to finance sustainable and employment-friendly economic growth?
- What are the efficient fiscal and monetary policies and the coordination mechanisms that promote sustainable and inclusive growth without creating adverse effects (price and financial instability)?
- How can policy interventions mitigate the effects of adverse economic shocks and therefore consolidate achieved growth performance?
- How should data systems be strengthened for better policies?

Session 2: Priorities for addressing inequalities

Key issues

Rapid growth in Africa has boosted per capita income, and poverty rates have fallen, though slowly. Wide income disparity across the population remains, however, and has even increased in many countries, making incomes in the region the most unequal in the world, after Latin America and the Caribbean. There is nevertheless variation across countries. Some countries experienced declines in income inequality: in one fourth of countries, inequality increased over the period 1995-2011 for which data are available.

On average, growth in Africa is not inclusive. Consumption inequality has risen alongside GDP growth in almost half of the countries in the last 20 years. In some countries, where consumption inequality fell, the initial inequality was high. There is growing evidence that income inequality hampers growth. Lower net income inequality has been robustly associated with faster growth and longer growth spells for a large number of advanced and developing countries. Similarly, increases in the income share of the poorest 10 per cent have been associated with higher growth. That is, both the ‘pattern of growth’ and the ‘rate of growth’ matter. When growth occurs in sectors characterized by high asset concentration and high capital and skilled-labour intensity – such as mining, finance-insurance-real estate and the public sector – overall inequality rises. In contrast, inequality falls or remains stable if growth takes place in labour-intensive manufacturing, construction and agriculture.

Inequality is multidimensional. Inequalities among social groups, or ‘horizontal inequalities’, systematically disadvantage specific groups of people on the basis of gender, race or birthplace. Gender equality is at the heart of reducing economic, social and political inequalities. Differential access to opportunities is a major source of gender inequality. Despite considerable progress towards achieving gender parity in access to education, significant gender gaps remain.

Growing inequalities are in part attributable to the lack of attention to suitable policies to reduce economic and social inequalities. Global experience indicates that efforts aimed at addressing extreme poverty, promoting socioeconomic development and safeguarding the interests of future generations need to confront inequalities head-on.

Questions to inform the interactive discussions:

- What are the challenges for policymakers at the national level in addressing different inequalities, especially gender and horizontal inequalities?
- What are the trade-offs among growth, inequality and redistribution that need to be managed by member States to ensure an inclusive and sustainable development agenda?
- What policy tools have successful countries applied to reduce inequalities while fostering economic growth? What lessons can be learned from their experience?
- What is the role of government spending on social infrastructure (such as education, health and social insurance) and other budgetary policies in reducing inequalities?
- Are the drivers of inequality different across countries? How can economic integration reduce cross-country inequalities?

Session 3: Policy approaches for promoting sustainable and inclusive employment

Key issues

The growth acceleration witnessed in recent years has not yet translated into inclusive and equitable jobs, especially for young people. The “good” jobs, that is, those which offer secure employment and social protection, are not abundant. Most young people and women work informally as own-account or unpaid family workers.

Current trends show that Africa has the fastest-growing working-age population. Between 1960 and 2010, Africa’s working-age population (from 15 years to 64 years) is estimated to have more than quadrupled from 154 million to almost 650 million, and will continue growing over the next 40 years. In 2015, 55 per cent of Africans were aged between 15 years and 64 years. By 2050, close to 60 per cent of Africa’s population will be in the working-age group.

The private sector is an important driver of inclusive and sustainable growth, economic transformation and overall development in Africa. It has the potential to convert the continent’s demographic profile into a demographic dividend. According to recent statistics, the private sector is responsible for 70 per cent of the continent's production, 70 per cent of investment and 90 per cent of employment. At a time when countries are looking for new sources of economic growth to consolidate the economic gains of the past decade, focusing on the private sector is more important than ever for decent job creation and for the shifting of labour from lower-productivity to higher-productivity sectors.

A holistic approach to the labour market to promote private sector development through an optimal educational system can help identify policies that foster decent job creation. Reforms in those areas will be of critical importance in enlarging the economic and social opportunities offered to women and young people. As youth unemployment across Africa is unacceptably high, member States should aim to equip young people with the skills needed for both the formal and informal sectors, including the skills to create small businesses, simultaneously offering financing and support for learning business and entrepreneurial skills, especially to start-ups promoted by women and young people.

Questions to inform the interactive discussions:

- What steps can be taken to develop a multidisciplinary approach towards tackling unemployment, particularly that which affects young people and women? How should such steps be prioritized? What are the roles of fiscal and monetary policies in creating jobs?
- What are the best practices, challenges and strategies for fostering the integration of labour markets in Africa?
- How can the quality of education be raised to equip young people with the skills needed by the private sector and the jobs market? What is the role of technical and vocational training in Africa's educational system?
- How can the mandate of the Africa Mining Vision be implemented to promote job creation through investment in associated sectors closely related to the mining sector?
- What policies do member States need to adopt in order to encourage the sound development of the private sector for the creation of inclusive and productive jobs, especially for young people? How can public–private partnerships be improved?