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ECONOMIC COMMISSION FOR AFRICA**

CHECK AGAINST DELIVERY

**2013 International Labour Organization Conference
*High Level Panel on
World of Works Event***

Statement

by

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**Excellencies,
Ladies and Gentlemen**

When one arrives in Nairobi and leaves the Jomo Kenyatta International Airport what is immediately obvious is the frenetic pace of activity. One encounters a huge number of stalls selling a variety of goods, a vibrant public transportation system of taxis and 'matatus', widespread use of mobile phones, on-going construction activity and all manner of advertisements particularly for consumer goods.

If one reflects on these things instead of treating the landscape as a passing blur, they will tell us a number of things. First is about the vibrancy of African economies, which grew on average over 5% in 2012 and are projected to grow even faster this year. This improvement in Africa's economic circumstances has been remarked by various international actors, including business media, international consulting firms, multinational corporations and development pundits.

Indeed, such is the extent of Afro-enthusiasm that there is now talk about the end of poverty by 2030. Yet, we must proceed cautiously in making such projections given the current poor statistical capacity in the continent. These assertions are data poor. We are also now being told that structural adjustment programmes worked for Africa after all. This despite the ravaging effects they had on its productive and social sectors. It was the Independent Evaluation Office of the IMF that told us, without blinking, that the 'bulk of the structural conditions had only limited structural depth' and that their economists work was characterized by 'group think' and 'cognitive biases'.

The new cheerleaders for Africa at least have the decency to acknowledge progress when they see it. Unfortunately positive stories are not yet mainstreamed. American best seller writer Paul Theroux recent offering about Africa “The Last Train to Zona Verde: Overland from Cape Town to Angola” is so pessimistic, archaic and cliché, that you may think you are reading Joseph Conrad. Of course, the purposes of these two seemingly disparate groups are similar in the sense that they are reporting on Africa from their own perspective.

The view from Africa on the other hand is different. We believe that to successfully create the conditions for ‘Jobs, Growth and Social Progress’, the continent like other regions must have control of its own vision and narrative. The main objective of the Africa Vision 2063, which is being developed by the African Union, with the Economic Commission for Africa and the African Development Bank, is the structural transformation of the continent. This requires promoting industrialization, restoring national planning systems and generating robust statistics. It also means to generate decent jobs and increase social protection.

The second thing that may strike the reflective traveler after leaving the Nairobi Airport is the size of the informal sector and the nature of job opportunities that exist. It is generally agreed that the informal sector in most African economies is quite large with the ILO World of Work Report for 2013 putting the figure as up to 70% in some cases. I often mentioned why is India’s employment rate is never mentioned. Is it because most of its jobs are in the informal sector?

While acknowledging the fact that the informal sector raises concerns about job quality and social protection, it is important that we reflect on its role in providing employment and economic opportunity. We may well ask if the woman in a typical African city who gets up at 5.30am nearly every day to set up a food stall that services hundreds of workers is to be regarded as gainfully employed? If

not, why should a chef in a Michelin five-star restaurant be considered as being gainfully employed?

While on the subject of gainful employment, we also need to reflect on the paradox highlighted in the Director-General's report that in this era of high unemployment, firms are sometimes unable to fill vacancies due the fact that job seekers lack appropriate skills. This is a troubling matter in many African countries where a more educated youth than their parents are getting restive, due to a perceived lack of opportunities.

Restoring the confidence of Africa's youth that they will benefit from 'Jobs, Growth and Social Progress' is therefore part of our challenge. One obvious solution lies in improving education and assisting job-seekers to acquire the skills that are in demand. There is however a more fundamental issue at stake, which is that we might not be able to make required improvements if we do not review how we view and measure employment. At what level of revenue does an income generating activity qualify a person to be considered an entrepreneur and to receive business support from the state?

A third point that our reflective traveler may observe, on the way to Nairobi city center, is that Africa is not immune from the impact of global megatrends be it urbanization, changing demographics, climate change and technological innovation. All these trends including the increasing economic clout of countries from the global South will impact on African economies in various ways. These include aid flows, foreign direct investment, technology transfer, debt management, and foreign trade. It also means that more resources will be required for urban planning and to provide social services.

For purposes of brevity, let me focus briefly on changing demographics. Africa's population is estimated to double in the next 50 years and it is the only continent with a growing youth population. The reality then is that Africa's population is

getting more youthful, as the rest of the world is ageing. It is similarly also estimated that by 2040 Africa will have the largest labor force in the world. These two facts require then that we begin to ponder and plan for the jobs that these young Africans will need.

This is not just about social inclusion and equity to prevent restlessness or revolution. It is about ensuring that when it is called upon to become the factory of the world, Africa would be able to play this role. Justin Lin, former Chinese Chief Economist of the World Bank has argued that Africa is poised to create up to 80 million jobs from the movement of sunset industries in China to the continent. The changing demographic landscape is then about the structural transformation of African economies in order to ensure that 'Jobs, Growth and Social Progress' advance together in tandem. It is in fact also about an inevitable compact between Africa and the rest of the world. There must be an intergenerational social contract between Africa and other regions because its youth will be needed to sustain a global economy in which the rest of the population is ageing and cannot do certain types of work.

There is a great deal of diversity in Africa but there are certain similarities that will strike our reflective traveler upon leaving the airport in several big African cities. Indeed, there would also be visual evidence of rising inequality. The Philadelphia Declaration of the ILO stated that 'poverty anywhere constitutes a danger to prosperity everywhere'. This was true then and remains true for all time. Accordingly, just as we welcome average high growth rates in Africa, we must also acknowledge that inequality is also a challenge to be overcome in the process of structural transformation.

To be candid, we must acknowledge that just as we celebrate the newly successful in the burgeoning private sector, there is also abundant evidence of people struggling to provide meals for their family members, young and old alike. It is generally agreed that a major shortcoming of the Millennium Development

Goals is that they did not take account of inequality. This is therefore something that a post-2015 development agenda must take into consideration.

To conclude from the African perspective, restoring confidence through jobs, growth and social progress means inclusive and equitable structural transformation. It means thinking out of the box. Of course after knowing the box! It means that a tripartite and representative global forum like the International Labour Conference must contribute to framing the inevitable inter-generational social contract between Africa and the rest of the world.

Achieving the purposes of our theme requires dialogue, inclusion, equity, justice, cooperation and collaboration. These are things for which the ILO is well known and which will no doubt resonate in the course of our deliberations.

Thank you for your kind attention.