23046 Neglect Africa now and we will face labour shortages globally, IMF warns

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The international community would be “playing with fire” if it failed to help Africa recover from Covid and the impact of the Ukraine war, the International Monetary Fund’s director for the continent has said.

Failure to invest and support the continent was shortsighted and detrimental to the global economy, as half of the new entrants into the global workforce over the next decade would come from sub-Saharan Africa, the director of the IMF’s Africa department, told the Guardian.

“In 10 years, one out of every two individuals entering into the global labour force will come from sub-Saharan Africa – the very children whose education the pandemic has disrupted,” he said.

“The human capital we need to motor the global economy is not getting the attention it needs. It’s a massive collective failure,” he added.

“Almost certainly – unless we think robots are going to take care of everything – there is going to be a shortage of labour in most advanced economies, and even elsewhere.

“Despite all the innovations we have had, labour has shifted from one sector to another, and 60-70% of the population has remained in work.

“People will move to different professions, but people will still keep working. Globally, we are going to need labour to complement capital, and that labour input can, increasingly, only come from Africa.”

The director added that the successes seen across the continent since the 1990s – the result of domestic reforms, a booming global economy, and generous aid and debt relief packages – had “gone into reverse”.

Covid, the Russian invasion of Ukraine (which has disrupted global supply chains and led to soaring commodity prices) and falling aid budgets had exacerbated the continent’s already slowing economies, he said.

The director said that the IMF had given sub-Saharan countries $50bn since March 2020 to support them during the pandemic, “but its effectiveness would be greater still if it was complementing, rather than partly offsetting, declining support from other development partners.”

Three African countries – Ethiopia, Somalia and South Sudan – are facing acute food insecurity because of failed rains, rising food prices and a lack of donor support.

The UK government, the fourth largest donor, has cut aid spending from £14.4bn to £11.5bn.

Despite the difficulties Africa was facing, the director had “absolutely no doubt” about the region’s future, he said. “One way or another, it will develop,” he added.

“The question is: can we accelerate this development and avert too many people suffering in that process?”

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