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Renewing the social contract in Africa: Pro-employment macroeconomic and sectoral policies for decent work and inclusive development

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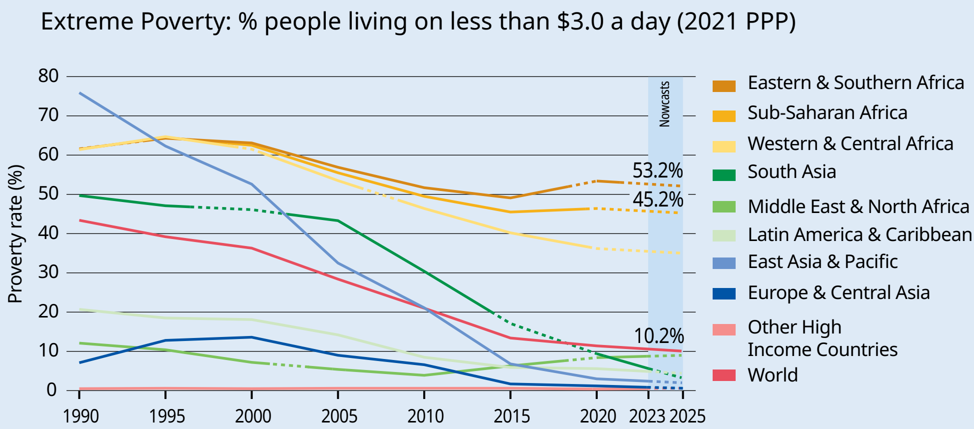
1. Slow pace of poverty reduction in Sub-Saharan Africa

The first Sustainable Development Goal commits the international community to "end poverty in all its forms everywhere" by 2030. Globally, progress has been significant: the share of people living in extreme poverty fell from 43.6% in 1990 to 9.9% in 2025. Yet this aggregate success hides stark regional contrasts.

In Sub-Saharan Africa, extreme poverty declined much more slowly—from 60.9% in 1990 to 44.4% in 2025. Because of rapid demographic growth, the number of people living in poverty rose from 317 million in 1990 to nearly 587 million in 2025. As a result, Sub-Saharan Africa now accounts for almost three-quarters of the global population in extreme poverty, compared with just 13.7% in 1990. In contrast, East Asia achieved a dramatic decline, reducing poverty from 76.9% in 1990 to just 1.9% by 2025, largely thanks to structural transformation and the creation of high-productivity jobs in industry.

▶ **Figure 1: Global and regional poverty trends, 1990 – 2025**



Source: World Bank Group, Poverty and Inequality Platform (PIP) • All observed and projected data are shown with solid and dashed lines, respectively, where dashed data points are cases with insufficient data coverage (i.e., less than 50% of the population have survey data). All 2024-2025 data points are poverty nowcasts.

The African experience illustrates a broken social contract: while growth rates in the 2000s were robust, averaging close to 6% annually (UNECA, 2016), they failed to translate into broad-based improvements in employment and poverty reduction. Most new jobs—80 to 90%—have been in the informal economy, with limited protection and low productivity. Growth has been associated more with vulnerable employment than with the fulfilment of social promises of decent work, equality, and inclusion.

The key difference with regions such as East Asia lies in the absence of structural transformation. In Africa, too few workers have shifted out of subsistence agriculture into higher-productivity sectors. Structural transformation is therefore central to poverty reduction, formalization, and the renewal of the social contract. As Chacaltana et al. (2022) found, economic structure is the key determinant of informality, with the pattern of growth shaping the prospects for formalization. The results were confirmed across all world regions. As the study concludes:

“This calls for policies that promote changes in the productive structure, including a broader, more diversified base and more economic complexity and technological sophistication, to ensure inclusive growth” (Chacaltana et al., 2022: 1).

This approach resonates with the African Union’s Agenda 2063: The Africa We Want, as well as the Africa Mining Vision of 2009, which both emphasize value addition, beneficiation, and industrialization as central to inclusive development strategies.

Yet conventional macroeconomic policy frameworks have constrained this transformation. A narrow emphasis on stabilization—often through contractionary monetary and fiscal policies—has suppressed aggregate demand and slowed the building of productive capacity. Stabilization in this form has too often undermined, rather than supported, the continent’s capacity to deliver on the social contract. A radical shift of mindset is therefore required in the quest for alternative macroeconomic frameworks that contribute to, rather than undermine, Africa’s structural transformation (UNECA, 2016; 2019; Nissanke, 2019).

2. Pro-employment macroeconomic policies: Rethinking orthodoxy

Macroeconomic policy in Africa has long been shaped by orthodox frameworks that prioritize a single objective—price stability—often enforced through strict inflation targeting. Rooted in the structural adjustment programmes (SAPs) of the 1980s and 1990s, this approach rested on the belief that fiscal discipline, liberalization, and privatization would automatically generate investment, growth, and employment through “trickle-down” effects. As Rodrik observed, the package was reduced to the mantra “stabilize, privatize, and liberalize” (2006:973), codified in the Washington Consensus (Williamson, 1990).

While stabilization was often achieved, it came at the cost of investment, employment, and poverty reduction—a phenomenon widely described as the “stabilization trap” (Islam, 2003; UNESC, 2012). In Africa, this trap has been central to the erosion of the social contract: governments succeeded in curbing inflation but failed to deliver on the foundational promises of poverty eradication, inclusion, and decent work.

Evidence across developing countries underscores this paradox. Easterly’s (2001) aptly titled study The Lost Decades found that growth performance declined despite improved policy environments. Krugman (1995) described the outcomes of Washington Consensus reforms as “distinctly disappointing.” Muqtada (2010) shows that while stabilization reforms reduced inflation, they failed to raise investment-to-GDP ratios, which remain a far better predictor of sustained growth.

The World Bank itself eventually acknowledged these shortcomings. Its landmark reviews Economic Growth in the 1990s: Learning from a Decade of Reform (2005) and The Growth Report (2008) concluded that a narrow focus on deficits, inflation, and liberalization was insufficient, and emphasized policy diversity, experimentation, and the need to address binding constraints on growth. As the Bank noted: "minimizing deficits and inflation" are means, not ends (2005:11). Cutting public investment may reduce deficits in the short term but undermines long-term growth and shrinks the future tax base (Roy & Heuty, 2009).

The African experience illustrates this dilemma clearly. Public investment, far from crowding out private activity, often "crowds it in" by lowering production costs and improving returns to business. Yet Africa invests only 4% of GDP in infrastructure, compared with 14% in China—well below the African Union's 2009 Declaration that set a target of 9.6% (AfDB, 2018). In neglecting infrastructure and social spending, Africa diverged sharply from East Asia's development trajectory, where investment ratios exceeded 30% of GDP during periods of rapid growth. As Montek Singh Ahluwalia observed during the World Bank's Growth Commission: "If low-income countries are stuck in a low-level equilibrium, then putting constraints on their infrastructure spending may ensure they never take off" (World Bank, 2008:36).

This neglect also rests on flawed assumptions. Orthodox policy frameworks treat African economies as if they were operating near full employment, where inflation targeting makes sense. In reality, they face vast reserves of underutilized labour and resources (Nissanke, 2019). A fixation on price stability alone ignores "failures on the demand side of the economy" (Krugman, in Muqtada, 2010:21), where fiscal compression and restrictive monetary policy reduce aggregate demand, output, and jobs.

By contrast, the countries that most successfully combined stability with transformation—South Korea, Taiwan, later China and India—used unconventional policies: industrial strategies, directed credit, selective trade protection, and strong public investment. As Chang (2002) argued in Kicking Away the Ladder, today's developed economies largely relied on interventionist approaches, and advising developing countries to do the opposite effectively denies them the same path to prosperity.

The 2008–09 global financial crisis and the COVID-19 pandemic further shifted consensus. Even the IMF recognized the limits of rigid orthodoxy. Influential voices (Blanchard et al., 2010; Blanchard & Summers, 2017) acknowledged the need for counter-cyclical fiscal and monetary policies, multiple objectives, and flexible inflation targeting. The lesson is clear: macroeconomic policy must pursue a dual mandate—to safeguard stability while promoting employment and inclusive growth (Parisotto & Ray, 2017). Renewing the social contract requires precisely this: integrating development goals into economic management, including responses to climate change and biodiversity loss, to ensure a just transition in labour markets.

In practice, this means:

- Counter-cyclical fiscal and monetary policies to smooth demand, sustain jobs, and finance productivity-enhancing investments.
- Public investment in infrastructure and services to crowd in private activity and foster structural transformation.
- Managed exchange rate and capital account policies to reduce volatility and support industrialization.
- Active labour market policies (ALMPs)—training, public works, entrepreneurship—to address mismatches and vulnerability.
- Social protection to reinforce resilience and inclusivity. In Sub-Saharan Africa, fewer than 10% of people are covered by social insurance. Yet programmes such as Bolsa Família (Brazil), NREGA (India), Namibia's Basic Income Grant, and South Africa's Expanded Public Works Programme (EPWP) demonstrate how social policy can mitigate crises, stimulate demand, and strengthen the social contract.

Ultimately, maintaining stability is not enough. Africa cannot renew its social contract while trapped in orthodox stabilization frameworks that prioritize inflation over jobs. Pro-employment macroeconomic policies—anchored in public investment, counter-cyclical management, social protection, and a just transition—offer a way to align economic governance with the goals of decent work, equality, and sustainable development.

3. Fiscal policies for employment, social protection and formalization

3.1 Creating fiscal space for employment, social protection and formalization

The IMF's approach to fiscal space, which is widely applied in the developing countries of Africa, is summed up in the following definition: fiscal space is "room in a government's budget that allows it to provide resources for a desired purpose without jeopardizing the sustainability of its financial position or the stability of the economy," (Heller, 2005: 3). In which case, fiscal space refers to the capacity of a government to identify, allocate and manage budgetary resources for discretionary purposes, without undermining the sustainability of its financial position (see ILO, 2012b; 2019; Parisotto and Ray, 2017).

In the IMF's approach, short-term fiscal solvency and macroeconomic stability considerations are primary considerations that determine the possibility of mobilizing additional resources for development. The emphasis here is on the scope for "sustainable" increases in public debt, which leads to a focus on the primary fiscal surplus as the critical requirement to align the level of public debt to the debt limit implied by the country's past record of fiscal adjustment.

Hence, in this narrow framing of the term, the IMF's approach's concern is to ensure that expanding fiscal expenditures does not harm fiscal solvency and macroeconomic stability in the short-term. In short, fiscal space seen from this perspective entails the scope for further increases in public debt without undermining sustainability. This approach has been solidified through "fiscal rules," statutory or constitutional restrictions on fiscal policy that set a specific limit on fiscal indicators such as the budgetary balance, debt, spending, or taxation. As discussed above, when applied in developing countries, this often results in procyclical outcomes (the stabilization trap).

However, from the point of view of meeting wider development objectives, a broader view should be applied where all potential resources - not just public debt - are considered. A broader conceptualization of fiscal space was proposed by the UNDP, focusing on the long-term benefits of securing human development outcomes as the primary considerations, which are to be weighed against fiscal sustainability and macro stability considerations. UNDP's approach calls for a need to consider the long-term impact on fiscal sustainability and macro stability, and to relax fiscal requirements in the short term.

This approach to fiscal space is captured in the following definition: "Fiscal space is the financing that is available to government as a result of concrete policy actions for enhancing resource mobilization, and the reforms necessary to secure the enabling governance, institutional and economic environment for these policy actions to be effective, for a specified set of development objectives," [Roy and Heuty (eds), 2009].

The fiscal space diamond is a tool that builds on the initial concept introduced in WB/IMF Development Committee Interim Report, 2006. It visualizes the potential increases (not total values) in resources through various fiscal instruments along 4 scales (as % of GDP). Governments can create fiscal space through the following types of fiscal instruments: (a) external grants, (b) domestic revenue mobilization, (c) deficit financing, and (d) reprioritization and raising efficiency of expenditures.

In assessing the country's fiscal space, each of the four pillars of the fiscal space diamond needs to be analysed to determine its potential for resource mobilisation. As proposed in Parisotto and Ray (2017), progressive taxation and measures to assist firms in their transition to formality, as called for in the SDG target 8.3, could provide an avenue to expand the tax base. The ILO Recommendation 204 concerning the Transition from the Informal to the Formal Economy provides a framework for integrated country programmes that combine legislative changes, business support measures and financial, insurance and social security services.

Another option available concerns the need to improve the effectiveness and efficiency of public expenditure. Budget-neutral shifts targeting job-preserving and job-creating programmes carefully designed and monitored could promote job-rich growth. Innovative active labour market and public employment programmes being identified by the ILO and placed in a repository that work best for youth and women could be explored, and to achieve SDG target 8.6 which seeks to substantially reduce the proportion of youth not in employment, education or training (NEET).

A third option relates to additional borrowing to raise public spending (or to lower taxes), taking advantage of the current context where international borrowing rates are historically low and expected to remain so. In the context of most developing countries, caution must be exercised regarding the risk of a mounting public debt. However, including the actual impact of fiscal multipliers on output growth in fiscal sustainability computations is necessary to integrate the developmental dimension.

Importantly, cost-benefit analyses of fiscal discipline should embrace longer-run effects. This can be done by, for instance, balancing the debt for future generations with the assets those generations are also inheriting because of such debt (roads, schools and hospitals, and institutions). Debt sustainability frameworks should therefore take these longer-term effects into account when working out a country's debt sustainability outlook. The tight "pre-crisis" rules for macroeconomic convergence being religiously applied by regional groupings in Asia and Africa should therefore be revisited.

Finally, official assistance remains an option to enhance fiscal policies and fiscal reforms. This could facilitate, for example, the introduction of social protection floors in the lowest income countries or for large infrastructure programmes. International financial assistance in the form of guarantees and frameworks for infrastructure and other development projects could help crowd-in the private sector initiatives on the continent, as being envisaged by the AfDB. To help low-income African countries move up to middle income status, access to private international borrowing may be necessary. However, it is also risky, as shown by countries such as Ghana.

ILO (2019) also includes the possibility of creating fiscal space through combating Illicit financial flows (IFFs) and corruption. The High-Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda (FACTI Panel) report released in February 2021 highlighted that IFFs, from trade mis invoicing, tax abuse, cross-border corruption, and transnational financial crime, drain resources from sustainable development, worsen inequalities, fuel instability, undermine governance, and damage public trust. UNCTAD estimated that Africa is losing US$88.6 billion per year, which is about 3.7% of the continent's GDP through illicit financial outflows. Curbing IFFs can reduce the region's financing gap by 33%.[1]

As the UN aptly observed, "Tackling corruption, particularly illicit financial flows (IFFs) is a matter of survival for Africa's development and must be treated with urgency. There is

[1] https://www.google.com/search?q=illicit+financial+flows+in+Africa&oq=illicit+financial+-flows+in+Africa&gs_lcrp=EgZjaHJvbWUyCQgAEEUYORiABDIHCAEQABiABDIHCAIQABiABDIH-CAMQABiABDIHCAQQABiABDIHCAUQABiABDIHCAYQABiABDIHCAcQABiABDIHCAgQABiABDII-CAkQABgWGB7SAQkxMTE1OGowajeoAgCwAgA&sourceid=chrome&ie=UTF-8

broad consensus that the funds being bled out of Africa, could be channelled towards the continent's development if successfully retained."[2]

Importantly, any strategy to create fiscal space to achieve distinctive employment, social protection and formalization goals should consider the national context and initial conditions and drawing on development-oriented empirical analysis as well as tripartite consultations. Work by the UNDP and ILO on fiscal space for employment suggests that even the poorest countries do have several options [Roy and Heuty (eds), 2009; ILO, 2012b; ILO, 2019; Parisotto and Ray, 2017].

3.2 Pro-employment budgeting (PEB)

It is now widely accepted that having good employment policies is not enough if they are not implemented, as often is the case. Lack of coordination and implementation is a serious constraint. One way of ensuring implementation proposed by the ILO is pro-employment budgeting (PEB).

Pro-employment budgeting involves "All the policies and budgets of all state-run structures include an employment aspect throughout the budgetary cycle (design, performance, follow up)." It entails mobilizing and allocating resources to implement policies to meet the objective of creating decent jobs.

The critical importance of pro-employment budgeting was highlighted at the Conference of African Ministers of Economy and Finance held in Lilongwe, Malawi, in March 2010 as follows: "National policy announcements on job creation are rarely linked to quantifiable budget targets and disappear once the budget preparation process is completed. In other words, employment does not feature in the end-of-cycle assessment of the budget … coordination across ministries, especially ministries of finance and labour, have been a missing link when it comes to employment policies."

National Budgets are important as they are the central source of funding of National Development Plans. External Assistance is typically provided through Public Budgets which are the main tool to operationalize employment targets and translate National Employment Plans (NEPs) into reality. Being out of the loop for resourcing through national budgeting can therefore result in missed opportunities.

Pro-employment Budgeting requires cross-sectional inclusion of employment in all budgetary procedures and stages. At the design level, it is important to check if employment is a criterion for budget allocations. When it comes to the adoption stage, are the institutions responsible for examining and voting on budgets familiar with employment issues? At the stage of application, does the budget performance meet the commitments on employment? Finally, at the follow-up stage, is employment a criterion for assessing the performance of budgetary schemes?

[2] https://www.un.org/africarenewal/magazine/july-2021/tackling-illicit-financial-flows-matter-survival-africas-development

The pre-requisites for pro-employment budgeting include the following:

i. A good employment policy;
ii. Strong leadership from the Ministry of Employment and stronger capacities;
iii. Interministerial coordination (Ministry of Employment, Ministry of Finance, sector departments);
iv. Close collaboration between Ministries of Employment, and Economy/Finance,
v. A suitable institutional system;
vi. A good Labour Market Information System (LMIS), analysis/projection tools on employment; and
vii. Capacity building of Ministry of Employment and constituents for monitoring employment targets included in pro-employment budgeting tools at national level.

Table 2 compares the key features of the old and new ways of dealing with employment which indicates how impact will be achieved with the new approach of mainstreaming employment as a cross-cutting issue.

▶ Table 2: How to achieve impact – Comparison between the old and new thrust on mainstreaming employment as a cross-cutting issue

From	To
Business / economic growth	Growth of productive & gainful employment
A political debate paying attention only to the situation of educated new jobseekers	A multidimensional policy package
Unemployment as the only target of policy	A broader view encompassing all vulnerable groups (women, low skilled workers, rural workers, migrants)
Responsibility resting only with the Ministry of Labour	A range of measures tackling underemployment, informality, inactivity
Labour policy as the only response to a jobs crisis	New coordinating bodies encompassing several agencies and ministries, preferably backed by top political leadership

From	To
Fragmented, overlapping and hasty interventions with a short-term impact	A coherent framework and a long-term strategic vision
A centralized strategy	A sub-national approach to employment promotion
Limited and poorly utilized funds for employment creation	A platform for broad resource mobilization across different ministries and donors
Narrow and tense social dialogue	A broad policy dialogue on key issues (green jobs, future of work, rural development ...)

Source: African Regional Labour Administration Centre (ARLAC) Employment Promotion Module. Uploaded on 1 May 2024.

Apart from the outstanding example of China,[3] the case study of Ghana has been showcased by the ILO as a good practice in pro-employment budgeting (Budlender, 2017). The study describes the approach and instruments used, the actors involved, the challenges faced, and the achievements to date. The employment guide was applied to assess inclusion of employment in sectoral policies (8 pilot ministries), with budgetary directives where each ministry was expected to outline the estimated effect of its expenditure on employment, as well as capacity building.

6. Policy coherence, coordination and institutional arrangements

As has now been widely accepted, no single macroeconomic measure or reform will be sufficient to ensure that the generation of quality jobs is strong and sustained. Integrating employment and implementation is complex as it involves so many actors and interventions at various levels. Institutions and governance frameworks are the mechanisms that give the social contract durability and legitimacy, ensuring that commitments to decent work and inclusion are not just promises but lived realities.

This requires the implementation of comprehensive and coherent set of complementary policies that help to unlock virtuous circles of higher investment and productivity, more and better jobs, and sustained inclusive growth. In this regard, coherence and effective coordination amongst the various Ministries, Agencies and Departments (MAD), central

[3] See Zhang et.al., (2015). The experience of China is interesting for three main reasons: the employment strategy has promoted an employment-friendly economic development model since 2002; a system to finance employment policies has been efficiently functioning; and the 2008 Employment Promotion Law established an employment fund with linkages to the national and local budgets.

banks, social partners, NGOs and development partners responsible for different sets of policies and interventions are key to an effective pro-employment macroeconomic policy framework, especially when formalization is also included. Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204) emphasizes the adoption of well-designed comprehensive and integrated policy interventions to facilitate transition from the informal to the formal economy.

The starting point will be to foster coherence across different areas of macroeconomic and sectoral policies. This is a marked departure from the past where macroeconomic policies were implemented in silos, with their credibility based on adherence to set targets and rules, outside of which there was no discretion. Coherence and coordination should extend to other policies so that they reinforce each other for impact. On this, countries have come up with varied coordination mechanisms that include the establishment of top coordination committees bringing together a multiplicity of agencies within and outside governments (ministries dealing with economic and financial issues, ministries of labour and social issues, planning agencies, central banks, social partners and independent experts). Among these, workers' and employers' organizations play a particularly vital role, as social dialogue is both a governance tool and an expression of the participatory dimension of a renewed social contract.

Lessons from experience suggest the importance of active leadership and mandate from the highest level as a condition for success, as in China and the Republic of Korea. This is particularly crucial to ensure that employment goals stand out as a priority and that other key actors, notably the ministry of finance and the central bank, are actively engaged.

Multi-stakeholder institutions that foster inclusive participation in policy formulation have been found to support durable partnerships amongst diverse stakeholders and promote broad-based ownership of policies and programmes, which enhances their chances of success and anchors them in democratic legitimacy. This was also highlighted in the African Union's Agenda 2063. Countries have adopted diverse approaches to promoting inclusive governance frameworks, including high-level coordination or governance mechanisms, technical committees or working groups and engagement of non-state actors through, for instance, advisory bodies.

In the case of South Africa, for example, a tripartite-plus National Economic Development and Labour Council (NEDLAC) was established in 1994 as the vehicle by which Government, labour, business and community organisations seek to cooperate through problem-solving and negotiation, on economic, labour and development issues and related challenges facing the country.[4] When South Africa signed the first Decent Work Country Programme (DWCP) in September 2010, it was agreed that this would be overseen by a tripartite-plus DWCP Steering Committee based at NEDLAC, with the active participation of the Community Constituency. The DWCP Steering Committee's work covered decent work issues and programmes in the formal and informal economies.

[4] See https://nedlac.org.za/ See also Horn (2024).

As the ILO Director-General, Gilbert Houngbo, observed at the #NedlacSummit29 held on September 6, 2024, that NEDLAC's unique model and success extends beyond the country, influencing the creation of similar institutions in Africa. The Government of Rwanda established the "Capacity Development and Employment Services Board (CESB)" under the Law N°43/2016 of 18/10/2016 under the Ministry of Public Service and Labour. CESB coordinates and oversees capacity development, strategic human resources planning and advising on matching human resources with employment opportunities.

Ultimately, policy coherence must rest on institutions of social dialogue and inclusive governance, which embody the participatory spirit of the social contract and ensure that employment, social protection, and sustainable development goals are jointly owned and sustained.

7. Conclusion and recommendations

7.1 Conclusions

It has been shown that the practice of macroeconomic policy management in Africa remains steeped in a conventional approach that prioritizes only macroeconomic stability at the expense of longer-term development objectives. While macroeconomic stability is often achieved, it is at the expense of investment, growth, employment and poverty reduction – the stabilization trap. The application of such stabilization measures has had the impact of undermining aggregate demand, and worsening the crisis, and by implication, employment prospects. Moreover, the integration of Africa into the global economy based on such "trickle-down" assumptions has resulted in structural regression marked by pre-mature deindustrialization and greater informalization. Sadly, eight out of ten workers in Africa are in informal employment, the highest share among all regions.

The failure to generate sufficient decent jobs and extend worker protection has directly contributed to the erosion of the social contract, both nationally and globally, as workers lose faith in the promise of shared prosperity. It is important to underline that macroeconomic policies are not neutral: choices around fiscal and monetary frameworks actively determine the pace of job creation, the depth of poverty reduction, and the scope for social justice.

On a positive note, in the post-2008/09 global crisis and post-COVID-19 pandemic, there has increasingly been calls for a rethink of the conventional macroeconomic approach. This means going beyond a narrow focus on promoting price stability to include developmental goals, and in particular full employment and formalization.

This therefore calls for the adoption of an explicitly pro-employment macroeconomic, industrial and sectoral policy framework that balances the short-term requirement of stabilization and the longer-term developmental goals. Furthermore, policies to promote structural change and transformation are critical to allow more workers to access the more advanced parts of the economy associated with higher levels of productivity and incomes (structural bonus).

As has been well noted, having a good employment policy, including a comprehensive formalization strategy in place is not adequate. Political will at the highest level is a necessity, as well as leadership and capacities at the level of the Ministry responsible for Employment and Labour as well as social partners. Strong cooperation between the Ministries of Labour / Employment and that of Finance / Economy as well as the Central Bank is critical. Furthermore, an explicit link between the employment policy and national budget is required, implying the need for a pro-employment budgeting framework. For all this to work would require inclusive governance and the emergence of a developmental coalition amongst the social partners, as well as those involved in the informal economy. Above all, reframing macroeconomic policy around employment and protection is central to renewing the social contract and restoring the legitimacy of national and international governance.

7.2 Recommendations

From the foregoing, the following recommendations should be considered:

- Rethinking the macroeconomic policies to ensure coherence through the explicit promotion of pro-employment macroeconomic, industrial, sectoral and other policies including ALMPs, employment-intensive investment programmes (EIIPs), as well as inter-sectoral linkages (employment multipliers).
- Building the capacities of economic and social ministries and Central Banks, parliaments and social partners on the alternative pro-employment macroeconomic policy framework, as well as pro-employment budgeting. The ILO and ARLAC are already providing this training targeting English-speaking African countries, which needs to be upscaled for impact through for example training of trainers amongst the targeted stakeholders.
- Linking the employment / formalization strategy and national budget through pro-employment budgeting.
- Promoting industrialization and value addition, including regional value chains as outlined in the AU's Agenda 2063 and Africa Mining Vision (AMV).
- Undertaking programmes to communicate and raise awareness on R204 amongst Government Ministries, Agencies and Departments (MAD), social partners (workers' and employers' organizations), including informal economy associations and IE employees and employers, civil society, NGOs, development partners, amongst others. This can be facilitated by the adoption of a Communications Strategy.
- Promoting proper labour market diagnostics to inform the choice of appropriate strategies to transition from informal to formal economy.
- Developing a registry/depository of best practices locally, from the region and globally [e.g. from ILO's programme for the formalization of Latin America and the Caribbean

(FORLAC)] on what works in terms of promoting transition from the informal to the formal economy.

- Promoting knowledge sharing and exchange programmes to encourage peer learning.
- Establishing an appropriate governance and coordination institutional arrangement through broad-based and inclusive dialogue.
- Promoting joint diagnostic assessment of fiscal space for employment, social protection and transition from informal to formal economy.

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