

Fabio Panetta: Introductory remarks – conference "Laying the groundwork for jobs in Africa: core infrastructure and business environments"

Introductory remarks by Mr Fabio Panetta, Governor of the Bank of Italy, at the conference "Laying the groundwork for jobs in Africa: core infrastructure and business environments", organised by the Bank of Italy, Rome, 4 March 2026.

* * *

Distinguished guests, ladies and gentlemen, good afternoon.

The world does not face a shortage of young people ready to work. It faces a shortage of jobs ready to absorb them.

Over the next decade, around 1.2 billion young people will enter the labour force in developing countries - far outpacing current job creation. Africa alone will host a quarter of the world's youth population by 2050.

Whether this demographic transformation becomes a dividend or a source of instability depends on our ability to create enough jobs.

It is therefore a pleasure to welcome you to Banca d'Italia for this event, *Laying the Groundwork for Jobs in Africa: Core Infrastructure & Business Environments*, which brings together policymakers, international institutions and experts to address one of today's most pressing challenges.

I wish to thank the Italian Government and the World Bank for their leadership in advancing this initiative and for convening this discussion on how to foster sustained employment growth in developing economies.

Employment is not only a development priority. It is a cornerstone of economic stability and social cohesion.

Over the past three decades, globalization has helped reduce poverty by expanding economic opportunities and generating jobs across large parts of the world.

Yet this progress has proven fragile. The pandemic, rising trade disputes, renewed protectionism and growing geopolitical tensions have added uncertainty to the global economic environment. In some regions, war is no longer a distant threat but a tragic reality, with human costs above all and potentially far-reaching economic consequences.

Rapid technological change, particularly AI, is now reshaping production and labour demand. It expands market access and raises productivity across the economy, but also creates new challenges.

Translating innovation into more and better jobs - rather than deeper inequality - requires infrastructure, digital skills, access to finance and credible institutions. Yet these conditions remain uneven across developing economies.

Many low-income countries face severe fiscal constraints. Rising financing needs limit public investment in infrastructure and reinforce the urgency to attract private capital.

Unlocking private sector resources at scale depends on creating an environment in which firms can invest, expand and absorb labour. This ultimately rests on two mutually reinforcing pillars: productive capacity and institutions.

First, countries must strengthen the very foundations of growth - notably infrastructure and human capital. In developing economies, the infrastructure financing gap exceeds 4 per cent of GDP annually, with energy and transport being among the most binding constraints.

Second, regulatory quality shapes private sector behaviour: better business regulation stimulates firm entry, investment and employment growth.

These two pillars are complementary. Infrastructure investment without regulatory certainty struggles to attract long-term financing; at the same time, regulatory reform without adequate physical and human capital delivers only limited employment gains.

Aligning the two is essential for building resilient and inclusive growth.

This approach underpins the Mattei Plan, launched by the Italian Government to turn potential into economic opportunities in Africa.

Italy is committed to advancing this integrated agenda. The analytical work of the World Bank - including through its Rome Hub, supported by Banca d'Italia - provides a rigorous empirical foundation for identifying high-impact reforms.

Equally important are the contributions of policymakers, business leaders and academics in identifying constraints and translating analysis into action. In this respect, earlier today, we hosted the World Bank's High-Level Advisory Council on Jobs.

I leave now the floor to our distinguished keynote speakers, whose perspectives will help frame the discussion on how infrastructure, skills and regulatory quality can support employment-intensive growth.

I thank you for your attention and wish you a constructive discussion.