Chapter 5

Improve the quality of life for the people of Africa

In recent decades, African countries have designed ambitious policies aimed at boosting education, health, access to water, labour market opportunities and other factors that improve quality of life. In this chapter we show that while most countries have made advances in at least one area, progress has not been sufficient. Overall poverty rates are still hovering around 43%. By some estimates, more than half of Africa's youth are unemployed, underemployed or inactive. Health and education outcomes are among the lowest in the world and the continent's population has insufficient access to sanitation and safe drinking water. While economic growth has been relatively strong, it has not been rapid or inclusive enough to create jobs. More Africans need to see the benefits of economic growth in their daily lives.

Our Ten-Year Strategy was designed to bring about Africa's economic transformation, built on growth that is both inclusive and green. In this chapter we demonstrate our contribution to improving access to basic services that are a catalyst for productivity and growth in other important sectors of activity. Our support to education helps young Africans develop the skills they need to find jobs, establishing the foundations of a productive workforce and creating opportunities for employment. We conclude by assessing Africa's progress and our contribution in promoting gender equality, strengthening governance and accountability, building resilience in fragile situations and addressing climate change.

Improving access to basic services and employment opportunities

Access to basic services is a vital component of quality of life. In Africa, ● **access to safe drinking water** is improving slowly: almost a quarter of the current African population has gained access to an improved drinking water source since 2000. Today 71% of Africa's population has access to safe drinking water. Wide rural-urban disparities in access to safe drinking water tend to pull down national aggregate figures: over 90% of the richest quintile in urban areas use improved water sources, and over 60% have piped water on the premises. In rural areas, piped-in water is non-existent in the poorest 40% of households, and less than half of the population use any form of improved source of water. At the same time, ● **access to improved sanitation facilities** has improved only slightly since 2010, reaching 39% of the population.

For Africa's poor people, a heavy burden of communicable diseases and nutritional deficiencies reduces their productivity, their quality of life and their life expectancy. Poor households are particularly vulnerable to health shocks that impoverish them even further. ● **Life expectancy** across Africa improved gradually until 2011, but has remained at 59 years since then. Some countries have done better than others — for example, there has been remarkable progress in Ethiopia, where life expectancy for men has risen by almost 16 years, from 45.5 in 1990 to 61 in 2013 (see Figure 7).

> *"In Ethiopia, life expectancy for men has risen by almost 16 years, from 45 in 1990 to 61 in 2013*

Education for all remains a challenge in many African countries. According to UNESCO, 16 of the 20 countries that are most challenged in terms of schooling progress since 2000 are in Africa. ● **Enrolment in education** remained at 45% in 2013, the same level as in 2010. Nevertheless, there has been some notable progress. In 2015 in francophone Africa, 8 of every 10 children were going to school, up from only 5 in 1990. Kenya provides another example of progress in education (see Figure 8).

In parallel, budgets for education have increased much more in Africa than in the rest of the world. In Ghana, education represents more than one-third of budget spending. Ethiopia, Kenya and Tanzania have abolished tuition fees at the primary level, enabling many children to gain access to education.

INDICATOR	ALL AFRICAN COUNTRIES		OF WHICH ADF COUNTRIES	
	Baseline 2010	Latest 2015	Baseline 2010	Latest 2015
Improve the quality of life for the people of Africa				
● Life expectancy (years)	58	59	57	58
● Enrolment in education (%)	45	45	38	39
● Enrolment in technical/vocational training (%)	12.5	10.8	8.2	7.1
● Unemployment rate (%)	10.6	8.5	6.3	6.8
● Access to improved water source (% population)	66.5	71.6	59.8	65.6
● Access to improved sanitation facilities (% population)	40	39	24	26

The bullets indicate that: ● Progress is strong and better than peers ● Progress is positive but less than peers or no progress against the baseline ● There has been regression against the baseline

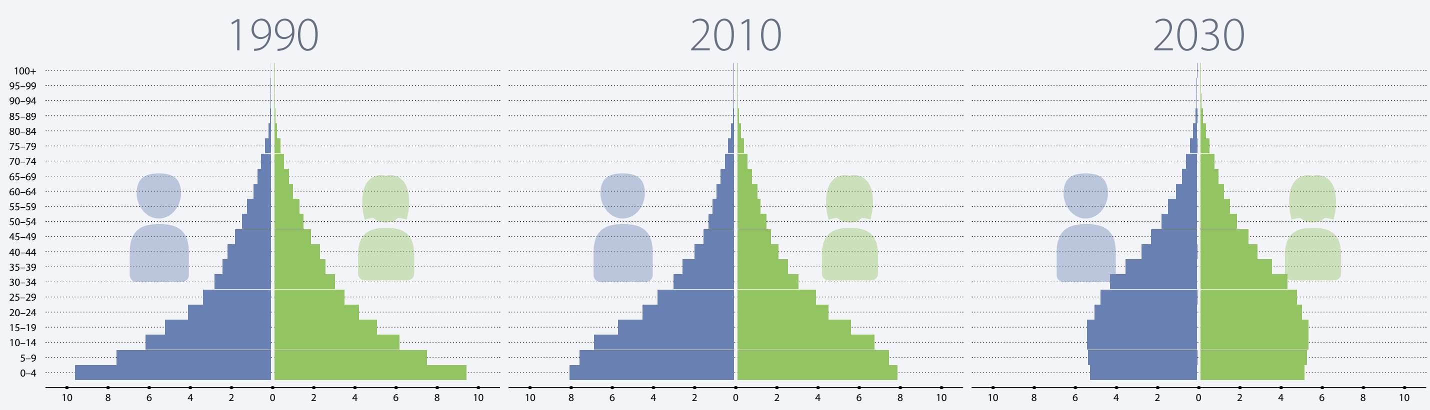
INDICATOR	2013–2015			2016–2018
	Expected	Delivered		Expected
Improve the quality of life for the people of Africa				
● Water — Drinking water capacity created (m³/day)	151 690	116 880	77%	3 644 920
● Water — People with new or improved access to water and sanitation	6 108 680	6 103 190	100%	38 094 120
— of which women	3 048 050	3 039 300	100%	21 491 790
● People benefiting from vocational training	15 158	7819	52%	562 600
— of which women	6454	3330	52%	278 450
● People benefiting from better access to education	1 172 370	1 158 520	99%	1 411 860
— of which female	704 290	707 320	100%	688 590
● People with access to better health services	53 143 130	44 856 570	84%	7 364 840
— of which female	29 423 470	25 118 430	85%	3 131 850

The bullets indicate that: ● Bank operations achieved 95% or more of their targets ● Bank operations achieved 60–94% of their targets ● Bank operations achieved less than 60% of their targets

Figure 7 **Ethiopia: how a changing age structure can lead to economic growth**

Population pyramids for Ethiopia in 1990, 2010 and 2030 (projection)

Percentage

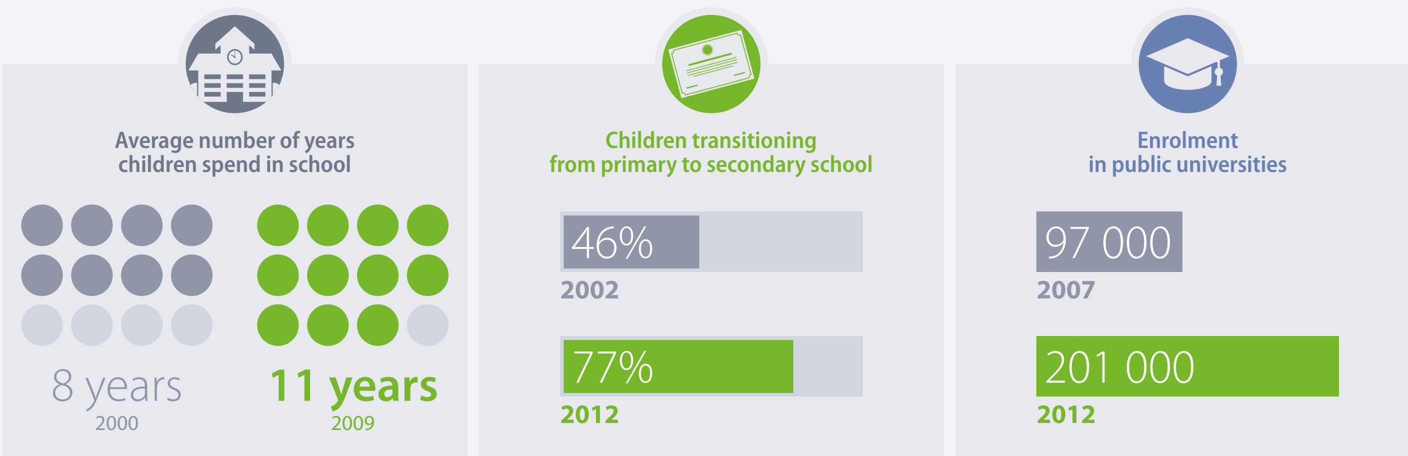


In the past two decades, Ethiopia has experienced an impressive decline in fertility, enjoyed strong economic growth, and made great strides in poverty reduction. The country has established proactive public policies to address its demographic patterns, such as programs to reduce infant and child mortality, improve education, and increase access to family planning. As mortality and fertility levels decline, Ethiopia's working-age population may grow in relation to the number of young dependents, opening a window of opportunity for the accelerated economic growth known as a demographic dividend.

Human capital investments and vigorous job growth are both crucial to achieving the economic growth associated with a demographic dividend. The need to make timely investments in human capital and the economy to realise a demographic dividend warrants an exploration of Ethiopia's development policies and frameworks.

Source: Population Reference Bureau

Figure 8 **Beyond basic education in Kenya**



Kenya has lengthened the time children spend in school, increasing secondary school gross enrolment from 40% in the early 2000s to 67% in 2012 and inspiring more students to join higher education — enrolment in public universities more than doubled between 2008 and 2013. Strong demand for higher-level qualifications and free primary education explain this growth. On the day the Government introduced free primary education in 2003, an extra 1.1 million students went to school. In parallel, public spending on education rose by 42% in real terms between 2004 and 2011. Decentralised funding has also supported infrastructure development and bursaries.

Source: ODI

Unemployment, particularly among Africa's growing youth population of over 400 million, is estimated to be 48% in sub-Saharan Africa[1] and is a threat to social cohesion and inclusive development. Across Africa, ● **unemployment rates** have increased since last year, from 8.2% to 8.5%. And there is a much broader issue of underemployment and vulnerability of employment.

After leaving school, a majority of young people enter the informal economy. The informal economy in Africa contributes 50–80% of GDP, 60–80% of employment and 90% of new jobs. It is estimated that 9 out of 10 workers in both rural and urban areas hold only informal jobs. The informal sector is characterised by lower incomes and a lack of job security and sustainability.

> *The informal economy in Africa contributes 60–80% of employment and 90% of new jobs*

Though young people are better educated than previous generations, their prospects for gainful employment have not increased. The vocational training sector is still not well developed in sub-Saharan Africa; only a few governments are able to finance technical and vocational education and training at the level that is needed. Since 2010, ● **enrolment in technical/vocational training** in Africa has stayed stable at 10.8% — that is, of all students enrolled in secondary education, only 10.8% are enrolled in technical/vocational programmes at public and private upper secondary education institutions. This gives an idea of the limited extent to which African young people are being equipped with job skills.

The Bank's contribution to improving Africans' quality of life

The AfDB is focusing its investments on education, vocational training and skills development. We are embarking on innovative programmes and financing approaches to accelerate job creation and allow Africa's greatest demographic asset — its young people — to contribute to its economic prosperity. We will also continue to invest in improving access to basic services such as water and sanitation. The Ebola crisis was a wake-up call for the continent and the Bank: we must invest heavily in public health care systems in order to build Africa's resilience in the face of health epidemics and emergencies.

Building resilient public health systems

We are working to promote inclusion through improved service delivery in the health sector. In Tanzania, we supported the reduction of maternal mortality in Mara, Tabora and Mtwara Regions on the mainland and the Islands of Zanzibar. In these remote areas, there were no viable options for maternal and child health care.

1 30% in North Africa

Since the Ebola outbreak, we have continued to support Guinea, Liberia and Sierra Leone by contributing to the availability of selected basic social services and the restoration of livelihoods and economic opportunities. Our Post-Ebola Recovery Social Investment Fund, co-funded with the U.S. State Department, is targeting Ebola-affected communities to finance demand-driven, small-scale business activities. It is expected to play a catalytic role in improving community response to outbreaks, thereby contributing to inclusive growth, gender equality and poverty reduction in the three affected countries.

> *We are committed to building up the availability of technical skills so that African economies can realise their full potential*

Overall, during the last three years, our operations provided 44.8 million people — of whom 25 million were female — with ● **access to better health services**.

Investing in education and vocational training

We are committed to building up the availability of technical skills so that African economies can realise their full potential in high-technology sectors.

In Kenya, for example, we contributed to improved access, affordability and quality of education and training services. We supported increased physical access and improved the conditions for the teaching of science and mathematics. We also provided increased access and learning opportunities to disadvantaged children, including those with special educational needs, and contributed to the development of a more relevant and appropriate national technical, industrial, vocational and entrepreneurship training system. Scholarship support to 20 303 poor and needy students (33% girls) enabled 350 schools to admit and retain needy students.

Through our work in education, science and technology, 18 000 teachers and other educational staff were recruited or trained. Overall, more than 1.1 million ● **people benefited from better access to education**.

Providing sustainable water and sanitation services

Access to safe water supply and improved sanitation is essential to improve health and education and to enhance food security and nutrition. Therefore, expanding access to clean water and better sanitation is a strategic priority for the Bank. With a strong emphasis on rural communities and small and medium-sized towns, we are providing sustainable water and sanitation services to the most underserved areas in Africa. In Cameroon, for example, our sanitation infrastructure project helped improve the living conditions of 300 000 people in the capital, Yaoundé, mainly in poor residential areas (see Box 8).

In Rwanda, we enhanced water security for over 700 000 people in rural communities through the development of sustainable water supply and sanitation infrastructure, institutional support and programme management. The project contributed to the achievement of MDG 7 for both sanitation and hygiene for the project area and reduced the average time beneficiaries had to walk to collect water from 4.5 hours to 30 minutes. This allowed women to increase their involvement in income-generating activities, particularly market gardening, and allowed girls to improve their school attendance and performance.

> *More than 6.1 million people benefited from improved access to water and sanitation as a result of our projects*

Overall, our projects created 116 000 ● **m³ of drinking water capacity**. During 2013–2015 more than 6.1 million ● **people benefited from improved access to water and sanitation** as a result of our projects, including 3 million women.

Box 8 **Supporting flood-resilient cities**

Our sanitation infrastructure project in Yaoundé, the capital of Cameroon, aimed at limiting the floods that disrupt the city's socioeconomic activities and improving the living conditions of 300 000 people in the poor areas.

The project is an example of how we promote the development of flood-resilience in cities. This investment reduced the number of floods from 15 to 3 per year and reduced the prevalence of malaria from 16% to 12%. It led to the creation of 755 direct and 1 070 indirect jobs, including jobs related to landscaping and pre-collection of solid waste.

A second phase of the project—to extend the canal built in the first phase—has just started, with co-financing from the government, the French Development Agency and the Global Environment Facility. This phase will include hygiene and environmental aspects related to wastewater management and will benefit 1.8 million people, 49% of them women.

A recent Bank impact evaluation looked at the rural water supply and sanitation programme in Ethiopia. The programme had significant impact on access to and use of improved water sources in selected communities, but was not effective in ensuring the water was completely safe for drinking at the source and point of use. Poor-quality water and sanitation facilities and services, combined with irregular water quality testing and treatment, could undermine positive health outcomes. We derive lessons from such evaluations and use them to improve the design and implementation of similar projects.

Development in Africa (See Annex 1)

INDICATOR	ALL AFRICAN COUNTRIES		OF WHICH ADF COUNTRIES	
	Baseline 2010	Latest 2015	Baseline 2010	Latest 2015
Strategic cross cutting areas				
● Women's participation in the labour market (%)	42.3	42.5	46.2	46.2
● Mo Ibrahim Index of African Governance (index)	51	50	47	47
● Tax and non-tax fiscal revenues (% of GDP)	16.7	16.1	13.1	13.7
● Index of effective and accountable government (index)	3	2.8	3.3	2.9
● Country Policy and Institutional Assessment (CPIA) score	3.4	3.4	3.2	3.4
● Gender-Sensitive Country Institutions (index)	..	0.3	..	0.3
● Share of population living in fragile countries (%)	22	24	39.3	39.2
● Institutional capacity for environmental sustainability (index)	3.5	3.5	3.3	3.4

The bullets indicate that: ● Progress is strong and better than peers ● Progress is positive but less than peers or no progress against the baseline ● There has been regression against the baseline ● Data are not available to measure progress

How AfDB contributes to Africa's development (See Annex 2)

INDICATOR	2013–2015			2016–2018
	Expected	Delivered		Expected
Strategic cross cutting areas				
● Countries with improved quality of budgetary and financial management	18	17	94%	..
● Countries with improved quality of public administration	6	6	100%	..
● Countries with improved transparency, accountability and corruption mitigation in the public sector	20	15	75%	..
● Countries with improved procurement systems	9	5	56%	..
● Countries with improved competitive environment	15	9	60%	..

The bullets indicate that: ● Bank operations achieved 95% or more of their targets ● Bank operations achieved 60–94% of their targets

Strategic cross-cutting issues

Scaling up implementation in the five priority areas of the Ten-Year Strategy will be possible only if critical cross-cutting areas such as gender, governance, fragility and climate change are brought fully into the mainstream of the Bank's operations to achieve greater impact creating jobs and reducing poverty.

Gender equality

Equality for women is progress for all. Better inclusion of women in institutional, social and economic matters is an important goal in its own right. It is also a key driver of economic competitiveness: economies that harness women's energy and talent outperform those that do not. Empowering women by providing equal access to education, land and credit, ensuring their equal legal rights, enabling their participation in public life, and integrating them into the labour market can foster productivity and growth, and reduce poverty. In Africa, ● **women's participation in the labour market** has remained stagnant for several years at 42.5%, indicating that much more needs to be done to improve the participation of women.

The Bank is committed to promoting gender equality as an essential driver of progress and sustainable development. We are engaging with countries to address gender issues directly through our operations and indirectly by placing special emphasis on mainstreaming gender throughout all our operations.

Small and medium-sized enterprises (SMEs) are significant drivers of economic growth, job creation and poverty alleviation in Africa. However, it is estimated that only a third of formal African SMEs are owned by women, who often have limited access to finance when establishing SMEs. The Bank is therefore making a concerted effort to increase the involvement of women as a means for economic empowerment.

> *Women's participation in the labour market has remained stagnant for several years at 42.5%*

In Senegal, our competitiveness project supports women's entrepreneurship by establishing an SME guarantee and financing scheme. In Mozambique, the Bank is supporting women's entrepreneurship by improving access to financial services and helping overcome barriers that hinder business creation. In Burkina Faso, we financed "one-stop shops" to provide training and assistance to women for business registration. This led to a 49% increase in the number of registered women-led businesses, from 708 in 2010 to 1 052 in 2014.

Our governance projects also support policy reform and gender-responsive budgeting initiatives to promote gender equality. There is an increased emphasis on the use of gender indicators and the collection of gender-disaggregated data to monitor the impact of policies and programmes.

In another approach to improving the welfare of African women, we have started to engage in the clean cooking sector through the Sustainable Energy Fund for Africa (SEFA) and the Sustainable Energy for All (SE4All) Africa Hub. SEFA approved a project that will finance a bio-refinery producing clean cooking fuel in Nigeria, and more than 10 sub-Saharan countries are receiving support to prepare the SE4All Action Agenda, which establishes the objectives for 2030 for access to clean cooking solutions.

Governance and accountability

Governance progress as measured by the ● **Mo Ibrahim Index of African Governance** has been slow, except in political participation. The 54 countries on the continent receive diverse scores, each showing specific patterns along a wide range of results, with a more than 70-point gap between the top-ranking country, Mauritius, and the bottom-ranking country, Somalia.

Over the recent period, we have achieved our strongest results in ● **quality of public administration** and ● **budgeting and financial management**. Of countries in which the Bank has supported relevant reforms, 100% improved their public administration and 94% their financial management. Given the importance of governance and accountability in promoting inclusive growth, the Bank supports its regional member countries in strengthening their public financial management systems (particularly in Sierra Leone, Niger, Burundi, Sudan and Tanzania) and promoting business-enabling environments.

Delivery on these areas of work has been further enhanced by the Bank's new Governance Strategy and Action Plan, which also gives special focus to enhancing voice and accountability; addressing governance for improved service delivery in core sectors such as energy, health and education; and improving management of natural resources.

> *The implementation of the High 5 will require undertaking important governance and regulatory reforms to promote an enabling business environment*

We have also had commendable results in improving ● **transparency, accountability and corruption mitigation** (75% of countries in which the Bank has supported relevant reforms). We have, however, encountered some challenges in supporting countries in ● **improving their procurement systems** (56%) and ● **their competitive environment** (60%).

A core area of the Bank's business is addressing bottlenecks to private sector development and competitiveness. For the Bank, the implementation of the five high-priority areas will require strengthening national capacities as well as undertaking important governance, legal and regulatory reforms to promote an enabling business environment. Our governance operations have achieved results across all of these areas: improved policy and institutional frameworks, greater transparency and accountability of government, increased revenue collection, and improved conditions for doing business.

Examples of support for reforms geared towards improving the investment climate include our work in Mauritius and the Seychelles. Both countries are now considered to be top performers on the continent in ensuring a business-enabling environment. In the Seychelles, a key constraint to private sector development, in particular the growth of the micro, small and medium-sized enterprise (MSME) and SME sector, was poor access to finance. The Bank supported the government's reforms to implement a new MSME financing scheme that greatly improved access to finance, with over 670 businesses benefiting. Other policy reforms included establishing the Financial Supervision Agency; passing legislation on payment systems; passing a new legal practitioner's bill; developing a competition policy; and approving new procurement regulations. All of these contributed to improving the business-enabling environment and, in particular, the development of the financial sector.

As external sources of financing become more constrained, African governments will, more than ever, need to tap into their countries' additional revenue potential if they want to maintain their development efforts in a sustainable way. Domestic resource mobilisation was central to the agenda of the Financing for Development Conference in July 2015. In the outcome document, countries agreed to an array of measures aimed at widening the revenue base, improving tax collection, and combatting tax evasion and illicit financial flows.

In 2015, ● **tax and non-tax fiscal revenues as a proportion of GDP** — at 16% — have not progressed much since 2005. Some countries are showing good progress in domestic revenue mobilisation, but from a low starting point. There were some downward pressures on trade tax revenue as countries engaged in trade liberalisation to support regional integration, and some countries (Botswana, Nigeria, and Zambia) also faced a decrease in revenue because of commodity price falls and inefficient tax collection systems. Governance challenges need to be addressed to ensure that African states have the capacity to raise revenues and deliver public services effectively and efficiently.

Thus the Bank has given particular priority to strengthening domestic resource mobilisation, with a focus on taxation, natural resource management, stemming illicit financial flows, and strengthening fiscal revenue administration systems. Effective taxation that provides a reliable and sustainable source of revenue to governments can have an exponential effect on recovery and growth. Unfortunately, many African countries face challenges in implementing and maintaining effective tax collection systems because of weak institutional capacity and a lack of incentives to comply.

In Niger, the Bank's effective support for tax reforms led to the creation of 20 new tax collection points and an increased rate of taxation — from 15% in 2011 to 17% by 2013 (see Box 9). We have also given particular attention to improving the governance of natural resources — especially extractives, which are important as a source of revenue. In Tanzania, for example, the Bank supported the ongoing reform of the tax system, as well as greater transparency in the extractives sector. As a result, in 2012 Tanzania reached compliance with the Extractive Industries Transparency Initiative (EITI).

> *In Niger, the Bank's effective support for tax reforms led to an increased rate of taxation — from 15% in 2011 to 17% by 2013*

Box 9 **Supporting inclusive growth and the strengthening of food security**

In Niger, we supported the Programme for Inclusive Growth and the Strengthening of Food Security through a successful collaboration between our governance and agriculture operational teams. The programme improved internal revenue collection and contributed to greater transparency and efficiency in the expenditure chain. The tax ratio increased from 15% in 2011 to 17% in 2013, and the Public Expenditure and Financial Accountability (PEFA) score also improved. The project addressed critical governance constraints to the development of the agriculture sector for enhanced food security, including the adoption of related key policies, strategies and action plans to guide the implementation. Reforms supported included adopting a strategy to expand irrigation, improving access to agricultural inputs, and removing trade barriers. Niger managed to stabilise the food insecurity vulnerability index at 15%. Finally, we assisted in improving the business climate and the competitiveness of agro-industries with the development of an action plan for the reform of import-export procedures and the establishment of a business centre.

Fragility and building resilience

More than 250 million people in Africa live in countries that are affected by conflict and fragility — the share of the African ● **population living in fragile countries** is 24%.

The principle of "leaving no one behind" through the development of inclusive societies is at the core of the Sustainable Development Goals (SDGs). The Bank recognises that the SDGs cannot be delivered without efforts to tackle fragility and build resilience, in both the short and the long term.

The Bank approaches fragility by applying a "fragility lens" to guide its strategic and operational engagement. In implementing the five high-priority areas, the Bank continues to champion interventions that are fragility-proofed.

In fragile situations, agriculture development offers realistic prospects for large-scale job creation, reducing further potential conflicts over limited land and natural resources. In the same vein, private sector development through increased access to energy and industrialisation is important for transitioning out of fragility. Fragility also has a regional dimension: many of the drivers of fragility, including scarcity of water resources, climate change, and other environmental losses, are regional in nature.

Countries in fragile situations are often the ones most vulnerable to climate change. There is an important overlap between countries with fragile situations and those that are most vulnerable to climate change (see Figure 9). Changing climatic conditions therefore act as a "risk multiplier", interacting with drivers of fragility — political and economic instability, wealth disparities, weak governance, and historical grievances — to exacerbate existing conflicts or trigger new ones.

The AfDB has been the first multilateral development bank to recognise the nexus of fragility and climate change through the work of its High-Level Panel on Fragile States and its Strategy for Addressing Fragility and Building Resilience in Africa, which explicitly considers the environmental dimension of fragility. The risks of climate change are highest in regions that combine environmental fragility with poorly diversified economies, high dependence on rain-fed agriculture and public institutions that lack the capacity or willingness to support adaptation and conflict management. Other risks include climate-induced migration and accelerated urbanisation.

> *Countries in fragile situations are often the ones most vulnerable to climate change*

The fragility-climate change challenge requires regional approaches. The more extreme the event in one country, the more likely it will affect neighbouring countries.

The Bank has increased its efforts to design and implement regional initiatives that address the climate change-fragility nexus. In a first phase, it has targeted the Sahel, the Horn of Africa and the Lake Chad Basin (see Box 10). While these operations are still in their early phases, they are indicative of the shift in the Bank's approach to fragile situations, complementing national operations with regional interventions and working with and through such regional institutions as the Intergovernmental Authority on Development, the Permanent Interstate Committee for Drought Control in the Sahel, and the Lake Chad Basin Commission.

The climate change opportunity

Addressing climate change is at the heart of our mission to address poverty by spurring sustainable economic development and social progress. Our investments can create opportunities for Africa to adopt a low-carbon, climate-resilient development pathway that builds adaptive capacity and strengthens institutions. To make sure all our investments support climate change objectives, we screen our projects for climate risk and build resilience into project design through the Climate Safeguards System. Our work in this area covers agriculture, water, transport and energy.

In agriculture, the Bank's investments are helping systems across the continent adapt to both the short-term stresses (such as drought) and long-term consequences (such as reduced crop yield) that not only increase but perpetuate vulnerability. The Bank is enhancing the continent's capacity to adapt to climate risk by improving access to appropriate technology, building agriculture infrastructure, enhancing public policy reform and improving smallholders' access to finance.

> *"We invested about $1.1 billion in water resources development between 2011 and 2015, of which more than 53% was to address climate change mitigation and adaptation*

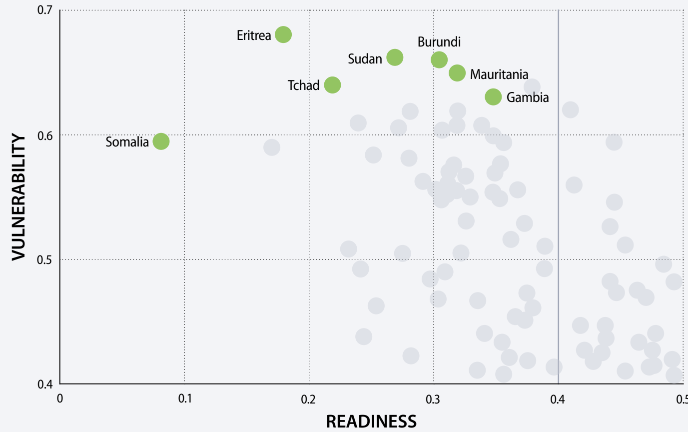
We also take climate change into consideration in all our water investments. The Bank promotes integrated water resources management; supports trans-boundary water resources management; builds the resilience of water supply and sanitation; supports water knowledge and information; promotes green energy; and aids the construction of multipurpose dams for water supply, irrigation and hydropower. We invested about $1.1 billion in water resources development between 2011 and 2015, of which more than 53% was to address climate change mitigation and adaptation — a share we expect to increase to about 90% by 2020.

The Bank is also investing in developing greener transport links that mitigate climate change by reducing emissions while helping to build economies and societies that include everyone. The Bank is increasing the resilience of transport networks by investing in developing and implementing regional and urban sector master planning and promoting "sustainable cities". The Bank expects about 50% of its transport investment to focus on climate change by 2020.

Finally, by helping to unlock Africa's enormous potential for renewable energy, the AfDB has a major role in reducing the continent's emissions. This is why it is investing massively in technology, innovations, policies and regulations to speed up a renewables revolution. It is funding renewable energy projects across a range of technologies, scales and geographies.

The Bank is supporting the Africa Renewable Energy Initiative, an African-owned and African-led effort to accelerate and scale up the harnessing of the continent's significant renewable energy potential. The initiative seeks to achieve at least 10 GW of new renewable energy generation capacity by 2020 and — as an aspirational goal — to mobilise the African potential to generate at least 300 GW by 2030.

Figure 9 **Countries most vulnerable to climate change have also low level of readiness**



The matrix above illustrates the comparative ability of countries to undertake adaptive actions to increase their resilience to climate. The vertical axis measures the relative vulnerability of countries. The horizontal axis measures to what degree a country is prepared to deal with climatic and environmental changes. Somalia emerges as the country most vulnerable to the impact of climate change, followed by Eritrea.

These and other highlighted countries have also a low level of readiness. They face issues such as food supply problems in Somalia and Eritrea, low access to clean and safe drinking water in Sudan, changing weather patterns in Burundi and The Gambia and a combination of drought rising sea levels and flooding in Mauritania. There is a great need for investment and innovation to improve readiness and an urgent need for climate change adaptation.

Source: Notre Dame Global Adaptation Index

Box 10 **Addressing fragility in Lake Chad Basin**

In 2014, the Bank approved a multinational project to address fragility in the Lake Chad Basin region, at the borders of Cameroon, Niger, Nigeria, Central African Republic and Chad. The drivers of fragility are multiple and interrelated: environmental, security, social, economic, humanitarian and political issues. Water resources are dwindling constantly in the absence of coherent management, and the humanitarian situation is becoming increasingly precarious as a result of the influx of refugees fleeing armed conflicts or growing food insecurity in the region. Finally, the ecosystems of Lake Chad are of considerable natural diversity and are exposed to stresses that have been exacerbated by climate change and man-made factors. Our support will help build the resilience of the local population through a comprehensive approach to improving their incomes, food security and access to basic social infrastructure. It is anchored in a regional cooperation mechanism to address the drivers of fragility, with a view to unlocking the development potential of the entire region.

In December 2015, 195 countries meeting in Paris unanimously approved the first universal climate agreement, pledging to keep global temperatures "well below" 2.0 degrees Celsius above pre-industrial times and "endeavouring to limit" them even more, to 1.5C. The AfDB provided support to the coherent structure that was established through the African Group of Negotiators, the African Ministerial Conference of the Environment, and the Committee of African Heads of State and Government. The African Group of Negotiators went to Paris with two initiatives that would contribute to achieving the expected outcomes of the Paris Agreement: the Africa Renewable Energy Initiative and the Africa Adaptation Initiative.

> *We will nearly triple its annual climate financing to reach $5 billion a year by 2020, an increase to 40% of our total new investments by 2020*

In Paris, during the United Nations conference on climate change, the AfDB and other multilateral development banks pledged to increase our climate finance and to support the outcomes of the conference through 2020. As such, the Bank will nearly triple its annual climate financing to reach $5 billion a year by 2020. This will represent an increase to 40% of our total new investments by 2020.

Looking forward

Africa must use the skills of its people to transform its "demographic dividend" into "economic dividends." Africa's population is the youngest among all the continents: an estimated 60% of its population is between the ages of 15 and 24. But more than half of Africa's youth are unemployed, underemployed, or inactive. Africa's pervasive lack of economic opportunity for youth also fuels migration. Sometimes it is internal migration: young people leave rural areas for urban centres, putting a strain on cities and still not finding opportunity. Sometimes it is external migration to Europe and beyond. This serves as a stark reminder that Africa is in danger of compromising its future growth by underinvesting in education and quality job creation.

These millions of young people are sources of ingenuity and engines of productivity that — if carefully cultivated — could ignite a new age of inclusive prosperity on the continent. We must invest in Africa's youth to build skills and encourage entrepreneurship, while providing access to the financial resources necessary to unlock their creativity and unleash the power of their enterprises.

We aim to create vocational and employment schemes for young people, through such schemes as our Jobs for Africa's Youth Initiative. This strategy is designed to increase direct and indirect employment, resulting in reduced poverty, inequality, and economic and conflict-driven migration. It will also contribute to increased social cohesion and political stability.

To accomplish this goal, the strategy aims to increase inclusive employment and entrepreneurship, strengthen human capital, and create durable labour market linkages by making use of three strategic levers: innovation, investment and integration. It will create jobs for rural youths through agriculture. It will also develop Skills Enhancement Zones that will link industrial clusters with young graduates, who will be supported with business incubation and financing facilities to grow their businesses. We believe that the initiative can reach over 50 million young people over a 10-year period, stimulate the creation of 25 million jobs, and inject an additional $30 billion into African economies.

> *Africa's pervasive lack of economic opportunity for young people is fuelling migration — internal and external*

To improve the quality of life of a larger part of the population, we will also continue to invest in improving access to basic services such as water and sanitation as well as investing heavily in strengthening institutions that deliver these services, particularly health systems in countries most vulnerable to epidemics such as Ebola.

Promoting gender equality across Africa remains a top priority as well as an essential ingredient of the inclusive growth agenda. When implementing the High 5 strategies, the Bank will ensure that gender mainstreaming is scaled up in new and ongoing budget and investment interventions, including a more systematic assessment of gender issues in country strategy papers and sector strategies.

Responding to demands in Africa for better governance and basic services across the High 5s, the Bank will assist institutions that support inclusion and promote accountability. We will continue to support initiatives that increase accountability for the provision of essential services and help countries better manage their natural resource wealth to finance greater diversification, competitiveness and productive employment.

We have taken important steps towards building our capacity to assess fragility and apply a fragility lens in our engagement in fragile situations, as prescribed in our Strategy for Addressing Fragility and Building Resilience in Africa 2014–19. Improving quality of life for Africans in fragile situations will require specific approaches combining urgent responses when required and medium to long-term interventions aiming at strengthening capacity of basic service structures.

As part of the efforts of multilateral development banks to meet the COP21 agenda, we have committed to tripling our climate finance to $5 billion a year by 2020 in all key sectors. We will enhance the capacities of our regional member countries to access global climate finance and achieve their commitments to climate change adaptation and mitigation. Besides climate finance enhancement, this includes the implementation of Africa's Intended Nationally Determined Contributions (INDCs), the alignment of the Bank's High5 areas with the Paris Agreement, the New Deal on Energy for Africa, and the Africa Renewable Energy Initiative, which will be hosted by the Bank. ■