

Leading the digital revolution

The Bank is committed to enabling Africa's youth to fully participate in the fourth industrial revolution by boosting digital skills and accelerating science, technology, engineering, and mathematics education. Supported by the AfDB, the Carnegie Mellon University in Rwanda is raising Africa's next generation of technology leaders to drive the continent's digital revolution.

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Chapter 5

Improve the quality of life for the people of Africa

Ultimately, all of the Bank's work aims at improving Africans' lives. Our goal is to facilitate the creation of decent jobs and make sustainable livelihood opportunities available to all Africans. To achieve this, we invest in skills development and training, quality health infrastructure, and water and sanitation services. And indeed, quality of life in Africa has improved significantly over the last two decades. Poverty rates have fallen; access to education, health, and other basic services has increased rapidly; and renewed economic growth has created new employment opportunities. But across the continent, poverty, inequality and unemployment remain high and population growth is still strong. The Covid-19 pandemic is threatening Africa's socioeconomic gains further. These challenges call for much more ambitious action: "business as usual" is not an option.

Job-creating growth is vital to improving quality of life

Africa's economies have grown robustly since the mid-1990s, generating more resources to invest in human development and expanding livelihoods and employment opportunities. Economic growth and human capital improvements have helped reduce extreme poverty rates in the region from 54% to 41% between 1990 and 2015. Still, the proportion of Africa's **population living below the poverty line** remains high: it was 40% in 2019.

> *"Most Africans have benefited little from robust economic growth. In the poorest and most fragile countries, extreme poverty affects 43% to 57% of the population*

Despite important progress, then, economic growth has had limited impact on most Africans. During 2000–2014, for instance, a 1% increase in GDP growth was associated with only a 0.41% growth in employment. Indeed, employment grew at less than 1.8% per year over this period, far below the nearly 3% annual growth in the labour force.

A number of factors made Africa's growth less inclusive. One factor is that the continent's population grew more rapidly than its economy, so that the absolute number of people living in poverty in Africa increased since 1990. The Covid-19 pandemic is expected to push even more people into extreme poverty.

Another factor relates to the nature of Africa's growth, which has been concentrated in sectors that are capital-intensive. These sectors generate fewer jobs and leave more people in the informal economy, where skills are few and working poverty is high. The situation is complicated even for the educated, as economies are not creating enough jobs and, in some cases, the skills acquired through education are not relevant to the job market.

Finally, even though poor Africans have benefited from growth over the last two decades, average consumption by Africa's poor has grown more slowly than consumption by the overall population. **Income inequality**, as measured by the Gini index, is high (41%) has remained unchanged in recent years. Growth has also been weaker in the poorest and most fragile countries, causing extreme poverty to stagnate at high levels in low-income ADF countries (43%) and transition countries (57%). The Bank estimates that without changes in the nature of growth, a quarter of Africa's population could still experience poverty in 2030, when stakeholders had hoped to reach the sustainable development goal of eradicating extreme poverty for everyone.

Skills and the future of work

Over the last two decades, Africa's rapid growth in promoting access to education—especially at the primary level—is a notable success story, with **enrolment in education** increasing to 63% in 2019 and the **enrolment of girls** reaching 61%. Yet overall levels of education in Africa remain lower than in other developing regions (fewer than half of children of secondary-school age are enrolled) and the quality of primary education is often inadequate. In countries affected by conflict, girls are almost three times more likely to be out of school than boys and have fewer education opportunities. The gap between the education levels of the poorest and richest segments of the population remains high and has changed little in more than 30 years.

Table 9 **Quality of life in Africa has slowly improved (Level 1)**

INDICATOR	AFRICA		ADF COUNTRIES		TRANSITION STATES	
	Baseline 2015	Latest 2019	Baseline 2015	Latest 2019	Baseline 2015	Latest 2019
Population living below the poverty line (%)	42	40	45	43	57	57
Youth unemployment rate (%)	14.0	12.0	10.3	7.3	8.6	8.8
—of whom young girls	16.5	12.0	12.2	7.5	8.0	8.3
Unemployment rate (%)	8.9	7.0	6.3	4.6	12.1	11.6
—of whom women	9.8	7.6	7.9	4.9	5.1	4.9
Enrolment in education (%)	62	63	59	60	58	58
—of whom women	59	61	56	58	53	56
Access to safely-managed sanitation facilities (% population)	39	40	25	24	23	25
Income inequality (Gini index)	41	41	41	41	41	40
Access to safely managed drinking water services (% population)	72	66	64	56	51	54
Enrolment in technical/vocational training (%)	11	10	8	7	9	10
—of whom women	9.4	8.8	6.8	8.5	8.1	8.3

Improvement over baseline Stability Deterioration

Progress in **technical vocational education and training** (TVET) has also been limited, with enrolment reaching just 10% in 2019. Access to TVET—including in science, technology, engineering, and mathematics—is lower for women and is lower in low-income ADF and transition countries.

> *Africa has rapidly boosted access to education, especially primary education. But less than half of children are enrolled in secondary school*

Over the last two decades, African countries rapidly increased public spending on education. However, education spending per pupil is still lower and less efficient in Africa than in other developing countries, and only 4% goes on TVET. Other factors constraining TVET include insufficient inter-sectoral linkages, weak curricula, poor pedagogy, inadequate infrastructure and human resources, and incoherent policy and institutional frameworks. In addition, TVET is a highly capital-intensive component of the education sector that requires significant budgets. Addressing these issues will require improving revenue generation and public financial management, strengthening national educational policies and institutions, better coordinating amongst key stakeholders—including through stronger public-private partnerships—and incentivising the private sector to invest more in skills training.

In the labour market, an estimated 86% of African workers are employed informally. Of these, the vast majority are women. 58% of Africa's workers are employed in low-skilled occupations and only 12% in high-skilled occupations. As a result, an estimated 54% of workers in Africa live in poverty, compared to just 19% in Asia.

Although investing in education has been proven to boost workers' productivity and incomes, African countries are not creating enough jobs for those who succeed in education. As a result, Africa's unemployment rate is 7.0% for the general population and 7.6% for women. Unemployment fell significantly in 2019.

It has been especially challenging to create jobs for Africa's fast-growing youth population and the **youth unemployment rate** remains higher than the rate of general unemployment (especially for young girls), even though it fell from 14% to 12% in 2019. It is also the case that close to half of employed youth in Africa perceive their skills to be mismatched to their jobs. This depresses their wages and their job satisfaction. Underemployment amongst young people also remains high.

The scale of the challenge to create jobs in Africa highlights the importance of supporting public employment services and expanding access to TVET tailored to the needs of jobseekers and employers alike. Training should support jobs in the informal as well as the formal sector. Social protection schemes—both within and outside work—should also be expanded, to supply safety nets to people whose informal jobs have little protection and expand assistance for those looking for work.

Efforts to rapidly create more formal and productive jobs in Africa are held back by a wide range of factors in addition to human capital constraints. These factors include limited investments in agriculture, weak infrastructure, conflict, and slow progress in regional integration. The constraints are hampering Africa's full participation in the fourth industrial revolution, a phase of industrial development that is being led by new and disruptive technologies such as artificial intelligence, the internet of things, big data, 3D printing, blockchain, and drones. With an estimated 10% of

technology start-ups already focused on fourth industrial revolution technologies, Africa could bypass earlier stages of industrial development. Indeed, Africa is already leading in innovations involving mobile devices and internet connectivity, such as mobile payment and banking platforms. Building on these achievements, African countries should expand their investments in ICT and in digital technologies, infrastructure, and skills training. They should also strengthen the business environment while ensuring that women are able to participate.

Access to social services

Access to improved water, sanitation and hygiene (WASH) is key to improving Africans' quality of life and is the first line of defence against the transmission of many diseases. It is estimated that better WASH could prevent as many as 367 000 diarrhoeal deaths per year in Africa and reduce global child mortality by over two million. Good water and sanitation also create economic opportunities.

> *Inadequate investments in health and sanitation mean that Africa carries a quarter of the global burden of disease. Nearly 290 million people live over two hours from the nearest hospital*

Africa has expanded access to WASH in recent years, but more slowly than other developing regions. The latest data indicate that **access to safely managed drinking water services** fell to 66% in 2017 from 72% in 2015–2016. **Access to safely managed sanitation** facilities reached 40% in 2017 and likely remained there in 2018 and 2019.

Significant financing gaps remain to securing universal access to water and sanitation services in Africa, and a variety of public and private sources need to be mobilised to expand service provision. These resources should be better targeted to countries, regions, and population groups with the least access. The institutions that manage water and sanitation services should also be strengthened, so that resources are used more efficiently.

Africa is improving its health outcomes, even though it lags behind other parts of the world (Africa currently carries a quarter of the global burden of disease). The lag can be partly attributed to the weak state of Africa's health systems, the result of low investments in quality health infrastructure, human resources, and public health insurance schemes. It is estimated that in Africa, nearly 290 million people and 65 million women of child-bearing age live more than two hours from the nearest hospital.

Improving quality of life is central to the Bank's work

Ultimately, all of the Bank's High 5s aim at improving Africans' quality of life. The Bank' efforts to Light Up and Power Africa improve homes and stimulate economic activity; its Feed Africa initiative secures adequate nutrition and expands agricultural livelihoods; its work to Industrialise Africa creates jobs at scale; and its efforts to Integrate Africa help countries realise their social and economic potential.

In addition, through its Improve the Quality of Life High 5, the Bank is engaged in efforts to build human capital and expand access to the basic social services needed to sustainably improve Africans' quality of life. This involves supporting Africa's population to gain access to quality education, good training, and decent employment, the most sustainable route out of poverty. It also involves investing in water, sanitation, health infrastructure and other social services, to make it possible for Africa's people to lead dignified, healthy, and fulfilled lives. The Bank ensures that gender equality and women's empowerment are central to its work.

Box 7 **Stories from beneficiaries – Digital training in action**



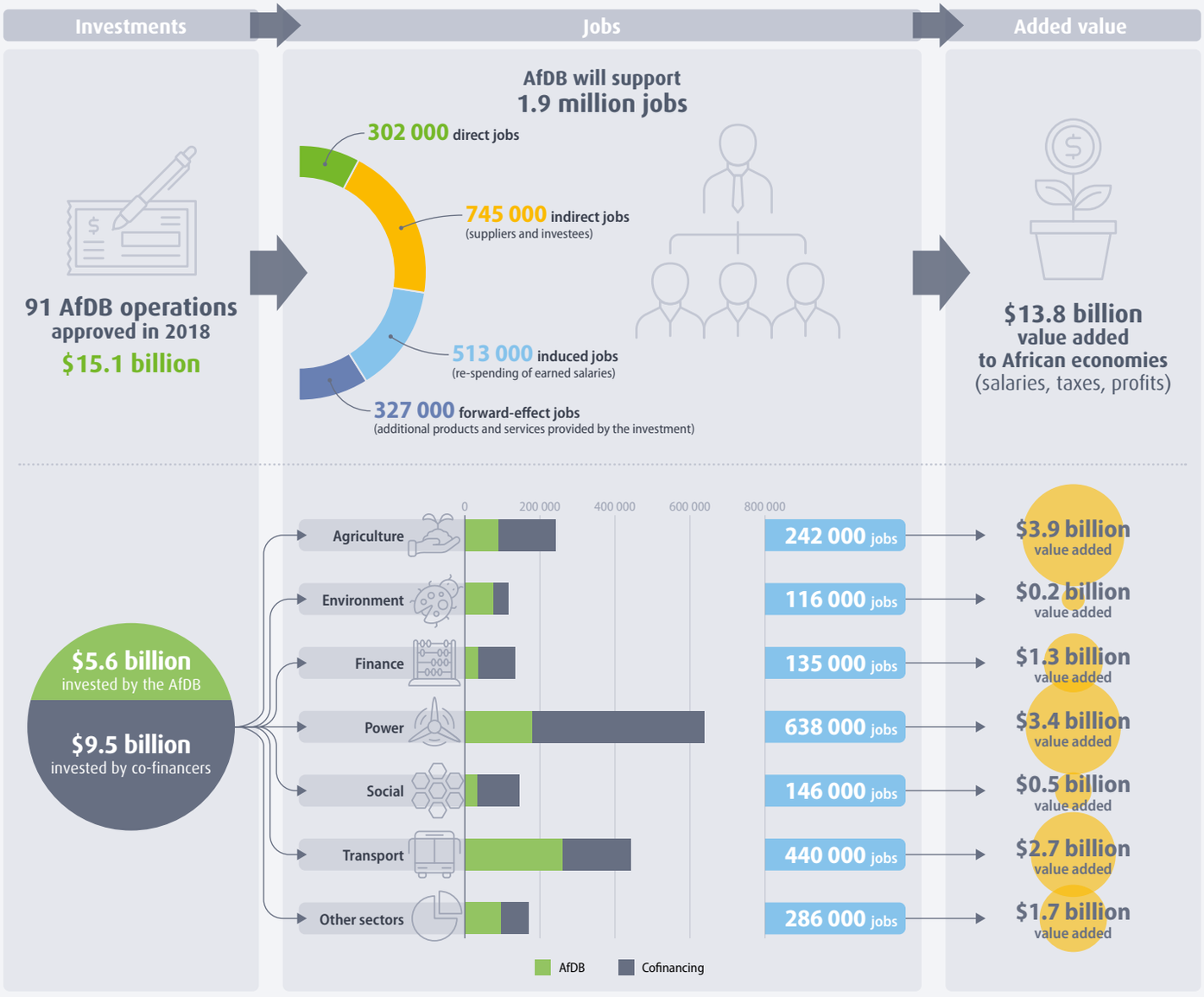
Following pilots in Côte d'Ivoire, Kenya, Nigeria, Rwanda, and Senegal, the Bank launched its Coding for Employment digital training programme in partnership with technology firm Microsoft in April 2019. The programme identified 14 centres of excellence and trained over 12 000 people. The Bank aims to expand this programme over the next 10 years to 130 centres of excellence across Africa, creating nine million jobs and empowering young people to become innovative players in the digital economy.

One of the programme's beneficiaries, Olashile Odetola, graduated in 2016 from the University of Ibadan in Nigeria with a degree in communication and language arts, but could not find a job. After completing the five-week programme, she now works annotating and labelling for an online company. The programme's flexibility was important for her, as it permitted her to attend the training with kids in tow — she was then nursing her youngest child.

"Never in my life did I think that I would have this opportunity. For the first time, I feel confident in myself. I am now working from the comfort of my home in the digital field," she told a packed auditorium at the Bank-organised African Economic Conference held in Sharm El Sheikh, Egypt.

Figure 6 **The Bank is assessing the impact of its investments on jobs**

In collaboration with five development finance institutions, the Bank is introducing the **Joint Impact Model**, a tool that measures the direct, indirect, induced, and forward-effect jobs created from our operations. The model estimates that 91 public and private operations approved in 2018 will help create 1.6 million indirect, induced, and forward-effect jobs as well as 0.3 million direct jobs. The Bank will therefore support a total of 1.9 million jobs, of which 0.8 million can be attributed directly to Bank funding. We estimate that the Bank will support 2.6 million jobs from projects approved in 2019. The figure below shows the breakdown by sector and their associated value-added.



To guide its efforts to create employment for young people, in 2016 the Bank launched its Jobs for Youth in Africa Strategy, which aims to create 25 million jobs and benefit 50 million people in the region. Guided by this strategy, we are integrating youth employment considerations into our operations, developing innovative solutions to youth employment challenges, and catalysing private sector investments that fuel employment. A major focus of this strategy includes accelerating science, technology, engineering, and mathematics education, digital skills, and employment to enable Africa's youth to fully participate in the fourth industrial revolution (Box 7).

In collaboration with five development finance institutions, the Bank is also introducing the Joint Impact Model, a tool that measures the direct, indirect, induced, and forward-effect jobs created from our operations (Figure 6). The model estimates that operations approved in 2018 will help create 1.9 million jobs, of which 0.8 million can be attributed directly to Bank funding. We estimate that the Bank will support 2.6 million jobs from projects approved in 2019.

In 2019, the number of **people benefiting from better access to education** as a result of the Bank's programmes was 180 000, of whom 50% were women. This represents a significant fall in the

Table 10 **Indicators on improving the quality of life for the people of Africa (Level 2)**

INDICATOR	AFRICA			ADF COUNTRIES		TRANSITION STATES	
	Baseline 2015	Actual 2019	Target 2019	Baseline 2015	Actual 2019	Baseline 2015	Actual 2019
People with new or improved access to water and sanitation (millions)	2.0	10.1	3.6	1.2	8.3	0.3	2.9
—of whom women	1.0	4.9	1.8	0.6	4.0	0.1	1.4
People trained through Bank operations (thousands)	290	140	900	290	130	34	27
—of whom women	119	71	450	80	66	15	14
People benefiting from better access to education (millions)	0.38	0.18	0.38	0.38	..	0.27	..
—of whom women	0.24	0.09	0.19	0.24	..	0.17	..

Achieved 95% of 2019 target Achieved less than 95% of 2019 target Achieved less than the baseline

number of beneficiaries from 270 000 in 2018 and 500 000 in 2017. In addition, in 2019 the number of **people trained through Bank operations** was 140 000, of whom 71 000 were women, down from 178 000 in 2018 and 395 000 in 2017. Part of the decrease may be attributable to slow growth in the Bank's investments in the social sectors, which constituted about 7% of the active portfolio in 2019, similar to 2015.

> *We invest in water and sanitation so that Africans can lead dignified and healthy lives*

Over the past year, the Bank completed a wide range of education and training programmes in several countries. In Egypt, we financed the Institute of National Planning to strengthen its teaching, training, and research capacity to serve local and regional clients. In Rwanda, we supported the establishment of a regional ICT Centre of Excellence, which provides advanced ICT training, education, research and innovation capacity to Rwanda and the region: 281 graduates of the centre (30% of whom were women) went on to find jobs. Our support for TVET in Eritrea, Malawi, and Niger improved the quality and relevance of skills development there, boosting job creation and graduates' employability. The Bank is carrying out a TVET mapping exercise to inform its operations and to enhance the integration of TVET as a critical sector of human capital development in Africa.

> *We integrate youth employment into our operations and make gender equality central to our work*

We are also pursuing several initiatives to promote quality education across the continent and close the financing gap in education. With the African Union and the Association for the Development of Education in Africa, we are spearheading the establishment of the African Education Fund, an African-owned innovative financing mechanism to revitalise and transform education systems. With the Asian Development Bank, the

Box 8 **Strengthening our focus on Africa's water sector**

Evaluations produced by the Bank's Independent Development Evaluation department over 2005 to 2016 provide useful lessons and recommendations that will sharpen our support for the water sector. Key recommendations:

- **Continue engagement with regional member countries on an integrated approach to integrated water resources management and development (IWRMD).** The Bank's upcoming Water Sector Strategy will focus attention on increased IWRMD approaches to enhance the economic benefits of water investments. In addition, the Bank will ensure that the design of all new water-related operations takes an integrated approach to promote holistic, innovative, and sustainable water infrastructure.
- **Prioritise sanitation by strengthening capacity and support for innovative, affordable technological options and service delivery business models.** The Bank is enhancing its engagements with the private sector and development partners on sanitation financing and knowledge management. The forthcoming Africa Sanitation and Wastewater Atlas will also inform the Bank's interventions to increase access to sustainable sanitation.
- **Strengthen institutional capacity for the sustainable delivery of water sector services.** The Bank's upcoming Water Sector Strategy will guide the Bank's support for African countries' sector reforms and institutional capacity development, including in the area of sustainable utilities. Priority reforms on which the Bank will focus include tariffs and pricing, human resources, and the strengthening of water regulatory institutions at the national, sub-national, and local level.

Inter-American Development Bank, and the World Bank, we are developing the International Finance Facility for Education, an innovative co-financing mechanism to mobilise additional funding for education. With the Government of Japan, we implemented the Japan Africa Dream Scholarship Program, enabling young African scholars to pursue post-graduate studies and promoting inter-university and industry collaboration between Japan and Africa.

The Bank achieved significant progress in expanding access to water and sanitation services in 2019. The number of **people with new or improved access to water and sanitation** as a result of Bank programmes increased to 10.1 million in 2019 (of whom 4.9 million were women), up from 8 million in 2018 and 2 million in 2015. This was well above our target of 3.6 million in 2019 and means that we are on track to meet our overall target on water and sanitation services for 2015–2025. This said, large gaps in access to these services call for more support from the Bank (Box 8).

Newly approved projects

Notwithstanding these accomplishments, the Bank recognises ongoing challenges to improving Africans' quality of life and is developing a new strategy for its High 5 "Improving the Quality of Life for the People of Africa."

In the meantime, to expand access to drinking water and sanitation services, we recently approved projects in Benin, Burkina Faso, Egypt, Eritrea, Gabon, Lesotho, Malawi, Nigeria, Somalia, South Sudan, Sudan, and Zimbabwe. We also approved a regional project to support the Songwe river basin covering Malawi and Tanzania. In addition, the Bank recently approved support for a social programme in Côte d'Ivoire, a social protection programme in Morocco, and regional programmes in mathematical sciences (with the African Institute for Mathematical Sciences) and entrepreneurship (with the Tony Elumelu Foundation). In relation to skills development and training, the Bank recently approved projects in Kenya and Senegal that will equip young people and entrepreneurs. In South Sudan, our support will boost learning outcomes for primary school children. ■