

**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT INSTITUTE**

**Global Community of Practice
Policy Dialogue**

Leveraging Potentials of the Youth for Inclusive, Green and Sustainable Development in Africa

Dr Eric K. Ogunleye
OIC Director, African Development Institute
Division Manager, Policy Management

July 31st - August 1st, 2023



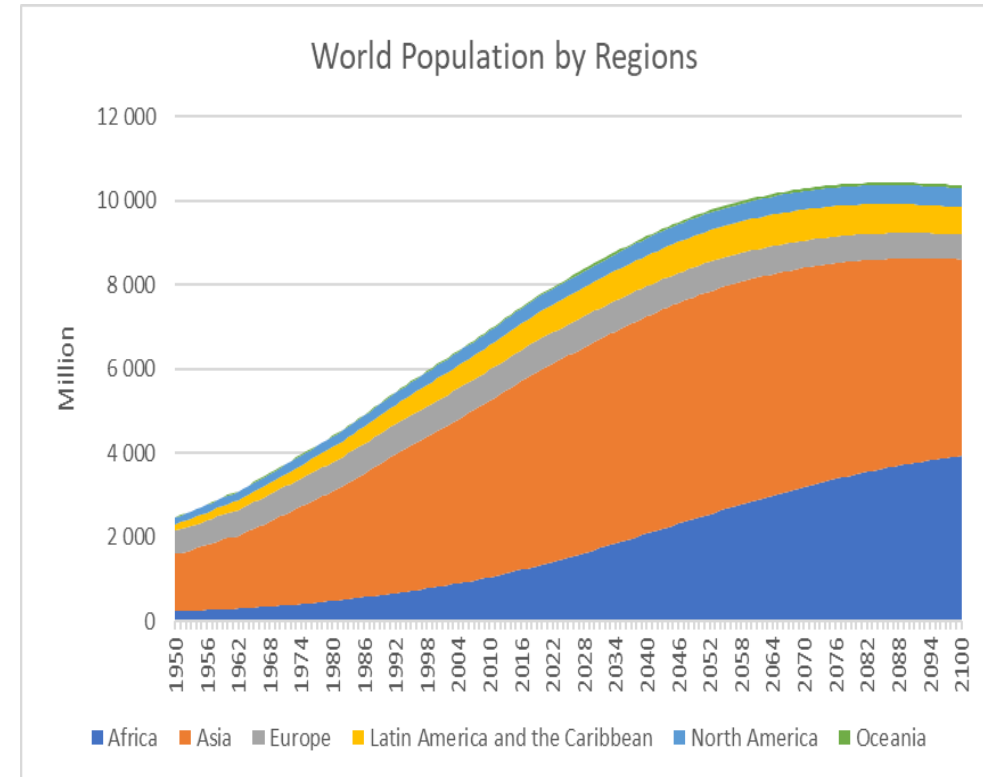
Presentation Outline

- Introduction
- The African Youth: Challenges And Opportunities For Inclusive Green Growth
 - Youth and jobs/entrepreneurship
 - Youth and Climate Change
 - Youth and education, research, technology and innovation
- What can be done?
- The Role of the AfDB
- Conclusions

Introduction

Africa's Rapid Population Growth a great opportunity...

- The youth is Africa's greatest asset.
- Africa's population is projected to more than double to reach 2.5 billion by 2050, representing 25 percent of the world's population up from the current 18 percent, 62 percent of which will be of working age (15 to 64 years).
- The continent's population will remain the fastest growing until 2100 when;
 - it is expected to reach 4 billion - at that time Africa's youth will be equivalent to twice Europe's entire population,
 - almost one-half of the world's youth will be from Africa with a median age of 35 years.
- This demographic dynamic presents an enormous opportunity for Africa

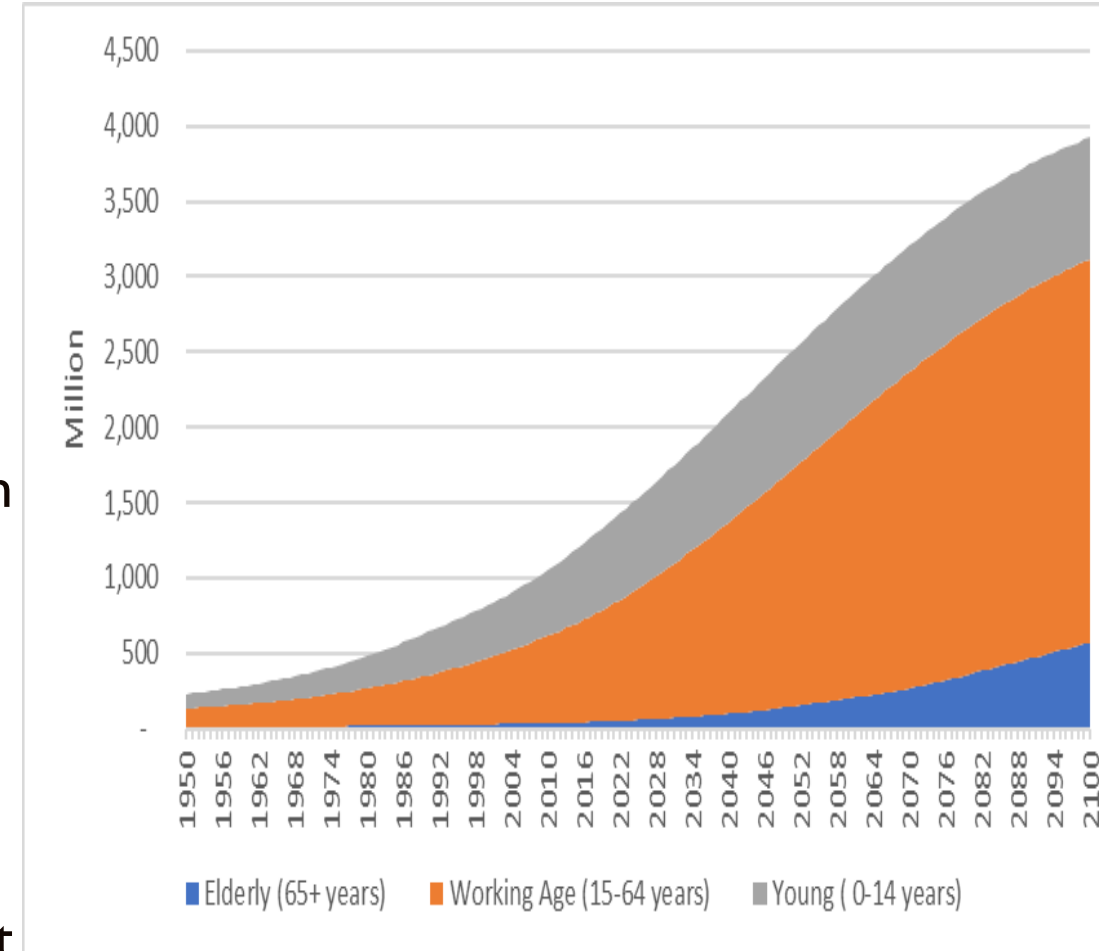


Source: UN Population Division

Africa's Youthful Population continued to grow...

- Africa's youth population is growing rapidly - will reach 850 million youth by 2050 and by 2063, young people will constitute half of the 2 billion working-age population.
- Africa will remain the world's youngest region, with a median age of 25 years.
- If properly harnessed, this young, growing working-age population could drive Africa's economic transformation and inclusive, green, and sustainable economic growth
- However, this asset remains untapped, and the potential benefits are not realized-most youths do not have secure jobs or better economic opportunities.
- Between 10 – 12 million youths entering the job market in Africa, but only about three million new jobs are created on the continent every year, leaving many young people unemployed.

Distribution of Africa's population



Source: UN Population Division

The potential for Demographic Dividend is enormous...

- Growing youth population leading to increased urbanisation, rise in middle-class consumers, growth in household incomes and higher demand.
- By 2023 about 50 percent of the African population will be living in the cities, representing a significant increase in potential market for goods and services, higher labour force and enhanced savings.
- Urbanisation bring with it increased opportunities for green growth technologies and skills that will drive the 4th Industrial Revolution in Africa.

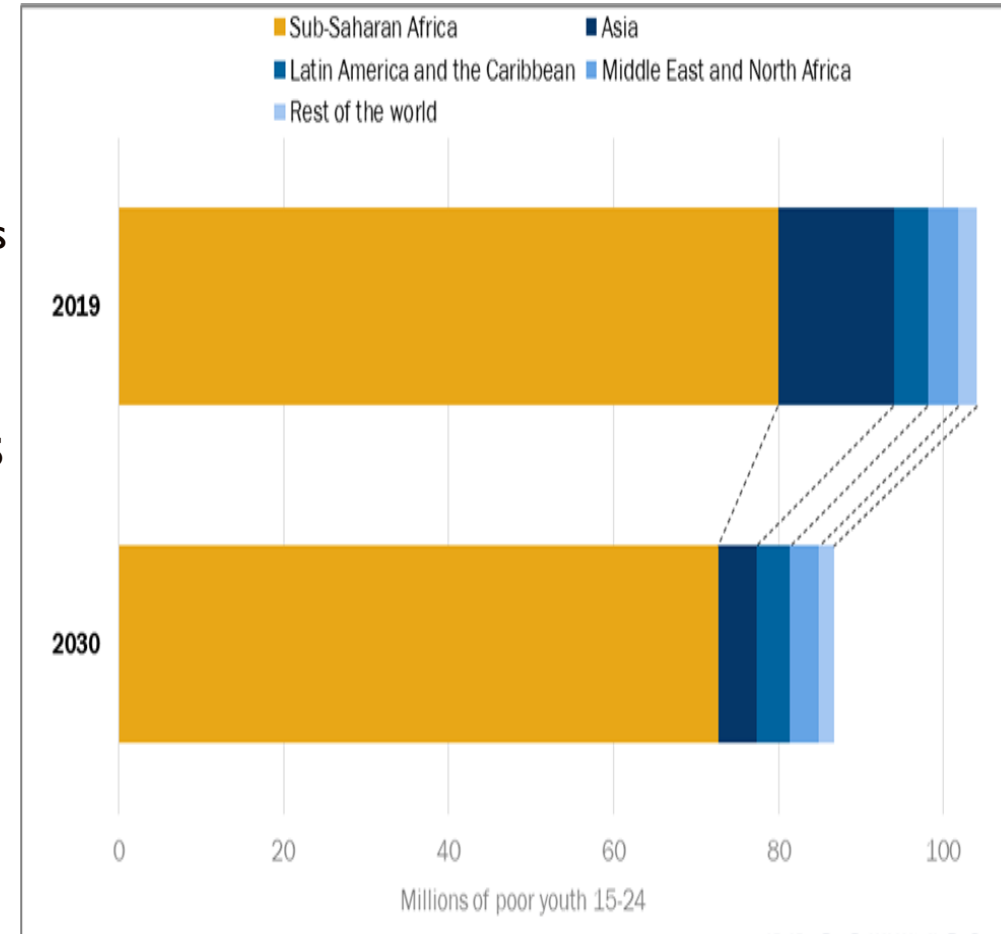


The African Youth: Challenges And Opportunities For Inclusive Green Growth

Africa's Youth and Poverty

- Lack of employment and economic opportunities, poverty is more pervasive amongst the youth and women in Africa.
 - More than 80 million youths in Sub-Saharan Africa live in extreme poverty- representing more than three-quarters of the global total of youth in extreme poverty
- With nearly half of the youth population in Africa currently unemployed or inactive—and 72 percent living on less than \$2 per day, need to find solutions for the creation of quality jobs and economic opportunities that make way for better standards of living for the youths.
- 30.8% of workers in Africa were qualified as poor in 2019, with less than US\$ 1.9 per day despite being occupied. Youth workers are more affected by the working poverty with a rate of 37.5%, that is 7.3 percentage points higher than that for the entire workers (ILO, 2019)
- Youth workers are more affected by the working poverty with a rate of 37.5%, that is 7.3 percentage points higher than that for the entire workers.

Poverty among the youths by region



Source: Brookings Institution

Africa's youth migration increasing...

- The lack of employment and better economic opportunities fuels extensive migration from the continent.
- Africa has the world's largest share of global young migrants: 25 percent of Africa's migrant population is under 18 years, and 16 percent are aged 15-24 years
- Implications for human capital formation and economic development in Africa, as well as on global migration: depletion of skilled labour and human capital and undermines the potential of youth to drive growth for the continent
- Improving the quality of life for the people of Africa and achieving inclusive growth is critical in slowing outward migration.
- However, Africa's youth migration can boost capital flows, particularly remittances, trade promotion and investment, and enhancing knowledge, skills, and technology transfers.



Youth and jobs/entrepreneurship (I)

- Before COVID-19 Africa needed to create 1.7 million new jobs every month on average between 2013 and 2063. Now more than 30 million jobs have been lost due to COVID-19.
- Job creation is likely to remain constrained unless urgent policy measures and sustainable, scalable, and institutional investments in entrepreneurship, private sector development, and industrialization are made.
- ILO estimates on the just transition to green growth indicate that with the right policies in place, the job creation opportunities associated with the green economy could generate a net of 24 million decent green jobs.
- Those opportunities are driven by an increase in demand for green technology and innovation, changing markets for green industries, and consumer behavior.



Youth and jobs, and entrepreneurship (2)

- Youth entrepreneurs are significant players in the MSME sector, which constitute 95 percent of all firms and generates 80 percent of jobs across Africa.
- Green growth transitions could imply increased opportunities for the youth to invest in transformative renewable energy practices that are sustainable, eco-friendly, just and equitable across supply chains.



Youth and Climate Change: Empowering a generation to lead the global transition (I)

- Climate change has both present and future consequences for the youth in Africa.
- The youth can play an important part in climate action both in terms of entrepreneurship, technology and innovation and advocacy.
- Harnessing the energy, skills, intellect, knowledge innovations and solutions of the youth towards climate action is essential to influencing green, inclusive growth, and sustainable development in Africa.
- In green transitions, new green economic opportunities are created as countries accelerate adaptation and mitigation to address climate change and adopt low-carbon development strategies.
- The green transition will also require both large-scale investments and capital allocation, as well as labour
- Adaptation and mitigation actions offer job creation opportunities, ranging from building forward better programs after climate shocks to enhancing the adaptation and resilience of communities and societies.



Youth and Climate Change: Empowering a Generation to Lead the Global Transition (2)

- Digitalization can also reduce substantially the greenhouse emissions from the most emitting sectors such as energy, transport, industry, buildings maintenance and agriculture.
- The World Economic Forum estimates that technological solutions could reduce greenhouse emissions by more than a third of the 50 percent figure required by 2030.
- Nature-based Solutions (NbS) have the potential to generate up to 500,000 new jobs by 2050 in Adaptation activities in Europe (about 0.2 percent of the working population).
- This 0.2 percent of the African Working Population will result in over 2.5 million jobs from adaptation-related activities, including green jobs.

Youth and education, research, technology and innovation (I)

- Africa is considered the least skilled continent in the world. The enrollment rate at higher education in 2018 was estimated at 9% in Sub-Saharan Africa (SSA) and 35% in North Africa, against 38% globally.
- According to UNESCO, engineering, manufacturing, construction and health sectors in Africa had only 19% of high-education graduates in 2018 compared to 27% in developed economies.
- The situation of youth education in Africa is exacerbated by the effects of climate change and limited adaptation measures.
- Limited funding of Technical and Vocational Education and Training (TVET) and Higher Education by RMC governments and Development Partners (DPs) is a challenge.
 - Public financing of TVET and Higher Education (HE) has not kept pace with the increase in the number of potential students in the sub-sectors. RMCs invest only 0.2% of GDP in TVET and 0.9% in HE, compared to 1.24% for HE in high-income countries in 2018.



Youth and education, research, technology and innovation (2)

- The World Economic Forum estimates that technological solutions could reduce greenhouse emissions by more than a third of the 50 percent figure required by 2030.
- The Fourth Industrial Revolution (4IR) will bring opportunities for innovation, productivity and earnings improvement, and the development and introduction of new business lines, which the youth could unlock.
- Using technology to boost youth entrepreneurship skills will double the effect on job creation as small and medium size enterprises are considered drivers of job creation in developing countries.
- Digitalization, with technologies such as 5G, cloud, Artificial Intelligence, big data, or the Internet of Things, will be key factor in achieving the sustainability development goals



What can be done?

Key Questions

- What could be done to harness the continent's demographic dividend and unlock the opportunities and potential of the African youth for sustainable and inclusive green growth and development?
- What implications do policies for addressing youth challenges have for innovations and entrepreneurship in green growth transitions?
- What role can the youth play in driving Africa's inclusive green growth and transformation?
- What policies could be considered by African governments to maximise green/resilient jobs in green growth transitions?
- How can the skills and energy of youth be harnessed for effective responses to addressing climate crisis at different levels ranging from global to community level?
- How can digital innovation and technology help to address the challenges faced by the youth?

Role of the African Development Bank

Role of the AfDB

- **Policy commitments:**
 - The Bank has supported reforms in the skills sector to enhance inclusive access, efficiency, quality, and relevance
 - The Bank made commitments under the 15th replenishment of the African Development Fund (ADF–15) and the 7th General Capital Increase (GCI–7) on “Building skills for jobs and expanding economic opportunities for youth” to developing skills and supporting Jobs for Youth. Targets of (a) at least 40% of Bank-ADF approved projects to integrate skills and jobs for youth.
- **Climate screening of Bank Projects:** All Bank’s regional operations including Country Strategy Papers and Regional Integration Strategy Papers are screened for climate risks and opportunities while ensuring they are aligned with the country’s Nationally Determined Contributions (NDCs) under the Paris Agreement to fight climate change and to increase employment.
- **The New Deal for Energy in Africa and the Bank’s Second Climate Change Action Plan-** guide the Bank’s efforts to mainstream climate change and green growth into its operations.
- **The Youth Adapt Initiative:** The Africa Adaptation Acceleration Program (AAAP developed by the Bank and the Global Center on Adaptation (GCA) to find solutions to accelerate, innovate and scale adaptation actions in Africa.
 - The AAAP established the YouthAdapt Initiative to promote sustainable job creation through entrepreneurship and innovation for action on climate adaptation and resilience in Africa.
 - Aims to scale up youth innovation for climate action and building capacity for employability, developing skills; and unlock access to finance for young entrepreneurs.

Role of the AfDB

- **Education and Skills Development:** Technical and Vocational Education and Training (TVET) and Higher Education (TVET) to support education and skills development.
- **The Entrepreneurship and Innovation Lab (E-Lab)** - established to support youth employment and entrepreneurship in Africa by strengthening the capacity, operational reach, and sustainability of Enterprise Support Organizations (ESOs, including business incubators, accelerators, and financial intermediaries).
- **Digital and Creative Enterprises Program (iDICE)** - US\$618 million investment in the Digital and Creative Enterprises Program (iDICE) in Nigeria, together with the Agence française de développement (AFD) and the Islamic Development Bank (IsDB), to support 226 creative start-ups and supporting 451 digital technology SMEs
- **Entrepreneurship Innovation Multi-Donors Trust Fund** - has invested USD 31.4 million for a total of 33 projects which are expected to create 68,473 direct jobs by 2022 since inception.

Concluding Thoughts

Concluding thoughts...

- Africa's youthful population is her greatest asset and can be an engine for creativity, innovation, entrepreneurship in green growth transitions, and transformation.
- Africa's Youth poverty, migration and climate change impact can be transformed into prosperity with appropriate policy tools and strategies for education, research, technology and innovation.
- The AfDB is at the forefront of youth empowerment for prosperity in the continent through its flagship programmes, lending and non-lending operation at the sovereign and non-sovereign level.
- The Bank calls for partnership with the youth themselves (on the driving seat), governments, multilateral development banks, bilateral development partners, the private sector and other stakeholders to harness and translate Africa's youth advantage to prosperity for all in a green and sustainable manner because together we can.



Closing Words

“In the middle of difficulties lies opportunities” Albert Einstein.

“We cannot use an old map, to explore the new world” Albert Einstein.

“No social problem can be reduced (and certainly not eradicated) without distribution or redistribution of economic, political or social resources. All kinds of distribution or redistribution have a built-in conflict potential, no matter how trivial the distribution or redistribution seems to be” - Norwegian Scholar – Else Oyen

Thank You

African Development Institute

*“Strengthening capacity for inclusive growth in Africa –
without which the global sustainable development goals
and Africa’s Agenda 2063 will not be achieved”*





www.afdb.org