



### **Creating opportunities for young Africans**

The Bank is empowering young people to become innovative players in the digital economy. Our flagship programme, Coding for Employment, has trained over 90 000 youth in information communication technologies, giving them the opportunity to take part in the Fourth Industrial Revolution.

## Chapter 5

# Improve the quality of life for the people of Africa

**O**ver the last two decades, prior to the Covid-19 pandemic, Africans' quality of life improved significantly. Sustained economic growth and better governance have raised the quality of education, healthcare, and other basic services, while creating more and better jobs and livelihood opportunities. All of this has reduced the proportion of Africa's population living in poverty.

### Africans' quality of life has been improving, but declined in 2020

Although encouraging, recent gains in poverty reduction and inclusive growth risk being reversed by the Covid-19 pandemic. Living standards worsened in 2020 as shutdowns placed significant pressure on jobs and livelihoods, losing an estimated 15.6% of working hours across Africa. The pressures were especially felt by women, for whom unemployment rose from 7.6% in 2019 to 9.3% in 2020, as well as by young people, at least of whom 80% work in the informal sector. As a result of these impacts, the proportion of Africans living on less than \$1.90 a day increased by 2.3 percentage points to 34% in 2020, equivalent to an additional 30.4 million Africans forced into extreme poverty. These include people with lower levels of education, people with fewer assets, people who work in low-skill and informal sectors, and vulnerable households, particularly those headed by women. The Bank estimates about 39 million more people could slide into extreme poverty in 2021.

**“** *Despite two decades of gains, the pandemic could push 39 million people into extreme poverty in 2021*

It is also the case that Covid-19 has had a major impact on public finances. Africa's fiscal deficit nearly doubled from 4.6% in 2019 to 8.4% in 2020 and is expected to remain above the 2019 level in 2021 and 2022. This will make it difficult to continue expanding and improving the quality of basic services in the coming years.

Although the economic and social impacts of the pandemic in Africa have been significant, Africa's robust and collaborative approach to containing the virus succeeded in protecting many human lives. The

Bank has made an important contribution to these efforts, supporting 31 regional member countries to mitigate the harmful effects of the pandemic through emergency and budget support operations funded under the Covid-19 Response Facility.<sup>1</sup>

Meanwhile, the rapid growth of Africa's population poses both challenges and opportunities for raising the quality of life. To prevent Covid-19 from depriving young people of opportunities in the long term, a key priority for the coming period must be to ensure access to quality education, health care, and skills development, to help youth compete in the labour market. Actors must also think in terms of post-training support, such as access to finance, so that young people can succeed as entrepreneurs.

### Developing quality skills and creating opportunities to meet young Africans' needs and expectations for employment

Each year, Africa needs around 18 million new jobs just to absorb new entrants to the labour market. Currently, it only creates three million per year. As a result, a growing number of young Africans—especially young women—are experiencing unemployment and underemployment.

Even where Africa's youth can find jobs, people's education and skills often fall short of the private sector's needs. The Bank's research has found that 18% of employed youth are over-skilled, 29% are under-skilled, 8% are overeducated, and 57% are undereducated relative to the needs of the market. At the macro level, this leaves Africa with a vast resource of underutilised talent and labour. At the same time, individuals who are over-qualified or overeducated experience wage penalties and job dissatisfaction. Matching education and training to labour market demands and entrepreneurship opportunities would reduce youth unemployment and improve the quality of life.


<sup>1</sup> In 2020, the Bank launched its Covid-19 Response Facility to help African countries—both governments and the private sector—to respond to the pandemic.

Table 9 Africans' quality of life has been improving, but reversals are possible (Level 1)

INDICATOR	ALL AFRICAN COUNTRIES		ADF COUNTRIES		TRANSITION STATES	
	Baseline 2015	Latest 2020	Baseline 2015	Latest 2020	Baseline 2015	Latest 2020
↘ Population living below the poverty line (%)	42	34	45	42	57	52
↘ Unemployment rate (%)	8.9	7.6	6.3	4.4	12.1	6.0
↘ —of whom women	9.8	9.3	7.9	6.1	5.1	7.6
↗ Enrolment in education (%)	62	63	59	60	58	57
↗ —of whom women	59	60	56	57	53	52
↗ Access to safely-managed sanitation facilities (% population)	39	40	25	24	23	25
→ Income inequality (Gini index)	41	41	41	41	41	41
→ Youth unemployment rate (%)	14	14	10	8	9	11
↗ —of whom young girls	16	17	12	9	8	12
→ Enrolment in technical/vocational training (%)	11	11	8	7	9	10
→ —of whom women	9	9	7	9	8	8
↘ Access to safely managed drinking water services (% population)	72	66	64	56	51	54

↗ ↘ Improvement over baseline → Stability ↘ ↗ Deterioration

The pandemic has exposed two needs among others: the need to build inclusive, responsive, and resilient education systems that leave no learner behind, and the need to develop homegrown solutions to African challenges. During the 2020 academic year, Africa's schools were closed for more than 100 days, the equivalent of a full semester's worth of education. Recent evidence shows that 196 million students (13% globally) have not been able to go back to school. School closures are leading to learning losses and inequalities and about 6.8 million students dropping out of school. Most of these students live in low-income countries, and most are in Africa.

 *Automation need not be a threat. Africa's education systems can be recalibrated for the Fourth Industrial Revolution*

Recalibrating education systems in Africa to take advantage of opportunities arising from the Fourth Industrial Revolution is crucial to creating more jobs for youth. This is because Africans aged 18–35 are likelier than older Africans to be enthusiastic adopters of new technologies, which could give them the opportunity to take advantage of the Fourth Industrial Revolution and find relevant jobs. Young Africans also face threats from automation in some sectors. It is therefore vital that Africa's youth be able to access modern, more adaptable forms of technical and vocational training and higher education.

At present, Africa's employment challenge cannot be solved solely on the supply side, by upskilling young people. Other areas of human capital development (particularly entrepreneurship, private sector development and industrialisation, health and nutrition, and

social protections) are also key to boosting productivity in Africa. Most important, economic transformation is needed to create jobs at scale.

### Transforming people's lives

Under its High 5 *Improve the Quality of Life*, the Bank promotes human development in Africa in several ways. The Bank encourages education and skills development, particularly technical and vocational education and training and higher education. It supports entrepreneurship and the creation of decent jobs. It strengthens health services by investing in key health infrastructure, and it expands access to water and sanitation and other social services. Through all of its activities, the Bank makes gender equality and women's empowerment central to its work.

During 2020, our Covid-19 Response Facility placed significant emphasis on supporting vital health services and mitigating the social and economic impacts of Covid-19. Our support for health helped quadruple daily testing capacity in Ethiopia, and in South Sudan equipped 3900 workers with personal protective equipment. Our budgetary assistance to support countries' Covid-19 response plans benefitted 12.3 million vulnerable households. Our economic assistance for small and medium enterprises protected jobs by supporting measures such as the deferral of taxes and reductions in public utility costs for energy and water.

At the same time, the Bank continued to implement its programmes for skills development and entrepreneurship, including support for technical and vocational training centres and other training institutions across Africa (Box 8). The number of **people trained through Bank operations** was 118 000 in 2020, down from 140 000 in 2019 and below our target.

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

INDICATOR	ALL AFRICAN COUNTRIES			ADF COUNTRIES		TRANSITION STATES	
	Baseline 2015	Actual 2020	Target 2020	Baseline 2015	Actual 2020	Baseline 2015	Actual 2020
🟢 People with new or improved access to water and sanitation (millions)	2.0	8.3	3.6	1.2	6.5	0.3	2.4
🟢 —of whom women	1.0	4.2	1.8	0.6	3.3	0.1	1.2
🔴 People trained through Bank operations (thousands)	290	118	900	290	109	34	35
🔴 —of whom women	119	61	450	80	56	15	18
🔴 People benefiting from better access to education (millions)	0.38	0.17	0.38	0.38	0.05	0.27	0.00
🔴 —of whom women	0.24	0.08	0.19	0.24	0.02	0.17	0.00

🟢 Achieved 95% of 2020 target   🔴 Achieved less than the baseline

### Box 8 Stories from beneficiaries – Niger’s vocational and technical education project



This Bank-financed project aims to support Niger’s ambition to improve skills development programmes and youth employability by increasing the access to quality vocational and technical education and training from 25% in 2016 to 40% in 2021. One of the beneficiary learning institutions is the Kalmaharo technical centre in Niamey. In 2010, the centre counted only 300 learners. The project began in 2012 and the number of learners increased to 1031 in 2019. The centre has been completely reorganised, all equipment has been renewed, and learners are using cutting-edge technology. The centre now enjoys national renown.

“The new equipment allowed us to increase our working groups. In addition, some courses that only taught theory, now include practical learning. This is an opportunity for learners because they can learn about the technology used by big companies in the area,” said Souleymane Bahari, a teacher/head of the mechanical engineering workshop.

Companies in Niger’s industrial sector stand to benefit from a more qualified and competent workforce, as the ongoing project continues to produce industry-relevant skills and boost graduate employment.

An example of our work on education and training is the Uganda Higher Education Science and Technology programme, which supports investments in ICT network connectivity in six public universities.

Following this investment, enrolments in science, technology, and industry courses at these universities almost doubled between 2012 and 2018, and 45% of those enrolled were women. The programme clearly stepped up the scale, quality, and equity of ICT training in Uganda.

An important aspect of our work on human capital development is our support for Africa’s youth, which has been guided by the Bank’s Jobs for Youth in Africa Strategy. This strategy aims to help create 25 million jobs and positively impact 50 million youth by 2025 by (i) ensuring that Bank projects and the policies of regional member countries include a focus on youth; (ii) pursuing innovative youth entrepreneurship and employment initiatives; and (iii) catalysing private sector investments that fuel job creation and employment for youth. One of our flagship pan-African programmes to promote youth entrepreneurship and employment is Coding for Employment. Coding for Employment has trained over 90 000 youth, 47% of whom are female, in

information communication technologies. Its online footprint covers 45 African countries.

In 2020, the Bank continued its work on the Joint Impact Model, a project that has grown to include 10 international financial institutions. The model measures the number of jobs made possible by the Bank’s investments: direct jobs, indirect jobs, induced jobs, and jobs created by the enabling effects of better access to finance



*Empowering women is central to advancing health, education, and the development of enterprise*

or energy. The model estimates that through operations approved in 2019, the Bank will support the creation of three million jobs (0.8 million direct jobs and more than 2.1 million other jobs). As a result of Covid-19, the Bank approved fewer investments in 2020, but its projects are expected to produce 558,000 jobs nonetheless (Figure 4).

The decrease in the number of large infrastructure operations has sharply decreased expectations for the creation of indirect jobs, induced jobs, and jobs created by the enabling effect of better access to energy. By mitigating the significant social and economic impacts of the pandemic, however, our Covid-19 Response Facility helped to save many jobs. A return to more normal levels of investment in the coming years will generate employment at levels similar to those in the period prior to pandemic.

Another example of our work in this area is our Development of Skills for Industry Project in Ghana. This project facilitated reforms to the technical and vocational education and training sub-sector and helped establish entrepreneurship units in ten

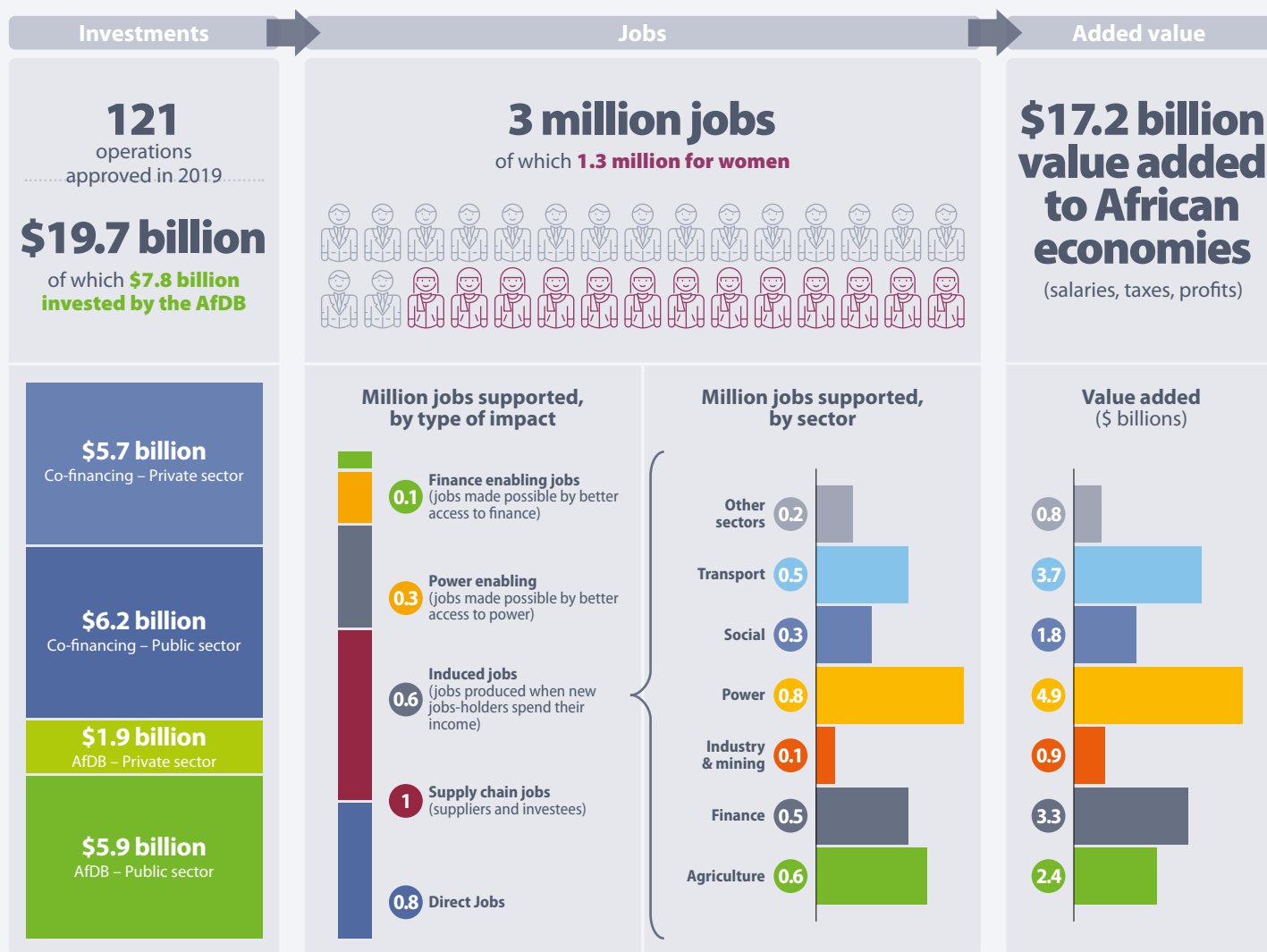
technical institutes. The project also included a bursary scheme that benefited 2010 students, 41% of whom were female. We continue to support projects that enable women to harness their skills and gain employment.

*To maximise the return on investment, projects and training must be mindful of youth*

Water and sanitation continue to be a key priority for the Bank, and we have been working with partners and governments to provide Africans with safe and dependable access to these services (Box 9).

Figure 4 The Bank is assessing the impact of its investments on jobs

Produced in collaboration with 10 development finance institutions, the **Joint Impact Model** is a tool that measures the number of jobs created with the support of the Bank's operations: direct jobs, jobs in the supply chain, induced jobs, and jobs created by the operations' enabling effects. The JIM estimates that 121 public and private sector operations approved by the Bank in 2019 will support the creation of 0.8 million direct jobs and 2.1 million jobs in the supply chain, induced jobs, and enabling-effect jobs. Of the three million jobs created, 1.3 million jobs will be held by women. Altogether, the jobs will add US\$ 17.2 billion to African economies.



### Box 9 Strengthening support for Africa’s water sector

The Bank’s Independent Development Evaluation department evaluated the Bank-managed African Water Facility and produced useful lessons and recommendations for a water-secure Africa. Covering 118 interventions in 52 countries, the evaluation found the African Water Facility to be a highly relevant instrument and one of the few water-related actors to support project preparation at the continental scale. The African Water Facility’s support makes it possible to increase the co-production and co-financing of projects with a range of partners. The evaluation also found that the African Water Facility was effective in enabling African countries to introduce innovative models for managing national water resources, and recommended that African Water Facility be more flexible, nimble, and efficient, to maintain its comparative advantage and fulfil its mandate in collaboration with the Bank. Finally, the evaluation recommended more stakeholder engagement, better results reporting, and more efficient operations.

In Ethiopia, our One WASH National Program, co-funded with the Government of Ethiopia, operated in 382 districts (woredas) and 144 small and medium-sized towns. This investment increased the proportion of people with access to safe water in target communities from 50% to 97% over the life of the programme. Through projects such as this, we supported 8.3 million people to gain **access to new or improved water and sanitation** services

in 2020, up from 2.0 million in 2015 and above our target of 3.6 million.

During 2020, we also continued to develop our strategies to support the High 5 *Improve the Quality of Life of the People of Africa*. We drafted a new Water Strategy to support the operationalisation of our new Policy on Water, and we introduced a new Gender Strategy. ■