

IMPROVE THE QUALITY OF LIFE FOR THE PEOPLE OF AFRICA



AFRICAN DEVELOPMENT BANK GROUP





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Foreword

Africa's population could top 1.6 billion by 2030, with nearly 70% of its people able to work. The youth population is also growing rapidly and is expected to double to more than 830 million by 2050. For the continent to reap the most profitable and plentiful dividend of this demographic growth, African youth and women must be capable of doing the jobs that will become available; they must be equipped with employable skills and be trained to master the many different tasks, responsibilities and roles that Africa's modernisation and industrialisation will engender.

But skilled and trained people need also the benefits of social services and facilities for them to realise their full potential. They must have access to quality services, especially education, continuous training, and have the capacity to afford healthcare for themselves and their families. These are essential requirements in national and regional efforts to sustain infrastructure investments and develop essential skills for the development of the digital economy and other elements of the fourth industrial revolution. Many other applied skills remain relevant and even critical in

improving the quality of daily life at home, at leisure and at work, such as electrical and mechanical engineering, plumbing, tiling, roofing, carpentry, cooking, fashion design, sewing and dressmaking, and various community activities, interests and hobbies.

The Bank has supported human capital development priorities for over three decades. The approach has been characterised by value for money in service delivery, high productivity and sharp competitiveness through job creation, modernisation and skills development. It has also promoted an enabling regulatory and policy environment for inclusive growth and, above all, the encouragement of good governance, peace and stability in communities and nations.

Sustainable jobs and good wages, while essential, are not enough to guarantee a high quality of life for Africans. A stable, healthy, peaceful and well-educated society and community are the real guarantors of the Bank's most inclusive High 5 and would be enough to provide the basis for the private sector-led economic transformation of Africa that we all desire.

Human capital for Africa's transformation

Introduction

When people are able to get quality healthcare, education and jobs, they thrive and can reach their full potential. But this is no easy task. Poverty, inequality, and social exclusion have persisted across the African continent, despite two decades of robust economic growth. Our inability to take advantage of growth risks Africa's potential and reduces its collective ambition. Africa must rise above this challenge with determination and courage

The continent's greatest asset in the coming decade will be its ability to harness its rapidly increasing reservoir of human capital. 43% of Africa's 1 billion people today are below the age of 15. By 2050, most of the continent's 2.3 billion people are expected to be youth.

African people, (Africa's 'human capital'), are truly at the centre of the African Development Bank's inclusive and green growth agenda as well as constituting the life blood of its High 5 agenda, which includes projects and programmes in education, employment, skills development, health, water, sanitation, nutrition and youth entrepreneurship in Africa.

Africa's human capital is referenced most specifically by the Bank's fifth and most inclusive High 5 "Improve the quality of life for African people". This brings together the Bank's investments in a large and rich variety of human capital projects in Africa to demonstrate the Bank's insistence that Africa's human resources and their potential are as rich and as valuable as its natural commodities and crops (if not more so).

The Bank's vision, mission, and approach

The Human Capital Strategy 2014-2018 offers the operational framework for programmes and projects, including the flagship Jobs for Youth in Africa Initiative (JfYA), as well as all needed partnerships in this domain.

- The Bank will play a pivotal role in ensuring that Africa has the human capital to accelerate inclusive and green growth.
- The Bank will be a thought leader in the key areas of human capital, youth and skills development across the continent.
- The Bank will foster strategic partnerships to leverage resources for the human and social development sectors.

The Bank's goal as presented in the Human Capital Strategy (2014-2018) is to harness the potential of 1 billion Africans by building skills and promoting technologies to provide better jobs, ensure equal opportunities and increase workforce competitiveness. While the focus is on skills and technology, the vision supports two enablers of human capital, which are determinants for inclusive growth, namely, effective service delivery and inclusive financial and social systems.

One billion people - One billion opportunities boosting human capital in Africa

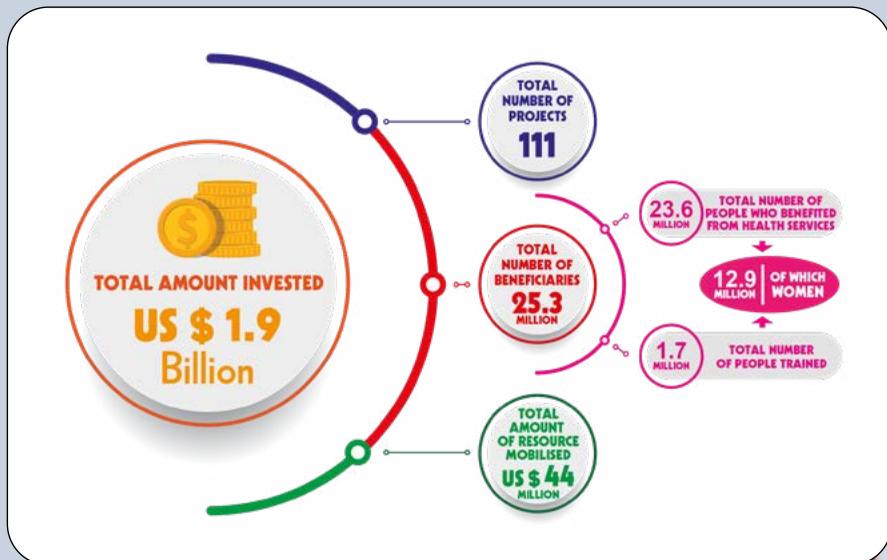
The African Development Bank offers a unique proposition for leading the battle to improve the quality of life of Africans. It has a pan-African reach but a global network of influence in policy, regulation and investment. It has an integrated approach: presenting human capital development in both its social and economic dimensions across the interlinked sub-sectors of education, skills development, health, nutrition and social protection. This consists of a comprehensive solution for human capital development to increase the potential for Africa to benefit from the demographic dividend; and a strong technical and financial expertise in assisting regional member countries and regional economic communities.

“Human capital is the acquisition and deployment of skills, talent, knowledge, and experiences of individuals and populations and their value to organizations, economies and society.” (World Economic Forum)



Our key results

Human capital development in numbers



What does Quality of Life consist of and how has the African Development Bank helped with its human capital strategy in 2018?

In 2018, our projects provided 1.2 million people with jobs and 8.2 million people with improved access to water and sanitation.

Providing productive jobs for the continent's growing population

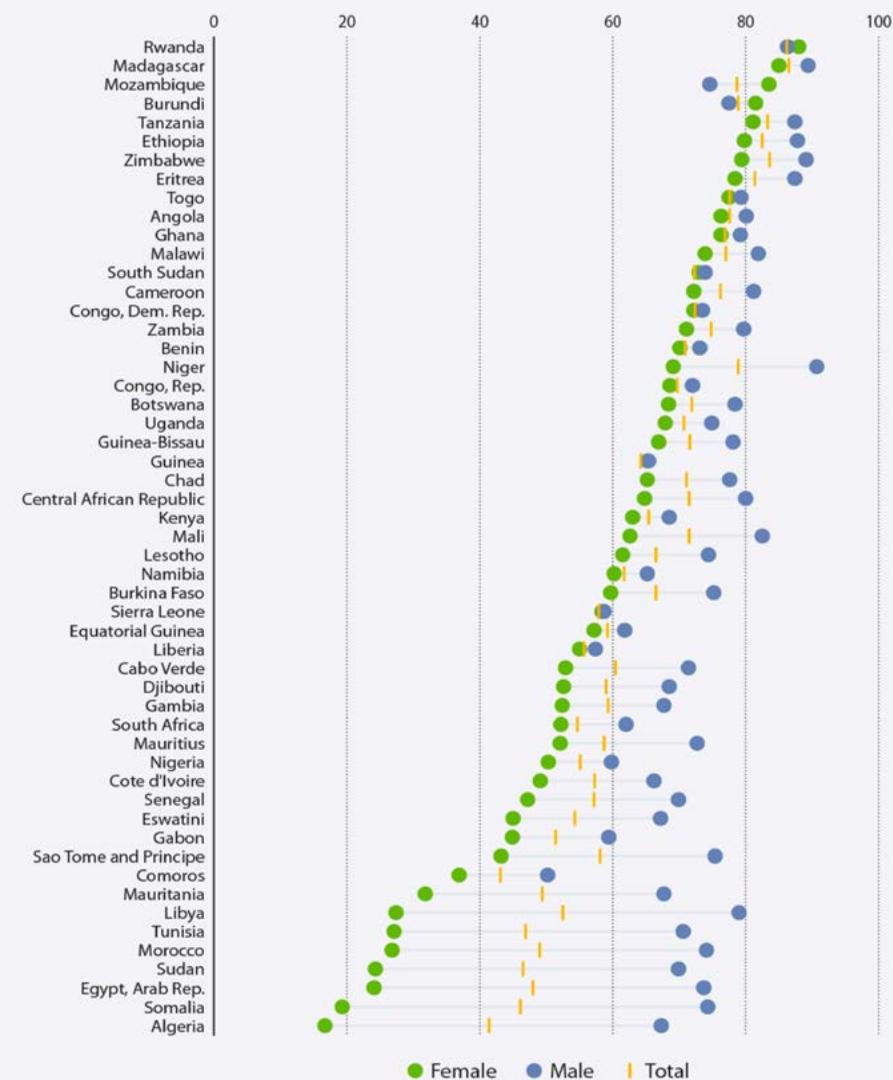
Africa's working age population is growing rapidly, intensifying pressure for decent jobs. In 2018, the youth unemployment rate was 14%, compared with a rate of 8.3% for the total population. The unemployment rate for young women is 15%. Women face additional barriers to work and have a lower participation rate than men. Even so, countries like Rwanda, Madagascar and Mozambique have made great strides in increasing female participation in the labour force.

Young people, especially women, are more likely to be in informal work. Africa has the highest rate of informality in the world, estimated to be around 72% of non-agricultural work. Work in the informal sector is insecure, with low wages and productivity—a fact that makes eradicating poverty more challenging.

In most countries, women's labour force participation is lower than men's.

Labour force participation by gender

% 2017



Source: ILO

Initiatives and projects to support jobs for youth

Under the Bank's Jobs for Youth in Africa Strategy (2016-2025), we are scaling up support for employment and entrepreneurialism. Over the next 10 years we aim to create 25 million jobs and benefit 50 million youth by equipping them with the right skills. We are funding programmes to support this strategy and creating partnerships to enhance opportunities for young people across the continent.

Our Coding for Employment programme will create 130 centres for excellence and train 234,000 young people by 2020. Our collaborations with Rockefeller, Microsoft, Facebook and Safaricom will deliver demand-driven ICT training to women and young people. The Bank is also working with the African Institute of Mathematics and Sciences to build an industry-led research institution in Africa. Our partnership with the Ford Foundation will deliver training to 100 SMEs to improve business linkages for women and youth in the oil and gas sector in Uganda and Kenya.

We are working to make agriculture more attractive to young people, reversing skills flight across the continent. Since 2016, we have invested over \$800 million to support young entrepreneurs in agriculture in more than 15 countries. Over the next 10 years we expect to galvanise over \$1.5 billion annually in support of agripreneurs.

The Bank's impact in providing employment and access to services

The Bank's portfolio of projects creates new employment opportunities and reduces poverty across Africa. In 2018, we exceeded our employment targets, creating 1.2 million direct jobs, of which half were for women. New jobs are also created indirectly or induced from our operations.

At the Africa Innovation Summit in Kigali, Rwanda, we launched the Jobs for Youth Africa Innovation Lab. Its aim is to promote skills and learning and create linkages among the organisations that support the creation of high-potential businesses in Africa. In collaboration with the Fund for Private Sector Assistance, an e-platform is being piloted as a one-stop continent-wide marketplace for incubators, accelerators and entrepreneurs.

The Bank hosted the third Africa Forum on Science and Technology Innovation in Egypt, a policy dialogue that resulted in a ministerial declaration highlighting the need for an African Education Fund. We also provided support in West Africa to improve higher education and promote the harmonisation of systems for greater integration across the region.

The Bank's support for the health and sanitation sectors has been catalytic. In West Africa our support for training health workers and the construction of health facilities helped stop the transmission of Ebola and strengthen public health systems. In Uganda, improvements to public sanitation facilities in the Kawempe division of Kampala reduced the incidence of typhoid, cholera and diarrhea, benefiting more than 165,000 people. In Ghana, 89,200 people benefited from projects to improve sanitation and waste management in urban slum communities.





The technologies associated with the “fourth industrial revolution” (4IR) – such as ICT, artificial intelligence, robotics and machine learning – bring both opportunities and challenges for Africa. The 4IR has the potential to accelerate development and unleash the entrepreneurial potential of the continent’s youth. 4IR technologies can increase productivity and support transformation in industries such as agriculture, services, manufacturing and infrastructure. However, the 4IR will also fundamentally change the nature of work, making traditional manufacturing-led growth less viable. Taking advantage of the opportunities associated with the 4IR will depend on Africa’s level of preparedness and the availability of relevant skills in science and technology.

Education

Education systems need to keep pace with changing skill requirements. Lack and mismatch of skills is a major constraint on African business. Many graduates possess skills that are not relevant to the needs of the jobs market. Only 2% of African college graduates have science, technology, engineering and mathematics (STEM) degrees. Yet the STEM skills are crucial requirements in a 4IR world. And too few of Africa’s scientists work in sectors that drive economic transformation.

Africa’s education system will require adequate support through innovative financing mechanisms, including domestic resource mobilisation and public participation, to enhance its efficiency and effectiveness. Estimates show that Africa will require an additional \$40 billion to achieve the SDGs for education by 2030.

In 2018, our projects resulted in 270,000 people benefiting from better access to education, of which 120,000 were women. We also provided technical and vocational training across Africa: 178,000 people, of whom 89,000 were

women, were trained through Bank operations.

To further promote education across the continent and close the financing gap, we spearheaded the development of the African Education Fund (AEF). In 2018, we worked with the Association for the Development of Education in Africa to produce a feasibility study for the fund. The study found that the AEF is feasible and there is strong interest from African governments and other education stakeholders. Revitalising and transforming education systems to support inclusive growth and sustainable development is a key commitment of African ministers and development partners.

Through our work in 22 countries across the continent, we supported the use of ICT to provide education and training. For instance, our African Virtual University project enrolled 23,095 students in Open Distance e-learning centres across the countries. In 2018, about 500 young people in five countries benefited from training through our Coding for Employment programme. In Malawi, our projects are helping to improve the quality and relevance of science, technology and industrial skills for job creation and employability of graduates (see Box 28). In Equatorial Guinea, we supported innovative technical and vocational training for middle and senior managers.

Migration

Migration has a direct impact on skills availability in Africa. In addition to conflict-driven migration, young professionals emigrate to other African nations and beyond in search of better job prospects and quality of life. Poverty is a driver of both. However, with the right policies in place, intra-regional migration can contribute to poverty reduction.

Access to basic services

Access to basic services is essential for quality of life. Yet access to safe drinking water and sanitation in Africa is characterised by wide disparities between and within countries. Only 72% of the population has access to safely managed drinking water, and only 40% has access to safely managed sanitation facilities. Overall, access is higher in North Africa than in the rest of the continent. Inter-country variations for access to safe drinking water range from 100% of the population in Mauritius to 19% of the population in Eritrea.

There are still major gaps between access rates in urban and rural communities. Climate change is leading to increased incidence of drought and floods, creating further challenges to the provision of basic services. Africa needs natural resource governance reforms and infrastructure investments to ensure that everyone has access to services. An estimated \$13 billion per year is needed to meet the SDG targets of universal access to water supply and sanitation.

We also have a portfolio of projects designed to improve access to essential basic services. We finance water and sanitation schemes in both rural and urban areas. In 2018 we exceeded our target, providing 8.2 million people with new or improved access to water and sanitation, of whom half were women.

Across the continent our projects have provided infrastructure and institutional support to improve access to safe drinking water and hygienic sanitation. New water supply systems and sanitation infrastructure in Gambia gave 65,000 people (20,000 in rural areas) improved access to water and sanitation facilities. The project also included a broad public health education campaign and institutional capacity building.



Working with the Working with the French Development Agency (AFD) in the Dosso and Tillabéri regions of Niger, we provided 265,000 people with improved water and sanitation. This included the construction of 266 new boreholes and more than 4,000 latrines. The project also established new drinking water network systems and trained construction workers, female outreach workers and teachers.

Our support has also helped respond to emergencies. In Côte d'Ivoire, we responded to flooding by funding the construction and rehabilitation of priority flood-regulation infrastructure, including reservoirs and public toilet blocks, and management and treatment of solid waste. In Sudan, we improved access to water for more than 750,000 in support of recovery and peace. Many of our projects also include capacity building, investment planning and public health awareness training.

Social sector initiatives and projects

The Bank will continue to support initiatives and projects to achieve better health and improve the quality of social services. We will use our position as a trusted partner and our convening power to strengthen collaboration across sectors and will use smart technologies to address the challenges of low water and sanitation access.

With the African Water Facility, we signed a financing agreement worth \$14.5 million with the Bill & Melinda Gates Foundation to help address the challenge of sanitation, especially for the urban poor. In addition to preparing projects for follow-on investments along the sanitation value chain, we will assess the feasibility of establishing an Africa Urban Sanitation Investment Fund to enhance investments in sanitation. We have called for increased investment

in the health sector to achieve universal coverage. The Bank's Multi-Sectoral Nutrition Action Plan (2018-2025) aims to contribute to a 40% reduction in the number of stunted children on the continent by 2025. We will make "nutrition-smart" investments in such sectors as water, sanitation and hygiene (WaSH).

Newly approved projects

In 2018, we approved \$96 million in Morocco to improve access to the labour market for young people and women. This includes support to improve the quality of jobs and to establish training centres for vocational skills. In Senegal we are providing support for agricultural supply chains as well as investing in energy, water and transport infrastructure, benefiting an expected 3 million people. In Malawi, we are providing a \$15 million grant to provide jobs and boost the livelihoods of nearly 300,000 people.

In DRC, our \$84 million support will contribute to responsible cobalt ore supply chains and help 6,250 people back into the agriculture sector. This project will also help children who are excluded from the school system and at risk of social exclusion, vulnerable to exploitation and exposed to armed conflict.

In the water and sanitation sector, we will provide \$62 million to finance Uganda's Strategic Towns Water Supply and Sanitation project, covering 10 towns over five years. It will help the government achieve sustainable safe water and sanitation for 390,000 people, improving their health and productivity. In Gabon, our support of \$86 million will help reduce the drinking water deficit

in Grand Libreville, benefiting 920,000 people. In Eswatini, we approved a \$52 million loan for water and sanitation services that will improve the lives of more than 67,000 people.

Working with the EIB and the OPEC Fund for International Development, we will provide \$130 million in additional financing for the Sustainable Water Supply and Sanitation Programme to help 1.5 million people in Rwanda access improved water supply services. In Tunisia, we will provide \$88 million to support cities with under 10,000 inhabitants in improving their sanitation systems and providing jobs for young people. And in Morocco we approved a \$132 million loan to finance investments in water treatment that will improve the drinking water supply for 2.5 million people.

In Kenya, our loans worth \$267 million will support the completion of construction work on Thwake dam, enabling the storage of 681 million m³ of water, which will be used for electricity production, irrigation and human use. We are also co-investing \$71 million in sewage improvements in the Nairobi River basin that will benefit 500,000 people.

In Ethiopia, the Bank approved a \$123 million grant to strengthen transparency and accountability in the delivery of basic services and improve citizen engagement in service delivery. Under our Jobs for Youth in Africa strategy, we will continue to help young Africans gain the skills they need to succeed in jobs and enterprise. We will also scale up our work to support universal access to water and sanitation. Together, our strategies and investments will enable millions to find jobs, improve their livelihoods and reduce poverty.

Human capital development in action

Human capital and infrastructure

Togo

Status: Completed (2015-2017)
Bank contribution : \$988,000 including \$817,000 from the Fund for African Private Sector Assistance and \$171,000 from the African Development Fund)

The Kara and Lomé market reconstruction and traders' support project

In January 2013, fires destroyed the central building in the Lomé main market as well as the Kara market in the north of the country. After the fires, the government assessed the damage and proposed solutions. According to information obtained, 3,106 persons (about 90% of them women) were affected: 2,225 in Lomé and 881 in Kara. The project aimed to revitalise and modernise the Lomé and Kara markets following the fires that destroyed them.

Results :

- 2,500 Lomé and Kara market traders sensitised on the need to formalise and insure their activities
- Creation of 64 jobs for young graduates;
- 40 women entrepreneurs trained on how to grow their business;
- 20 micro-finance credit officers trained in SME risk assessment, bank risk management, design of SME-customised products, and gender mainstreaming introduced in SME financing.
- 20 associations of women entrepreneurs trained in association-related matters and how to improve services offered to members

Human capital and agriculture

Senegal

Status: Ongoing (2018-2022)
Bank contribution: \$60 million out of total cost of \$162 million

Emergency Community Development Programme support project

The Government of Senegal's strategy, the Emerging Senegal Plan, and the Emergency Community Development Programme which seek to improve access to basic social services for the rural population. Phase 1 has been finalised, and Phase 2 will be implemented over the next four years, covering several parts of the country, and affecting 3 million people. The vulnerable population will be the main beneficiaries, particularly in access to drinking water, rural electrification and health infrastructure. The development of agricultural activities will help reduce the poverty rate from 67% to 54%, the child mortality rate from 51 to 25%, and the chronic malnutrition rate from 21% to 8%.

Expected results: by the end of the project

- 109 rural agricultural societies and 109 farming areas will be created, including irrigation equipment (5-10 hectares);
- 105 boreholes and drinking water supply infrastructure built;
- 799 processing machines for women and young people purchased;

- 710 km of rural roads and 76 solar power stations built;
- 1,023 km of medium and low voltage networks and 190 H61 sub-stations installed;
- 70 equipped health posts built.

Human capital and energy

Rwanda

Status: Completed (2013-2014)
Bank contribution (100%): \$800,000

Skills development in the energy sector

The African Development Bank provided technical assistance through its private and public sector windows Rwanda Country Strategy (2012 -2016) contributing to improved energy production, access, affordability, and reliability; enhanced competitiveness in the energy sector and the sustainability of existing infrastructure in energy generation transmission and distribution. A private sector senior loan of \$25 million supported the construction of a methane gas extraction plant in Kibuye District. The skills shortage risks identified provided insights for establishing a coherent and sustainable mechanism for skills development in the energy sector as mitigation.

Results:

- Increased rated of customers/ household using energy (electricity) from baseline to 50% (2015/16); 70% (2017/18)

- Increased availability of critical skills for service and industrial sectors by increasing the number of new graduates hired (minimum 200 in 2017 of which 25% women) in the energy sector and linked sectors (manufacturing, construction, transportation)
- Increased integration of hydro-power and geo-thermal skills and competencies

Human capital and transport

Cabo Verde

Status: Ongoing (2018-2021)

Bank contribution: \$17.87 million (50% of total cost)

Porto Ingles and Porto Palmeira modernisation and expansion project

The development of maritime transport is crucial for Cabo Verde, which has suffered from its inability to realise the tourism potential of Maio Island. The expected outcomes of the €17.9 million project will boost the tourism industry, which accounts for 47% of goods and services exports. It will increase port traffic; reduce port transit times; improve community living conditions and increase product processing on Maio Island. It is also consistent with the current strategy for the promotion of the blue economy and with the master plan for Palmeira Port.

Results:

- At least 150 young people trained in various trades, including communication in foreign languages to welcome tourists; awareness-raising conducted for 1000 people (50% of whom are women)
- 726 direct jobs created or maintained.
- Adding around 7% to GDP growth
- 4,419,050 tons of goods transiting through the ports
- 1,527,098 tourists per year

The High 5 for transforming Africa



Light up & power Africa **Feed Africa**
Industrialise Africa **Integrate Africa**
Improve the quality of life
for the people of Africa



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Communication and External Relations Department
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