



# Report Presentation: Africa's Development Dynamics 2021

## Digital Transformation for Quality Jobs

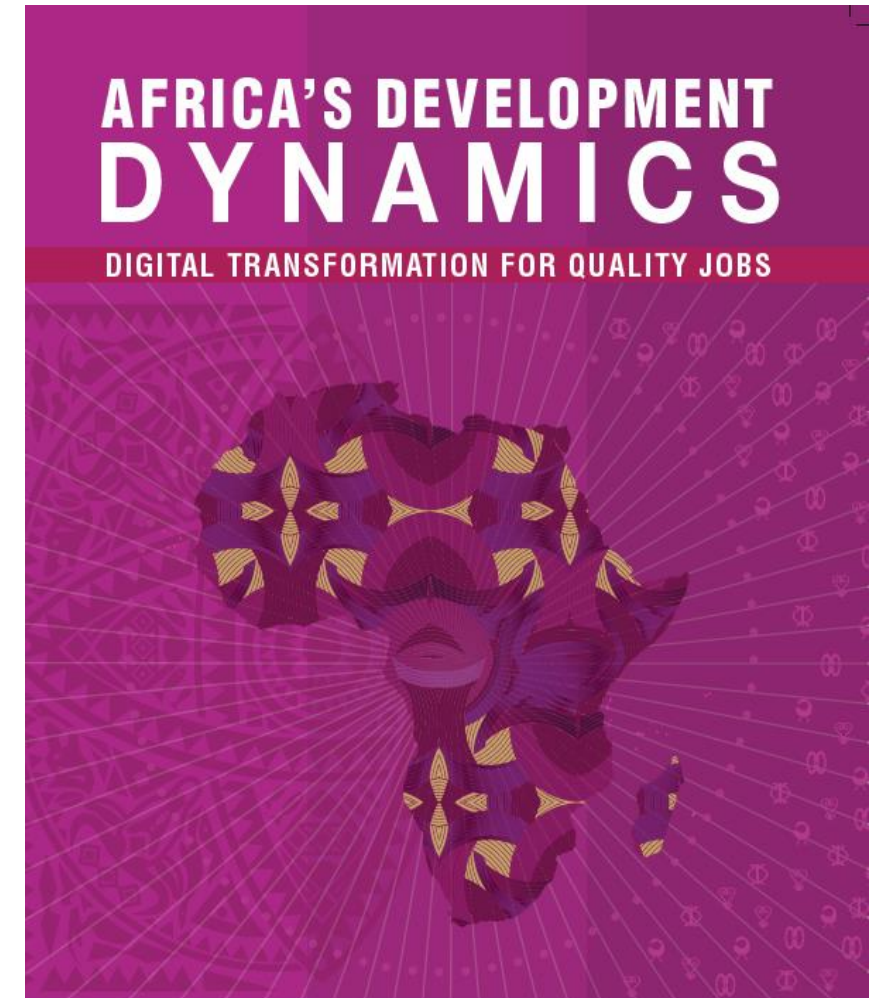
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**25 March 2021**

**co-organised by SAFRI and the OECD Berlin Centre**

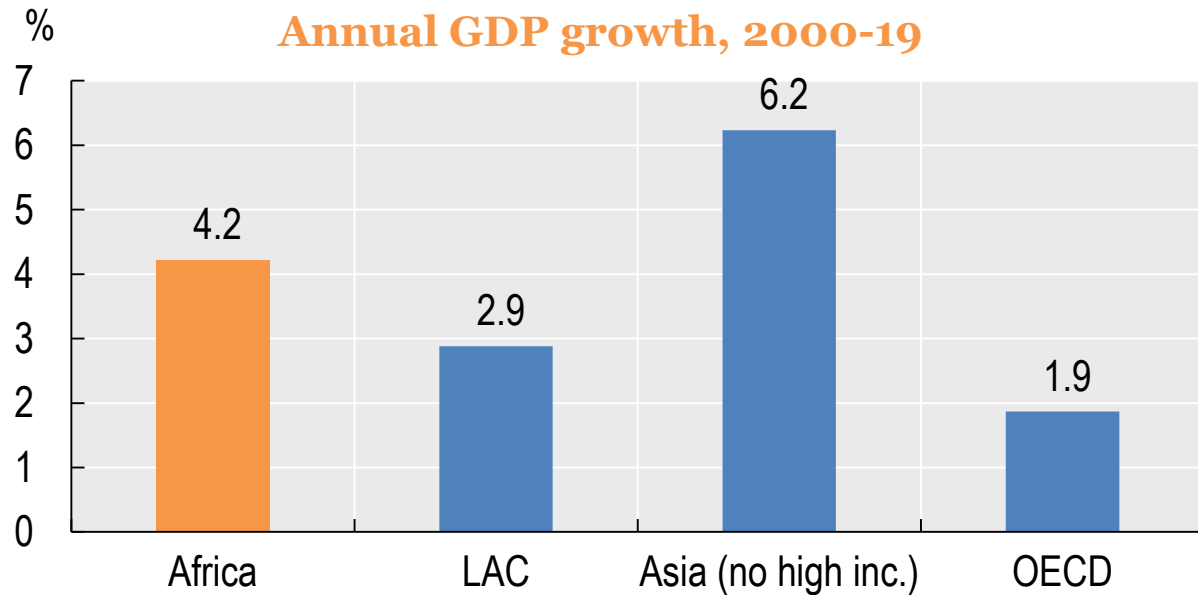


**2021**

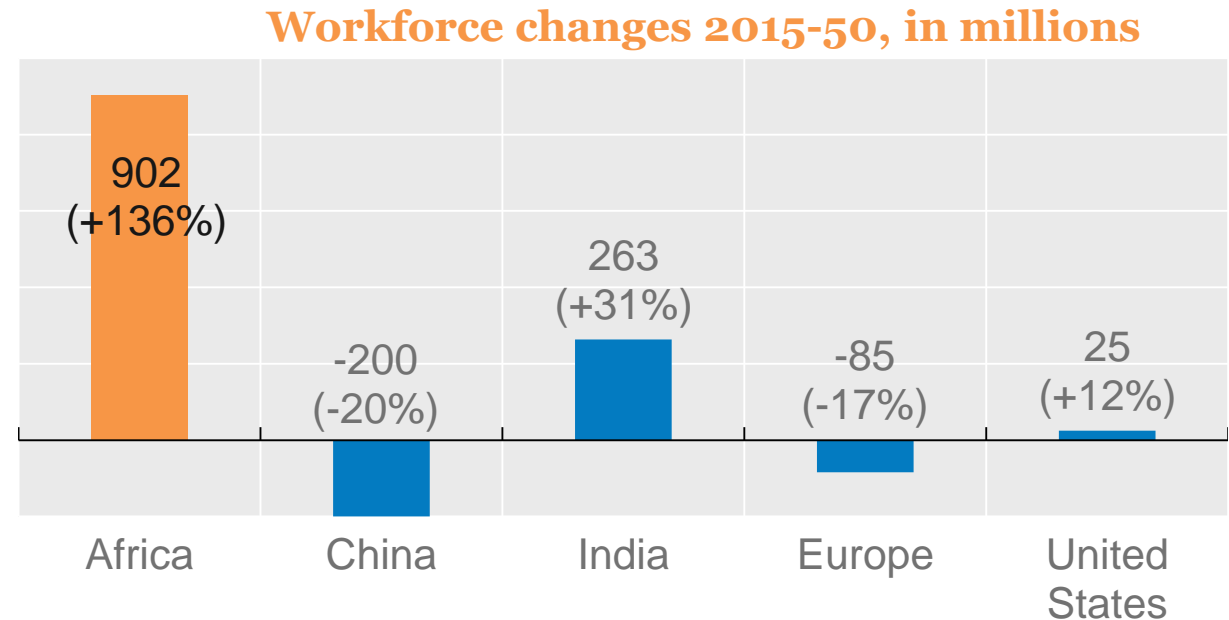


# Africa is an important engine for global recovery

Africa's annual GDP growth (4.2%) only lagged behind Asia's (6.2%) during 2000-19



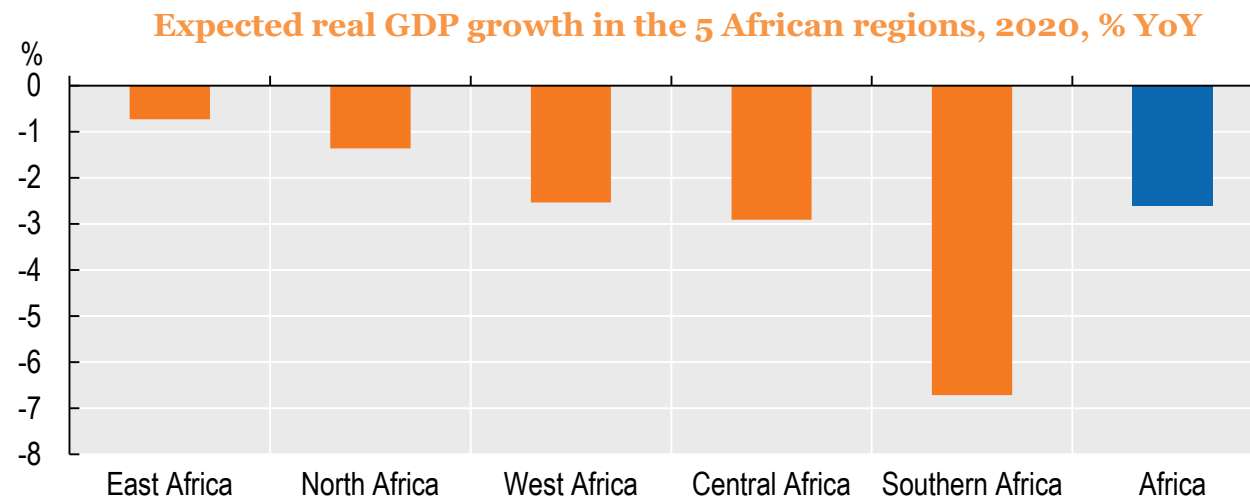
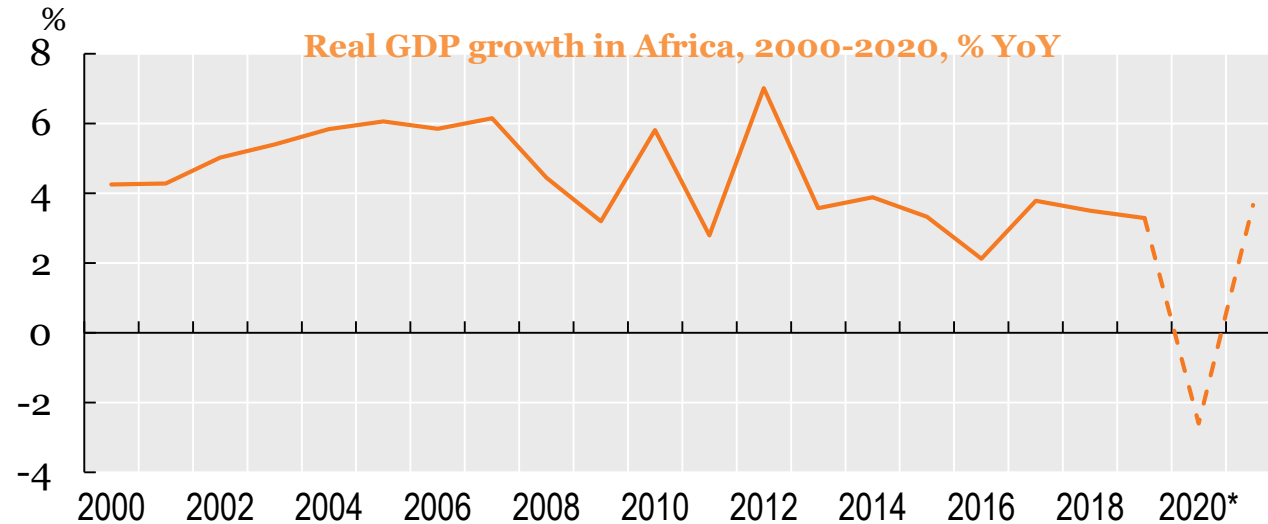
By 2050, Africa will account for 69% of the total increase in global labour force



Between 2000-19, FDI flows to Africa grew at 8.5% per year



# The COVID-19 global recession **sets back** 25 years of positive development dynamics



- **Global GDP contracted by 4.2% in 2020**
- **Africa's GDP contracted by 2.6% in 2020**
  - **41 African countries** entered recession (vs. **11 in 2009**).
- **40 million people** could fall back into extreme poverty by 2021 in sub-Saharan Africa .

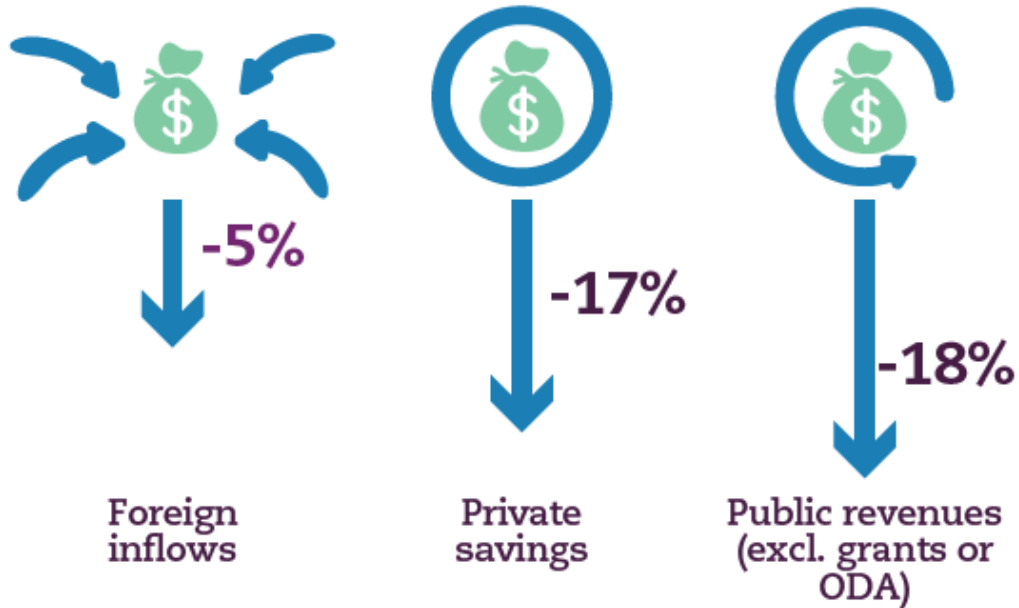
Note: \* for projections.

Source: Authors' calculations based on IMF *World Economic Outlook* database (October 2020)



# Africa has **lower financial resources per capita** than during the **2008 Global Financial Crisis**

Financing per capita decreased from 2010-2018



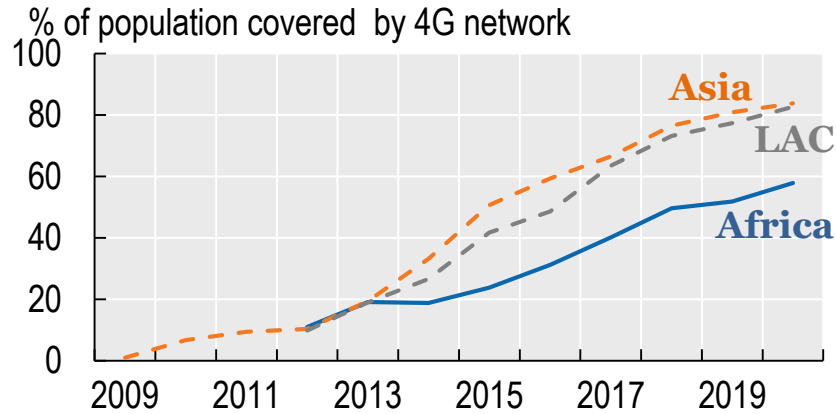
Africa had the **lowest public revenues per capita** in developing world in 2018





# Africa's ongoing digital transformation must play a role in the Global New Deal

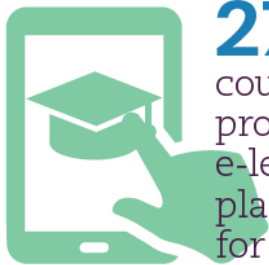
Africa's digital economy is growing fast...



**480 million**  
mobile money accounts

...and helping to mitigate the of COVID-19 impacts

## Digital education



**27** African countries provided quality e-learning platforms for students in May 2020

## Digital health



The *Africa Centre for Disease Control and Prevention* has launched a not-for-profit continental e-platform to support African governments

## Digital payments



**18** African governments introduced policy measures to support the use of mobile money



# HOW IS DIGITALISATION TRANSFORMING AFRICA'S JOB MARKETS?



# Digital ecosystems are growing fast, but **jobs creation** for Africa's youth depends on **diffusing digital innovations** to all economic sectors

A dynamic innovation scene in the digital sector...

...but only few direct jobs are being created

Active African tech hubs

643

314



2016



2019

A dynamic **start-up** ecosystem

cellulant

Interswitch



OPay

M-KOPA



Kobo

JUMIA

Telecom companies in 43 African countries employ **270k fulltime workers**

**20 leading start-ups** employ **20k workers** while raising **USD 3 billion in funding**

vs.

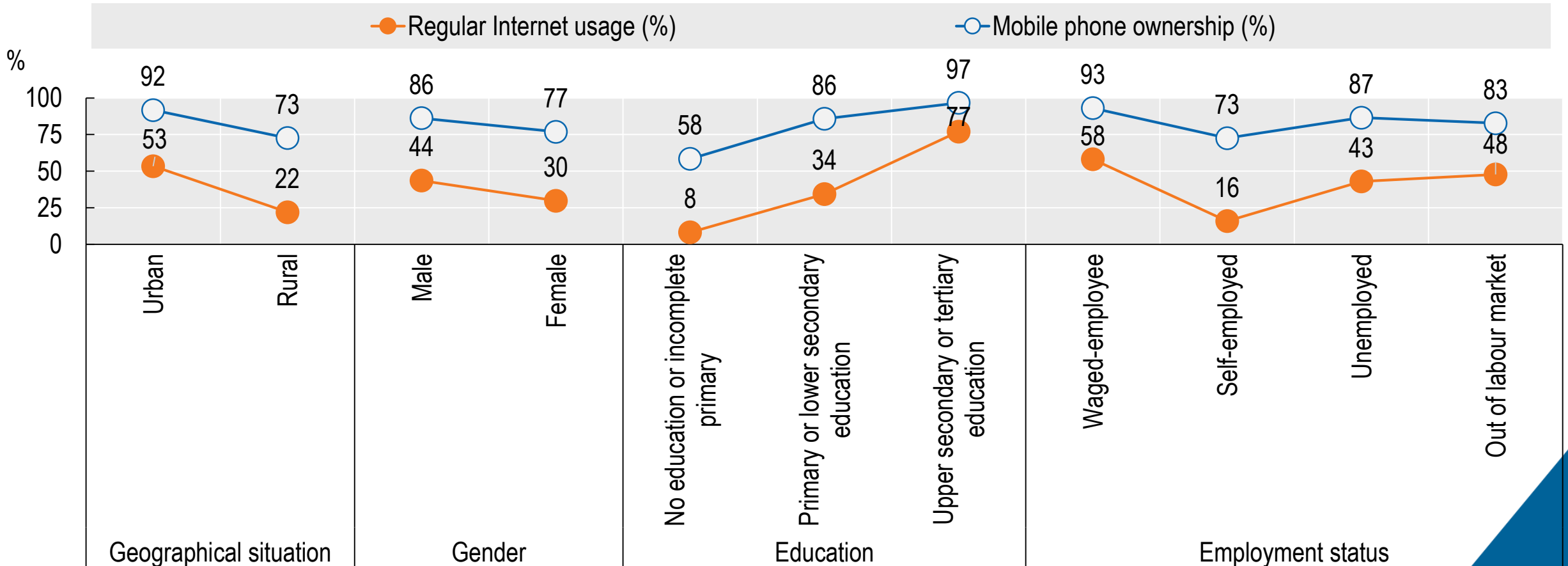
**29 million new workers** a year until 2030

Large-scale job creation requires **diffusing digital innovations** from lead firms to the **rest of the economy**



# Unequal access and use across space, gender, education levels and employment status prevents digital diffusion

## Mobile phone and Internet usage among Africa's youth, aged 15-29, by population groups, 2015-18







# WHICH POLICIES CAN ACCELERATE DIGITAL TRANSFORMATION FOR JOBS CREATION?



# 1/ *Closing the spatial gap*: connecting intermediary cities and spreading digital innovations for rural development

Connect intermediary cities to the broadband network

**African cities connected to the broadband fiber network**

Big Cities  
61%

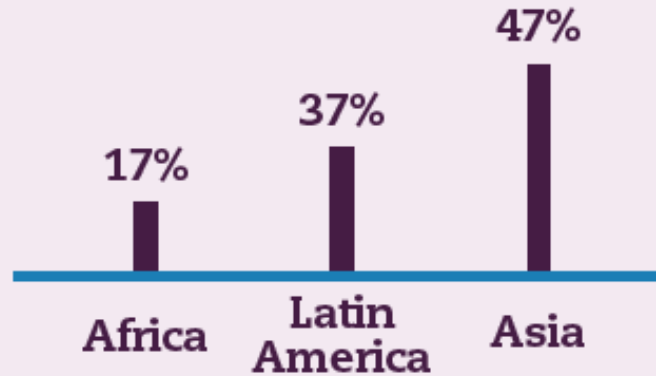


Intermediary cities  
35%



Ensure affordable prices of Internet service

**Share of population that can afford 1 GB of data, 2018**



Support digital innovations for agri-food value chain

**83% of agritech solutions do not require high connectivity**





## 2/ Closing the competitiveness gap: focus on African SMEs

### Support digital adoption among SMEs

- ✓ Digital **trade facilitation** (e-custom, streamline regulation for digital payment & taxation)
- ✓ Ensure competition among **e-commerce platforms**

### Encourage **intellectual property right registration**

- ✓ Africa accounted for **0.5%** of patent registrations globally



### Unblock innovative **funding** mechanisms for **SMEs**:

- ✓ Improve risk assessment methods, acceleration programmes for entrepreneurs, public procurements and public guarantees mechanisms
- ✓ Set up small **venture capital funds** for start-ups (e.g. Teranga Capital Fund in Senegal)
  - ✓ Early-stage start-ups receive only **5%** of venture capital funding in 2019
  - ✓ Women-led start-ups received only **2%**





## 3/ *Closing the social gap*: e-skilling the workforce and preparing the labour markets for the digital transformation

Improve school-to-work transitions for youth



**45%** of youth feel their skills don't match local labour markets

**28%** of youth feel underqualified and

**17%** feel overqualified

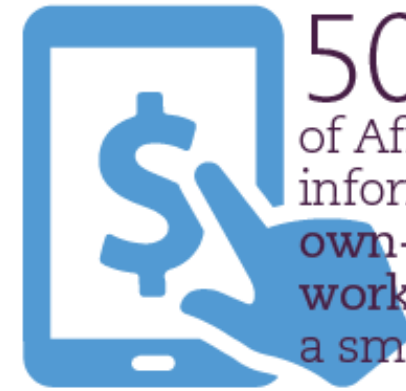
Support the emerging class of iWorkers

**iWorkers could make up more than**



**10%**  
**of Africa's total labour force by 2030**

Unlock the potential of fintech for the informal economy



**50%**  
**of Africa's informal own-account workers have a smartphone**



# Continental & international co-ordination is key to achieve Africa's **digital transformation** and **Agenda 2063**

**15+ initiatives by AU** to harness digital technologies and innovation:

- ✓ Support the **AfCFTA** implementation
- ✓ Achieve a **digital single market** by 2030

Coordinate on **digital security** and **data regulation**

- Only **1/5 African countries** have a legal framework on **digital security**
- **11 countries** have adopted substantive laws on **cybercrime**

A **global New Deal** to building back better

- Tackle **debt** issue to support **investment**
- **Rethink** development strategies





**THANK YOU!  
MERCI!  
DANKE SCHÖN!**