



Report Presentation: Africa's Development Dynamics 2021

Digital Transformation for Quality Jobs

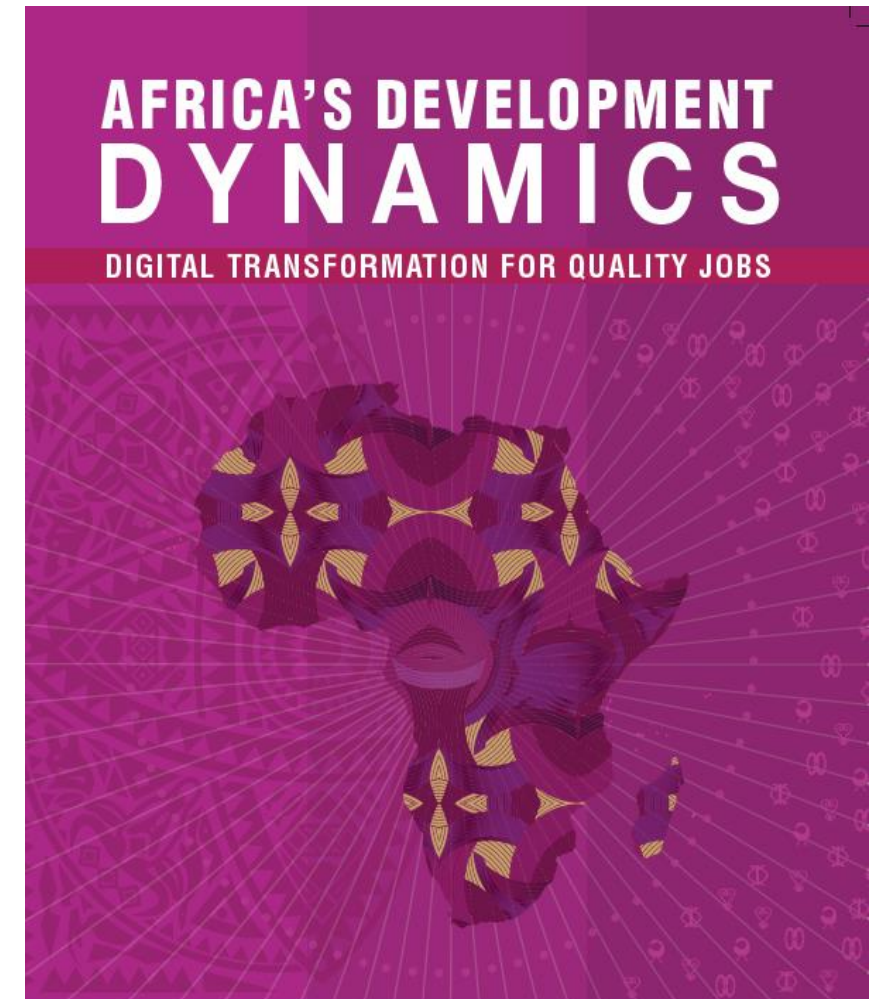
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**co-organised by the Spanish Confederation of
Employers' Organisations (CEOE) and Casa Africa**

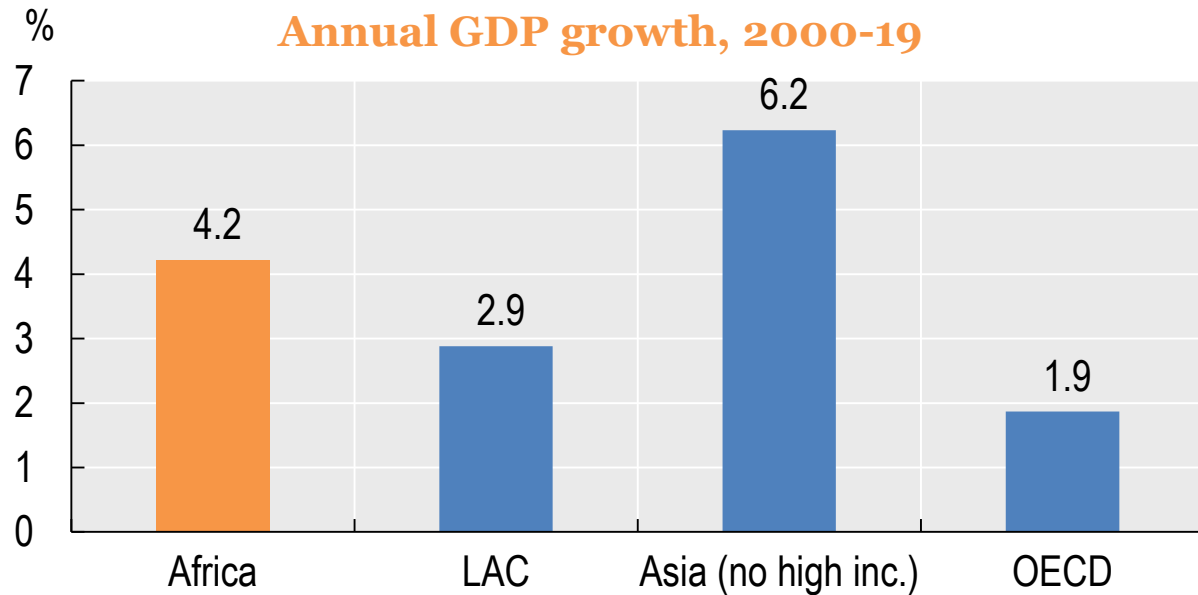


2021

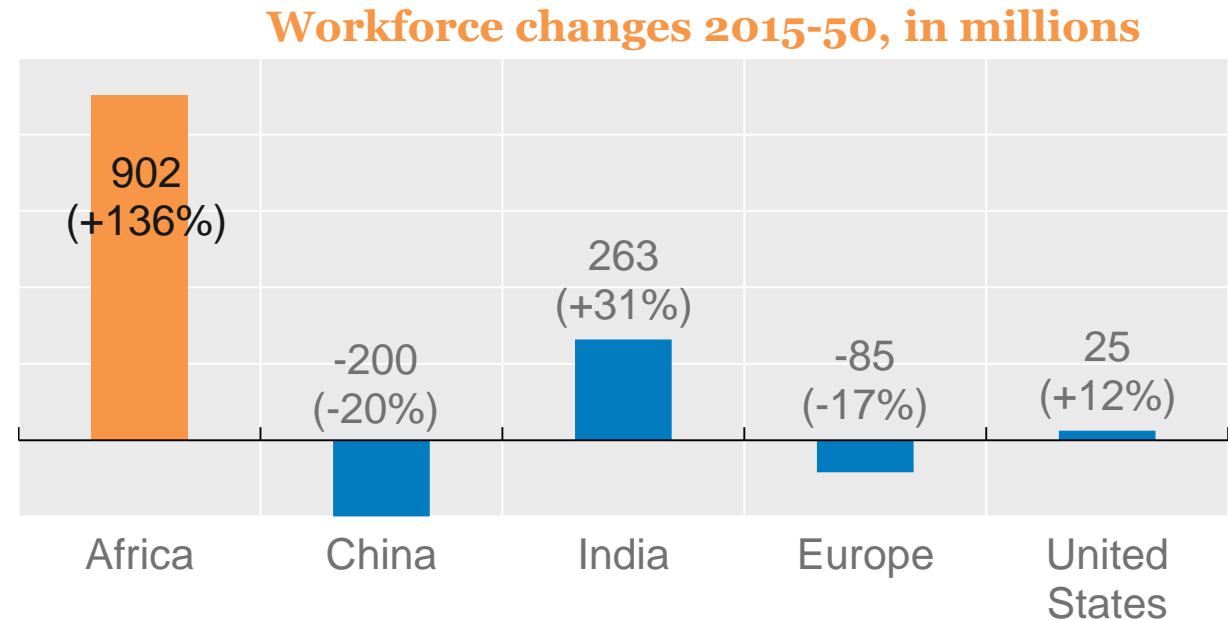


Africa is an important engine for global recovery

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



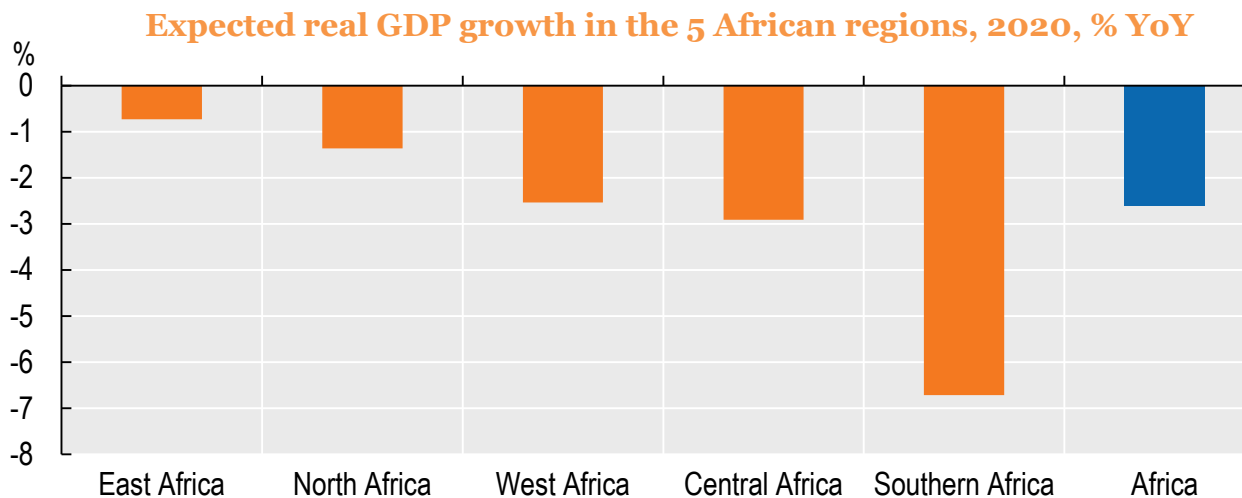
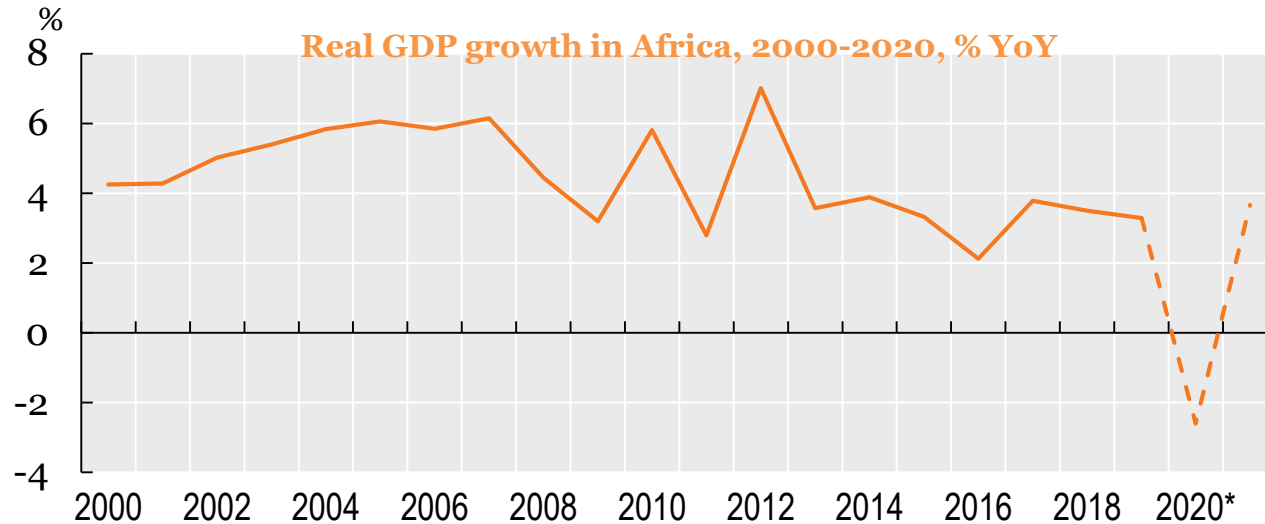
By 2050, Africa will account for 69% of the total increase in global labour force



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 .

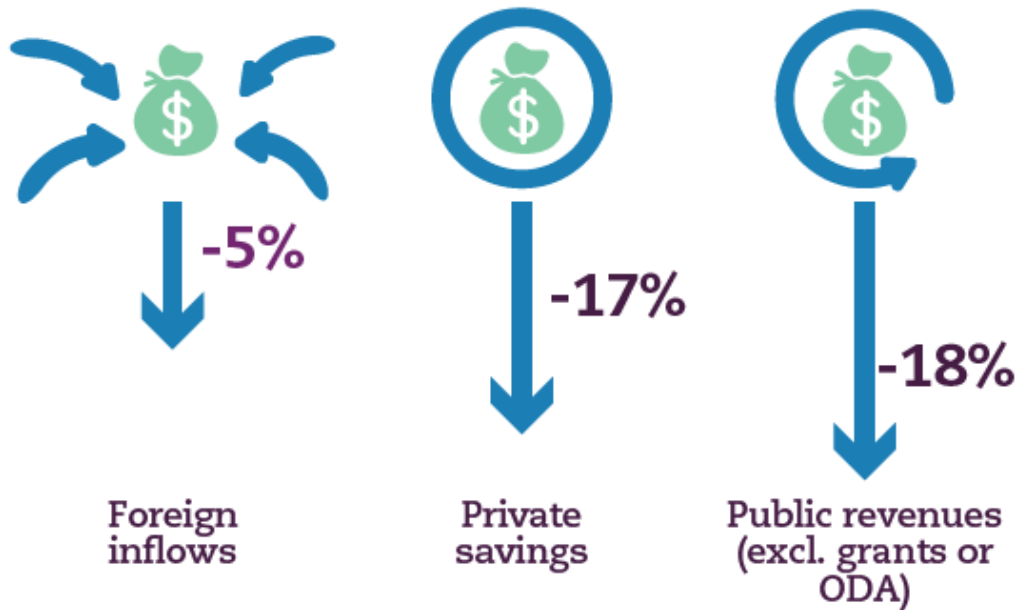
Note: * for projections.

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





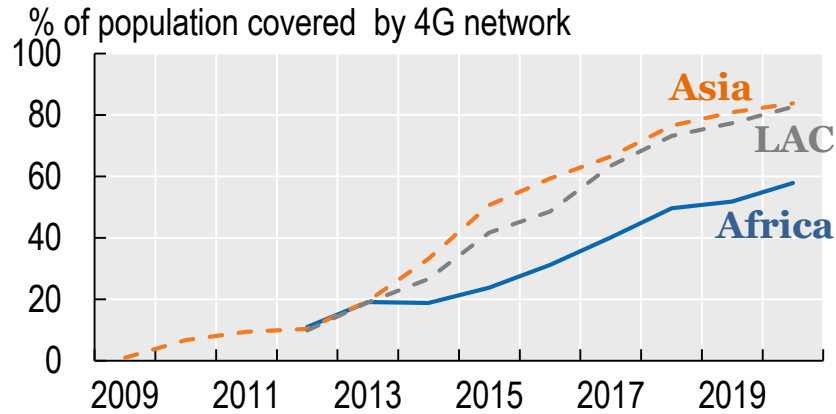
Spain's Africa Plan III

- “Anchor” countries: **Ethiopia, Nigeria and South Africa**
- 7 additional key countries: **Angola, Cote d’Ivoire, Ghana, Kenya, Mozambique, Senegal and Tanzania.**
- **The net flows of Spanish FDI - deducting divestments - towards these 10 countries is 12.6% of Spain's total FDI in Africa (South Africa attracts more than 4/5 of these flows)**



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



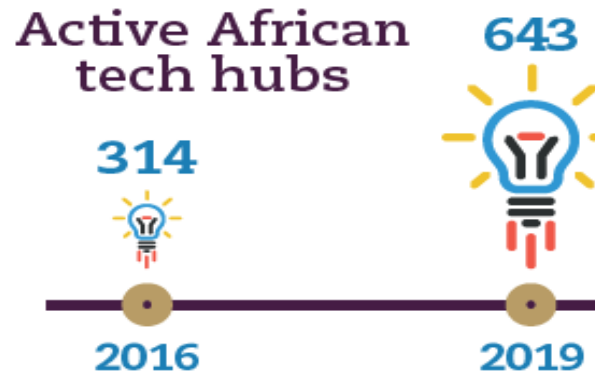
HOW IS DIGITALISATION TRANSFORMING AFRICA'S JOB MARKETS?



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



A dynamic **start-up** ecosystem



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.

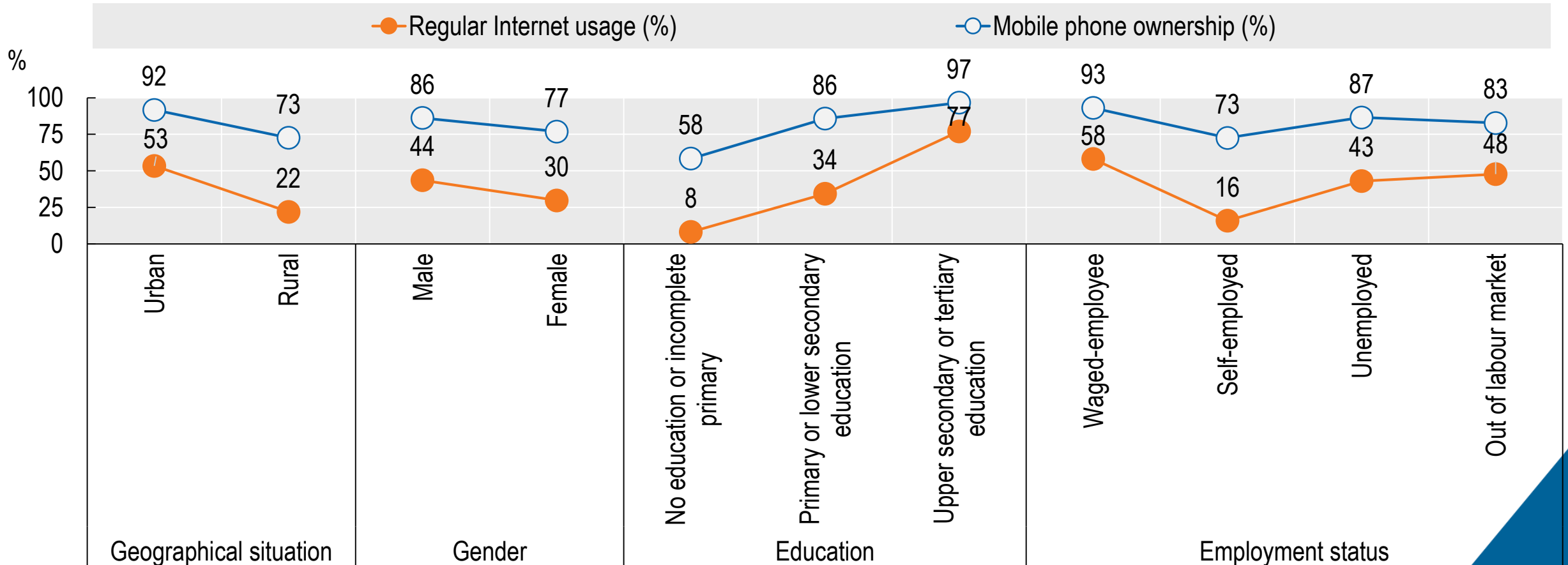
29 million new workers a year until 2030

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%

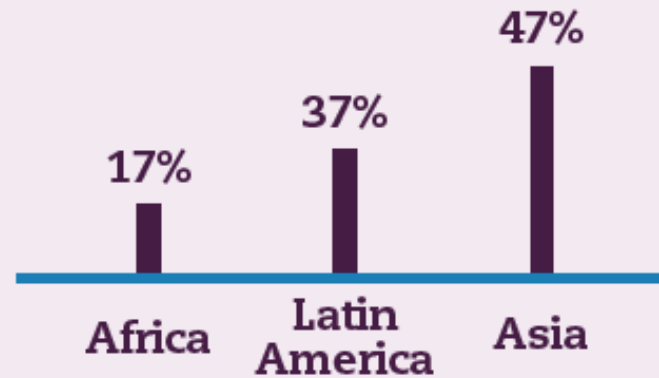


Intermediary cities
35%



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



4/ 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:

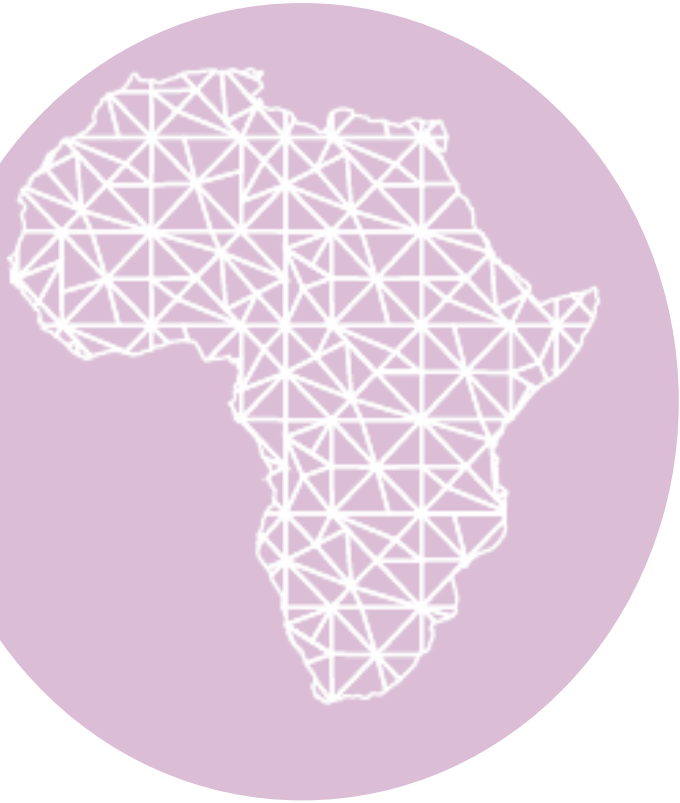
- ✓ Support the **AfCFTA** implementation
- ✓ Achieve a **digital single market** by 2030

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





MUCHAS GRACIAS!