



## Summary Online discussion from 20. May 2021

### Digitalisation as a driver for employment? How the Special Initiative on Training and Job Creation is generating employment in Africa through innovative approaches

**Background:** According to current forecasts, Africa's population will double to around 2.5 billion people by 2050, which will also increase the need for jobs: around 20 million new jobs will be needed each year. This is where the **Special Initiative Training and Job Creation** of the Federal Ministry for Economic Cooperation and Development (BMZ) comes in: Under the **Invest for Jobs** brand, German, European and African companies have been supported in their engagement in Africa since mid-2018 in order to promote job-creating growth.

One focus of the special initiative is on the **digital services sector**, which is gaining additional importance during the Covid 19 pandemic: Not only have economic sectors with a high degree of digitalisation proven to be particularly resilient to the crisis, but the demand for digital services is also growing noticeably due to the pandemic.

How can jobs and training places be created in the digital services sector in Africa and where do the greatest challenges lie? These and other questions were the focus of the online discussion hosted by the **BMZ** and the **German Africa Foundation**.

#### Highlights:

- **By means of cooperation between the private and public sectors, the Special Initiative on Training and Job Creation uses the potential provided by the digitalisation of the world of work.**
- **The Covid 19 pandemic is not only a crisis trigger, but also an innovation driver.**
- **To fully realise the potential of digital transformation, Europe's IT skills shortage must be linked to Africa's talent base.**
- **Small and medium-sized enterprises (SMEs) can play a central role in the digital economy - but to do so, they must be given the necessary market access.**
- **Women have a key role to play in the digital sector - they must be given opportunities to show what they can do in tech.**

#### Welcome

**Dr Uschi Eid**

President,  
German Africa Foundation

#### Impulse

**Martin Jäger**

State Secretary, German  
Federal Ministry for Economic  
Cooperation and Development  
(BMZ)

#### Discussion

**Martin Hecker**

Founder and CEO, AmaliTech  
gGmbH & Digital Skills  
Accelerator Africa e. V.

**Juliana Rotich**

Tech-Entrepreneur & German  
Africa Award winner 2019

**Amel Saidane**

President,  
TunisianStartups & Co-founder  
of BetaCube & Digital2Value

**Admassu Tadesse**

Group Managing Director,  
Eastern and Southern African  
Trade Development Bank

#### Closing Remarks

**David Schwake**

Secretary General,  
German Africa Foundation

#### Moderation

**Sabine Odhiambo**

Deputy Secretary General,  
German Africa Foundation

## The Special Initiative on Training and Job Creation

State Secretary **Martin Jäger** began by presenting the Special Initiative on Training and Job Creation launched by the Federal Ministry for Economic Cooperation and Development (BMZ) in 2018. The primary goal of the Special Initiative is to create both sustainable and good jobs as well as training places in Africa, said **Martin Jäger**. In doing so, a cooperative approach is being pursued in which collaboration between companies, but also between the private and public sectors, is in the foreground - because only if new grounds in development cooperation are pursued together with the private sector, the rapidly growing need for more than 20 million jobs on the African continent can be met. In particular, the Special Initiative addresses the opportunities which lie in the digitalisation of the work environment. In the digital sector, the BMZ supports, among other things, the establishment of digital centres and activities for education and training. A central project of the special initiative in the digital sector is the Digital Skills Accelerator Africa (DSAA), which was discussed in more detail during the discussion. **Martin Jäger** also emphasised that the applicable environmental and social standards of German development policy would always be applied when implementing the measures of the special initiative. In addition to the special initiative, he also presented the BMZ's Development Investment Fund, which was established in 2019. Here, the two components *AfricaConnect* and *AfricaGrow* form two crucial pillars, **Martin Jäger** further explained. Under the former, loans would be granted to German and European companies wishing to invest in Africa. The latter, on the other hand, bundles innovative fund approaches and enables SMEs in Africa to access loans. **Martin Jäger** was optimistic that the special initiative would achieve its goal of creating 100,000 jobs despite the Corona crisis.

## Potentials and challenges of digitalisation in Africa

There was consensus among the panellists that the digital economy has both a crucial role to play in the development of African economies and great potential in terms of employment. According to **Juliana Rotich**, the former has already been observed in all economic sectors in recent years, from the financial services sector to the transport industry. Considerable progress has been made in the expansion of broadband access on the African continent in the past years: Coverage is currently at around 90%. This is a hugely important step as the digital sector touches on other areas of life besides the economy and thus, needs to be understood as a cross-cutting model. Connectivity and the digital infrastructure in general must also be given special attention in the future, because these pose the greatest challenges, emphasised **Juliana Rotich**. Particularly a lack of connectivity - especially in rural areas - and the lack of appropriate terminals would exclude parts of the population from the developments of the digital revolution. These deficits in the digital sector in Africa urgently need to be addressed. **Amel Saidane**, on the other hand, reminded the audience that good connectivity alone does not necessarily lead to more economic growth, as a look at her home country Tunisia shows. Here, unlike in many other African countries, connectivity is already very well developed and the population also enjoys a high level of education in the IT sector, said **Amel Saidane**. Nevertheless, Tunisia's economy was already in decline before the Corona crisis, and youth unemployment is rising steadily. Almost 40% of young people are currently unemployed, despite having a university degree. Tunisia is in the midst of a transformative destruction: on the one hand, political and economic challenges are to be met with digital solutions; at the same time, transformative conflicts and challenges in the digital sphere must be mastered. However, the uncertain economic situation in Tunisia also offers growth potential and creates a good starting position for start-ups and young companies. In order to be able to exploit this potential, the policy must guarantee equal market access for SMEs and thus, enable Tunisia to reposition itself in the global trade chain. Women also need to be strengthened even more in politics and the economy in general, and in the IT sector in particular - this is of key importance, especially in view of the post-Corona era.

## Creating win-win-situations

**Martin Hecker** first turned his attention to Europe and explained why German and European companies would also benefit from investments in the African IT sector. There are already around 750,000 vacancies in the ICT sector in Europe; SMEs in particular are struggling with a significant shortage of skilled workers. Currently, Europe is not in a position to successfully implement the digital transformation, analysed **Martin Hecker**. At the same time, there are many talents in the IT sector in Africa: every year, around two million graduates from African universities graduate in the field of IT - but do not find a corresponding job. If the need for IT specialists in Europe is linked to the talent pool in Africa, win-win situations can be created for both continents. This is exactly where the *Digital Skills Accelerator Africa (DSAA)*, supported by the Special Initiative on Training and Job Creation, comes in: With the help of the *DSAA* - a non-profit association consisting of a consortium of German IT companies - barriers to investment and entry into the African market are to be reduced, thus linking demand in Europe with supply in Africa. According to **Martin Hecker**, the first results are very promising despite the Corona crisis. Sustainable jobs have been created and, above all, young people have been supported in pursuing their careers in the digital economy. The *DSAA* follows an inclusive and gender-based approach that aims to benefit all population groups.

**Admassu Tadesse** also saw great potential in the African digital economy for creating win-win situations: Not only does the talent pool in Africa, already mentioned by Martin Hecker, offer great opportunities for German and European companies, but the demand for digital products and services has also massively increased on the African continent. For example, 50% of all digital bank accounts are in Africa and Kenya in particular has taken on a pioneering role in the area of mobile payments. Like Juliana Rotich, **Admassu Tadesse** also emphasised the relevance of digitalisation for all areas of the economy. For this reason, the digital sector is a central investment area of the *Eastern and Southern African Trade Development Bank (TDB)*, for which he works. Here, in cooperation with the special initiative, investments are being made in particular in the expansion of digital infrastructure and the improvement of the broadband network, which forms the basis for a leap forward.

According to **Amel Saidane**, Tunisia has also had positive experiences with the involvement of the special initiative. In Tunisia, there is cooperation in a wide variety of areas, e.g., in advising and implementing projects, in advocacy work, but also in promoting women in the ICT sector. The special initiative is a catalyst for the development of new models and concepts that support the digital transformation and acts as a trustworthy mediator between German and African actors.

## Covid-19 Special Initiative Measures

The Corona crisis had brought into focus not only the creation of new jobs but also the preservation of jobs. Thus, targeted Corona measures were created within the framework of the special initiative, which highlighted the advantages and special features of the special initiatives, as e.g., **Martin Hecker** and **Admassu Tadesse** emphasised: Special Initiative measures had been redirected in a targeted and flexible manner after the outbreak of the Corona pandemic to preserve jobs at risk. In Ethiopia, for example, the TDB is working closely with *KfW* to implement the Corona measures of the special initiative. The focus here is primarily on SMEs, which have been particularly hard hit by the crisis. Thanks to the good cooperation with the special initiative and the rapid provision of financial support, more than 1,000 SMEs have been supported in Ethiopia and around 20,000 jobs have been saved since mid-2020.

**Martin Hecker** added that the DSAA had also been able to quickly and flexibly adapt its training and further education programmes to the pandemic conditions. In Ghana, for example, the training offer has been completely converted to digital formats and the service centre of *AmaliTech gGmbH* has also been largely converted to work from home. This shows once again that some African countries already have a well-developed digital infrastructure and that it is worth investing in it. Thanks to the flexible conversion to digital structures, 400 new jobs were created within the framework of the DSAA despite the Corona pandemic.

### **Innovation-driver Covid 19?**

At the same time, **Martin Hecker** said, the momentum of the Corona crisis and the growing acceptance of remote working is being used to further develop digital concepts and create more jobs in Africa. One example, **Martin Hecker** gave, was the development of a freelancer platform to give African experts access to European markets and companies from Africa. Although the Covid 19 pandemic poses enormous challenges to the economy and the labour market in Africa and worldwide, it also opens up great opportunities, especially for the digital sector, argued **Martin Jäger**: The pandemic is not only the trigger of the crisis, but also a driver of innovation, the potential of which African countries in particular have already recognised very early on, he continued. **Juliana Rotich** added that the demand for online education, delivery services, communication services and especially online services in the health sector had increased significantly since the beginning of the pandemic. The financial sector in particular has experienced a digital transformation through increased cashless payments. She sees great potential here for the digital economy of the African continent. In order to fully exploit this potential, it is necessary to invest in SMEs and facilitate their market access.