



International
Labour
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PROSPECTS



REPUBLIC OF KENYA



Kingdom of the Netherlands

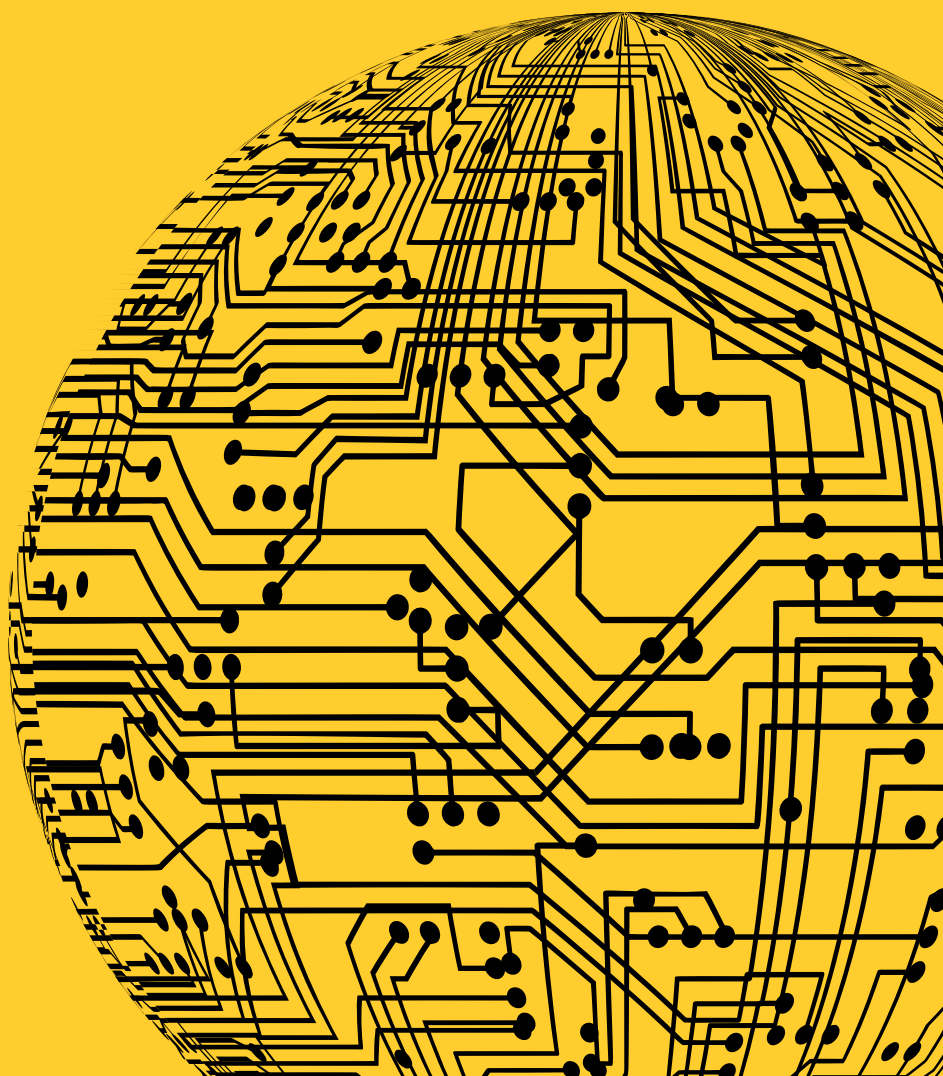
Regional Forum

Driving an inclusive and productive digital transformation for decent work

Executive Report

8-9 May 2024

Nairobi, Kenya



I. Introduction

The event was co-hosted by Kenya's Ministry of Labour and Social Protection and the International Labour Organization (ILO) through the Partnership for improving prospects for forcibly displaced persons and host communities (PROSPECTS) funded by the Kingdom of the Netherlands.¹

The Forum offered a platform to exchange knowledge and experiences to advance decent work and inclusion in the digital economy. It convened 122 tripartite partners, development actors and PROSPECTS implementing partners from Egypt, Ethiopia, Iraq, Jordan, Kenya, Lebanon, Sudan and Uganda.

The two-day forum's discussions were broadcast live with 935 participants attending online. A recording can be found on [ILO Live](#). A more detailed report of the Forum discussions can also be found [here](#).

Both reports were written by Zulum Avila, Specialist on Employment Strategies in the Digital Economy, and Anne Beatrice Cinco, Jr Technical Officer.

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¹ Under PROSPECTS, the ILO project '[Promotion, inclusion and protection of refugees and host communities in the gig economy](#)' aims to mitigate digital risks towards opportunities for decent digitally enabled livelihoods, and is implemented in partnership with the United Nations Refugee Agency.

► Summary of discussions

The potential of digital transformation

- Countries in the region increasingly recognize the digital economy as a **key enabler** for economic growth and job creation, improvements in job quality, innovation and productivity gains.
- For **developing countries**, the digital transformation offers the potential to leapfrog towards sustainable and inclusive development.
- Digital technology and AI have shifted occupations and skill demands, rather than causing massive job losses. This shift can lead to **economic diversification** and job creation in emerging sectors.

The barriers to digital transformation

- Digital technology has facilitated the expansion of **new economic activity** and **shifts in work arrangements** such as freelancing, remote jobs, and gig work. New jobs in the digital era, however, also come with wide variation within and across countries on how work is organized and regulated.
- The transition into a digital economy also poses growing challenges of **inequality**, job precariousness and unemployment. Not everyone can reap the benefits of digital technology, which can accentuate existing inequalities and the **digital divides**:
 - **Small and medium-sized enterprises**, which are overrepresented in Africa and Middle Eastern countries, face constraints to taking full advantage of emerging technologies.
 - **Disadvantaged groups** in the labour market are more exposed to vulnerabilities, including women, middle and low-skilled workers, youth from offline areas, migrants and refugees.

An enabling environment for decent work and inclusion

- Sound **governance and policy frameworks** are needed to ensure fair distribution of the gains and opportunities, while adequately addressing the challenges related to the digital transformation.

An enabling environment for inclusion and decent work includes:

- Fully developed critical **digital infrastructure and services** such as online payment methods and other financial services, functional online platforms that facilitate e-commerce and e-government.
- Alignment of the digital transformation with **social development** objectives.
- Integrated **employment policy frameworks** that support full employment and higher productivity, better wages and working conditions, and increased investments in education, skills, and human capital.
- **Social dialogue** mechanisms and innovative **partnerships** play a fundamental role in designing and steering a digital transformation that leaves no one behind.

Paving the way forward

- ILO constituents expressed the urgent need to **drive forward this agenda** at regional and national levels, including in countries where knowledge sharing and capacity building platforms for policies on the digital economy are not yet established.
- The Forum led to a **strong consensus** on what the gaps and opportunities are and the need for immediate action in advancing decent work and inclusion.

► Enablers of decent work and inclusion highlighted by participants

Through a series of cluster discussions over two days, participants identified key enablers for building an enabling environment that promotes economic growth and job creation, labour and social protection, business productivity and competitiveness, while ensuring alignment with social development objectives, inclusion and a fair distribution of opportunities.

1. Addressing connectivity divides

- Globally, 2.6 billion people remain **unconnected**. In Africa, only 37 per cent are using the Internet. The urban-rural divide is also staggering, with only 23 per cent of those living in rural areas, including refugees and host communities, connected to the Internet.
- Harnessing the digital transformation for decent work is a shared interest among African countries, especially to maximize its youth dividend. However, there are still **low technological adoption rates** across sectors and the key impediment to uptake is the lack of digital skills in the workforce.
- Leveraging digital technologies for livelihoods can only be possible with **universal Internet connectivity**. This means ensuring quality access to connectivity services and devices, at a cost not higher than 2 per cent of the gross national income (GNI). However, average costs for mobile data broadband in Africa is over 4.5 per cent, while fixed broadband costs 15 per cent of GNI.

Emerging initiatives and practices

Kenya is accelerating its [digital transformation](#) by laying fibre-optic connectivity nationwide and establishing Digital Innovation Hubs for public access to Internet, devices, workspaces and power.

The [Digital Egypt](#) strategy aims to transform the country into a digital society by expanding digital infrastructure and enhancing legislative frameworks to leverage innovation, skills, job opportunities.

UNHCR, ITU, GSMA, and the Government of Luxembourg are co-convening a Global Refugee Forum [pledge](#) to mobilize the expertise, resources, and investment needed to ensure all major refugee hosting areas have affordable connectivity by 2030.

2. Fostering integrated employment policy frameworks

- Implementing **coordinated policies** are essential to link digital agendas to economic growth and job creation. These to be a part of a broader agenda of structural transformation.
- Unlocking the full potential of the digital economy needs evidence-based and integrated **employment policy frameworks**. These must include macroeconomic and sectoral policies, active labour market initiatives, and targeted efforts to boost productivity, innovation, and investment.
- Digital transformation policies would benefit from incorporating strategies to facilitate the **transition to the formal economy**, grant labour and social protection for online workers and provide incentives for investment and business technological adoption, including AI.

Emerging initiatives and practices

Jordan's [Artificial Intelligence Strategy and Implementation Plan 2023-2027](#) aims to create a stimulating environment for AI adoption, including through accelerated skills development, tax exemptions for entrepreneurs, scientific research and activating business incubators.

The [National Employment Policy](#) review and alignment with the [4th National Development Plan](#) promotes a fair and sustainable transformation in **Uganda**. The digital economy is highlighted as a key sector for job creation, skills promotion and inclusion.

The [Global Digital Compact](#) is set to offer a roadmap to a digital future benefiting all. Contributions of **African** Member States focused on ICT infrastructure expansion, empowerment of women and young entrepreneurs, improved data, cybersecurity and AI governance frameworks.

3. Building connected and inclusive economies for all

- **E-commerce and digital jobs** generate new income opportunities for groups facing barriers to traditional employment, including the forcibly displaced. Online tools help these groups gain an extra income, expand their market reach, sales and profits.
- **Integrated responses and partnerships** are essential to overcome the complex barriers that underserved groups face in joining the digital economy. Innovative solutions are needed to expand access to connectivity, devices, workspaces, technical and soft skills and labour market linkages.
- The digital economy can help bridge the **gender divide** and promote women's inclusion in paid work. Provisions are needed, however, to avoid amplifying labour market segregation and inequalities.
- **Financial inclusion** remains challenging for refugee communities, especially in rural areas, as they struggle to obtain recognized identification documents to access SIM cards, online bank accounts, digital wallets and credit.

Emerging initiatives and practices

The ILO and the [Central Bank](#) of **Iraq** are enhancing financial inclusion for underserved groups by teaching small business owners and entrepreneurs to use digital banking and online financial products. The initiative also offers financial literacy for women and young people.

The Federation of Kenya Employers promotes inclusion through co-hosting the [Kenya Business and Disability Network](#) along with the ILO. One resulting initiative is the [IT Bridge Academy](#) which offers certified skills development and work placement for persons with disabilities, run by private sector actors, the government and United Disabled Persons of Kenya.

UNHCR and Gebeya launched the [Boundless Skills platform](#) to facilitate onboarding, skills training, vetting and matching of refugees to online freelancing. In **Ethiopia**, the initiative piloted in Addis Ababa, Awabarre, Jijiga, Shedheer and Gambela, but also extended to refugees in Kakuma, Kenya.

4. Shaping a digital workforce

- **Investing in workers' upskilling and reskilling** is a priority for countries in Africa and the Middle East to remain competitive and capitalize future job opportunities. However, reliable digital services and infrastructure are still needed.
- Technological advancements render some skills obsolete and create demand for specialized competencies. Skilling should therefore be a **lifelong process**.
- **Demand-driven** skills development enables business adoption of new technologies such as AI. In addition to technical skills, critical thinking, teamwork, autonomy and creativity are essential.

- Workers and employers can also benefit from the **recognition of prior learning**. This enables the certification of skills and knowledge accumulated in the workplace and through non-formal or informal learning.

Emerging initiatives and practices

Together with ILO PROSPECTS, EFE-**Egypt** is working on providing [comprehensive digital skills training](#) through the IBM SkillsBuild platform. The project's commitment to inclusivity was guaranteed by allocating 30 per cent of participation to refugees.

The [Association of Lebanese Industrialists](#) is mapping skills gaps in the industrial sector to design relevant vocational training courses, including those relevant to the digital economy.

Uganda worked with the ILO to develop a [National Apprenticeship Framework](#) that also benefits refugees and host community members. Similarly, the government of **Kenya** established and implemented a [recognition of prior learning](#) framework. Lessons learned will inform expanding such initiatives to ITC and digitally driven sectors.

5. Harnessing the power of AI and digital technologies for business and work

- **Digital trade, e-commerce and financial services** are increasing in size and scale in Africa, but regulatory and infrastructural gaps remain, including in consumer protection, data privacy, cybersecurity and taxation of digital activities.
- ICT and AI hubs can have a positive effect on businesses. However, **tech startups and micro, small and medium-sized enterprises** (MSMEs) face unique challenges to innovate and thrive. They might also have less technical and financial capacity to comply with emerging regulations.
- African countries are losing 10 per cent of their annual gross domestic product to **cyber-crime**. Training cybersecurity experts, enhancing security systems and establishing regulatory frameworks are essential to protect enterprises in the digital economy.

Emerging initiatives and practices

To foster entrepreneurship and a culture of innovation, **Egypt** has set up [CREATIVA Innovation Hubs](#) in several governorates to offer tech-related technical and applied training programmes, co-working spaces and freelancing and business development services.

Lebanon's Ministry of Industry, the Association of Lebanese Industrialists and the National Council of Scientific Research engages [universities and research centres](#) in designing novel solutions to urgent industrial challenges in sectors such as ICT and skill shortages.

In **Kenya**, the ILO-supported [Community of Practice on Digital Skills and Jobs](#) is allowing relevant actors to move out of silos and jointly discuss emerging issues in the digital economy, especially those affecting business development and technological adoption, innovation and e-commerce.

6. Governance frameworks for decent work and protection in the digital economy

- The digital transformation is a **cross-cutting policy issue** necessitating a whole-of-government approach and a coherent regulatory environment. International cooperation can also be critical for cross-border remote work and extending labour and social protection.
- **Freedom of association and collective bargaining** remain vital to prevent AI and other new technologies from infringing fundamental labour rights or engaging in discriminatory practices for recruitment or management.

- The expertise of traditional **trade unions** can be leveraged to amplify the advocacy of online workers. Trade union membership among online workers, however, remains low.
- **Responsible governance** does not end in the development of policy and regulation. Strong oversight and accountability mechanisms are essential to drive positive and equitable outcomes.

Co-regulation is key to driving the digital transformation. The use of digital technologies spans various sectors and mandates, requiring collaboration among different agencies and ministries. For example, AI in healthcare needs the combined expertise and oversight of multiple regulatory bodies.

Emerging initiatives and practices

The [Global Index on Responsible AI](#) monitors efforts of countries to ensure that AI development and implementation respects human rights.

In **Ethiopia**, a multi-stakeholder National Digital Transformation Council oversees the implementation of the [2025 Digital Strategy](#). This structure helps ensure coherence and promote accountability among various government ministries involved.

Members of the [African Continental Free Trade Area](#) recently adopted the *Digital Trade Protocol*, which harmonises rules and common principles to enable and support digital trade across Africa. It also emphasises digital inclusion, addressing the participation of underrepresented groups and MSMEs in digital trade.

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