AFRICA’ SHARE OF WORLD GDP GROWING

Share of world population rising since 1900...
but share of GDP falling until 2000

- Africa's share of world GDP
- Africa's share of world population
CONVERGENCE SCENARIO

**Share of global GDP—50% higher**

**Per capita income—60% higher**
BIG POTENTIAL

- Far from productivity frontier
  - bigger gains than others from moving to global best practice
  - potential technological leapfrogging
- In 40 years, only continent with growing labor force
- Strong natural resource base
  - 60% of world’s unutilized potential cropland
  - reserves of oil and minerals
- Fastest growing middle class (under convergence scenario)
  - fastest urbanization
  - rapidly growing consumer demand
AFRICA GROWING...BUT NOT CONVERGING

GDP Per Capita Growth (%)

- Average, 2005-2014: 2.6% (World), 4.7% (Emerging Market & Developing), -1% (Africa)
- 2015: 2.0% (World), 2.2% (Emerging Market & Developing), -0.6% (Africa)
- 2016: 2.1% (World), 2.8% (Emerging Market & Developing), -0.8% (Africa)
But divergent country performance

- 1 in 4 countries averaged per capita income growth >3% since 2010

- It can be done

- Challenge is to generalize “Africa best practice”
(1) Slower global growth

CHANGED EXTERNAL ENVIRONMENT

GDP Growth (%)

- Average, 2005-2014: 3.9%
- 2015: 3.2%
- 2016: 3.1%

World: 6.1% (2015), 4.2% (2016)
EMDEs: 4.0% (2015), 4.2% (2016)
(2) Commodity price decline
(3) Tighter capital markets
FOUR TOUGHER CHALLENGES

(1) Commodity price vulnerability

Commodity prices 5-year growth rate
GDP per capita 5-year growth rate
FOUR TOUGHER CHALLENGES

(2) *Savings and investment*

![Graph showing savings and investment percentages from 1995 to 2015 for Asia and Africa. The graph compares the percentage of GDP as a measure of savings and investment across different years.](image-url)
FOUR TOUGHER CHALLENGES

(3) Demographic transition

Total Fertility, 1960-2015

Working Age Population Growth Rate

Total Fertility: 1960-2015

- Niger
- Somalia
- Mali
- DR Congo
- Tanzania
- Ethiopia
- Ghana
- Rwanda
- Namibia
- Botswana
- South Africa
- Tunisia
- Mauritius

Working Age Population Growth Rate:

- Africa (Med.)
- Asia
- China
FOUR TOUGHER CHALLENGES

(4) Education--learning outcomes

- Mathematically skilled, Concrete and Abstract problem solving (Levels 6,7,8)
- Competent (Level 5)
- Beginning numeracy (Level 4)
- Pre, Emergent and Basic numeracy (Levels 1,2,3)
IF AFRICA BEST PRACTICE GENERALIZED ....AFRICA WOULD BE TRANSFORMED

- Reduce commodity price vulnerability
  - fiscal rules and sovereign wealth funds
  - diversify assets—invest resource rents in human capital

- Increase savings and investment
  - concerns over rule of law, macro, power of vested interests
  - self-contradictory view of private sector

- Accelerate demographic transition
  - girls education
  - societal acceptance & availability of modern contraception

- Improve education quality
  - focus on service delivery...not amount spent
  - teacher performance
WHAT WILL MAKE THE DIFFERENCE?

➢ Capable States
  ✓ delivering security, rule of law, and services to citizens

➢ Strong, pragmatic leadership
  ✓ focusing on results not ideology
  ✓ accountable to citizens

➢ POLITICS
  ✓ need political incentives to deliver public goods....rather than to capture private gains for insiders
THANK YOU