

Emerging Markets Forum

Imagining Africa 40 Years from Now

Washington, 11 October 2016

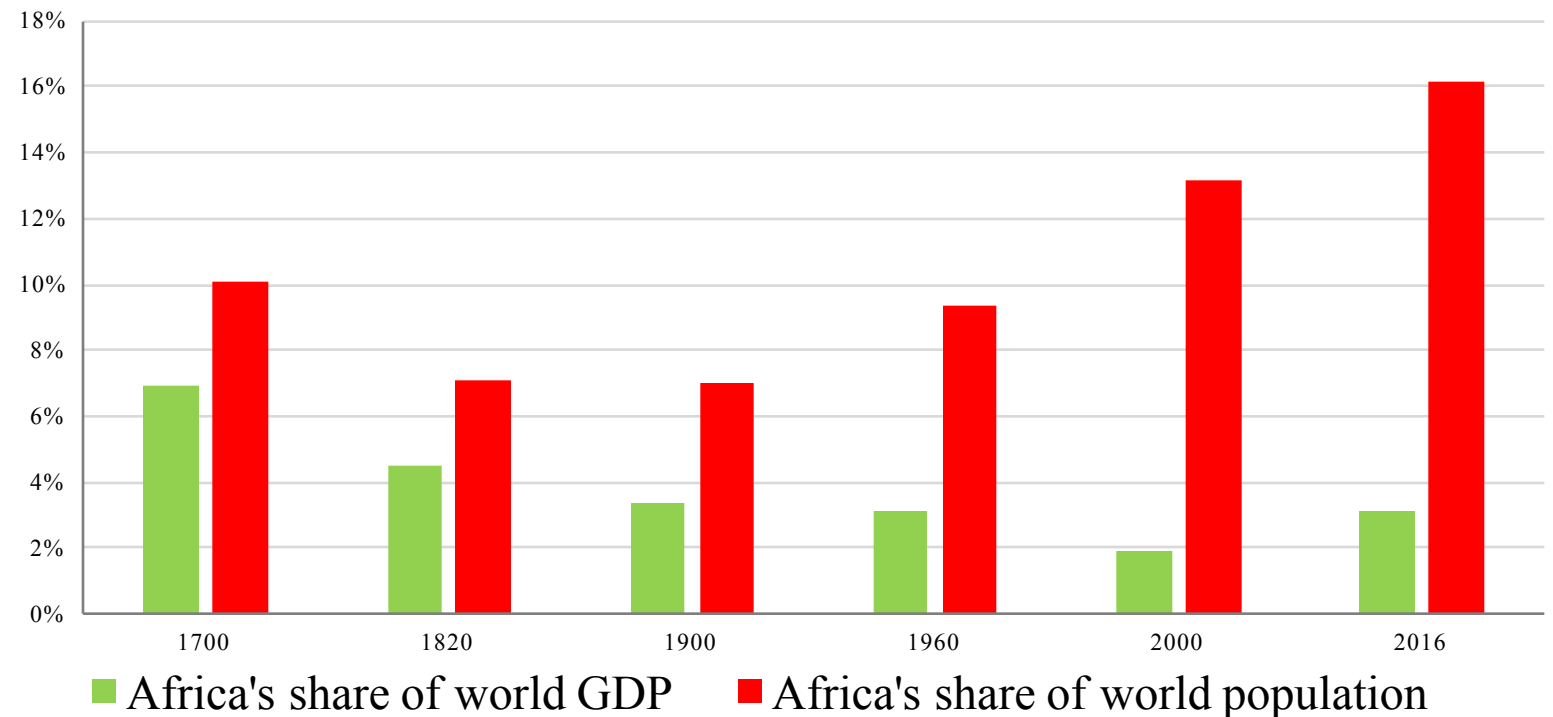
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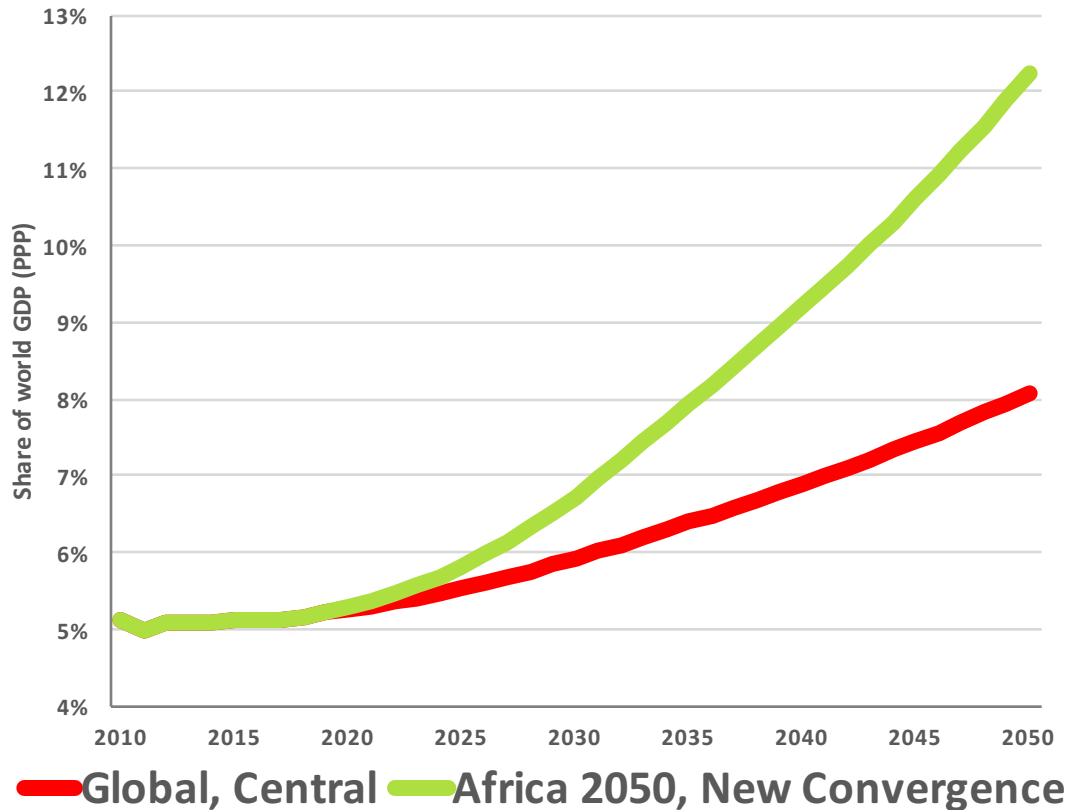
AFRICA' SHARE OF WORLD GDP GROWING

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

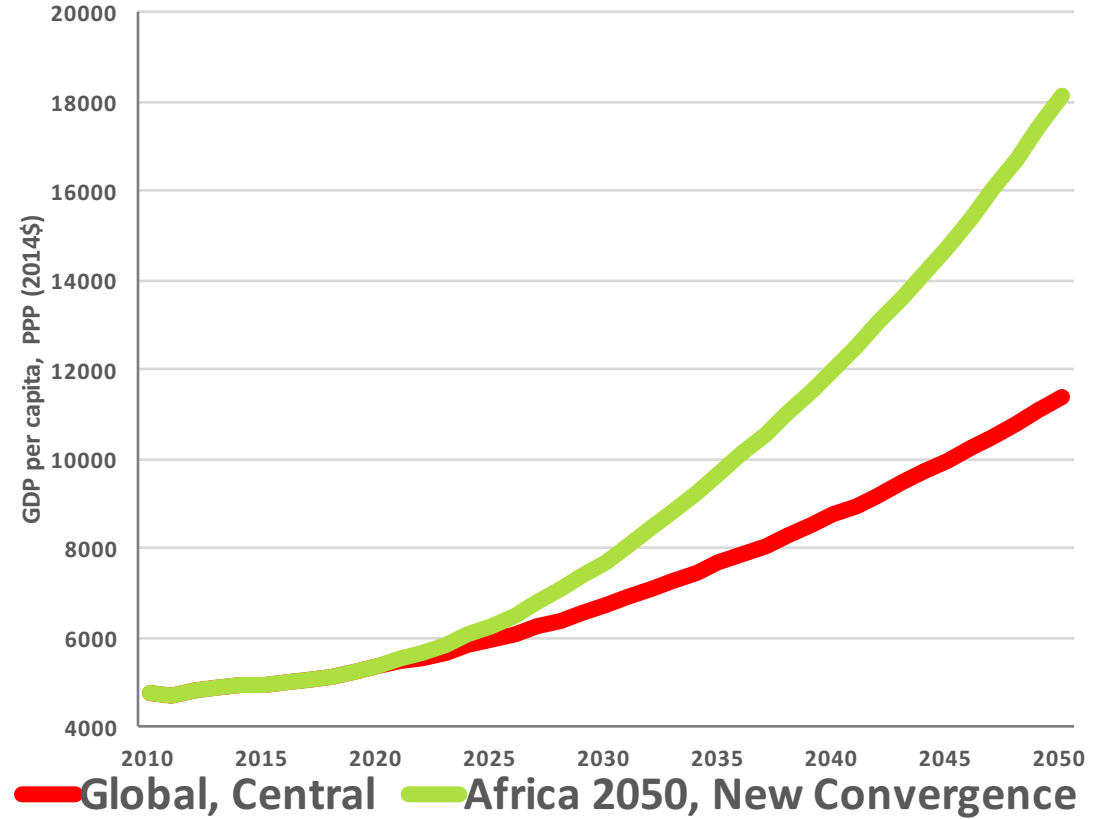


CONVERGENCE SCENARIO

Share of global GDP--50% higher



Per capita income—60% higher





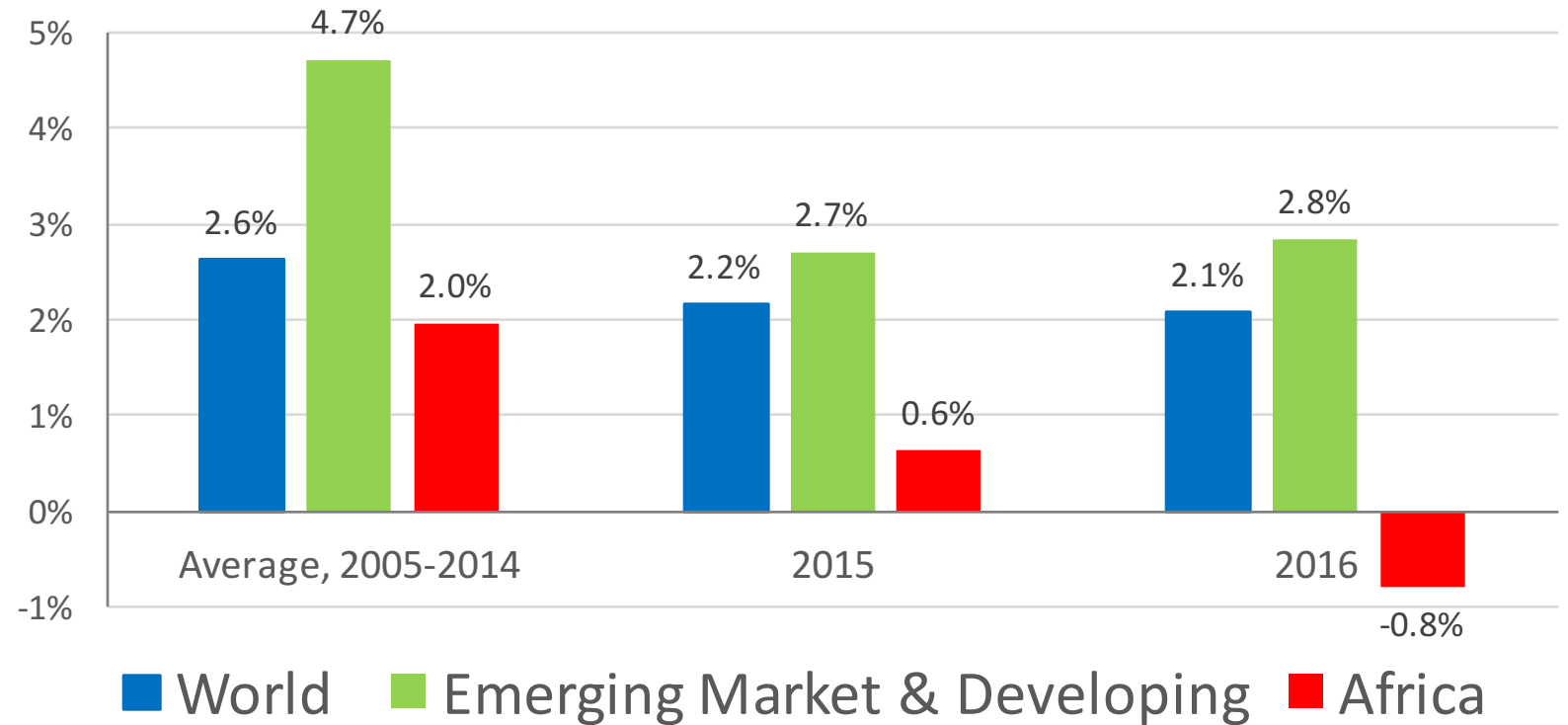
BIG POTENTIAL

- 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 (%)





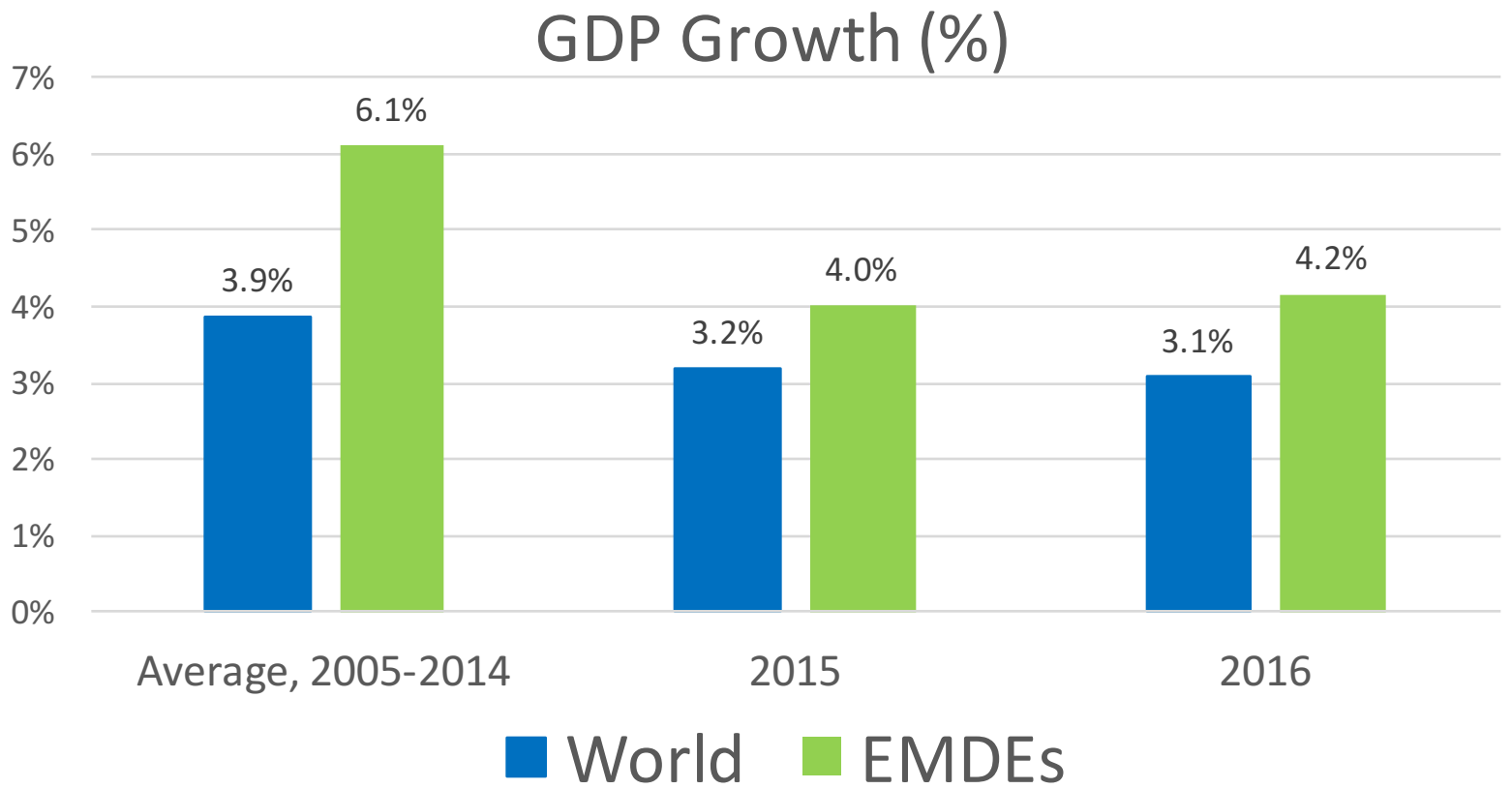
....BUT DIVERGENT COUNTRY PERFORMANCE

- 1 in 4 countries averaged per capita income growth $>3\%$ since 2010
- It can be done
- Challenge is to generalize “Africa best practice”



CHANGED EXTERNAL ENVIRONMENT

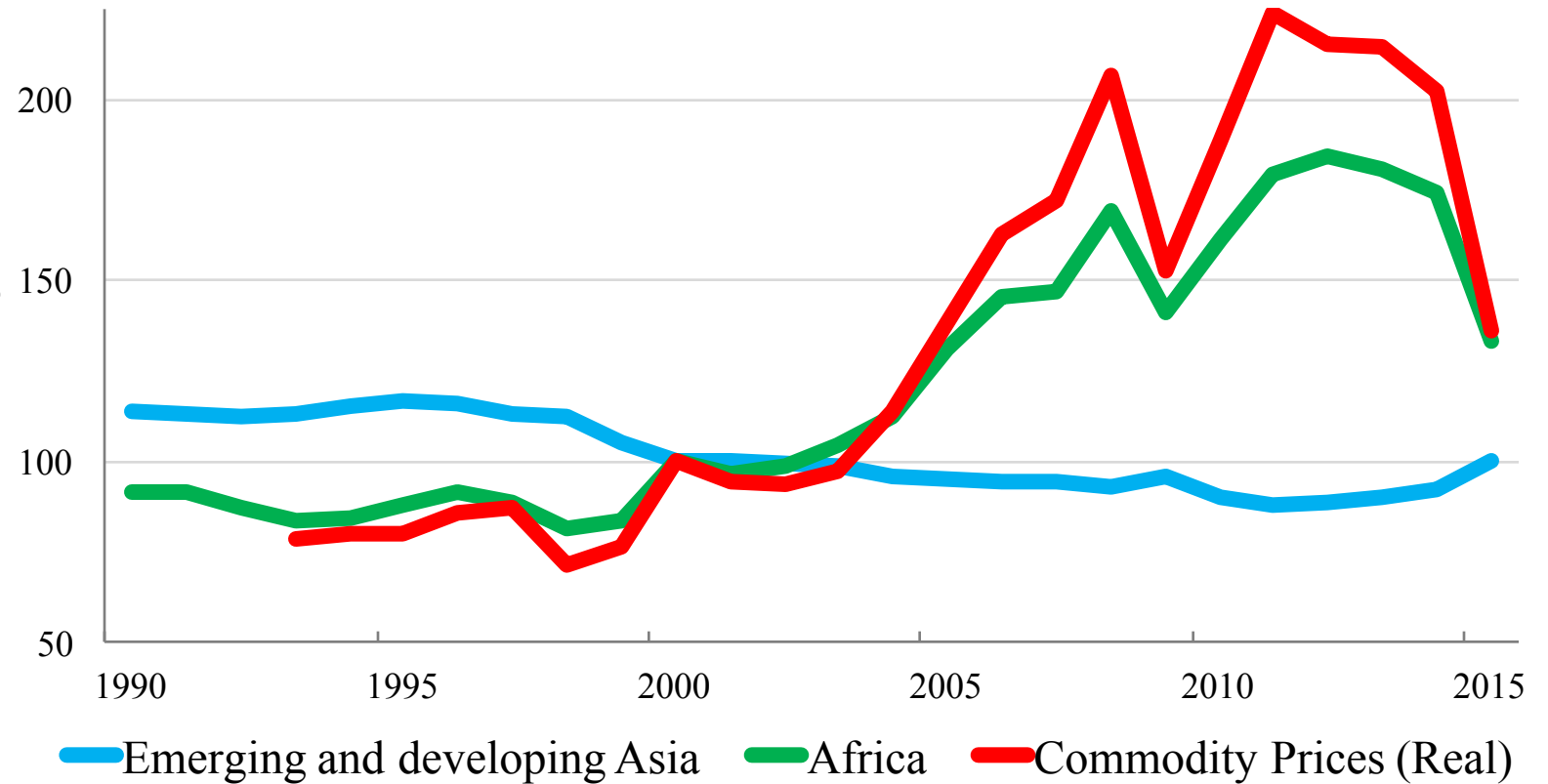
(1) Slower global growth





CHANGED EXTERNAL ENVIRONMENT

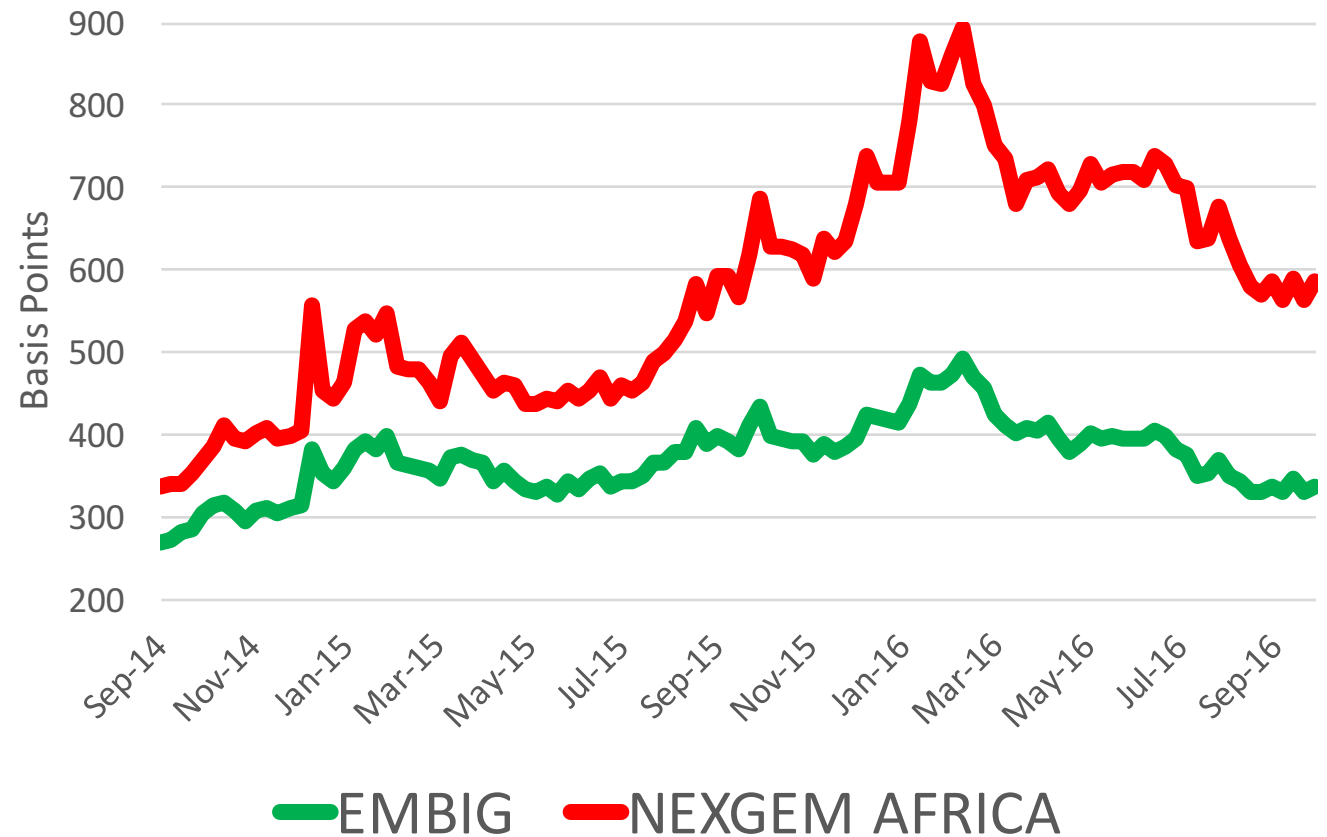
(2) Commodity price decline





CHANGED EXTERNAL ENVIRONMENT

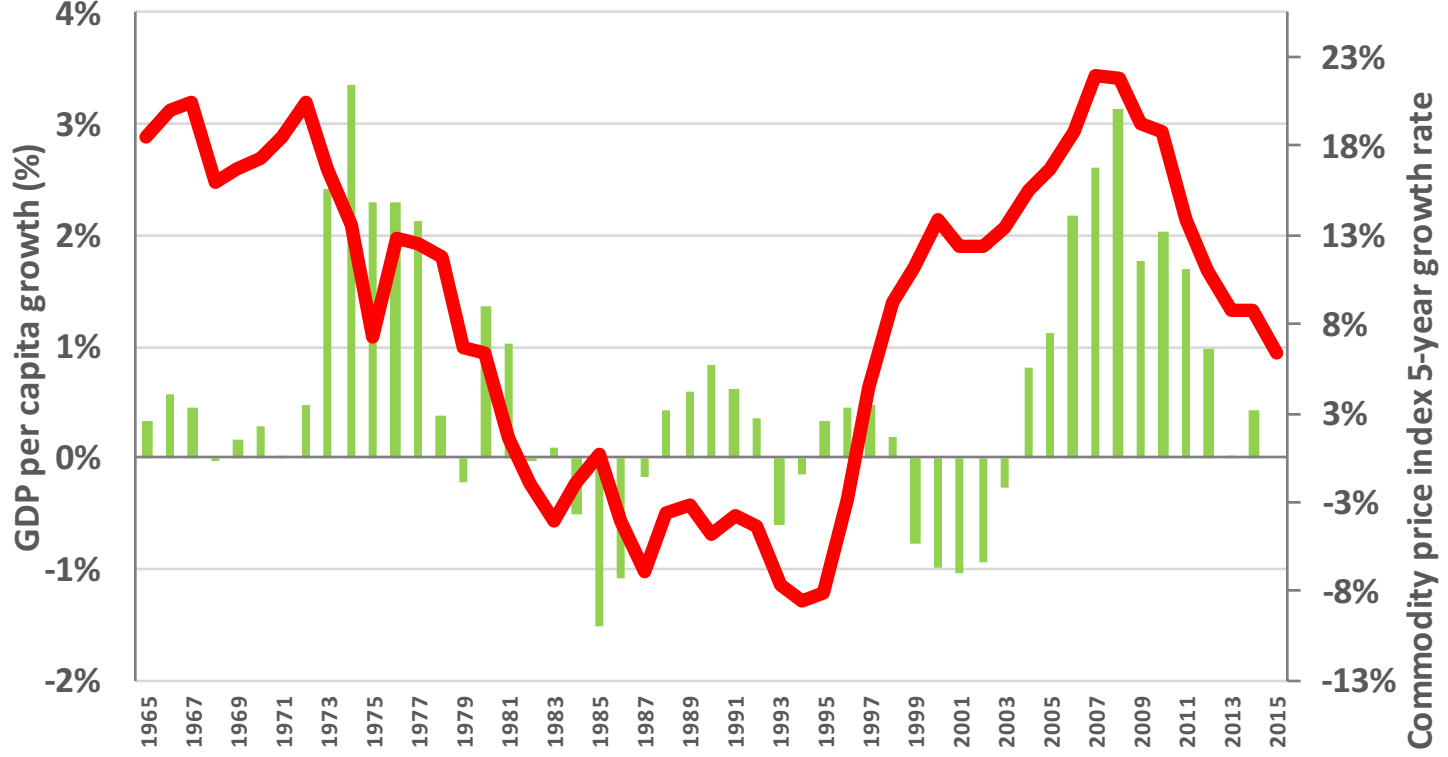
(3) Tighter capital markets





FOUR TOUGHER CHALLENGES

(1) Commodity price vulnerability



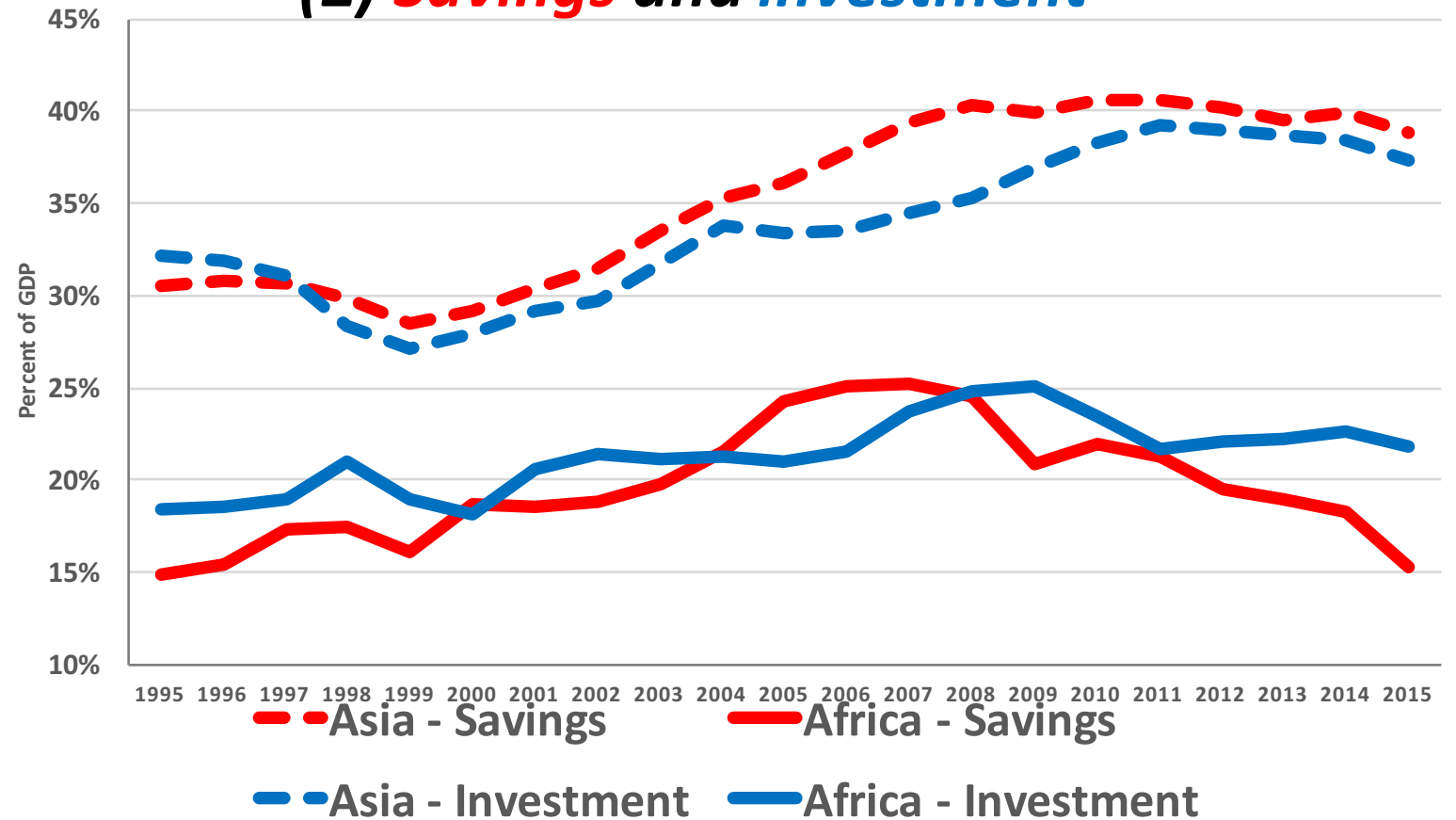
■ Commodity prices 5-year growth rate

■ GDP per capita 5-year growth rate



FOUR TOUGHER CHALLENGES

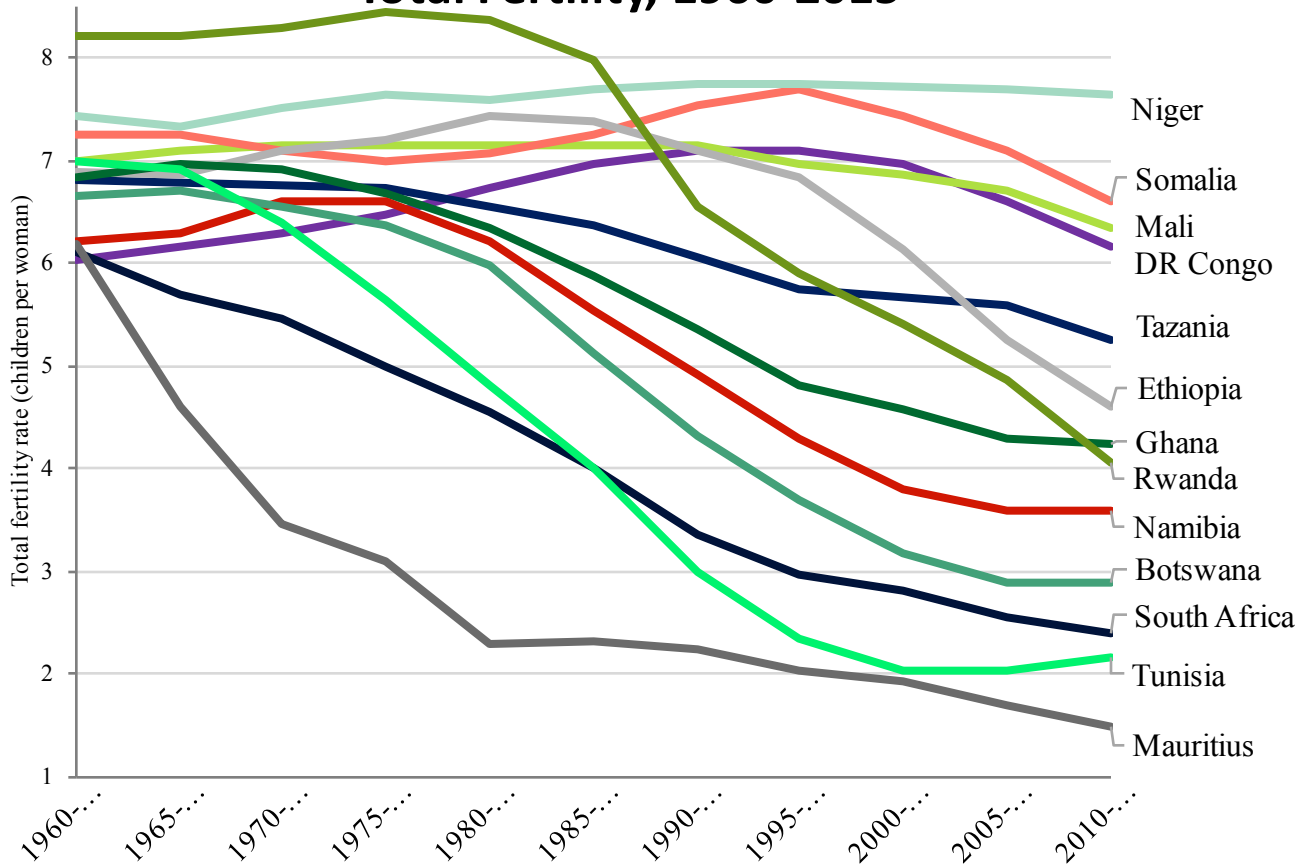
(2) *Savings and investment*



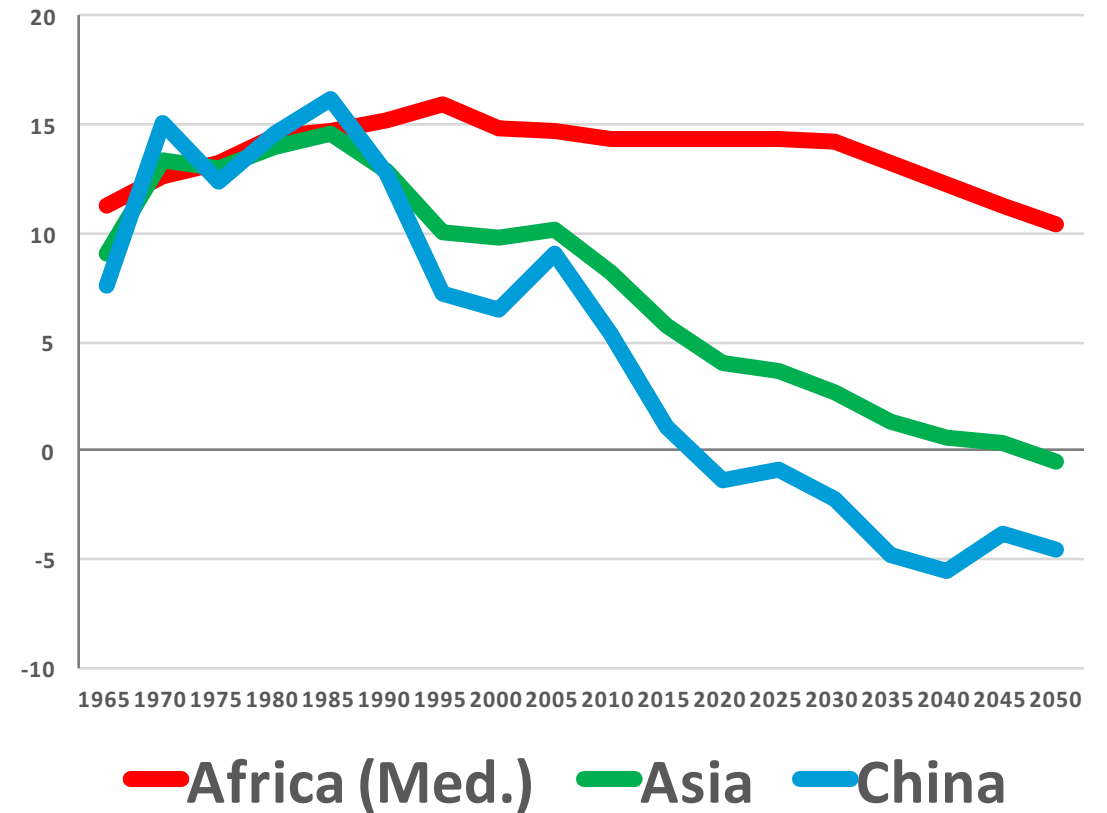
FOUR TOUGHER CHALLENGES

(3) Demographic transition

Total Fertility, 1960-2015



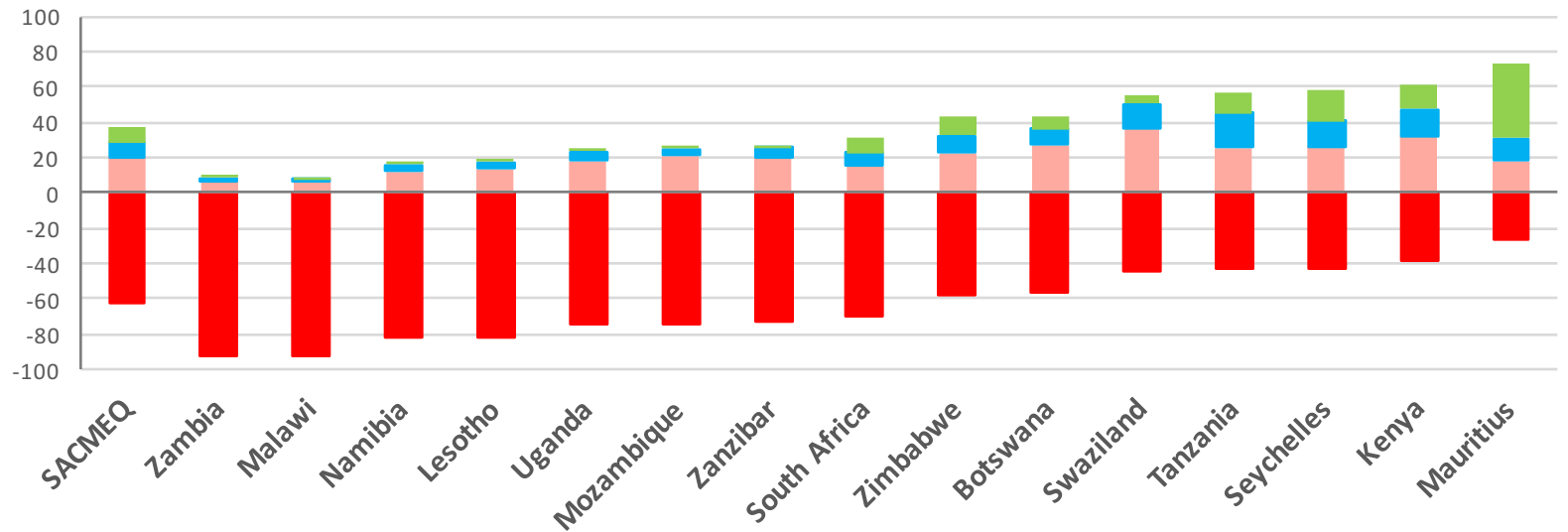
Working Age Population Growth Rate





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 GENERALIZEDAFRICA 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

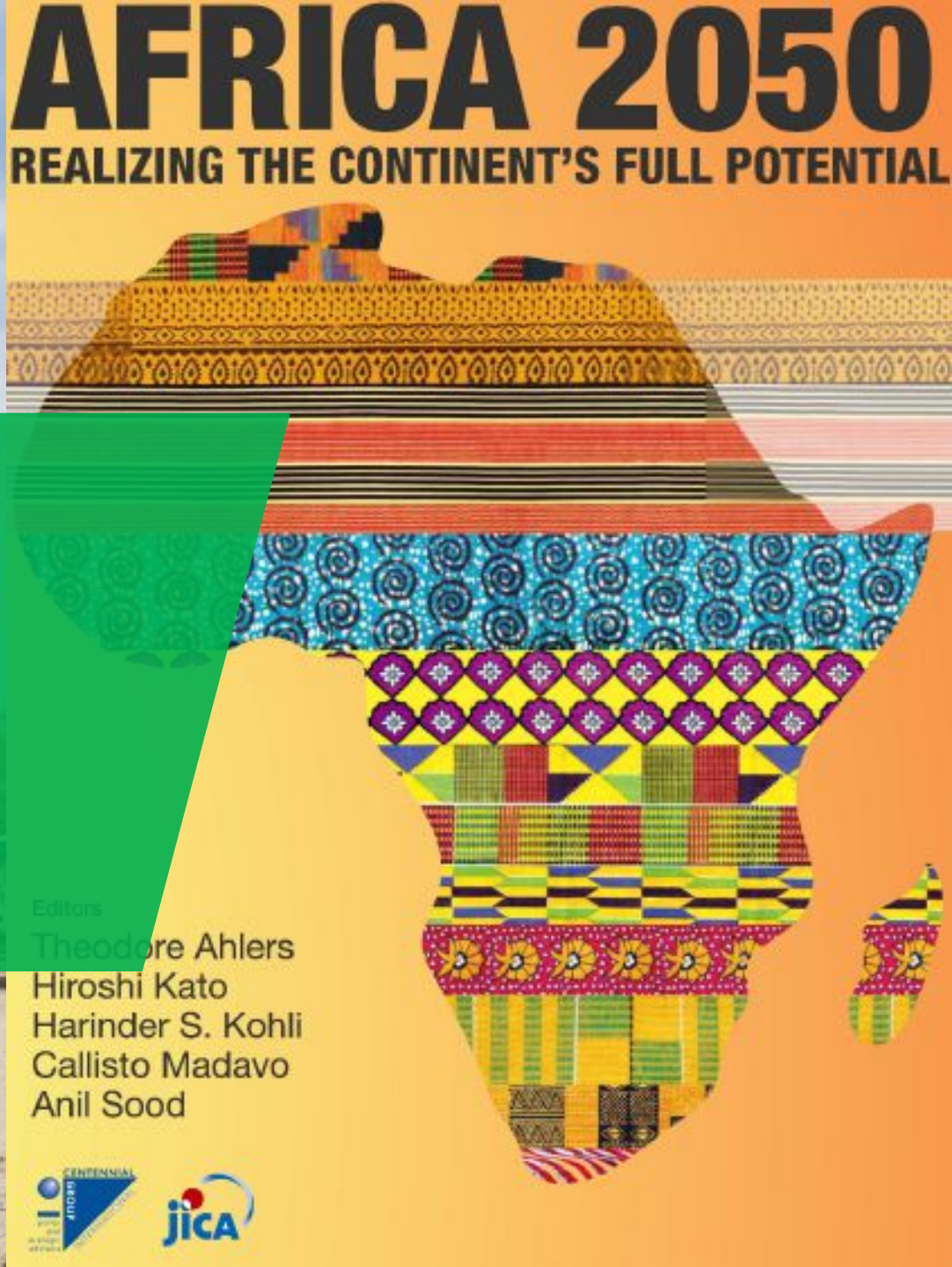
- ✓ focusing on results not ideology
- ✓ accountable to citizens

➤ POLITICS

- ✓ need political incentives to deliver public goods....rather than to capture private gains for insiders



THANK YOU



AFRICA 2050

REALIZING THE CONTINENT'S FULL POTENTIAL

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