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Africa's Current Path

Abstract Cilliers provides a summary and analysis of Africa's development history since the 1980s including the impact of the Brundtland Commission report that culminated in the Millennium Development Goals and, in 2015, the Sustainable Development Goals. Other key matters covered in the chapter are the impact of the various structural adjustment programmes, Africa's growing dependence upon commodities, the continent's rapid democratisation and slow pace of urbanisation. The chapter concludes with a summary of key characteristics of Africa's likely future—the Current Path forecast to 2040—that includes a forecast of economic size, demographics, income and poverty levels. The chapter serves as essential backdrop to the struggle for development that is examined across different sectors in subsequent chapters.

Keywords Africa · Development · Growth · Population · Economy · Forecast · Brundtland · Aid · MDGs · SDGs · Commodities · Democratisation · Urbanisation · Washington consensus · Structural adjustment programmes

Learning Objectives

- Understand and be able to explain the considerations that culminated in the 2030 Sustainable Development Goals
- The impact of commodity-dependent growth
- Democratisation in Africa in a comparative perspective
- To provide an overview of Africa's likely development trajectory to 2040.

Between 1980 and 1990 Africa lost considerable ground—in development terms it was actually moving backwards. Average income per person decreased by about 12% and declined by a further two percent in the early 1990s.

Then, from 1994 until 2008 (when the financial crisis hit), Africa experienced its most sustained period of growth since independence in the 1960s—an average of 4.6% per annum. During this period the average per capita income increased by 35%.¹ However, the share of Africans living in extreme poverty decreased by only about five percentage points, in part due to the high levels of inequality on the continent and rapid population growth.

Africa's low levels of integration into the global economy provided it with a degree of protection from the global financial crisis but its impact was nevertheless significant. In its aftermath global and African growth was significantly slower. From 2010 to 2019 Africa experienced average growth of only 3.1%. Yet, even shortly after the financial crisis, in 2010, the United Nations Development Programme (UNDP) could report that 'the past 20 years have seen substantial progress in many aspects of human development. Most people today are healthier, live longer, are more educated and have more access to goods and services'.² Almost all countries in the world have benefited from this progress, except three African countries, namely the Democratic Republic of the Congo, Zambia and Zimbabwe, which have a lower Human Development Index score today than in 1970.³ This positive story, the UNDP report notes, 'paints a far more optimistic picture than a perspective limited to trends in income, where divergence has continued'.⁴

Four factors likely explain the post 2008/2009 lower growth. The first is that North African countries and the Sahel region have been caught up in the turmoil that followed the Arab Spring. A decade later Libya is still trapped in a debilitating civil war and the region is awash with weapons spreading across the Sahel to West Africa. The second is that oil exporters have been affected by the sharp decline in oil prices that has accompanied the shale revolution in the USA and the general decline in commodity prices that follows the restructuring of China's economy. The third is that, outside of Africa, the size of the working age population relative to dependents had started to decline, meaning that labour was no longer contributing positively to improvements in productivity. These developments are all discussed in subsequent chapters.

¹From US\$3 482 to US\$4 685 in constant 2017 US\$ at PPP.

²United Nations Development Programme (UNDP), 2010. *Human Development Report 2010*. New York: Palgrave Macmillan.

³Ibid., p. 3.

⁴Ibid.

Then, in 2020, the Sars-CoV-2 virus spread to humans in China's Wuhan province and the subsequent COVID-19 pandemic brought the global economy to a shuddering halt. Recovery is dependent on the development, manufacture and global delivery of an effective vaccine that is, at the time of writing, still unsure but unlikely to materialise before 2021.

Against that background, this chapter discusses the key events and trends that currently shape Africa's development trajectory. It concludes with a summary of characteristics of Africa's likely future—the Current Path forecast to 2040—that includes economic size, demographics, income and poverty levels. It provides an essential backdrop to the struggle for development that is examined across different sectors in the chapters that follow.

From Brundtland to the Sustainable Development Goals (SDGs)

In 1983 concern about growing poverty in low-income countries and the extent to which the world had embarked on an unsustainable growth path saw United Nations Secretary-General Javier Pérez de Cuéllar appoint the World Commission on Environment and Development. It came at a time of deep pessimism about the environment and about Africa's development prospects in particular.

The purpose of the commission, that was named after its chairwoman, Gro Harlem Brundtland, was to chart and agree on a common sustainable development pathway.⁵ The Brundtland Commission report was released in October 1987 under the title *Our Common Future*. It popularised the notion of 'sustainable development' by establishing a clear relationship between economic growth, the environment and social equality. The commission presented its results just as the Cold War came to its messy conclusion with the collapse of the Berlin Wall in 1989.

The Brundtland Report called for an international meeting to map out goals and programmes to pursue sustainable development. It led to the Earth Summit in Rio de Janeiro in Brazil that was held five years later, in 1992. As an aside, the impact of the report and the Summit continues to resonate several decades later, first with the eight Millennium Development Goals that were adopted at the United Nations Millennium Summit in 2000 and more recently with the Sustainable Development Goals 2030 (SDGs), adopted by the UN General Assembly in 2015. To that end, the Brundtland

⁵Gro Harlem Brundtland is the former prime minister of Norway served; 1981, 1986–1989 and 1990–1996.

Report served as an important impetus to the developmental vision of the twenty-first century.

An important tool to assist in achieving this vision of sustainable development was international cooperation and solidarity, including the provision of overseas development assistance (aid) which will be examined in greater detail in Chapter 14. However, instead of increasing in constant dollar terms, aid levels declined steadily from their peak in 1990 to the Millennium Summit in New York a decade later. Kenya, Somalia, Sudan and the former Zaïre (now the Democratic Republic of Congo) experienced some of the largest declines.

One of the reasons for this was that a prolonged recession began in 1991 in Japan, a major aid provider. A second reason was the resource pull exerted by transition economies in South Asia that was steadily diverting attention away from Africa. But the most important reason was that the dissolution of the Soviet Union freed Western countries from the need to prop up African dictators who supported the West during the Cold War. With the collapse of the Berlin Wall, Africa lost much of its previous geostrategic relevance and hence the external motivation to assist.

Aid only started to regain momentum with the 2000 UN Millennium Summit in New York. It was substantially bolstered by the support of international celebrities such as Bono and Bob Geldof who campaigned for greater awareness about poverty and the AIDS crisis and also helped to raise funds for relief programmes in Africa.

In addition, the post-2000 momentum was marked by various initiatives such as the Report of the Commission for Africa, spearheaded by UK Prime Minister Tony Blair and the European Consensus on Development. The 2005 World Summit in New York also called for increased aid transfers in order to reach the Millennium Development Goals of halving poverty and hunger by 2015.

The Impact of the Structural Adjustment Programmes

The Brundtland Report and the broader context within which the debates around poverty occurred, also had a wider impact. Among others, it led to deep introspection by the World Bank and the International Monetary Fund (IMF)—the two global financial institutions mandated to respond to underdevelopment—about the effectiveness of their structural adjustment programmes.

The oil and debt crises during the late 1970s created numerous economic problems in sub-Saharan Africa. During the 1980s the World Bank and the IMF responded by creating loan packages for highly indebted poor countries that required them to reduce spending on health and education in favour of debt repayment and the liberalisation of the economy through privatisation and other means.

These measures were not new. The World Bank and the IMF had been attaching conditionalities to their loans since the early 1950s and their policy prescriptions inevitably closely aligned with the free-market economics dominant in the USA, where their secretariats are located and who is the largest contributor to both.

In return for budget and balance of payments support, the Bank and the Fund required African governments to adhere to an agreed set of policy reforms geared towards achieving macroeconomic stability. Perhaps the most significant impact of these structural adjustment programmes was the devaluation of Africa's overvalued currencies to more reasonable levels.

But the negative impact on health, education, poverty and agriculture that followed would resonate for many years and earn both institutions the enduring enmity of many Africans in what has been described as an effective 'race to the bottom'.⁶ These painful reforms impacted very negatively on large populations in the recipient countries and offered African leaders and activist academics a ready target.

The conditionalities, generally known as the Washington consensus, put an effective end to national industrial policies that countries as diverse as Ethiopia, Ghana, Kenya, Mauritius, Mozambique, Nigeria, Senegal and Tanzania had tried to implement, albeit with very limited success. Consequently, industrialisation as a development option for Africa was replaced by trade liberalisation, deregulation, the free market and a small state.

The development framework had shifted away from the state as the main engine and instigator of growth to a reliance on markets and the private sector for resource allocation. Henceforth, the role of the state would be limited to policymaking and regulatory functions. This was based on many African states' inability, in the view of the Bank and the Fund, to effectively deliver public goods and limit the abuse of funds.

Whereas development elsewhere had been facilitated through an active role for the state, the corruption and mismanagement by African governments now presented the continent with an impossible situation. It had to develop without the guiding hand of government.

⁶See for example, Shah, A., 2013. *Global Issues*. [Online] Available at: <http://www.globalissues.org/article/3/structural-adjustment-a-major-cause-of-poverty>.

Unable to rapidly improve productivity and with a fast-growing and youthful population, per capita average income levels in Africa peaked in 1980 and declined to 1994 as trade shocks and economic crises took their toll. The percentage of people living in poverty in Africa followed suit and steadily increased.

From 1989 onwards, development assistance from the West—which a number of African states had become addicted to—also shifted ground. The focus shifted to the importance of democracy, good governance and anti-corruption as part of the efforts to correct some of the egregious misuse of public money and abuse of power by a number of African leaders that followed decolonisation and the end of the Cold War.

Africa's Western development partners subsequently invested in civil service reform and efforts to improve public financial management, and helped to set up anti-corruption watchdogs and public audit bodies. Multi-party elections, decentralisation and other methods to encourage greater citizen participation were equally popular. In the process, democracy became associated with liberal economic policies that envisioned a small state and a dominant role for the private sector in development. The problem is that poor countries need an activist, developmental government if they are to engineer an escape from poverty.

By 1999, the IMF had replaced its structural adjustments programme with the Poverty Reduction Growth Facility and placed poverty alleviation at the heart of its efforts. The following year the World Bank admitted that the poor are better off without structural adjustment.⁷ Writing for the African Development Bank, John Page notes, 'Structural adjustment had taken place without producing structural change'.⁸

But in the interim it was alleviating Africa's large debt burden that focussed the minds of many in the international development community. Africa's debt peaked twice during these years, first at 79% of gross domestic product (GDP) in 1988 and then slightly lower at 77% in 1995. Whereas a general debt-to-GDP ratio of 60% is generally seen as a responsible ceiling that should not be exceeded, the suggested long-term debt-to-GDP ratio for developing and emerging countries is sometimes set at 40% although there is also evidence that it is the debt trajectory and rate of economic growth rather than the debt level that is more important. Perhaps even more important is

⁷Easterly, W., 2001. The Effect of International Monetary Fund and World Bank Programs on Poverty. *Open Knowledge Repository*, Working Paper (No 2517).

⁸African Development Bank Group, 2017. Introductory Remarks: Promoting Sustainable Industrial Policies. In: *Industrialize Africa: Strategies, Policies, Institutions, and Financing*. Côte d'Ivoire: African Development Bank Group, p. 74.

the very high interest rates that African countries generally pay on commercial loans that may go up to five or sixteen percent interest on a ten-year bond.⁹

In response to the alarming levels of debt in many poor countries, the IMF, the World Bank and other creditors began the Heavily Indebted Poor Country (HIPC) Initiative in 1996 that was reviewed and comprehensively expanded in 1999. From 2005 HIPC was complemented by the Multilateral Debt Relief Initiative, a debt relief proposal initially advanced by the G-8 in June 2005.¹⁰

Public debt among low-income countries declined from close to 100% in the early 2000s to a median debt ratio of just over 30% in 2013. By 2018 30 African countries had been assisted (out of the global total of 36 countries that were relieved of US\$99 billion in debt). As the HIPC programme matured, the international community has focused on strengthening the links between debt relief and progress in implementing Poverty Reduction Strategies and macroeconomic and structural reform programmes.¹¹

The debate about the role of the state in Africa's development trajectory evolved markedly during this period. The mantra of 'good governance'—defined as 'the manner in which power is exercised in the management of a country's economic and social resources for development'¹²—steadily replaced the need to downsize the state. For donors like the IMF and the World Bank the focus on good governance was a way to respond to the inefficiencies, corruption and predation that had become a defining characteristic of many African governments.

Later the debate would again shift, now to the need to attract and enable foreign direct investment from the private sector as the best means to facilitate growth. In its most recent incarnation the focus is on the importance of domestic resource mobilisation, effectively completing a circle where the role of capable African governments is again being recognised as key to the continent's future.

⁹Pescatori, A., Sandri, D., and Simon, J., 2014 Debt and Growth: Is There a Magic Threshold? IMF Working Paper (WP/14/34). [Online] Available at: <https://docs.google.com/viewer?url=https%3A%2F%2Fwww.imf.org%2Fexternal%2Fpubs%2Fft%2Fwp%2F2014%2Fwp1434.pdf>; Mutize, M., 2020. African Countries Aren't Borrowing Too Much—They're Paying Too Much for Debt. *Quartz Africa*. [Online] 22 February 2020. <https://qz.com/africa/1806793/imf-world-bank-are-wrong-africa-is-piling-on-too-much-debt/>.

¹⁰World Bank, January 2019. *Debt in Low-Income Countries: A Rising Vulnerability*. [Online] Available at: <https://blogs.worldbank.org/developmenttalk/debt-low-income-countries-rising-vulnerability>.

¹¹World Bank, 2018. *Heavily Indebted Poor Country (HIPC) Initiative*. [Online] Available at: <http://www.worldbank.org/en/topic/debt/brief/hipc>.

¹²World Bank, 1992. *Governance and Development*. Washington, DC: The World Bank.

While aid as a portion of government revenues have steadily declined, remittances and private capital flows have both increased significantly in the intervening years. In current dollars, by 2015, personal remittances (US\$43 billion) and net foreign direct investment (US\$45 billion) to sub-Saharan Africa were approximate to aid flows (US\$46 billion).¹³

The general trend suggests a steady decline in aid dependency in the region. For example, in 2015, 22 out of 54 African countries received more foreign direct investment than aid.¹⁴ Since their economies are growing quite rapidly, middle-income countries are experiencing the sharpest declines in aid as a share of total inward flows, despite the fact that the portion of aid that goes to lower-middle-income countries (compared to low-income countries) has remained relatively constant.

The debate about the potential contribution of the Washington consensus to Africa's recent growth rates remains mired in controversy but it is undeniable that the lack of policy certainty and high transaction costs attracted little private investment to Africa outside of the resources sector.¹⁵ And when looking to the future along Africa's current development pathway, commodities will likely continue to drive growth with all its attendant risks and opportunities. This is a concerning trend.

Africa's Growing Dependence on Commodities

Much of Africa's recent growth was enabled by the commodities supercycle that started in 1996 and peaked in 2011. The demand behind the supercycle came from the higher primary export volumes that were required to feed Asia's manufacturing and construction boom. Its recent decline is largely a function of the economic restructuring and lower growth in China. The Arab spring caused a brief spike in oil prices, but the ongoing shale oil and gas revolution in the USA and the economic contraction associated with the COVID-19 crisis will ensure a continued downswing until such time

¹³World Bank, n.d. *World Development Indicators*. [Online] Available at: <https://datacatalog.worldbank.org/dataset/world-development-indicators>.

¹⁴Angola, Botswana, Cameroon, Republic of Congo, Djibouti, Egypt, Equatorial Guinea, Gabon, Ghana, Lesotho, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Nigeria, Seychelles, South Africa, Sudan, Tunisia, Zambia and Togo. See World Bank, n.d. *World Development Indicators*. [Online] Available at: <https://datacatalog.worldbank.org/dataset/world-development-indicators>.

¹⁵See for example; African Development Bank Group, 2017. Introductory Remarks: Promoting Sustainable Industrial Policies. In: *Industrialize Africa: Strategies, Policies, Institutions, and Financing*. Côte d'Ivoire: African Development Bank Group.

as growth in India, globally likely to be the next growth point, reignites the demand for commodities.

Supercycles are not smooth and consequently the upward and downward cycles can vary greatly. Furthermore, each commodity class also has its own pendulum, so that shifts in the price of base metals do not generally correspond with that of livestock, agricultural products or oil, which has evidenced most volatility as the Organization of Petroleum Exporting Countries (OPEC) tries to govern oil prices. For example, despite the 2007/2008 depression that depressed prices for a year thereafter, commodity prices subsequently recovered until the impact of sharp deterioration of the global economic outlook as a result of COVID-19 saw a sharp drop in most commodity prices.

Particularly significant is that during the most recent supercycle the prices for oil, base metals and agricultural produce, all started to increase at roughly the same time. It was therefore generally a stronger and more uniform up and downward cycle than with previous supercycles, lifting economic growth across all regions in the world, including in Africa, hence the more rapid growth prior to the 2008/2009 financial crisis.

When the United Nations Conference on Trade and Development (UNCTAD) released its 2019 report on *The State of Commodity Dependence*, it noted that an increased number of countries, 102 out of 189, were dependent on commodity exports. Nine out of ten sub-Saharan African countries are commodity dependent.¹⁶ Only 82 countries were considered commodity dependent in 2009–2010.¹⁷

While the number of commodity-dependent countries in Africa has increased markedly in the intervening years, it generally remained static in other global regions, contributing to the relative decline in Africa's competitiveness. Actually, the extent to which African countries are dependent on commodities when measured by value of exports has increased, most of it exported to Europe and increasingly China.

It is unclear exactly when the downturn that started after the 2011 peak will bottom out.¹⁸ Based on the duration of previous cycles it can

¹⁶United Nations, 2019. *The State of Commodity Dependence*. New York: UNCTAD, p. 3.

¹⁷Ibid. UNCTAD defines a country as dependent on commodities when its commodity exports account for more than 60% of its total merchandise exports in value terms and "strongly commodity export dependent" when this share exceeds 80%.

¹⁸According to research done by the Bank of Canada, the previous four commodity super cycles have peaked in 1904, 1947 and 1978 and lasted for 33, 29 and 34 years respectively from trough to trough. Commodity prices subsequently declined to 1995. The most recent supercycle peaked in 2011.

Bahattin Büyüksahin, B., Mo, K., and Zmitrowicz, K., 2016. Commodity Price Supercycles: What Are They and What Lies Ahead? In: *Bank of Canada Review*. Ottawa: Bank of Canada, p. 37.

take anywhere from five to 17 years before a general improvement in commodity prices occurs again. On average, full trough-to-trough supercycles take 32 years—but no two supercycles are the same and the length and intensity of each down and upswing varies considerably from cycle to cycle. That said, on the 32-year average we should reach the trough around 2027 and the cycle would then peak at around 2043. It is still too early for any confident forecast as to the impact of COVID-19 on these broad cycles of commodity prices over the medium to long term.

In addition to favourable demographics, the next commodities supercycle will lift African growth rates, but likely to a lesser extent than before the 2008/09 global financial crisis and it may also take several years for demand for commodities to recover from the impact of the COVID-19 pandemic. But the world will still require commodities, even though the resource intensity of growth is declining and that the previous Chinese demand for base commodities is shifting from iron ore, copper and coal to consumer-related commodities such as meat, dairy and apparel. Just how rapid China is growing (in spite of moderating rates in recent months) is difficult to grasp. For example, in the four years from 2014 to 2018, China added the size of the entire economy of Africa to its GDP in market exchange rates. The Chinese economy is already larger than the US economy in purchasing power parity and is expected to overtake the size of the US economy in market exchange rates around 2028.

In addition, a next supercycle (i.e. from around 2030 onward) would be driven by the expected demand for commodities from a rising India that is experiencing a steady improvement in growth rates. Although the world appears to have entered a lower growth trajectory due to having passed the peak relationship between working age and dependents discussed in Chapter 5, the larger global economy will continue to drive a steady demand for commodities. Global GDP will expand by more than 40% by 2030 (from 2018) and by 2040 the world economy would have almost doubled in size (all figures in market exchange rates).

The Challenges of Commodities-Dependent Growth

There is ample evidence that commodity dependence leads to slow and poor quality growth over long time horizons.

Extreme commodity dependence is also closely associated with poor governance and supporters of the ‘resource curse’ hypothesis argue that a too heavy

dependence on energy resources such as oil or gas impedes rather than accelerates economic growth and investment. It may also hinder the broadening of the economic base by impeding value-add in agriculture and manufacturing, while impeding the development of the various institutions of good government.¹⁹

Some of the severe risks that single-commodity exporters face include the inevitable exposure to price volatility of that commodity (that occurred, for example, in 2014 and again early in 2020 with the collapse of the oil price), the decline in the contribution from other economic sectors (the so-called Dutch disease), an increased likelihood of undemocratic government (since governance is dominated by competition for control over the income stream from its single commodity and not by other considerations such as service delivery), the prevalence of a rentier state (where the state is not accountable to citizens but to special interest groups aligned to the commodity income), pressures to spend within a short-term horizon to maintain support (also to align with surge in commodity incomes) and a greater likelihood of low-quality institutions (the sum impact of all of the above). A recent article by Larry Diamond and Jack Mosbacher summarises it as follows:

The surge of easy money fuels inflation, fans waste and massive corruption, distorts exchange rates, undermines the competitiveness of traditional export sectors such as agriculture, and preempts the growth of manufacturing ... Rather than fostering an entrepreneurial middle class, oil wealth, when controlled by the government, stifles the emergence of an independent business class and swells the power of the state vis-à-vis civil society.²⁰

The result is an 'observable correlation between resource abundance and political corruption'.²¹

To date Botswana is the only African country that has successfully developed its resources sector (diamonds) to the general benefit of its populace, yet it too struggles to spread its commodity-led growth beyond a small, privileged elite in a country that has the third highest level of inequality globally.

The result is that resource poor economies generally outperform resource rich countries with South Korea, Japan and Taiwan often cited as the best examples of the former and Nigeria, Angola and Equatorial Guinea as examples of the latter. South Korea, contrasted with Ghana in the previous chapter,

¹⁹Gylfason, T., and Zoega, G., 2006. Natural Resources and Economic Growth: The Role of Investment. *The World Economy*, 29(8), pp. 1091–1115.

²⁰Diamond, L., and Mosbacher, J., 2013. Petroleum to the People: Africa's coming Resource Curse—And How to Avoid It. *Foreign Affairs*, September/October, pp. 87–88.

²¹Ibid.

has virtually no natural resources of any value. In 1962 the country exported mostly raw materials like fish, rice, iron ore and unprocessed silk while today it boasts a well-diversified export portfolio that includes electronics, cars, ships and other high-end machinery.

By contrast, Nigeria's main exports in 1962 were assorted agricultural products—mostly groundnuts, soybeans and cocoa beans—and crude petroleum. In 2014, crude petroleum and liquefied petroleum gases accounted for about 85% of Nigeria's total exports. In 1962 GDP per capita in South Korea was about half that of Nigeria, in 2018 it is about sixfold larger.

To a degree the CFA franc that is practically still used in fourteen west and central African states has the same negative impact as a high level of commodity export dependence.

The original meaning of CFA in 1945, when it was established, was Colonies Francaises d'Afrique (French Colonies in Africa), accurately reflecting its intent. In this arrangement participating states had their currency pegged to the French franc and, as from 1999, to the euro. Participant states needed to keep half their foreign reserves in France, on which the French treasury paid 0.75% interest and agreed to a French representative on the currency union's board. The arrangement provided monetary stability, controlled inflation and supported trade with Europe but made it very difficult for other sectors in the economy to establish themselves since it kept the exchange rates artificially high, in spite of a once-off 1994 devaluation intended to boost exports from the region. Since a number of these countries are also petro-states, heavily dependent upon oil exports, they are unable to go up the value-added curve.

A December 2019 announcement by eight Francophone members of the West African Economic and Monetary Union (generally known by the French acronym UEMOA) to rename the CFA to the Eco changed some of the details. As from 2020 Eco members would no longer keep half of their reserves in the French Treasury and there would no longer be a French representative on the board, but the Eco will still be linked to the Euro. Without a much more flexible currency arrangement that reflects the relative economic conditions in West and Central Africa, the Eco is unlikely to differ from the CFA in its impact.

In much of low-income Africa people are moving from subsistence agriculture in rural areas to informal jobs in the urban services sector. Investment and jobs are often limited to capital-intensive commodity enclaves such as in northern Mozambique's gas fields with little or no forward or backward linkages into the surrounding economy. And the few jobs that are created

through these megaprojects do little to provide employment or create local value chains. They provide jobs for a small number of expatriates and generate large streams of revenue for governments, but generally enclave economics don't benefit national economies. Yet commodity-based enclave development is often the norm.

Rising Debt Levels

Debt has also resurfaced as a serious challenge. In a wide-ranging study on the relationship between debt and growth Carmen Reinhart and Kenneth Rogoff concluded: 'When external debt reaches 60 percent of GDP, annual growth declines by about two percent'.²² On average, Africa's low and low-middle-income countries consistently had debt levels in excess of 60% of GDP from the mid-1980s for almost two subsequent decades, levels that clearly contributed to slow growth.

After 2011, when commodity prices declined, commodity exporters such as Angola, Chad, Republic of Congo, Niger, Nigeria and Zambia were the first to be particularly badly affected. Rising debt had also been driven by a number of other factors such as internal conflict (Burundi), the impact of epidemics such as Ebola (in Liberia and Sierra Leone) and fraud/corruption (Mozambique and The Gambia). Finally, a larger liquidity crunch, delays in the start of natural resource production, and weaknesses in revenue administration contributed to large increases in debt in Benin, Cameroon, Djibouti, Ethiopia, Ghana, Kenya, Senegal, São Tomé and Príncipe, Rwanda, Togo, Uganda and Zimbabwe.²³

In its 2018 Regional Economic Outlook for Sub-Saharan Africa, the IMF noted that public debt rose above 50% of GDP in 22 countries at the end of 2016, up from ten countries in 2013. 'Debt servicing costs are becoming a burden, especially in oil-producing countries, and Angola, Gabon and Nigeria are expected to absorb more than 60% of government revenues in 2017', the IMF said.²⁴

It was against this background that the announcements of additional large loans from China (such as on the margins of the Forum on China–Africa Cooperation meeting held in September 2018 in Beijing) elicited concern

²²Reinhart, C. M., and Rogoff, K. S., 2010. Growth in a Time of Debt. *American Economic Review: Papers & Proceedings* 100, pp. 573–578.

²³International Monetary Fund, 2018. *Macroeconomic Developments and Prospects in Low-Income Developing Countries*. Washington, DC: IMF, pp. 39–40.

²⁴International Monetary Fund, 2018. *Regional Economic Outlook. Sub-Saharan Africa: Capital Flows and the Future of Work*. Washington, DC: World Economic and Financial Surveys, p. 6.

that debt levels in sub-Saharan Africa were rapidly becoming unsustainable. Exact information is hard to decipher since China does not release comprehensive data, but it seems that interest-bearing loans from the Chinese government, banks and contractors have gone from almost nothing in 2000 to US\$143 billion in 2017.²⁵ To some analysts it appeared that Africans had to borrow money from the IMF to repay China but others argued that it was only in Zambia, Djibouti and the Republic of the Congo where Chinese loans were a significant contributor to high risk of debt distress.²⁶ Actually, Chinese lending appears to have resulted in an increase of nearly four percent of debt-to-GDP of low-income countries in recent years while that of multilateral institutions like the World Bank had seen an equal decline.

Recently, a systematic comparison of Chinese and World Bank lending terms found that Chinese lending to developing countries is 'generally offered on less concessional terms than those offered by Western and multilateral creditors, although more favourable than the market would offer'.²⁷ Always careful about the associated tide of criticism, in 2019 Beijing announced that it would establish an analysis framework on debt sustainability for Belt and Road Initiative projects and improve transparency.²⁸ The shift in debt away from the concessional (i.e. below market) rates offered by the World Bank and IMF towards China has also seen other effects such as higher interest rates, shorter maturities and shorter grace periods.²⁹

All of this has been dramatically accentuated by COVID-19.

²⁵John Hopkins School of Advanced International Studies, Data: Chinese Loans to Africa. [Online] Available at: <http://www.sais-cari.org/data-chinese-loans-to-africa>.

²⁶Moore, W. G, 17 September 2018, The Language of "Debt-Trap Diplomacy" Reflects Western Anxieties, Not African Realities. Quartz. [Online] Available at: <https://qz.com/1391770/the-anxious-chorus-around-chinese-debt-trap-diplomacy-doesnt-reflect-african-realities/>. Also see *The Economist*, 2018. *Reckless in Lusaka: Zambia's Looming Debt Crisis Is a Warning for the Rest of Africa*. [Online] Available at: <https://www.economist.com/leaders/2018/09/15/zambias-looming-debt-crisis-is-a-warning-for-the-rest-of-africa?frsc=dg%7Ce>; Neuweg, I., 2018. What Types of Energy Does China Finance with Its Development Aid? [Online] Available at: <http://www.lse.ac.uk/GranthamInstitute/news/china-energy-development-aid/>. Also see Brautigam, D., 2019. Is China the World's Loan Shark? [Online] Available at: www.nytimes.com/2019/04/26/opinion/china-belt-road-initiative.html.

²⁷Morris, S., Parks, B., and Gardner, A., 2020 Chinese and World Bank Lending Terms: A Systematic Comparison Across 157 Countries and 15 Years, 2 April 2020, Center for Global Development Paper 170. [Online] Available at: <https://www.cgdev.org/publication/chinese-and-world-bank-lending-terms-systematic-comparison>.

²⁸Yao, K. China in Bid to Allay Fears of Debt Risk in Its Belt and Road Initiative Business Day, 25 April 2019. [Online] Available at: <https://www.businesslive.co.za/bd/world/asia/2019-04-25-china-in-bid-to-allay-fears-of-debt-risk-in-its-belt-and-road-initiative/>.

²⁹Morris, S., Parks B., and Gardner, A., 2020. In Global COVID-19 Response, New CGD Research Shows China Should Lead on Poor Country Debt Relief, Center for Global Development, 2 April 2020. [Online] Available at: <https://www.cgdev.org/blog/global-covid-19-response-new-cgd-research-shows-china-should-lead-poor-country-debt-relief>.

In April 2020, the IMF released its first post-COVID-19 growth forecasts, now indicating a sharper global growth contraction than even during the 2008/2009 financial crisis, although, perhaps optimistically, expecting a sharp recovery in 2021. Global growth for 2020 was revised downward by 6.4 percentage points (its forecast is now for -3% growth in 2020) with a bounce to global growth at 5.8% in 2021.³⁰

As the impact of COVID-19 has become more evident, the Group of 20 countries agreed, in April 2020, to suspend debt service payments for 76 low-income countries, including 40 in sub-Saharan Africa, eligible for the World Bank's most concessional lending via the International Development Association. In related news, the IMF approved six months of debt service relief for 25 low-income countries, including 19 in Africa, and approved additional funding support for several.³¹ Slow growth will transform Africa's debt challenge into a full-blown crisis.

The Third Wave of Democratisation in Africa

Contrary to the general trend elsewhere, Africa's recent cycle of commodities-led growth was accompanied by unprecedented democratisation. The world experienced various surges in democracy in the previous two centuries, with the third wave of democracy cresting between 1989 and 1993 with the collapse of the former Soviet Union and its immediate aftermath.

Prior to that there was little to distinguish independent Africa from colonial Africa in terms of the quality of governance. The events in the Soviet Union changed things as pro-democracy movements and reforms washed across the continent.

According to the *Freedom in the World* annual index published by Freedom House, levels of democracy in Africa increased by 12 percentage points from 1988 to 1994 with 25 out of 54 countries classified as free or partly free.³² The West had triumphed, or so it appeared, and with the subsequent

³⁰IMF, 2020, World Economic Outlook, April 2020: Chapter 1. [Online] Available at <https://www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020>.

³¹Gandi, D., Golubski, C. 2020. International Community Looks to Support Africa with Debt Relief, Health Aid, Brookings Institution, 18 April 2020. [Online] Available at: <https://www.brookings.edu/blog/africa-in-focus/2020/04/18/africa-in-the-news-african-governments-and-multilaterals-address-covid-19-emergency-debt-relief/>.

³²In 1988 only 17 out of the 50 African countries included in the Freedom in the World survey could be classified as 'free' or 'partly free'. Shortly after the collapse of the Berlin Wall, in 1994, the organisation estimated that 25 out of 54 countries were now 'free' or 'partly free'. Freedom House, 2018. *Freedom in the World*. [Online] Available at: <https://freedomhouse.org/report/freedom-world/freedom-world-2018>.

concerns for elections, human rights and accountability (rather than ideological orientation), came the closely associated belief in liberal capitalism.

However, history has shown that democracy is generally more resilient above certain minimum levels of income and education, when a solid web of institutions and the rule of law are able to constrain the misuse and abuse of state institutions.³³ In countries with low levels of income, democracy is often fragile, largely because the formal institutions, rules and norms upon which it rests and depends for effective functioning are absent or insufficiently developed.³⁴

When comparing the average levels of democracy in low- and upper-middle-income countries on the continent to that of other countries with similar levels of education and income elsewhere in the world, Africa is more democratic than one would expect.³⁵ In fact, improvements in the levels of democracy have outpaced improvements in levels of income and education in Africa. Hence, democracy here rests on somewhat fragile foundations.³⁶

The fact that levels of democracy are somewhat out of sync with levels of income and education could be attributed to a number of factors. The conditional engagement by Western donors over several decades created space for civil society, a free press and competitive elections that otherwise would not have emerged or at least not as rapidly. Moreover, a series of national democratisation conferences in French-speaking Africa (Benin, Gabon, Congo, Mali, Togo, Niger and the Democratic Republic of Congo)

³³The American social scientist Barrington Moore popularised the notion of 'no bourgeois, no democracy', denoting the fact that minimum levels of economic development were required for democracy. See Moore, B., 1966. *Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World*. Boston: Beacon Press. For more recent work see Przeworski, A., and Limongi, F., 1993. Political Regimes and Economic Growth. *Journal of Economic Perspectives*, 7(3), pp. 51–69.

³⁴Glaeser, E. L., Ponzetto, G., and Shleifer, A., 2006. Why Does Democracy Need Education? *NBER Working Paper*, Issue No. 12128, pp. 3–4.

³⁵Varieties of Democracy (V-Dem) distinguishes between five high-level indices of democracy ideals: electoral, liberal, participatory, deliberative and egalitarian, and collects data to measure these and numerous component indices and indicators. It is a large collaborative project, with headquarters at the V-Dem Institute at the Department of Political Science at the University of Gothenburg, Sweden. In version 8 of its data release (June 2018) the project now covers 201 political units with historical data from 1789 to 2017.

³⁶Various large datasets track and measure comparative levels of democracy globally including the Varieties of Democracy or V-Dem (Gothenburg University) and Polity datasets (Center for Systemic Peace) with their results now going back more than a century. Others, such as from the Economist Intelligence Unit are more recent and less compelling.

served to confront the economic and political crisis that had enveloped these countries and ignited a thirst for pro-democracy reforms.³⁷

But the most important reason for the relative high levels of democracy in Africa is simply the lived experience of decades of brutal authoritarianism. Numerous opinion surveys, such as those conducted by Afrobarometer in more than 35 African countries, point to the strong and growing support for democracy in Africa.³⁸

For decades the military dominated politics and often yesterday's liberation heroes became today's autocrats.

Muammar Gaddafi in Libya and Omar Bongo Ondimba of Gabon were Africa's longest modern rules. Teodoro Obiang Nguema Mbasogo of Equatorial Guinea has been in power since 1979, i.e. for 40 years, a number only equalled by Haile Selassie of Ethiopia. Paul Biya has presided over Cameroon since 1982 and King Mswati III of eSwatini and Yoweri Museveni of Uganda since 1986. José Eduardo dos Santos of Angola was president for 36 years and Robert Mugabe of Zimbabwe for 35 years. When he was toppled by his military in April 2019, Sudan's Omar Al-Bashir had been in power for 30 years.

Long-term incumbency often leads to looting of the state and almost inevitably culminates in a violent uprising and turbulent transition. Mobutu Sese Seko of the former Zaïre, now the Democratic Republic of the Congo, allegedly stole at least US\$4 billion while serving as president.³⁹ More recently, Teodoro Nguema Obiang—vice president of Equatorial Guinea and son of the current president—was accused of embezzling more than US\$100 million. Human Rights Watch describes the situation in that country as one where the state foregoes investment in health and education in favour of grandiose infrastructure projects that really function as 'conduits for enriching the ruling elite'.⁴⁰

The problem is that, with few exceptions, Africans don't yet benefit from substantive democracy. In many countries, Africans go through the motions

³⁷Robinson, P.T., July 1994. The National Conference Phenomenon in Francophone Africa. *Comparative Studies in Society and History*, 36(3), pp. 575–610. Cambridge University Press. [Online] Available at: <https://www.cambridge.org/core/journals/comparative-studies-in-society-and-history/article/national-conference-phenomenon-in-francophone-africa/F20505B66CA65C8D71ACBB7919ADE1D0>; also see Banzet, A., 2017. #CAFDO2017: The First Francophone African Conference on Open Data and Open Government. [Online] Available at: <https://www.opengovpartnership.org/stories/cafd02017-the-first-francophone-african-conference-on-open-data-and-open-government/>.

³⁸Afrobarometer, n.d. [Online] Available at: <http://afrobarometer.org>.

³⁹Transparency International, n.d. *Seize Mobutu's Wealth or Lose Your Own Money, Western Governments Told*. [Online] Available at: https://www.transparency.org/news/pressrelease/seize_mobutus_wealth_or_lose_your_own_money_western_governments_told.

⁴⁰Saadoun, S., 2017. *Human Rights Watch*. [Online] Available at: <https://www.hrw.org/news/2017/07/10/trial-one-africas-most-corrupt-politicians-shows-fighting-graft-global>.

of regular elections but incumbent leaders have become adept at interfering in the electoral process, as recently seen in countries as diverse as Zambia, Cameroon and Uganda.⁴¹

Incumbents will even change the constitution to retain the presidency if that is what it takes.⁴² In January 2019 in the Democratic Republic of the Congo, outgoing president Laurent Kabila blatantly rigged the presidential and national assembly election held on 30 December 2018 to instal himself as the power behind newly elected president Félix Tshisekedi.⁴³ The rest of the continent remained silent, thankful that the transfer of power (if that is what it could be called) occurred peacefully.

Leaders in these countries invest significant resources in ensuring a favourable electoral outcome by constraining the democratic space. This is done by rigging the registration process, running interference (for instance, by tying opposition candidates down in spurious legal cases or barring public gatherings), misusing state resources to dispense patronage, controlling the diet of information (particularly through the abuse of public media in favour of the ruling party) and, if all else fails, directly manipulating the results or frustrating any subsequent legal challenge.

The situation is further complicated by the fact that competitive politics in a multi-ethnic context generally rely on the mobilisation of ethno-linguistic groupings for political support.

For decades African leaders have primarily taken their cue from the West in pursuit of their governance and social model. Today autocratic China is increasingly calling the shots. Since 2000, China has embarked on a vigorous process of courting African states with its offers to build infrastructure financed by Chinese banks as it sought a new role for its excess capacity, sometimes as part of its Belt and Road Initiative. However, while their leaders increasingly look East, Africa's citizens generally continue to look to the West.

⁴¹In Gabon the incumbent, Ali Bongo Ondimba, son of the previous ruler of some 41 years, 'won' with 49.8% of the vote, while the presidential candidate of the Démocratie Nouvelle party, Jean Ping, received 48.23%. This followed the delivery of implausible results that boosted the national voter turnout from 59.46 to 99.93% in Haut-Ogooué, where Bongo won 95.5% of the votes cast. In Zambia numerous malpractices and irregularities were reported. President Edgar Lungu of the Patriotic Front was eventually declared the winner with 50.35% of the vote, with a lead of 100 530 over rival Hakainde Hichilema of the United Party for National Development.

⁴²Paul Biya of Cameroon, serving as the prime minister, has been in power since 1975, but has only technically been president since 1982. If one includes his time as prime minister he comes in at 43 years.

⁴³Wolters, S., 2019. *Will This Election Change the DRC?* [Online] Available at: <https://issafrica.org/iss-today/will-this-election-change-the-drc>.

Democratisation and economic growth is buoyed by Africa's unfolding urban transition. The question now is what kind of urbanisation is taking place on the continent and how does it impact on the political situation?

Africa's Slow Pace of Urbanisation

Historically, urbanisation has gone hand in hand with growth and development. A 2010 analysis by the McKinsey Global Institute found that the shift from rural to urban employment could account for 20–50% of productivity growth in Africa.⁴⁴

Yet, by historical standards urbanisation is taking place very late in Africa. At the time of independence in 1960 less than one-fifth of Africans could likely be classified as urban. By 1980 that number had increased to around 27%, by 2000 to 34% and should, by 2037 or thereabout, cross the halfway mark. The rest of the world crossed that point shortly after the turn of the century. Africa is likely to only get to the two-thirds mark around 2070 compared to 2040 for the rest of the world. The impact of climate change may, of course, accelerate this process.

East/Horn of Africa is the most rural part of the continent by a long stretch, and likely to stay that way with levels of urbanisation currently almost 30 percentage points below North Africa, the most urban region. West Africa is experiencing the most rapid rates of urbanisation (average rates are currently roughly on par with Central Africa) and will, beyond mid-century, approach rates of urbanisation in North or Southern Africa. Currently Gabon, Djibouti and Libya are the most urbanised countries and Malawi, Rwanda, Niger and Burundi the least urbanized, with less than 20% of their populations considered urban.

However, contrary to the historical experience in much of the rest of the world, Africans currently don't move to urban areas in response to existing job opportunities in the manufacturing sector (that would increase productivity), but rather to escape the destitution and poverty of rural existence. Consequently, poverty is urbanizing and urban slums and informal settlements are expanding.⁴⁵ Sharp income inequalities in many African cities also mean that

⁴⁴Roxburgh, C., Dörr, N., Leke, A., Tazi-Riffi, A., van Wamelen, A., Lund, S., Chironga, M., Alatovik, T., Atkins, C., Terfous, N., and Zeino-Mahmalat, 2010. *Lions on the Move: The Progress and Potential of African Economies*. Brussels: McKinsey Global Institute, p. 19.

⁴⁵Ravallion, M., Chen, S., and Sangraula, P., 2007. The Urbanization of Global Poverty. *World Bank Research Digest*, 1(4).

the contribution of economic growth to poverty reduction is limited. As a result, Africa has more urban poor than any other region.

The result of the foregoing is that Africa's urban population growth is the fastest globally although from a low base. Each year urban Africa grows by an estimated 20 million people and, by 2040, that number will be more than 30 million every year. By 2030 Africa will host six of the world's 41 megacities. Cairo, Lagos, Kinshasa, Johannesburg, Luanda and Dar es Salaam will have more than 10 million inhabitants each and 17 African cities will have a population of more than five million each.⁴⁶ The African Economic Outlook 2016 predicted that Africa could see its slum population triple by 2050 as population growth and urbanisation without industrialisation proceeds apace.⁴⁷

The move from rural subsistence farming to urban informal employment in low-end services is positive in that it is moderately growth enhancing. However, the nature and delay in Africa's urbanisation is a significant drag on economic transformation.

It is also much easier and less expensive to provide bulk services such as clean water, sanitation and electricity to people in denser settlements than to a population spread out across large rural areas. Writing for the International Growth Centre in 2016, Paul Collier succinctly summarised the challenge and the opportunity as follows:

At its best, urbanisation can be the essential motor of economic development, rapidly lifting societies out of mass poverty. At its worst, it results in concentrations of squalor and disaffection which ferment political fragility. To date, African urbanisation has been dysfunctional, the key indication being that cities have not generated enough productive jobs.⁴⁸

Unless leaders are able to reap the benefits of the greater economies of scale that is offered within an urban setting, Africa's accelerating urbanisation will come with considerable risks. The management of its urban areas will present African leadership with immense challenges.

Urbanisation has powerful socio-political implications and it has become an important consideration in explaining the rise of populism in the West

⁴⁶Leke, A., Chironga, M., and Desvaux, G., 2018. *Africa's Overlooked Business Revolution*. [Online] Available at: <https://www.mckinsey.com/featured-insights/middle-east-and-africa/africas-overlooked-business-revolution?cid=other-eml-alt-mkq-mck-oth-1811&chlkid=d07ce11e35584866845b18ad9b7c7578&chctky=9322113&chdpid=9fc500fa-86ef-4249-87f0-d873aea796b9>.

⁴⁷AFDB., OECD DEV., UNDP, 2016. *African Economic Outlook 2016. Special Theme: Sustainable Cities and Structural Transformation*. Abidjan: African Development Bank Group.

⁴⁸Collier, P., 2016. *African Urbanisation: An Analytic Policy Guide*. London: International Growth Centre.

and, in Africa, urban areas are first to turn away from support of the governing party evident in cities as diverse as Algiers, Addis Ababa, Harare and Johannesburg. Like elsewhere in the world, Africa urbanites also tend to be much more politically engaged than ruralites. Inevitably, it is in the capital city that support first goes to opposition parties. In Zimbabwe, the ruling Zanu(PF) party has therefore run an extraordinarily violent campaign over several decades to keep the country's population dominantly rural and under its firm control.

Whereas urban populations are more cosmopolitan and often younger, rural populations are generally older and politically more conservative.⁴⁹ Consequently, there is usually a marked difference in attitude between rural and urban people. 'The young, regardless of where they live, tend to associate more with urban outlooks',⁵⁰ Auerswald and Joon write.

The Current Path Scenario

In this section, I briefly summarise some of additional characteristics to that in Chapter 1 of Africa to 2040 along the Current Path forecast within the International Futures forecasting platform (IFs), namely demographics, the composition of the African economy and GDP, as well as rates of poverty, and compare it to the global trends.

The IFs Current Path forecast is that Africa's total population will increase from 1276 million in 2018 to 2115 million by 2040. At that point the global population will number 9210 million people of which 23% will be African compared to 17% in 2018.

Figure 2.1 presents the total population in Africa from 1980 (477 million), and breaks out the five countries that, by 2040, would have the largest population in the continent. Nigeria's large population historically constitutes around 15% of Africa's population and will, by 2040, constitute about 17%. With the exception of Nigeria and Egypt, consistently the top two, the top population rankings have shifted over time. In 2004 Ethiopia's burgeoning population surpassed that of Egypt, for example. And while, in 2018, South Africa was still at number five it will be overtaken by Tanzania in 2020.

Figure 2.2 presents the size of the total African economy at market exchange rate in 2018 (US\$2.9 trillion) and 2040 (US\$7.2 trillion) and breaks out the economies that, by 2040, would be the ten largest. Nigeria, the

⁴⁹Philip, A., and Joon, Y., 2018. *The New York Times*. [Online] Available at: <https://www.nytimes.com/2018/05/22/opinion/populist-populism-fertility-rates.html>.

⁵⁰Ibid.

Fig. 2.1 Africa's population 1980 to 2040 with top five by 2040 (Source Historical data from United Nations Population Division 2019 medium term forecast, forecast in IFs 7.45)

continent's largest economy, constituted around 0.6% of the global economy in 2018 and, by 2040, it should constitute around 0.8% of the global economy.

Of all the indications of progress, levels of extreme poverty is perhaps the most meaningful in Africa. Poverty has many dimensions ranging from health and education levels to income and how disempowered people feel. Since poverty also has a subjective side, i.e. how it makes people feel about important aspects of their lives, the different dimensions to poverty and how it can be measured is part of an ongoing debate.⁵¹

In recent years, broader measures of poverty have gained increased support, such as the Multidimensional Poverty Index that focuses on a set of tangible goods and services without which people might be defined as poor.⁵² Different regions also use different measures to more accurately reflect poverty in their member states. For example, the European Union typically uses a relative poverty line that is set at 50 or 60% of national median income.

⁵¹Carolina, R., and Monica, J., 2018. *United Nations Development Programme: Human Development Reports*. [Online] Available at: <http://hdr.undp.org/en/content/measuring-multidimensional-poverty-leaving-no-one-behind>.

⁵²See Oxford Poverty and Human Development Initiative, Global Multidimensional Poverty Index. [Online] <https://ophi.org.uk/multidimensional-poverty-index/>.

Fig. 2.2 Country composition of the African economy in 2018 and 2040 (in bn US\$) (Source IFs 7.45 initialising from International Monetary Fund World Economic Outlook 2017)

For many years the international community used a single income-based definition of extreme poverty for the purposes of cross-country comparisons. It was first set at US\$1.00, then US\$1.25 and more recently US\$1.90 per person per day. Each was successively set in purchasing power parity, the latest in 2011 constant dollars. That value was, in turn, anchored in the poverty thresholds used by some of the world's poorest countries since national poverty lines inevitably increase as national incomes rise. Using the US\$1.90 threshold, 36% of Africa's total population is considered extremely poor, a ratio that will decline to 33% by 2030 and 24% by 2040, with the continent experiencing an average GDP growth rate of 4.7% to 2040. Due to rapid population growth, by 2040, 513 million Africans would therefore live in extreme poverty compared to 458 million in 2018. Extreme poverty in the rest of the world would, in 2040, be less than 90 million people, down from 320 million in 2018.

In addition to the US\$1.90 international poverty line, in October 2017, the World Bank announced that it will also be reporting poverty rates using three new international poverty lines, namely a lower-middle-income threshold set at US\$3.20 per person per day, an upper-middle-income line set at US\$5.50 per person per day and US\$22.70 for high-income countries.⁵³

Although Western and Eastern Africa have Africa's largest regional populations of people living in extreme poverty, the use of country income categories is an important step in understanding a growing consensus that poverty was relative—it differed between rich and poor countries and that it is different to be poor in the DRC as opposed to Algeria, never mind the difference between poverty in Kinshasa and Algiers.

Previously, using US\$1.90, North Africa was the only region in Africa that would achieve the goal of eliminating extreme poverty as set out in the 2030 Agenda for Sustainable Development headline goal. In fact as a group it has already done so (except for Mauritania) with the portion of its extremely poor population at below three percent. Since the countries in North Africa have all graduated to either low-middle or upper-middle-income status, extreme poverty has now suddenly 'increased' when applying the two additional poverty lines relevant to Africa (US\$3.20 and US\$5.50). The Bank has, however, made it clear that for the purposes of achieving the headline goal on eliminating extreme poverty by 2030 it will continue to apply only the US\$1.90 line since shifting the goalposts in this dramatic manner several years into the SDG process would not make practical sense.

⁵³Ferreira, F., and Sánchez-Páramo, C., 2017. A Richer Array of International Poverty Lines. *World-bank Blogs*, 13 October 2017. [Online] Available at: <http://blogs.worldbank.org/developmenttalk/richer-array-international-poverty-lines>.

Looking at this Current Path forecast on poverty, the impact of Africa's very rapid population growth should be clear. African economies need to grow at an exceptionally high rate to reduce poverty under these circumstances. In fact, while it was impossible for Africa to reach the 2030 target to eliminate extreme poverty when using the single US\$1.90 poverty line, the goalposts are now very distant indeed.

More than any other single indicator, the Current Path forecast of the expected increase in poverty for the next three decades underpins the reason for understanding what else needs to be done to change Africa's development prospects. In the next chapter, I turn to the first requirement for this change namely the importance of health.

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