

"'POVERTY IS NOW OPTIONAL' IS
GREG MILLS' INVIGORATING MESSAGE'

PAUL COLLIER, OXFORD UNIVERSITY; AUTHOR OF
THE BOTTOM BILLION AND THE PLUNDERED PLANET

WHY AFRICA IS POOR

AND WHAT AFRICANS
CAN DO ABOUT IT

GREG MILLS



Greg Mills

SAIS, 3 March 2011



*Strengthening Africa's
Economic Performance*

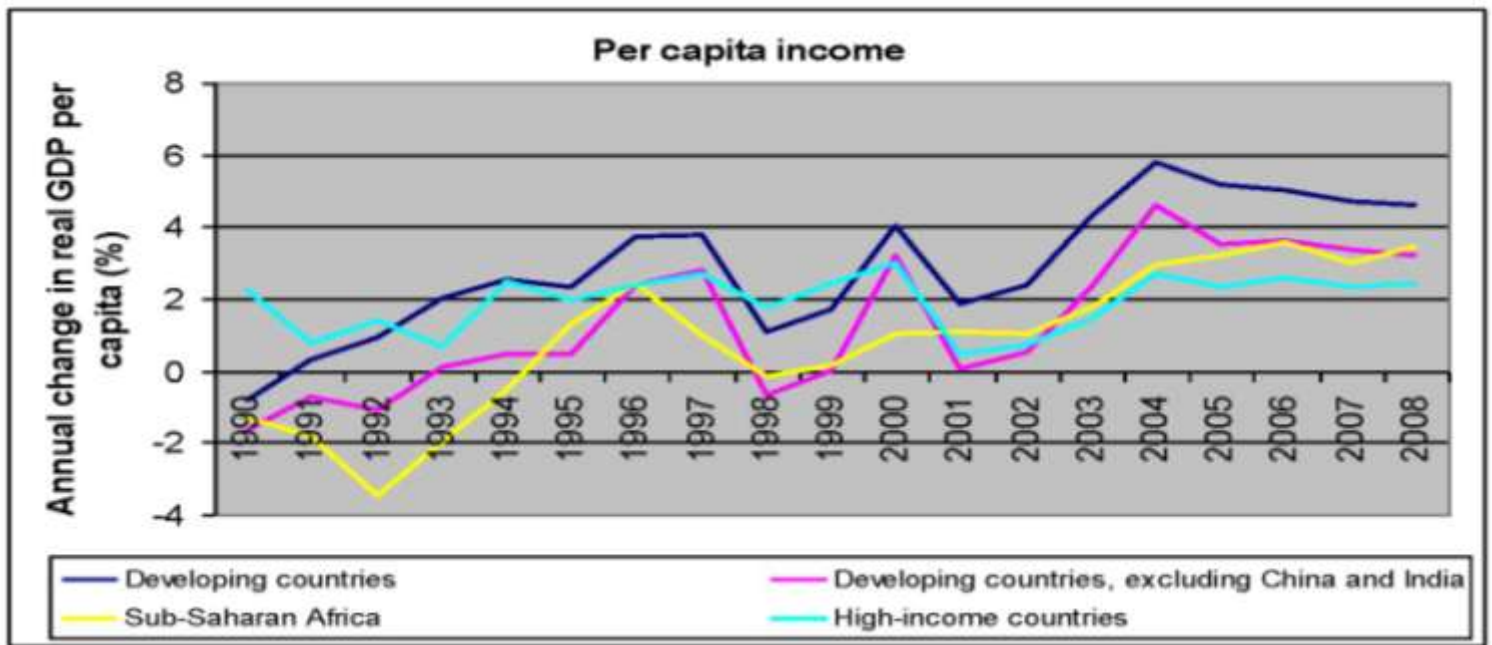


A close-up portrait of a young girl with dark skin and her hair styled in many small, tight braids that run down the center of her head. She is looking slightly to the left of the camera with a neutral expression. She is wearing a small earring and a necklace. The background is out of focus, showing what appears to be a wooden structure and some foliage.

Much has been achieved –

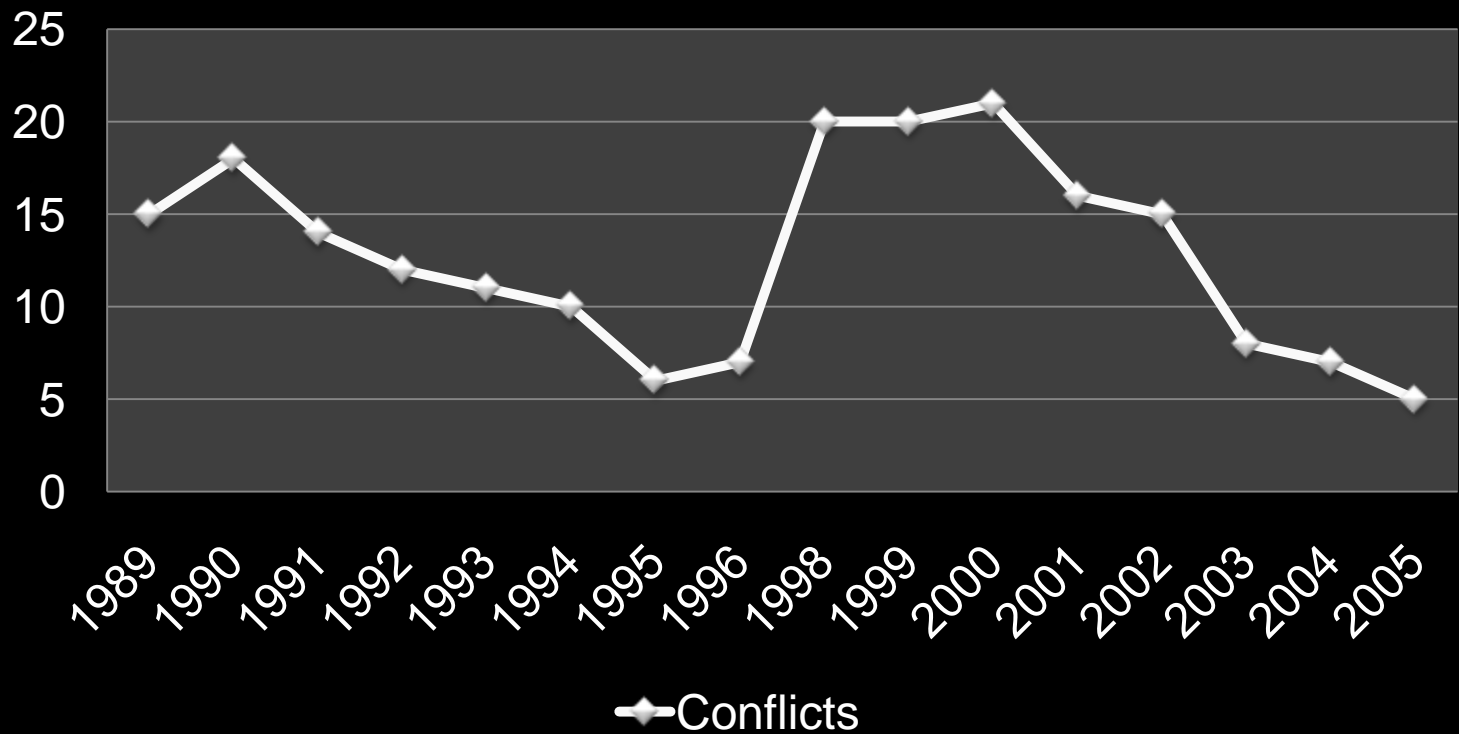
- 40+ democracies
- Range of donors and allies
- Governance improved
- Growth over 5%
- More honest inward scrutiny
- Commodities revival ...
- ... and peace

Much has been achieved –
- 40+ democracies
- Range of donors and allies

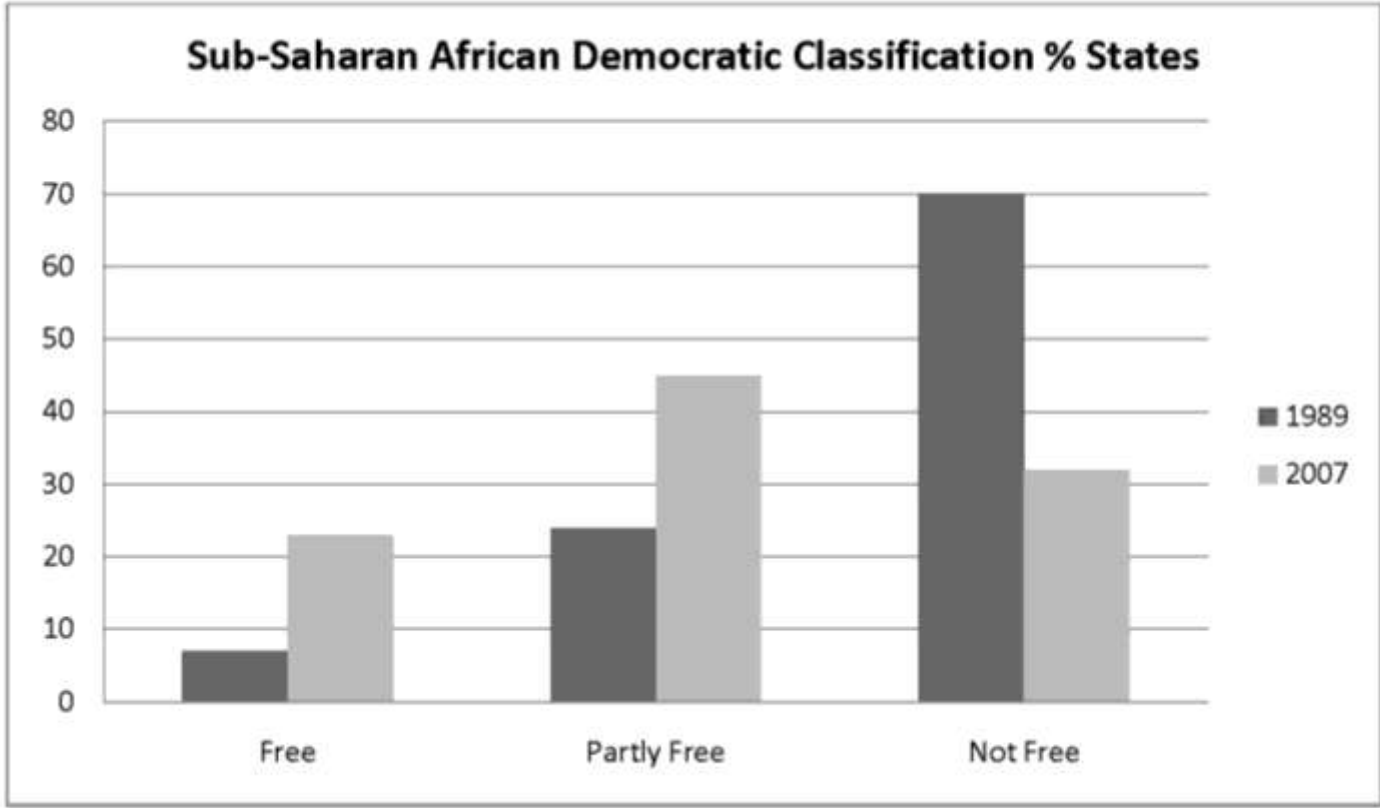


Much has been achieved –

Sub-Saharan African Conflicts



More than a Democracy

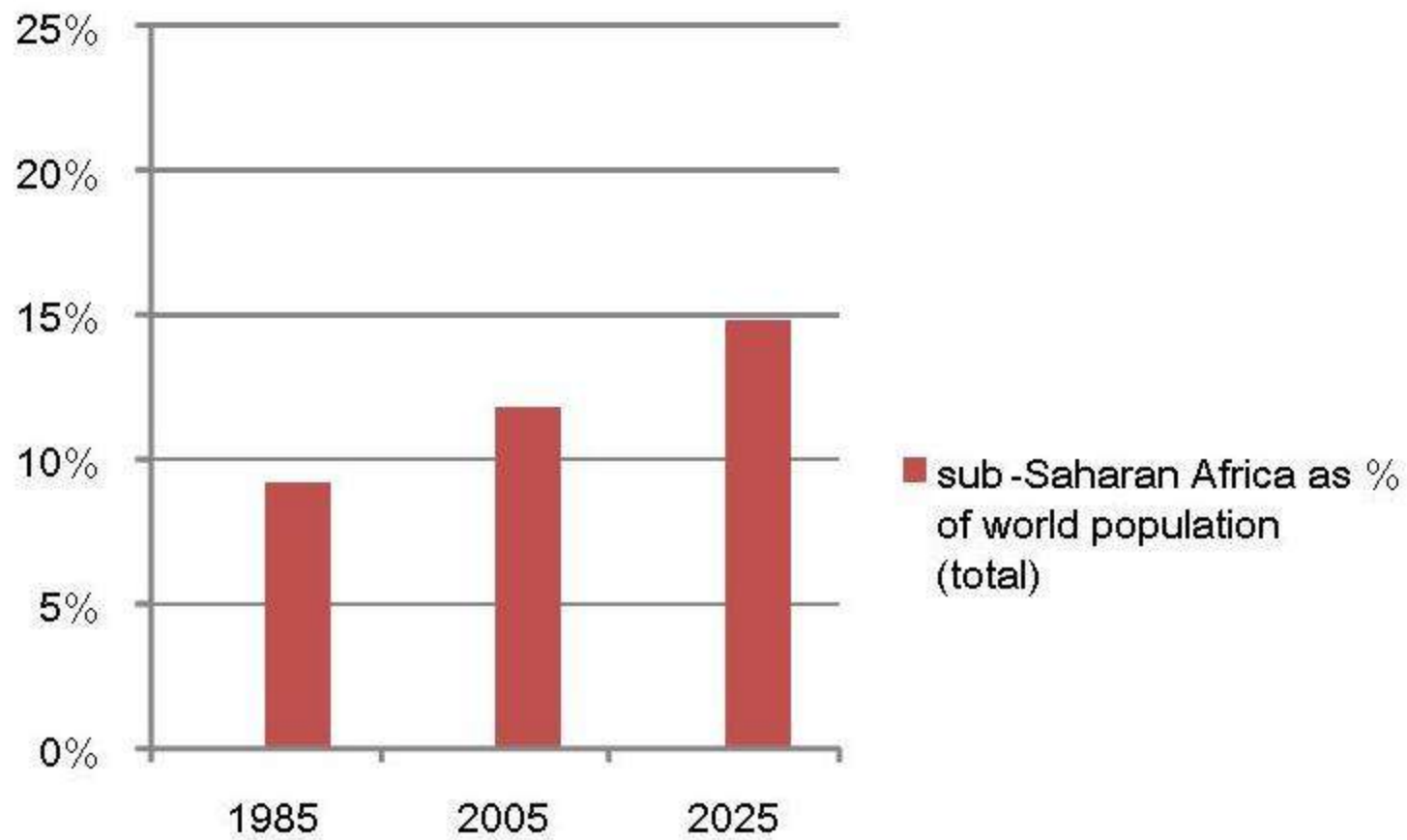


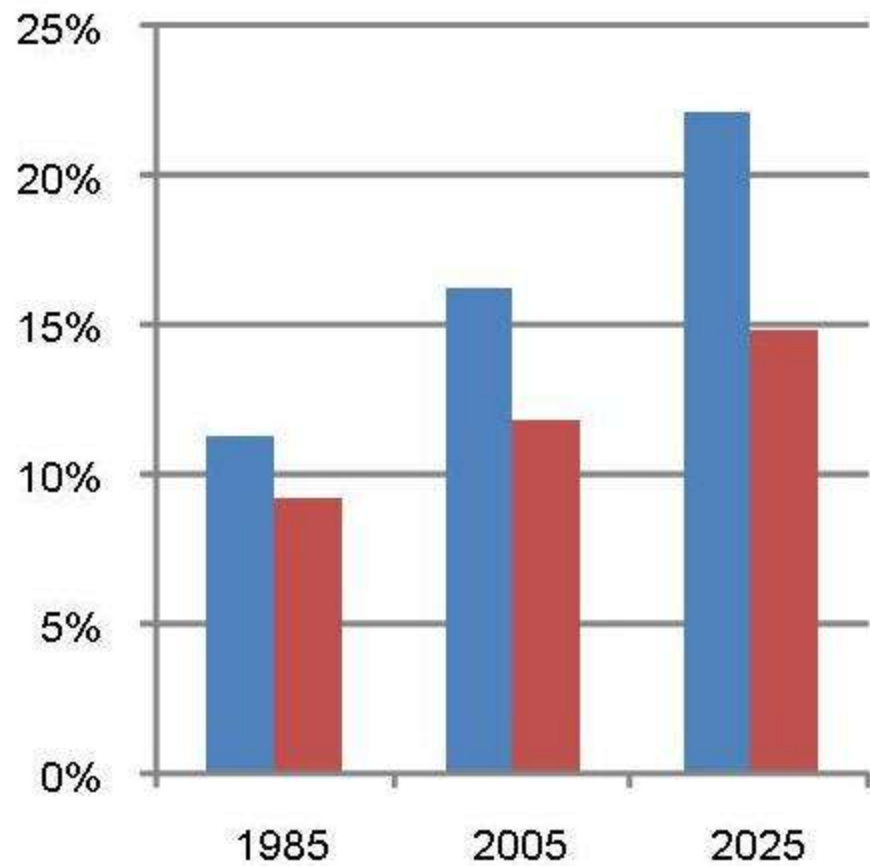


**FOUR DRIVERS
FOR THE FUTURE**



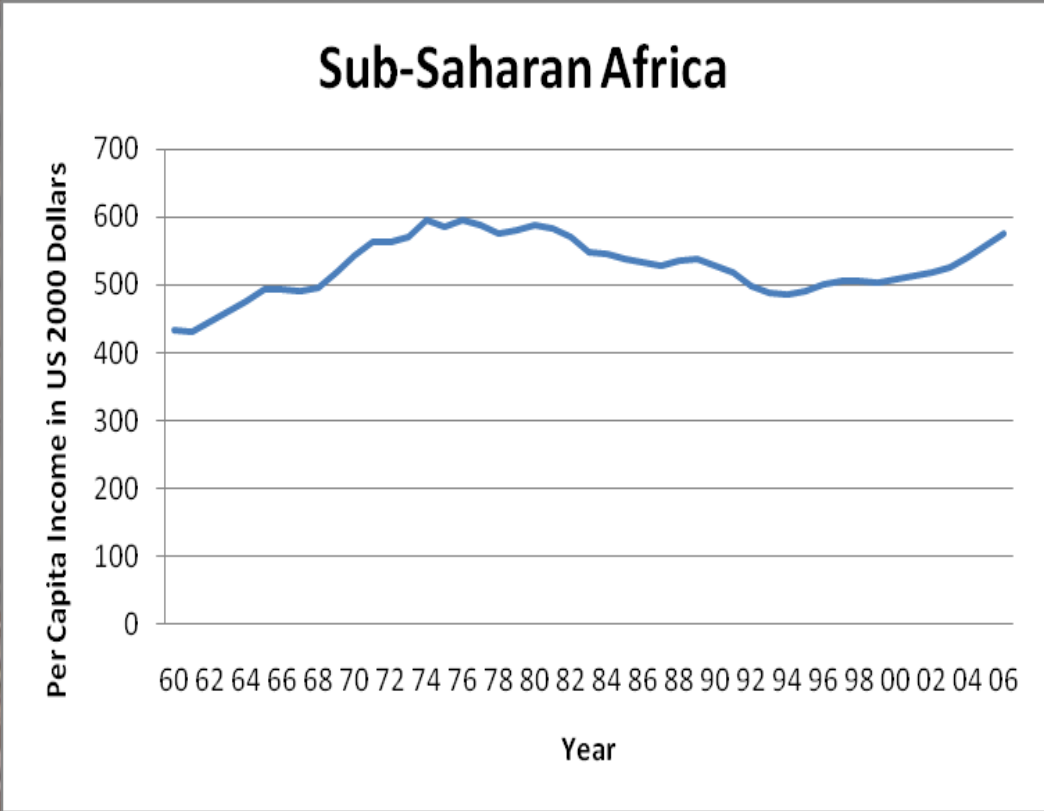
Driver One:
PEOPLE





■ sub-Saharan Africa as % of world population (age 0-24)

This is where
she lives





**This is how she
has to cope**

Figure 27. Nomura's Food Vulnerability Index (NFVI) and its sub-components

		NFVI	GDP per capita	Household spending on food	Net food exports			NFVI	GDP per capita	Household spending on food	Net food exports
		Current	prices US\$	% of total consumption	(% of GDP)			Current	prices US\$	% of total consumption	(% of GDP)
Rank	Country	Index				Rank	Country	Index			
1	Bangladesh	101.5	497	53.8	-3.3	41	Colombia	100.1	5416	28.0	0.0
2	Morocco	101.3	2769	63.0	-2.1	42	South Africa	100.0	5678	25.0	-0.1
3	Algeria	101.2	4845	53.0	-2.8	43	Serbia	100.0	6811	44.8	1.4
4	Nigeria	101.2	1370	73.0	-0.9	44	Czech Republic	100.0	20673	27.4	-0.4
5	Lebanon	101.2	6978	34.0	-3.9	45	Lithuania	100.0	14098	41.1	1.1
6	Egypt	101.0	1991	48.1	-2.1	46	Guatemala	99.5	2848	37.1	1.3
7	Sri Lanka	101.0	2013	39.6	-2.7	47	Slovakia	99.5	18212	22.3	-0.4
8	Sudan	100.9	1353	52.9	-1.3	48	Poland	99.5	13845	32.1	0.7
9	Hong Kong	100.5	30863	25.8	-4.4	49	Singapore	99.5	37597	21.9	-1.0
10	Azerbaijan	100.5	5315	60.2	-0.6	50	Kuwait	99.5	54260	30.0	-1.1
11	Angola	100.5	4714	46.1	-1.4	51	UK	99.5	43541	22.5	-1.0
12	Romania	100.7	9300	49.4	-1.1	52	Israel	99.5	27652	17.7	-0.5
13	Philippines	100.7	1847	45.6	-1.0	53	Japan	99.7	38455	19.8	-0.6
14	Kenya	100.7	783	45.8	-0.8	54	Italy	99.7	38492	22.1	-0.3
15	Pakistan	100.6	991	47.6	-0.4	55	Thailand	99.6	4043	39.0	2.7
16	Libya	100.6	14802	37.2	-1.7	56	Hungary	99.6	15408	29.4	1.6
17	Dominican Rep	100.5	4576	38.3	-1.1	57	Sweden	99.5	51950	17.4	-0.7
18	Tunisia	100.5	3903	36.0	-1.1	58	Finland	99.5	51323	20.5	-0.5
19	Bulgaria	100.5	6546	49.5	-0.1	59	Germany	99.5	44446	18.5	-0.3
20	Ukraine	100.5	3899	61.0	0.9	60	Spain	99.5	35215	21.8	0.4
21	India	100.4	1017	49.5	0.3	61	Austria	99.5	49599	19.5	-0.3
22	China	100.4	3267	39.8	-0.3	62	Ecuador	99.5	4056	30.6	2.5
23	Latvia	100.4	14908	34.3	-1.1	63	Switzerland	99.5	64327	24.0	-0.5
24	Vietnam	100.4	1051	50.7	0.8	64	Malaysia	99.5	8209	37.1	2.9
25	Venezuela	100.4	11246	32.6	-1.0	65	France	99.5	44508	22.0	0.2
26	Portugal	100.4	22923	28.6	-1.8	66	Brazil	99.5	8205	20.8	1.8
27	Saudi Arabia	100.3	19022	25.1	-1.8	67	United States	99.3	46350	13.7	0.2
28	Kazakhstan	100.3	8513	44.7	0.1	68	Canada	99.3	45070	18.0	0.6
29	Uzbekistan	100.3	1023	34.7	-0.3	69	Australia	99.2	47370	19.7	1.1
30	Russian	100.3	11832	34.4	-0.7	70	Belgium	99.2	47085	15.9	0.9
31	Mexico	100.3	10232	34.0	-0.5	71	Chile	99.1	10084	22.5	3.1
32	Indonesia	100.2	2246	47.9	1.0	72	Ireland	99.1	60460	25.8	1.5
33	Croatia	100.2	15637	30.1	-0.9	73	Norway	99.0	94759	16.9	-0.6
34	Peru	100.2	4477	31.8	-0.3	74	Luxembourg	99.0	109903	19.1	-1.0
35	Greece	100.2	31670	38.3	-0.7	75	Costa Rica	98.5	6564	30.6	4.7
36	Belarus	100.1	6230	42.3	0.8	76	Netherlands	98.5	52963	13.3	1.6
37	Slovenia	100.1	27019	25.8	-1.3	77	Denmark	98.5	62118	16.8	1.8
38	Syria	100.1	2682	47.9	1.5	78	Argentina	98.7	8236	33.4	5.6
39	Turkey	100.1	9942	35.2	0.2	79	Uruguay	98.5	9654	25.3	5.6
40	South Korea	100.1	19115	23.1	-0.9	80	New Zealand	97.7	30439	18.8	7.5

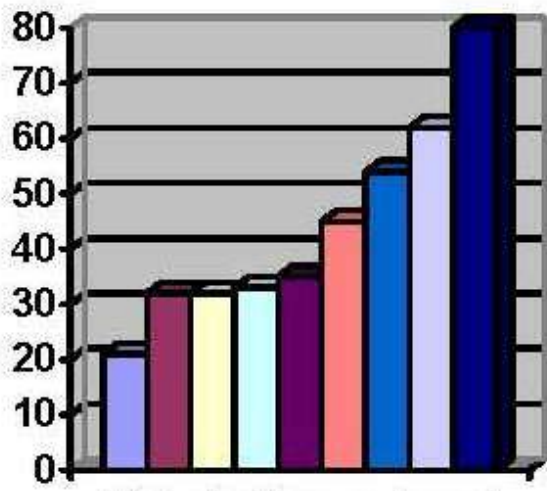


*'A hungry man
is an angry
man'.*

Raila Odinga

The potential
for social
destabilisation
exists





Africa's Unemployed Youth

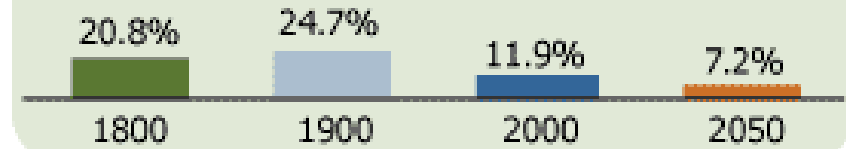
- Nigeria
- Ivory Coast
- Cameroon
- Ethiopia
- Kenya
- Burundi
- Zambia
- Mozambique
- Ghana

AVENUE DE 5 SEPTEMBRE

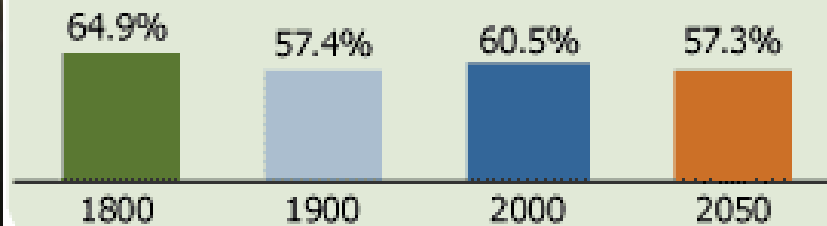
Northern America



Europe



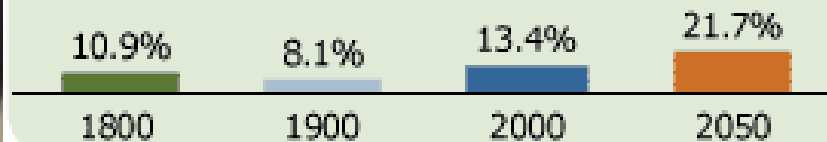
Asia



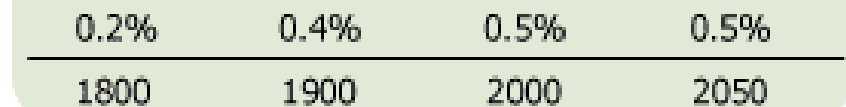
Latin America and the Caribbean




Africa



Oceania






Result: by 2025 there will be 30 million people younger than 24 years in African cities – a most potent political and cultural force on the continent.

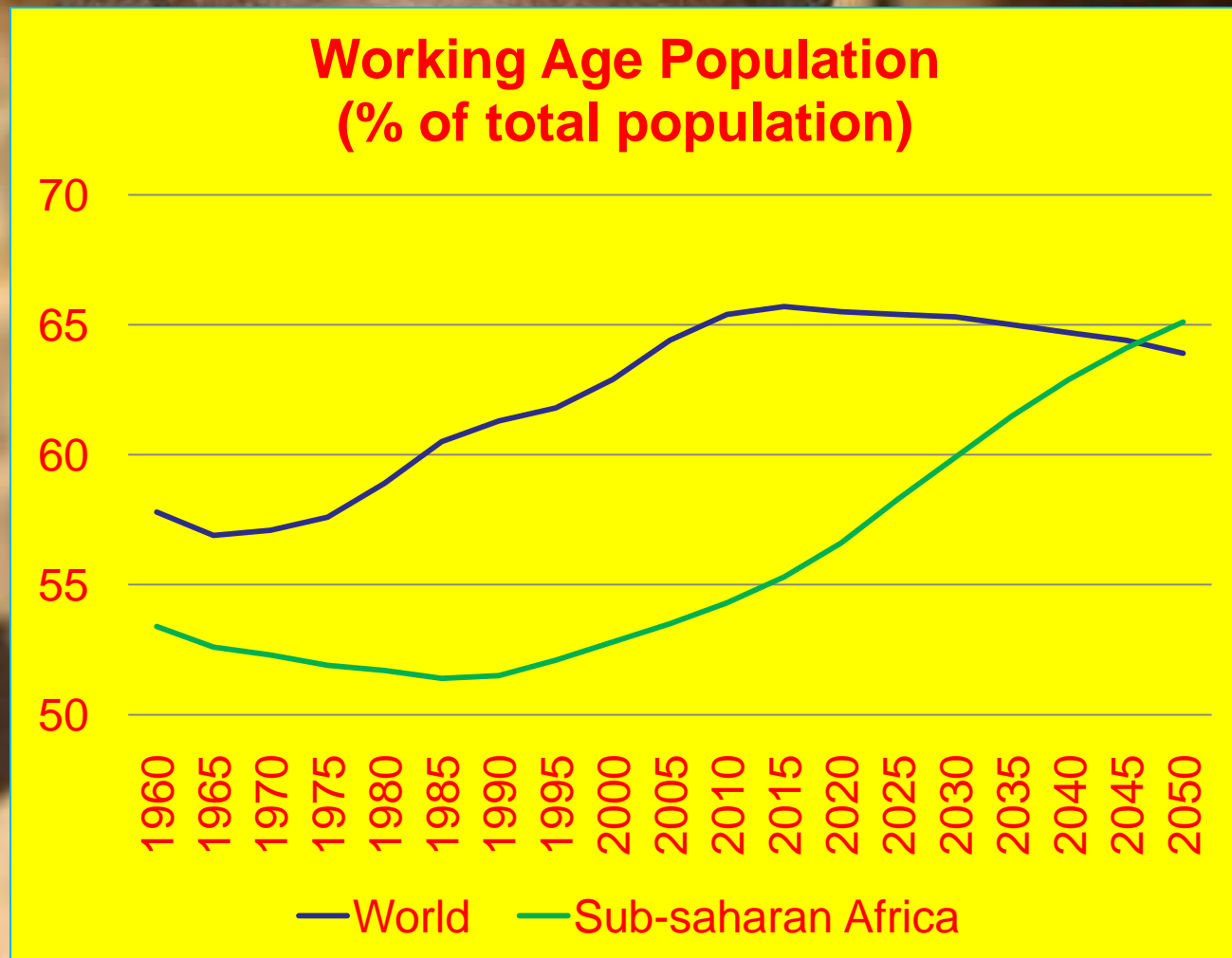
What does this mean for Africa?

- Stress on urban infrastructure
- Risk of appeal of populism
- Need to manage expectations
- Need to ensure rural growth



Yet her
generation has
the best
chance of
breaking out of
poverty

The demographic dividend





If they can keep
their eyes on the
world –
A Critical Juncture

**DRIVER II:
The Great
Migration –
30 years of
'economic
overdrive'**



The Link with Africa

Western consumer demand



Asian production & savings

Commodity demand

An aerial photograph of a massive open-pit mine, likely for coal or iron ore, captured during the golden hour of sunset. The sun is a bright, glowing orb in the upper right corner, casting a warm, orange glow across the entire scene. The mine's terraced levels and winding roads are clearly visible, creating a complex geometric pattern in the dark earth. In the foreground, there are some industrial structures, including a blue container and a white tank, and a few small figures of people. The overall atmosphere is one of industrial scale and natural beauty.

AFRICAN COMMODITIES BOOM

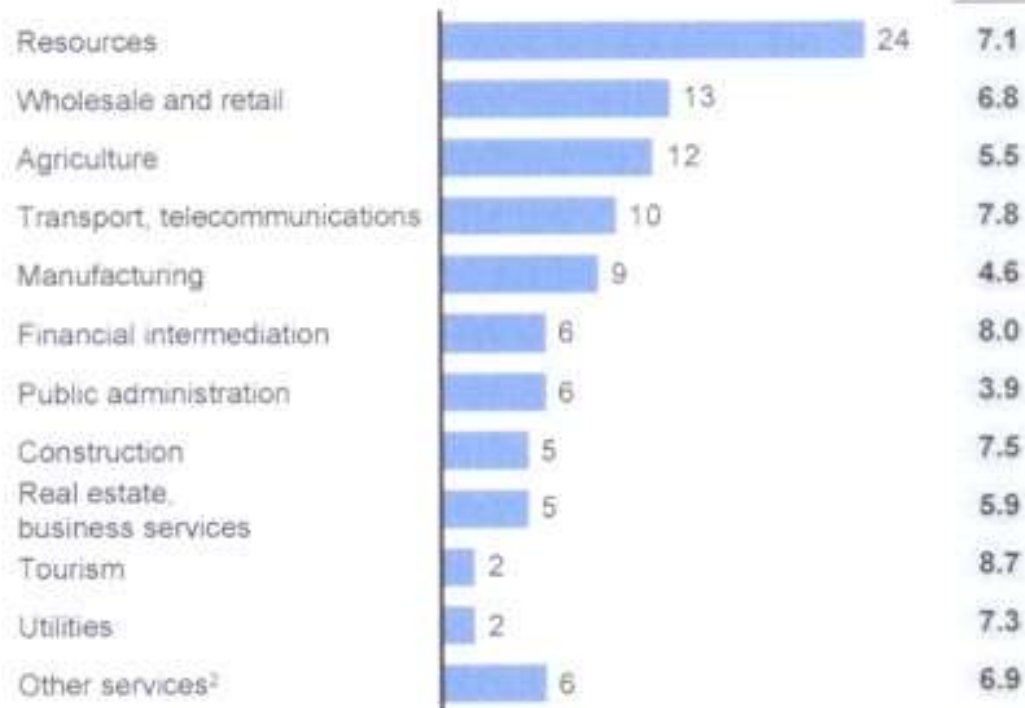
Exhibit A

Africa's growth was widespread across sectors

Sector share of change in real GDP, 2002–07

Percent, 100% = \$235 billion

Compound annual growth rate ¹

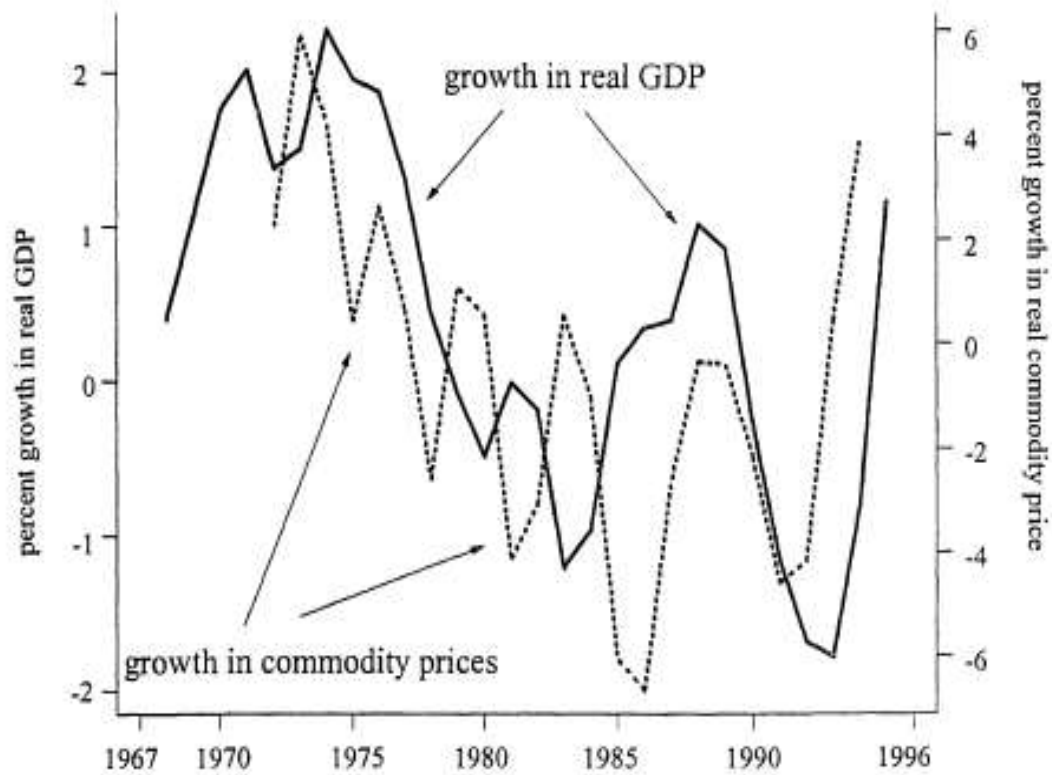


1 In 2005 dollars. The total is the sum of 15 countries for which data were available, and that together account for 80 percent of Africa's GDP: Algeria, Angola, Cameroon, Egypt, Ethiopia, Kenya, Libya, Morocco, Nigeria, Senegal, South Africa, Sudan, Tanzania, Tunisia, Zimbabwe.

2 Education, Health, Social Services, Household Services.

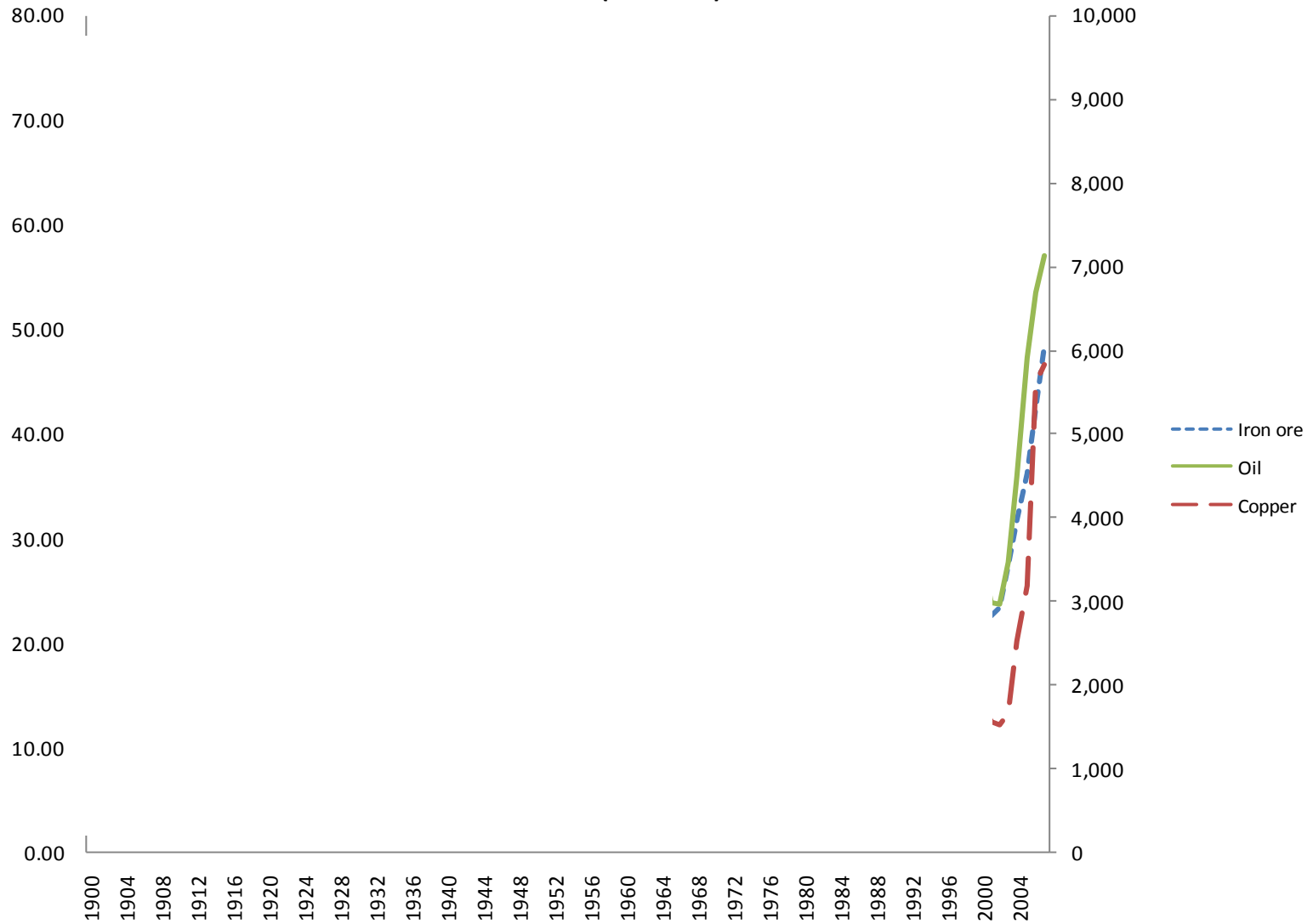
SOURCE: Global Insight; Arab Monetary Fund; African Development Bank; McKinsey Global Institute

Economic and commodity price growth in sub-Saharan Africa, 3-year moving averages



But it never lasts ...

Selected Commodity Prices (1998 US\$)



A photograph showing a person in a grey uniform on the left, handing a large stack of flatbread to a group of women on the right. The women are wearing various head coverings, including a white headscarf, a blue headscarf, and a black niqab. The scene appears to be outdoors, possibly at a distribution point. The text 'Driver III FOOD AND CLIMATE' is overlaid on the left side of the image.

Driver III
FOOD AND
CLIMATE

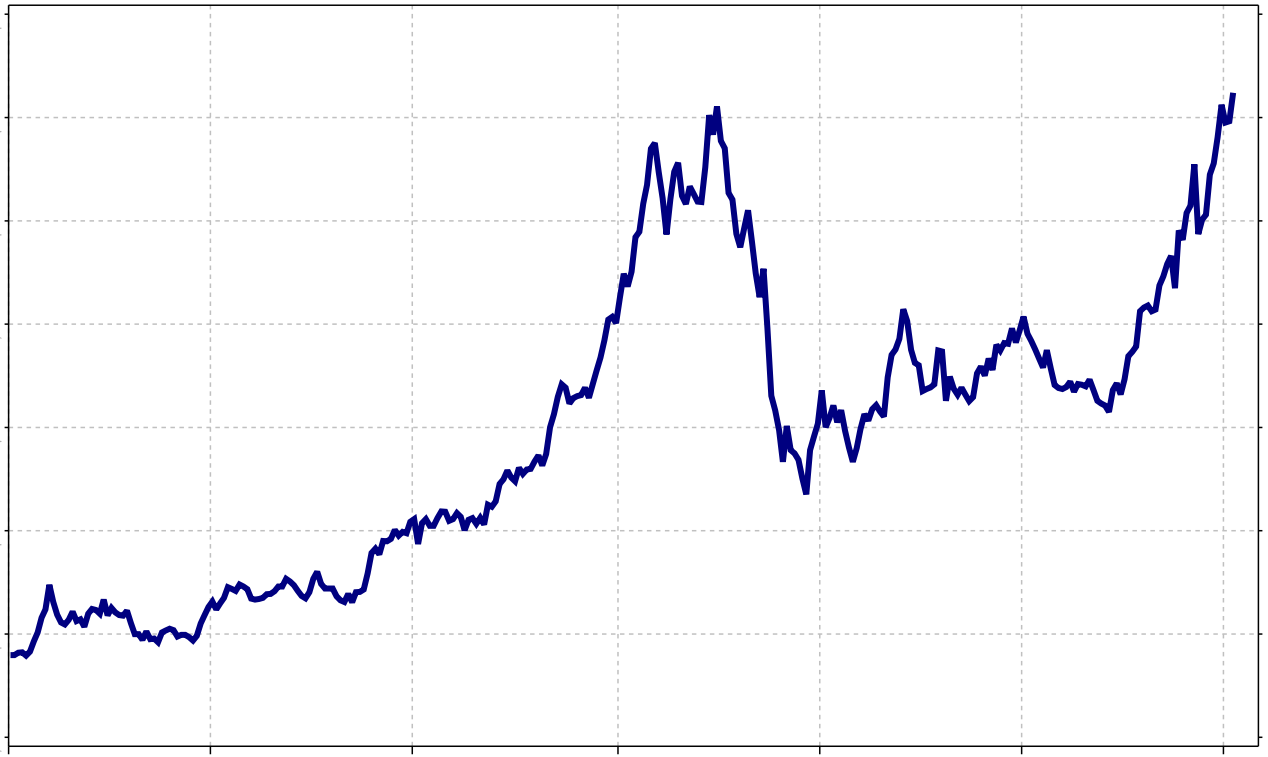
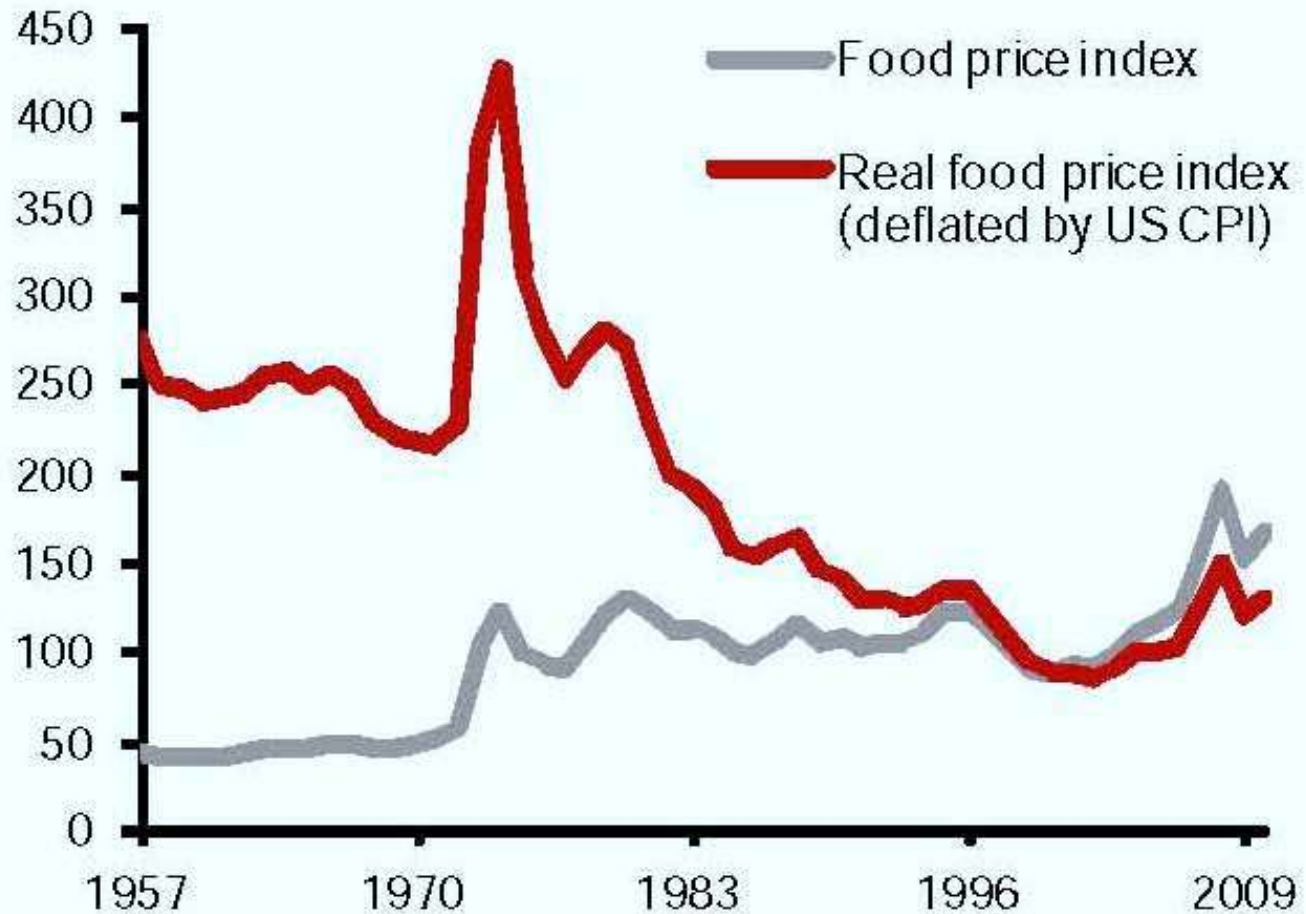


Figure 2. Nominal and real food prices since 1957

Index, 2002-04=100



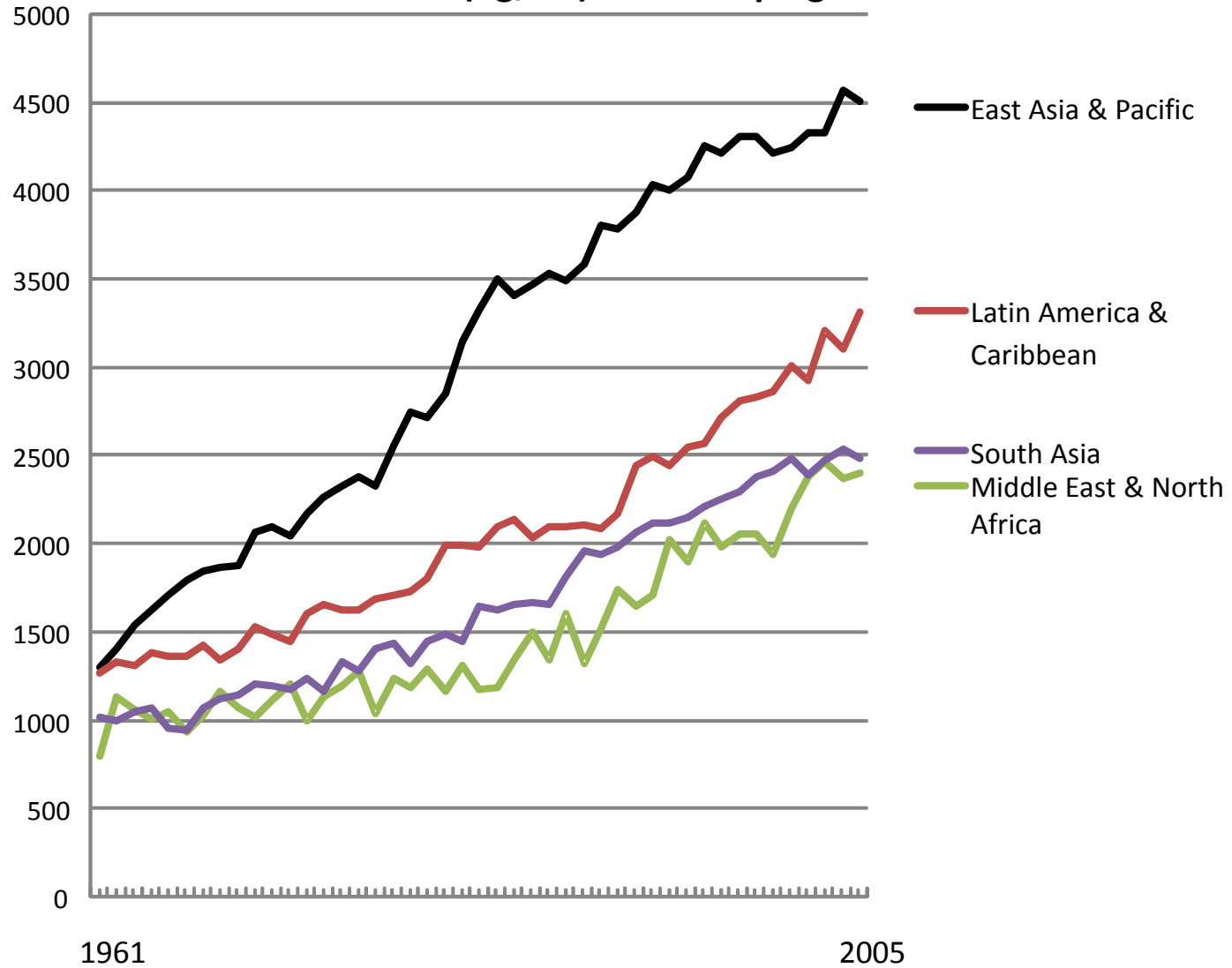
Africa's net food importers

Angola	Ethiopia	Niger
Benin	Gabon	Nigeria
Botswana	Gambia	Sao Tome and Principe
Burkina Faso	Ghana	Senegal
Burundi	Guinea	Seychelles
Cameroon	Guinea-Bissau	Sierra Leone
Cape Verde	Kenya	Somalia
Central African Republic	Lesotho	South Africa
Chad	Liberia	Sudan
Comoros	Madagascar	Swaziland
Congo, Dem Republic of	Malawi	Tanzania, United Rep of
Congo, Republic of	Mali	Togo
Côte d'Ivoire	Mauritania	Uganda
Djibouti	Mauritius	Zambia
Equatorial Guinea	Mozambique	Zimbabwe
Eritrea	Namibia	

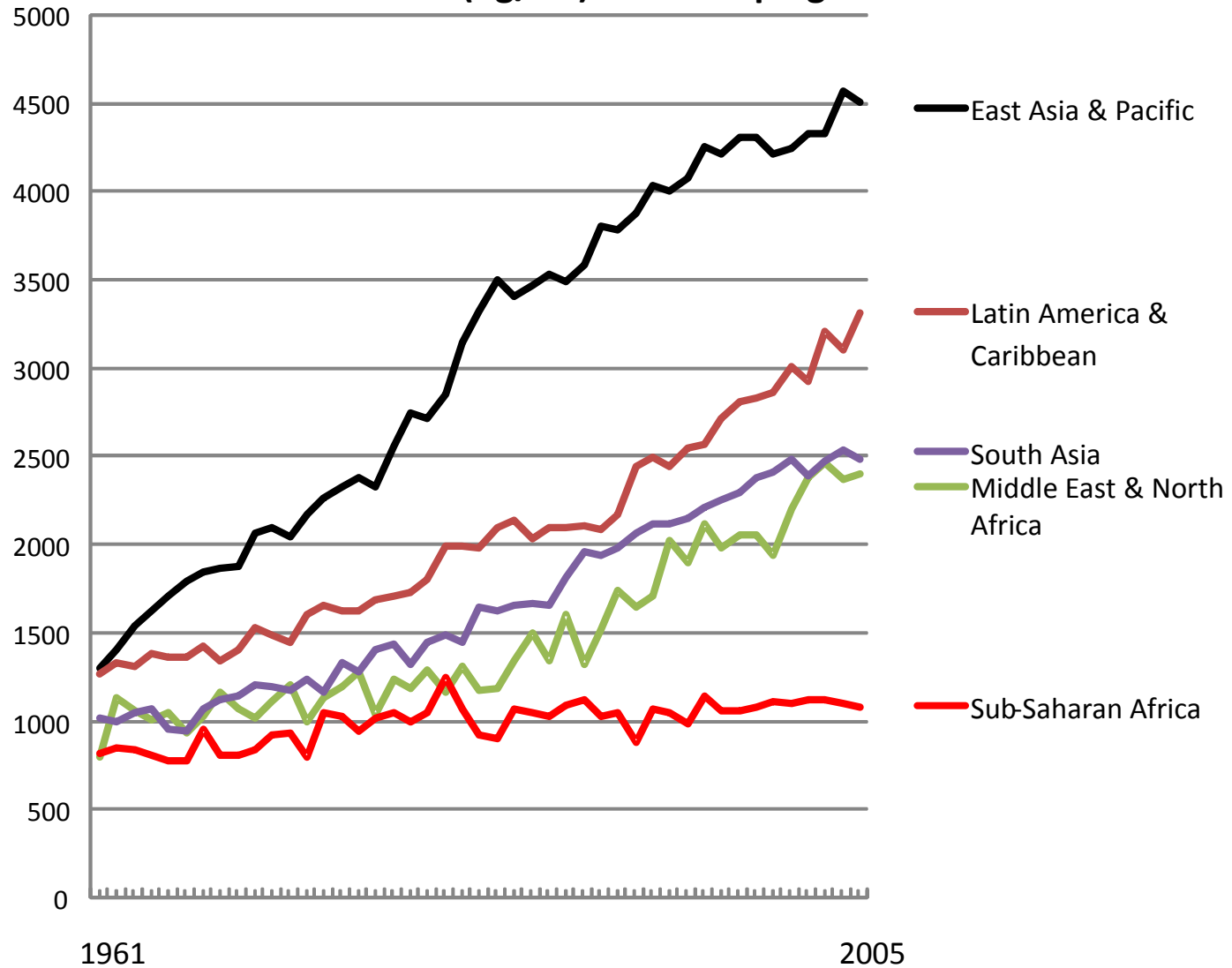
Africa's net food importers: 38 of 48

Angola	Ethiopia	Niger
Benin	Gabon	Nigeria
Botswana	Gambia	Sao Tome and Principe
Burkina Faso	Ghana	Senegal
Burundi	Guinea	Seychelles
Cameroon	Guinea-Bissau	Sierra Leone
Cape Verde	Kenya	Somalia
Central African Republic	Lesotho	South Africa
Chad	Liberia	Sudan
Comoros	Madagascar	Swaziland
Congo, Dem Republic of	Malawi	Tanzania, United Rep of
Congo, Republic of	Mali	Togo
Côte d'Ivoire	Mauritania	Uganda
Djibouti	Mauritius	Zambia
Equatorial Guinea	Mozambique	Zimbabwe
Eritrea	Namibia	

Cereal Yields (Kg/Ha) in Developing Countries



Cereal Yields (Kg/Ha) in Developing Countries

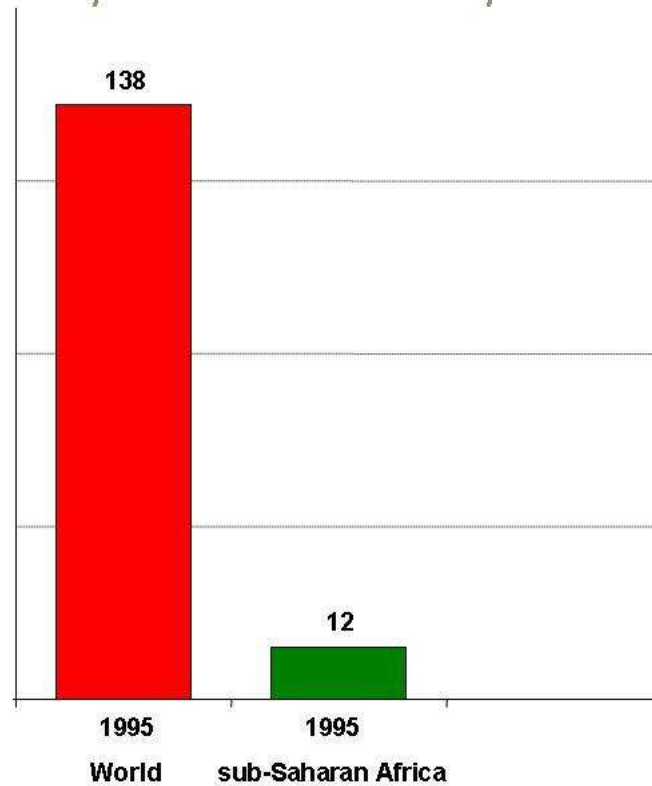




Driver IV
TECHNOLOGY
AND SKILLS

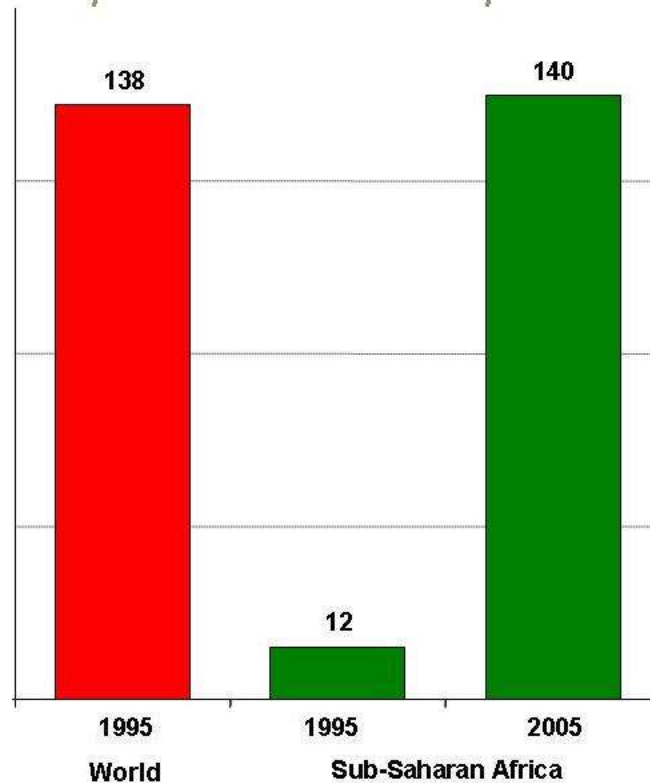
Connecting with each other, and the world

Telephone subscribers per 1 000 people




Connecting with each other, and the world

Telephone subscribers per 1 000 people



In SSA, grew from <10m to >100m in ten years



Result: Africans, natural connectors, will increasingly have their lives shaped by global and regional information and financial exchange

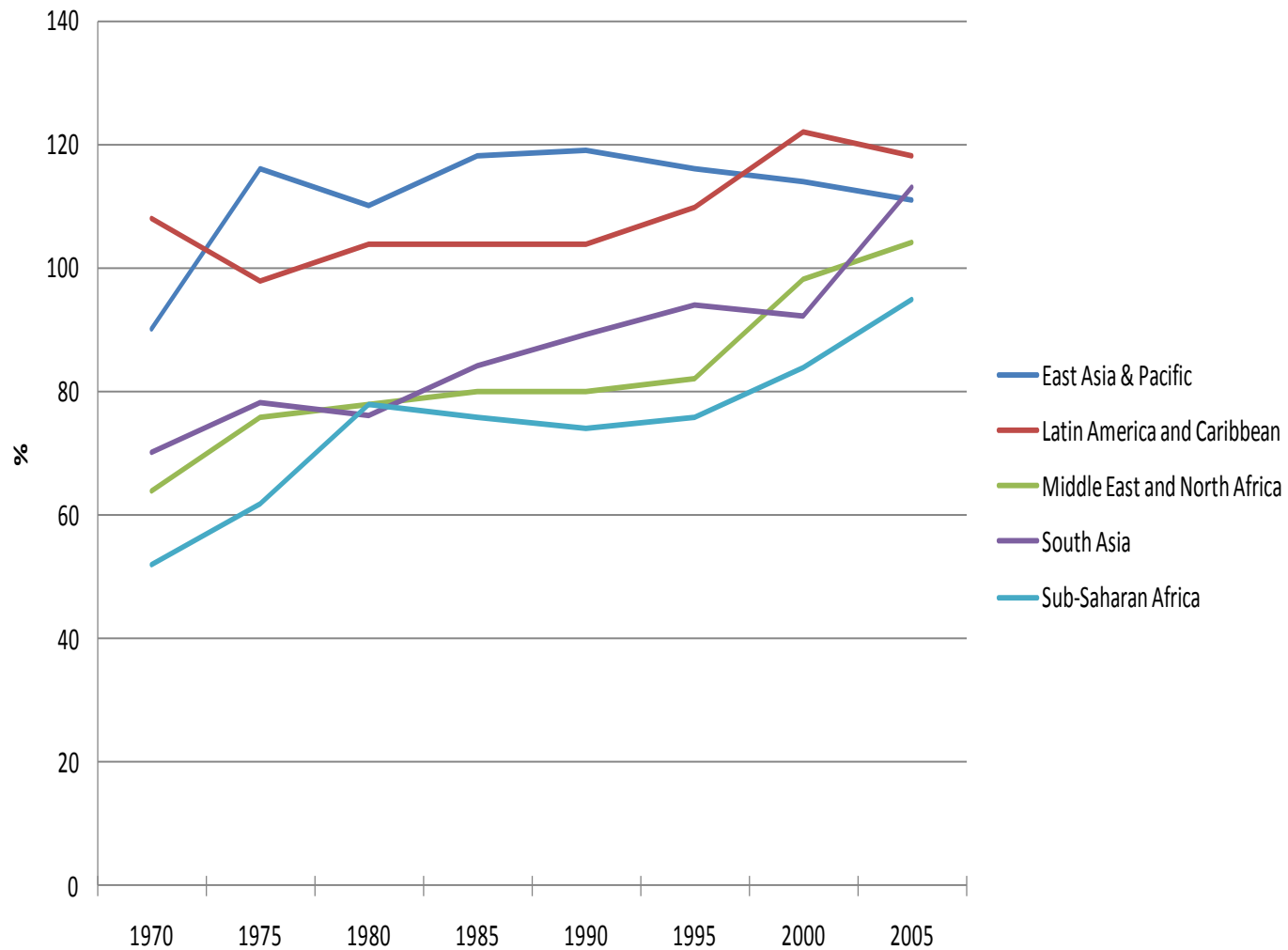
What does this mean for Africa?

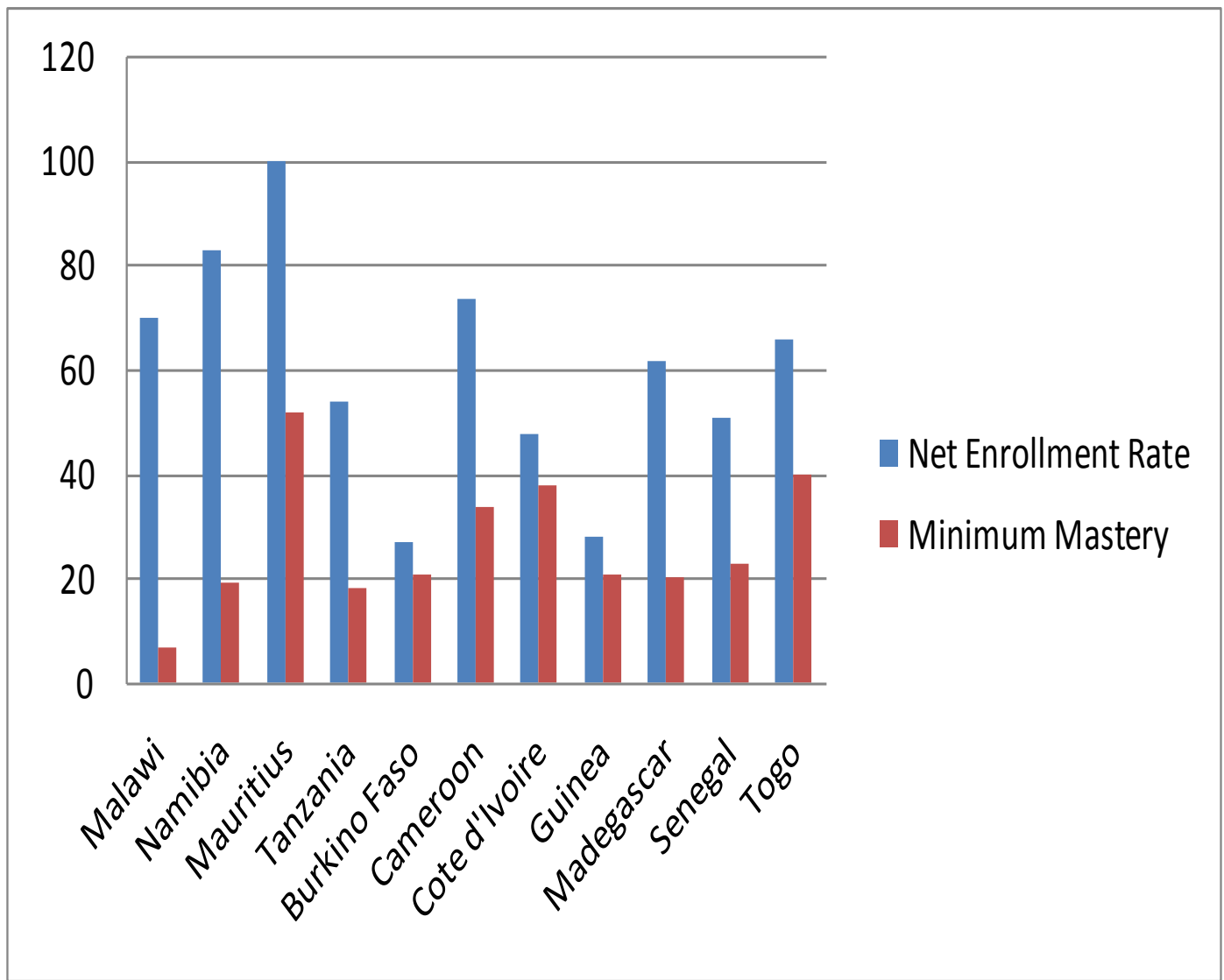
- Impact on expectations
- A linked diaspora
- Avenue to globalisation, good and bad

Skills Premium




Gross primary enrollment







In summary:
Since not aid/donors but private
sector growth crucial ...



Ten Questions/African
Choices as to whether the
New Era is a Passing Phase or
Moment of Change

1. Youth Unemployment: Opportunity or Challenge?



2. Business and Government: Growth Coalitions or Predators?



3. Infrastructure: Soft and Hard, Power and Roads



4. Will Govts offer what the Pvt Sector prefers: Predictability, Recourse and Rule of Law, Avoidance of Political Discretion?



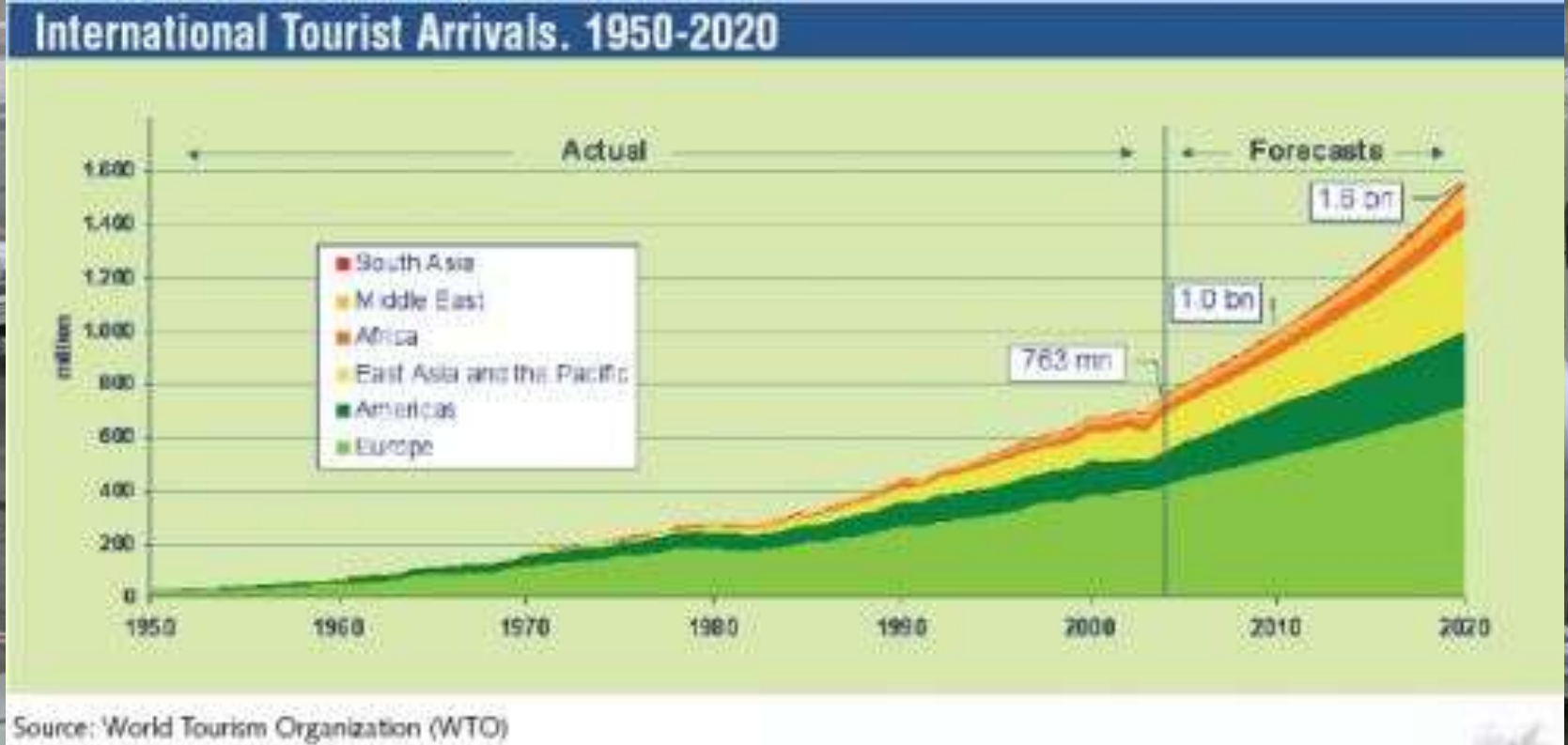


5. Agriculture:
Self-Sufficiency and Diversification?
(i.e. land tradability)

6. External Demand – and External Openness?



6. External Demand – and External Openness?



7. Investment in Skills and Foreigners?



PUBLI-INTER

*Momemi maki
asuanaka te
abundaka te*

*Je vote
Joseph KABILA Président*

Une Nation
Un Réseau

Elle ne vous rapproche comme...

vodacom

8. Trajectory on Democratisation & Governance

9. Diversification: Minding the Growth-Jobs Gap



10. The Choice of Political-Economy: Between Populism, Narrow Constituents and the Big Picture



A close-up portrait of a young girl with dark skin and her hair styled in many small, tight braids. She is looking slightly to the right of the camera with a neutral expression. The background is out of focus, showing what appears to be a wooden structure and some foliage. An orange text box is overlaid on the right side of the image.

Finally, some things worth thinking about for next 15 years:

- Widening differentiation
 - 800m-1.5 billion
 - 25% world's youth
 - Urban continent
 - 50+ cities with 1m+
- Average age -25; Europe 45+.
 - Improving connectivity.
- Megacities: Cairo, Accra, Jo'burg, Khartoum, Kinshasa, Nairobi.

