

REALITIES AND LIMITS OF AFRICAN ECONOMIC DEVELOPMENT SINCE THE EARLY 2000s

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1/ INTRODUCTION

Since the early 2000s, Africa has experienced faster economic growth than the average for developed countries. Nevertheless, it is difficult to shift the growth model of African countries towards sustained long-term development.

1.1/ Uneven economic growth held back by population growth

Africa's economic growth shows great disparities between countries. The ‘African lions’ (South Africa, Nigeria, Egypt, Morocco and Algeria) are the main economic engine of the region. Together, these five regional powers currently account for almost 60% of African GDP. Smaller countries that have been able to take advantage of international specialisation, such as Côte d'Ivoire and Ghana, or that are highly open to innovation, such as Kenya and, more recently, Rwanda. Libya, on the other hand, is an example of an African country that has experienced the opposite trajectory. On the contrary, the strong demographic growth of sub-Saharan African countries is not conducive to their development. World population growth has halved since the 1960s. It now stands at 1% per year. By contrast, the population of sub-Saharan Africa continues to grow by 2.7% a year, thanks to persistently high fertility rates.

1.2/ Demographic versus economic growth

The population of sub-Saharan Africa will have grown almost 5 times between 1960 and 2020, compared with 2.7 times for Asia as a whole and 3 times for Latin America. Sub-Saharan Africa is performing less well. Between 1960 and 2018, its GDP multiplied by 7.0, but its GDP per capita increased by only 50%. Over the same period, Latin America's GDP per capita increased by a factor of 2.6, South Asia's by a factor of 5.7 and East Asia's by a factor of 22.

Africa's poor performance is the result of several factors: fluctuations in commodity prices, inappropriate economic policies, structural adjustment programmes, etc., but also very strong demographic growth. In the 1960s, fertility was close to 6 to 7 children per woman in the four major regions considered here. In sub-Saharan Africa, the average economic growth of 4.5% per

year from 2000 to 2018 has only led to an increase in GDP per capita of 1.7% per year. This is because demographic growth (2.8%) has absorbed 62% of economic growth (compared with 10% and 25% in East Asia and South Asia). This strong demographic growth has therefore acted as a brake on its development.

2 - THE RISE OF AFRICA

Today, Africa is emerging as a global power. The continent's heads of state regularly reaffirm their determination to realize the Pan-African vision of an “integrated, prosperous and peaceful Africa”. This vision is set out in the African Union's Agenda 2063, adopted by the Union in 2015, with the aim of achieving inclusive growth and sustainable development.

2.1 - Africa: a growing global influence

Africa is upsetting the global demographic balance, thanks to record population growth. Africa now plays a major role in world demographics, with the continent's population being redistributed in favor of giants such as Nigeria, the Democratic Republic of Congo, Ethiopia and Egypt, as well as the Sahel. Africa is also benefiting from longer life expectancy and a gradual reduction in the fertility rate. As a result, the world's youth will increasingly come from Africa. In terms of maternal child health and under-nutrition, the battle seems well underway. In terms of contagious and tropical diseases, Africa remains highly exposed but is on the right track thanks to prevention.

At the same time, Africa is striving to get its children into school. Enrolment rates are rising, without erasing inequalities in access to education. Improving access to drinking water and food sanitation remains a major challenge. Access to electricity is progressing, but with substantial disparities. The success of the cell phone facilitates banking inclusion. In terms of economic growth, African progress has been spectacular from 1995 to 2018, but Africa still concentrates a large proportion of the world's poorest countries. On the other hand, the African countries have shown resilience in the face of COVID-19.

Africa's strength lies in its domestic market, hence the establishing the African Continental Free Trade Area. While agriculture is modernizing and services are expanding, industrialization remains insufficient due to the weakening of the extractive sector and the declining share of manufacturing in continental GDP. Conversely, African international trade has been transformed since 2000, to the benefit of emerging countries and inter-African trade. The world is now trading more and more with Africa, where foreign investment increased 5-fold between 2000 and 2018. While Africa accounts for only a small share of world trade, it is already strongly connected to the rest of the world. Conversely, economic and public governance seems to be gradually improving, as revealed by the *Doing Business* ranking.

2.2 - A plural continent, but common challenges

The African economy is dominated by 10 countries: Nigeria (1), Egypt (2), South Africa (3), Algeria (4), Angola (5), Morocco (6), Kenya (7), Ethiopia (8), Tanzania (9) and Côte d'Ivoire (10), which has just supplanted Ghana (11). It is also the continent with the highest concentration of small economies in the world. The poles of wealth are concentrated in the north and south. However,

while Africa has the largest number of low-income and least-developed countries, more and more states are entering the middle-income category. The weight of raw materials in African economies is often overestimated. In fact, less than half of Africans are rich of commodities. Moreover, it is the least dependent countries that are the richest, while the curse of raw materials is not always a reality.

Extreme poverty is increasingly concentrated within the continent, as evidenced by the number of refugees (around 8 million) and internally displaced persons (around 20 million). In terms of inequality, the situation is contrasted between North Africa (lower) and Southern Africa (higher). Added to this is rapid urbanization, with the multiplication of giant megacities (Lagos, Kinshasa, Daar-es-Salaam) but also, and above all, the development of medium-sized towns in rural areas. The result is a simultaneous densification of town and country. Rurality and isolation are the main factors in inequality of access to basic services.

The continent's economic integration remains uneven despite the establishment in 2018 of the Continental free trade zone. The growth of intra-African trade is a vector for diversification and accelerated growth. It favors the emergence of a Pan-African banking and financial system, and the acceleration of intercontinental mobility, which is becoming increasingly organized on the continent. Africa is also banking heavily on the cultural and creative industries (Nollywood). Rich in water, Africa is nonetheless faced with the challenge of the Saharo-Sahelian region and the major problem of deforestation.

3 - A CONTRASTING EMERGENCE: THE EXAMPLE OF NIGERIA

Nigeria is a lower-middle-level economy in search of diversification. Overly dependent on the oil sector, the country benefits from a powerful agricultural sector, but suffers from insufficient downstream industrialization. There are immensely wealthy businessmen in Nigeria, but they coexist with the considerable importance of informal work and the public sector. These businessmen have enjoyed spectacular rises, but none can match the success of Aliko Dangote, Africa's biggest entrepreneur.

3.1/ Nigeria: a lower-middle-level economy in search of diversification

At purchasing power parity, Nigeria is currently Africa's second-largest economy, behind Egypt but ahead of South Africa. On a per capita basis, however, the gap between Egypt and South Africa on the one hand, and Nigeria on the other, is considerable. Finally, Nigeria is the most populous country in Africa ahead of Brazil, but behind Indonesia and Pakistan. In Africa, Nigeria far outstrips Ethiopia, Egypt and the Democratic Republic of Congo.

Since the end of the 1990s, Nigeria has experienced rapid, but unstable and slowing growth. That is the result of a convergence of internal and external factors. Among the internal factors, five may have contributed:

- 1 - The extent of regional disparities.
- 2 - After independence, of a political system that led to systematic violence during election periods.
- 3 - The persistence of corruption and trafficking.

4 - A lack of infrastructure.

5 - A very low level of inclusive economic growth. Poverty levels remain high, with 62% of the population living below the poverty line. Nigeria is also characterized by a high Gini coefficient, which has evolved unfavorably since 2004.

Among the external factors, the most important is an excessive dependence on oil. Nigeria suffers from very inadequate refining capacity. Nigeria has considerable oil reserves, particularly offshore, but the management of these resources is catastrophic. As a result, Nigeria is now overtaking Angola in terms of production levels. The Nigerian economy is therefore in search of diversification.

3.2/ Nigeria, a dual economy: in the face of the considerable importance of informal work and the public sector, the emergence of a large-scale entrepreneurial sector

Since the 1990s, the country's growth model changed, with a marked increase in service activities. In telecommunications, for example, Nigeria is Africa's largest market. Equipped with the largest financial market in Africa, Nigeria boasts a banking system that is ahead of other African countries, with a relatively high penetration rate, and is well connected to international markets. Nigeria also remains an agricultural powerhouse, ranking 6th in the world and first in Africa. The industrialization process got off to the best start with cement, due to a booming population, particularly in urban areas. The result has been the creation of two African majors (Dangote Cement and BUA). Nigeria is also present in the pharmaceutical and automotive industries. Above all, Nigeria has established itself as the world's 2nd largest film producer, after India, but ahead of the United States. Nigeria is characterized by a high level of inflation, of unemployment and one of the largest informal sectors in Africa. More, its banking sector, although the second largest in Africa behind South Africa, provides little financing for the national economy. Nonetheless, the country has seen the recent but spectacular rise of businessmen, often originating from the north of the country.

3.3/ Aliko Dangote, Africa's largest entrepreneur: from conglomerate to multinational company

According to Forbes Aliko Dangote is the richest man in Africa today. He is the founder of the Dangote Group, present in fourteen countries, including Brazil and Indonesia, and above all in Africa. Dangote Group is active not only in cement, sugar, flour, salt and pasta, but also in major oil and gas projects, beverages and real estate, telecommunications, fertilizers and even steel. But Dangote Cement Plc. is furnishing 85% of its revenues. Thanks to the rapid expansion of demand in African countries, including Nigeria, the company has conquered a leadership position in sub-Saharan Africa against Western multinationals, based on exceptional profitability and the implementation of an original business model.

4 - CONCLUSION

Today, the continent is faced with the crucial issue of climate change. The impact is far-reaching: widening disparities in water resources and rainfall, the threat of rising sea levels on coastlines, the need for new urbanization models. Africa's biodiversity is immense, but under threat, forcing us to multiply the number of protected areas. Africa also faces the challenge of education: tackling the learning crisis, improving teaching conditions, investing in the acquisition of scientific and technological skills. There is a massive need for young people to improve the quality of employment, given the scale of informal employment, and to support entrepreneurship. Women more and more involved in development.

Pandemic prevention, obesity and chronic diabetes are new health challenges. On the contrary, the inventiveness of African civil societies is a major asset, as is sport, an important tool for social inclusion. Similarly, solar energy offers a means of reconciling sustainability and economic opportunities, particularly in North and Southern Africa. While informality remains the dominant mode of urbanization, urban planning is increasingly becoming a necessity. Under these conditions, we need to broaden access to the Internet to accelerate the digital revolution, strengthen the capacity for action of public authorities, draw on the potential of public development banks in Africa, strengthen bank financing of the private sector, reinvent external financial support for Africa, notably by promoting sustainable development investments, strengthen food security and take advantage of value chains to promote industrialization.