

# Africa's Future in the Global Economy

A presentation by Rosa Whitaker

President & CEO

The Whitaker Group

Monday, October 20<sup>th</sup>, 2014

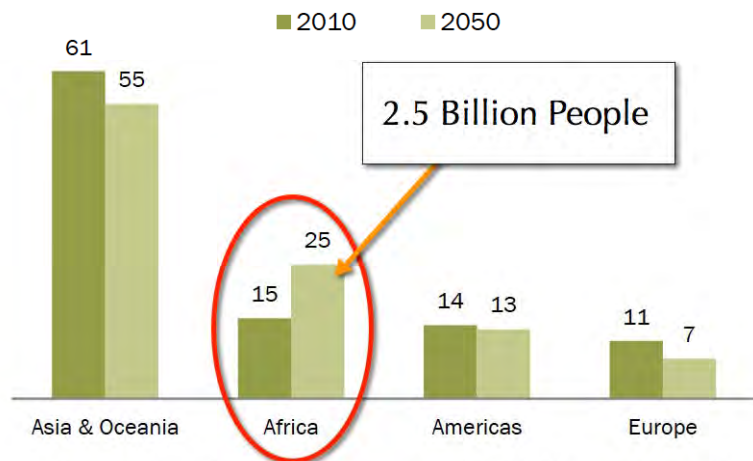
# Imagining Africa in 2050



# A Quarter of the World's Population

**Regional Distribution of the Global Population, 2010 and 2050**

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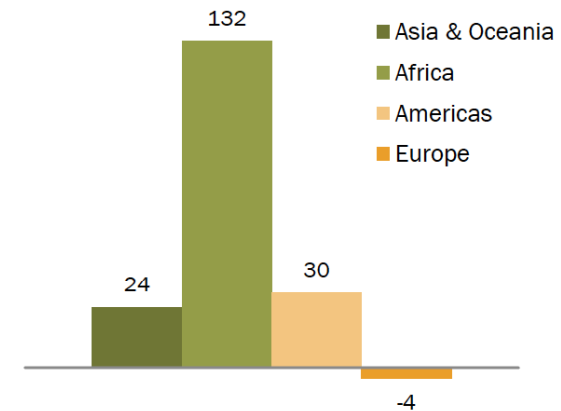


Source: United Nations, Department of Economic and Social Affairs, *World Population Prospects: 2012 Revision*, June 2013, <http://esa.un.org/unpd/wpp/index.htm>

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**Estimated Change in Population, by Region, 2010 to 2050**

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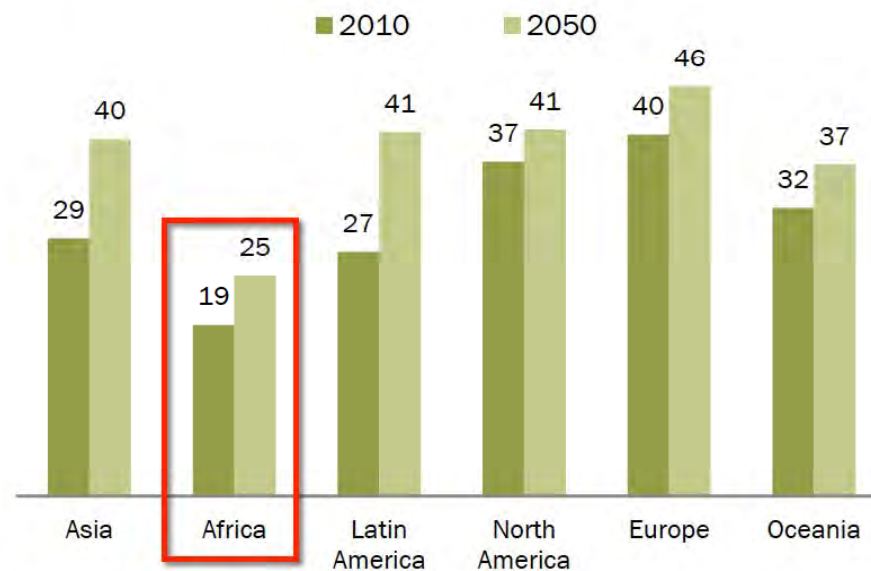
Source: United Nations, Department of Economic and Social Affairs, *World Population Prospects: 2012 Revision*, June 2013, <http://esa.un.org/unpd/wpp/index.htm>

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# A Young Continent in a Graying World

## Median Age, Estimates for 2010 and 2050

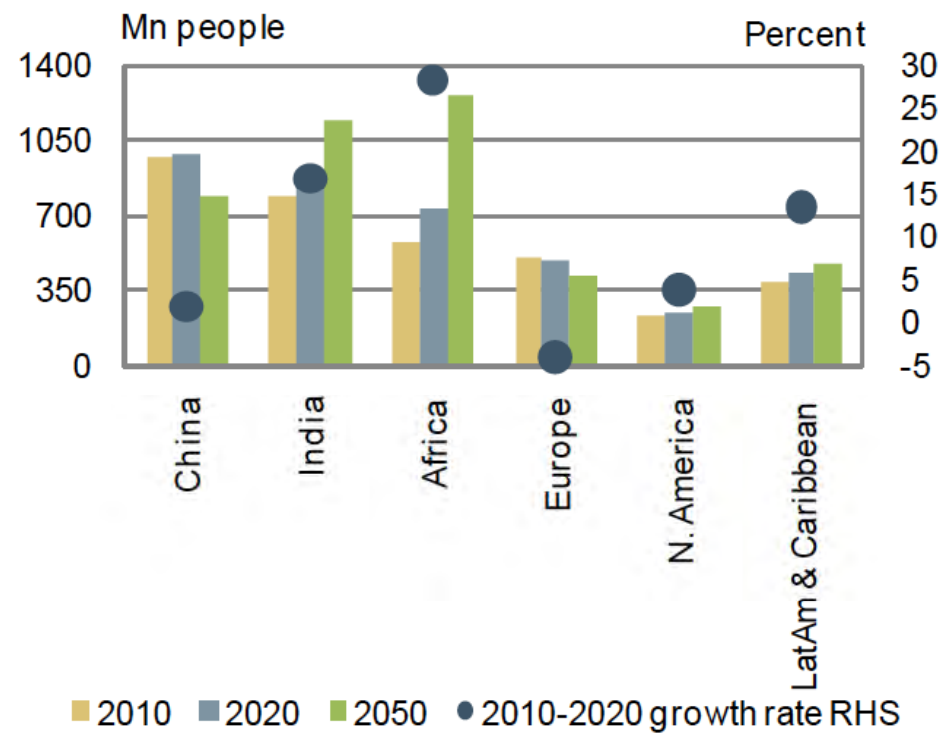
Years



Source: United Nations, Department of Economic and Social Affairs, *World Population Prospects: 2012 Revision*, June 2013, <http://esa.un.org/unpd/wpp/index.htm>

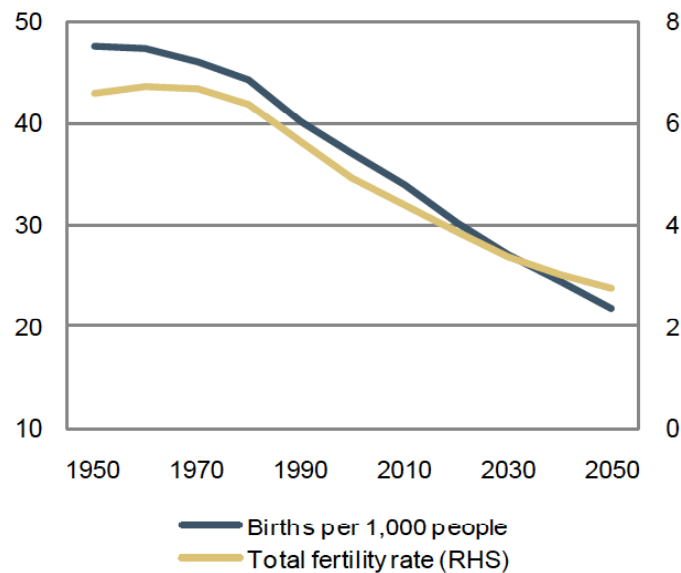
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# The World's Largest Workforce

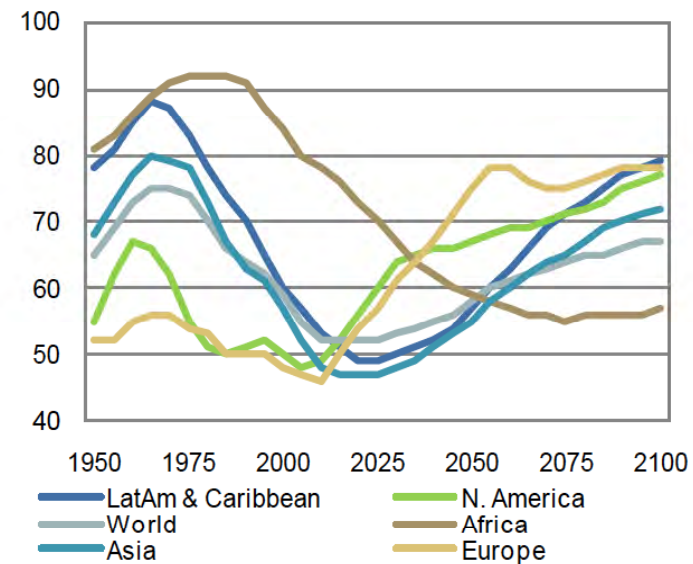


Sources: UN, ILO, Standard Bank Research

# Falling Fertility and Dependency Ratios

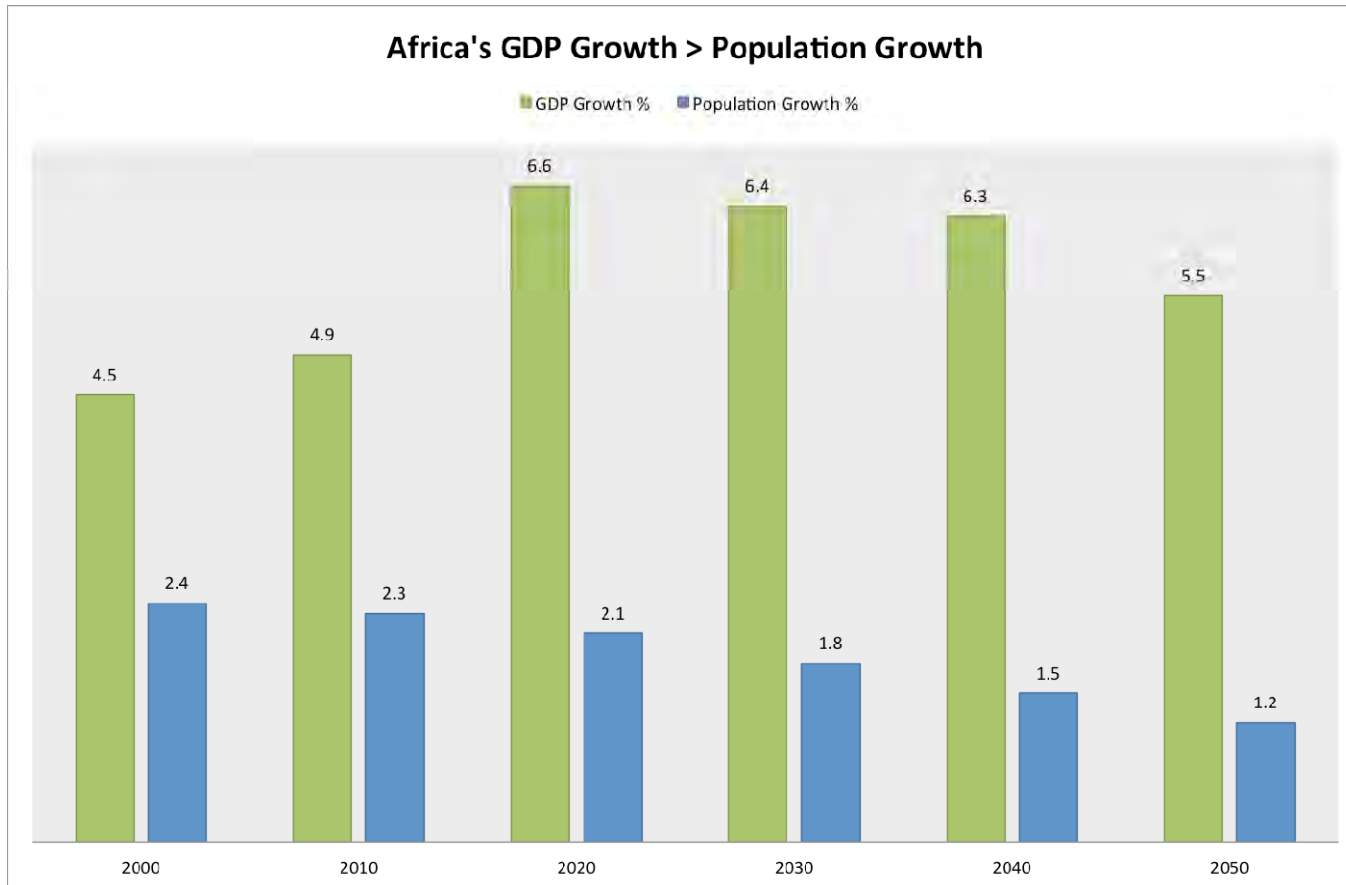


Sources: UN, Standard Bank Research



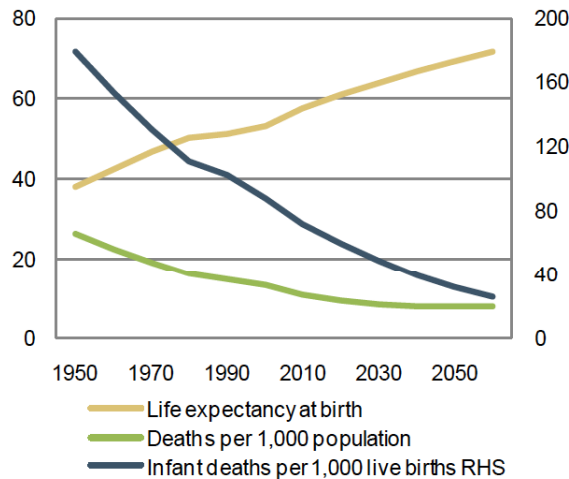
Sources: UN, US Census Bureau, Standard Bank Research

# GDP Growth > Population Growth = Rising Per Capita Wealth

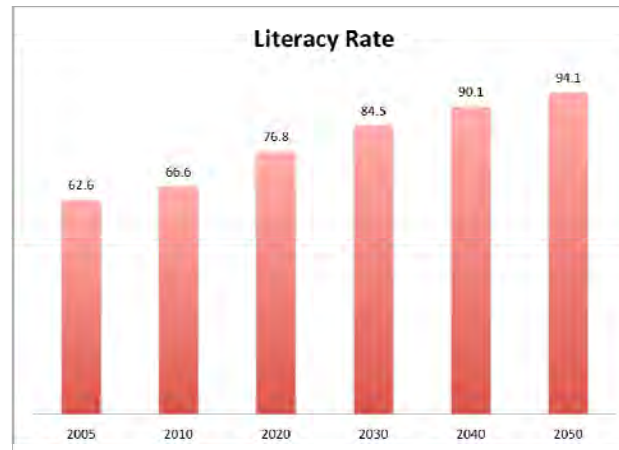


Source : AfDB

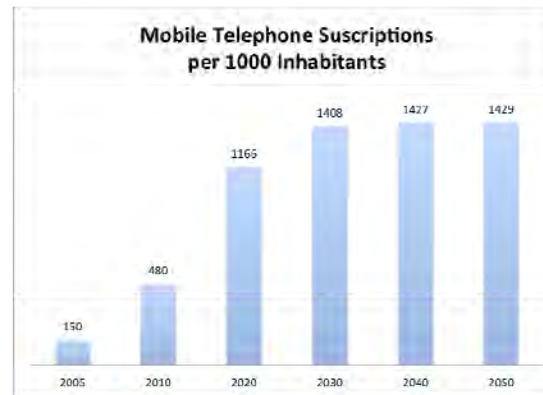
# Healthier, Better Educated, More Connected



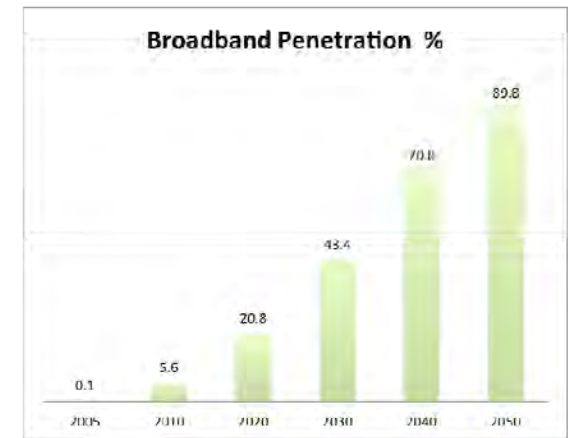
Sources: UN, US Census Bureau, Standard Bank Research



Source: AfDB



Source: AfDB

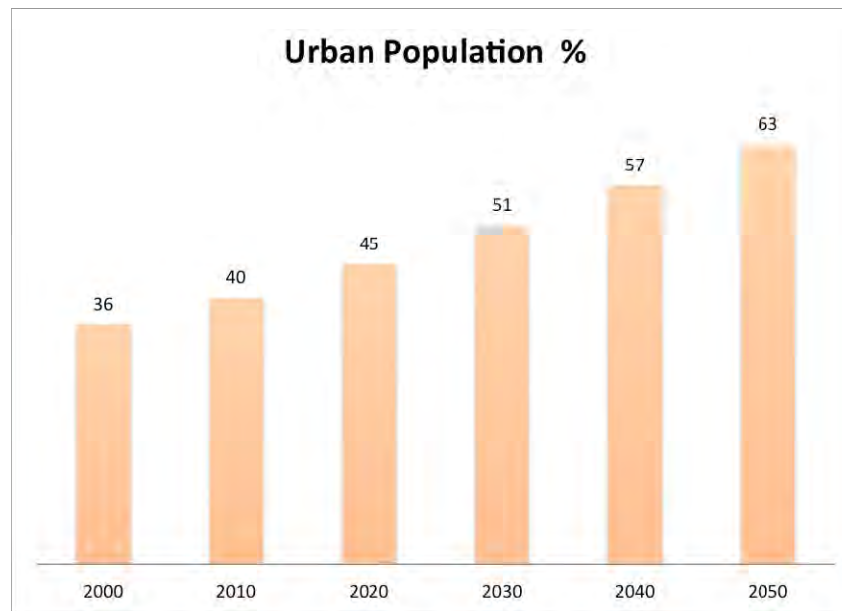


Source: AfDB



# Booming Cities

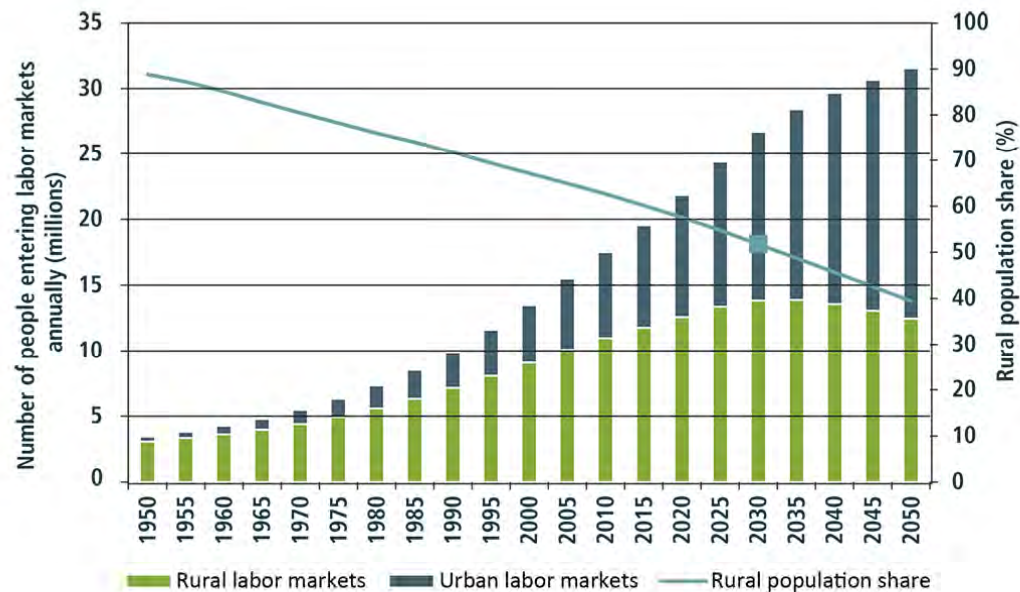
- African cities growing at twice the global average rate.
- Four of ten Africans now urban.



Source: AfDB

# Coming in from the Country

FIGURE 1 Rural population share and number of people entering rural and urban labor markets annually in Africa south of the Sahara, 1950–2050



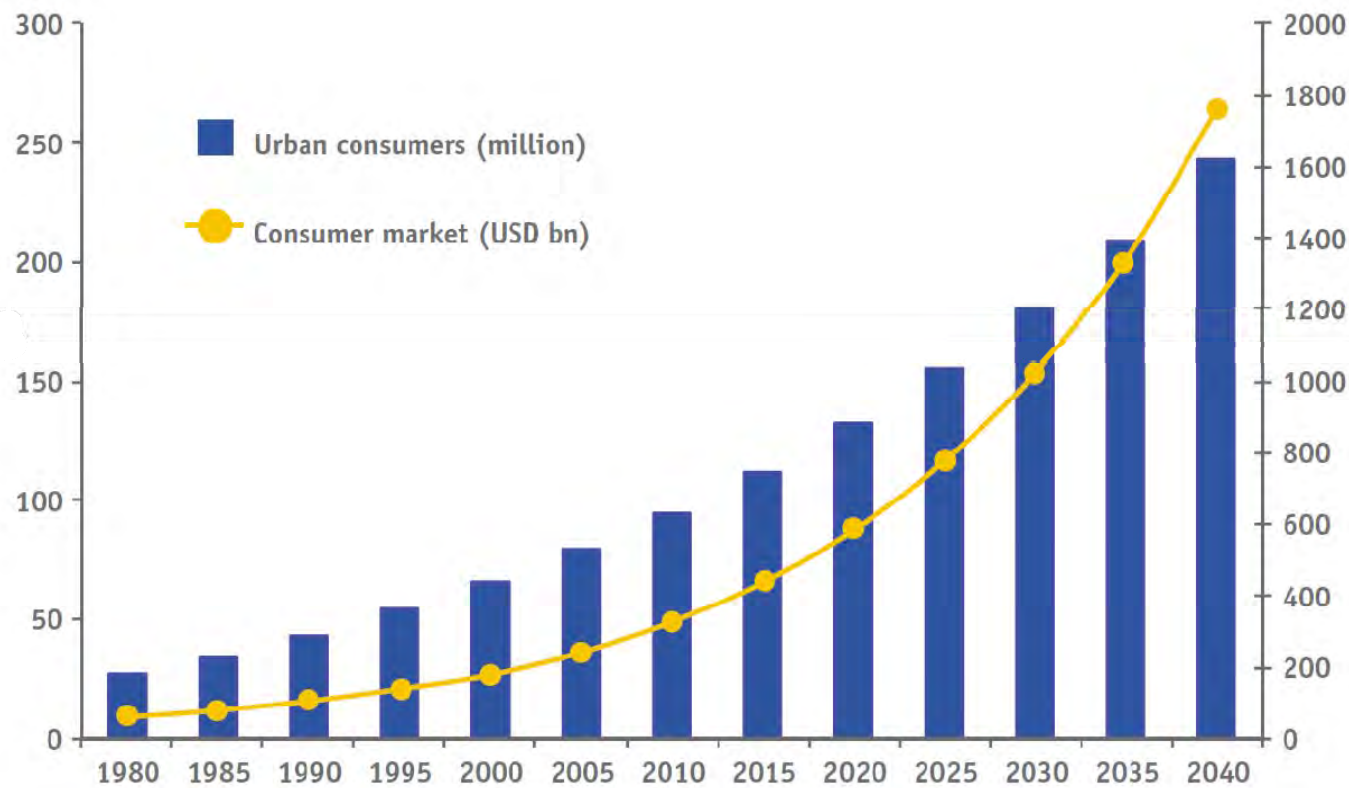
**Source:** B. Losch, S. Fréguin-Gresh, and E. T. White, *Structural Transformation and Rural Change Revisited: Challenges for Late Developing Countries in a Globalizing World*, Africa Development Forum Series (Washington, DC: World Bank, 2012).

# Growing Middle Class



Source: AfDB

# A Two Trillion Dollar Consumer Market?



Source: Amethis Finance

# AGOA Highlights

- African exports to the U.S. under AGOA have increased almost four-fold since 2000.
- Peak trade flows recorded at \$100 billion in 2008, before global financial crisis.
- 2013 U.S.- Africa two-way trade valued at \$63 billion.
- In 2013, 15 AGOA-eligible countries each exported more than \$100 million in AGOA-eligible goods to the U.S.
- AGOA has generated  $\pm$  350,000 direct jobs in Africa, one million indirect jobs in Africa, and 100,000 jobs in the U.S. and helped drive FDI to Africa's manufacturing sector.

# Ebola Travel Flows



# Trade versus Aid

TRADE	AID
Annual cost of AGOA to U.S. = $\pm$ \$350 million	Aid to Africa in 2012 = \$9.1 billion
<p>Results:</p> <ul style="list-style-type: none"> <li>• Measurable ROI</li> <li>• Job growth</li> <li>• Private sector development</li> <li>• Enhanced competitiveness</li> <li>• Increased FDI</li> <li>• Encourages business reform &amp; removal of trade barriers</li> <li>• Facilitates innovation &amp; technology transfer</li> <li>• Increased competition results in lower prices for consumers</li> <li>• Encourages regional integration</li> <li>• Cuts government spending by strengthening competition for government procurement</li> </ul>	<p>Results:</p> <ul style="list-style-type: none"> <li>• No measurable ROI</li> <li>• Growth of a vast aid-industrial complex. The “investment” is almost entirely controlled by foreign experts and technocrats, and governments</li> <li>• Necessary humanitarian assistance</li> <li>• Improved health systems through programs like PEPFAR</li> <li>• Programs like the MCC encourage business reform and improvements in governance</li> <li>• Negative unintended consequences such as suppression of African agriculture</li> </ul>

# Build on What Works

- Embrace realistic time frames
- Extend AGOA
- Provide incentives to U.S. businesses investing in Africa. Give tax credits to U.S. companies wishing to repatriate profits
- Expand public-private partnerships such as Power Africa
- Mobilize private capital by strengthening OPIC and the U.S. Export-Import Bank



# The U.S. & Africa in 2050

## A Partnership Worth Working For

- The U.S. is Africa's top trading partner fostering job creation both in the U.S. and Africa
- U.S. business is a partner in African development
- Foreign aid is limited to emergency assistance
- The U.S. and Africa collaborate on global security issues such as terrorism and climate change
- As allies, the U.S. can depend upon Africa's vote at global venues such as the U.N. & the WTO



# **The Whitaker Group**

Advancing Business in Africa

[www.thewhitakergroup.us](http://www.thewhitakergroup.us)

