

Findings of a Duke Policy Research Initiative on Middle Income Africa

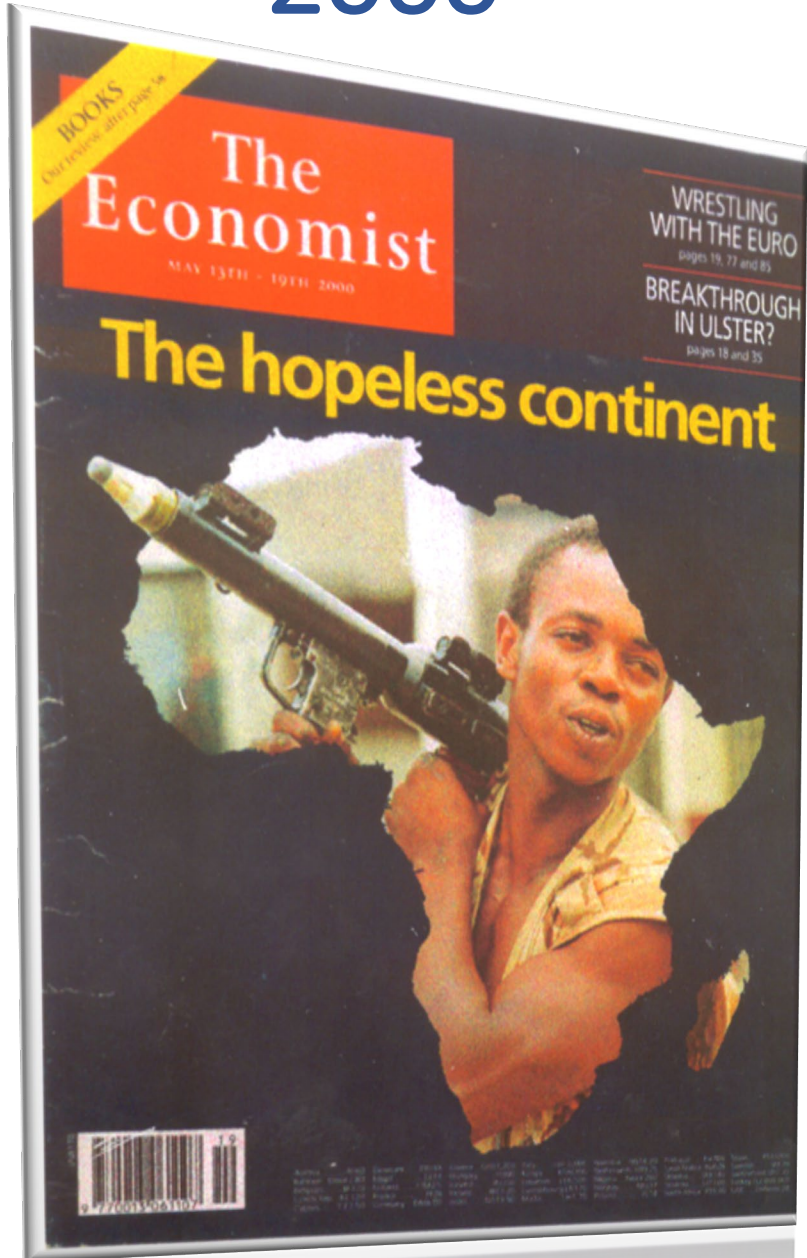
Indermit Gill & Kenan Karakülah

Director, DCID

World Bank

Duke Conference on International Development
November 16 2018

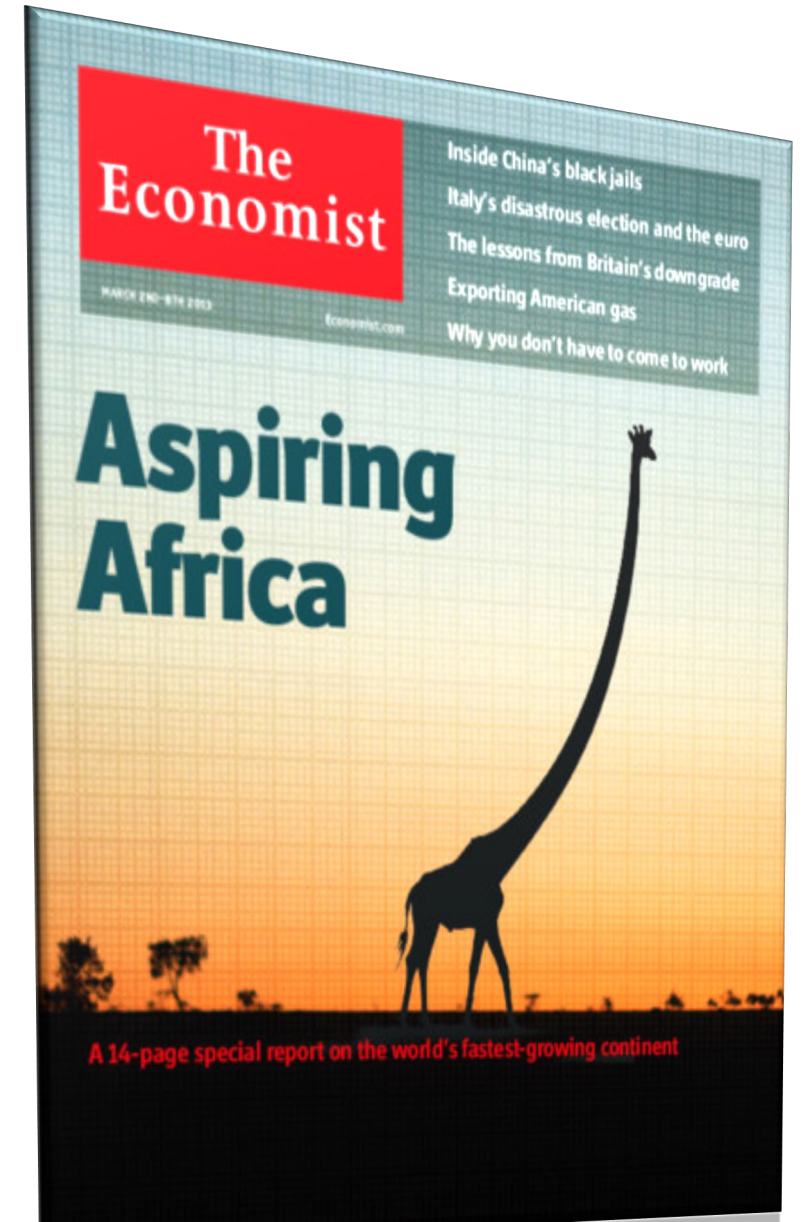
2000



2011



2013



4 Questions

- *On Growth: Has Africa Missed the Bus?*
- *On Debt: Is Africa Headed Into Another Debt Crisis?*
- *On China: Is China Helping or Hurting Africa?*
 - *Gill and Karakülah (2018a, 2018b, and 2018c)*
- *On India: Is India Helping Africa?*
 - *Dixit, Gill, and Kumar (2018)*

4 Answers

Has Africa Missed the Bus?

The Condescending Consensus on the Continent's Growth

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Is Africa Headed Into Another Debt Crisis?

Assessing the Solvency of Governments in a Sluggish Subcontinent

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Is China Helping Africa?

Growth and Public Debt Effects of the Subcontinent's Largest Investor

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Is India Helping Africa?

Trade and Investment in Middle Income South

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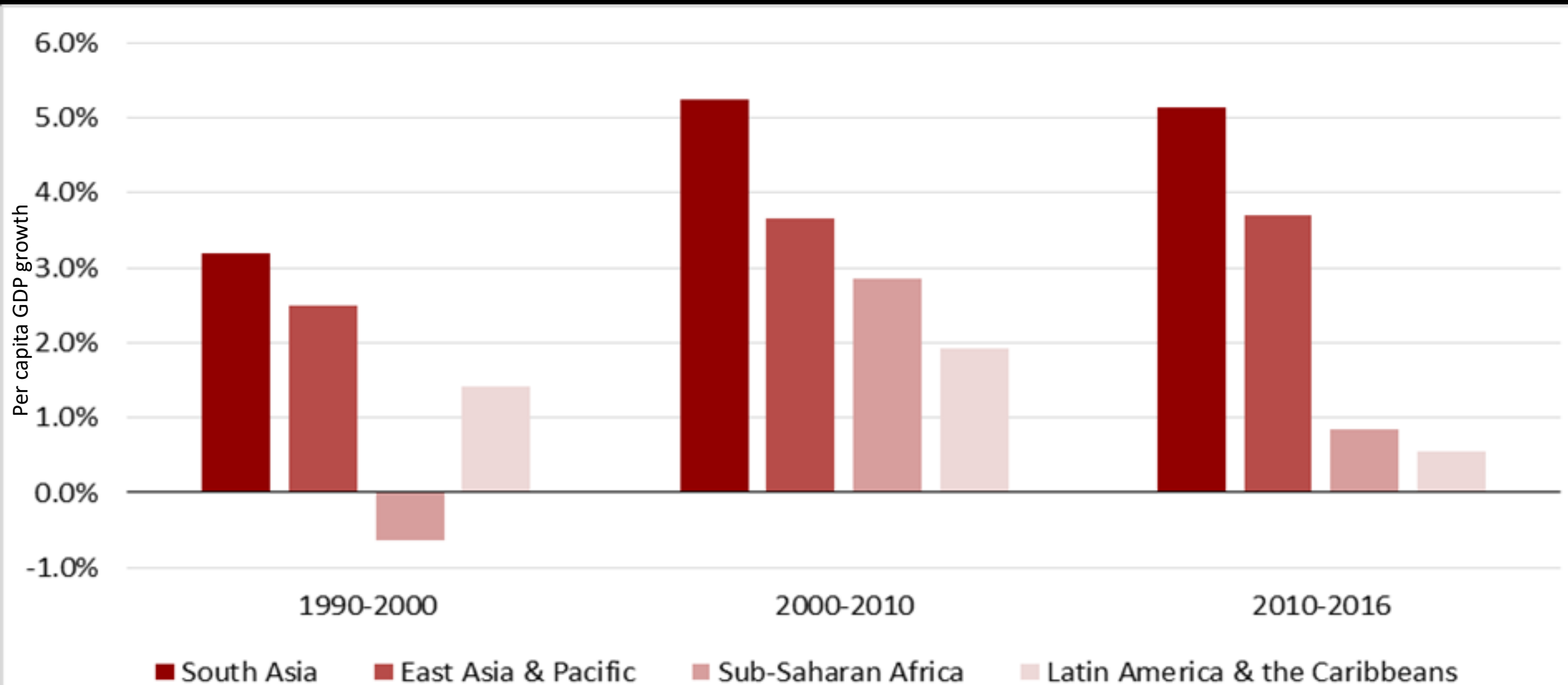
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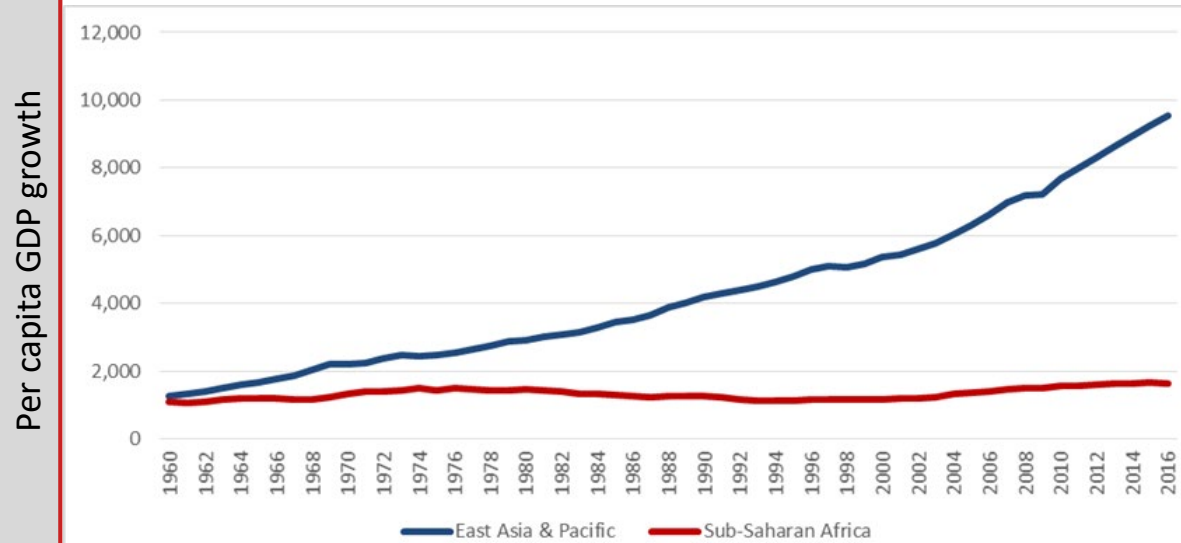
10 Takeaways from the Papers

1) No growth miracle in Sub-Saharan Africa



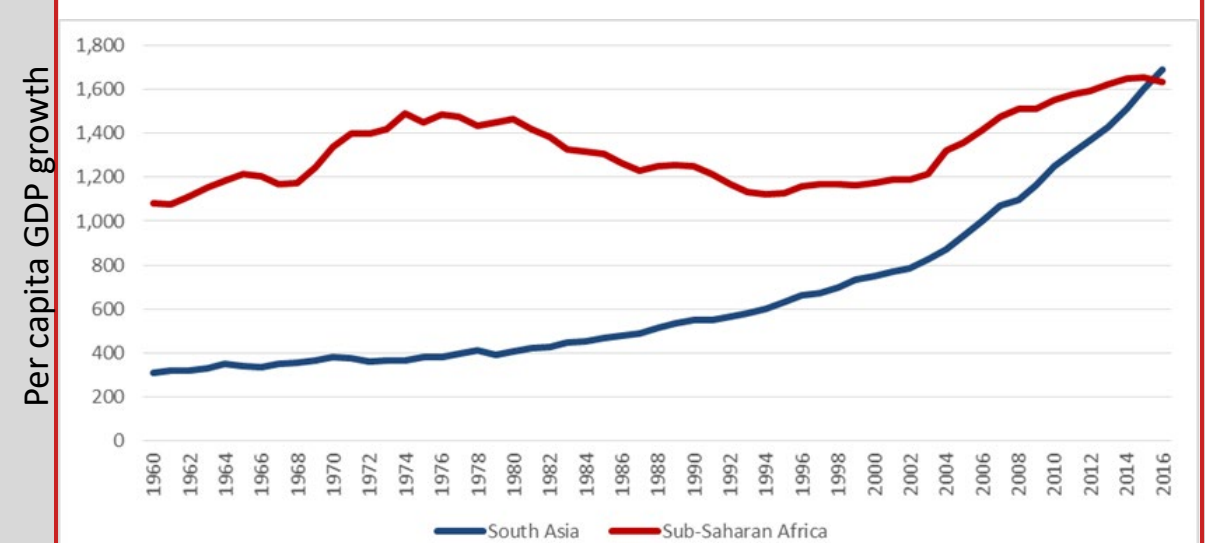
Source: Gill and Karakülah (2018a)

Africa vs East Asia



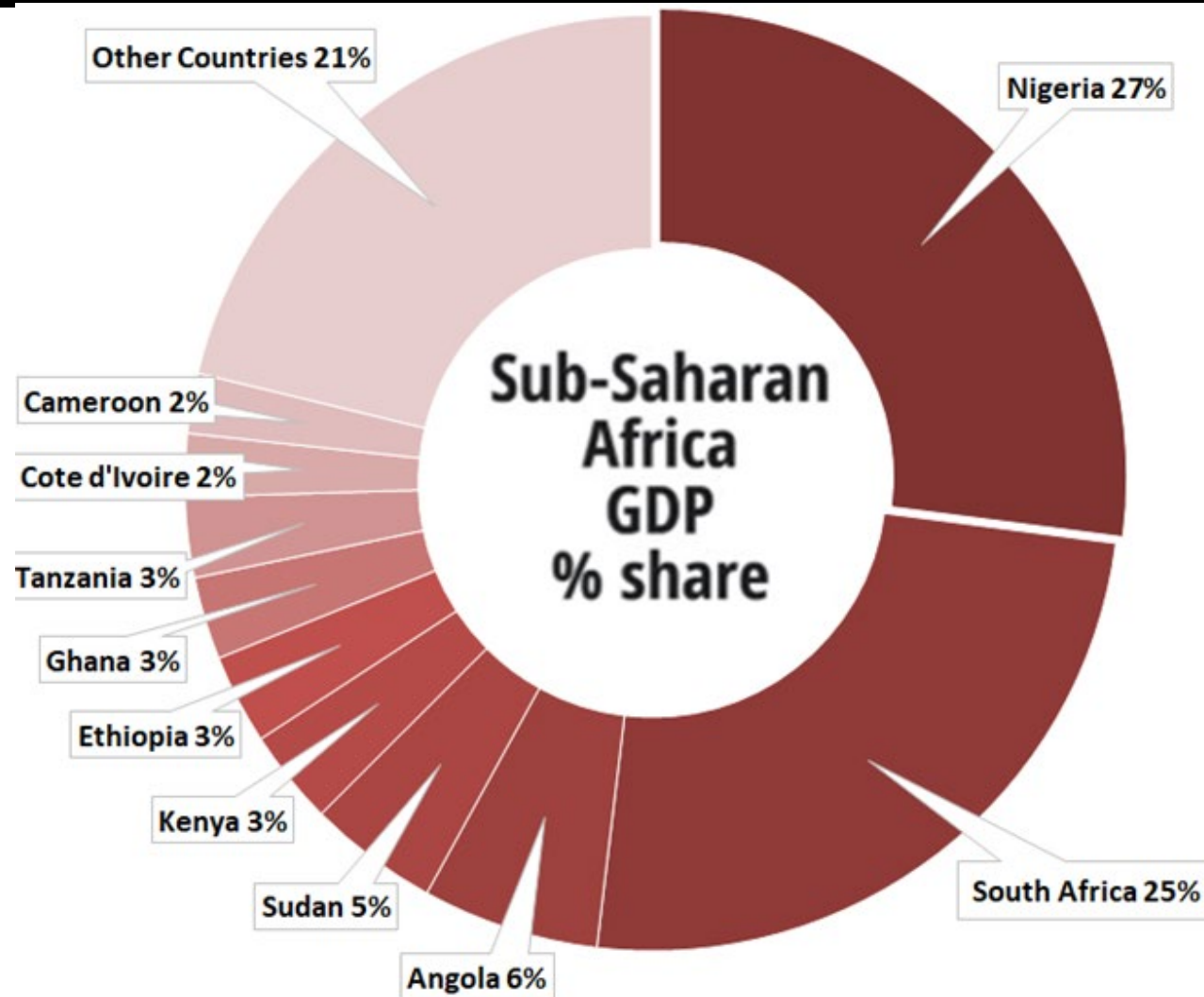
Source: Gill and Karakülah (2018a)

Africa vs South Asia



Source: Gill and Karakülah (2018a)

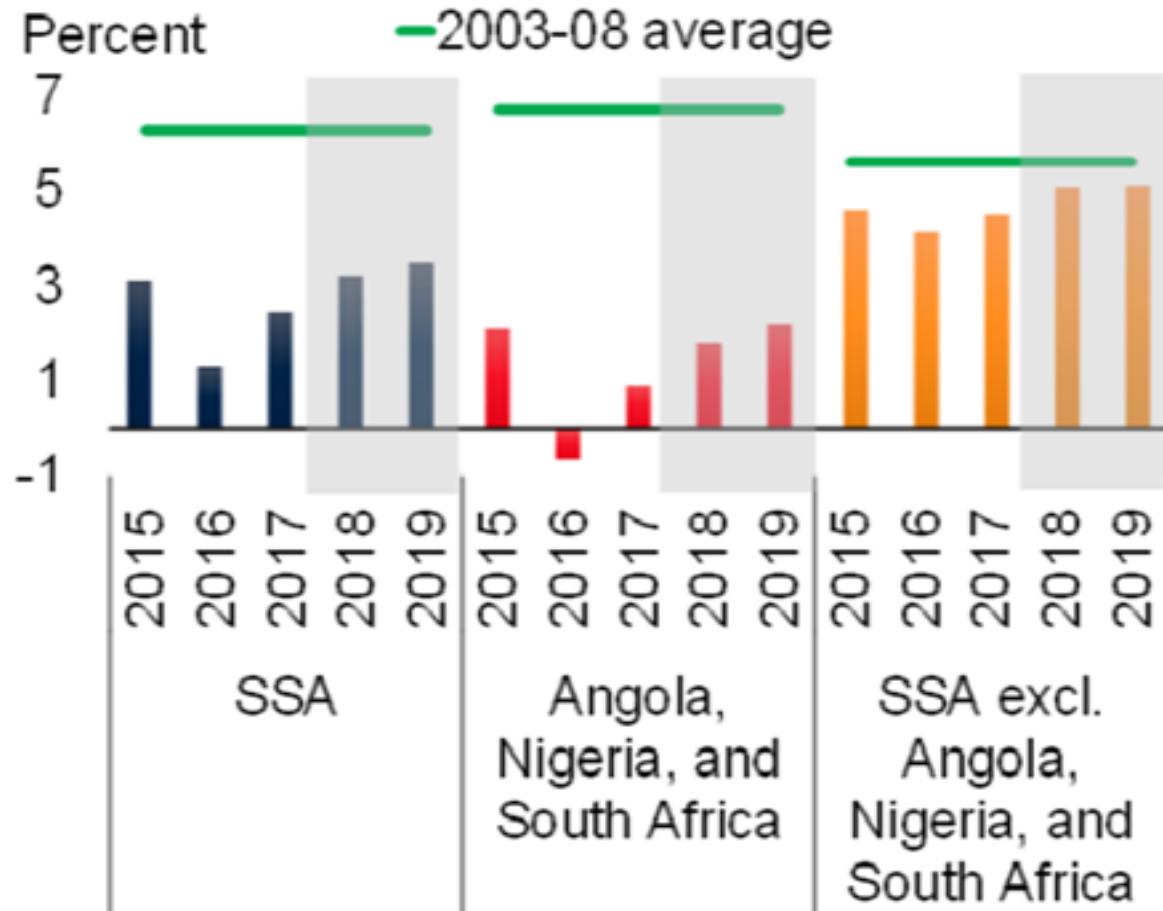
2) Africa will not do well unless its three largest economies do well



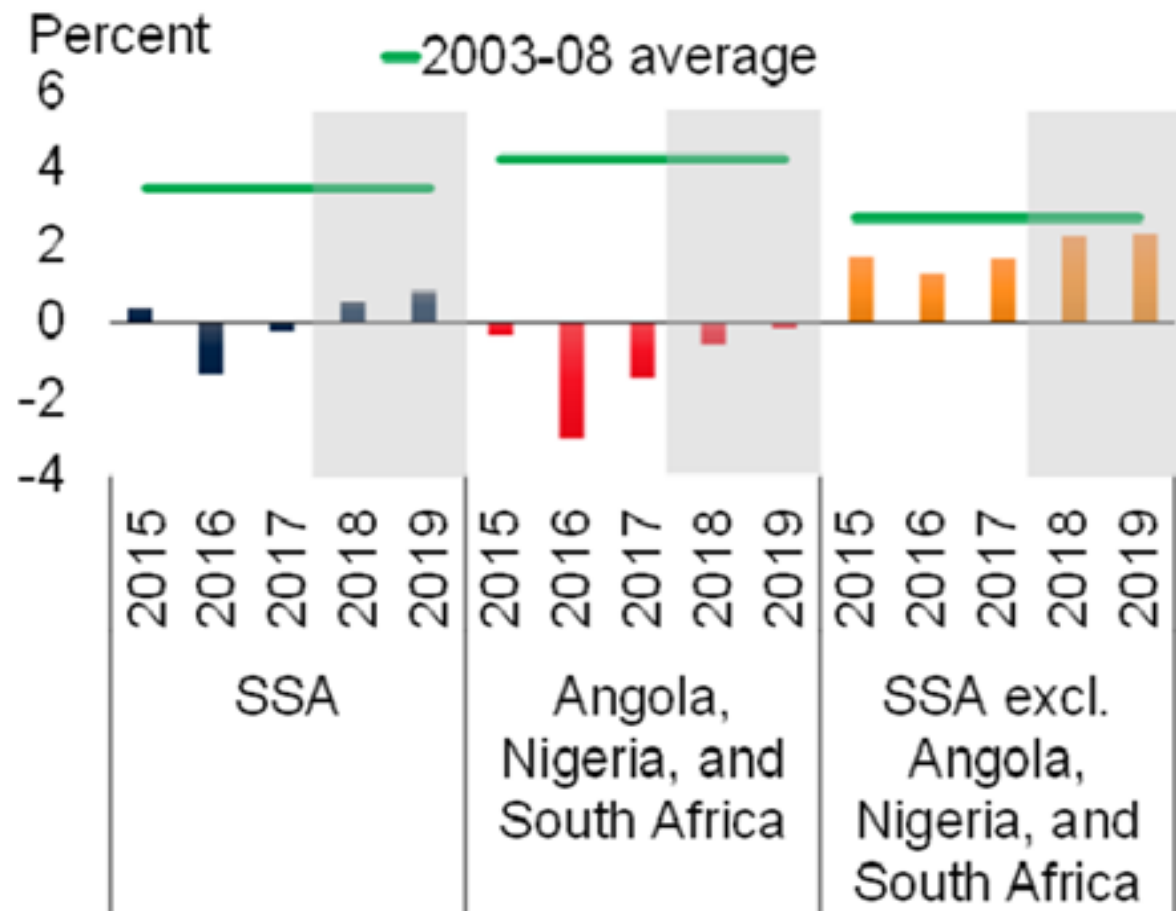
Source: Gill and Karakülah (2018a)

3) Nigeria, South Africa and Angola have not been doing well

A. Growth

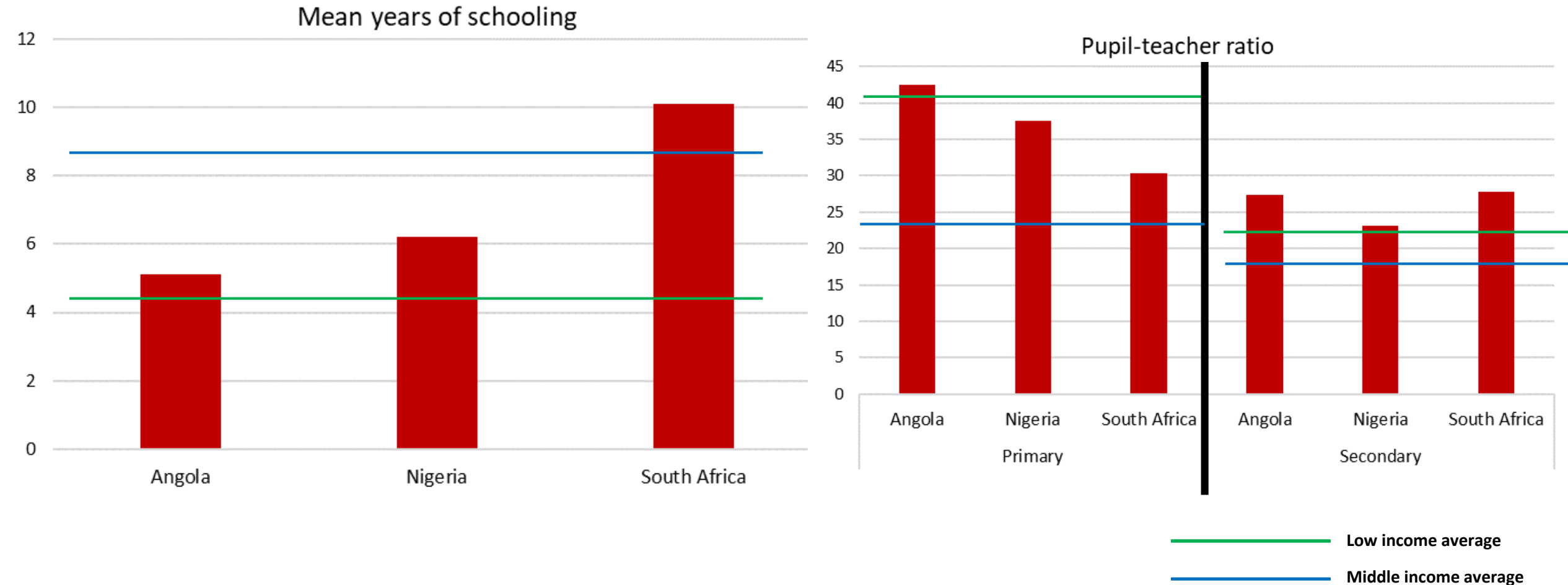


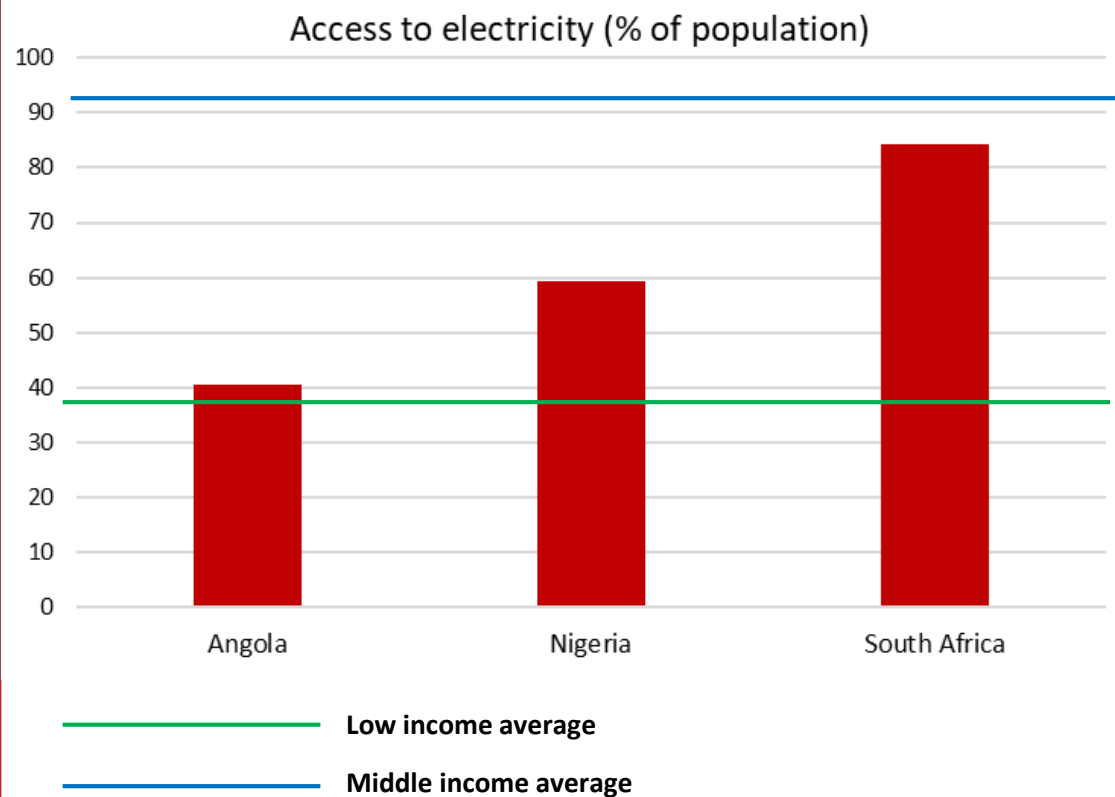
B. Per capita GDP growth



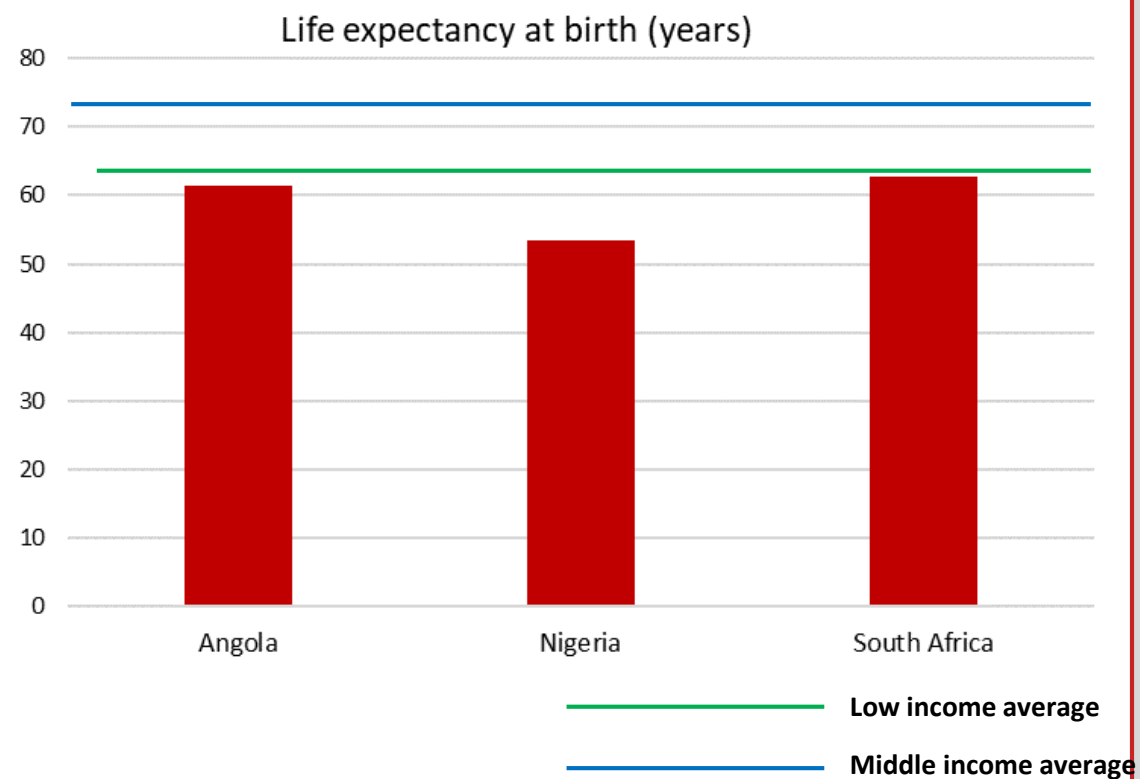
Source: World Bank (2018): Global Economic Prospects

4) Africa's largest countries have some structural attributes of low income economies





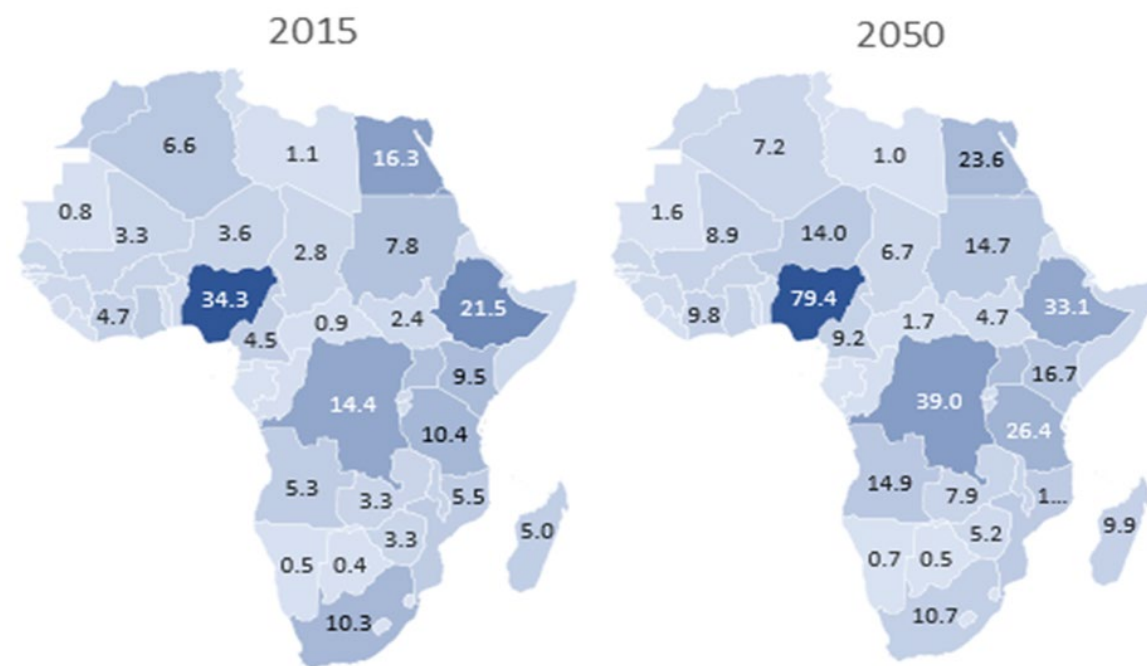
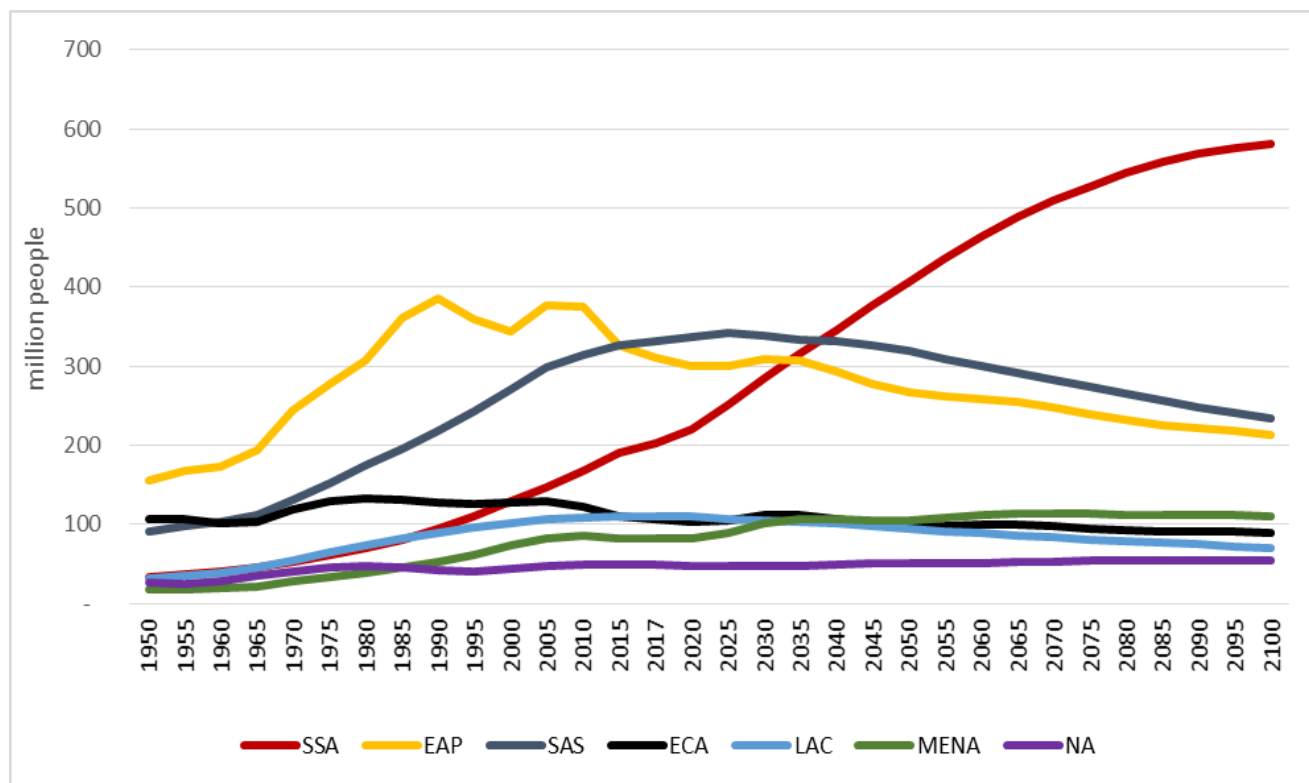
Source: Gill and Karakülah (2018a)



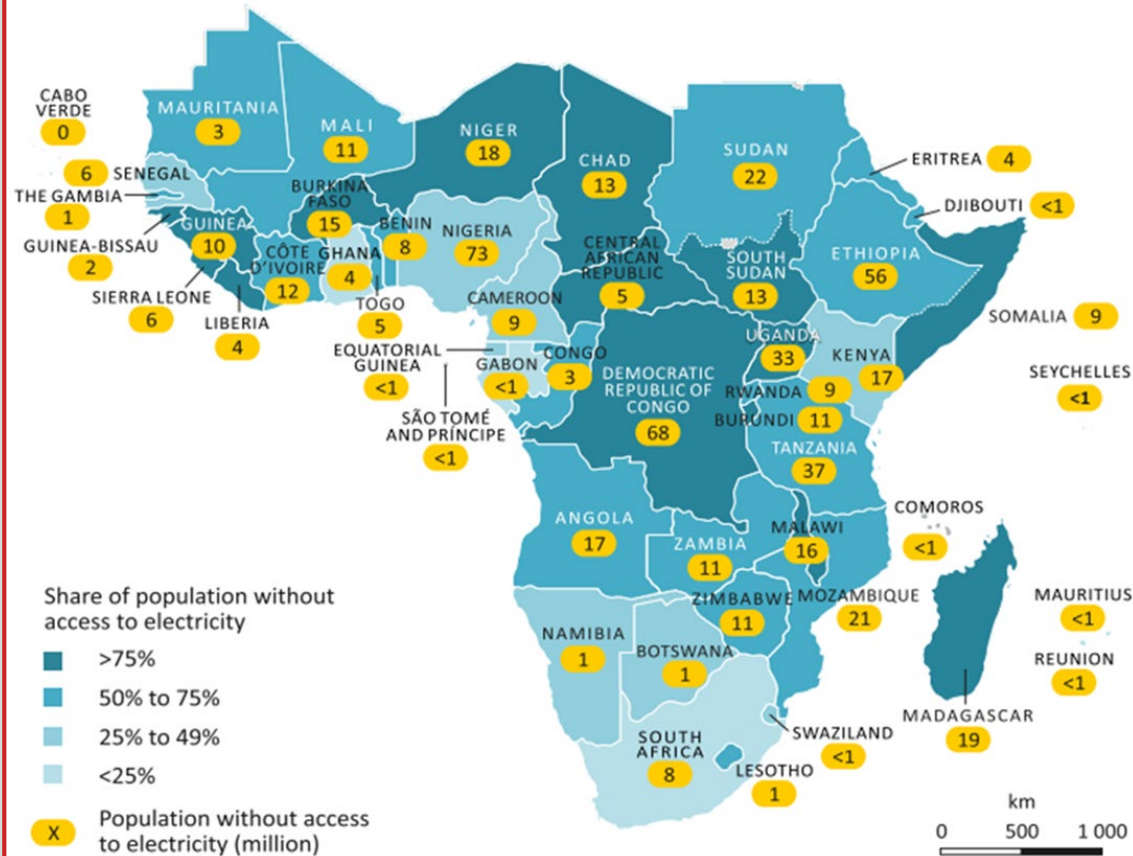
Source: Gill and Karakülah (2018a)

5) Needed: Big transformations in education, electricity, and taxes

Number of Youth in Africa (million)

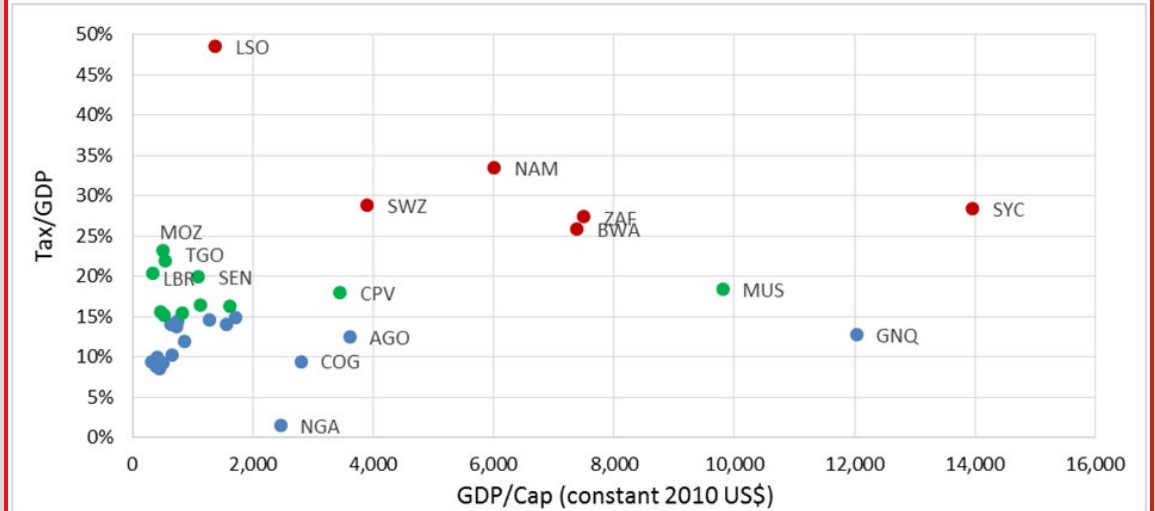


About 600 million people live without access to electricity



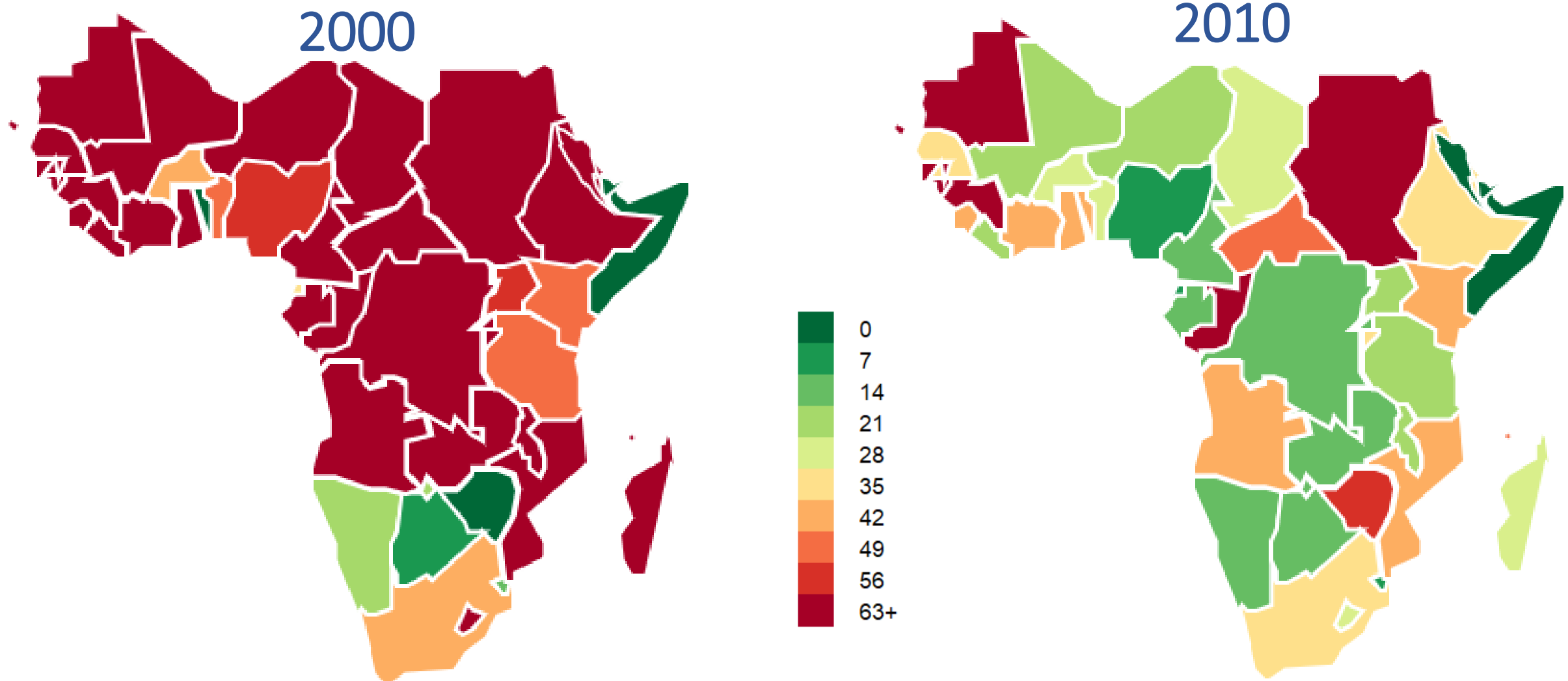
Source: International Energy Agency (2017), *Energy Access Outlook 2017*

Few countries in Africa mobilize enough tax revenues to develop quickly



Source: Gill and Karakülah (2018a)

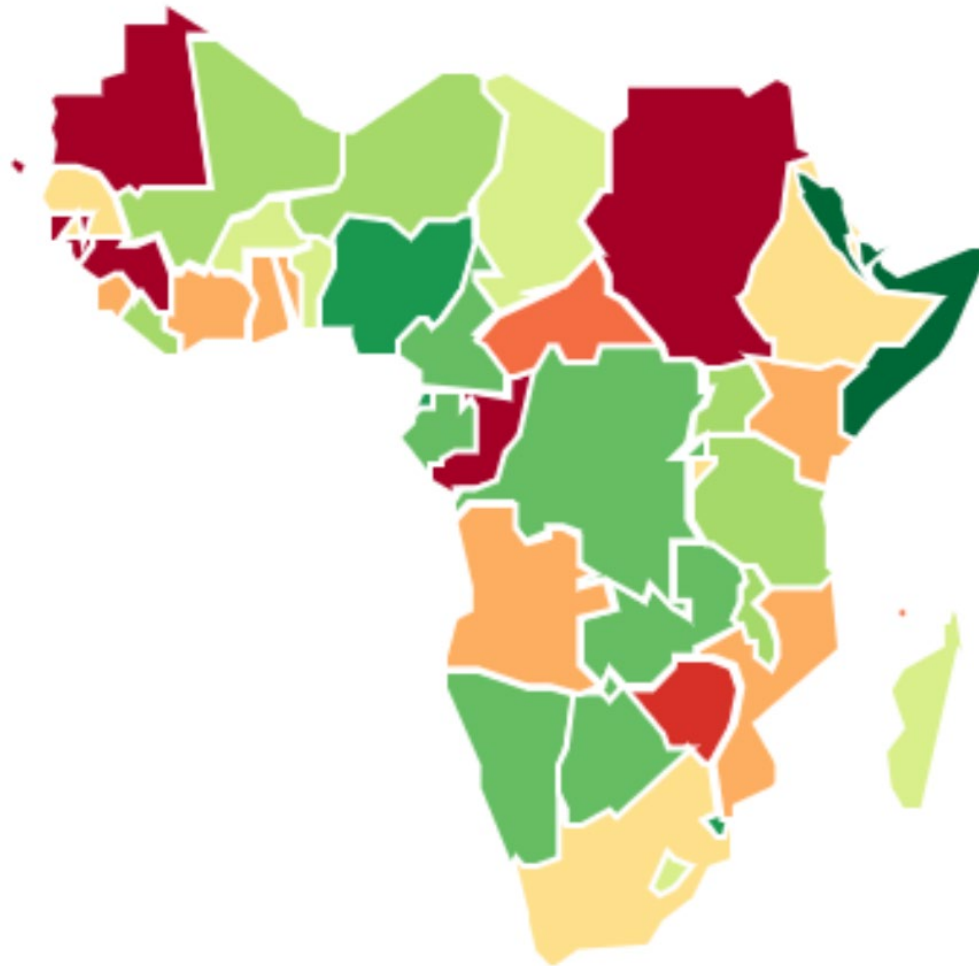
6) Africa's debt relief, and rebound



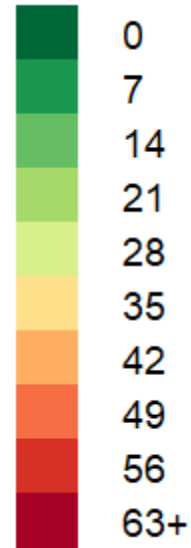
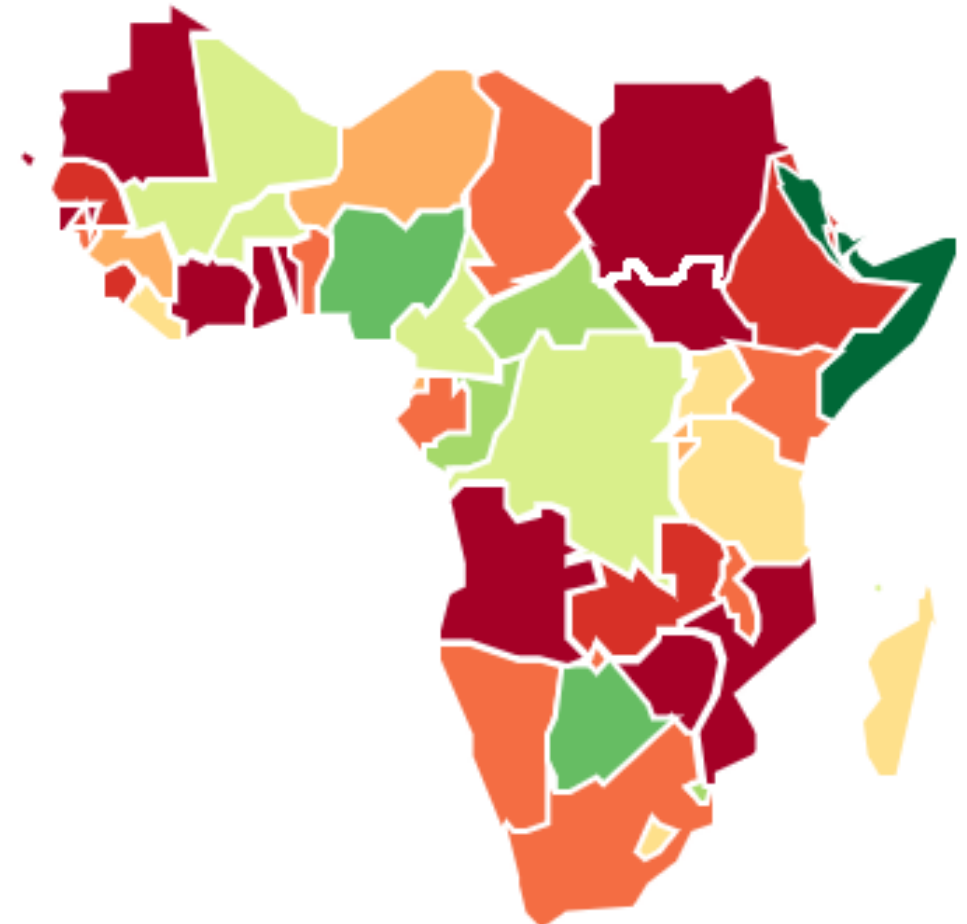
Source: Gill and Karakülah (2018b)

The result of relief?

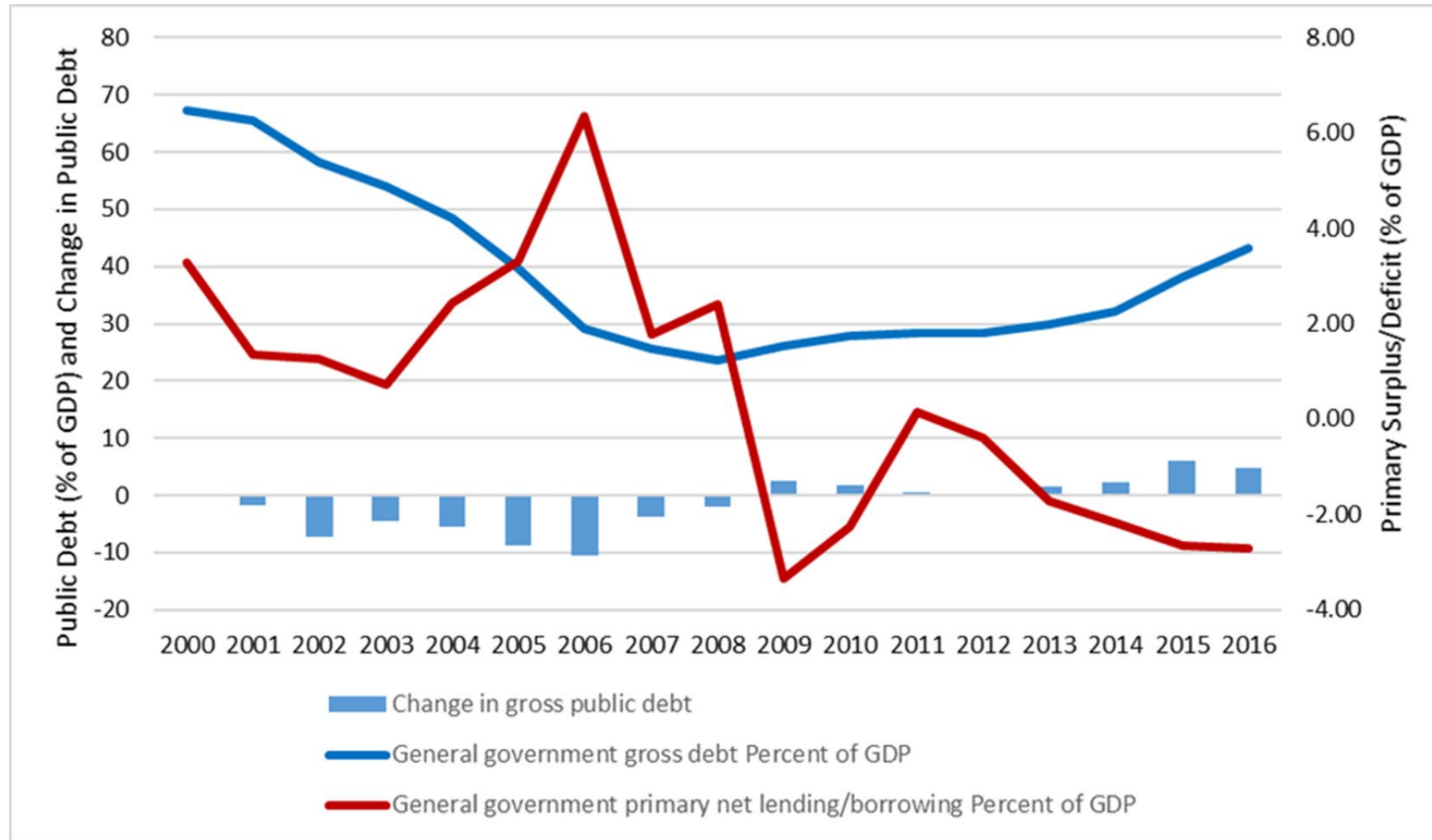
2010



2017

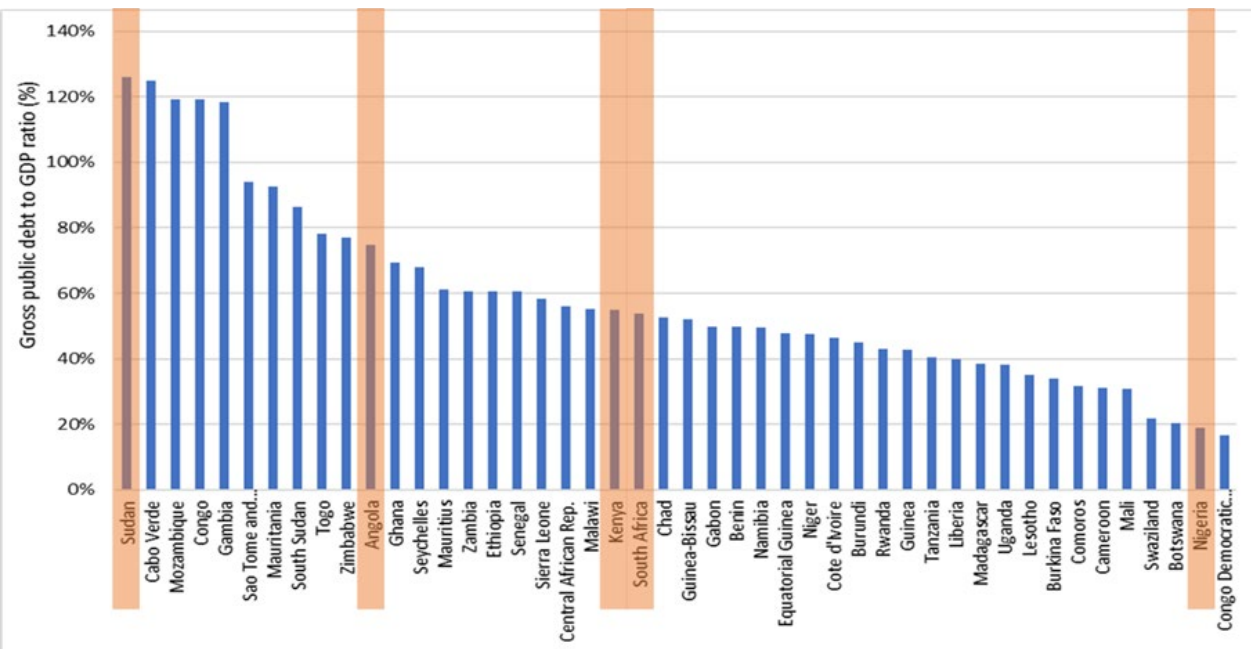


7) Debt dynamics matter more than debt levels

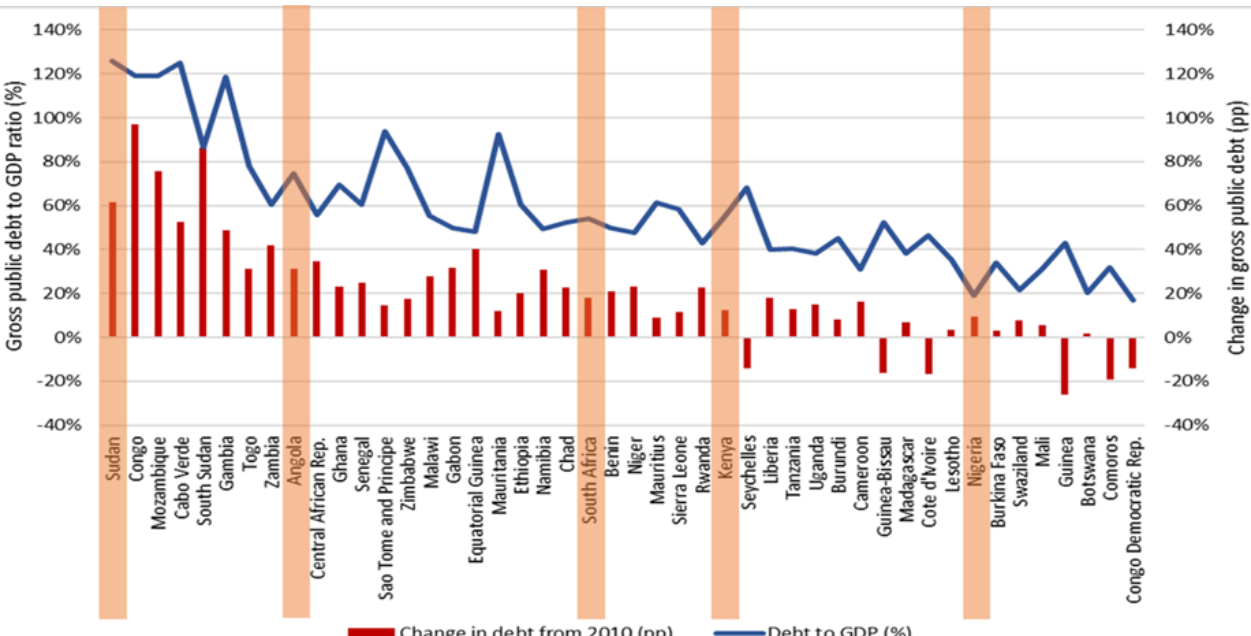


Source: Gill and Karakülah (2018b)

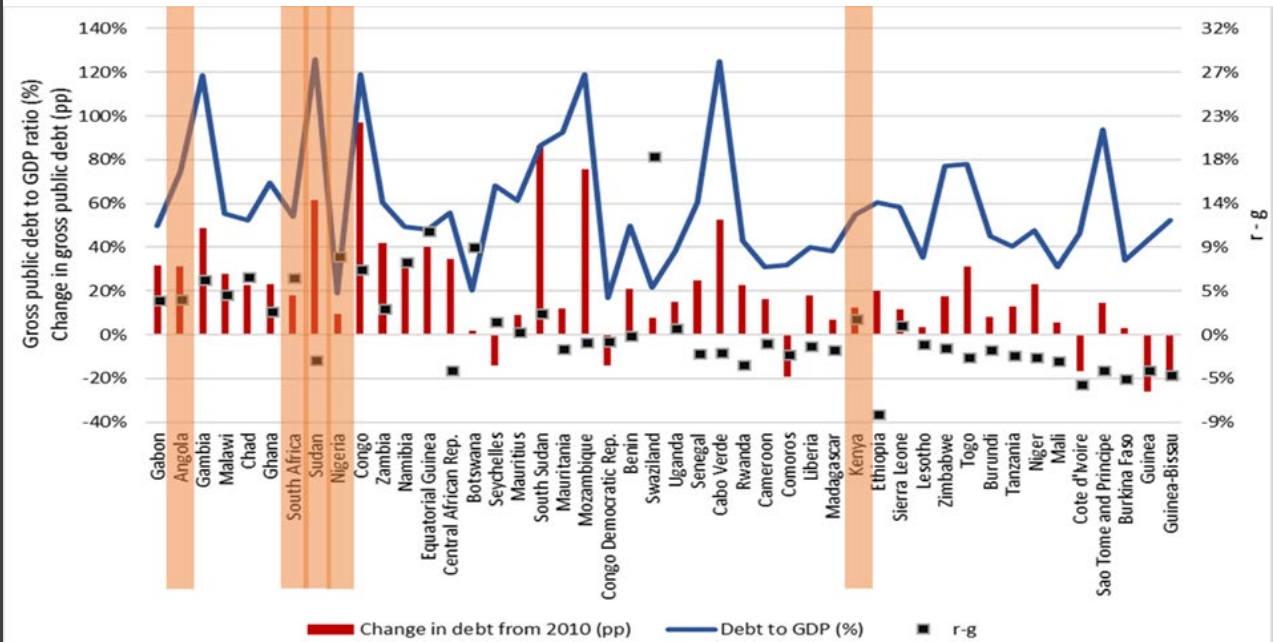
Scenario 1: Debt levels



Scenario 2: Debt levels and change in debt

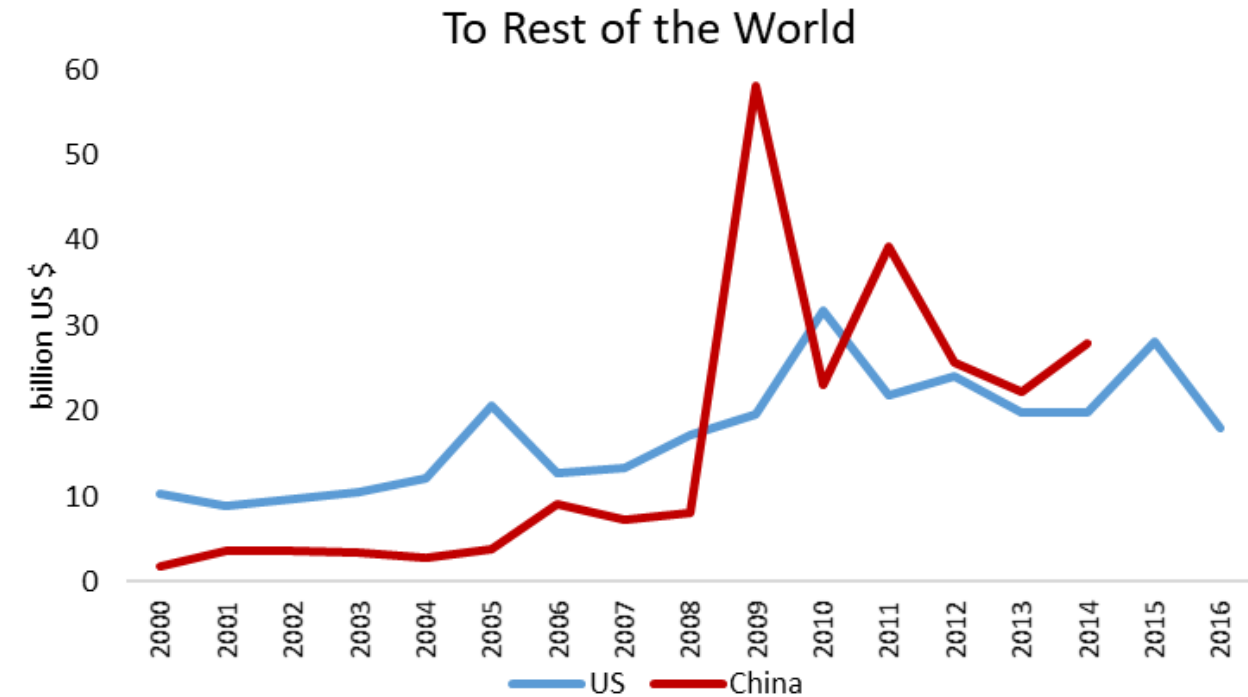
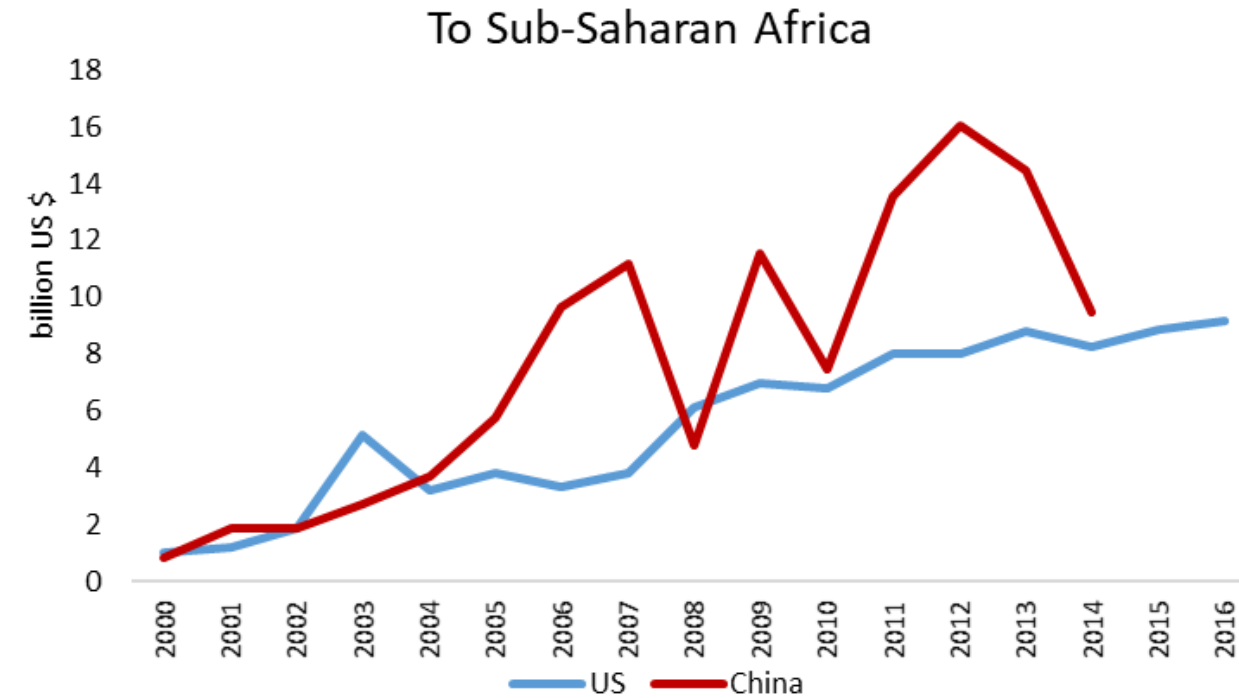


Scenario 3: Debt levels, change in debt and ability to pay

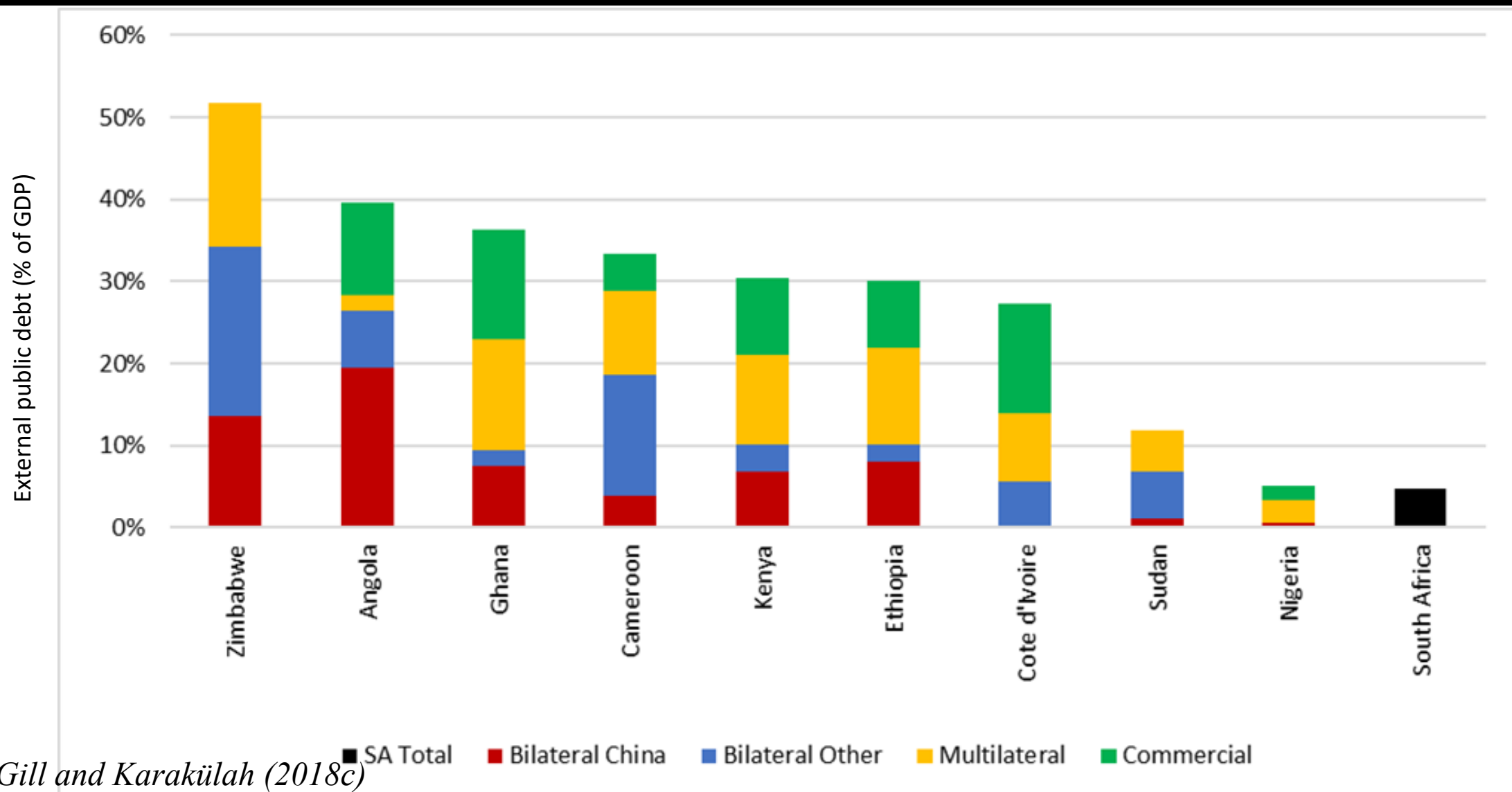


Sources: Gill and Karakulah (2018b)

8) China is now Africa's most active development partner



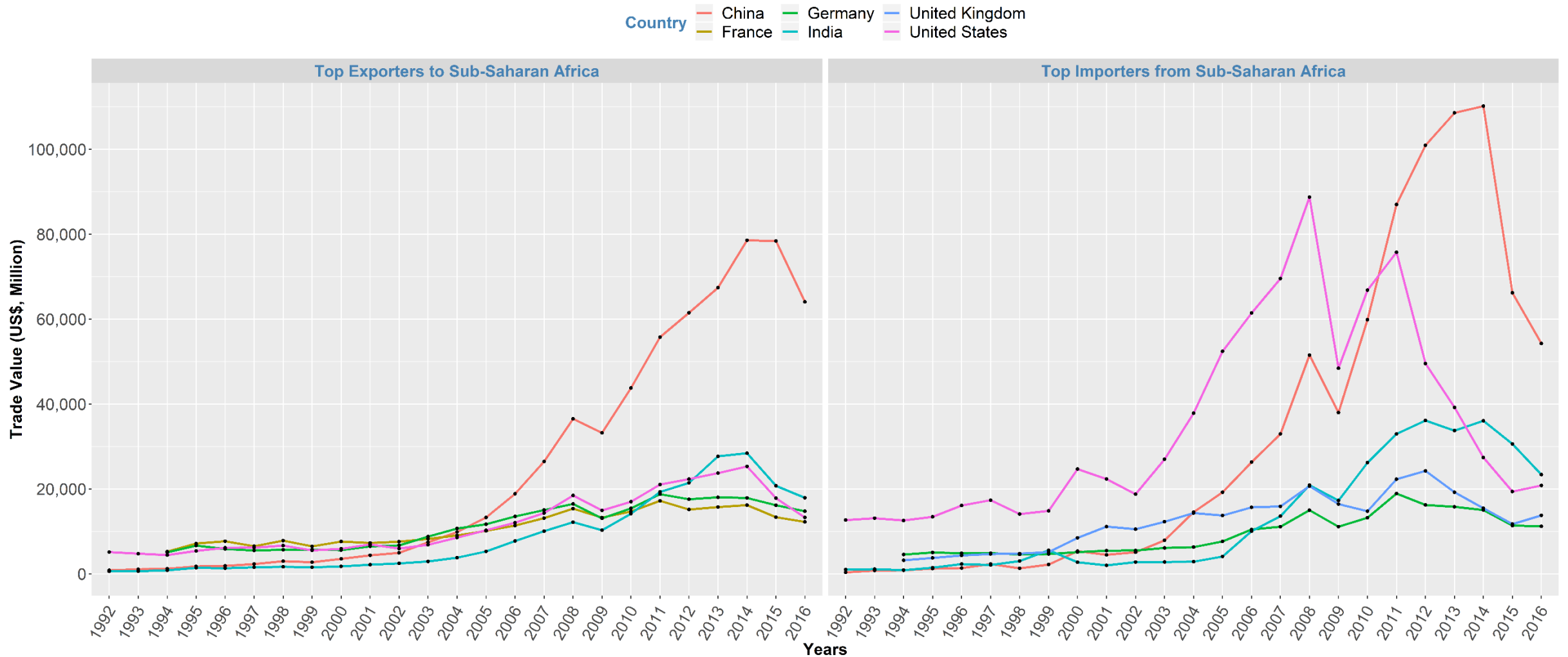
9) Chinese finance is not yet a big burden for most of Africa's governments



Source: Gill and Karakülah (2018c)

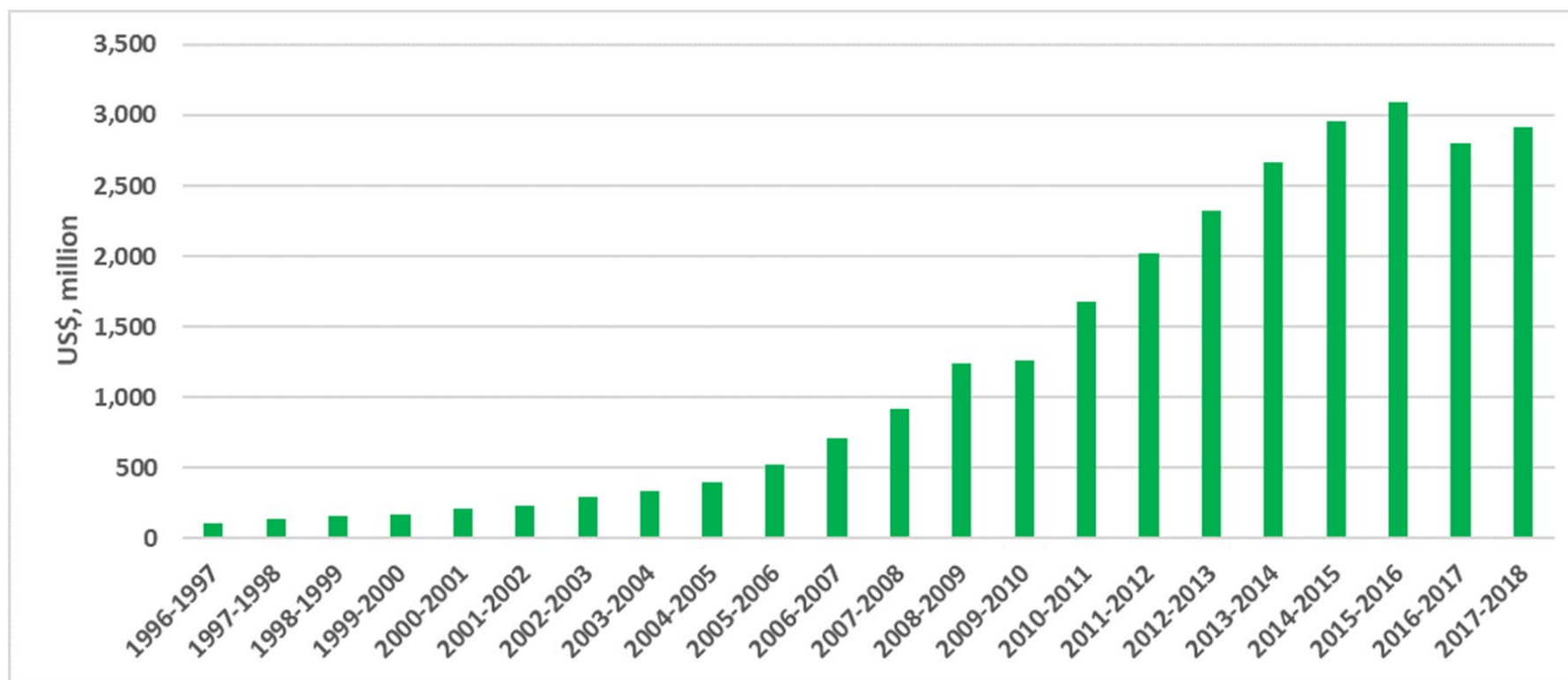
10) India has become Africa's second largest trading partner

Sub-Saharan Africa's trade with major countries



Source: Gill, Dixit and Kumar (2018)

Not just health services: Pharmaceutical and medicine exports by India to Africa



All four DCID papers will be posted on the
Duke conference website

“The farther backward you can look, the farther forward
you can see.”

Winston Churchill