AFRICA LOOKS FORWARD TO THE POST-2015 DEVELOPMENT AGENDA

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THE PRIORITY

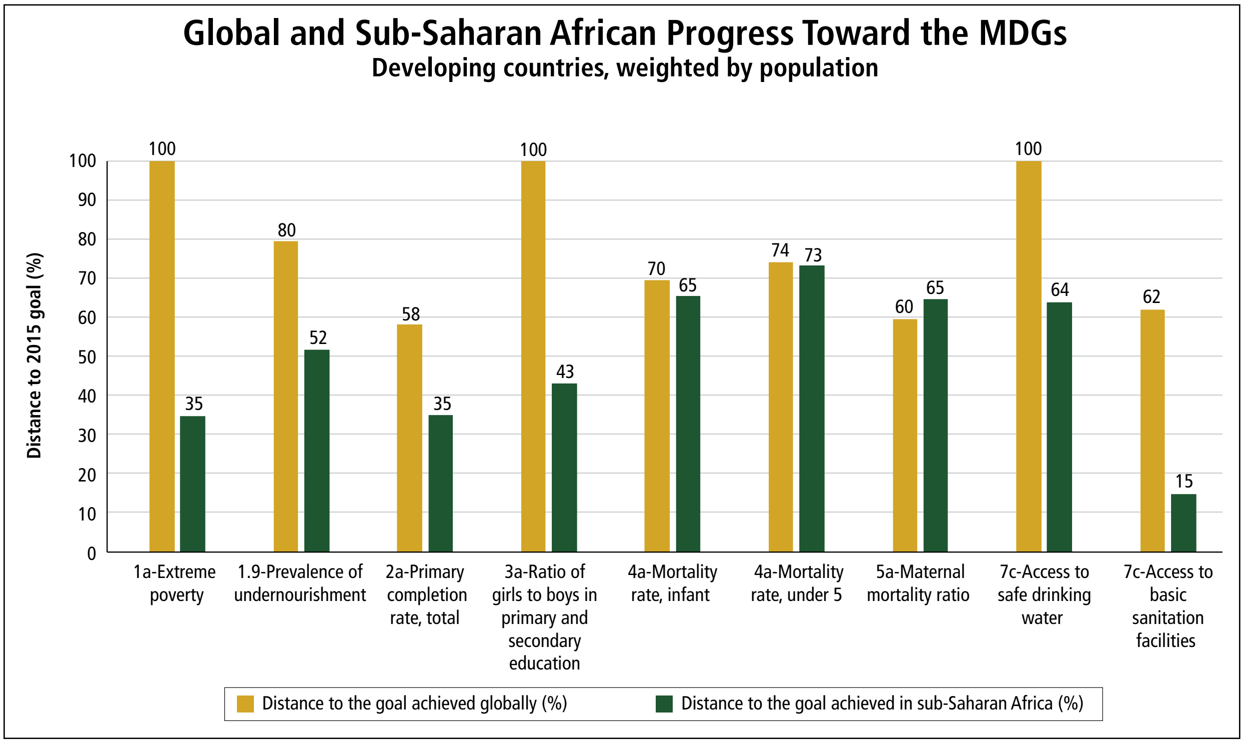
The Millennium Development Goals (MDG) era has seen a transformation in the African development narrative. Africa's prospects in 2015 are markedly different from what they were in 2000: African economies have grown at rates rivalling those of East Asia, averaging 6 percent in 2013 (excluding South Africa) (Africa Progress Panel 2014). By 2025, if current growth trajectories continue, three out of every five African countries will be middle income. Moreover, this growth has been driven both by natural resources and by a vibrant services sector, rising private investment, increased exports and improved agricultural production. Africa is increasingly depicted by its leaders as a continent of opportunity.

The region's performance on individual well-being, however, as measured by the MDGs, contrasts with this glowing image. Since 2000, Africa has lagged behind the rest of the world on MDG progress, particularly in terms of poverty, job creation and food security (UNDP 2013) (see Figure 1). Recent reports[1] note that Africa's structural transformation has been limited, with little impact on the lives of the poorest (Africa Progress Panel 2014). The World Bank's 2014 *Global Monitoring Report* estimates that sub-Saharan Africa is home to 41 percent of today's global poor, a share that could reach 81 percent by 2030 under a business-as-usual scenario. This stark concentration of global poverty demands a focused response from African governments.

In September 2015, the United Nations member states will decide on the sustainable development goals that will replace the MDGs and guide the global development agenda until 2030. Encouragingly, the Common African Position (CAP) on these goals, agreed upon by the African Union in January 2014, places emphasis on "structural transformation for inclusive and people-centered development," (African Union 2014). Operationalizing this vision will entail investing further in infrastructure, basic services and job creation, as well as going beyond the scope of the MDGs to address the difficult questions of peace, security and governance (World Bank 2014a). African governments should use the coming year to implement bold policy measures in these areas, so as to secure a central place for inclusive growth on the post-2015 agenda.

[1] These include the 2014 African Transformation Report, the African Union's Agenda 2063, the African Development Bank's long-term strategy, the U.N. Economic Commission for Africa's 2013 report, and UNCTAD's 2012 report on structural transformation and sustainable development in Africa.

FIGURE 1



Note: A value of 100 percent means that the respective MDG has been reached. "Latest available value" denotes current progress as illustrated by the most recent available data: extreme poverty, 2010; primary completion rate, total, 2011; ratio of girls to boys in primary and secondary education, 2011; mortality rate, infants, 2013; mortality rate, children under 5, 2013; maternal mortality ratio, 2010; improved water source, 2010; improved sanitation facilities, 2010.
Source: World Bank staff calculations based on data from the World Development Indicators database.

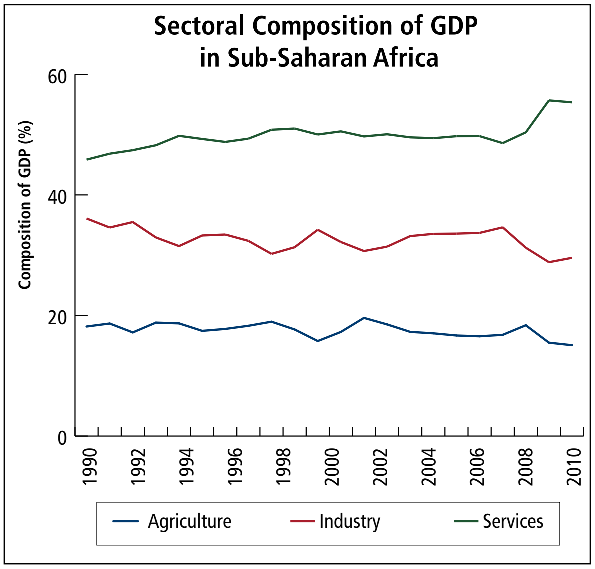
WHY IS IT IMPORTANT?

Three New Prongs of the Post-2015 Agenda

Compared to the MDGs' focus on basic needs, the post-2015 agenda has three new prongs that are critical to development success in Africa and that are incorporated in the six pillars of the CAP.

Job creation. Recent growth in Africa has not created enough good jobs: In the past decade, Africa's labor force grew by 91 million people, but only 37 million of these were in jobs in wage-paying sectors (UNDP 2013). This lag is posing a societal challenge, especially with the expansion of the continent's working-age population amidst growing youth unemployment. The post-2015 agenda must ensure that Africa's structural transformation leads to job creation where productivity is higher than in informal agriculture. There are compelling reasons to focus on all sectors. Prioritizing agriculture is a *sine qua non* for eradicating poverty, as farming is a source of livelihood for 78 percent of Africa's extreme poor; manufacturing has traditionally been an "escalator" to economic growth, with a large literature suggesting that productivity convergence is easier to achieve in manufacturing than elsewhere (Rodrik 2013); and the recent African growth successes have been driven by the expansion of a dynamic service sector, mostly in telecommunications, retail, transportation and tourism, which accounted for 62 percent of cumulative GDP growth between 1995 and 2011 (World Bank 2014b). Achieving enough job creation to make growth inclusive and to

FIGURE 2



Note: Industry comprises manufacturing and other industry.
Source: World Bank.

reduce poverty will require African governments to address binding constraints in all three sectors.

Infrastructure and governance. African infrastructure in transport, power, irrigation, storage and other areas is underdeveloped. Addressing it will require a larger pipeline of projects, better governance to encourage the entry of private long-term investors, and new financing: The estimated financing gap for infrastructure is about $48 billion per year. The Africa50 Fund, established by the African Development Bank, is an example of the new kind of facility that is needed to provide technical expertise, early stage capital, and dedicated project teams to accelerate the financial close of infrastructure projects. But improved project facilities will not be sufficient. By and large, Africa has not achieved the kind of governance improvements needed to deliver, operate and maintain better infrastructure. Lingering gaps in rule of law and persistent corruption continue to constrain private investment. Likewise, while access to most basic services improved during the MDG period, there are gaping disparities between urban and rural areas and between income groups. A more inclusive approach to infrastructure will entail tackling delicate issues not addressed by the MDGs, such as property rights, discrimination and corruption.

Peace and security. Twenty-four countries in sub-Saharan Africa have extreme poverty rates exceeding 40 percent, of which 18 are listed by the OECD as fragile states (World Bank 2014c). This implies that in order to eradicate poverty in sub-Saharan Africa, there needs to be a strong push to invest in peace, security and institutional reform. As highlighted by the High-Level Panel report on the post-2015 agenda, this is a "fundamental shift—to recognize peace and good governance as core elements of well-being, not optional extras," (United Nations 2013). The Common African Position also includes peace and security as a pillar, but this is currently the least developed part of its action plan. Operationalizing it will require both donors and governments to go outside their comfort zones.

WHAT SHOULD BE DONE IN 2015

African governments can still accelerate progress towards the MDGs during 2015. Even if goals are not fully met, the MDGs are the starting point for the post-2015 agenda, and every effort must be made to strengthen these foundations by the end of the year. Drawing lessons from implementation of the MDGs can be instructive in discovering how best to use a global goal-setting framework to support national development.

In 2015, the debate will shift towards financing, means of implementation and accountability for results. The year provides a window of opportunity for African governments that have already signaled their willingness to take on and own politically sensitive issues in the context of the CAP, to now develop a strong regional vision for monitoring and accountability, with clear plans for financing and implementation strategies at the country level.

One important milestone is the upcoming third International Conference on Financing for Development, to be held in Addis Ababa, July 13-16, 2015. (For more on financing for development in Africa, see **"2015: A Crucial Year for Financing Development in Africa."**) This conference is an opportunity to realize three key outcomes: (i) a reaffirmation of strong official development support to least developed and post-conflict countries, despite the budget pressures in many developed countries, and perhaps through a reallocation of grant aid from middle-income to low-income countries; (ii) an increased level of support for the financing needs of low- and lower-middle-income countries, especially for big-ticket national and regional infrastructure support; and (iii) a common understanding of the positive role that business—local and multinational, large and small—can play in achieving sustainable development, and the policies, regulations and incentives that will maximize business' contribution to development consistently with their incentive to maximize long-term profits.

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