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UNDERSTANDING THE DRIVERS OF INEQUALITY IN AFRICA AND IMPLICATIONS FOR HUMAN DEVELOPMENT

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P R O C E E D I N G S

MR. COULIBALY: Good afternoon everyone. Good afternoon. So we're going to get started. For those in the back, I see some seats here, so you can get seated and comfortable, get comfortable.

So I'm Brahima Coulibaly, I'm the director of the Africa program here at Brookings. So thank you for the privilege of your time to discuss this important topic, not just globally, but for Africa in particular.

Inequality is clearly an important issue that is at the center of much of the discourse, and it is everywhere. And then some aspects of it kind of offends our sense of fairness, and appears to be an affront to human dignity. It also has dire implications for economic prosperity, social cohesion, and political stability.

So we are very much pleased to partner with the chief economist of the Office of the UNDP, led by Dr. Raymond Gilpin, who is a good friend of our Africa program. And we share some of the same passion and commitment to social economic development issues of the continent. And we are both just together at a conference that we organized with the Germany Development Institute on how to address Africa's employment challenges over the next two decades. So hopefully we'll get through this program without being the jet lag kicking in just yet.

We've had the privilege to host here at Brookings Pedro Conceicao, the director of the Human Development Report Office back in December to discuss the report more broadly in the private roundtable. So today's event we're happy to open it up to the public to have a wider conversation to explore the issues of inequality, but particularly in the African context.

So the panelists will address issues such as the fundamental drivers of inequality and also some of the socioeconomic implications, and importantly, how do we address it. A key message coming out of report, which I encourage you all to read, and there were copies also of the report outside. So if you haven't gotten one, be sure to get one.

And a key message from that report basically is that understanding and responding to inequality demands a revolution in analysis and approach. And you will get to hear more about what that revolution is and what that new approach is. We will also explore, in the African context specifically, what implication it has for economic development.

So we are fortunate to have a very distinguished panel for the event, that I will introduce shortly after a brief presentation by Heriberto Tapia, who is a policy specialist and senior member of the Human Development Reports Office. And he has been part of other previous editions of the report since 2015, so he's in a good position to clearly say how this report is different from the previous ones and put in the context of the lessons that have been learned.

So with that, please join me in welcoming him to the podium. And then I'll come back later to introduce the panelists and then we can get started.

MR. TAPIA: Thank you very much for the invitation, it's a pleasure for me to be here with you. Thank you to Brookings, thank you to the colleagues from UNDP that have organized this event.

So I'm going to give you a very brief presentation of our Human Development Report, beyond income, beyond averages, and beyond today, inequalities in human development in the 21st Century. So our basic starting point when we began the writing of this report was the accommodation of increasing the satisfaction with inequality.

But we tracked these in several service, even before they brought this, that we have seen over the last few months. We saw that somehow this feeling of dissatisfaction with inequality was growing. However, then we saw the objective indicators we didn't see a point that would match. In a way we were experiencing some of the best moments in humanities looking at typical indicators. And also when we see indicators about inequality, particularly the Gini coefficient based on income, we don't see an idea trend that matches the feeling that is coming from people.

So we developed like a new framework to try to see how to interpret inequality from the point of view of the experiences of people. And this framework is based on three core elements. First, going beyond income, because development is mostly the measure of. Second, going beyond averages, because it is important to be able to see the different experiences across the whole distribution, and inequality is about dispersion, so we need to be able to see what is happening in different places and not only with an aggregate measure. And also inequality, we need to be able to go beyond today because from a qualitative point of view, the inequality that people are experiencing today might not be the same like in the past, and we want to think about what is going to happen in the future. Maybe inequalities are going to be having a different shape.

So based on these principles, we can see some clear results. First, inequality is very big when we look at human development indicators. So in this picture you can see how for South Sub-Saharan Africa and for the developed countries, this huge dispersion and resulting terms of the Human Development Index on the one hand, and also in terms of one of the key components, life expectancy at birth.

So in south sub-Saharan Africa you can see that inequality human development means underdevelopment. There are differences of more than 25 years between some sub regions, these points represent subnational regions, and others.

Africa, sub-Saharan Africa is a continent with the highest, the region with the highest level of inequality in the world. So according to our estimations, it loses 31 percent of its Human Development Index because of inequalities. So it's a severe problem.

When we look at another dimension of inequality, gender inequality, Sub-Saharan Africa is also the region with the highest level of inequality.

Second, inequality is a sticking in our fur. Inequality transmit over the last cycle of people and also it can be transmitted from one generation to another. This figure shows what we call the Great Gatsby Curve, personal development. So in the horizontal axis we have the level of inequality human development, in the vertical axis we have the lack of social mobility, and we can see the correlation. So when we have high inequality in human development we also have low social mobility. And you can see that most of the African countries are on the top to the right, that this high inequality and with low human development, and with low social mobility.

Third, in this report we identify what we call a new generation of inequalities. And this is based on the key insight that development is a community process that starts with some basic steps and then is followed by other more advanced steps.

So let me give you an example. In the case of life expectancy. Life expectancy at birth is something that reflects the basic steps because it's very correlated with infant mortality, the abilities to survive the first years of life. When we look at what is the dynamic, to this dynamic exercise and the progress of life expectancy at birth across different group of countries, the pattern that we see is that the progress in low human development countries is much bigger than the progress in more developed countries.

So this is good news. There is progress across the board, but the progress is more intense in the poorer countries. So this means inequality is going down, there is some sort of convergence. However, when we see what is going on with inequality at other ages that reflects what happens later, what happens with health services, what happens with opportunities of people to extend their lives, the pattern is the opposite. So countries that are more developed are going much faster in their progress in this dimension. So in this case we have an increasing inequality and a divergence.

What happens with education, another dimension? Again, in the basics, in primary education, we have over the last 10 years, roughly speaking, countries with relatively low human development have been making more progress than countries that are more developed. Again, reduction in inequality convergence. But what happens when we see access to tertiary location, the opposite is true. Countries that are more developed are going much faster, in this case six times faster than the low human development countries.

Another example, what happens with access to technologies? The same thing, basic technologies in this case, more phones, not necessarily smartphones, that we have a battle of convergence. In the case of more advanced technology, like fixed broadband, we have a pattern of the variance with the more developed countries going, in this case, 14 times faster than the low human development countries.

This is across countries, but we also have evidence within countries for most of these variables and again and again it is the same pattern. In this case it's Cote d'Ivoire access to mobile phones. Now taking into account thin ties within countries, within the country, we have convergence in the basics but when it comes to access to computer, something more advanced, something that can give highly level of empowerment, we have a pattern of divergence.

So here we have like something very structural happening, right, with some groups of what we call the basic capabilities, which represent the first step in the process of development, the entry level, a first step of personal development. And on the other hand we have the more enhanced capability which are the following ones. And the conclusion of our analysis across different dimensions between countries and within countries, is that we have convergence in the basics, so this is something that is fully in line with this idea that the world is actually making a lot of progress in human development, but we have divergence for increasing inequalities in enhanced capability.

And this is important because enhanced capabilities tend to bring more empowerment to people. And this is one of the keys, in our view, to understand why there is this sense of dissatisfaction. Because people are making progress, however once they get to some point they see that others are going even faster in the things that are becoming increasingly important in the 21st Century. So more inequalities in areas with more empowerment.

We have also an analysis about gender inequality, a chapter about gender inequality. And again, it's more or less the same story. Here we have two examples. On the one hand we have the gender gaps in politics. When we observe what happens with the entry level empowerment action, the ability to vote, we have that the gap is very small. But as the level of power associated with some procedures and actions to be able to become part of the parliament of the government, then the gaps start increasing.

When it comes to the economy, the same pattern. In occupations that are bringing little empowerment actually women are over represented. But as we move to occupations that bring more empowerment, there is a greater inequality.

So the report presents a set of options, policy options, so at the end of the day inequality is such a construct, and I think there are multiple ways we can tackle it. But in the context of Africa, I think it's important to see that there is a very significant space to improve with the basics.

So in other parts of the world the convergence to the basics has been much more intense, but in the case of Africa, there is a big unfinished business that has to be part of the policy agenda.

But second, there are some parts of the population in other parts of the world that are not stopping, right? So it's important that in Africa also it's able to move forward to try to reduce the new inequalities that are growing everywhere. I think if we keep doing the same, these inequalities are going to keep growing, and this is a big issue. So I think part of the responsibility is to try new ways to leapfrog so by reducing the inequalities in the basic of all this, also try to target the inequalities in the more enhanced capabilities. There are some examples.

For instance, in the case of Ethiopia, the way they have tackled the increasing in the coverage of pre-payment education, something that we consider an enhanced capability, is one of those that teach us how countries that might not have a lot of income can still work very fast with the new capabilities.

Finally, it's very important looking forward to keep into account, to have into account, what's happening with two key drivers. One, climate change, and second, technological change.

So I think this is a big challenge, it's very difficult. I am very pleased that now we have a very good panel to see how we tackle these three challenges.

Thank you so much.

MR. COULIBALY: Okay. So we can now move to the panel discussion phase of the event. So I am going start introducing them to join the panel as I introduce.

We have Dr. Raymond Gilpin, who is the chief economist and head of strategy, Regional Bureau for Africa, the United Nations Development Program in New York, where he provides leadership in all matters related to the economic analysis, strategy, and research in the UNDP's Africa Bureau. And prior to UNDP he was an Academic Dean at the African Center for Strategy Studies in Washington, an Economics Director at the United States Institute for Peace.

And we have Gyude Moore, who is visiting fellow at the Center for Global Development. He previously held a high position in the Liberian government, both as Minister for Public Works as well as deputy chief of staff for President Ellen Sirleaf. And he was also head of the President's Delivery Unit. So many of these issues would resonate with some of the challenges they have to grapple with as policy makers.

And we have Carolina Sanchez-Paramo, she's the global director of the Poverty and Equity in the Global Practice at the World Bank. Her expertise includes labor economics, poverty, and distributional analysis as well as gender equality and welfare impact of public policy.

And our last, but certainly not least, of panelist is Kingsley Moghalu. He's a distinguished senior fellow at the Council on Emerging Market Enterprises at the Fletcher School of Law and Diplomacy at Tufts University, where he was also a professor of practice in International Business and Public Policy.

And he was also, some of you may recall, a candidate for president of Nigeria in the country's 2019 general elections. And before that he's also served as deputy governor of the Nigerian Central Bank. And went to Nigeria Central Bank after a long and distinguished career at the United Nations.

So with that, please join me in welcoming the panelists.

Okay. Maybe we can start with you, Raymond, as the chief economist for Africa. We've heard the presentation, and it touches on some of the unique features for Africa. If you can sort of further elaborate with an African lens, really what are some of the main revolutions in this report and what are the key messages when it comes to Africa.

MR. GILPIN: Thank you so much, Coul, and thanks to all of you for joining us. This indeed is I think an excellent opportunity for us to dialogue a little bit on one of the thorny issues as it pertains to Africa's economic progress, that of inequality.

And you would notice that the report discusses inequalities and not just inequality. Because generally when we think about inequality we focus on income inequality. We look at what does the Gini coefficient tell us. This report I think, particularly for Africa, talks a little bit about the income side, but also hints at the wealth side and other forms of inequalities that are making it difficult for African countries to attain the goals we set for ourselves as regards the Sustainable Development Goals, the SDGs.

And so the first thing that I'd like to highlight, there are three key messages for Africa here. The first is we need to look beyond just income. There are many types of inequalities that hold African countries back.

One is land inequality. We know that land is not just an asset when it comes to things like credit and finance, but land is also maybe for most African households, the primary source of wealth, and intergenerational wealth. And so when you have land inequality, it means that the basis for addressing this intergenerational side of poverty is deprived because a lot of people do not have access to land, but land titling is such that the asset itself lays unutilized or under-utilized because of all of the contestations around land access and land ownership.

Beyond income, also looks at things like horizontal inequalities. Because it's not just what the Gini coefficient tells you, but also perceptions of inequalities between groups and within groups is a huge issue. And so looking beyond income I think is very important, a very important message for Africa.

The second key message is we have to look beyond averages. We look at African countries and we say what is the average, what's the average level of inequality, and there are many dimensions. Let me just touch on two. An Oxford report recently illustrated that if you look at in Kenya. A Kenyan boy from a rich family has a one in three chance of making it to university. Whereas a Kenyan girl from a poor family has a one in 250 chance of making it to university. That's inequality there for you. So we might look at the average and it seems as if it's looking good. But when you get granular at the household level, you can see that inequality, not just the gendered side, but also the wealth side, you know, causes some serious problems for policy makers and from a policy perspective.

The UNDP's 2016 African Human Development Report estimated that across the board, gender inequality costs Africa over $90 billion, 9 0 billion dollars. That is a huge number, and I think it speaks to the urgency of this particular issue.

So we have to look beyond income, we're looking beyond the averages, and we're also looking beyond today. Harry Burton talked eloquently about the technology issues. Also climate change is giving rise to different forms of inequality. I think it's very important for us to note that. If all we're looking at, inequalities as we know them today, and we're not preparing for the new sets of inequalities that are coming through technology because of climate change, we'll always be playing catch up as a continent. Because two things are happening.

One, the gap between Africa and the rest of the world becomes not just wider, but even deeper. So everything from negotiating the utilization of our natural resources, trade, regional cooperation, all becomes that much more difficult because of that asymmetric relationship that's inherent where you have this form of inequality.

Secondly, it becomes even more challenging for African countries because within countries themselves the gap between those who do have and those who do not have becomes wider. And what do we see across the continent? Where this gap exists, and it is getting deeper and even wider, we see a lot of frustration amongst those who have become intergenerationally poor or intergenerationally dispossessed, and conflict becomes an issue.

And if you look across the continent, a lot of the governance-related conflicts, governance-related conflicts, has its roots in this persistent inequality. And so we have to focus on that today and in the future.

What does that tell us looking forward in terms of recommendations? We talk about looking at going beyond averages, going beyond income, going beyond today in Africa. And first I think the first message is that poverty reduction alone does not solve income inequality. You need targeted interventions, not just on the expenditure side, but also on the revenue side.

Second is that even though we believe that microeconomic, stable and progressive microeconomic framework is important, that framework has to incorporate not just how does a country grow in terms of GDP, but how does a country grow while at the same time addressing things like persistent inequality?

A couple of years ago colleagues of the IMF coined the term "micro criticality," which looks at microeconomic programs and sees the extent to which they incorporate social spending and social programs. I think we need to coin one for Africa. Afrocriticalit. There you have microeconomic programs that's focused just on how a country grows in terms of GDP, and which social program exist, but also how those programs could help close this gap and make this chasm a lot less deep. That's the second thing.

Third, is that structure transformation is vital. Inequality cannot, will not be addressed until we pay a lot more attention to investing in how the economic structure of African countries is revolutionized, to use Coul's term earlier, to address these issues.

And so inequality is not just an academic thing, not just something that's really great to have in the report. We see lately inequality reports from Oxford, from UNDESA, from many organizations. But what it really means in the African context is exactly what we articulate in the UNDP's strategic plan, which is whatever we do, we have to make sure that in attaining the SDGs we're not just accelerating but we are integrating and we're leaving no one behind between now and the 2030, the decade of action. And if we do not address inequality, we will not get there.

Thank you.

MR. COULIBALY: Thank you. Thank you, Raymond. I think some of these key messages definitely resonate, and perfectly align with some of our own work we've done here. And I've always been conversed, and I've shared this, for Africa the issue by and large hasn't been one of weak growth. The continent has really started growth if you go back to 2000, even you project to 2025, at least a third of the countries have grown at five percent or higher. But the issue has been how do you create shared opportunity out of that economic growth.

And our own forecast report has looked at the issue of gender inequality, and we have calculation that show that addressing that gender inequality that you have mentioned, some think $90 billion is huge. But our analysis suggests that it might not be huge because countries can gain as much as 50 percent of their GDP just by addressing equal participation of women in the labor force. The numbers vary, but Niger, for example, was as high as 50 percent.

So when you add it all up it's certainly, 90 billion doesn't seems completely out, but it is huge loss to be leaving on the table by not addressing this issue.

So thank you very much. So if I can now turn to Carolina to share with us her thoughts and reaction to what you heard. And I know the World Bank also produces its own Human Development Index. What are some of the messages that you see aligning and what are some of the messages that you may have a different take on?

MS. SANCHEZ-PARAMO: Thank you very much. It's a real pleasure to be here and to be part of the discussion of this very interesting report. And we had had some opportunity to engage with the team earlier on, but I like to focus on Africa. I think it's very pertinent.

So I want to sort of focus on four ideas, drawing from our own work and some of what heard, that try to explain what I think is the root of some of the inequalities that we just discussed. And also the root of why I think many people are unhappy, which you alluded to in your presentation. You know, why do we see sort of social unrest. Not just in Africa, I mean other places. And then I hope that gives us a little bit of food for thought to talk about policies maybe a little bit later on.

So the first sort of thing that I want to highlight, which I think is implicit in representation but I think it's important that we talk about, is that economic growth has actually not delivered for the poor in Africa. And that has meant that we really leaving it to a speed war where the rest of the developing regions are actually making quite significant progress in terms of lifting those at the bottom and improving their living standards, and Sub-Saharan Africa is falling significantly behind.

Even though I completely agree that fighting inequality is not just about poverty reduction, I think when we have poverty rates in the order of 40, 45 percent, we do actually have to focus on reducing inequality from the bottom, you know, doing otherwise would just not be acceptable.

And why has it not delivered? And I think it's really a combination of lower than average per capita income growth but also the nature of growth, which, you know, we just alluded to. And this is growth that doesn't translate into job creation and therefor doesn't translate into income generating opportunities for the average person, and certainly not for the poor person.

And then of course because initial conditions in terms of endowments, are low, as we just heard in the presentation. So when you combine these factors, even when economies are growing, that growth is really not paying off. And I think that's an important thing for us to keep in mind.

The second factor is that I think in a way the social contract has broken. And by this I mean three different things. Many of the governments in the region and beyond the region, really don't have the capacity to provide even the basic service delivery. By this I mean of course education and health, which we talked about, but also just basic infrastructure, you know, connectivity, energy, etcetera. And what that means is that when you look at the percentage of the population that has access to some of these services, what you see is that the probation is still rampant in many of these countries. And of course it effects specific groups, you know, more deeply than others.

But more importantly, what you also see is that it's not that I don't have access to education and you don't have access to health and you don't have access to infrastructure, what happens is that single households don't have access to any of those things. So they don't have income, they can't send their kids to school, the water that they drink is not clean. And when you think about what it takes for a particular household to overcome all of those constraints, you can see how overwhelming that is in the absence of very targeted, unintentional policy. So that's the first element, poor service delivery.

But what also happens, and this is more a product of policy maybe than other sort of resources, is that the distribution of productive assets is actually very unequal in the country, and that's what we talked about land a minute ago. But it's beyond that, you know, access to financing, even though it's growing very rapidly, it's still very unequal in the region. Connectivity is poor, you know, if you live in a city you have access to certain infrastructure, but if you live in a rural area you may not even be connected to the closest market, again with huge implications for your productive capacity.

And then finally, the ability of governments in the region to use fiscal policy as a tool for redistribution, which is really needed in many of these countries, is actually quite limited. First because the size of the governments, again in terms of their resources that they manage, is relatively small. And even when it's not small if you look at what's happening both on the spending and the taxation side, and you look at the net impact, it's relatively limited in terms of how much positive redistribution is being achieved. So that's kind of the second issue.

Then the third issue is that I think in a way we live in a world where aspirations are being truncated. And, you know, we talked a little bit about this in the presentation. Parents look at the future of their kids and they don't see a brighter future. And that's very much true in the African continent, but is very much true elsewhere in the world. And we know, you know, what this means is intergeneration and mobility's actually very low and it's lower in the developing world than the developed world, and it's stagnating. And for me that's actually counterintuitive, you know, when I think about either their local economy, I want to think of a place that is vibrant, where there is still a lot of opportunities to be realized. But that's not what we see in reality.

And then finally, I think that are issues that people are reacting strongly to is that the average household is exposed to a lot of risk. There's the risk of somebody falling sick and not having insurance. There's the risk of somebody losing their job and not having any coping mechanisms. Sometimes of course are systemic risks associated with climate, with weather shocks, with conflict and fragility, unfortunately, in many places in the continent. And that risk cannot be managed, or the policies that would help households manage those risks are really not in place, certainly not in place for those at the bottom of the distribution.

So when you put all of that together I think you start to understand why we seen inequalities in human capital outcomes, as the ones we've seen in the presentation, but not broadly why we haven't seen the progress that we would have wanted to see occupying the growth that the region has experienced in recent years. Thanks.

MR. COULIBALY: Thank you, Carolina. So if I may turn to you, Gyude, for your reaction.

MR. MOORE: Sure. Thank you. It's good being here again today. I think for African governments most of these things are known. And I would like to give an example with our government. The resources available to governments to be able to address these things, usually the gap is so wide. There are instances where governments can barely meet salaries to be able to pay people who work for the governments. There are instances where there's enough resources maybe to pay the teachers but not to buy books or for students to be able to learn. And so significant pressure on government resources to be able to provide this. And so that's one thing.

The second thing is across the continent a good number, I mean I think the original average is around 50 percent, but in some countries it's higher, like Burkina Faso is 80 percent, of the workforce that is involved in agriculture. And most of the agriculture is small scale, most of the agriculture is unproductive, most of the agriculture is significantly lacking in any import. And so because of that a good number of the labor force is allocated in the most unproductive sector of the economy. And consequently in terms of value creation, wealth creation, capital formation, that's not happening. But, as we saw in the presentation, most of the people who are participating in that small scale farming would tend to be women. So it aggravates the inequality.

Infrastructure. With 50 percent or more of the population involved in agriculture, the infrastructure becomes really important. How are you going to get whatever you produce to market to be able to sell it if the infrastructure is not available? For example, in Liberia, 49 percent of the country didn't have access to all-weather roads. So regardless of what we did, and we have some of the most aggressive rainy seasons because of the tropics, so five to six months out of the year 49 percent of the country is cut off because they have no access to roads. What happens then? Of course, every year that inequality mounts and compounds.

So these are the drivers. And hopefully today that I will use the last part of my comments instead of think of ways that we can be able to tackle this, that's pretty depressing, right?

On my way here I saw a report from Agenda 2063. This is the Africa Union's progress of what we want the continent to be by 2063. And it showed that in 2019 productivity of African agriculture grew by a dismal 2 percent, right? So this means the part of the economy that absorbs more than 50 percent of the labor force is still mainly subsistence, and not productive.

So what can we do about this? I have a couple of recommendations. One of them I think a lot of people will agree with, one of them I don't know how many people will agree with. But that's all right.

The first one is, I think the first place we're going to have to address will be where we find most of the people, and that's agriculture. How can we make African agriculture more productive? There have been all kinds of programs in the past to be able to do this, most of them haven't worked. But there is an emerging trend and I'm happy and hopeful about this trend. And this is the use of technology and technology platforms.

So I'd like to highlight out of Kenya, Twiga Foods. What Twiga does is an app platform that local vendors of agricultural products and local farmers get onto the platform and if the farmer is approved he gets 100 percent in terms of a market access. But in the last year Twiga has even gone further. They now have contract farms, 50 acres or more. Whoever owns the farm has to be willing to irrigate the land or pay for irrigation, and Twiga guarantees 100 percent market for them.

Now most people in Kenya do not have 50 acre farms. So what we're beginning to see happen is consolidation of farms. And that consolidation is leading to productivity, right? So people, instead of engaging in subsistence on agriculture, the consolidated farms pay a rent or lease to the farmer, relieving him to be able to use his labor, be hired on the farm. But if Twiga succeeds and other agritech apps like those succeed, we can begin to see some form of change in terms of productivity in African agriculture. So I'm looking at the impact of technology on increasing productivity.

The second one is migration. And this is a drum I'm going to be beating for the rest of the year, well for the foreseeable future. There are two trends happening today, and at first glance the same divergent, but there are actually, could be complimentary. Outside of Africa, the rest of the world is at or below replacement levels in terms of population. In fact China's economy has been stalked now by demographic decline, and it's happening across Europe. Japan is set to lose up to 20 percent of its labor force. And the only place in the world where the population is actually growing and younger is in Africa. So even though Africa's population trend seems divergent from the rest of the world in places where they're losing labor force, that could actually be one way to address it.

So if my colleagues at the Center for Global Development, there is a pilot between Nigeria and Belgium, and this is a global skills partnership actually recommended by the World Bank, it has been practiced. The idea here is the sending country and the receiving country will collaborate. So the receiving country helps invest in training in the sending country so that some of the people who are going to the receiving country receive the quality of training as required, but the sending country benefits because all of the trained people are not going, some of them stay in the country.

I think if we think about ways like that of actually finding useful, productive way of channeling migration and using tech to be able to improve productivity in agriculture we might begin to address the inequality question. Thank you.

MR. COULIBALY: Thank you, Gyude. Kingsley.

MR. MOGHALU: Well thank you. It's my great pleasure and honor to be here. I'd like to introduce an element into the discussion that is a bit conceptual because I believe that conceptual clarity is very important if we are to solve intractable problems.

I have a bit of an issue. I believe that inequality is extremely important. We can see its consequences in social destabilization. In countries like Nigeria for example, we have the Boko Haram, you know, terrorist group, really making the whole of the northeast almost ungovernable and uninvestable. But, I'd like to mention or raise the question of whether inequality in itself is the right focus that we should be having. Or whether we should be having a focus on inclusive growth. That is to say a focus on how to create wealth and take people out of poverty rather than somewhat emotional reaction to inequality, which upsets all of us, no question about it.

There's a high degree of inequality in most parts of the world, including in the United States where you have the 1 percent problem versus the 99 percent. But I would argue provocatively that this is an essential conundrum of capitalist philosophy. There will always be inequality. So the question is, should that fact be the focus? I mean there is the question, when you look at it of course, there is the fundamental question in the minds of some politicians as to whether Michael Bloomberg should exist. Now, you know, I am on equal with Michael Bloomberg, but I have education, I have access to healthcare, and I have a couple of clean suits. So should I worry about my inequality with Michael Bloomberg, or should I worry about how to address poverty and how to get people out of poverty in a structural manner?

So I think there needs to be a strong focus on inclusive growth which deals with, you know, how to create a broad based kind of economic growth. Which deals with having people have skills that enable them to produce much more in a much better way, more efficiently, improving the productivity of labor.

So these are two important aspects of inclusive growth, which I think we should focus a lot more on than we actually do. And therefore while inequality is important, it’s a concept that comes from the limitations of capitalism as seen in developed countries. We have it also in underdeveloped countries like Africa and so on. But the question is whether we are redefining poverty as inequality. The two are not the same.

Here I am I just talked about how unequal I am with a couple of wealthy folks. But I’m not poor by the standard definition of poverty. So when we focus a lot on inequality it could be seen by some as an intellectual fad.

I sometimes like to be provocative, and I hope you don’t mind. Having made this point, I think I can agree with all my panelists that the most important aspect of inequality today in Africa is gender inequality. And we recognize it, but we have not made it a priority. We haven’t made gender equality a priority. If we can address gender equality and gender equity issues in developing countries in Africa, we would make a whole lot more progress, both to what’s inclusive growth, both towards addressing inequality itself, and so on.

An education and culture change are the two most important ways to tackle this challenge. Educating girls will reduce uncontrolled population growth. Population, population, population, Africa’s population has exploded. By 2050 Nigeria, which is 200 million today, will be 450 million. What’s the situation with the country’s youth? What’s the situation in the parts of the country where girls are not allowed to go to school and are given off as child brides? So, you know, education will go a long way.

In Africa, I’d like to also mention, the two wealthiest economists, Nigeria and South Africa, are among the two most unequal ones. This is again another factor that we must bear in mind.

Access to education, access to healthcare, access to new technologies. I think that the fact that they’re the new frontiers of inequality reflect policy failures and a weak conceptual understanding of development amongst governments in Africa which have focused on economic growth but have not interrogated or understood the connection between economic growth, human development, and structural transformation. If you don't have these three going together, you simply cannot develop.

And this leads me to the question of the politics. I mean I couldn't speak without talking about the politics. Because the political leaders in the continent are a big problem, a big political factor in inequality. They practice inequality in terms of ethnic preferences, in terms of religious preferences, and also of sectarian centered political ruler ship, not leadership. So, you know, fixing the politics is going to be very important. And fixing the politics means involving the youth who are a far greater portion of the population but are really not involved in politics.

So these are some of the structural issues we need to deal with, not just economic issues, because development is multidimensional. So I'd like to just end by, you know, recommending some pathways to what's addressing inequality.

One, the matter of population. We need to begin, especially in countries like Nigeria, a heavy focus on voluntary population policy. If you make it like China, it won't work, it will create civil unrest because some people will tell you that their religion or their culture allows polygamy and things like that, which leads to, you know, multiple, you know, child bearing in families that many of them cannot afford to have those children.

In Nigeria we just had a member of the National Assembly stand up in the National Assembly, berate his four wives, and tell us how powerful he was. He had 27 kids and more are coming he tells us. And this is somebody who was elected to office. So we do have an issue with population.

Education is very important to break this population explosion cycle and to empower women with the skills to be productive economically. So it's a double whammy you get with education.

Agriculture. I agree with Gyude about technology in agriculture, but let me just add one more thing. And that is that agriculture should focus on the value chain approach. It's not just the first level, which is, you know, family, but you need to deal with transportation, you need to deal with storage, you need to deal with processing, you need to deal with exports. So investments in the value chain in agriculture are very necessary.

And the final point I'd like to make is about innovation. Innovation is the secret of the wealth of nations. And we have seen in Africa, even when we talk about technology inequalities in Africa, we find that access to technology at its basis level, in Africa, Africa has the most mobile telephone density in the world. So I think there's a natural inclination in Africa, especially among the young people, towards technology, towards technology, towards innovation. And I think a lot of investments need to make an innovation through venture capital, access to finance for people to start new businesses.

And so that's my comment. Just that way.

MR. COULIBALY: Thank you, Kingsley, for that prospective. And I'm sure as you were running for president in Nigeria and you had to come up with an agenda that reflects what's on the minds of the populations, was inequality or concerns about it or the perceptions of it, a part of what you felt the populations needed the next presidents to be able to address.

MR. MOGHALU: But the old order wouldn't let us.

MR. MOORE: Just quickly say something. Great presentation.

On the question of population, there's a long history of pretty unsavory efforts around population control. And the population as it is in Africa is consistent with the level of the economic development on the continent. As the economic development on the continent increases, the population question would be addressed itself. And the reason this makes me sort of uncomfortable is because like I said, in the past this question of are Africans having too many children or should something be done about the population growth on the continent.

Everywhere else what we've seen, transitions from lower to middle income, middle income to high income, these population numbers are consistent with the economic levels. And so I think while we're in this place and talking about that, I think it's important to be able to keep that in mind, that current population levels in Africa are pretty consistent. Again I'm repeating myself. I just wanted to say that.

MR. COULIBALY: Okay. So we find your answer to my question earlier is this very much on the minds of the populations, on the agenda of potential candidates, the issue of inequality. So if I can come back to a couple of the new emerging issues when it comes to equality that Raymond mentioned, we see it also in the report and we touch on. One was climate change and the other is actually technology.

What I'm hearing here two different takes on technology that perhaps the panel can hear, can help clarify. On the one hand, technology, perhaps as a contributor to inequality, and the argument clearly has been made in so much context, where technology actually facilitates the winner take all type economic system, while exacerbating inequality. On the other hand, as you mentioned with the example of Kenya, technology also giving optimum opportunities to help economics become more inclusive and reducing inequality.

So help me consider this. If we can start with you, Raymond.

MR. GILPIN: Thank you so much, and thanks to my fellow panelists for I think really excellent presentations.

The technology question in Africa is I think I just recall Heriberto's slides, is that in some areas we're seeing the convergence. And there seems to be convergence and divergents relative to income levels. And I think it's very important for us when we think about the technology question, is that from the report we are learning that there is no one silver bullet in terms of technology would be positive or it will be negative. It depends on the context within the countries. It also depends on the context between African countries and competitive economies elsewhere in the world.

And this is where the inequality issue becomes rather complex and complicated. I think the challenge for us is to look at results like we presented in the report and see how does that inform the way we articulate our development policies, how do we integrate technology into our thinking when it comes to things like technology. And I know that's one of the challenges we've had an UNDP. UNDP has a number of ancillary labs that focus on some of these wicked questions.

How do we gain through technology as an answer, and how do we understand technology as something that exacerbates an existing problem?

MR. GILPIN: Regarding technology, I would venture to say that one part to a solution is to, in a strategic manner, encourage a lot of private sector investment in broadband technology. Given the tendencies among African countries of a high affinity to using technology, especially among young people. So it is a fantastic business proposition.

The problem, of course, with foreign investment in Africa is that a lot of people allow their vision of the continents to be so colored, you know, in a way that prevents them from actually contributing to development and making humungous amounts of money. You know, you can do both. And I would encourage a lot more foreign investment in broadband. It will yield results and it will help, you know, the growth of a lot of small businesses because the business structure in many African countries is based on small and medium enterprises. In Nigeria for example, they make up about 90 percent of businesses in the country. And the informal economy is 65 percent of the GDP.

So, you know, would it be a bit unorthodox in the way we look at, you know, business in the continent, and invest in technology, venture capital, a lot of young innovators. And so if venture capitalists from New York or Washington or Lagos, were to invest in their companies, I think everybody will smile to the bank. But often you don't find venture capital, you know, coming heavily into the continent the way it should. But that's what builds the wealth of the western world, and Asia to a less extent. Although in Asia the government played a much stronger role.

MS. SANCHEZ-PARAMO: Just to add to that, I actually agree, I want to echo the idea that, you know, technology itself is not good or bad, right. So that there are multiple ways in which technological progress can actually, you know, lead to a better outcomes for, you know, and poverty reduction.

So I just want to sort of list three because I think we tend to focus on some of them and not others but it's important to have.

So the first one I think has received a lot of attention is the role that technology can actually have on a structural transformation on employment, something that we got stuck on earlier. And I think this is an oversight in the continent when you think about Sub-Saharan Africa in the global context, right? So there's the whole discussion about what are the next generation of jobs going to come. Is it going to be in Africa, is it going to be somewhere else? Is technology going to accelerate a structural transformation in Africa or is it actually going to change the nature of that structural transformation entirely?

And I agree with you that investment and the role of the private sector will be critical in ensuring that we land in the place where we went to land.

But there are two other mechanisms in which I actually think technology can have potentially a really positive impact. The first one is we know that technology actually lowers prices. And prices matter for everybody, but they really matter for the poor. And technology has, we already see that, a very positive impact on the prices of the kinds of things that the poor consume.

And the third one is that actually technology, when available, can increase significantly access to markets and access to services. So we see governments actually making very smart use of things like mobile technology to get information to people that are far away from them but that can, you know, communicate with governments. And this has huge potential, not just in terms of generating income, but improving access to education, health, etcetera.

So in the end it's going to be the combination of these different forces and the role that governments play in solving challenges in the positive impacts and, you know, in minimizing the negative the last where we end.

But I also want to pick up on, you know, some of what was said in terms of the role that analog compliments will play in shifting us toward the right outcome. And by that I mean, you know, technology without education won't get us where we want. Technology without access to energy, that is sort of, you know, available not just in urban areas but also in rural areas, won't get us where we want. And, you know, technology without medium and small enterprises being able to actually deploy and use that technology won't get us where we want.

So let's not just get fixated on the technology, but the ecosystem that has to surround the technology so that technology delivers the outcomes that we want.

MR. MOORE: On the technology question, I think perception about Africa, invested in Africa, especially outside extractives, for a long time was, the risk was perceived as too high to invest in Africa. But we're seeing that dissipate, especially with the taxing. Last year African start-ups attracted at least 1.34 billion. And 60 percent of that is Nigerian/Kenya. So Lagos has developed into a big tax scene.

But we're seeing some of the same things that the report highlights. We're seeing that play out even there, that most of the founders in a tax base tend to be men and that's even more pronounced in Africa. There's very few women and very little of that money is going to women founders. So if we can find a way to be able to solve that problem I think addressing that early would be very important.

But I raise the question, where's the issue, because two of my colleagues, along with two other co-authors, published a report that was I was thinking about this morning, that showed a comparative to comparative countries, the cost of labor in Africa economies tend to be high. The initial hope was that as the cost of labor went up in China, Africa would become sort of the next factor of the world, and most of the industrialization and manufacturing would go to Africa, but it turns out that because of the high labor cost, including other factor costs, I mean we've talked about the infrastructure.

And so we have to think of other ways that we're going to generate the jobs. And one of the things that we've seen is tech apps like the Gocata that took, you know, the tricycles and motor bikes and made it formal in a way to be able to hire people and give a lot of young people jobs to be able to do that. And so these step platforms provide an opportunity. We just have to be careful in terms of the policy response to that so that those new platforms do not reinforce and consolidate the inequalities we see in society as it is today, so women again are marginalized.

But I'm personally very hopeful for the role that tech can play in terms of creating the jobs that we may not get from manufacturing.

MR. COULIBALY: So it seems like technology we're seeing can be good, can be bad, you know, like Raymond sort of mentioned. But the most important thing is what you do with it. Because some countries do have broadband are also struggling with the same issue of inequality. And some of the suggestions I've heard is invest in, support agriculture, support SMEs. The sectors that are left behind can leverage technology then to lift up.

But I'm going to come back to a provocative point that Kingsley made when you said some inequality is to be expected if we accept the capitalist society, and it wouldn't be right for him to compare himself to sort of Bloomberg.

So my question to you, what is it in the notion of inequality that offends common decency to the point where it is center stage. So how much inequality is okay, when has it gone too far, or could it be, Carolina may have alluded to, that there could be some aspect of broken social contract and maybe inequality is just not reflecting the ability and the merits. Please.

MR. MOGHALU: I think this is a very important question. To paraphrase Winston Churchill speaking about democracy, I would say that capitalism is the best or the worst form of economic system except for all the rest.

So the real challenge is to balance capitalism in order to give it a human face. And here you need two components. You need the role of the government. I do not believe that the government should get out of the way completely. No. That's wrong.

The problem in Africa is that we don't have competent governments. Where you have a competent government, as in Ethiopia for example, you can see, although they may be leaning a little bit far into state control. But if you look at Rwanda, the government is very involved but they're involved in promoting private sector led development. They're not themselves running the show.

So state capacity becomes important in, you know, bridging the capitalistic extremisms. I'm not an advocate for extreme capitalism. But I'm saying there is no other way other than capitalistic economy growth because that is what has created the world of nations in the last 300 years, to a large extent. So that's my attitude.

But the problem African governments are having is that they haven't figured out the secret of capitalist success. There are three things that Hernando de Soto tells us you must have for capitalism to work for you.

One is property rights, which comes back to Raymond talked about, about structural inequalities around land. So property rights, very important.

Second, innovation, which I talked about.

And third, capital. You can't be a successful capitalist without capital. And many African governments have not figured out how to bring capital into the economic systems.

If you look at many countries in the continent, like Nigeria for example, which has a tax rigidity ratio of about 6 percent, which is horribly low, why are they having this challenge and how have they responded? They are responding by taxing everybody, raising the tax. But that's not the issue. Expand the tax base. I recommend it when I was running for president. That we should use the fact that there are 150 million mobile phone lines in Nigeria out of a population of 200 million. Make use of that fact, do an audit of every cell phone owner in Nigeria, find out if they're gainfully employed, and if so, if they are paying taxes, any tax.

So it's not about raising tax, it's about expanding the tax base. And I see technology as a way to do that, but that opportunity has not been used.

MS. SANCHEZ-PARAMO: Thank you. Just a couple of words on these. Because I think not all inequality are born equal. So if we talk about what's offensive and what's not, I think we really need to think about well what inequalities are we talking about, right?

So we're talking about income inequality. And, you know, we think about the Africa context. You know, you can think about inequality at the top of distribution or inequality at the bottom of the distribution. I don't think in the Africa context those two things are equivalent. You know, when you have poverty rates of 40 percent and higher, you have to worry about inequality at the bottom of the distribution, and the discussion of the 12 top percent is a developed country problem, right? And it's only important to the extent that you can tax them in order to help those at the bottom of the distribution. So it's an instrumental problem, it's not an objective.

So I think we need to be a little bit clear about yes there is inequality, but where does the policy attention has to go in a particular context.

The second way in which I think inequalities are not sort of all the same is if you think about income versus opportunities. Because I wholly agree that when you have markets you actually need a certain level of inequality because that's the signal that people and firms get in order to know where resources have to go. And it's very hard to say okay, it's 30 percent the right level, or is it 35. I don't think we've sort of narrowed that number.

However, when you think about opportunities, inequality of opportunities, no inequality is acceptable, right?

MR. MOGHALU: That's right.

MS. SANCHEZ-PARAMO: So there we do need to strive for equality of opportunity so that the field is leveled for everybody irrespective of where they come from, where they live, whether their parents are poor or rich. So differentiating again between income inequality and of course we don't want extremes, and opportunity is important. So I think that helps us understand why people feel sort of more angry about some of those inequalities.

MR. COULIBALY: Herman wants to add a comment quickly, and then we'll open it to the floor. I see many aching to jump in on the conversation. So we get a chance to take as many questions as possible. Please.

MR. TAPIA: Thank you very much, I'll be very brief. I just wanted to slightly diverge with my colleague on whether or not the 1 percent is a first world problem or an African problem.

And the reason why I think and I believe it's an African problem is because when you look at horizontal inequalities within groups and across groups, the issue is not so much a want of absolutely poverty, it's relative poverty. And therefore when you see the 1 percent who have ill-gotten gains, that becomes a point of friction in society. And the breakdown of state society relationship even worsens. And the reason why most countries have really low tax to GDP ratios could probably be traced to this. Because the social contract has broken down and therefore this happens.

And so I would. say that the fact that like five billionaires in Africa have more wealth than the bottom 50 percent, is also an African problem.

MR. COULIBALY: Okay. So with that I'll open it up to the floor. So please raise your hand, identify yourself, and I would encourage you to keep your comments or questions very brief so we can take as many questions as we can in the remaining time.

MR. FREEMAN: Thank you very much. Lawrence Freeman, I've been involved in African development policy for about 30 years. Some of the questions brought up today have been discussed in many of the reports, such as a jobless recovery or economic growth at high rates but not leading to lifting people out of poverty.

Maybe we should analyze or reanalyze what we consider economic growth. Is economic growth price values, real estate values, resource values? I'm a physical economist. To me economic growth is how much energy per capita, how many tons of food per capita, or per farm or per square kilometer, how many railroads do we have, land area, how much energy does it get. These are the measurements, and infrastructure is not just one of many good ideas, it's a sinqu non. Without energy, 100,000 megawatts would bring people who are not going anywhere.

Nigeria, my favorite country for 25 years, is in trouble with 4,000 megawatts for 200 million people. So the question is how do we reverse that. We need a full-scale commitment for infrastructure, but no one in the west wants to do that. Russia hasn't involved itself, India, Turkey, plus China in a big way. Africa needs help, it needs 15 year low interest loans to build railroads, 40 percent of the food rots because we don't have railroads.

So again I go back to my question for the panelists, shouldn't we now come up with a new definition of economic growth, per capita, per land area, how much physical growth is there that actually adds to the increase of the powers of that society to maintain itself and for its future children.

And I think we have to move on to a different standard because Africa has not made progress and our analysis is faulty unless we look at things differently. Thank you.

MR. COULIBALY: A little bit up front here.

MS. LAPIN: My name is Georgia Lapin, I've worked in Africa and Nigeria development for about 50 years. I think it's important just to make a point that population is a real issue. I think Kingsley had a very important point to make. And the relationship between population growth and education is very important as well. A population growth rate of 3.6 percent in many African countries, and Nigeria is about 2.6 percent, is really very high.

When I first went to Nigeria in 1970 the population was 60 million. Today it is over 200 million, 95 million of those 200 million are extremely poor. That's more than the total population was in 1970. There's something wrong, and it has to do in part with the high population growth rate.

I worked on a project in Sokoto State in Nigeria where the maternal mortality rate is 1,200 per 100,000. That is 10 times the mortality rate of the United States and five times the mortality rate of Lagos State in Nigeria. And the reason for this is the unmet need for contraception. 50 percent of the women in Sokoto State lack access to contraception. This is a very basic problem throughout Africa and unless we begin to address it, I don't think that the inequalities that we're talking about will be overcome.

MR. COULIBALY: Okay. Thank you for your comments. And the lady behind in the glasses.

MS. LOYL: Hi, I'm Jimmi Loyl. I've only been in Africa for 15 years, not 50 or 30, but my question is, well I want to thank this panel, I think you all had some great comments.

But we talk a lot about inequality, but when you look at inequality, that assumes that everyone started at an equal place. What I don't hear a lot of discussion about is equity. When we look at the inequity in the exclusion and non-inclusion honestly is a root driver of many of the social issues that we have in which all of these are outcomes of inequity and exclusion and non-inclusion that started way before any of us was born.

So my questions, when you look at things differently, when you measure things differently, when are we going to talk about the real issue of equity, and how are we going to tackle equity in exclusion? Because people make money off of inequity and non-exclusion. That means the variable power dynamics. That has to change. That's not inequality, that is an equity issue.

So I'm interested in seeing like what are you going to do to increase equity and inclusion in order to have equality?

MR. AGUSTA: Hi. My name is Agusta, I'm a Nigerian.

MR. COULIBALY: Can you speak a bit louder?

MR. AGUSTA: My name is Agusta, I'm originally from Nigeria. Thank you for, I can't capitulate on your points concerning the part of politics in this whole thing, and also I would want to learn from Gyude more on migration, on this particular topic.

I think this is part of politics, the part politics has to play in this, having to do with the policies that converge with infrastructure, you know, with infrastructure.

And then I mean talking about inequality, my friend talked about inequity that goes with it. How about job creation? I mean inequality, are we talking about inequality of income when there is no job? All this comes about with infrastructure with the politics. I mean if there is a credible, sorry if the policies that drives infrastructure, that drives job, I mean this one ties together and more or less reduces the issues of inequality and brings us to a better understanding of how to better people's live, obviously education and to poverty reduction.

So I hope you understand my questions in it and my comments. Thank you.

MR. COULIBALY: Okay. Thank you. So I'm going to throw in one question, one related to the second emerging challenge with the inequality that you mentioned, which is climate change.

And precisely what is the most important way in which that new emerging form of inequality can be addressed?

But if we can start with you, Gyude, I think the last question specifically addressed to you.

MR. MOORE: I think our colleagues here at the Brookings, I've heard Landry talk about it a lot, and written some papers about manufacturing without smokestacks, about the new areas where jobs would be created. You heard me talk about the difficulty in terms of costs of the factors of production, the weakness in the infrastructure, the available infrastructure, the high costs of labor make it difficult for people to manufacture.

Then of course there's the issue of the fragmentation of Africa, very small economies, difficult to scale. So there's hope, hopefully with the passage of the Continental Free Trade Agreement, when we become a single market as this wood, right? When we become a single market then that problem of scale will no longer be there. Of course the infrastructure problem will still be there.

But this question about job creation is going to be with us for a while. And I think part of what we're talking about here is that more than 50 percent of the labor force is in agriculture. How can we make that agriculture productive so that it's actually able to increase in terms of what they're earning and so that it becomes attractive for young people?

Just quickly on the population question. I continue to hold my position that there have been in the past very, very unsavory efforts to control population. 22 percent of the population growth that we see are in 22 countries across the continent. The population growth we see in cities, it's not rural to urban migration, it's actually urban families that are having those children. Of course nobody's happy with the population growing out of bounds. But how that conversation is held has to be very, very sensitive, especially in the history of what's come before. That was my point.

I would like to, on the question of climate change, as the report notes, and as I stressed, Africa is set to be affected worse by the change because, again, the agricultures we do is rain fed, most of it is not irrigated. So changes in the weather have significant impact on yields.

We've seen the locusts devastating parts of East Africa. Part of the reason is, and there's a long story in nature on the locals, apparently thrive in heat. So as climate gets worse and the heat rises, we're going to see even bigger locust plagues. And one of the reasons why this one was not seen in advance is because of the war in Yemen. And because of the war in Yemen it was difficult to be able to patrol the areas where these eggs are laid, and so climate change is going to affect all of this.

And so I think by in large the benefits of the Green Revolution outside of, say South Africa, parts of Egypt and Morocco, still haven't been realized yet in Africa in terms of using science, using inputs in our agriculture. As climate change becomes worse, whether it's in the tropics or in the

Sahal, the use of technology will have to become even more important now in making our agriculture more productive. Thank you.

MR. COULIBALY: Yes, go ahead Kingsley.

MR. MOGHALU: Just a quick comment on climate change. And I want to highlight the responsibility of African governments to deal with climate change. We know that Africa contributes very little, about 4 or 5 percent of these global warning and green house emission gases and things like that. But the continent bears disproportionately the impact of climate change caused by industrial use in the west.

But nevertheless I would not recommend to African governments to make this another decolonization struggle where they wait for western aid to come and solve the environment problems of the continent. And this is what I talked about political leadership.

Africa's leaders need to, we need to find a way in our societies, and I say it's through youth involvement where different mindset comes to political power in Africa. Such that we can take a proactive approach to solving our problems such as climate change, which you find in many countries in the continent. It's not even on the radar.

If you interview, people know in my village that the weather has changed. It's not what it used to be. But if you ask them about climate change, they will be staring at you, they don't know what that is, you know. So we need a lot more climate change education in African countries. And the political wheel of governments to take responsibility for preventing climate change for addressing the consequences of climate change, but I a preemptive, proactive, and reactive manner.

I'm afraid that if we wait for the discussion on climate change to remain a west bound led agenda through the conference of the parties and all those things, they will address their own problems first. Meanwhile, Africa cares for itself. So the struggle over climate change policy in the United States, it's not about its impact in Africa, it's about its impact in California.

So I just want to make that point that African political leadership needs to take responsibility for the addressing the climate change crisis. Thank you.

MR. COULIBALY: And we have also a question on equity application. You want to take that one?

MS. SANCHEZ-PARAMO: I think part of it is I think we actually have been talking about equity today. And maybe some of it is sort of schematic in the sense that we are looking at it using the different terms.

Let me tell you what I mean. We know that a lot of the inequalities and outcomes that we talked about today really stem from the fact that the moment a child is born in Africa or anywhere else, what will happen with that child throughout their lives? Because they haven't done anything, right? It's going to be a function of, you know, where they're born, who their parents are, whether they are educated, whether they are poor, whether they work in agriculture, and of course whether they are a girl or a boy, right?

So that's what I addressed talking about opportunities, right? So I think part of that role of policy is to ensure that that is not the case, right. That in a way where you're born and what your family is like should have no bearing on, you know, your ability to become, you know, somebody in the future, to live somewhere, to have a particular job, to study a particular subject.

So maybe you're talking about equity, you know, we're talking about opportunities, but that is very much what we have in mind. It's before you even get to the space of outcomes, these are already tilted against you, right? So how do we sort of address those inequalities, if you want, in terms of how your background will shape your possibilities going forward. And I think one way that is very clearly manifested already is by looking at this intergenerational immobility, right, and the fact that in Africa if you're born in a poor family, the probability that you will be poor is the highest in the world. And if you are born in a rich family, the probability that you will be rich is the highest in the world, no matter what's happening in your economy.

So that's again, I think for me that's a story of leveling the playing field and ensuring that those things matter less and less as these countries develop.

So maybe that's not what you had in mind, but that to me is thinking about everything, you know, before these things transform themselves into outcomes, you know, trying to eliminate that possibility.

MR. COULIBALY: So this leaves the harder question about whether we're measuring GDP growth correctly. I don't know if Raymond, you want to take a stab at that question?

MR. GILPIN: No, I think - -

MR. COULIBALY: In a provocative and interesting way?

MR. GILPIN: No, quite seriously, Larry's question is spot on. Generally we think about growth in the country, we think about how has the GDP as an index changed from one year to the next. Whereas in truth, as we're discussing on this panel, growth is multifaceted, which is why beyond GDP growth we have things like the Human Development Index which captures a lot more than the economic side. It talks a lot about the governance side of the development side. And there are many other such indices that give you a more nuanced view of what is going in a country.

So I would really appeal to everybody working, particularly on Africa, look beyond GDP as your barometer of what's going on in a country.

The second thing is that the GDP growth is basically how things changed relative to one basket next to the other. I think, I'm not sure if it's Gyude or somebody else on the panel, mentioned that a significant proportion of Africa's economy is non-formal. I tend not to use the term informal because that has many negative connotations. They are non-formal for good and sufficient reasons, because you have a lot of bottlenecks in the formal sector, costs in the formal sector, drive them outside the formal sector. So they're non-formal.

Whenever you find like you rebase your GDP, as Nigeria did, and incorporating some of the non-formal into formal, you have a big surprise because there's a lot more going on in your economy than GDP alone captures. And so in many African countries we still have to do that rebasing so that even the GDP reflects the economy of today, not the economy of 20 years ago when the last GDP basing was done.

And so for those two reasons I think Larry was spot on and we need to have a conversation about this GDP as the index.

MR. COULIBALY: All right. So I think we're getting close to all the time that we have for the event, unfortunately. And we could have gone on longer and have a fascinating discussion. But I just want to give like the panelists, there are briefly a few seconds each if they have any final remarks.

MR. GILPIN: I was just going to add to Larry's question. Most times when we think of technology and talk about technology there's this idea of leapfrogging. And I still think the ability to leapfrog requires you to have a basic infrastructure spine, right? If you don't have basic transportation, you don't have basic power, it's hard to leapfrog anything. And so no country has, one of my colleagues famously says, that no country has actually developed based on self-assets. We need physical, tangible capital assets, what is railroads, power plants. When these are in place it becomes easier for us to leapfrog the rest. I just wanted to put that out there, especially since I was in public works.

MR. COULIBALY: Yes, Kingsley.

MR. MOGHALU: Yes. And as a financial person, I'd like to put it out there that this is a very profitable investment proposition, I can tell you that. There's far more political risk in Washington than in many African countries, that's the truth.

Now I just want to end by, you know, emphasizing again my focus on education and gender equity. That's just huge. Because when you deal with that, you give women the skills to be in the productive labor force, you deal with the population issue. An educated girl is not going to be very excited at being a child bride or to have too many children that they cannot afford. So I'd just like to, you know, emphasize that again. And the need for the youth to get involved in politics. We need a new generation of leaders in Africa so that their approach to Africa's developmental challenges is just totally different from what we have today. Thank you.

MR. COULIBALY: Yes, Carolina.

MS. SANCHEZ-PARAMO: Maybe to end on a positive note because I think a lot of the things that we've said today are a little bit daunting when you put them together. And, you know, in spite of all that I am actually a strong believer on the fact that I think that even though I started by saying growth has not delivered for the poor in Africa, I actually it could deliver for the poor in Africa. And I very much agree with your emphasis on inclusive growth.

So maybe to recap some of the things that we said in terms of what would that take. And I think it would take, you know, addressing the equity challenge, you know, leveling the playing field, investing in opportunities. I think it would take making a much larger effort in building the proactive capacity of the poor and giving them access to proactive assets so that they themselves can lift, you know, their families out of poverty, not be dependent on, you know, whether the government is giving them transfers or not.

And then building resilience, getting to your climate change question. And I think if those things happen, which is going to require a lot of intentionality and focus on the part of policymakers, and many of us are working this area, I think then we do see inclusive growth in Africa that can deliver the kind of poverty reaction that we want to see, the kind of equality that we want to see. But it is going to require that amount of attention. Thank you.

MR. COULIBALY: Okay. Thank you very much. Raymond.

MR. GILPIN: Yeah. I'm addressing in closing, Africa is not an option, it's an necessity we have to do it. Thinking about the inequalities of the future, we've talked a lot about technology and access.

I'd just like to add a second A to this conversation is access and affordability. Because we have to make sure that those at the bottom rung of the value chain could also afford the technology that would take them to the next level. And so as we think through how we not only incorporate progressive taxation regimes, but how we think about targeted interventions and investments in human capital across the continent, I think the affordability question also has to be answered because that's what's going to equip, particularly those who are intergenerationaly poor, to be able to take that leap.

MR. COULIBALY: All right. Very good. Thank you. And I think some of the many points that have been made here, including some of the recommendations, you will find more of this in our Annual Report for Africa that looked at the priorities for the continent over the next decade. We take up issues like climate change, demographics, how to harvest the dividends, how to create large scale number of jobs, how can Africa capture the forefront of the revolution. Monitoring new risks while taking advantage of the opportunities and how can Africa keep in governance, good governance, inclusive governance, including youth, into politics and government and inclusion of women. And it's not just a matter of equity, it's actually a good economic policy. And we have calculations that show the gains to be had from it.

On the youth side you have the median age for Africa as 20, average age of the leader in Africa is 62. And that was, you know, after Mugabe stepped down. So you can imagine what that would have looked like. Now look at OACD country, advance countries, median age is 42 for the population, and for the leader is 54, so only 12 years gap, but for Africa 42 years gap. So clearly the priority of the youth, which is increasingly the majority, is not being taken into account.

And then the other trend that we look at is actually achieving the regional integration agenda, including the EFTA that Gyude touched on, and what are the benefits it could bring to Africa and position the continent to be able to speak with one and more authoritative voice on the issues of common interest on the global landscape.

So I encourage you to read it for more of the solution and many of the issues that we've discussed here today, in addition to the UNDP report that you have.

But thanks a lot for the privilege of your time, and join me in thanking the panel and giving them good applause.

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