Flexible Frameworks | Beyond Borders

Understanding Regional Dynamics to Enhance Cooperative Security

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"Flexible Frameworks, Beyond Borders - Understanding Regional Dynamics to Enhance Cooperative Security"

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ISBN 978-92-845-0192-2

Economic and Social Trends in Sub-Saharan Africa

Giovanni M. Carbone

Introduction

Sub-Saharan Africa is arguably the fastest-changing region in the world. It is a composite area, with a land mass larger than China, the US and the European Union combined. It comprises over 900 million people fragmented in 49 nation states and several hundred ethnic groups. Africa hosts the poorest populations in the world alongside South Africa, an economy with some highly-advanced sectors where heart transplants were pioneered some fifty years ago.

As diverse as the region is, its economies and societies feature also a number of shared traits and developments. The broad picture shows a subcontinent that is undergoing major social, economic and political transformations. This paper focuses on two key dimensions of change, namely the area's sustained economic expansion and its massive demographic growth, and also briefly points to two more specific phenomena, namely Africans' new "connectedness", among themselves and towards the outside world, and the forceful rise of Nigeria. It concludes that the fast transformations the region is undergoing raise several challenges that are of inescapable concern for the international community as well as actors specifically involved with the area.

Africa's new economic season

At less than $2,700 per capita income (PPP), Africa[1] remains the poorest region in the world. In spite of positive expectations and of relatively favourable beginnings during the 1960s, the region's newly-independent states had become a synonym for failed development over the 1970s and 1980s. Not only industrialisation strategies proved unsuccessful, but overall agricultural production declined as well. By 1994, Africans' average income – a mere $744 – was back at its 1968 level[2]. Most of the continent remained trapped in underdevelopment and poverty, often compounded by authoritarian rule, political instability and violence.

Things began to change just prior to the turn of the century, as annual growth in sub-Saharan Africa sped up from 0.8% in 1990-1994 to 3.5% in 1995-1999. Rates further rose to a 5.4% average between 2000 and 2013, and talk began of an African economic boom (Figure 1). Economic performance

1 Unless otherwise specified, the paper uses the term "Africa" interchangeably with "sub-Saharan Africa"
2 World Bank online databank, *World Development Indicators*, April 2014.

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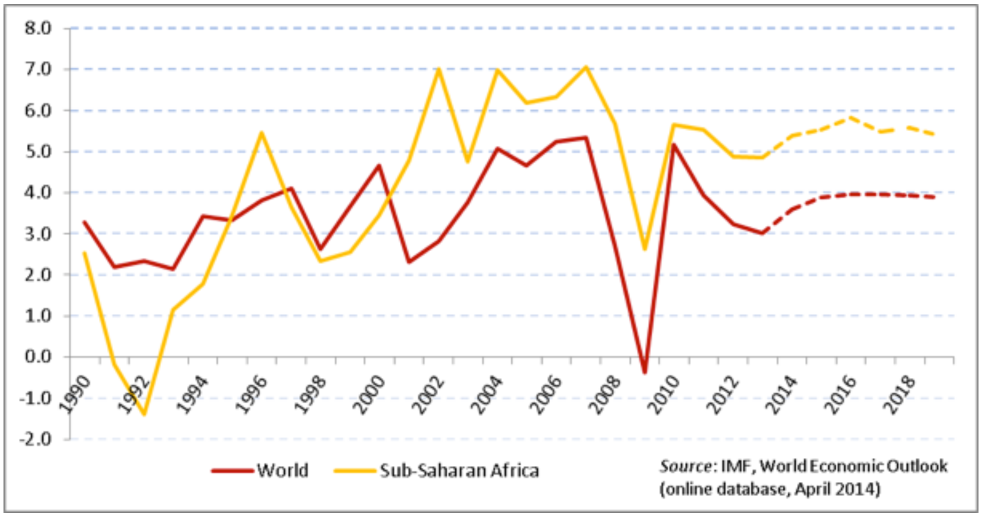
remains robust, driven by agricultural production and investments in natural resources and infrastructures, with estimates for 2014-2019 projecting a 5.5% annual average growth. Large increases in external trade, foreign direct investments, development aid, migrants' remittances, infrastructure investments and consumer spending have accompanied and sustained the region's growth process.[3] The size of Africa's markets and middle classes has expanded significantly.

Figure 1: Real GDP growth (% change), 1990-2019



The roots of Africa's current economic renaissance lie in favourable international commodity prices (particularly for mineral exports), economic reforms and better management (initiated by the tough structural adjustment programmes that donors forced upon sub-Saharan governments since the 1980s), political governance reforms and stabilisation (a result of both domestic demands for ending maladministration and post-Cold war foreign pressures), and external support in the form of debt cancellation and increases in development aid.

The continent's wealth of natural resources played an important role. In terms of shares of sub-Saharan Africa's GDP, the weight of natural resources increased the most, up from 13.4% in 2000 to 18.1% in 2011, followed by the service sector, which also expanded significantly from 54.2% to 58.0%. Agriculture, on the other hand, was slimmed down from 16.3% to 12.1%.[4] The fact that manufacturing also declined from 14.9% to 11.8% is a sign that the continent struggles to turn the gains of economic growth into structural changes. Africa's growth, in particular, has so far created few jobs.

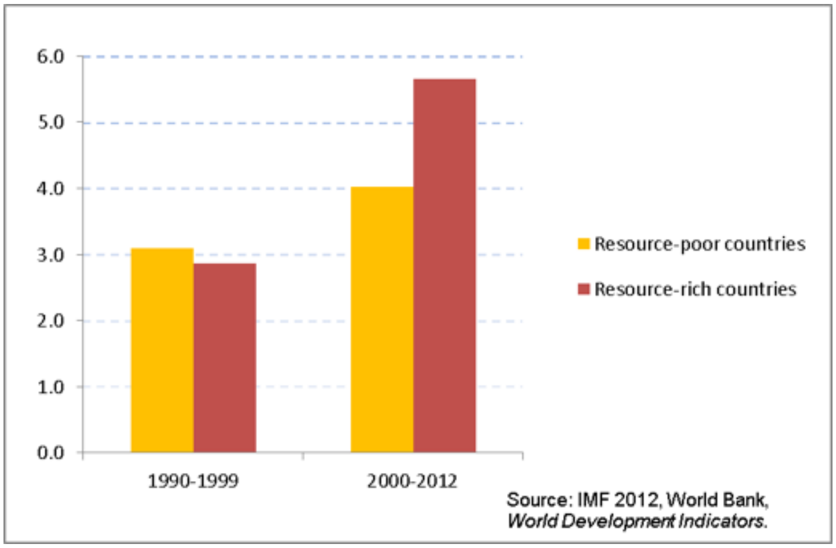
Contrary to a commonly-held opinion, however, growth has not been limited to countries rich in natural resources (Figure 2). Resource-poor countries not only marginally outperformed resource-rich countries during the early phases of economic renaissance (3.1% as against 2.9% annual average growth during the 1990s), but also strengthened their advances in subsequent years (4.0% in 2000-2012). As many as 8 of Africa's 12 fastest-growing economies during 1995-2010 were countries poor in natural resources, or at least countries in which the exploitation of natural resources was yet to play a prominent role, including Ethiopia, Mozambique, Burkina Faso, Uganda, Rwanda and Tanzania.[5]

3 Giovanni Carbone, Gianpaolo Bruno, Gian Paolo Calchi Novati, Marta Montanini, "Scommettere sull'Africa emergente. Opportunità e scenari della presenza italiana nell'Africa subsahariana," Milano, ISPI, 2013

4 Ernst & Young, "Africa attractiveness survey 2013," 2013, p.17

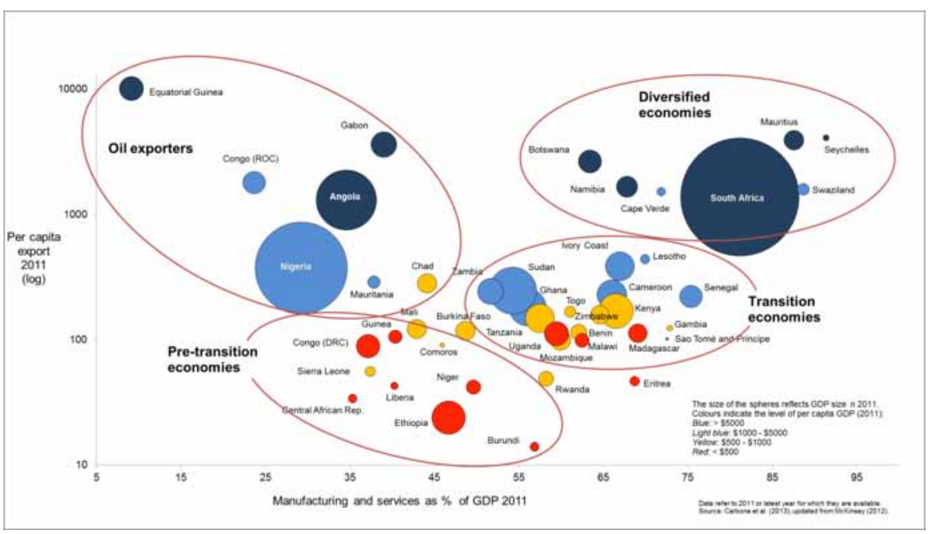
5 International Monetary Fund, "Regional Economic Outlook. Sub-Saharan Africa: keeping the pace," Washington, 2013, p.31; and The Economist, "No need to dig", 2 November 2013

Figure 2: Growth and natural resources (average annual % change of GDP), 1990-1999 and 2000-2012



More generally, vast differences remain among the region's economies. As Figure 3 shows, sub-Saharan economies are not only very diverse in terms of size (Nigeria, South Africa and Angola topping the ranking) and per capita income (Equatorial Guinea's is about one hundred times that of Burundi), but the extent of variation in their sectorial diversification (as proxied by the quota of manufacturing and services over GDP) and export orientation (as proxied by the value of per capita exports) also loom large. Based on the latter two dimensions, four groupings can be identified that summarize these differences, namely: a number of *oil exporters* (from Gabon to Angola), a few *diversified economies* (South Africa, some of its neighbours, and a few small island economies), the expanding collection of *transition economies* (from Zambia to Ivory Coast or Senegal) and the remaining *pre-transition countries* (including some of the poorest states in the world, such as Burundi, the Congo-DRC, Niger and Liberia).

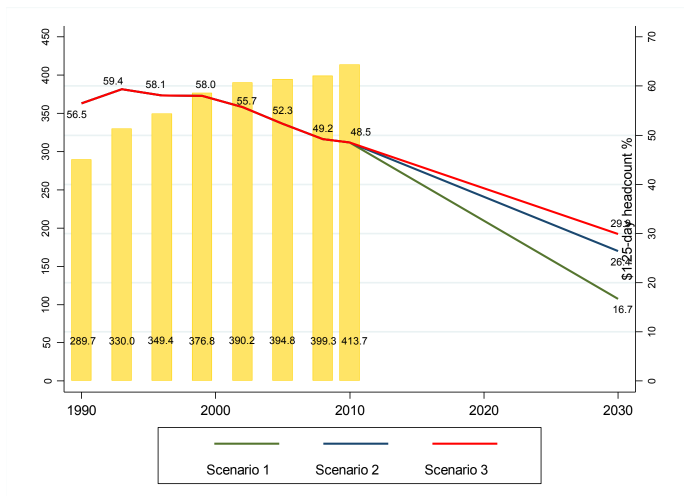
Figure 3: Structure of the economy and development trajectories, 2011



While structural transformations remain limited, the recent positive economic trend brought about significant poverty alleviation. As the share of people living with less than $1.25 a day at PPP, absolute poverty south of the Sahara declined from 58.0% in 1999 to 48.5% in 2010 (Figure 4), with further decreases projected over the years to come, a noteworthy change from the 1980s and early 1990s.[6] Yet, the number of people who remain 'stuck' under the international poverty line has increased from 376 million in 1999 to 413 million in 2010. Compared to faster progress in other developing areas, turning Africa's growth into poverty reduction has been held up by the region's high inequality levels, by the concentration of the benefits of mineral wealth, and by the slow pace of agricultural advancements.[7]

According to some estimates, inequality in Africa has also been declining since the 1990s, reversing the increases of the 1970s and 1980s.[8] Yet inequality does remain a major concern and an obstacle to faster growth. Sub-Saharan African countries have an average Gini index of income distribution of 45.1 (26 of them, or a majority, with a Gini of 40 or more, including the likes of South Africa, Angola, Zambia or Mozambique), second only to Latin America's 50.1[9]. High inequality means that a large number of people have little or no access to assets (such as education, land, credit, etc.) that would allow them to better benefit from the opportunities generated by economic growth. Inequality thus strongly hinders the impact of growth on poverty reduction and the contribution of the poor to furthering economic expansion. This again calls for more inclusive growth.

Fig. 4. African poverty by 2030. Three scenarios.



Source: World Bank, Africa's pulse. An analysis of issues shaping Africa's economic future, Vol. 8, Washington, October 2013, p. 17

6 World Bank, Africa's pulse. An analysis of issues shaping Africa's economic future, Vol. 8, Washington, October 2013, p. 14

7 Ibid., pp.14-15

8 Maxim Pinkovskiy and Xavier Sala-i-Martin, "African poverty is falling ... much faster than you think!," NBER Working Paper 15775, National Bureau of Economic Research, Cambridge (MA), 2010

9 A World Bank study also points out that, "taking into account that Latin America's Gini coefficients are largely based on income distributions which are typically more unequal than distributions of consumption and which form the basis for Africa's Ginis, inequality in Africa appears not so different from that in Latin America" (World Bank 2013, pp.25-26).

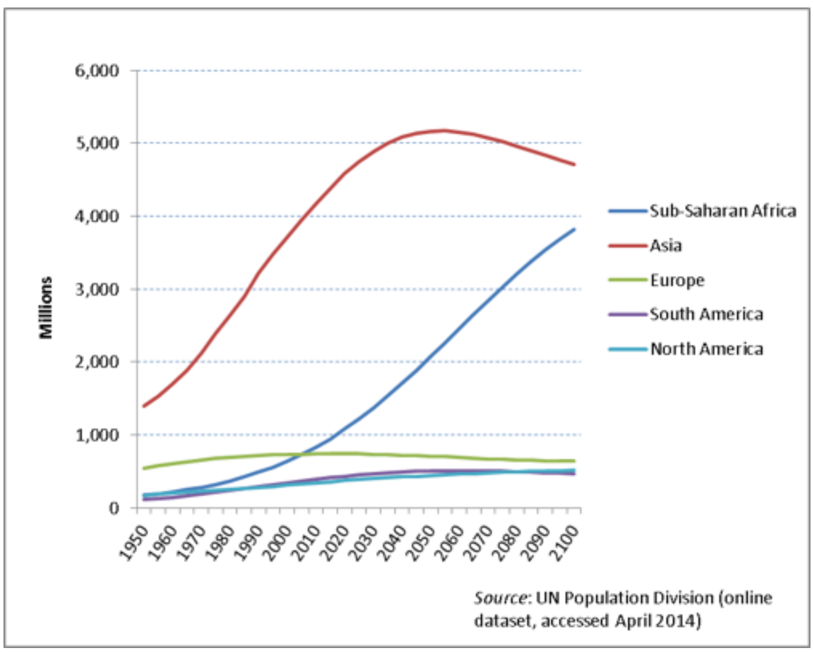
Demographic changes and related challenges

Population growth

Sub-Saharan Africa has historically displayed comparatively low levels of population and population density. The subcontinent, however, is in the middle of a phase of huge demographic expansion. Since 1950, its population has more than quadrupled, growing from 179 million to 831 in 2010 (1 billion for Africa as a whole, when North Africa is included). Over the same period, the region also overtook Europe in terms of population density – 34 vs. 32 inhabitants per square kilometre – although it remains far behind Asia (131).

According to UN projections, the course of the XXI century will mark the rise of Africa as a major demographic power[10]. In fact, it is Africa's further, dramatic population increases that will drive the world's population growth dynamics over the current century[11]. The population in the subcontinent is currently growing at an annual 2.65% rate, compared to Asia's 1.03% and Europe's 0.08%. The number of Africans is set to skyrocket and will reach 3.8 billion by 2100, approaching the size of Asia, whose demographic expansion will plateau in about fifty years and then start declining towards a projected 4.7 billion (Figure 5). In the space of one hundred years, Africa will have grown fivefold.

Figure 5 : Population projections, 1950-2100



Two key factors are behind these projections. The first is a marked increase in life expectancy. Life in 2100 will be some 40% longer for the average African than it is today – up from 56 years in 2010-2015 to 77 years in 2095-2100 – narrowing the gap with the developed regions, for which life expectancy will increase from 78 to 89 years. Secondly, Africa's birth rates are notoriously high and will remain so for some time. Between 2010 and 2015 sub-Saharan Africa's average fertility rate was 5.1 children per woman, down from 6.8 in the late 1970s but still more than twice Asia's 2.2. Fertility rates will only reach below 3 children per woman after 2055, and only at the end of

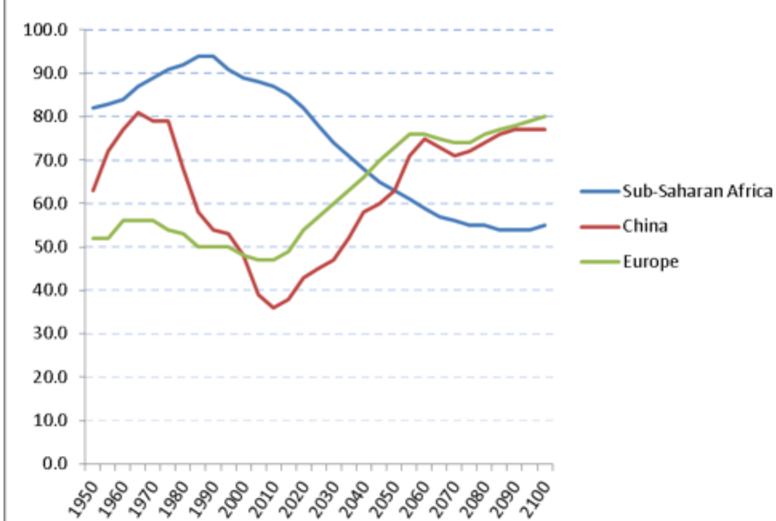
10 Data in this paragraph are from the UN Population Division online database (accessed April 2014).

11 Max Fisher, "The amazing, surprising, Africa-driven demographic future of the earth, in 9 charts", *The Washington Post*, 16 July 2013.

the century they will essentially align with world and developed regions averages at around 2.0 children per woman. The continent's trend towards a sustained demographic expansion, in other words, results from the "striking contrast" between its rapid health improvements – leading to sharp declines in mortality rates, particularly for children – and a slow reduction in fertility rates (May 2014).

This kind of dynamic has important implications in terms of Africa's chances of capitalising from the so-called demographic dividend, or the advantages associated with an expanding workforce and a declining number of dependents. Africa's current dependency ratio – i.e. the ratio of dependents (people younger than 15 or older than 64) per 100 working-age population (people of 15 to 64 years of age) – is about 85, implying that there is almost one non-working dependent for every working person on the continent (Figure 6). This is essentially the result of a large number of under-15. The completion of the continent's demographic transition requires fertility rates (and thus the number of young dependants in need of being fed and looked after) to fall and the labour force to expand. Africa's fertility rates and dependency ratios are already going down, as pointed out, but not very fast. As the slowdown combines with entry of younger generations into the workforce, the dependency ratio will fall below 70 by 2040 and below 60 by 2060: a growing advantage at a time when an ageing population will increase Europe's ratio to about 76 and China's to 75.

Figure 6: Dependency ratios, 1950-2100



Source: UN Population Division
(online dataset, accessed April 2014)

Yet, whether a similar dynamic will allow African states to actually reap the benefits of a demographic dividend or, on the contrary, open the way to Malthusian scenarios remains an open question. Population growth of this scale will unquestionably raise crucial social, political and economic challenges, affecting both life on the continent as well as this latter's relations with outside states. Sub-Saharan governments will have to manage massive and fast-growing young generations whose aspirations, when not met by expanding educational and job opportunities and rising living standards, may turn against the political, social and economic establishment, as recently reminded us by the Arab Spring up north.

Urbanisation

Vast urbanisation processes go hand in hand with the current demographic and economic growth trends. The share of Africa's population that lives in urban centres has reached 36.8%, up from 27.9% in 1990.[12] Combined with population growth, this implies that cities such as Johannesburg, Lagos, Nairobi or Kinshasa have to cope with large new settlements set up by millions of new urban immigrants. More broadly, large urban agglomerates are emerging in all corners of the continent. Africa reached in 2010 the same number of cities with at least 1 million inhabitants as Europe, i.e. fifty-two. The larger these agglomerates, and the faster they expand, the harder the challenges of providing adequate security, housing and services to their populations. Concentrations of population and mobilization opportunities imply that fast urbanization can also make social conflicts more likely.

Land

Rural areas are also affected by rapid demographic increases. Land remains a key source of livelihood for a majority of Africans. While Africa is home to 50% of the world's uncultivated arable land (or 202 million hectares, from Kenya or Tanzania to Ivory Coast or Angola)[13] and is thus a region with a huge potential for agricultural expansion, population pressures have traditionally raised tensions over land issues, including land and water use and land tenure systems. Local conflicts between farmers and herders and/or between ethnic communities (at times compounded by inflows of immigrants or refugees), for example, have emerged in countries as diverse as Liberia, Zimbabwe, Ivory Coast, Kenya and Congo-Kinshasa.

Environmental or climate changes also contribute to the picture, as soil erosion and degradation (i.e. the physical, chemical and biological deterioration of soil quality, implying fertility loss) and desertification threaten the livelihoods of many rural Africans, particularly those living in dry lands, often forcing small-scale farmers to displace or migrate, destabilizing their communities and encouraging conflicts over water and land use, as in Mali, Darfur or Chad.[14] Adding up to recurring droughts, for example, deforestation and inappropriate land management have contributed to the surface of Lake Chad shrinking from 23,000 sq.km to about a tenth of it.

Finally, over the past decade, so-called "land grabbing" – i.e. large-scale land acquisitions on the part of corporations or sovereign funds from advanced or emerging countries – added a new form of pressure. Such acquisitions not only force local farmers and pastoralists from the land, depriving them of their main source of livelihood, but they are aimed at biofuels or food productions for faraway markets, thus reducing the overall availability of food for local consumption and markets and further increasing food insecurity and occasional instability.[15]

Food security

In spite of an abundance of land and water, Africa has long lacked food security (i.e. food availability and accessibility), the result of an underdeveloped agriculture as well as of the impact of natural disasters – such as the dramatic 2011 drought in the Horn – and man-made instability –

12 World Development Indicators, online database, April 2014.

13 World Bank, *Securing Africa's land for shared prosperity*, Washington, World Bank, 2013, p. xv. Cf. McKinsey Global Institute, 2010, p.59.

14 United Nations Convention to Combat Desertification, "Desertification. The invisible frontline," UNCCD, 2014

15 Kai M. Thaler, "Large-scale land acquisitions and social conflict in Africa: analysis and issues with cross-national land grab data," Department of Government, Harvard University, April 2014 (working paper)

such as the 2012 crisis in the Sahel. The continent has received food aid since the 1950s, and food emergencies tripled in the 1980s.[16] While the reduction of hunger, between 1990 and 2012, led to an overall improvement in food security, Africa remains a net food importer. The 2008 spikes in food prices led to riots in a number of sub-Saharan countries and food insecurity is a prominent issue in places such as Eritrea, Burundi, Ethiopia (in spite of major progress), Chad or the CAR.[17] Addressing food needs and food crises is a key aim of the Comprehensive Africa Agricultural Development Programme (CAADP) established by the African Union in 2003, which, among other things, commits regional governments to devote 10% of their budgets to investments in agriculture. To address the issue, the G8 also launched an Alliance for Food Security and Nutrition in 2012.

Migration

Strong population growth and poor living conditions contribute to migration patterns. While Africa retains a comparatively low migration rate (i.e. the ratio of emigrants to the total population of the country of origin, or 2.5% for the sub-Saharan region in 2010), more and more Africans have left their home countries over recent decades. Contrary to North Africans, however, some 65% of sub-Saharan migrants go to other African countries – often neighbouring countries – largely due to a lack of financial or educational resources. This is the largest intra-continental movement of people in the world. Still, demand and supply of migrants from sub-Saharan Africa to advanced economies remain strong, favouring human trafficking networks and the related dangers. A significant part of emigrants leave their home country due to political instability or natural disasters, causing high volatility in each country's migration rates[18]. While pressures for Africans to emigrate towards high income countries will remain high in the foreseeable future, it will ultimately be the continent's own development processes, and in particular the expansion of job opportunities, that will determine the extent of migrations in the years to come.

Africans' growing connectedness

Part of the development and globalization processes that Africa south of the Sahara is currently experiencing reflects in the growing "connectedness" of Africans, both among themselves as well as towards the outside world. Opportunities for individual-to-individual interactions, citizen-state exchanges, regional-level networks and extra-African relationships have all been expanding. A recently-published global connectedness index, for example, points that sub-Saharan countries registered the largest increases in global connectedness, primarily driven by trade and information flows.[19]

According to a long-predominant narrative, after independence Africans were gradually 'abandoned' and isolated as a result of the deterioration of physical, political and administrative infra-

16 United Nations Economic Commission for Africa (UNECA), African Development Bank (AfDB), African Union Commission (AUC), United Nations Development Programme (UNDP), "Assessing progress in Africa toward the Millennium Development Goals. MDG Report 2013. Food security in Africa: Issues, challenges and lessons," 2013, pp. 101ff.

17 United Nations Convention to Combat Desertification, "Desertification. The invisible frontline," UNCCD, 2014

18 While the number of African migrants has been on the rise, the number of refugees declined substantially from the late 1990s, largely due to less frequent coups and violent conflicts (World Bank 2011, p.20). There is a more recent report (2013): still the same results?

19 Pankaj Ghemawat, Steven Altman, "DHL Global Connectedness Index 2012. Analyzing global flows and their power to increase prosperity," 2012, p. 37

structures as well as of their own conscious attempt to stay as far away as possible from the reach of weak but predatory states. Many farmers, for example, shifted their production from export cash crops to subsistence agriculture. Adding to these long-term domestic dynamics, during the post-Cold war 1990s sub-Saharan countries also faced a decline of interest on the part of advanced economies, as most evident in the decrease of international aid levels and in the relative disengagement of influential players such as France or the US. As expressed by *The Economist* in May 2000, the continent was perceived and famously portrayed as "hopeless."

But the seeds of a new trend had been sown already. The beginning of the economic revival, the urbanisation fostered by population growth, the introduction and diffusion of mobile and internet communication technologies, and the adoption of new, more inclusive and participatory politics (based on elections and political party activities as well as on the spread of the free media, particularly private radios, and civic associations) all favoured a multiplication of individual-level exchanges and interactions. Some governments also strived to begin functioning better, and their revitalized education policies (notably those aimed at granting universal primary education) or taxation efforts (as in some non-oil countries like Burkina Faso, Ethiopia, Rwanda, Tanzania and Uganda) helped re-connecting citizens and public apparatuses.[20]

The diffusion of mobile telephony, which happened unexpectedly fast, has come to play a largely unforeseen role. It allowed Africans to effectively leapfrog the prior development of landline networks, which had characterized advanced economies but had proved too expensive and problematic south of the Sahara, and opened an amazing range of new possibilities to many of them. The staggering progress of mobile phone penetration saw the regional average exceeding 59 subscriptions per 100 people in 2012, up from just 1 in 1999[21]. While countries such as Ethiopia or the Central African Republic retain lower rates of penetration (22-25 per 100 people), in much of rural Africa cell phones represented the very first opportunity for telecommunications. The impact has been huge. As Aker and Mbiti point out, "across urban–rural and rich–poor divides, mobile phones connect individuals to individuals, information, markets, and services. In Mali, residents of Timbuktu can call relatives living in the capital city of Bamako – or relatives in France. In Ghana, farmers in Tamale are able to send a text message to learn corn and tomato prices in Accra, over 400 kilometers away. In Niger, day laborers are able to call acquaintances in Benin to find out about job opportunities without making the US$40 trip."[22]

The penetration of the internet has been slower and more complex, but it nevertheless increased more than tenfold in the past decade, and, thanks to the expansion of mobile-broadband services and the related lowering of the costs of access, was expected to reach 16% at the end of 2013. Once again, the social and economic potential of digital connections in sectors such as health, education, banking, etc. in Africa is very high.[23] To better reap the benefits of a digital age, the government of Kenya, one of Africa's best connected countries, invested in the development of a submarine cable system to reduce the reliance of internet users on satellite links.

Economic growth with an expanding population also generated new resources and stronger in-

20 African Development Bank, OECD, UNDP, ECA, "African Economic Outlook 2010. Public resource mobilization and aid," OECD Publishing, Paris, 2010

21 World Development Indicators online database, April 2014

22 Jenny Aker, Isaac M. Mbiti, "Mobile Phones and Economic Development in Africa," Journal of Economic Perspectives, 24 (3), 2010, p. 207

23 McKinsey Global Institute, "Lions go digital: the internet's transformative potential in Africa," McKinsey & Company, 2013

centives for investments aimed at improving the continent's ailing infrastructures, not only the long-neglected road and railway networks, but also ports, airports or ICT. The African Union itself, in 2010, launched an ambitious region-wide Programme for Infrastructure Development in Africa. At the same time, Africa's Regional Economic Communities (RECs) were revived, from the East African Community to ECOWAS, with the aim of raising a historically low level of intra-African trade and pushing ahead with deeper economic integration projects, including the prospect of closer union among some RECs for establishing an African Free Trade Zone (AFTZ) stretching from Cape Town to Cairo by 2018.

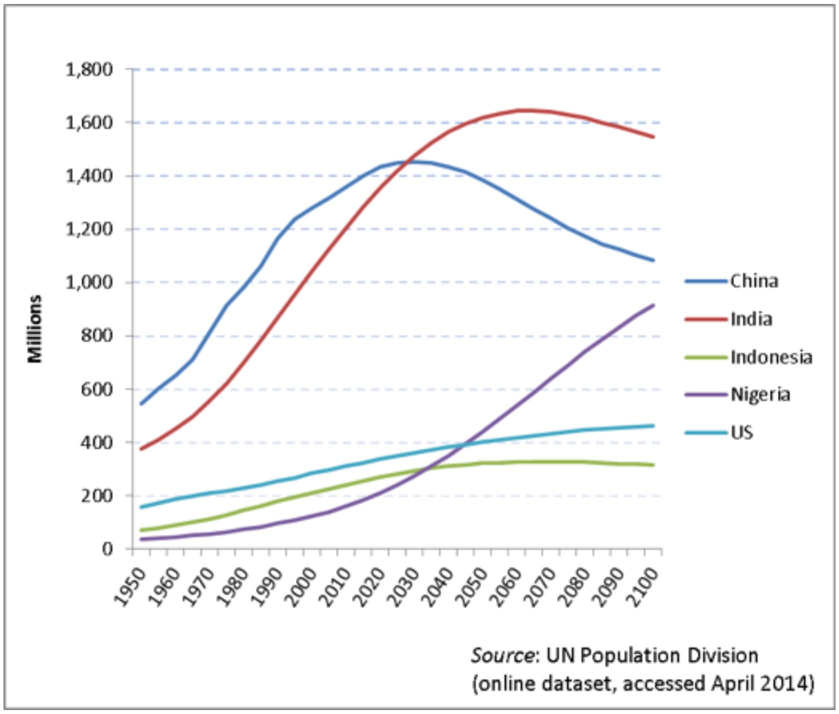
Finally, Africa saw an exponential surge of external interest in its mineral and agricultural resources and expanding domestic markets. This contributed to the rapid forging of new international economic and political relationships. While China's distinct return to the continent dates back to the mid-1990s, a range of advanced and emerging economies followed in more recent years, including the likes of India, Turkey, Brazil and the Arab states. Aid flows (including those from the US) surged and diversified, as did trade volumes and foreign direct investments. China, India, Turkey, Russia, France and the US led the way in revamping or expanding the coverage of their diplomatic missions and in establishing new forms of economic diplomacy, including the use of comprehensive conferences, such as the China-Africa Forum, in which they could work out and strengthen their partnerships with African counterparts.

The rise of Nigeria

Nigeria is fast emerging as Africa's rising power, challenging the leading role that South Africa had played in the region since the mid-1990s. A notoriously complex and fissiparous country, Nigeria remains plagued by self-reinforcing predicaments, ranging from widespread poverty and youth unemployment to vast corruption and chronic political instability, from religious extremism to violence. Yet Abuja has two key assets upon which to build its regional primacy, namely people and hydrocarbons.

Nigeria is currently home to 169 million inhabitants, far exceeding Ethiopia's second place (92 million) on the continent. While, as pointed out, countries such as Tanzania, Ethiopia or even Uganda are projected to feature massive populations of 200-270 million each by 2100, Nigeria will be the largest contributor not only to the region's but to the world's demographic increase, with almost a billion citizens. Overcoming Indonesia and the US between 2035 and 2045, it will become the third largest country in the world by population size, behind India (peaking in 2065) and China (the slowdown favoured by the one-child policy will lead to a population peak around 2030 and a subsequent contraction), but the only one of the three still on the rise at the end of the century (Figure 7). Tensions and challenges will inevitably derive from this trend. While Nigeria, for example, might one day have as many citizens as China, the latter's land area (9,596,000 sq.km) will remain ten times as large as that of the former (924,000 sq.km). The violent Boko Haram insurgency in the north points to some of the worst scenarios Nigeria might face when political, social and economic tensions are unscrupulously exploited.

Figure 7: Population projections (5 most populous countries), 1950-2100



The second, related drive behind Nigeria's rise is its economic expansion. Abuja's 7.4% average growth rate over the past decade reinforced and stabilized the country's performance and confirmed it as one of the continent's fastest growing economies. Oil and gas, as pointed out, loom large in all this. Yet there is increasingly more than resource wealth to the current trend. This has become even clearer since, in early 2014, the estimated size of the Nigerian GDP almost doubled to $510bn (2013), an 89% increase on previous estimates due to a technical process of "rebasing". Grounding the new assessment on 2010 as a more recent base year (previous appraisals used 1990) allowed not only a better measurement of the size of new industries (the telecoms sector makes up almost 25% of the overall increase, but also other industries such as banking and filmmaking contribute to the forward jump) and of manufacturing (which sees its share of GDP up from 2% to 7%), but also, more generally, the addition of small businesses, including informal shops. With oil and gas reduced to 14% of GDP, or half what they were thought to represent, "the new figures show that Nigeria is much more than just an oil enclave."[24]

Shooting ahead of South Africa by almost $150bn, Abuja thus adds an economically-leading role to its long-standing demographic predominance in the region. Pretoria does retain a much richer per capita income and the most modern economy on the continent, producing ten times more electric power for a population of less than a third.[25] But the recent estimates catapult Nigeria in a significantly higher position in international rankings, making it the world's 24th biggest economy, behind Poland and Norway and ahead of Belgium and Taiwan, well in line with the goal of becoming part of the 20 largest global economies set out by the government's *Nigeria Vision 20:2020* (National Planning Commission 2009). And the world is taking notice. The country entered Goldman Sachs' so-called "Next-11" group of emerging economies as well as Jim O'Neill's

24 The Economist, "Nigeria. Africa's new number one" and "Nigeria's GDP. Step change," 12 April 2014, pp.12 and 75

25 Africa Confidential, "Buying when there is bood on the streets," 55, 8, 18 April 2014, www.africa-confidential.com/article/id/5583/Buying_while_there_is_blood_on_the_streets

"MINT" markets (joining Mexico, Indonesia and Turkey). In 2012, economist Ngozi Okonjo-Iweala's (Nigeria's Minister of Finance) bid for the top job at the World Bank was openly backed by many influential independent voices, including the *Financial Times* and *The Economist*, a further if indirect recognition of the country's growing geo-economic relevance.

Conclusions

Sub-Saharan Africa is undergoing fast economic and social changes that will likely continue over the years to come. These processes are potential harbingers of crucial opportunities, but also raise several challenges of inescapable concern for the international community as well as for any actors specifically involved in the area.

The nexus between the region's massive demographic expansion and its recent, rapid economic growth is and will be crucial. In principle, the region might be able to take advantage of a "demographic dividend", i.e. the combination of a growing workforce with diminishing dependency ratios. But much of this will depend on Africans' actual capacity to transform what has so far largely been jobless growth into more inclusive growth. To the extent that economies on the continent will succeed, they will make emerging Africa an area of growing economic relevance, prosperity and stability. To the extent that they will not, pressures will become increasingly difficult to manage. External migration flows towards advanced economies, for example, may rise further, with all their related implications. Domestically, on the other hand, a fast-expanding unemployed youth would be more readily available for electoral mobilization and violence, as already occurred in such places as Ivory Coast or Liberia. The demographic, economic and political trajectory of Nigeria – which has become an economic powerhouse on the continent and is bound to become the third most populous country in the world around 2035-2045 – will have increasing repercussions for the surrounding region.

Economic expansion also led Africa towards closer economic, political and diplomatic ties with a growing number of external actors. Such relationships represent new opportunities – as they increase the alternatives available to, and thus the potential autonomy of, Africa's own fragile governments – but they also constitute new interests at play on the continent, many of them competing for resources in the area (minerals and land, in particular) and directly interested at interfering with Africa's governments. Land, for example, has increasingly been the object of disputes between local populations and foreign interests. Islamic extremism in the Sahel and in northern Nigeria, on the other hand, spurred the response of Western powers that are keen to promote stability in areas of increasing relevance.

Finally, economic growth will likely have crucial political implications. To the extent that new wealth is created and available, African states will have more fiscal resources that will help them reduce their chronic fragility. This, in turn, may favour a more complete stabilization of the region. We also know from global evidence that higher levels of development – with populations that are better educated and increasingly able to satisfy their primary needs – will likely foster further democratic progress. In the process, however, African countries will need to be able to govern the many transformations they are undergoing – demographic expansion, rapid urbanization, expansion of education, agrarian adjustment, enlargement of services and manufacturing, etc. – in such a way that such deep changes and transitions do not overly translate into social tensions and political instability.