THE POST-2015 DEVELOPMENT AGENDA: WHAT ARE THE PRIORITIES FOR AFRICA?

Haroon Bhorat, Nonresident Senior Fellow, Africa Growth Initiative

As 2015 and the conclusion of the Millennium Development Goals (MDGs) draws near, attention has increasingly turned within the United Nations to the post-2015 development agenda. In particular, a High-Level Panel of Eminent Persons (HLP) was recently convened to advise on the global development framework beyond 2015 and construct the next development agenda. The panel was co-chaired by President Susilo Bambang Yudhoyono of Indonesia, President Ellen Johnson Sirleaf of Liberia and Prime Minister David Cameron of the United Kingdom. The panel included leaders from civil society, the private sector and government.

Through its report, *A New Global Partnership: Eradicate Poverty and Transform Economies Through Sustainable Development,* delivered to U.N. Secretary-General Ban Ki-moon in May 2013,[1] the HLP argues for a series of "transformative shifts,"[2] which are viewed as essential to the post-2015 development agenda.

The elements of the HLP report provide the basis for thinking more carefully around the key post-2015 areas of economic and social policies for African governments. In reflecting on some of the main contributions, suggestions and criticisms of the HLP report, a range of important topics and existing gaps have emerged for future policy-relevant research in Africa. For African development, moving forward in 2014 and beyond includes reflection on some of these major themes as well as an elaboration on how African countries and the world plan to address the next set of goals.

The Priority

Accordingly, the key priorities for the year ahead are the transformative shifts that must: underpin the new agenda; drive the illustrative goals and related national targets; cover themes of inclusive and sustainable growth, job creation, strategic development finance and cooperation; and

[1] The report, including the background papers to the final report can be downloaded at http://www.post2015hlp.org/the-report/

[2] The five transformative shifts in the report are: 1. Leave no one behind; 2. Put sustainable development at the core; 3. Transform economies for jobs and inclusive growth; 4. Build peace and effective, open and accountable institutions; 5. Forge a new global partnership.

strengthen good governance. These focus areas should be at the top of the list for African countries in preparation for the post-2015 agenda.

When it comes to growth, the panel identifies one particular priority for the post-2015 agenda: merging the economic growth and sustainable development agendas. According to the HLP, not only should economic growth focus on generating jobs, but it should also place "sustainable development at the core." In this way, the notion that sustainability and economic growth in the African context are complements in the growth process is in part a future challenge to source innovative and cheap technologies in order to achieve both efficiency in resource use and economic development. The pressure on the environment—not of any less concern in sub-Saharan Africa than in other regions of the world—renders this linkage between poverty reduction and sustainable development crucial to pursue.

In addition, an important part of the goal to enhance economic growth is its job creation component. Some of the fastest growing economies at present are African, including Mozambique, Angola and Ethiopia, but it remains an open question whether this growth can and will be sustained and translated into an expansion of the jobs market. Growth has been concentrated in a few sectors and many of these sectors have not seen an increase in jobs, which could be the result of increasing mechanization and demand for more highly-skilled labor. Yet, an enabling environment is critical to job creation.

Why Is It Important?

Global population projections show that the working-age population is projected to be 600 million larger in 2030 relative to 2015, representing a 20 percent increase. Despite this rapid growth, it is important to note that a larger expansion (of 1 billion individuals) in the working-age population was witnessed for the earlier 1995-2010 period. Crucially, however, the data also reveal that the most prominent jobs challenge for the next 15 years is to be faced by sub-Saharan Africa. Specifically, the net addition to the working-age population for sub-Saharan Africa will reach 21 million per year by 2030 as the number of entrants grows much faster than the number of exits.

Among other regions, Africa is unique in that it is facing a demographic dividend. As the HLP notes, the rapid growth of the continent's youth labor force brings an especially difficult challenge—preventing unemployment for these millions of young Africans: "As more young people enter the work force…..Africa is set to experience (a) 'demographic dividend'…... But young people in Africa, and around the world, will need jobs—jobs with security and fair pay—so they can build their lives and prepare for the future" (U.N. High-Level Panel of Eminent Persons on the Post-2015 Development Agenda 2013).

The African youth labor force (ages 15-24) is currently reaching a peak in many countries that have had rapid fertility decline. While these youth populations are large, these populations have stopped growing in many countries with annual growth rates having fallen from peaks of around 4 percent in the 1970s to roughly 0 today. In Africa, youth labor force growth rates will remain close to 2 percent for several decades. This relatively high growth in the youth labor force in Africa reinforces the urgency of creating country-level growth paths that are job generating.

In terms of strategic development finance and cooperation, the panel points strongly to the excess levels of global savings currently in the global economy, which is set to reach about $18 trillion in 2013. The most important source of long-term finance will therefore be private capital coming from major pension and mutual funds, sovereign wealth funds, private corporations and other investors, including those in middle-income countries where most of the world's new savings will emanate from by 2030. African countries need to be cognizant of these trends in global finance.

A final major concern focuses on the strengthening of good—and more importantly effective—governance. A number of African countries are plagued with financial mismanagement. Governance has a serious impact on a country's budget and has implications for where funds are channeled as well as how those funds are spent. In a number of countries, there is often a large budget that is not well spent, and a sizeable proportion is returned to the fiscus due to mismanagement of funds. Governance therefore requires careful monitoring, evaluation and guidance, while the approach followed must take account of the particular country context.

What Should Be Done in 2014

The development community has been trying to address the aforementioned and many other obstacles to growth for decades with varied results. So, looking ahead, the panel calls for a new global partnership incorporating governments, civil society and the private sector to think *collectively* and *differently* about ending poverty (U.N. High-Level Panel of Eminent Persons on the Post-2015 Development Agenda 2013). In order to address unemployment, enhance sustainable development and tackle social development challenges, the HLP's call for a global partnership is unique.

As noted above, another key challenge for African governments will be their ability to optimally mobilize foreign private savings in a manner that funds local economic development initiatives. Particularly for those fast-growing African economies such as Angola, Mozambique, Ethiopia, Ghana and so on, there is a unique window of opportunity—as African optimism is at an all-time high in global markets—to access these foreign capital markets around the world. Emerging market capital in particular, with an appetite for slightly higher risk premiums, should be targeted by African governments seeking to pursue an investment-led growth path. As explored in more detail elsewhere in *Foresight Africa 2014*, more proactive engagement between African governments and African firms with emerging market financial institutions is essential in unlocking nontraditional portals of finance for economic growth and development.

The notion that other sustainable development decisions, ideas and actions should be incorporated into one worldwide agenda is embedded within the notion of a global partnership. As a subset of this notion, the HLP argues for the continuation of external funding to developing countries with aid targets and goals to remain intact. Within the African context, this is crucial given that the majority of recipients within the ODA and development finance space are low-income economies or those countries classified as "fragile states."

In addition to approaching development from a global partnership perspective, the HLP recognizes and puts particular emphasis on the fact that the complex obstacles countries face vary from those of their neighbors. Thus, in terms of an inclusive economic growth agenda, discussions within the post-2015 milieu have argued that economic growth challenges, constraints and opportunities differ by country depending on initial conditions. Within the continent, the pursuit of an inclusive economic growth agenda could involve a contrasting set of interventions, ranging, for example, from a more optimal industrial policy agenda to productivity-enhancing measures in agriculture or even the pursuit of a modern service sector. However, the fundamentals—in the form of an adequate supply of skilled workers, support for small firms, the capacity to innovate, investment in research and development, a well-developed infrastructure and so on—must underpin an African agenda for inclusive and sustainable economic growth.

Finally, Africa needs to capitalize on its demographic dividend. Policies for creating jobs and inclusive and sustainable growth must be a part of the economic agenda in Africa. If Africa can properly mobilize its young workforce, it can also enjoy the benefits of its new mass consumer market potentially consuming goods and services at scale. This consumer market should be concentrated in those fast-growing and large-population economies such as Nigeria, Kenya and Ethiopia, but this opportunity is partly African and partly global. The challenge, however, remains the ability of these various economies to generate a growth and development path that is sufficiently job creating. Put differently, the rise of the mass consumer market in Africa over the next 15 years is conditional on the ability of governments to generate a sufficient quantum of job opportunities for these individuals.

References

U.N. High-Level Panel of Eminent Persons on the post-2015 Development Agenda. (2013). *A New Global Partnership: Eradicate Poverty and Transform Economies through Sustainable Development.* Report to U.N. Secretary-General Ban Ki-Moon.