

Will the Economies Catch Up with each other?

No country or region stays on top forever

History and economic theory suggest that sooner or later economies will catch up.

But this will depend on the decisions and actions taken by the economies.

Catching up depends on the reduction of income gaps between developing and developed countries. The poor need to move to less poor to middle income and eventually to being rich status.

For Africa this is the trickier part: Getting Africa to move from being a continent with prevalent poverty and inequality to a rich content whose citizens enjoy a high quality of life.

Can Africa manage it? Yes.

The demographic structure of Africa is a huge potential and an opportunity

Whereas the population of other regions is aging, Africa is a youthful continent. The median age in Africa is 19.5 years and 70% of the population is under the age of 30.

Currently 16% (1.2bn people) of the world population is in Africa. This is projected to rise to 26% (2.5bn people) and 40% (4.4bn people) in 2050 and 2100 respectively. This is a huge resource that in fact makes Africa the single most important region for the world as we move into the future.

To raise the per capita income of Africa to converge with the rich economies, we need the following:

Africa needs to speedily adopt world class technology and know-how that made the West rich.

The West needs to support Africa to advance in technology to make her industries compete effectively in the global market.

Africa needs to move from low skilled labour intensive sectors, to highly efficient manufacturing industries.

The developed economies can do this by setting up more manufacturing bases in Africa and partnering with the African business community to *bring them into global supply chains. Employers through Business Africa would be happy to support this kind of efforts.*

Africa needs to embrace productivity improvement Agenda

Africa can catch up with the developed economies once she embraces productivity improvement in mindset and initiatives.

Producing quality products with fewer resources has proven that even a small country can become a giant economic power. That is how Britain, Japan and South Korea for example have managed to become economic giants.

If Africa, with her vast natural resources and 1.2 billion people, adopted a productivity improvement mindset and implemented initiatives that spur productivity, then nothing can stop her from catching up with the developed world.

The initiatives to improve productivity should touch on education and skills development in Africa.

Education and training need to be relevant and dynamic to help Africa adapt to the present and future needs of market. Jobs continue to be created and displaced at a fast rate.

Africa needs to provide a stable and friendlier Business Environment

Africa needs to be able to attract more investments. In addition it needs to support business growth and transition from informal economy to formal businesses.

Africa is blessed with an entrepreneurial spirit and especially among the youth who are keen on innovation. I know we all think of the great innovations in the west like FaceBook and the rest, but in Africa we also have cutting edge innovation. Mobile money transfer platforms like *mpesa* is an example. It is a revolution in the world's financial system and is driving trade across the continent.

The developed world should be at the fore front in supporting business membership organizations like BUSINESSAfrica that advocate for improvement of Africa's Business environment.

Deepening infrastructural development for better connectivity

Roads, railways and ports are essential to Africa's growth. I must say of recent China has done a commendable job in supporting the development of Africa's road and railway infrastructure. We need the West to come out strongly and invest in the development and modernization of Africa's infrastructure including reliable broadband and mobile coverage and energy.

Africa needs to maintain stable political environment

Africa is wrongly perceived as an insecure continent. This perception needs to change as insecurity is now a global issue.

African governments together with the international community are working hard to ensure that there is continued peace, stability and safety in Africa and to address root causes of some of the conflicts.

Africa's leaders should increasingly embrace values that will ensure the well being of societies and communities in Africa is improved.

In dealing with Africa, the developed world has to understand that there will be differences in opinions and approaches. For example, the value system of the West and that of Africa are different. We should strive to embrace values that lead to the common good of both Africa and the developed world to help Africa accelerate her growth to catch up with the developed world.

Thank you all.

Jacqueline Mugo (Mrs.) MBS

Executive Director & CEO Federation of Kenya Employers; and
Secretary General Business Africa