Africa's digital revolution can unlock inclusive growth, job creation

Growth in Sub-Saharan Africa has been downgraded to 2.3% for 2018, down from 2.5% in 2017, according to the April 2019 issue of Africa's Pulse, the World Bank's bi-annual analysis of the state of African economies released this week.

Image source: Gallo/Getty.

Economic growth remains below population growth for the fourth consecutive year, and although regional growth is expected to rebound to 2.8% in 2019, it will have remained below 3% since 2015. This issue of Africa's *Pulse* also looks at how fragility is holding back sub-Saharan Africa, and how the digital economy can help the continent move forward.

"The digital transformation can increase growth by nearly two percentage points per year and reduce poverty by nearly one percentage point per year in sub-Saharan Africa alone. This is a game-changer for Africa," said Albert Zeufack, World Bank chief economist for Africa.

The slower-than-expected overall growth reflects ongoing global uncertainty, but increasingly comes from domestic macroeconomic instability including poorly managed debt, inflation, and deficits; political and regulatory uncertainty; and fragility that are having visible negative impacts on some African economies. It also belies stronger performance in several smaller economies that continue to grow steadily.

In Nigeria, growth reached 1.9 percent in 2018, up from 0.8 percent in 2017, reflecting a modest pick-up in the non-oil economy. South Africa came out of recession in the third quarter of 2018, but growth was subdued at 0.8 percent over the year, as policy uncertainty held back investment. Angola, the region's third largest economy, remained in recession, with growth falling sharply as oil production stayed weak.

Growth picked up in some resource-intensive-countries like the Democratic Republic of Congo and Niger, as stronger mining production and commodity prices boosted activity alongside a rebound in agricultural production and public investment in infrastructure. In others, like Liberia and Zambia, growth was subdued, as high inflation and elevated debt levels continued to weigh on investor sentiment.

In the Central African Economic and Monetary Community, a fragile recovery continued as reform efforts to reduce fiscal and external imbalances slowed in some countries. Non-resource-intensive economies such as Kenya, Rwanda, Uganda, and several in the West African Economic and Monetary Union, including Benin and Côte d'Ivoire recorded solid economic growth in 2018.

Africa's *Pulse* also found that fragility in a handful of countries is costing sub-Saharan Africa over half a percentage point of growth per year. This adds up to 2.6 percentage points over five years.

"The drivers of fragility have evolved over time, and so too must the solutions," said Cesar Calderon, lead economist and lead author of the report. "Countries have a real opportunity to move from fragility to opportunity by cooperating across borders to tackle instability, violence, and climate change."