



AFRICAN DEVELOPMENT
BANK GROUP

2015 AFRICA PROSPERITY SUMMIT: Promoting Wealth and Wellbeing

Panel Discussion: Who Are The Drivers of African Prosperity?

African middle class, their values and characteristics

*A Presentation By
Christian Kingombe
Chief Regional Integration Officer
African Development Bank Group
NEPAD, Regional Integration and Trade Department
NEPAD, Regional Infrastructure Division (ONRI.1)*

20 May 2015





AFRICAN DEVELOPMENT
BANK GROUP

Outline:

- **Introduction**
- **THE DEFINITION OF THE MIDDLE CLASS**
- **NON-MONETARY CHARACTERISTICS OF THE MIDDLE CLASS**
- **Conclusion**



AFRICAN DEVELOPMENT
BANK GROUP

Introduction: How a Rising Middle Class Would Drive Prosperity in Africa

- The Middle class' number has increased sharply in recent years
- Due to fast pace of economic growth
- The link between the middle class and prosperity also extends to
 - Values and
 - Attitudesthat may drive socio-economic change.
- Experience shows that the middle class demand from their governments'
 - greater accountability and transparency
 - Better education,
 - Stable employment,
 - Good access to Media and Communication,
 - A more business-friendly environment,
 - To live in decent houses in an urban area.
- Africa's middle class could play a vital role in shaping the continent's future prosperity through its contribution to
 - Democracy
 - Entrepreneurship
 - Human capital & savings



The Definition of the Middle Class

We identify two schools of thoughts that define the middle class (M.C.).

1. The 'Absolute income (or consumption)' approach:

- AfDB(2011) defines as M.C. the population that lives with >US\$2 per day:
 - Floating class: US\$2-US\$4;
 - Lower middle class: US\$4-US\$10;
 - Stable Middle class: US\$4-US\$20.
- Freemantle (2014) defines M.C. as Households (HH) consuming US\$23-US\$115 .

2. The 'Relative Income (or consumption)' approach:

- Easterly (2001) defines M.C. as those bt 20th and 80th percentile on C-distribution.
- Birdsall et al.(2000) those with pc inc bt 75 and 125% of median HH pc inc.

3. Alternative Approaches:

- Look at non-monetary variables to define the M.C.



AFRICAN DEVELOPMENT
BANK GROUP

The Definition of the Middle Class (con'd)

Approach

- Identify the M.C. using a Monetary Approach
- Look at its own non-monetary characteristics & sets of values
- Use data from Gallup World Poll to create quintiles on basis of HH daily inc

Identification conditions

- In the Quintiles that id the M.C. the % of people living with <US\$2 per day <20%
- We exclude the 5th Quintile & 'floating middle classes': US\$2-US\$4.
- Our M.C. corresponds to the AfDB's 'stable middle classes': US\$4-US\$20.

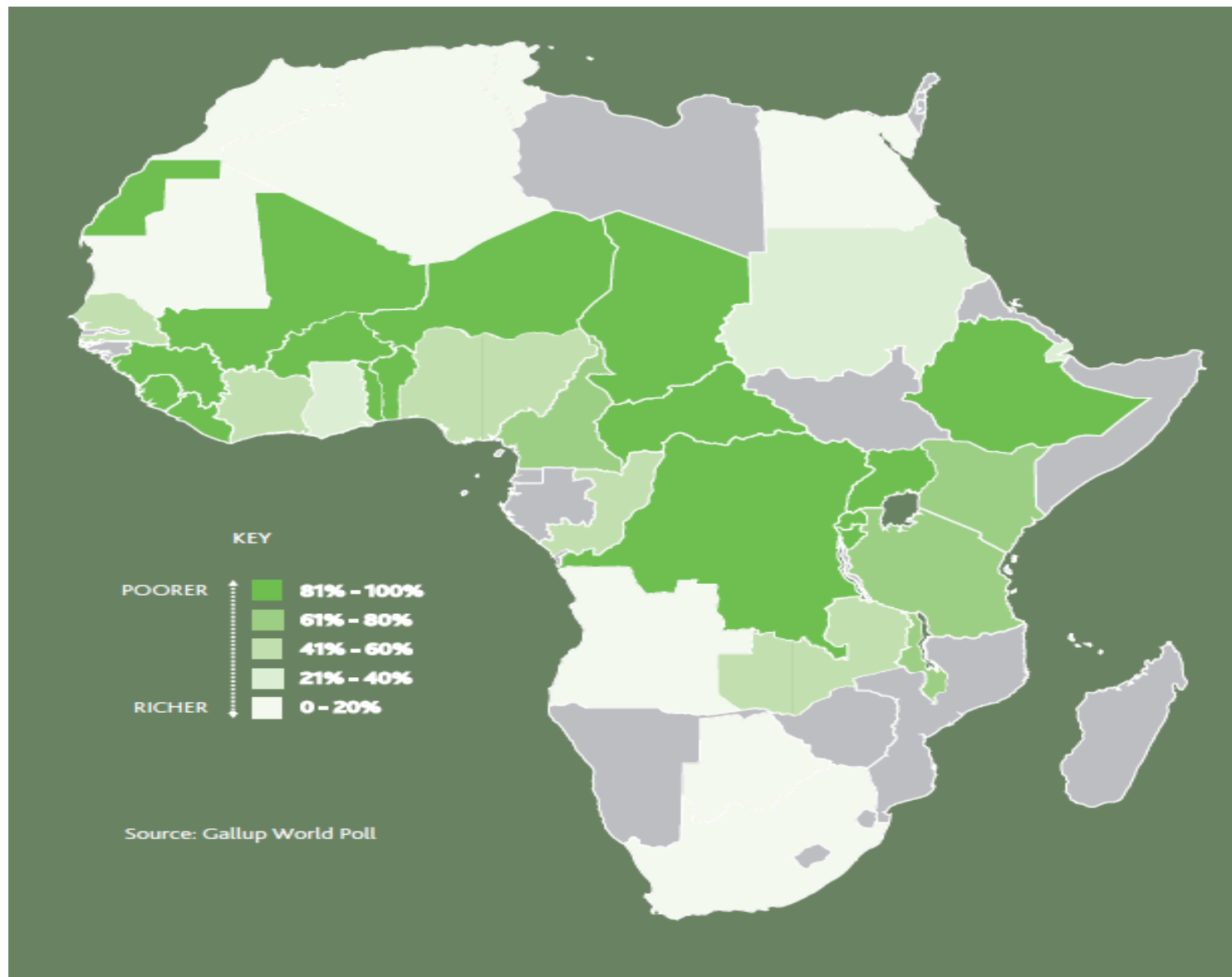
Sample of Six Countries respecting selection rules

- Ranked 1. Botswana (Q4 2013); 2. RSA (Q4 2013); 3. Morocco (Q4 2013);
- Ranked 5. Tunisia (Q3 and Q4 in 2013);
- Ranked 6. Algeria (M.C. def as Q3 and Q4 in 2012);
- **Ranked 26. Mauritania (Q4 2013).**



AFRICAN DEVELOPMENT
BANK GROUP

HEAT MAP: % OF PEOPLE WHO LIVE WITH LESS THAN \$2USD PER DAY IN THE FOURTH INCOME QUINTILE



RANKINGS

BOTSWANA	1
SOUTH AFRICA	2
MOROCCO	3
NAMIBIA	4
TUNISIA	5
ALGERIA	6
GHANA	7
RWANDA	8
BURKINA FASO	9
SENEGAL	10
BENIN	11
ZAMBIA	12
KENYA	13
UGANDA	14
MALI	15
NIGER	16
CAMEROON	17
EGYPT, ARAB REP.	18
TANZANIA	19
MALAWI	20
MOZAMBIQUE	21

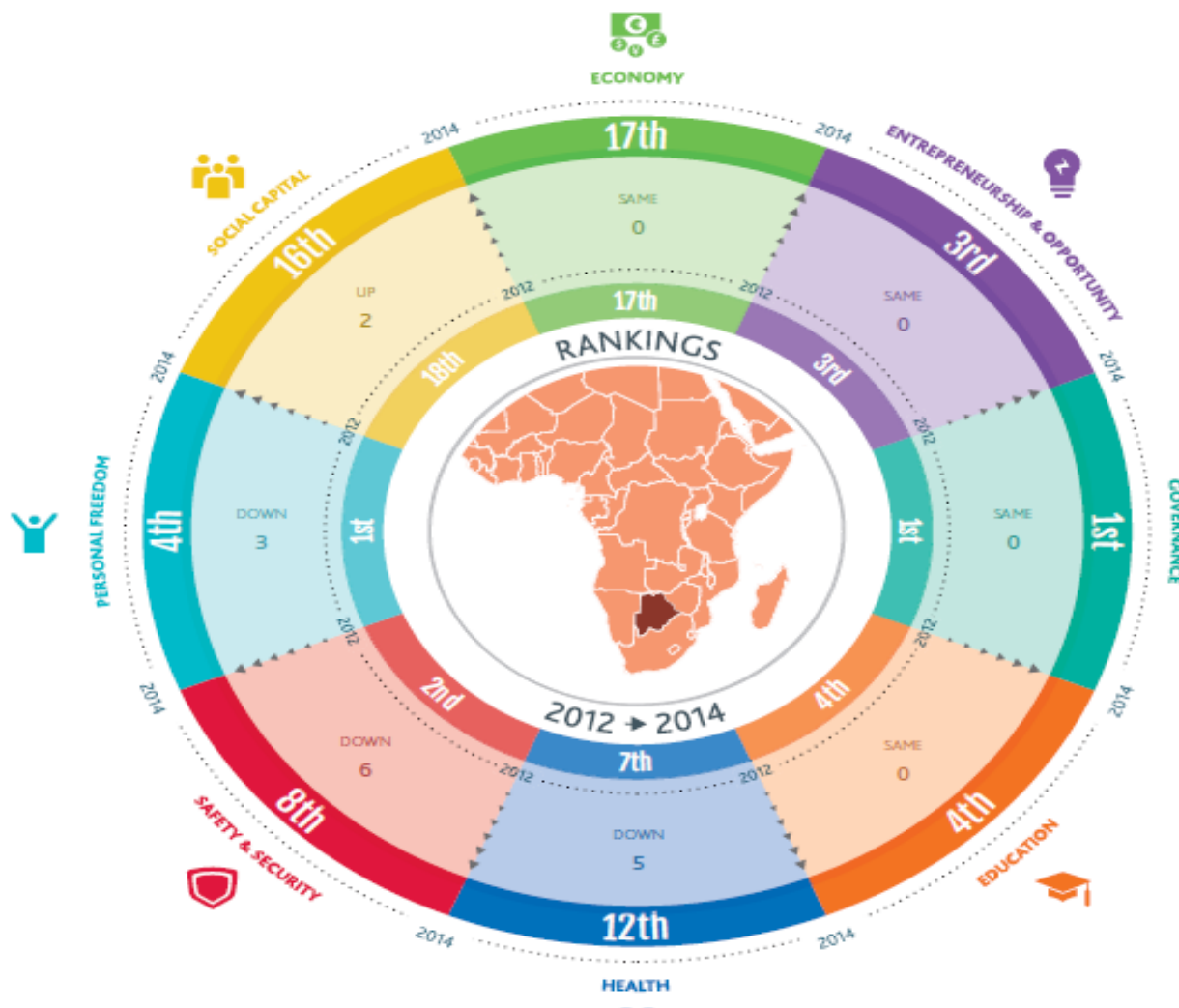
TOTAL COUNTRIES RANKED: 38

OVERVIEW

The majority of data and analysis within the Africa Prosperity Report is taken from the Legatum Prosperity Index™, a unique and robust assessment of global wealth and wellbeing for 142 countries.

The Index is comprised of 89 individual indicators divided into eight distinct categories. The ranks of the 38 African countries included in the Africa report are calculated using the same methodology as the global report.

Botswana ranks 1st in Africa in the 2014 Africa Report, having kept its place since 2012.





1st - BOTSWANA
2ND - SOUTH AFRICA
3RD - MOROCCO



RANKINGS

▲	BOTSWANA	1
	SOUTH AFRICA	2
	MOROCCO	3
	NAMIBIA	4
	TUNISIA	5
	ALGERIA	6
	GHANA	7
	RWANDA	8
	BURKINA FASO	9
	SENEGAL	10
	BENIN	11
	ZAMBIA	12
	KENYA	13
	UGANDA	14
	MALI	15
	NIGER	16
	CAMEROON	17
	EGYPT, ARAB REP.	18
	TANZANIA	19
	MALAWI	20
▼	MOZAMBIQUE	21

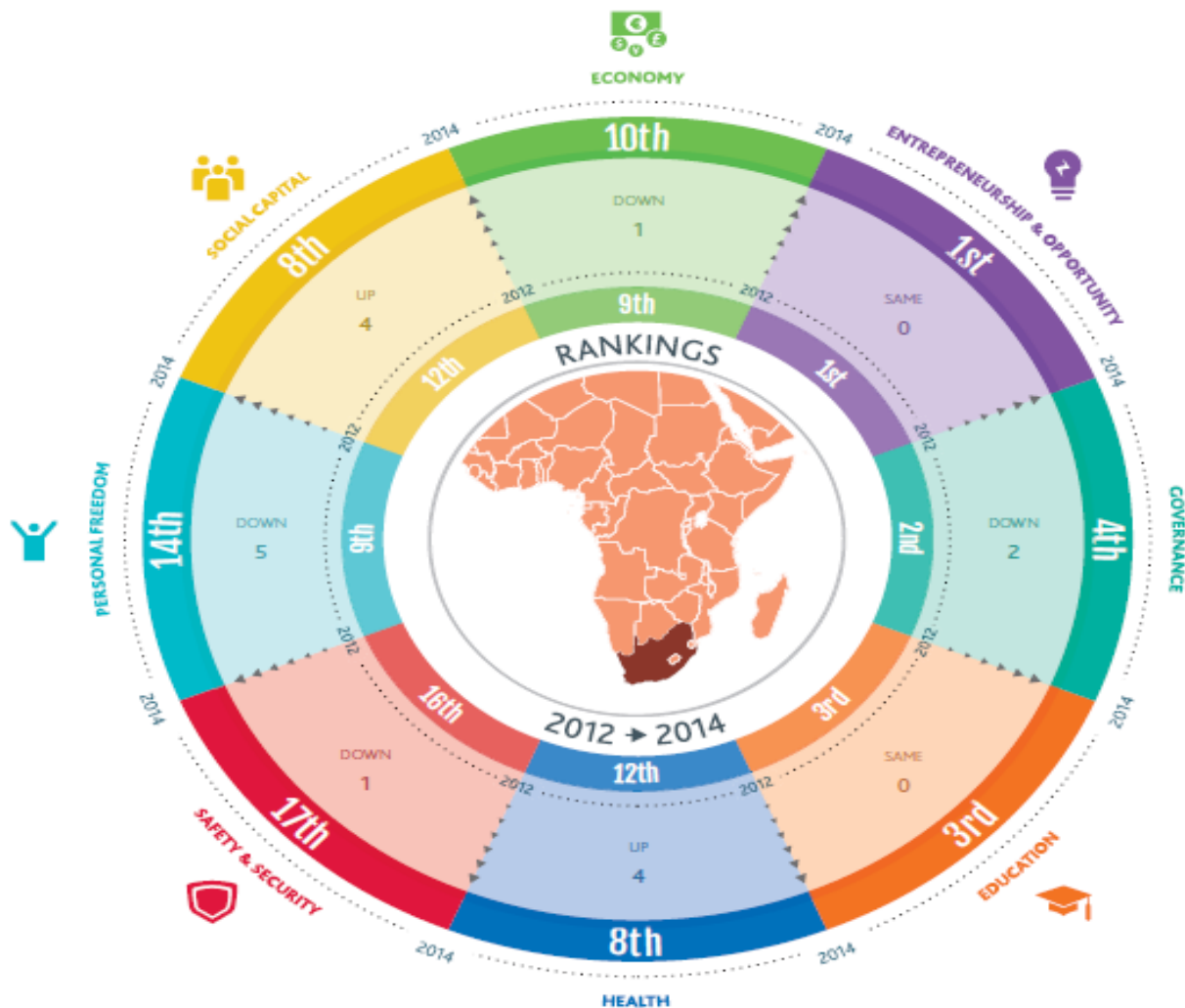
TOTAL COUNTRIES RANKED: 38

OVERVIEW

The majority of data and analysis within the Africa Prosperity Report is taken from the Legatum Prosperity Index™, a unique and robust assessment of global wealth and wellbeing for 142 countries.

The Index is comprised of 89 individual indicators divided into eight distinct categories. The ranks of the 38 African countries included in the Africa report are calculated using the same methodology as the global report.

South Africa ranks 2nd in Africa in the 2014 Africa Report, having risen one place since 2012.



RANKINGS

▲	BOTSWANA	1
...	SOUTH AFRICA	2
▼	MOROCCO	3
...	NAMIBIA	4
...	TUNISIA	5
...	ALGERIA	6
...	GHANA	7
...	RWANDA	8
...	BURKINA FASO	9
...	SENEGAL	10
...	BENIN	11
...	ZAMBIA	12
...	KENYA	13
...	UGANDA	14
...	MALI	15
...	NIGER	16
...	CAMEROON	17
...	EGYPT, ARAB REP.	18
...	TANZANIA	19
...	MALAWI	20
▼	MOZAMBIQUE	21

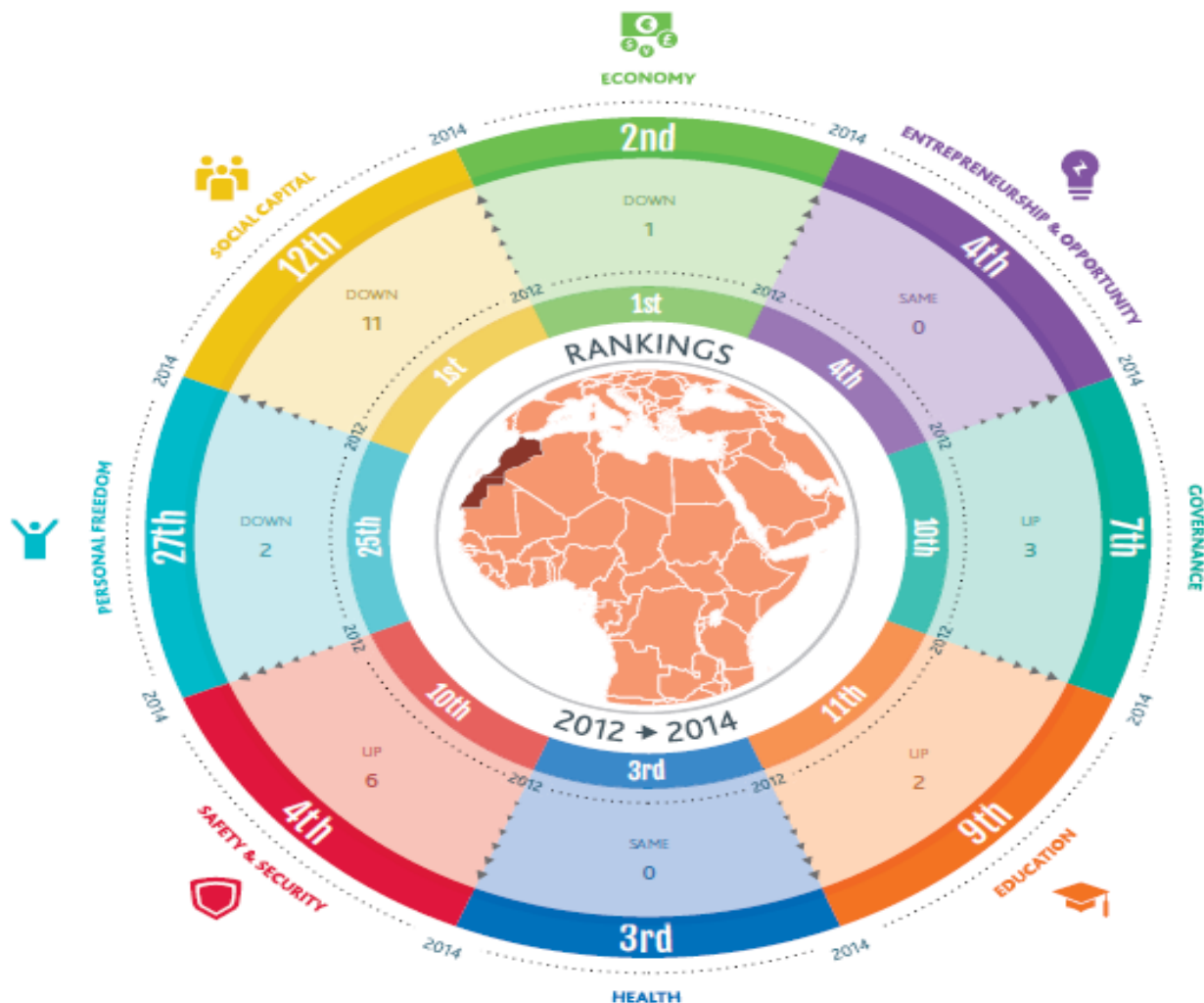
TOTAL COUNTRIES RANKED: 38

OVERVIEW

The majority of data and analysis within the Africa Prosperity Report is taken from the Legatum Prosperity Index™, a unique and robust assessment of global wealth and wellbeing for 142 countries.

The Index is comprised of 89 individual indicators divided into eight distinct categories. The ranks of the 38 African countries included in the Africa report are calculated using the same methodology as the global report.

Morocco ranks 3rd in Africa in the 2014 Africa Report, having fallen one place since 2012.



RANKINGS

▲	BOTSWANA	1
	SOUTH AFRICA	2
	MOROCCO	3
	NAMIBIA	4
	TUNISIA	5
	ALGERIA	6
	GHANA	7
	RWANDA	8
	BURKINA FASO	9
	SENEGAL	10
	BENIN	11
	ZAMBIA	12
	KENYA	13
	UGANDA	14
	MALI	15
	NIGER	16
	CAMEROON	17
	EGYPT, ARAB REP.	18
	TANZANIA	19
	MALAWI	20
▼	MOZAMBIQUE	21

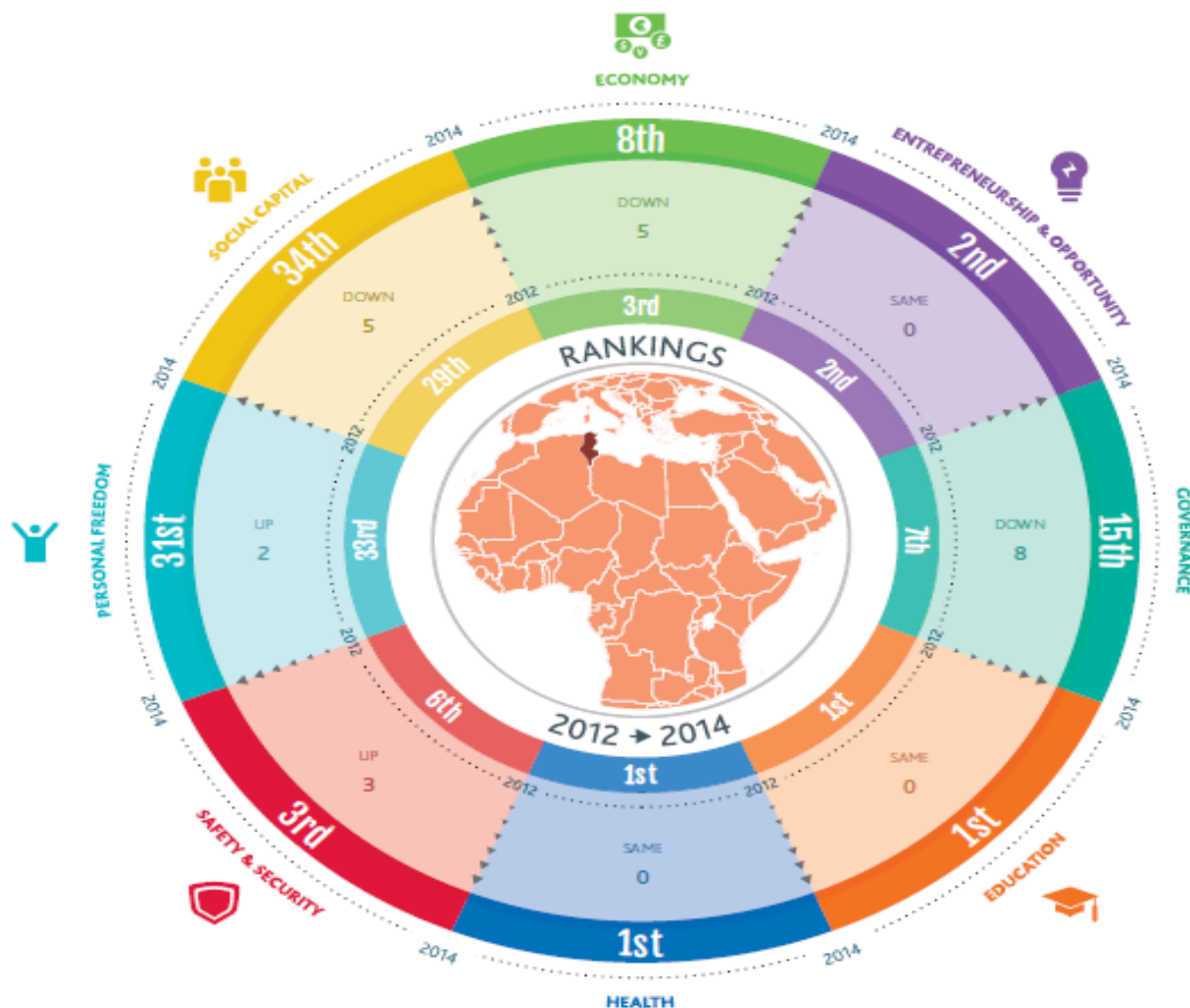
TOTAL COUNTRIES RANKED: 38

OVERVIEW

The majority of data and analysis within the Africa Prosperity Report is taken from the Legatum Prosperity Index™, a unique and robust assessment of global wealth and wellbeing for 142 countries.

The Index is comprised of 89 individual indicators divided into eight distinct categories. The ranks of the 38 African countries included in the Africa report are calculated using the same methodology as the global report.

Tunisia ranks 5th in Africa in the 2014 Africa Report, having fallen one place since 2014.





5th - TUNISIA
6th - **ALGERIA**
7th - GHANA



RANKINGS

▲	BOTSWANA	1
	SOUTH AFRICA	2
	MOROCCO	3
	NAMIBIA	4
	TUNISIA	5
	ALGERIA	6
	GHANA	7
	RWANDA	8
	BURKINA FASO	9
	SENEGAL	10
	BENIN	11
	ZAMBIA	12
	KENYA	13
	UGANDA	14
	MALI	15
	NIGER	16
	CAMEROON	17
	EGYPT, ARAB REP.	18
	TANZANIA	19
	MALAWI	20
▼	MOZAMBIQUE	21

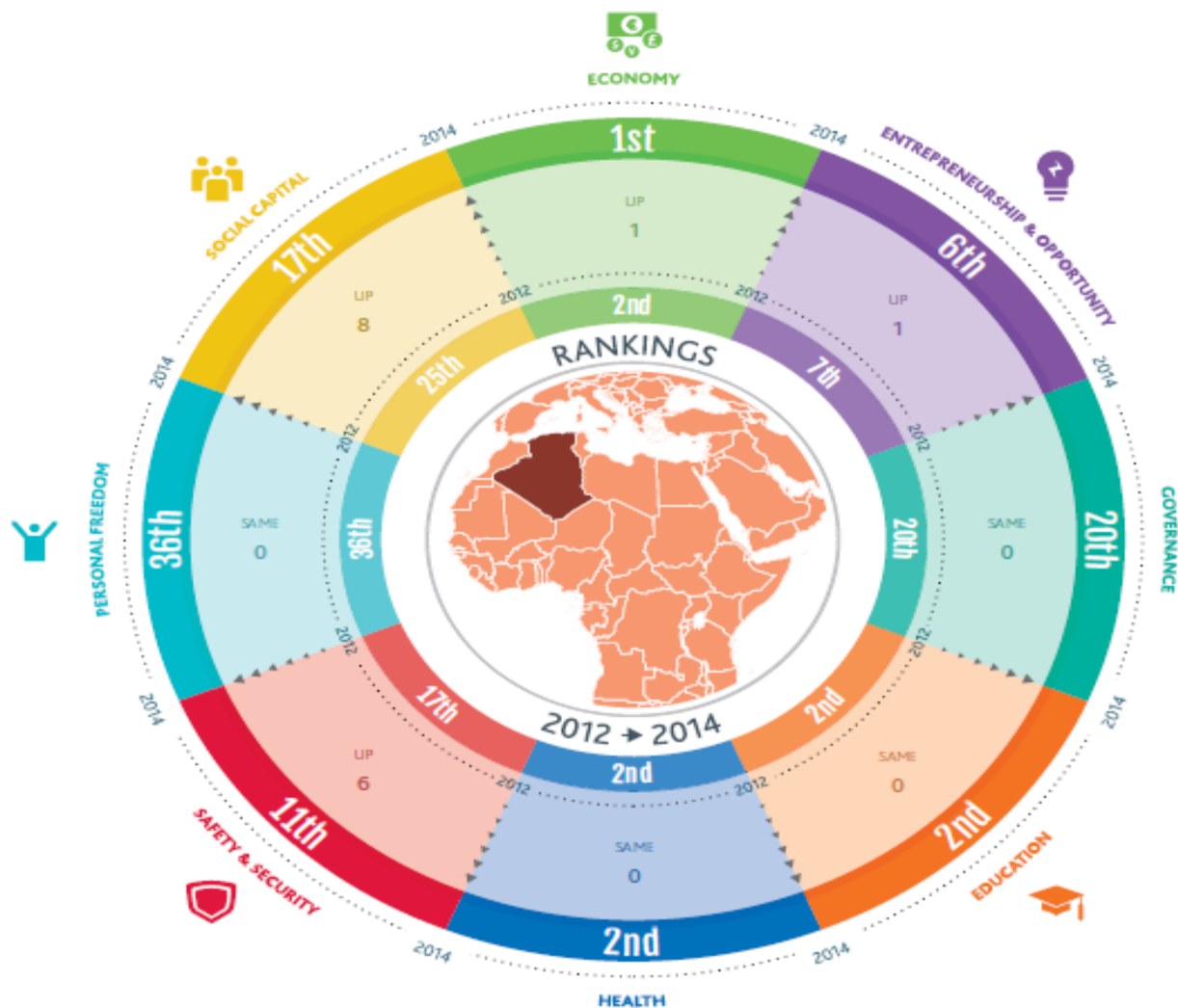
TOTAL COUNTRIES RANKED: 38

OVERVIEW

The majority of data and analysis within the Africa Prosperity Report is taken from the Legatum Prosperity Index™, a unique and robust assessment of global wealth and wellbeing for 142 countries.

The Index is comprised of 89 individual indicators divided into eight distinct categories. The ranks of the 38 African countries included in the Africa report are calculated using the same methodology as the global report.

Algeria ranks 6th in Africa in the 2014 Africa Report, having risen by one place since 2012.





AFRICAN DEVELOPMENT
BANK GROUP

Non-Monetary Characteristics of the Middle Class

- **Approach to unveil the non-monetary characteristics of the M.C.**
- We compare the M.C. responses (i.e. Q3 / Q4 s.t. RMC) to those of Q1
- Sample in each Q(i) is relative small (around 300 people)
- We only consider significant differences that are $> 10\%$.
- **The same methodology is applied to the set of values that theoretically differentiate the M.C. from the poorest part of the population.**



AFRICAN DEVELOPMENT
BANK GROUP

Results from Regressions based upon Gallup Dataset (Non-Monetary Variables)

- **Education** – M.C. has a higher share with secondary education than the Q1 & Q2 in Algeria, Botswana, Mauritania, and Tunisia.
- **Employment Status** – M.C. in Botswana, South Africa and Tunisia is more likely to be ‘full-time employed for an employer’ than Q1
- A difference when it comes to ‘unemployment’ – which is higher for the poorest in Algeria and Tunisia) and ‘being out of the workforce’ – in Botswana and South Africa).
- **Access to Media** – while mobile phones are widespread across all the income classes (the difference between the M.C. & Q1 is significant only in RSA),
- having a TV & access to internet is more common in the M.C.
- **Housing** – M.C. has higher probability of living in urban than rural areas (the difference is significant in Mauritania and Tunisia);
- M.C. has more money to provide housing for the family (Algeria, Botswana, Mauritania, and South Africa).



AFRICAN DEVELOPMENT
BANK GROUP

Results from Regressions based upon Gallup Dataset (Set of Values)

Satisfaction with:

- **Education System** – M.C. is more satisfied than Q1 in Algeria (also think that children learn at school) & RSA
- **Living Standards** – Pos corr bt 'satisfaction of SoL & HH's wealth in Algeria; Mauritania; Morocco and Tunisia
- **Governance** – Confidence in the honesty of elections higher in M.C. than Q1 in Tunisia;
- Satisfaction with freedom of choice higher in M.C. in Algeria, Morocco & RSA;
- M.C. in ALG; MAU & MOR perceives that there is higher media freedom than Q1
- **Perception of the Job & Business Environment** – M.C. is more optimistic about perceptions of job availability than Q1 in ALG; MAU; RSA.
- In MOR & MAU clear distinction bt M.C. & Q1 wrt preception of living in a place that favours the creation of new businesses
- In TUN M.C. more aware than Q1 about corruption in Government
- In MAU & TUN more confidence in financial sys among M.C. than Q1.



Conclusion:

Our Regression Analysis show that among the sample of 6 African MICs, the middle class:

- Has better education than Q1
- Live in better houses than Q1
- Has better access to median than Q1
- Has more stable jobs than Q1
- More satisfied with their SoL & education than Q1
- Has more confidence in the Gov
- Has a better perception of the job & Business environment
- M.C. has a double role in driving prosperity
 - Its higher inc/consumption can increase Africa's economic growth
 - Its set of values and attitudes can improve the country's socio-political environment and ultimately well-being.
 - S.t. continued improvement of M.C.'s status!



AFRICAN DEVELOPMENT
BANK GROUP

Thank you

Christian Kingombe

E-mail: christiankingombe@yahoo.com

Tel: 0041 22 321 46 21 (Switzerland)

Mobile: 0041-765044647 (Switzerland)

Skype: ChristianKingombe73

Twitter: <https://twitter.com/christiankingo1>

Homepage: <http://odi.academia.edu/ChristianKingombe>

Blog: <http://blog.chinadaily.com.cn/>

LinkedIn : <https://www.linkedin.com/in/christiankingombe>