

*Africa's Ascent:  
Sustaining and  
Accelerating Growth  
and Transformation*

*Presentation at JICA Panel Discussion  
at TICAD V*

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# Africa Task Force: The Task

- ❖ The impressive economic turnaround in ***Sub-Saharan Africa (SSA)*** raises the question of how to sustain and accelerate growth – that is widely-shared and transformational
- ❖ Addressing this question is the theme of the Africa Task Force (TF) supported by JICA that is taking place concurrently. Series of such meetings whose results include a volume published last year: *“Good Growth and Governance in Africa: Rethinking Development Strategies”*
- ❖ Focus here on some highlights of the TF’s work

# Africa Task Force

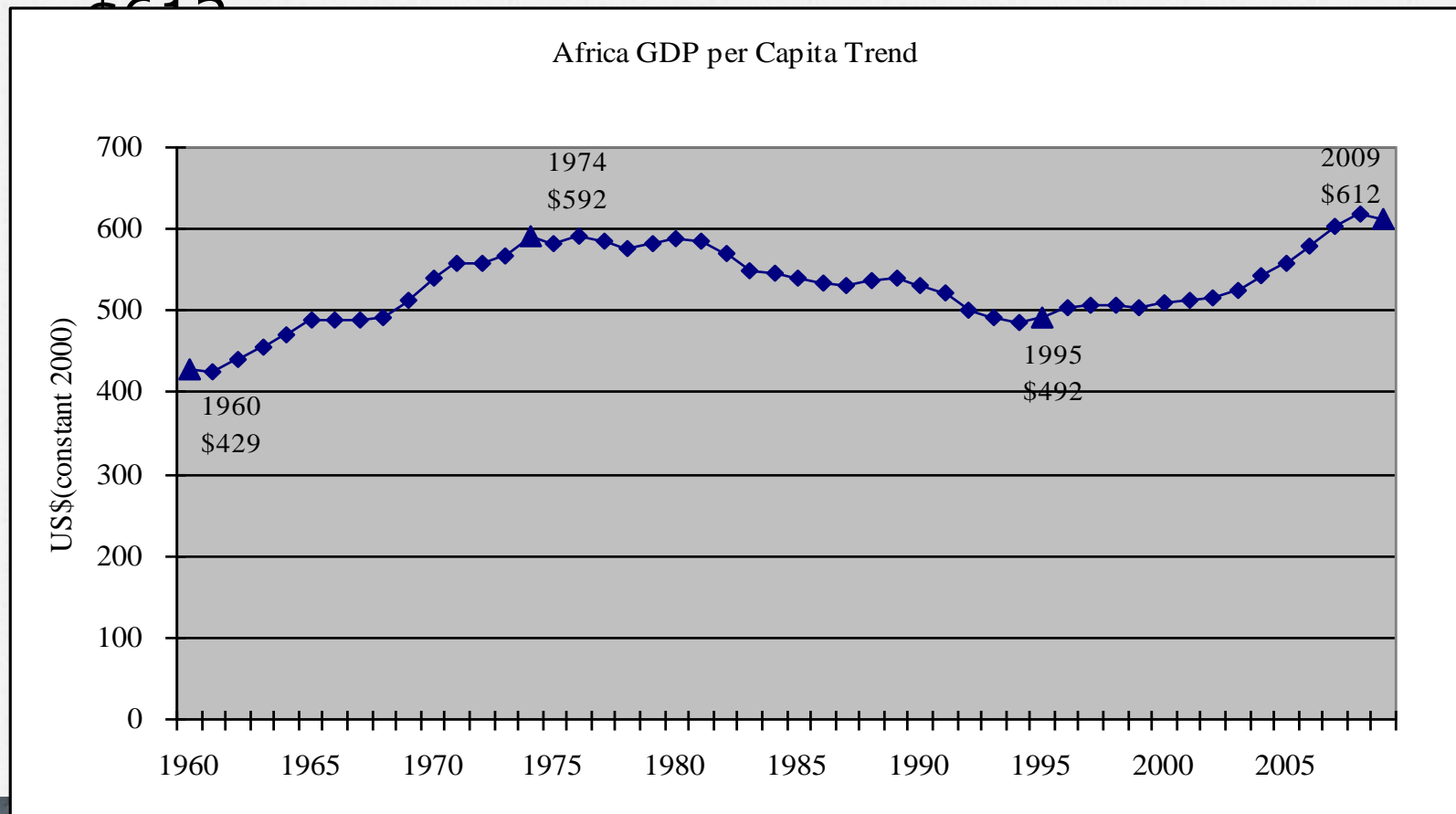
- ❖ Task Force Meetings attended by well over 100 scholars, experts and African policy makers
- ❖ Biggest financial support from JICA. Intellectual and organizational support from African think-tanks – ACET and EDRI. Governments of Ethiopia and South Africa hosted meetings

# Recovery After Lost Quarter Century

- ❖ The emergence of SSA from a prolonged slump – a “lost quarter century” – raised the question of what went wrong with what lessons for future policy. Also of the lessons of success, especially in East Asia
- ❖ Higher growth of about 5% a year of past decade or so is a big improvement after the slump as reflected in the charts below
- ❖ SSA’s average per capita income after falling for some 15 years after 1980 did not recover its level of mid-1970s until mid-2000s

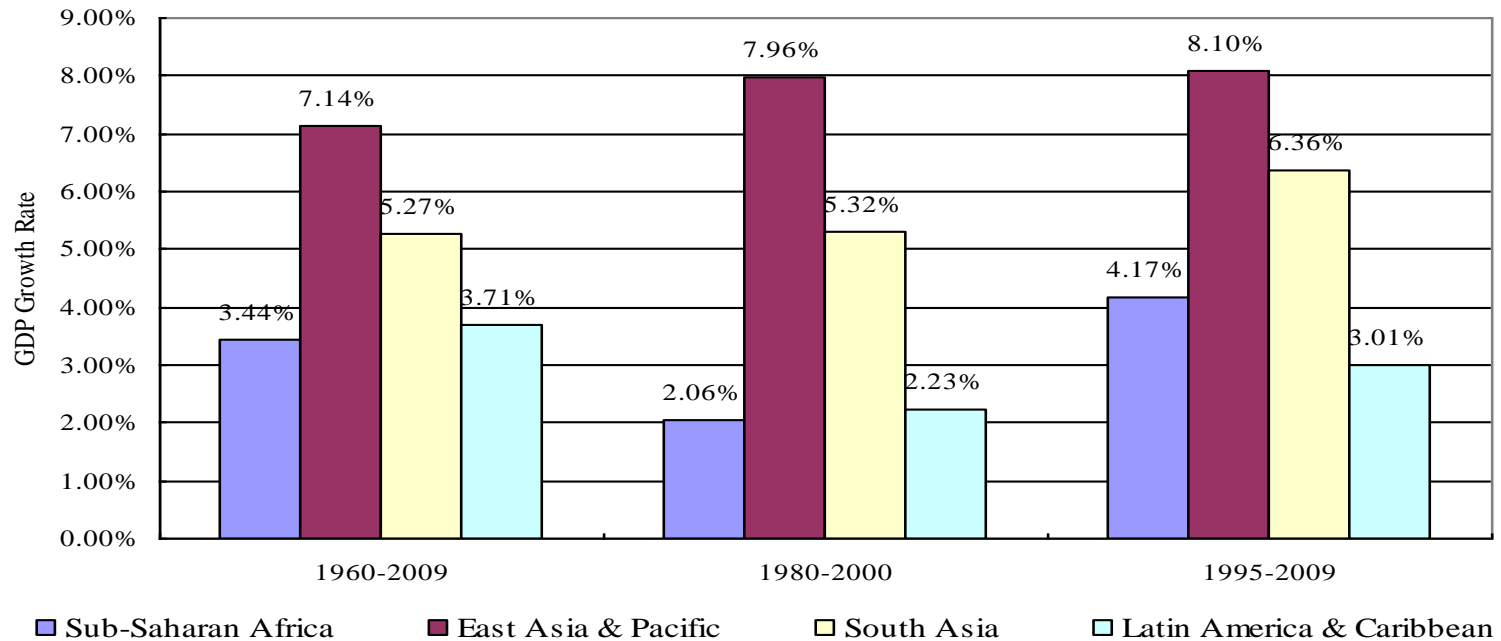
# Sub-Saharan Africa GDP per Capita (US\$ in 2000 Prices)

1960: \$429; 1974: \$592; 1995: \$492; 2009: \$612



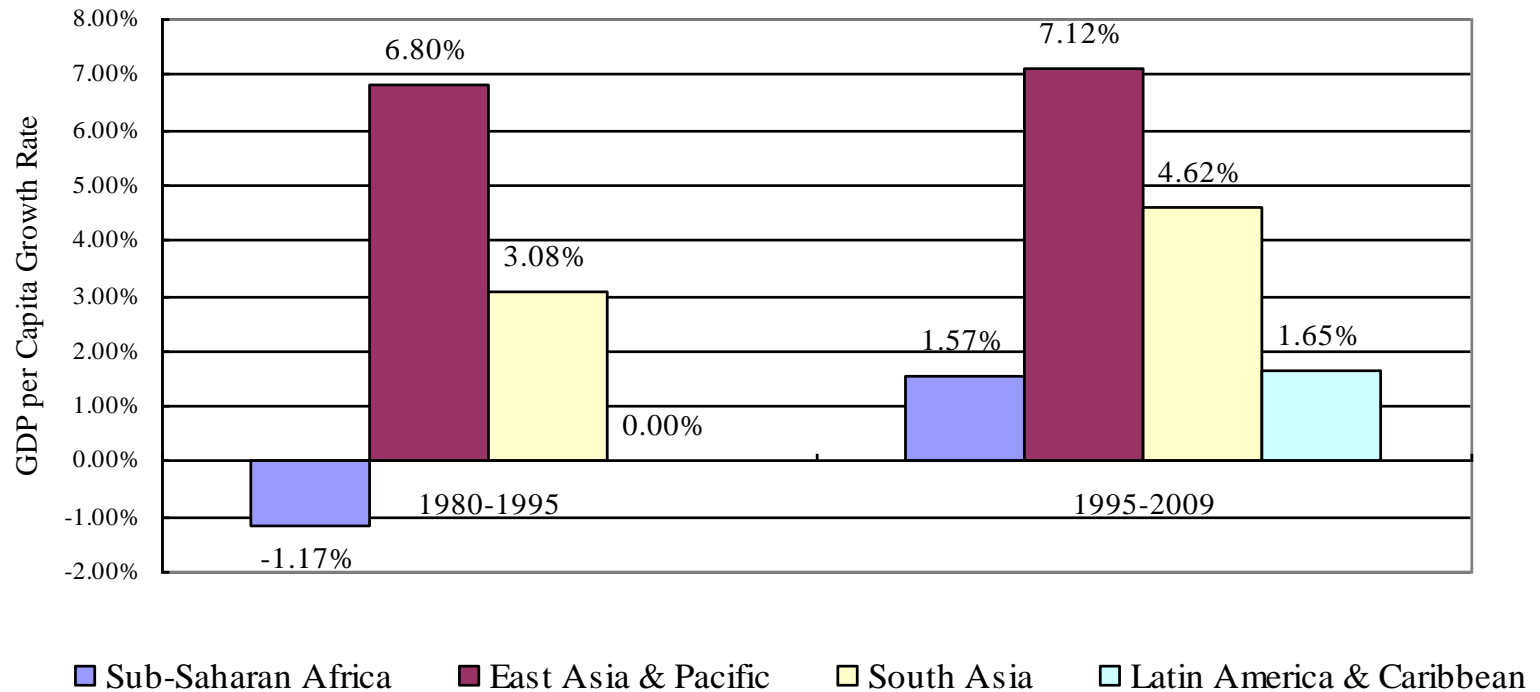
# GDP Growth Regional Comparisons (percent per year)

## GDP Growth Regional Comparison



# GDP Per Capita Annual Growth Rates Regional Comparisons

GDP per Capita Annual Growth Rates: Regional Comparisons



# Diversity

- ❖ But of course there is a diversity of country circumstances and experiences in Africa
- ❖ And slow growth period often with progress on some dimensions of development (e.g. education and health)
- ❖ Even during the general economic decline: Botswana fastest growing economy in the world during 1960-2000. Also good growth of 5+% over a decade or so at different times in different countries e.g. Cote'd'Ivoire, Ethiopia, Ghana, Mauritius, Mozambique, Tanzania and Uganda



# Concerns about recovery

- ❖ Also diversity in the recent revival but general concerns about its sustainability and quality
- ❖ The trend of deindustrialization not fully reversed: Manufacturing/GDP share fell from 17.5 percent in 1965 to 12.9 percent in 2009
- ❖ Related decline in share of formal sector employment
- ❖ Also little diversification of exports – dependence on primary commodities
- ❖ And FDI concentrated in natural resources, especially non-renewable minerals

# Overarching Priority

- ❖ Need for spurring industrialization and transformation (ACET's Transformation Report-- Yaw Ansu presentation)
- ❖ Hence, primary concern of the current task force meeting: Industrialization and industrial polices -- in the wide sense of including modern services and agriculture

# Policy Priorities: Selected Highlights

- ❖ More accurate to call them Learning, Industrial and Technology (LIT) policies
- ❖ LIT policies imply a commitment to a developmental state vision from the top political leadership and a more active state in promoting transformation, especially industrialization

- ❖ The neo-liberal or Washington Consensus (WC) reforms during the “lost quarter century” succeeded in terms of macroeconomic stability
- ❖ That combined with a commodities boom and debt reductions contributed to the growth revival
- ❖ But also negative legacies that hold-back the full realization of SSA’s economic potential

- ❖ These legacies stem from the fact that the WC reforms neglected the lessons of success especially in East Asia and in industrialization, and tilted the balance between the state and the market too much against the sort of state that is capable of promoting sustained, rapid growth – the developmental or “developmentalist” state

- ❖ Not all governments/polities can create such a state but those that can should
- ❖ Contrary to what is often asserted, several African countries had or have such committed governments/leaders
- ❖ Our concern with policy options for such states – not for failed or seriously conflict-afflicted states
- ❖ Governance/Corruption/rent-seeking not especially an African problem. Also pervasive both in today's success cases of development and in developed countries (perhaps even more so when they were developing)

- ❖ Some forms of rents and corruption are worse than others from a developmental perspective
- ❖ The orthodox “good governance” agenda that has emerged confuses ends with means and makes the best the enemy of the good. Focusing indiscriminately without priorities is a recipe for failure
- ❖ The right question is what sorts of incentive regimes minimize the scope and the negative impacts of corruption? What are the trade-offs between probity and efficacy or what leakages in the form of rents/corruption are or are not acceptable

- ❖ Governance reforms need priorities and focus on the most important country-specific constraints
- ❖ They also need more attention to not just limiting governments but also strengthening the capabilities of the state needed for economic transformation
- ❖ Emphasize these “growth-enhancing governance” rather than indiscriminate “good governance” reforms