Preface

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When the countries of Sub-Saharan Africa (which, for shorthand, we will simply refer to as Africa) achieved independence in rapid succession starting with Ghana in 1957, there were high hopes for the region. At the time, incomes in some countries actually exceeded some East Asian nations. A group of outstanding leaders would, it was hoped, inspire to bring a new era to a subcontinent long suffering from colonial exploitation and developmental neglect. Whilst generalizations about a region as vast and varied as Africa must be made with circumspection, overall what has happened since has been disappointing, though there have been notable successes in different countries, time periods, and dimensions of development.

These outcomes have been particularly disappointing given the predictions of standard economic theory. There should be a *convergence* in economic outcomes, with those countries with lower per capita incomes growing faster than those with higher. Poor countries face a scarcity of capital, which implies that the returns to capital should be higher, and capital should flow toward these countries. As it does so, incomes there should increase relative to those in richer countries. By contrast, there has been divergence between the developed world and other regions and Africa. Incomes per capita rose fairly rapidly from independence through the mid-70s, but plummeted after 1980, a period that witnessed the imposition of the now widely criticized policies that came to be known by the shorthand of "Washington Consensus" (see Chapter 1 in this volume). Gross National Income per capita fell by more than 30 percent between 1980–2002 for Africa as a whole and more than 40 percent if you exclude South Africa (World Bank 2005). By contrast, in the rest of the world per capita incomes more than doubled and in some of the most successful developing countries increased fourfold or more (see the figures in Chapter 1 in this volume).

The resulting situation for the poor has been dismal. Whilst poverty estimates are subject to limitations of data and to differences in definitions, there is little doubt that taking into account the overall trends there was a substantial increase in poverty. One highly regarded estimate indicates that the percentage of the region's population in poverty went from nearly 52 percent to nearly 60 percent between 1981–99 before declining to levels similar to 1981. However, the absolute numbers have continued to grow and by 2005 the population living under $1.25 per day had reached 390.6 million people or an 83 percent increase over the twenty-four-year period. The percentage of the world's poor living in Africa went from 11 percent in 1981 to 28 percent of the world's poor in 2005 (Chen and Ravallion 2008).

Only the few years before the global economic crisis of 2008 brought respite to this unimpressive picture for Africa. Annual GDP growth soared to 6.4 and 6.5 percent during 2006 and 2007 respectively, with only the East and the South Asian region exceeding it by a significant margin. But even this period of optimism appears fragile, built on soaring resource prices as much as anything else and without much improvement in other measures of performance such as economic structure and savings or investment rates that would suggest a sustained transition to a higher growth path (see Chapter 1 in this volume).

This naturally raises the question: Why has the economic growth performance of Sub-Saharan Africa (hereinafter Africa) overall been so disappointing over the past fifty years? More importantly, what are the policy options for reversing that trend, and for sustaining and improving upon the growth experienced in the years before the crisis? What are the possibilities and policies for Africa to achieve sustained, rapid economic growth, poverty reduction, and associated structural transformations and begin to catch up?

These were the questions posed to a diverse group of experts on development, including many specialists on Africa, convened as the "Africa Task Force," by the Initiative for Policy Dialogue (IPD) with the support of the Japan International Cooperation Agency (JICA) and Brooks World Poverty Institute (BWPI) at the University of Manchester.[1] The first two meetings of the Task Force were in 2006 and 2007 at the University of Manchester hosted by BWPI. The third meeting in Addis Ababa was supported by JICA and organized jointly with the Ethiopian Development Research Institute (EDRI), as was the fourth in Pretoria in collaboration with the South African Government's Department for Trade and Industry and the African Center for Economic Transformation (ACET—headquartered in Accra). In addition to academics, staff members of the IMF, World Bank, and other UN agencies, the meetings were attended by government ministers (including an African head of government), NGOs, and corporate sector representatives. This volume draws on a set of papers mostly presented at the first three meetings.

The overview in Chapter 1 (Noman and Stiglitz) aims both to pull together the main threads of the other contributions in this volume as well as reflect some of the rich policy-focused discussions at the meetings. Of course, it would be impossible to do full justice to either but many of the other chapters capture more of the complexities and nuances of both the literature and the discussions at the meetings. While there were disagreements, and even heated exchanges, there was a general consensus on several points: a disappointment with past strategies and the need for fresh approaches adequately informed by the lessons of success both in and out of Africa, particularly drawing on the experiences of Asia; and the need for greater bilateral and multilateral agency flexibility to allow the policy space to formulate and implement these new approaches. There was consensus too on the enormous challenge facing Africa. Faster growth is necessary if Africa is to reach the Millennium Development Goals (MDGs) even a few years after 2015—a sustained annual growth rate of around 7 percent is called for, a number that corresponds to the *best* performance that average has been able to achieve.[2] New strategies have to be placed on the policy agenda for African countries if the region is to achieve such growth, breaking out of its "low-growth-and-low expectations equilibrium."

The objective of this volume, a selection of the papers presented at the Task Force meetings,[3] is to broaden the policy debate, expand the policy options, and propose alternative development strategies. Our focus is on those countries whose governments are reasonably serious and committed to pursuing a developmental agenda and either have or are quite capable of acquiring the capacity to do so. There are many such countries in Africa that received wide acclaim in the discussions of the Task Force. (See also the contributions to this volume, in particular those of Mushtaq Khan, Thandika Mkandawire, and Meles Zenawi). There are, of course, states that are mired in serious armed conflict or with severe problems of governance, and we have little, if anything, to say for such contexts.

Perhaps the most salient, overarching message of this exercise is that at the center of the policy missteps in Africa was a failure to get the balance right between the state and the market. There is no simple formula for getting that balance right; what that entails is contingent on a detailed understanding of the preconditions and limitations of any new policy approaches and the circumstances in the country.

Notes

1. Core institutional funding for the Initiative for Policy Dialogue (IPD) was also provided by the Hewlett Foundation. The work of the Africa Task Force overlapped with work of IPD Climate Change Task Force, supported by the Rockefeller Brothers Fund, and the Financial Markets Reform Task Force, supported by the Ford Foundation.
2. Africa's GDP growth averaged at least 7 percent in three years since 1960: 7 percent in 1969, 7.8 percent in 1970, and 7.2 percent in 1974.
3. The papers have been revised, both in response to the discussion at the Task Force meetings and to comments from referees who remain anonymous to the authors. For that reason we cannot name them but would like to express our deep gratitude to them.

References

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