

EMERGING AFRICA: HOW 17 COUNTRIES ARE LEADING THE WAY

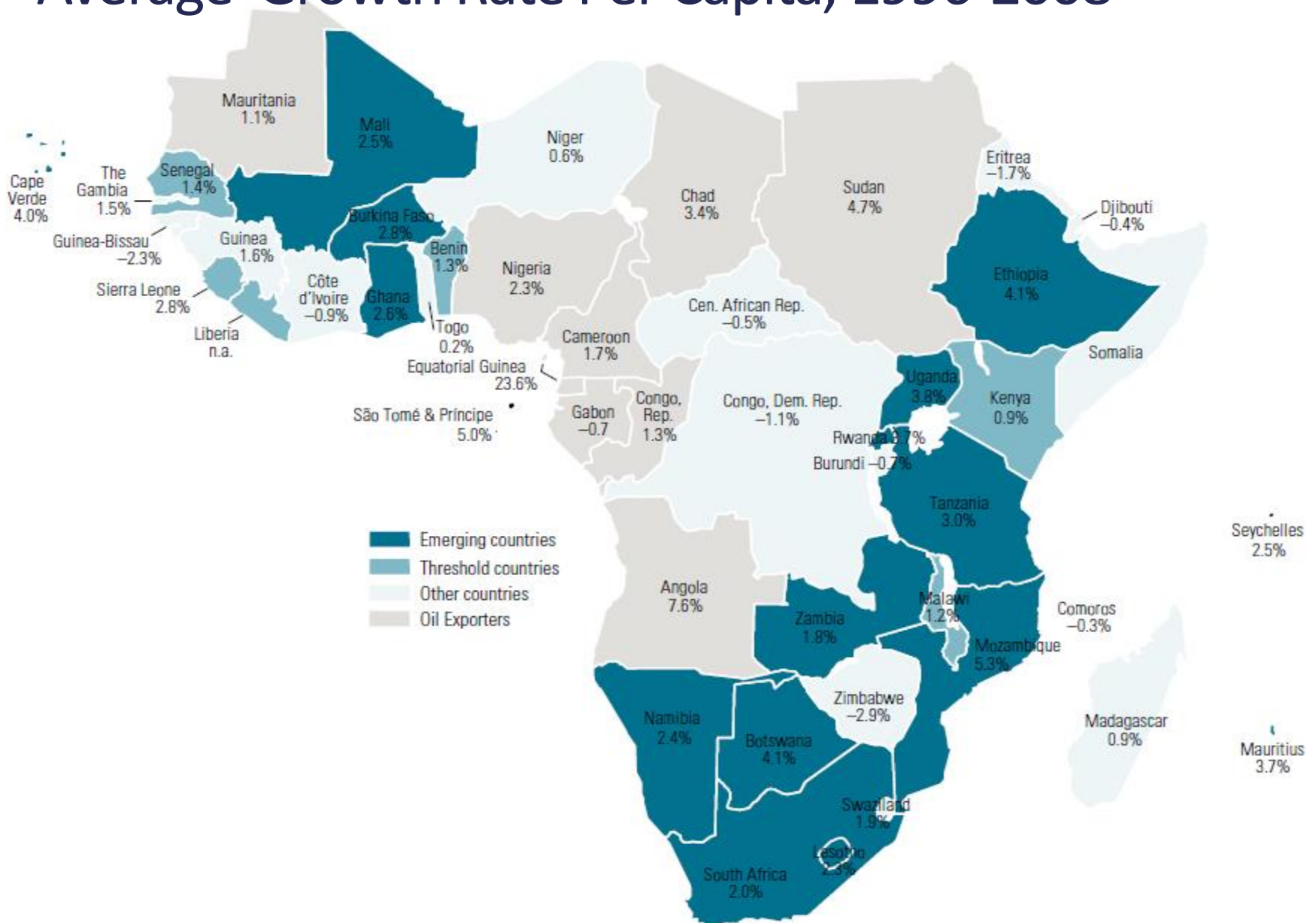
EE 462 Development Macroeconomics

Semester 1/2014

References

- This lecture is based on two articles written by Steven Radelet:
 1. Emerging Africa: How 17 Countries Are Leading the Way. *CGD Brief*.
 2. Success Stories from “Emerging African”. *Journal of Democracy*, Vol. 21, No. 4, October 2010, pp. 87-101.

Average Growth Rate Per Capita, 1996-2008



Source: World Bank, World Development Indicators; data for South African Reserve Bank.

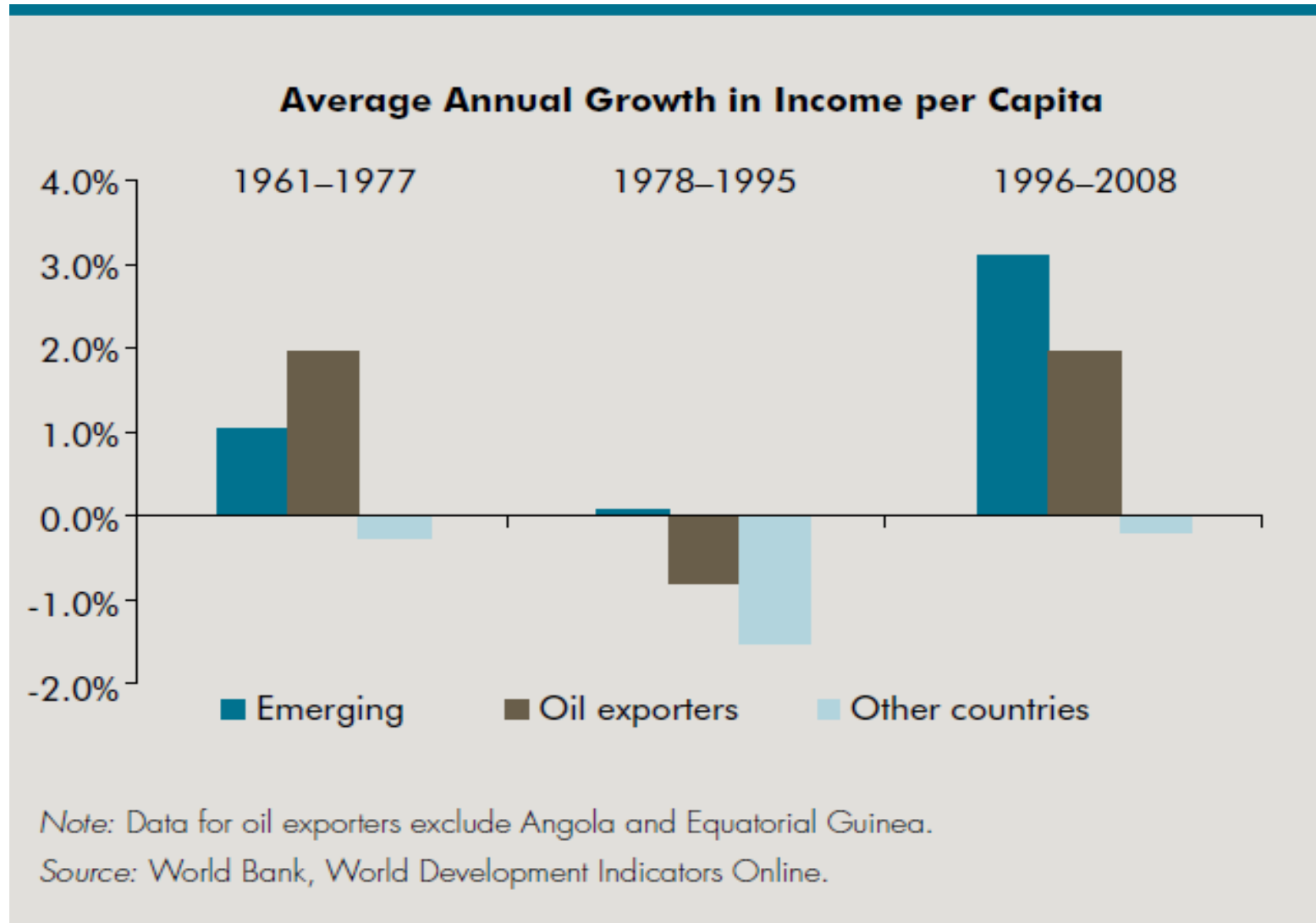
Income Growth in the African Emerging Countries

Emerging Countries	Annual Income Growth per Capita, 1996–2008	Cumulative Increase in Average Real Income, 1996–2008
Botswana	4.1%	68%
Burkina Faso	2.8%	43%
Cape Verde	4.0%	67%
Ethiopia	4.1%	65%
Ghana	2.6%	40%
Lesotho	2.3%	33%
Mali	2.5%	37%
Mauritius	3.7%	61%
Mozambique	5.3%	96%
Namibia	2.4%	36%
Rwanda	3.7%	60%
São Tomé and Príncipe	5.0%	40%
Seychelles	2.5%	37%
South Africa	2.0%	29%
Tanzania	3.0%	46%
Uganda	3.8%	61%
Zambia	1.8%*	25%
Average	3.2%	50%

Income Growth in the African Threshold Countries

Threshold Countries		
Benin	1.3%	18%
Liberia	3.1% (2005–2008)	13%
Kenya	2.4% (2003–2008)	15%
Malawi	1.2%	15%
Senegal	1.4%	20%
Sierra Leone	3.7% (2003–2008)	24%

Surging Growth in Emerging Countries



Other Outcomes

- Share of people living below the poverty line dropped from 59% in 1993 to 48% in 2005
- Increases in trade and investment
- Rises in school enrollment, school completion, and literacy rates
- Better health outcomes (e.g. child mortality rate), except those countries affected by HIV/AIDS
- Declining population growth and fertility rate

Five Fundamental Changes

1. More democratic and accountable governments

- Number of democracies increased from 3 in 1989 to 23 in 2008.
- Democracy → greater adherence to basic political and civic rights, more freedom of press, stronger political institutions
- Improvement in the governance quality

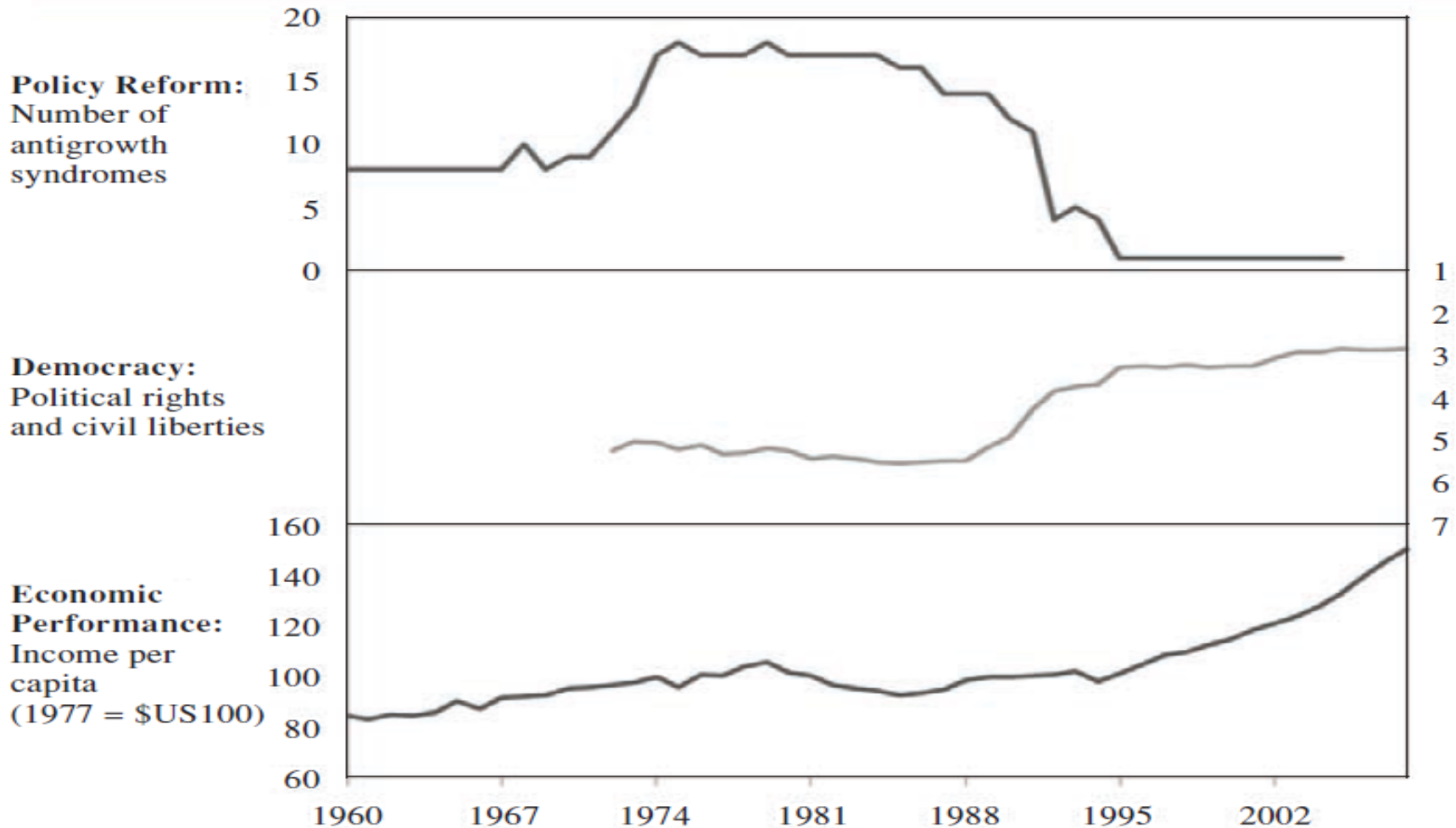
2. More sensible economic policies

- No black markets, more sustainable budget and trade deficits, friendlier business environment, and lower barriers to trade and investment
- Interplay between economic reform and political change

Antigrowth Syndromes

- Heavy-handed regimes of state control
- Systems of redistribution that rewarded political allies and ethnic groups at the expense of economic growth
- Heavy borrowing and asset stripping that sacrificed future income for present gain
- State breakdown and political instability

Major Changes: Economic Policy Reform, Political Change, and Income Per Capita



Note: Antigrowth syndromes are from the AERC Explaining African Economic Growth Project, political rights and civil liberties are from Freedom House, and income per capita is from the World Bank's World Development Indicators.

Five Fundamental Changes (cont'd)

3. The end of the debt crisis and major changes in relationships with the international community

- Falling debt burdens as a result of the Heavily Indebted Poor Country (HIPC) Initiative
- Use country-led poverty-reduction strategies in place of the IMF and World Bank's SAPs.

4. New technologies that are creating new opportunities for business and political accountability

- Ex. Availability of internet

5. A new generation of policy makers, activists, and business leaders