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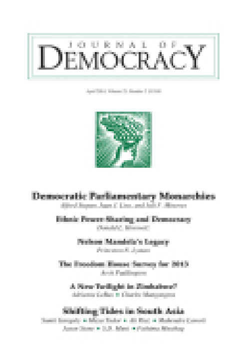
Journal of Democracy, Volume 21, Number 4, October 2010, pp. 87-101 (Article)

Published by The Johns Hopkins University Press
DOI: 10.1353/jod.2010.0000



SUCCESS STORIES FROM "EMERGING AFRICA"

Steven Radelet

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There is good news out of Africa, or at least a surprisingly large part of Africa that has quietly been on the move toward stronger economies and more honest, more effective, and more democratic governments for fifteen years now.

Since the mid-1990s, seventeen emerging countries in sub-Saharan Africa (SSA) have been leaving behind the conflicts, stagnation, and dictatorships of the past and achieving steady economic growth, deepening democracy, stronger leadership, and falling poverty. Six additional African countries are showing signs that they may be on the same path—meaning that fully half the region's 46 countries are defying the old, negative stereotype of SSA as a region of nothing but disaster and despair.

Consider Ghana, where over the past decade and a half the economy has grown by a robust 5 percent per year, translating into annual real growth in income per person of 2.6 percent, well above the global average of 1.9 percent. As a result, the average Ghanaian's income has risen by more than 40 percent during this period. Investment has doubled, and so have exports. Primary-school enrollment has gone up by a third, life expectancy has reached 60 years, and the rate of population growth has dropped from 3.5 percent to 2 percent. The share of Ghanaians who live below the poverty line has plummeted from 50 percent to less than 30 percent.[1] And Ghana has become a vibrant democracy, with competitive elections, a vocal press, better protection of basic rights, and stronger governance. Ghana is far from perfect, but it is much stronger politically, economically, and institutionally than it was just fifteen years ago, when it was just beginning to emerge from more than a decade under military rule.

Journal of Democracy Volume 21, Number 4 October 2010

Or take Mali, which, despite being a landlocked desert country, has quietly achieved GDP growth of 5.5 percent per year since the mid-1990s. Infant mortality—a strong proxy for overall well-being in a society—is down 25 percent. The primary-school completion rate has doubled, and poverty has fallen by about a third. Mali, too, has established a thriving multiparty democracy with competitive elections, a free press, better protection of civil liberties and political rights, less corruption, and stronger governance.

On the other side of the continent in Tanzania, economic growth has averaged a robust 5.7 percent since the mid-1990s, leading to an increase in average incomes of 46 percent since 1996. Exports were just 11 percent of GDP in 1991; today they make up more than 20 percent of a larger GDP. Meanwhile, external debt has been cut from 160 percent of GDP to just 30 percent. Infant mortality has declined by 25 percent, and the population-growth rate has dropped from 3.3 percent to 2.4 percent. Tanzania, like the other countries, has shifted toward democratic governance, with multiple peaceful elections, stronger adherence to political and civil rights, and stronger governance.

In the island country of Cape Verde, GDP has grown 6 percent per year since 1993, leading to a welcome 66 percent increase in average income. Exports have doubled from 10 percent to 20 percent of GDP. In 1990, just 54 percent of children completed primary school; today that figure approaches 90 percent. The infant-mortality rate has been nearly cut in half, from 45 to 24 per 1,000 since 1990. Poverty rates have halved from 40 percent to less than 20 percent in just fifteen years. Multiple peaceful and fair elections have transformed the country into a thriving democracy.

The really good news is that Ghana, Mali, Tanzania, and Cape Verde are not alone. They are part of a growing and dynamic group of emerging African countries that are breaking away from the dismal histories of economic decline and political decay commonly associated with Africa. They are defying the usual pessimistic storylines of war, famine, stagnant economies, deepening poverty, destructive political leadership, and poor governance. Largely unnoticed by the outside world, these countries are quietly setting themselves apart from the old norms, with more accountable and democratic governments, rising incomes, new investment opportunities, less corruption, improved health and education, and declining poverty.

To be sure, these countries are far from perfect. They face many challenges, and their continued success is far from certain. The political and economic turnaround remains fragile.[2] And across the emerging states, poverty remains too widespread, healthcare and schooling too often substandard, corruption too common, and democracy too thinly rooted for comfort. Even so, however, the signs of progress are real, and they mean that it is time to think anew about Africa and its emerging countries.

For more than thirty years, it has seemed that just about all the news out of Africa has been bad. Newspapers report endless civil wars, repeated coups, gross misrule, hunger, disease, and want across the continent. Academics, pundits, and Western politicians decry the failures and misdeeds of private investors, foreign-aid bureaucracies, or African leaders, and paint a picture of a continent trapped in perpetual crisis.

There surely has been much failure, conflict, and stagnation. Deep challenges continue. But the image of an entire continent mired in failure and hopelessness is increasingly out of date. As important as are the tragedies in the Democratic Republic of Congo (DRC), Somalia, Sudan, and Zimbabwe, and as deserving as they are of urgent international attention, too often they are seen—wrongly—as typifying the continent as a whole.

The Misunderstood Continent

For too long, politicians, the media, academic researchers, and casual commentators have blended together all the lands south of the Sahara, treating SSA as a single giant entity. This approach misses or misreads important events and changes. It combines improvements in one country with deterioration in another, and concludes that nothing is changing when the opposite is true. It gives rise to sweeping generalizations about SSA—home to more than 800 million people and dozens of sovereign states—that apply to only some of its countries. It misleads the world about Africa.

Sub-Saharan Africa is rich in diversity. Its countries differ significantly from one another with regard to history, economic potential, geography, culture, and political systems.[3] Although countries across the region share common characteristics, one of the clearest patterns since the mid-1990s has been significant *divergence* in economic performance and political change.

These differences make it increasingly ill-advised to treat SSA as a single entity. The abysmal political and economic situation in Zimbabwe has little in common with the dynamism that we can see in Ghana. The challenges facing Somalia are completely different from those facing Mali. And the major issues confronting the DRC bear little resemblance to those that face economically vibrant Mozambique. This is not to say that what happens in one country has no effect on others, nor that there are no common issues affecting all countries across the region. But it is to say that broad analyses and simple generalizations make little sense when economic performance and political systems have diverged so much in recent years.

The world has understood this about Asia for some time. When analysts discuss the spectacular economic performance in "Asia" during the last forty years, they do not mean the world's largest and most populous continent as a whole. They do not lump together North and South Korea, Myanmar and Thailand, Papua New Guinea and Indonesia, or Laos and

China. They have long understood that while some countries in the region share important trends and achievements, not all countries do, and that it makes little sense to put them all together in one analytic pot of stew. They know that the remarkable democratic progress of Indonesia over the last decade is not made suspect by democracy's absence in Cambodia, and that Malaysia's economic dynamism is not somehow cheapened by Nepal's stagnation. It is time to start making similar distinctions when it comes to Africa.

The present essay—which is based on my recent book *Emerging Africa: How 17 Countries Are Leading the Way* and builds on an earlier paper coauthored with President Ellen Johnson Sirleaf of Liberia[4]—is about a group of seventeen emerging African countries, home to more than 300 million people, which have seen dramatic improvements in economic growth, poverty reduction, and political accountability since the mid-1990s. Another half-dozen "threshold" countries have seen change that is promising, but less dramatic, less sustained, or more recent. These latter countries include Sierra Leone and Liberia. Each has recorded rapid economic growth while building democracy and markedly improving civil liberties and the quality of governance since an armed conflict ended—in Sierra Leone in 2002, and in Liberia the following year.

The 23 emerging and threshold countries listed in the accompanying Table are not restricted to one corner of SSA, but are spread across its western, eastern, central, and southern parts. Most are coastal, but several are landlocked. Their colonial histories differ widely. Significantly, none is an oil exporter. Several of Africa's oil-exporting countries also have grown rapidly in recent years, but such countries' underlying dynamics are so different—and their prospects for sustained progress so questionable—that they are excluded from consideration here. The emerging countries are not defined by commodity booms. While prices for many exports have risen rapidly in recent years, on the whole commodity prices have moved *against* these countries since the mid-1990s. Some of the emerging countries are large; others are quite small. Their aggregate population, however, is weighty: With a combined 300 million people, they are roughly equivalent to France, Germany, Italy, Spain, and the United Kingdom combined.

What the emerging African countries share is a clear break from the past and the beginnings of a wide-ranging economic, political, and development turnaround dating back to the mid-1990s. Consider some of the key changes in these countries:

- Since 1996, real rates of annual economic growth in each country have been *at least* 2 percent per capita—a common standard indicating reasonably good economic performance over time. Across the group, the growth rate has averaged 3.2 percent per capita, equivalent to overall GDP growth of *more than 5 percent per year*.

Table—Income Growth in the Emerging African 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%**
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%

*We include Zambia even though its 13-year growth rate is slightly lower than 2 percent because its annual average growth rate from 1999 to 2008 was 2.3 percent.

Source: World Bank, World Development Indicators; data for South Africa are from the South African Reserve Bank.

- The share of people living below the poverty line (that is, on an income of US$1.25 per day or less) dropped from 59 percent in 1993 to 48 percent by 2005—a huge drop for a twelve-year period.
- Trade and investment have more than doubled, and financial returns on investment are much higher.
- School-enrollment, school-completion, and literacy rates have all been on the rise. In the emerging countries, millions more children are now in school every year. Educational levels for girls, in particular, are climbing from their once abysmally low levels.
- Outside those countries badly affected by the HIV/AIDS pandemic, health indicators are generally improving. For example, child mortality (deaths under five years old) in the emerging countries declined from 134 per 1,000 in 1985 to 102 today.

- Population-growth and fertility rates have begun to decline throughout Africa, but especially in the emerging countries, where the former rate has steadily dropped, going from 2.6 percent in the early 1990s to below 2 percent in 2006.

Consider the economic turnaround in the emerging countries: Between 1975 and 1995, their recorded economic growth per person was near zero. But between 1996 and 2008, they achieved growth per capita averaging 3.2 percent per year, powering a full *50 percent increase* in average incomes in just thirteen years. By any standard, this turnaround is huge.

Critically, there have been equally significant changes in political systems and governance. Across Africa, democracies are replacing dictatorships. “Big men” linger, but their day is drawing to a close. According to the widely used Freedom House and Polity IV ratings, the number of countries in Africa meeting basic standards of democracy (an average score of 4.0 or lower on Freedom House’s seven-point scale and a Polity IV score of 0 or higher on a scale running from -10 to +10) has grown from just 3 in 1989 to more than 20 today, including 13 of the 17 emerging countries and all 6 threshold countries. The four exceptions among the emerging countries, all of which nonetheless have improved their scores since 1989, are Ethiopia, Rwanda, Tanzania (which qualifies according to Freedom House but not Polity IV), and Uganda.

The democratic progress in the remaining thirteen emerging countries is not just about holding elections. Instead, the changes are deeper and include sustained movement toward greater adherence to basic standards of political rights and civil liberties, more freedom of the press, a much more vibrant civil society, greater transparency, and stronger checks and balances. And the seventeen emerging countries have seen marked improvements in the quality of governance as measured by several indicators, reflecting less conflict and political violence, stronger adherence to the rule of law, and lower levels of corruption.

Five Fundamental Changes

The turnaround is neither cyclical nor temporary. It persisted through the global recession and falling commodity prices of the late 1990s. It has continued even though import prices have risen faster than export prices for these export-dependent countries. And the emerging African countries appear to be weathering the current worldwide downturn better than most developing countries. All this suggests that what we are seeing is not merely the business cycle at work, but rather a reflection of deeper changes taking place in the political, economic, and social spheres of these countries. These changes are the beginnings of a transformation—fraught with risks and with no guarantee of ultimate success—that provides a stronger foundation for continued economic growth, democratic progress, and poverty reduction in the future.

At least five fundamental changes are at work. The first two—the rise of more democratic and accountable governments and the introduction of more sensible economic policies—together ignited the turnaround in the 1990s, and have helped to keep it going. The next three—the end of the debt crisis and changing relationships with the international community, the spread of new technologies, and the emergence of a new generation of public and private leaders—began to kick in after the recovery had begun, but have been critical to sustaining it. Looking forward, it is the *combination of all five* that provides the promise that emerging Africa's initial success can be sustained and expanded into the future. Each of the key changes merits further discussion.

The rise of more democratic and accountable governments. As economic crisis tightened its grip in the 1980s, many authoritarian governments lost both the last shreds of their legitimacy and the economic and financial resources that they had been using to maintain control. Protestors began to call for economic and political change, and governments lost key backers. With the end of the Cold War and apartheid in the early 1990s, authoritarian leaders increasingly were forced to give way to democratically elected governments. The number of democracies in SSA jumped from just 3 in 1989 to 23 in 2008, including most of the emerging countries.

Crucially, democracy has meant not merely elections, but greater adherence to basic political and civil rights, more freedom of the press, and stronger political institutions. On the Freedom House scale (where 1 means most free and 7 least) civil liberties in the 23 African democracies have improved from an average score of 4.9 in 1990 to 2.8 in 2008. Legislatures and other government institutions of restraint such as court systems, local governments, and electoral commissions are slowly growing stronger.

And in the emerging countries, the shift toward democracy has gone hand in hand with improvements in the quality of governance more broadly. For example, while the emerging countries improved their average rank on the World Bank's "control of corruption" score from 104^{th} to 89^{th} between 1996 and 2008, the other countries in SSA fell on average from 140^{th} to 148^{th}. A similar pattern appears on the five other World Bank governance indicators: In each case, the average score for the emerging countries has improved, while for other countries in SSA it has deteriorated.

The movement toward democracy and better governance has been uneven and remains incomplete. But it is real. It has been at the core of the renaissance in these countries, and it is fundamental to continuing it into the future.

The implementation of more sensible economic policies. Twenty years ago, nearly all African economies were effectively bankrupt, with large budget deficits, double-digit inflation, growing debt burdens, thriving black markets, shortages of basic commodities, and rising poverty. Economic mismanagement and the heavy hand of the state scared off investors, generated capital flight, and led to stagnation and rising poverty.

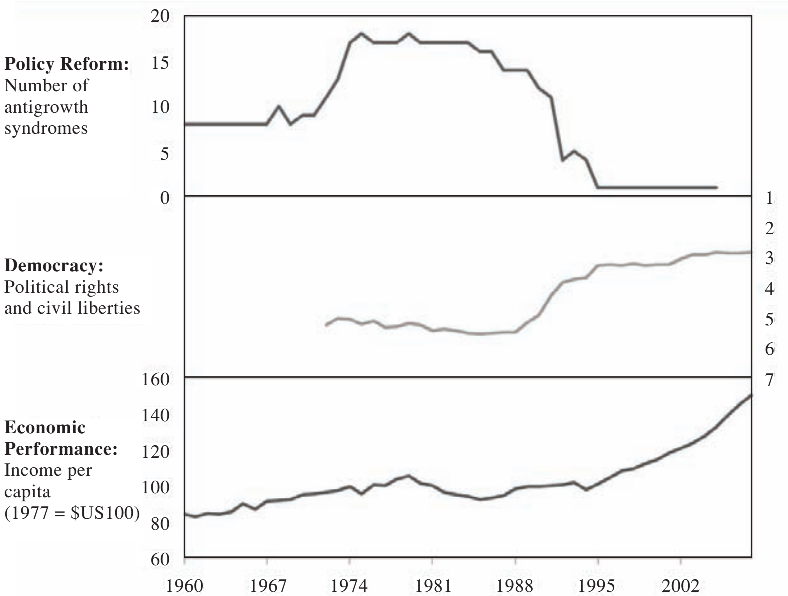
But in the late 1980s, the emerging countries' economic policies began to change, and they have continued to do so. Today they bear little resemblance to the past. Black markets are a distant memory. Budget and trade deficits are more sustainable. The business environment is friendlier, and barriers to trade and investment are lower. Marketing boards have largely disappeared, and there is a better balance between the state and the private sector. As with governance, the changes in economic policy are far from perfect, but they represent a vast improvement over what was the case twenty years ago, and remain central to hopes for sustained growth and development.

It was the interplay between economic reform and political change that ignited the turnaround. The economic crisis itself contained the seeds of political change. As the crisis deepened in the 1980s, the failures of past approaches became starkly evident, and borrowing and other financing options disappeared. The old approaches could no longer be financed. Governments were forced to adopt economic reforms and austerity measures in order to close their budget and trade deficits. The austerity measures accelerated protests and calls for change. Whereas in the past, authoritarian governments had been able to contain protests by using budget resources and other measures to placate civil servants, favored businesses, the military, and other supporters, by the late 1980s many of these regimes no longer had the financial or political resources to do so. The winds of global change gave the final push: As the Cold War and apartheid ended, strong forms of socialism and authoritarian control fell into disrepute. People across Africa were fed up with the old systems. Forced to hold elections, most governments were replaced by more pluralistic and democratic regimes.

The economic policy reforms initially had little effect on economic growth, in large part because political instability grew sharply in the early 1990s with the uncertainty around the new elections. But as the political changes began to stabilize—especially following the election of Nelson Mandela as the president of South Africa in 1994—confidence began to grow and economies began to respond. The revitalization of emerging Africa had begun.

The Figure below summarizes the key changes of the early 1990s. The top panel shows the broad pattern of changes in economic policy, encapsulated by changes in the prevalence of so-called antigrowth syndromes, a term coined by the landmark Economic Growth in Africa research project.[5] The research team identified four syndromes that lie at the core of Africa's poor economic performance. Three were directly related to economic policy: heavy-handed regimes of state control; systems of redistribution that rewarded political allies and ethnic groups

Figure—Major Changes in the Emerging Countries: 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.

at the expense of economic growth; and heavy borrowing and asset-stripping that sacrificed future income for present gain. (The fourth syndrome was state breakdown and political instability.) Notice the sharp reduction in these syndromes in the emerging countries beginning in the mid-1980s—a clear indication of the introduction of strong economic-policy reforms. Remarkably, by 1995 the emerging countries were essentially free of all these growth-strangling syndromes.

As a result, the overall climate for private business has improved markedly in recent years, especially in the emerging countries. The costs of starting a business and registering property, the amount of red tape and restrictions that businesses face, and the hassles involved in the pursuit of commercial court claims have all declined considerably. In fact, the costs of starting a business have dropped by more than 75 percent on average in just the last six years.

The middle panel depicts the changes in political systems in the emerging countries, as captured by the improvements in Freedom House's indices of political rights and civil liberties. Political change began in force in 1989 and 1990, not long after the initiation of economic changes, and accelerated rapidly throughout the early 1990s.

The bottom panel shows the economic renaissance in the emerging countries, as indicated by the rapid increase in income per capita. As antigrowth syndromes were removed and political changes stabilized in the mid-1990s, economic growth began to accelerate, and corresponding improvements in a wide variety of other economic, social, and poverty indicators came in to play. By 2008, incomes per capita had increased by an average of 50 percent.

The Figure suggests the strong positive relationship between democratic governance and economic performance in Africa. Globally, there has been an animated debate about whether authoritarian or democratic governments have been associated with stronger economic performance in developing countries over the last several decades.[6] Overall, the relationship is mixed, but in Africa it is clear that democratic governments (starting with Botswana and Mauritius in the 1970s) have been successful, while authoritarian governments have by and large been failures.

The end of the decades-long debt crisis, and with it major changes in Africa's relationship with the international community. The 1980s debt crisis hit Africa particularly hard. Stagnant economies and heavy borrowing—a result of both poor economic management by the borrowers and aggressive lending by some of the creditors—created huge debt burdens by the late 1980s that weighed down these economies and made the challenge of recovery even greater. As the crisis deepened, the International Monetary Fund (IMF) took on a much more prominent role in Africa. Programs for "stabilization and structural adjustment" effectively mandated by the IMF and the World Bank became the centerpiece of both economic policy and the relationship between African countries and the donor community.

Today, nearly a quarter-century after its onset, the debt crisis is finally winding down for most African countries. Debt burdens are significantly lower than they were just ten years ago, thanks primarily to the Heavily Indebted Poor Country (HIPC) Initiative, which is freeing up financial resources and relieving the time burden on senior policy makers, who no longer need to constantly reschedule huge debts.

But just as important, as debt burdens have fallen, relationships between these countries and the donor community have fundamentally changed. Country-led poverty-reduction strategies have replaced the heavy conditionality of IMF and World Bank stabilization and structural-adjustment programs as the centerpiece of economic policy making and donor programs. The IMF's role is less dominant than it once was, and donor conditions are more in line with countries' priorities. As debt burdens have fallen and economic policies have improved, relations with donors have become much healthier and less adversarial, providing a stronger basis for donor support to bolster the emerging countries' continuing development.

The spread of new technologies that promote political accountability and create fresh business opportunities. Cell phones are becoming ubiquitous across Africa, and Internet access is growing quickly. It seems as though there is a cell phone in every hand and an Internet café on every corner, and Africans have proven enormously resourceful in finding useful applications for both technologies. In the most remote corners of the countryside, people employ mobile phones to relay real-time data on prices and shipments and to facilitate funds transfers and other banking services via simple text messages. Cell phones are enabling health-care workers to provide early warnings of disease outbreaks, and to transmit and maintain reliable health information for better case management. At the same time, the Internet is shrinking distances, facilitating the flow of information, and helping to overcome the constraints of geography. Although so far the Internet has had less impact than cell phones, it is creating new jobs and opportunities in fields such as data entry and other services. And both technologies are widening political involvement by enabling the steady flow of debate and information that is the lifeblood of political accountability and transparency.

These new technologies—whose influence seems set only to grow—are boosting productivity and incomes, helping the delivery of basic services, and facilitating transparency and accountability. All these strengthen the prospects for continued growth and development in these countries.

The emergence of a new generation of policy makers, activists, and business leaders. Finally, a new generation of smart, energetic, and entrepreneurial political, social, and economic leaders is emerging. They are African to the core, but with a globalized outlook that comes with the Internet and easy air travel. Many have lived and studied abroad. They are savvy, sharp, and entrepreneurial, capable of combining the best of both worlds. They can be found rising through the ranks of government, starting up businesses, working as local representatives of multinational corporations, leading local NGOs and activist groups, and taking an increasing role in political leadership. They are fed up with the unaccountable governments and economic stagnation of the past and are bringing new ideas and new vision. They are also supplying governments with much stronger professional and technical capacities in the making of economic policy.

Together, these five changes bode a promising future. They are cornerstones that the emerging countries can build on to deepen democracy, strengthen accountability and good governance, create more and broader economic opportunities, fight disease and illiteracy, and reduce poverty.

Skeptical readers may recall that many African countries recorded rapid economic growth in the 1960s, only to collapse. Fortunately, today’s emerging countries are different in several key ways: There are more of them, they are growing faster, and they have already sustained their growth for longer periods. Moreover, they have stronger foundations on which to base their progress, starting with more accountable and democratic governance. The distorting effects of decolonization and the Cold War no longer twist their politics and economics. Instead, their economic policies are much closer to the kinds of approaches that have been successful in other developing countries. And perhaps most important, there is a new generation of leaders in government and business who have learned from the mistakes of the past and are determined not to repeat them. The experience of the 1960s should temper our optimism, but should not nullify it.

Breaking Out of Traps?

One way to think about the emerging countries is through the lens of development traps. The notion of a "poverty trap," in which low incomes trap individuals and countries in a perpetual state of want, is an old idea and has some plausibility. But as a general proposition, a pure poverty trap focused on income alone does not hold up well. By today's standards, after all, the whole world was poor three-hundred years ago—so why are we not all still poor today? And how have countries such as China and Indonesia made the phenomenal economic progress that they have achieved in recent years? Far from being trapped, most of the world is much better off materially than it was a hundred or even fifty years ago.

Yet poverty itself is not the only possible trap. In recent years, economists such as Jeffrey Sachs and Paul Collier have explained how countries can face constraints other than just low incomes that make it harder to fight poverty. Sachs emphasizes health and geography traps.[7] Endemic diseases (malaria, AIDS) or adverse geographical factors such as inaccessible terrain or a poor climate can play roles in keeping poor countries poor by suppressing productivity, scaring off investors, and perpetuating isolation from the larger global economy. Breaking away is not impossible, but it is not easy. Sachs has also focused attention on the resource curse: Poor countries may have few economic options other than heavy reliance on natural-resource exports, but this reliance often undermines incentives for economic diversification while breeding corruption and conflicts over control of the resources.[8]

Paul Collier picked up on the geography trap and the resource trap and added two more: conflict and bad governance.[9] Low incomes and slow growth make countries more vulnerable to conflict, and in a vicious cycle, conflict keeps countries mired in poverty. Bad governance keeps countries poor because it means that leaders are stealing resources and undermining economic opportunities; and because poverty itself makes it harder to build the legal, governmental, and political institutions necessary to improve governance. Collier argues that, while it is not impossible for a country to escape these traps, the deck is stacked against it.

But the emerging African countries *are* beginning to break out of such snares. Botswana and Mauritius began to emerge as long ago as the 1970s, and have continued apace for several decades. For the others, the process began in the late 1980s and early 1990s. At first, a spike in conflict followed on the heels of economic and political reforms, but by the mid-1990s the changes had taken hold. Stability, not conflict, was becoming the order of the day. By the late 1990s, conflict was sharply declining. With democracy had come better leadership and greater accountability, pushed by the new generation of smart activists and entrepreneurs. At the same time, these forces were combining to help countries climb out of the bad-governance trap. The bankruptcy of past economic approaches and the end of the Cold War had discredited extreme forms of socialism, leading to more sensible economic policies. Better economic policies, shrinking debt, and new technologies were in turn reducing reliance on a narrow range of commodity exports and thereby beginning to ease the trap of the "resource curse."

South Africa, long an influential country and the home of SSA's best-developed economy, has been an important part of the turnaround. The end of apartheid opened the door to democracy and greater political openness not just in South Africa, but in many of its neighbors as well. South Africa's experience signaled that democracy and political pluralism could work in Africa, bolstering the confidence of others across the region. And it fostered an economic climate in which investment and trade were welcomed rather than shunned. Private capital from South Africa has surged into commerce, banking, brewing, and mining in its neighborhood. South Africa's impact shows what can happen when a neighbor shifts from bad to good. It is no accident that several of South Africa's immediate neighbors—Botswana, Lesotho, Mozambique, and Namibia—are among the emerging countries, as they have all benefited from South Africa's revival.

In effect, the five fundamental changes described above are giving the emerging countries a way out of these development traps. The foundations for sustained economic growth, poverty reduction, democracy, and improved governance are now in the making. They may even be connected to one another in a virtuous circle that mirrors the vicious circle of dictatorship, poor governance, and weak economic performance that plagued Africa from the late 1970s through the 1980s. In most cases, economic reforms started first, followed closely by an expansion of political freedoms. These two together led to an acceleration in economic growth and an improvement in governance.

The strengthening of democracy probably helped improve governance, but improvements in the quality of governance almost certainly have helped to sustain democracy. Similarly, the improvements in democracy and governance have helped to put and keep in place better economic policies that have accelerated growth, while the faster growth rates have made it easier to deliver tangible benefits to citizens, thereby reinforcing in turn the shifts toward democracy and better governance.

An Uncertain but Hopeful Future

The early signs are encouraging. Hope for the future has returned in these countries. And yet, even though the five fundamental changes are giving countries the opportunity to succeed, there is no guarantee that they will do so. These countries are not home free and have not yet permanently broken the bonds of poverty. On the contrary, slipping backward toward stagnation or worse remains a real possibility.

The risks and challenges are several. The recent global financial crisis has made the task of sound economic management more complex. As these countries become more integrated into the global economy, they must handle volatility that is beyond their control. The emerging countries are much better positioned to manage external shocks than they were thirty years ago. They passed a major test during the recent crisis, in which the downturn was less severe in Africa's emerging countries than elsewhere. But their ability to ride out future storms is no sure bet; it will require shrewd decisions on economic policy, plus a bit of good luck.

Some countries face the risk of internal political instability. Although the incidence of coups, civil wars, purges, and other conflicts has sharply diminished in these countries, conflict has not completely disappeared, and it could rear its ugly head in response to declining economic prospects or poor policy choices. Although most of the emerging countries have moved far along the path to democracy, several have not come as far and are at more risk of reversal.

Many countries continue to face the ravages of the HIV/AIDS pandemic. Global warming and climate change could destroy nascent economic progress, curtail economic opportunities, and generate political and social tensions that are hard to predict.

In some countries, it is possible that the early economic progress could simply stall once the earliest and easiest gains are achieved. Sachs, Collier, and others have argued that it was much easier for countries such as Mauritius to take advantage of the opportunities afforded by globalization in the 1970s and 1980s, when they could diversify into manufacturing with little competition. Today it is much harder, as firms from many more countries compete in global markets. But of course there are two sides to this coin. China and India are obviously exporting more, creating competition for potential African exporters. And yet they are also investing and importing more—a lot more—which creates new opportunities for entrepreneurial African firms to take advantage of openings in Chinese and Indian markets.

There is no denying the risks. But there are good reasons to be optimistic that most of the emerging countries will continue their progress and sustain solid economic growth, poverty reduction, and stronger governance.

Doing so surely matters to the 300 million people who live in these countries. But in an increasingly interconnected world, what happens in these countries also affects the rest of the world. Strengthening these countries enhances their ability to fight disease, control drug trafficking and other international criminal activities, improve local and regional security, promote economic opportunities, and contain other problems that otherwise might spread to the rest of the world. And just as important, the countries of emerging Africa can provide examples for people living in failed and fragile states elsewhere in Africa and around the globe that there is hope for digging out of poverty and conflict and making progress toward a brighter future.

NOTES

1. Poverty rates, based on a poverty line of US$1.25 in purchasing power per day (US$450 per year), are drawn from the World Bank PovcalNet database online. See also Shaohua Chen and Martin Ravallion, "The Developing World Is Poorer than We Thought, but No Less Successful in the Fight Against Poverty," World Bank Policy Research Working Paper no. 4703, August 2008; available at *http://go.worldbank.org/KMTYCLRA30*. Unless otherwise stated, all other data are drawn from the World Bank's "World Development Indicators" online.

2. See, for example, Carrie Manning, "Mozambique's Slide into One-Party Rule," *Journal of Democracy* 21 (April 2010): 151–65.

3. For an excellent and very readable overview of the main issues, trends, and players in Africa's contemporary development, see Todd Moss, *African Development: Making Sense of the Issues and Actors* (Boulder, Colo.: Lynne Rienner, 2007).

4. Steven Radelet, *Emerging Africa: How 17 Countries Are Leading the Way* (Washington, D.C.: Center for Global Development, 2010); Ellen Johnson Sirleaf and Steven Radelet, "The Good News Out of Africa: Democracy, Stability, and the Renewal of Growth and Development," Center for Global Development Essay (2008), available at *www.cgdev.org/content/publications/detail/15416.*

5. Benno Ndulu et al., eds., *The Political Economy of Economic Growth in Africa, 1960–2000,* vols. 1 and 2 (Cambridge: Cambridge University Press, 2007).

6. For a recent contribution that provides strong evidence in favor of democracies over nondemocracies, see Morton H. Halperin, Joseph T. Siegle, and Michael M. Weinstein, *The Democracy Advantage: How Democracies Promote Prosperity and Peace* (New York: Routledge, 2010).

7. See Jeffrey D. Sachs et al., "Ending Africa's Poverty Trap," *Brookings Papers on Economic Activity* 1 (2004): 117–216; and Jeffrey D. Sachs, *The End of Poverty: Economic Possibilities for Our Times* (New York: Penguin, 2006).

8. Jeffrey D. Sachs and Andrew M. Warner, "Natural Resource Abundance and Economic Growth," National Bureau of Economic Research Working Paper No. W5398, December 1995. For an earlier exposition of this idea, see Alan Gelb, *Oil Windfalls: Blessing or Curse?* (New York: Oxford University Press, 1988).

9. Paul Collier, *The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It* (New York: Oxford University Press, 2007).