Policy and governance in Africa’s economic transformation

New findings from comparative research

David Booth

International conference on the political economy of agricultural policy in Africa, Roodevallei, South Africa, 18-20 March 2013
The Tracking Development Project

The Richer Harvest
Economic development in Africa and Southeast Asia compared

The ‘Tracking Development’ study
2006-2011

Dirk Vlasblom

A publication from the African Studies Centre
Leiden, 2013
Southeast Asia and Sub-Saharan Africa: GDP per capita (constant 2000 US$), 1960-2009
Southeast Asia and Sub-Saharan Africa
before 1960: colonial rule; agrarian economies with primary product exports
since 1960: corruption and weak institutions

Nigeria and Indonesia
oil giants

Tanzania and Vietnam
post-socialist countries

Uganda and Cambodia
post-conflict countries

Kenya and Malaysia
politically stable open economies
Three preconditions for sustained growth with mass poverty reduction in Malaysia since 1958, Indonesia since 1967, and Vietnam since 1986

1) Macroeconomic stability
   low inflation, little currency overvaluation

2) Economic freedom
   for farmers and entrepreneurs

3) Pro-poor public spending
   on agriculture, public services, and rural infrastructure
Underlying principles of successful development strategy

1) scale: mass outreach
2) urgency: direct impact
3) expediency: ends above means

in sum: increase the earning power of as many people as possible, as quickly as possible
## Contrasting concepts of development

<table>
<thead>
<tr>
<th>Southeast Asia</th>
<th>Sub-Saharan Africa</th>
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<tbody>
<tr>
<td>incremental (but potentially rapid)</td>
<td>transformative</td>
</tr>
<tr>
<td>poor people become richer</td>
<td>poor countries acquire things rich ones have (technologies, industries, goods, rights, institutions)</td>
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<tr>
<td>growth</td>
<td>modernisation</td>
</tr>
<tr>
<td>productivity</td>
<td>education</td>
</tr>
<tr>
<td>inclusive</td>
<td>elitist</td>
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<tr>
<td>oriented toward undesired starting point of development: mass poverty</td>
<td>oriented toward desired end point of development: industrial or post-industrial modernity</td>
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<td>concerned with establishing immediate priorities</td>
<td>concerned with making comprehensive plans</td>
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Africa Power and Politics Programme: Business and Politics research stream
The modal pattern in sub-Saharan Africa

- Rent extraction is a source of personal enrichment for political as well as business elites
- Leadership is unwilling or unable to restrict rent taking, as allocation of rent opportunities keeps it in power
- Creating rent opportunities drives policy-making, as there is no other source of campaign financing
- Corruption permeates the system; no moral authority to prevent this
- Bureaucratic quality is comprehensively undermined
### Developmental patrimonialism? Rwanda versus the SSA modal pattern

<table>
<thead>
<tr>
<th>Modal pattern</th>
<th>Rwanda</th>
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<tbody>
<tr>
<td>Personal enrichment of political elites</td>
<td>RPF benefits corporately from Tri-Star/CVL dividends</td>
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<tr>
<td>Leadership stays in power by allocating rent opportunities</td>
<td>Leadership is gambling on staying in power by generating public economic and social benefits</td>
</tr>
<tr>
<td>Policy-making affected; no other source of campaign financing</td>
<td>Policy-making protected; RPF campaign financing underwritten by CVL profits</td>
</tr>
<tr>
<td>Corruption permeates the system</td>
<td>Corruption control is able to be effective</td>
</tr>
<tr>
<td>Bureaucratic quality undermined</td>
<td>Bureaucratic quality is not undermined</td>
</tr>
</tbody>
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### Some reasonable results

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<thead>
<tr>
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<th>2006</th>
<th>2010/11</th>
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<tbody>
<tr>
<td>GDP growth, annual</td>
<td></td>
<td>8.4%</td>
</tr>
<tr>
<td>average 2006-10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infant mortality (per 1000 live births)</td>
<td>86</td>
<td>50</td>
</tr>
<tr>
<td>Maternal mortality (per 100,000 live births)</td>
<td>750</td>
<td>487</td>
</tr>
<tr>
<td>Total fertility rate</td>
<td>6.1</td>
<td>4.6</td>
</tr>
</tbody>
</table>

Sources: NISR, EICV3, DHS4
Production & productivity increase for key staples

From a presentation by J.J. Mbonigaba Muhinda, Rwanda Agriculture Board

- Land consolidation, inputs provision and proximity extension services through the Crop Intensification Programme have been the main contributors to this growth.
Four outstanding questions (DRA project)

• What political conditions allow high-growth episodes to be sustained beyond seven years and the incumbency of a single leader? (Tim Kelsall)

• Can African regimes create protected technocracies that deliver the ‘outreach, urgency and expediency’ that has underpinned Asian agricultural successes? (Ton Dietz and André Leliveld)

• Under what circumstances have developmental regimes arisen historically, and can those circumstances be reproduced? (David Henley and Helmy Fuady)

• How can the international system be made more favourable to the inception and survival of developmental regimes in Africa? (David Booth and Frederick Golooba-Mutebi)
First results: Kelsall on succession and growth

Economic growth and political succession: A study of two regions
Tim Kelsall

Sub-Saharan Africa is now the world’s fastest growing region, with predictions that in the next decade seven out of 10 of the world’s most expansionary economies will be African. This is not the first time, however, that African economies have proved dynamic. They grew resolutely between 1960 and 1974, and a handful posted extremely rapid growth rates. This growth was not sustained, however: a result in part, of problems related to leadership succession.

Since the succession issue is raising its head in several of today’s Tier 1 economies, including Angola, Ethiopia, Rwanda and Uganda, this policy brief examines comparative evidence from two regions, sub-Saharan Africa and Southeast Asia, to answer the question: ‘Under what conditions does high economic growth survive leadership succession?’

We find that countries that succeeded in combining high growth with succession have one of two distinct characteristics:
- a dominant political party with a consensus decision-making tradition, or
- an organic bureaucracy insulated from the political process.

Why does succession affect growth?
Economic growth requires political leaders to make credible commitments to respect property rights – only then will investors be confident that their assets will not be expropriated or undermined. In the early stages of economic growth, a precedent of responsible behavior on the part of the leadership may generate such confidence. But what happens when the political leadership changes? Obviously, confidence can drop, amid uncertainty over whether the new leadership will honour old commitments.

In 17th century England, such uncertainty was reduced when leaders accepted formal charters on power that limited their ability to renge on old commitments. That experience has inspired model current about strengthening legislatures and legal systems in the developing world, not to mention currently fashionable ideas about ‘inclusive institutions’ or a ‘golden thread’ linking the rule of law, the absence of conflict and corruption, and the presence of property rights and strong institutions.

However, our own research shows that in Asia and Africa today, credible commitments are more likely to be provided by strong political parties or, more rarely, insulated bureaucracies.

Our method
Our study identified medium or large countries in sub-Saharan Africa and Southeast Asia that had experienced high growth for a decade or more since 1974: we then focused on those that had also
First results: Kelsall on succession and growth

• In the 1960s and 1970s economic growth in sub-Saharan Africa was respectable, but growth was not sustained, partly because of problems related to leadership succession.

• The study explores this issue by means of a qualitative comparative analysis of fast-growing countries in Southeast Asia and Africa.

• Contrary to currently fashionable ideas about ‘inclusive institutions’ and ‘golden threads’, the crucial enabler of succession with sustained growth is **the embedding of policy-making in strong institutions of one of two types:**

  1) a dominant party with a tradition of consensual decision-making and leadership succession, or

  2) a strong, organic bureaucracy, effectively insulated from changes in political leadership.
Developmental regimes in Africa brings together Tracking Development, led by the ASC & KITLV inter-institutes of Leiden University, Netherlands and Africa Power and Politics, led by the Overseas Development Institute, London. The project is supported by the Netherlands Ministry of Foreign Affairs.