



INTERNATIONAL FOOD
POLICY RESEARCH INSTITUTE
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AGRICULTURE AND STRUCTURAL TRANSFORMATION IN AFRICA

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International Food Policy Research Institute

AGRICULTURE AND STRUCTURAL TRANSFORMATION IN AFRICA

MAIN TOPICS

1

KEY MESSAGES

2

GROWTH PROCESS AND BRIEF OVERVIEW OF RECENT PERFORMANCE IN AFRICA

3

PACE AND PATTERNS OF STRUCTURAL TRANSFORMATION IN AFRICA

4

STRATEGIES FOR THE AGRICULTURAL SECTOR

5

STRATEGIES FOR THE INDUSTRIAL SECTOR

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FUTURE STRATEGIES IN AND OUTSIDE OF AGRICULTURE

5

STRATEGIES FOR THE INDUSTRIAL SECTOR

KEY MESSAGES

WHERE ARE WE AND WHY?

- ❑ STRUCTURAL CHANGE IN AFRICA HAS BEEN ***PRODUCTIVITY-REDUCING***
- ❑ ***NEGATIVE DIVERSIFICATION*** MOVED LABOR
 - ❑ FROM UNDERPERFORMING HIGHER-PRODUCTIVITY AGRICULTURE
 - ❑ INTO OVERSIZED LOWER-PRODUCTIVITY SERVICES SECTOR
- ❑ ***LACK OF EFFECTIVE INDUSTRIALIZATION POLICY***
 - ❑ IMPEDED GROWTH IN MANUFACTURING SECTOR
 - ❑ FORCED SPECIALIZATION IN LOW VALUE PRIMARY GOODS

KEY MESSAGES

WHAT IS THE WAY FORWARD?

- ❑ ***SUSTAIN AND ACCELERATE CURRENT ECONOMIC RECOVERY PROCESS*** THRU
 - ❑ EVIDENCE-BASED AND INCLUSIVE AGRICULTURAL POLICIES
 - ❑ RENEWED INDUSTRIALIZATION POLICIES TO DEVELOP COMPARATIVE ADVANTAGE IN HIGHER VALUE GOODS

- ❑ ***ALIGN POLICIES IN SOCIAL AND PRODUCTIVE SECTORS*** TO
 - ❑ OVERCOME TIGHT BUDGETARY CONSTRAINTS
 - ❑ MAXIMIZE LABOR PRODUCTIVITY IMPACT OF SOCIAL SERVICES

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THE ECONOMIC GROWTH PROCESS

- COUNTRIES BECOME RICH BY PRODUCING MORE OUTPUT PER GIVEN WORKER
 - ⇒ *THIS INVOLVES PRODUCING MORE OF THE SAME GOOD*
 - ⇒ *AND MORE IMPORTANTLY, PRODUCING A LARGER BASKET OF HIGHER VALUE GOODS*

- COUNTRIES ALSO BECOME RICH OVER TIME
 - ⇒ *STARTING FROM AN AGRICULTURAL AND RURAL BASE*
 - ⇒ *MOVING TO AN URBAN AND INDUSTRIAL BASE*

THE ECONOMIC GROWTH PROCESS

○ THE DOUBLE CHALLENGE OF MANAGING THE GROWTH PROCESS

⇒ *RAISING PRODUCTIVITY IN THE AGRICULTURAL AND RURAL ECONOMY*

⇒ *WHILE DIVERSIFYING INTO HIGHER VALUE GOODS OUTSIDE OF AGRICULTURE*

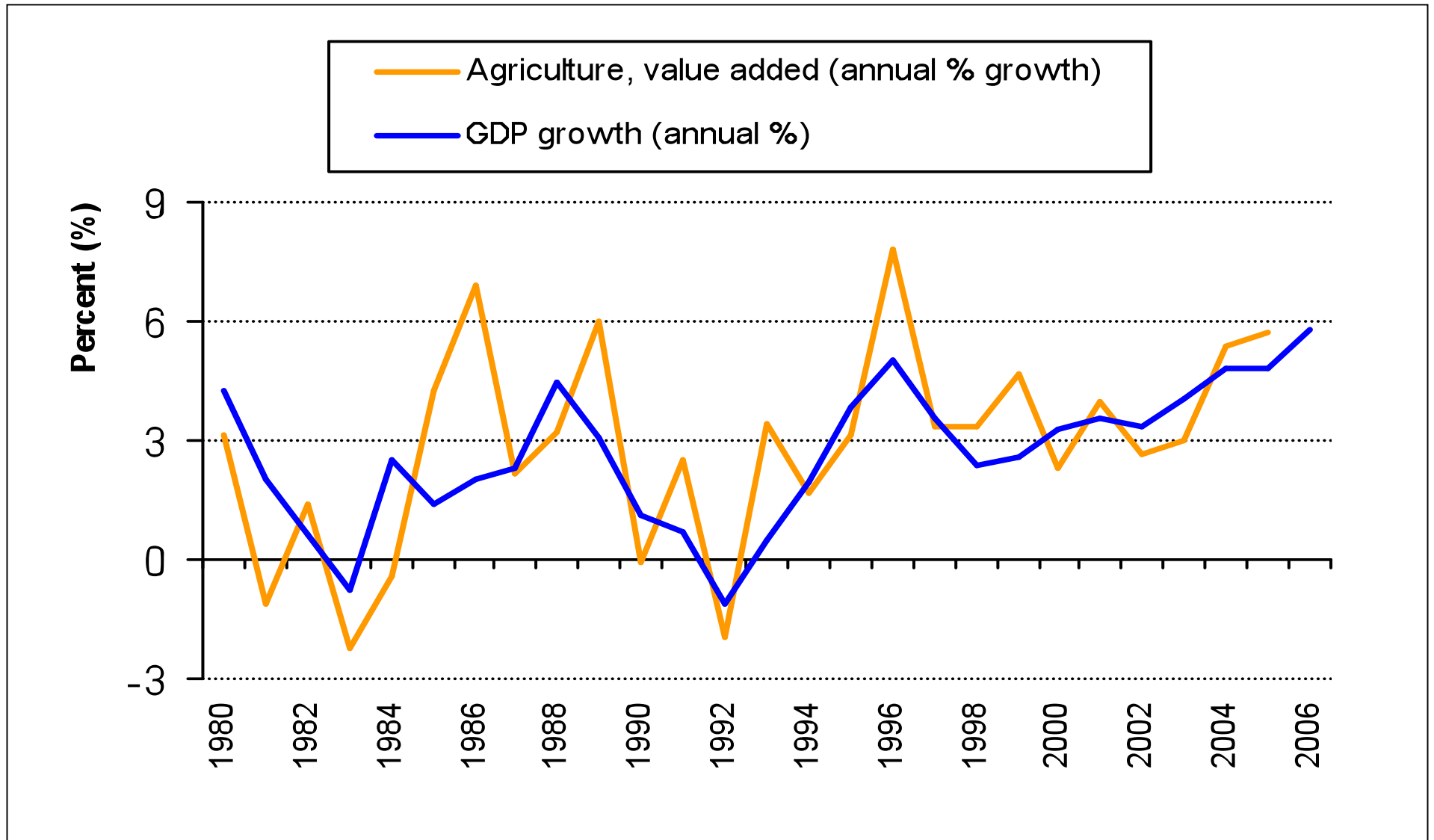
○ DETERMINING FACTORS

⇒ *HUMAN AND PHYSICAL ASSETS*

⇒ *INSTITUTIONAL AND TECHNOLOGICAL RESOURCES*

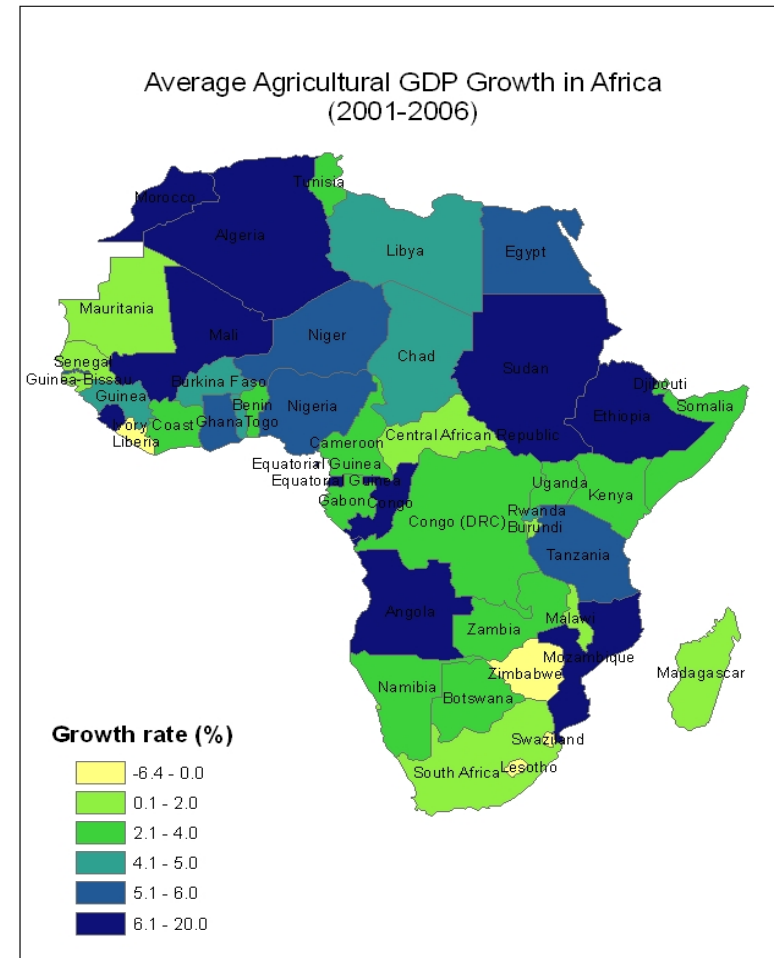
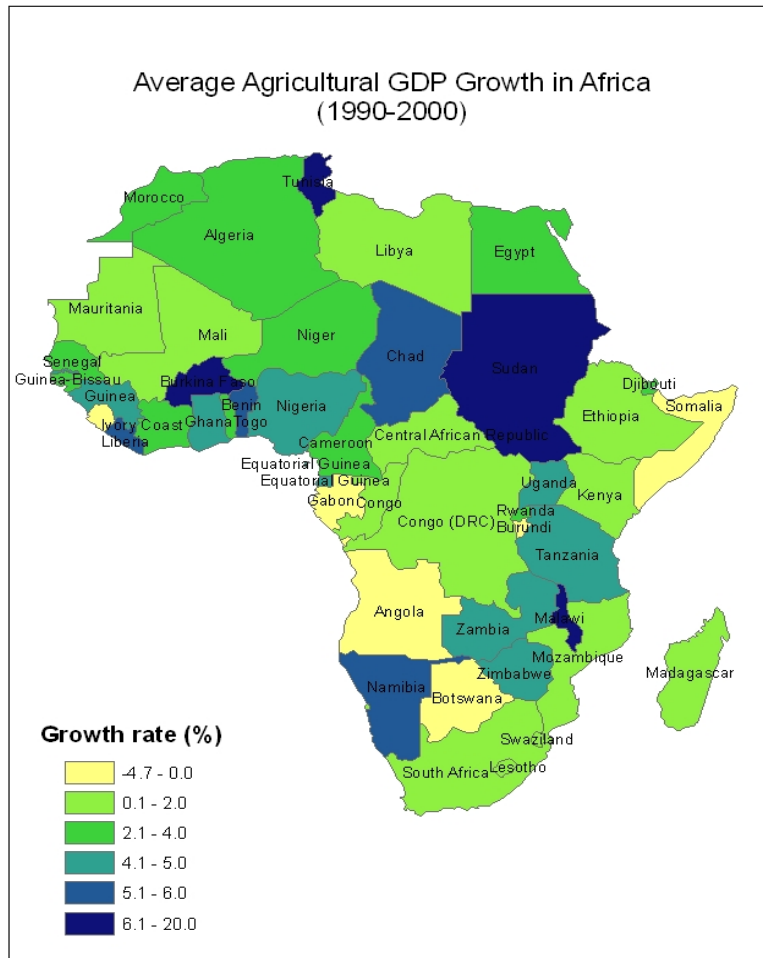
⇒ *POLICY AND COORDINATION CAPACITIES*

AFRICA IS UNDERGOING ITS LONGEST PERIOD OF SUSTAINED GROWTH SINCE THE 1960S



SOURCE: Badiane 2008: IFPRI Policy Brief No. 9

THE GROWTH IS ACCELERATING AS WELL AS SPREADING GEOGRAPHICALLY

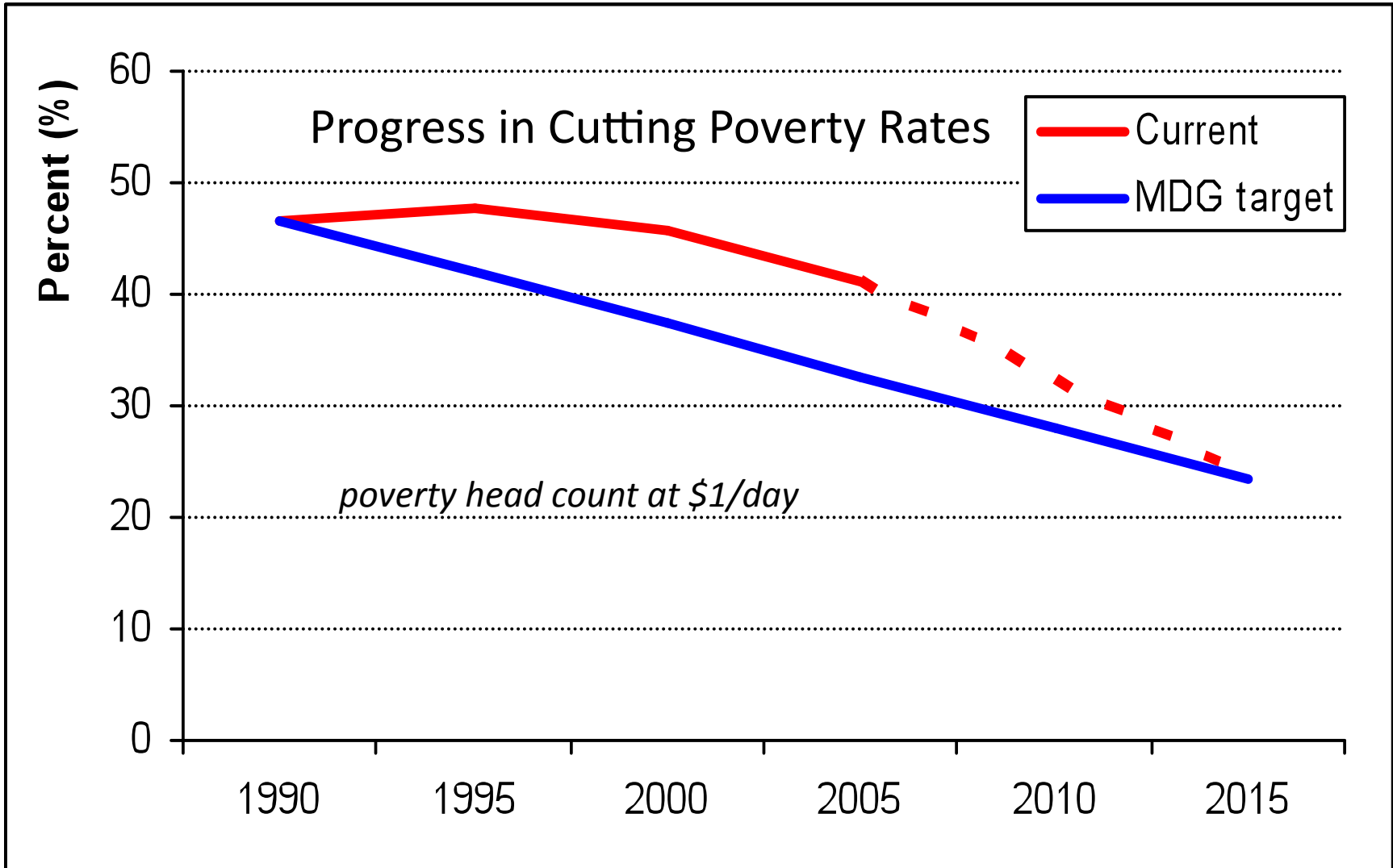


SOURCE: IFPRI / Badiane and Ulimwengu

Data from national accounts / UN database: <http://data.un.org/Explorer.aspx?d=SNAAMA>

IFPRI/Badiane

THE RECENT RECOVERY COULD NOT COMPENSATE FOR DECADES OF DECLINE AND STAGNATION



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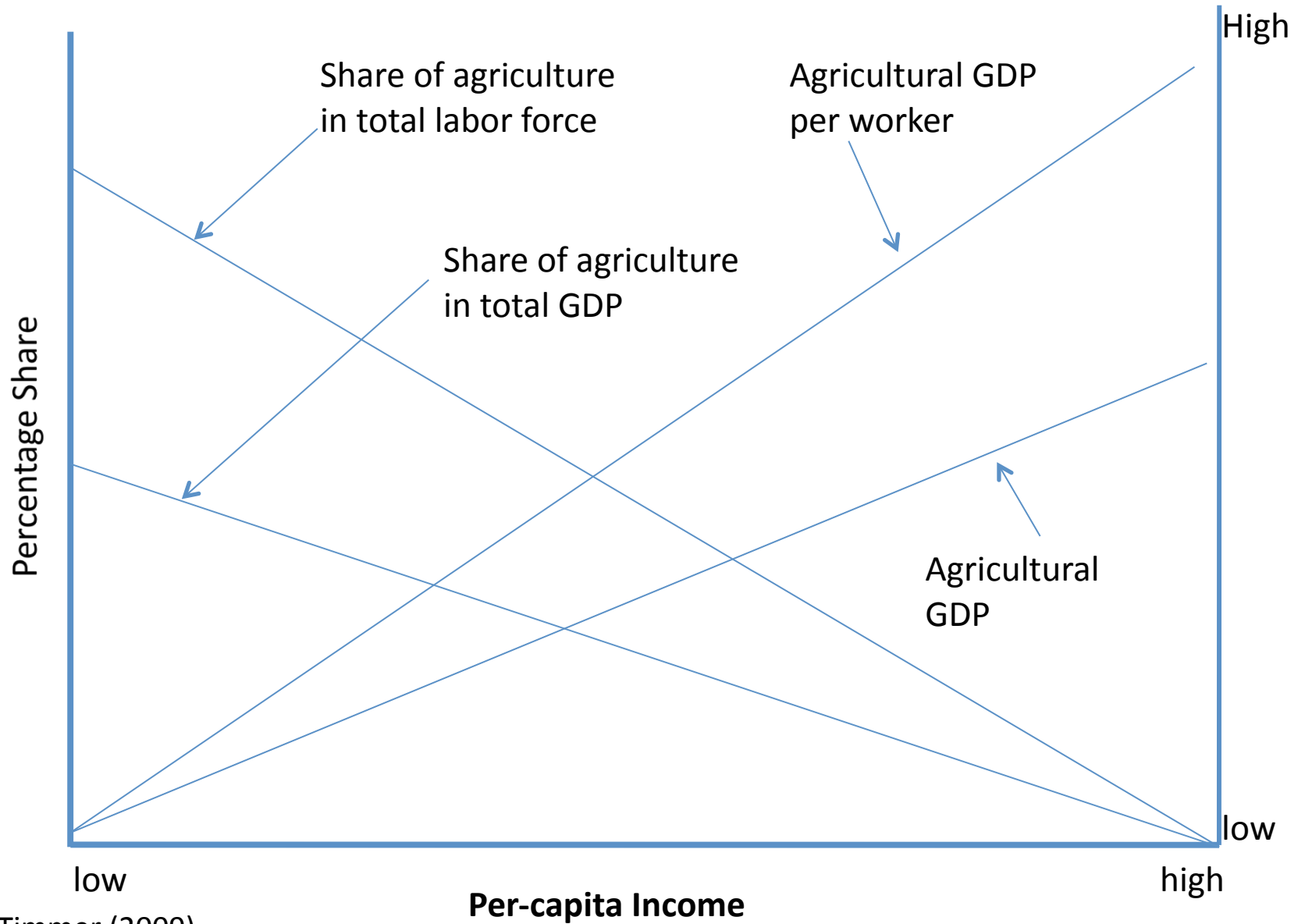
4

STRATEGIES FOR THE AGRICULTURAL SECTOR

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STRATEGIES FOR THE INDUSTRIAL SECTOR

AGRICULTURE IN THE ECONOMIC TRANSFORMATION PROCESS



Based on Timmer (2009)

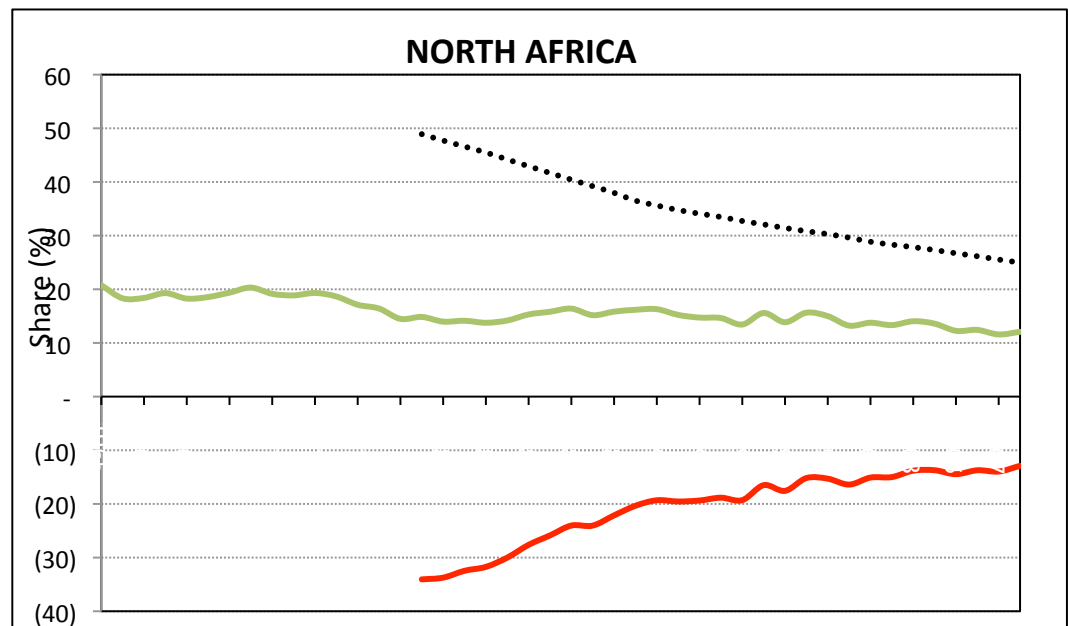
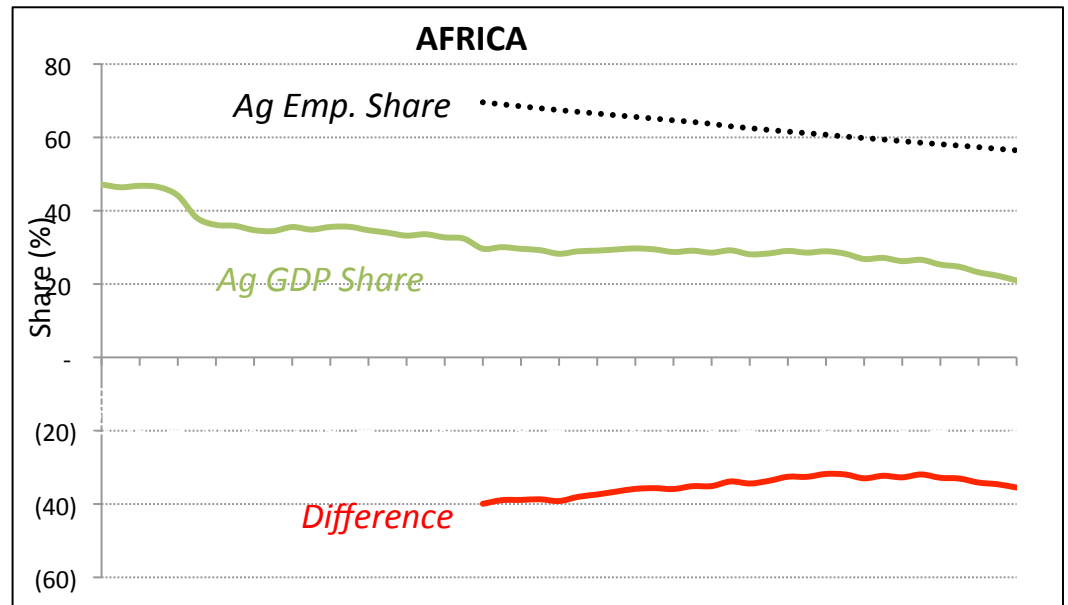
TRENDS IN STRUCTURAL CHANGE AMONG AFRICAN COUNTRIES 1960 - 2008

THE STRUCTURAL TRANSFORMATION PROCESS HAS BEEN EXTREMELY SLOW IN AFRICA

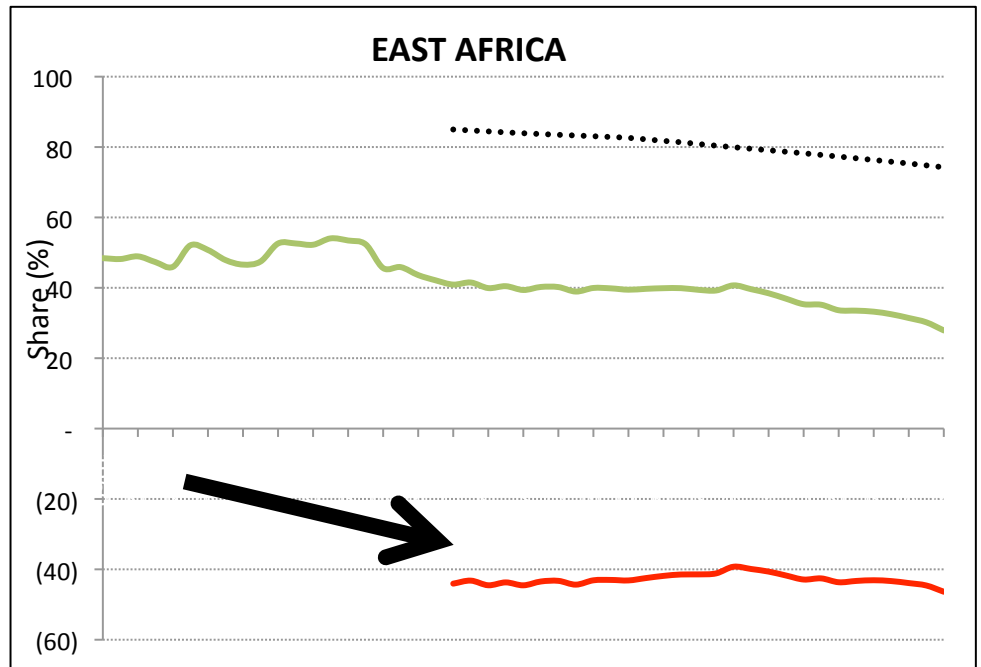
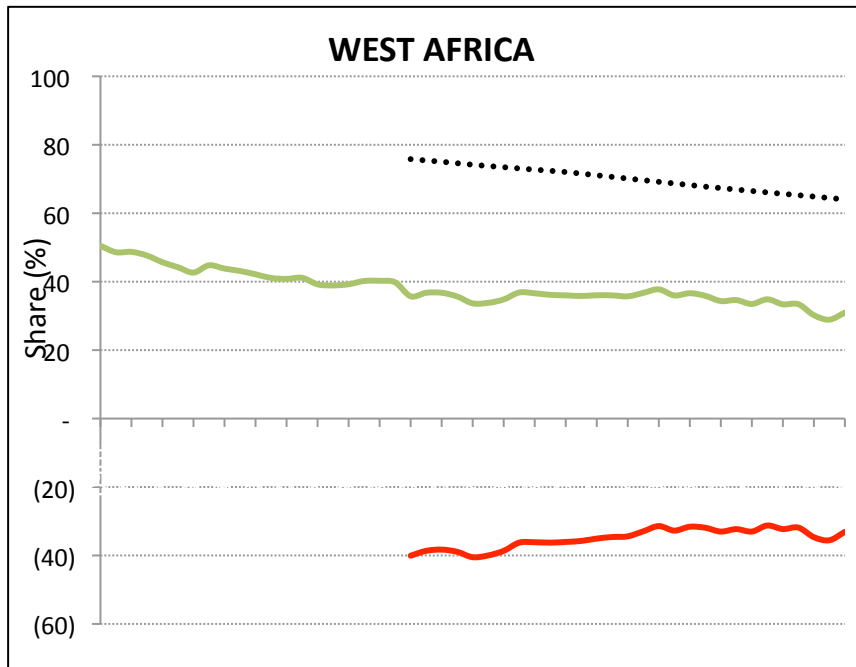
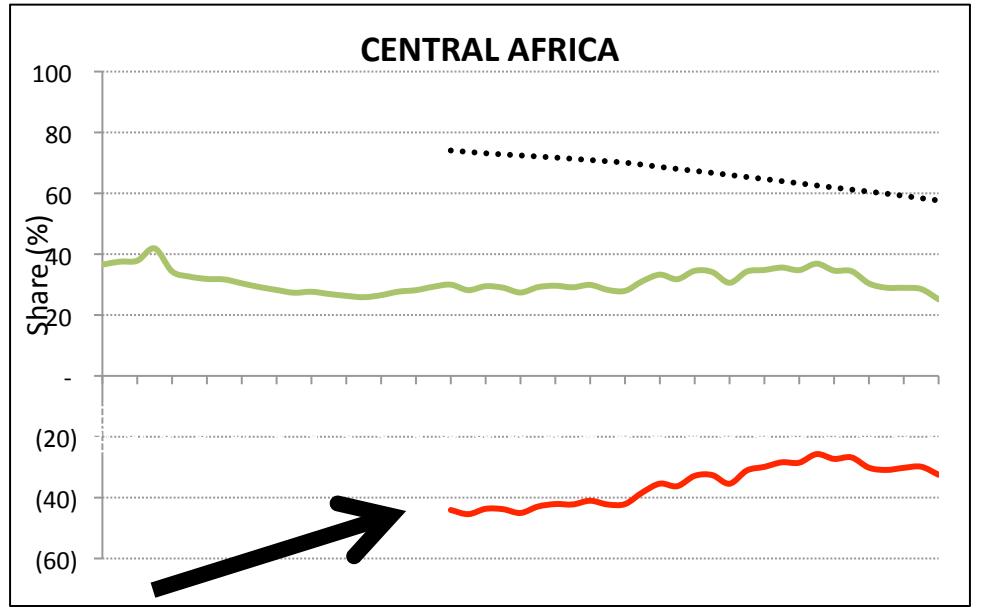
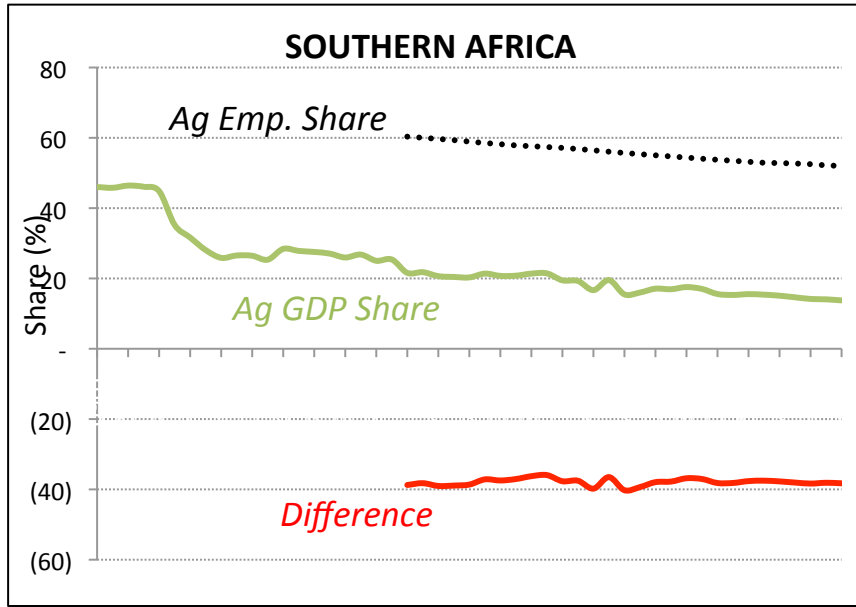
THE DIFFERENCE BETWEEN THE GDP AND LABOR SHARE OF AGRICULTURE HAS BARELY CHANGED OVER THE LAST 30 YEARS

NOTICEABLE EXCEPTION HAS BEEN OBSERVED AMONG NORTH AFRICAN COUNTRIES

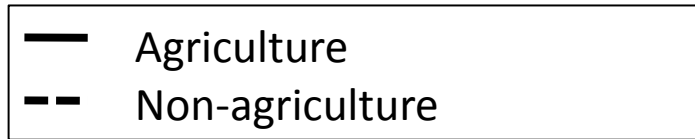
AND TO A LESSER EXTENT AMONG CENTRAL AFRICAN COUNTRIES (NEXT SLIDE)



TRENDS IN STRUCTURAL CHANGE AMONG AFRICAN COUNTRIES 1960 - 2008



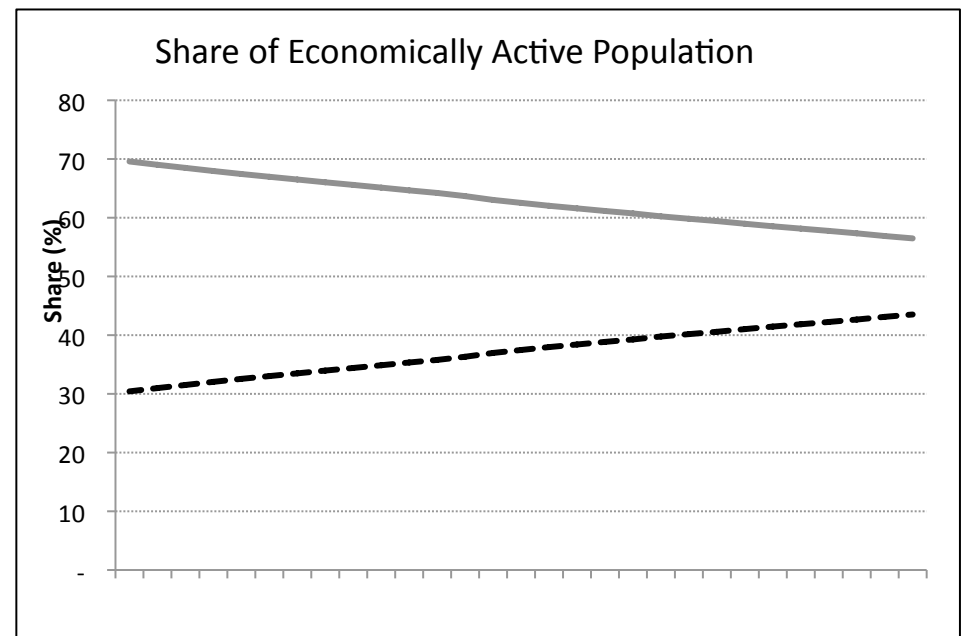
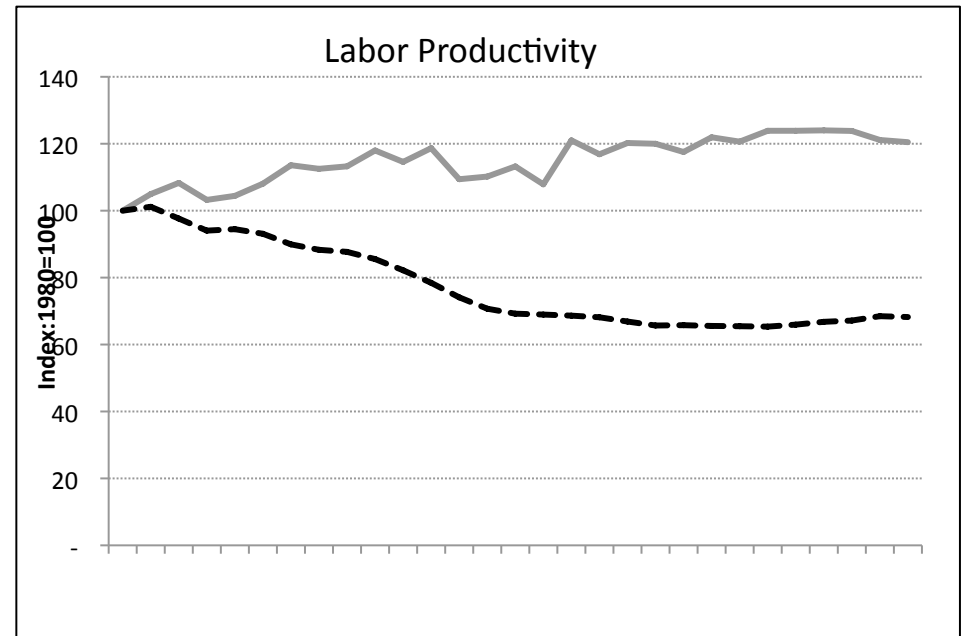
TRENDS IN LABOR PRODUCTIVITY AND EMPLOYMENT IN AFRICA 1980 - 2008



LABOR PRODUCTIVITY HAS STAGNATED IN AGRICULTURE AND DECLINED SHARPLY IN THE NON AGRICULTURAL SECTOR, DRIVEN PRIMARILY BY LOW-PRODUCTIVITY SERVICES

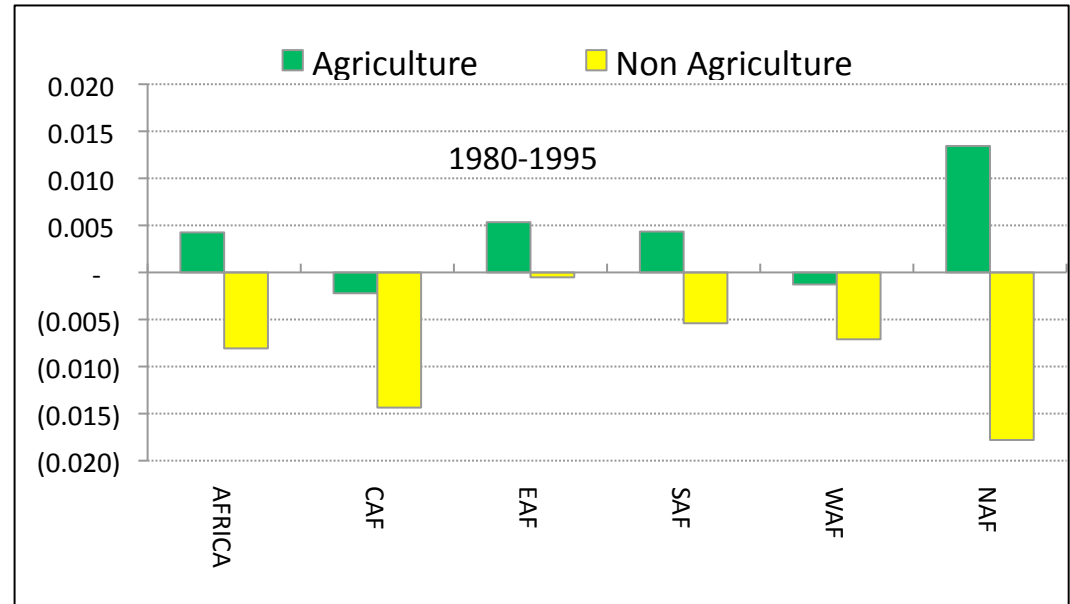
EMPLOYMENT HAS FALLEN SLIGHTLY IN AGRICULTURE AND INCREASED RAPIDLY IN THE NON AGRICULTURAL SECTOR, AGAIN DRIVEN BY SERVICES AND LESS BY INDUSTRY

Source: FAOSTAT 2011

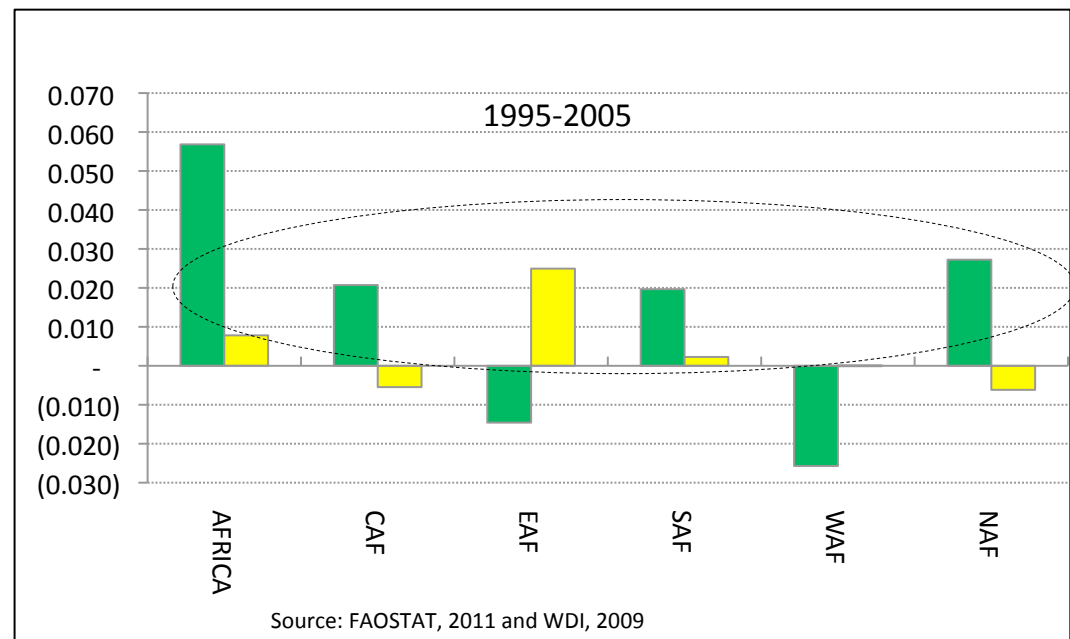


SECTORAL CONTRIBUTION TO PRODUCTIVITY GROWTH BY MAJOR AFRICAN REGIONS

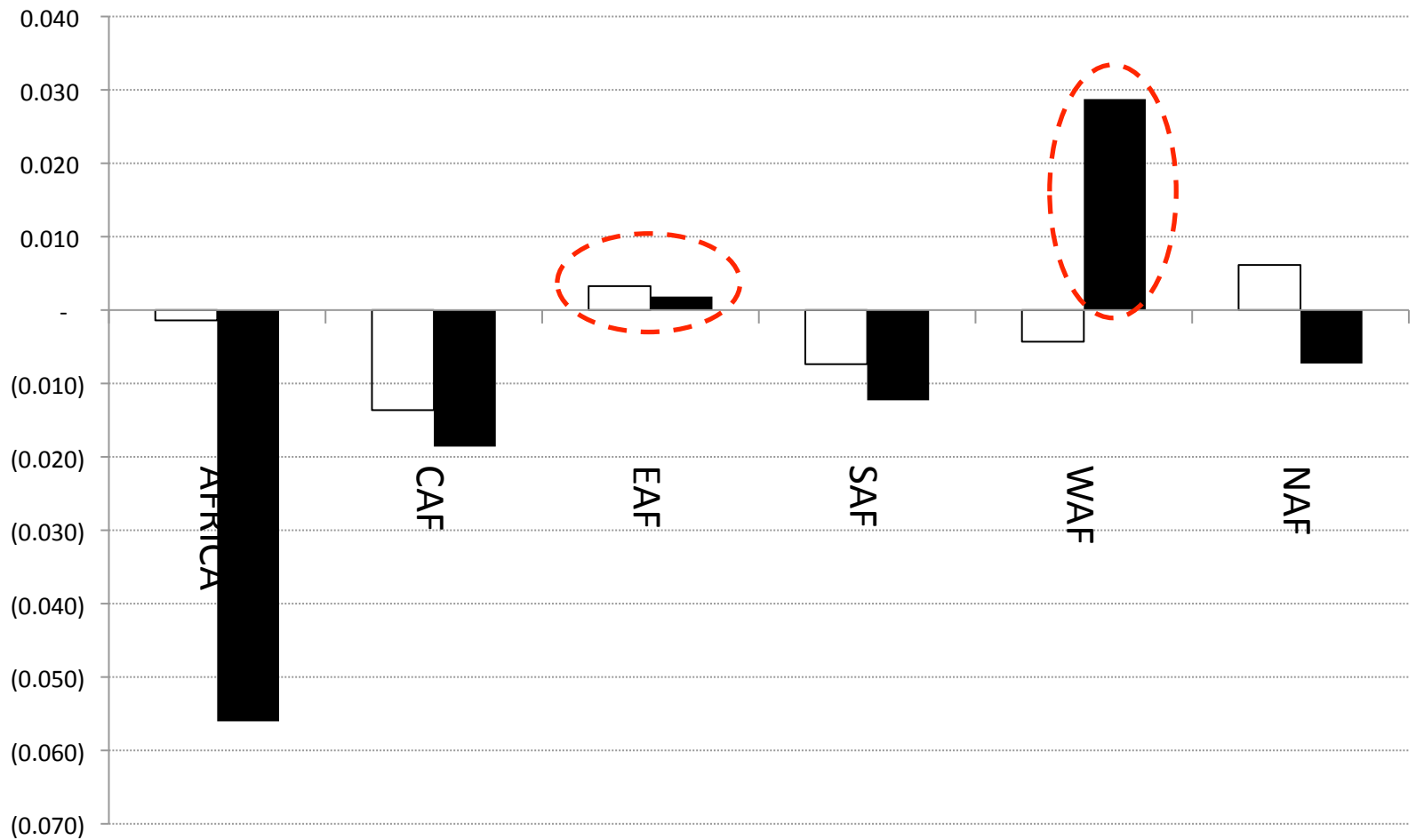
AS A RESULT THE NON AGRICULTURAL SECTOR HAS CONTRIBUTED NEGATIVELY TO PRODUCTIVITY GROWTH ACROSS ALL MAJOR REGIONS DURING THE EIGHTIES AND UP TO MID 1990S



WITH THE BEGINNING OF THE RECOVERY IN THE LATE 1990S, THE CONTRIBUTION OF THE TWO SECTORS TO PRODUCTIVITY GROWTH HAS IMPROVED MARKEDLY, EXCEPT FOR EASTERN AND WEST AFRICA



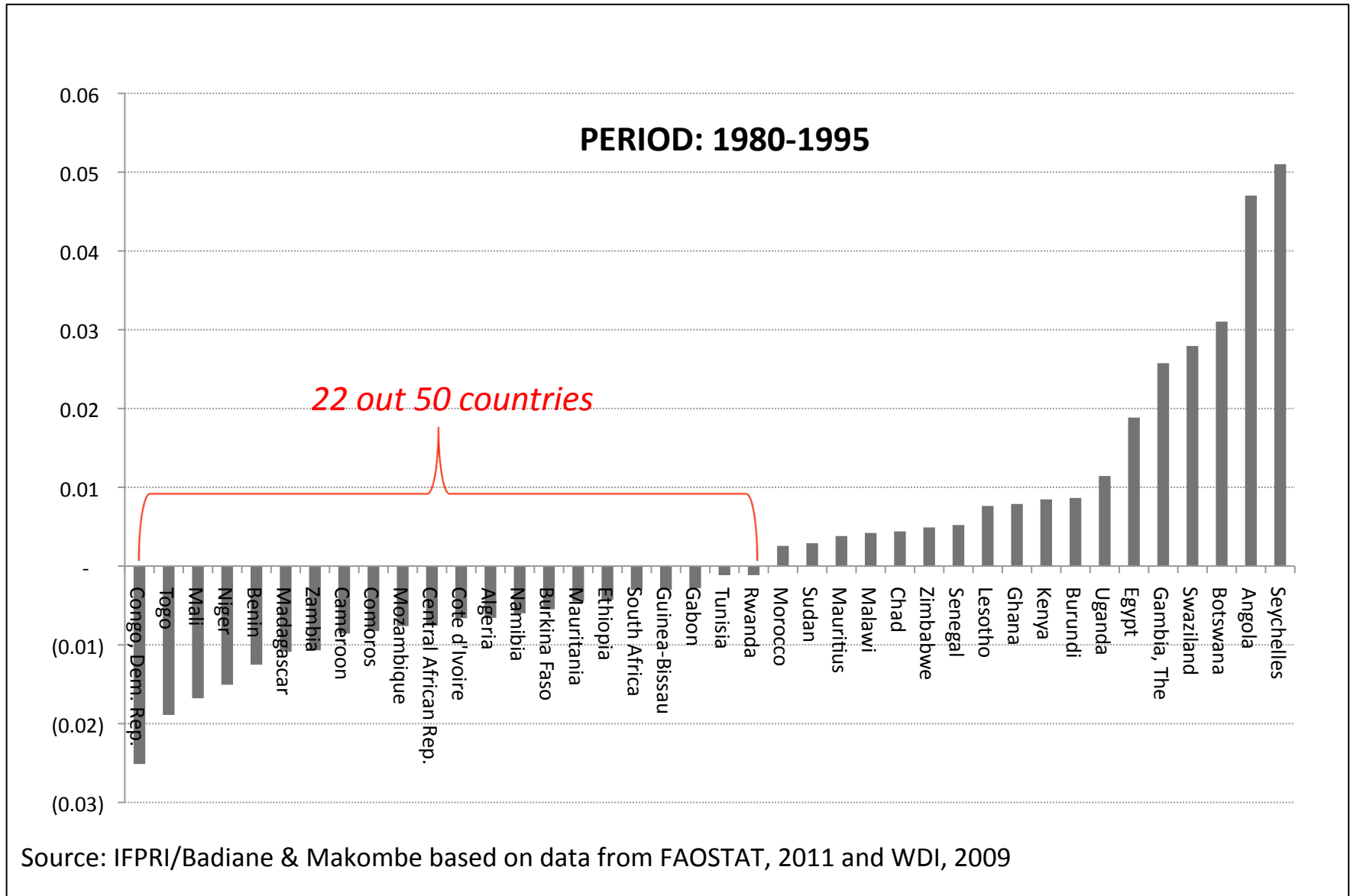
THE CONTRIBUTION OF STRUCTURAL CHANGE TO PRODUCTIVITY GROWTH HAS BEEN HOWEVER MAINLY NEGATIVE IN ALL MAJOR AFRICAN REGIONS WITH EXCEPTION OF WEST AFRICA AND TO A LESSEr EXTENT EAST AFRICA



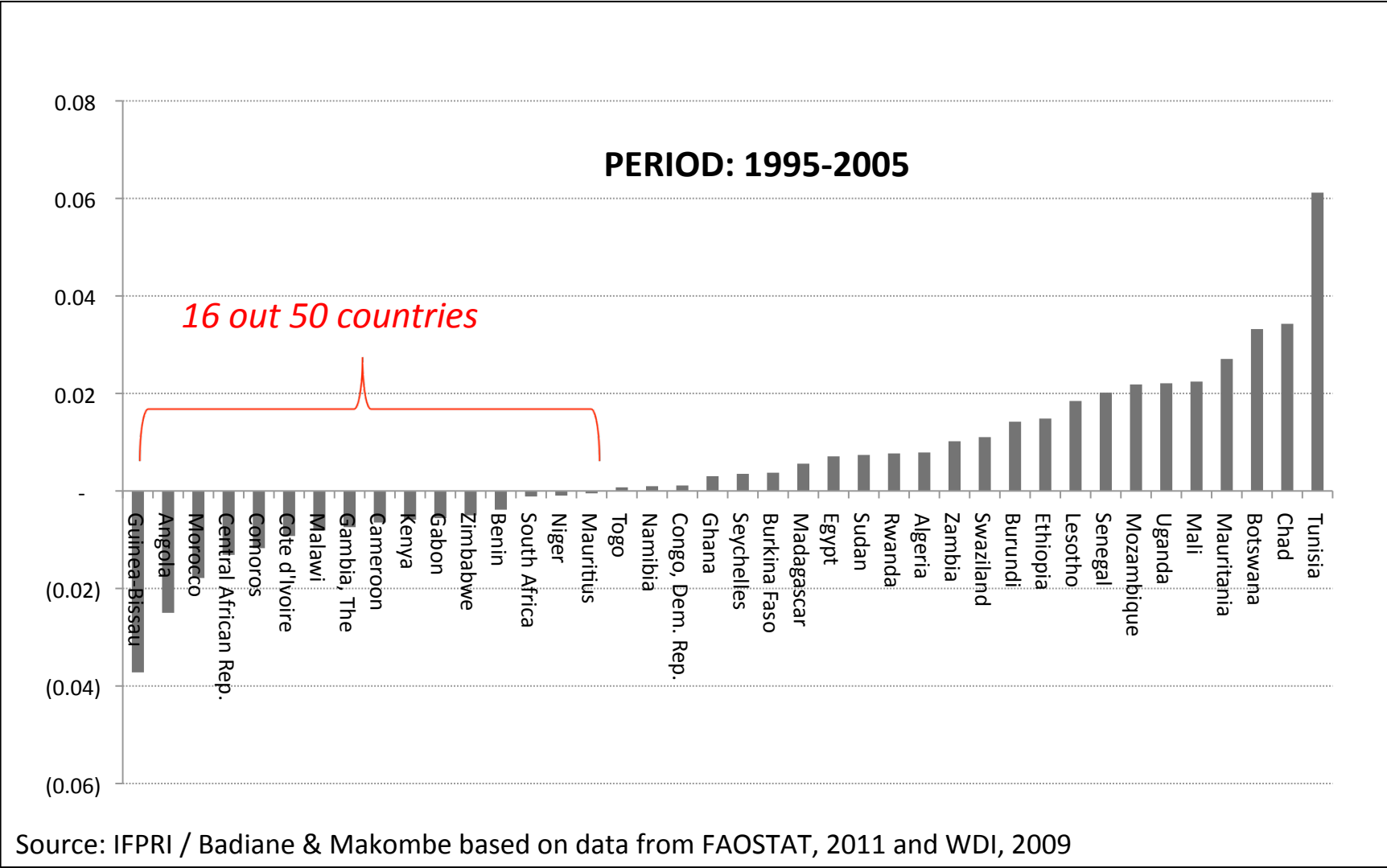
Source: FAOSTAT, 2011 and WDI, 2009

□ Structural Change 1980-1995 ■ Structural Change 1995-2005

THE CONTRIBUTION OF STRUCTURAL CHANGE TO PRODUCTIVITY GROWTH WAS
NEGATIVE IN MORE THAN 40% AFRICAN COUNTRIES IN THE 1980S



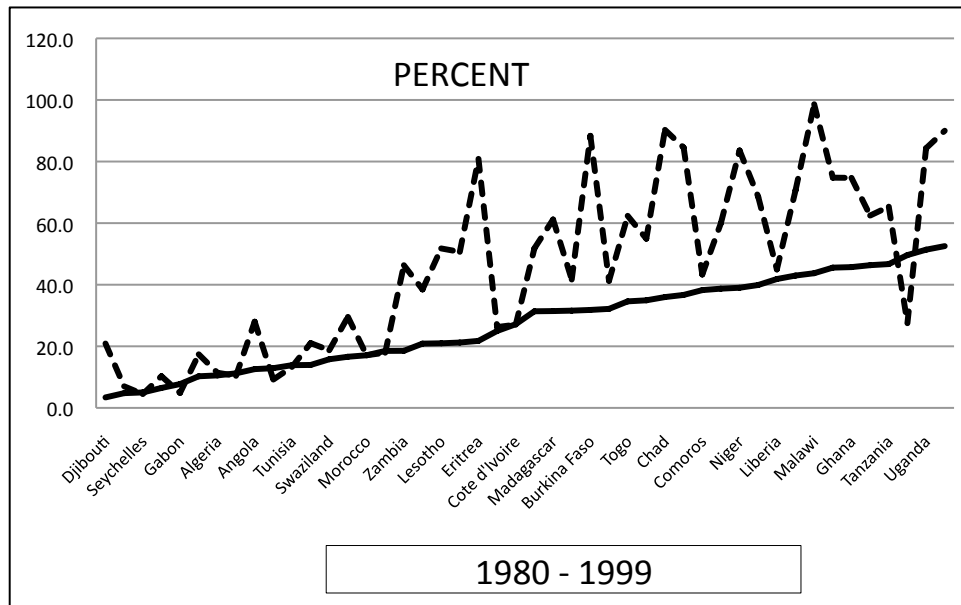
THE CONTRIBUTION OF STRUCTURAL CHANGE TO PRODUCTIVITY GROWTH HAS IMPROVED SINCE THE LATE 1990S AND IS SIGNIFICANTLY NEGATIVE IN SLIGHTLY MORE THAN 20% OF COUNTRIES



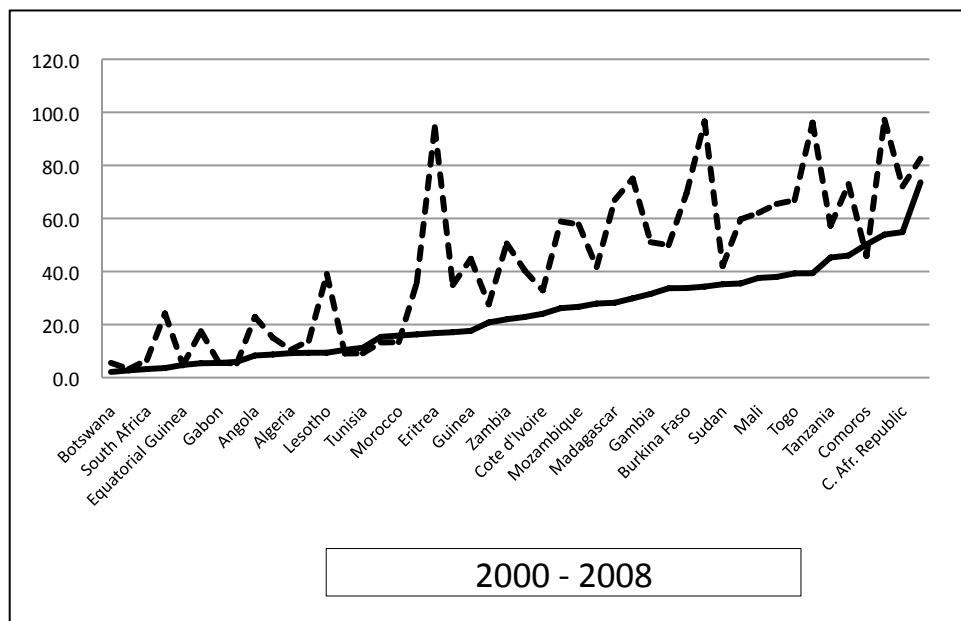
AGRICULTURAL SECTOR UNDERPERFORMANCE AND STRUCTURAL CHANGE



THE SHARE OF THE AGRICULTURAL SECTOR IN OVERALL GDP IS LOWER IN NEARLY ALL AFRICAN COUNTRIES THAN WOULD HAVE BEEN EXPECTED BASED ON THE LEVEL OF PER CAPITA



OBSERVED AVERAGE SHARES OVER THE LAST 30 YEARS ARE AROUND 30%, NEARLY 20 PERCENTAGE POINTS BELOW WHAT WOULD BE EXPECTED BASED ON COUNTRIES' LEVEL OF DEVELOPMENT



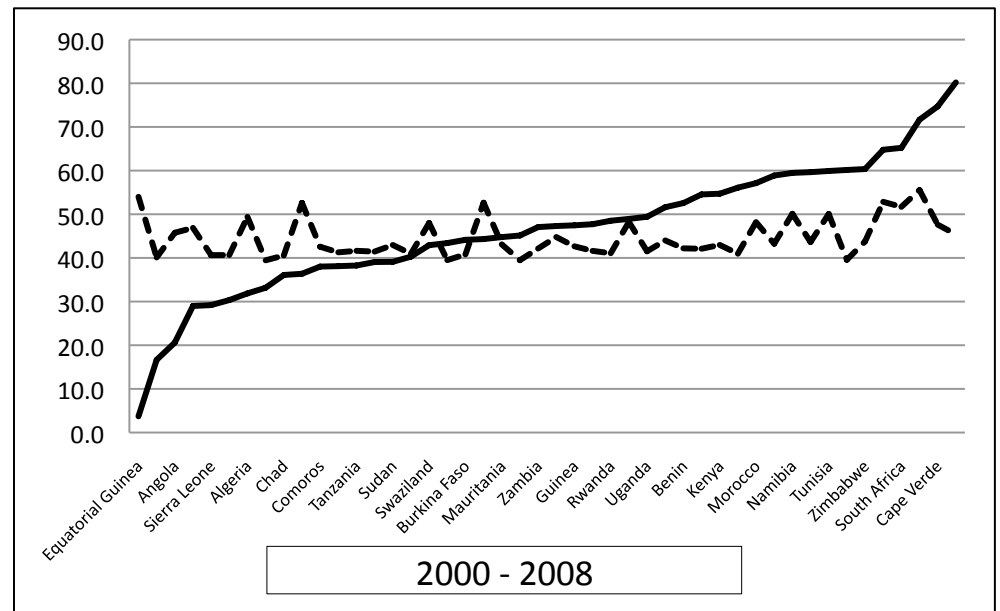
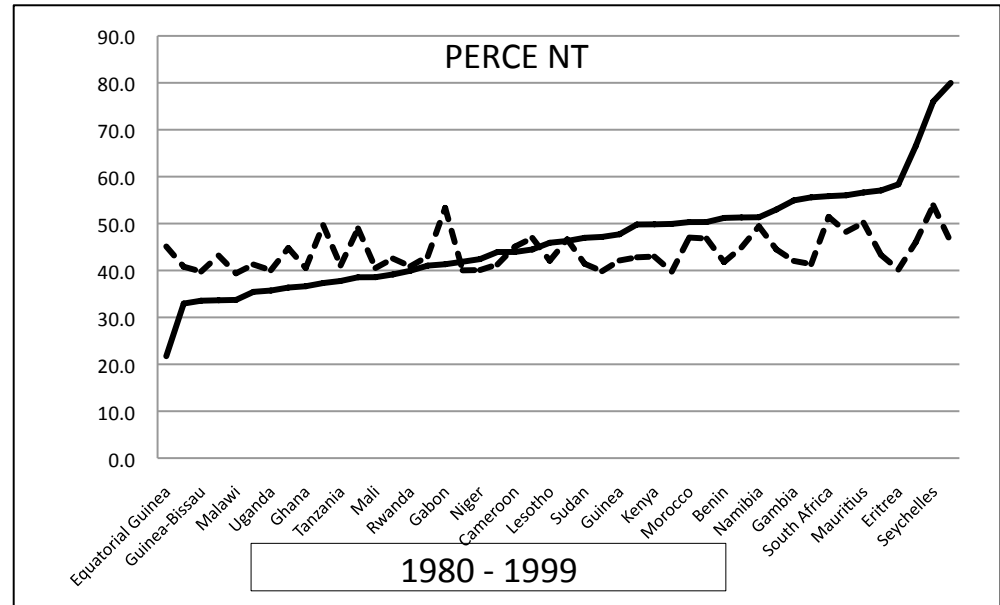
OVERSIZED SERVICE SECTOR AND STRUCTURAL CHANGE IN AFRICA

Observed Services GDP Share
 Expected Services GDP Share

ON THE OTHER HAND, THE SHARE OF THE SERVICES SECTOR IN GDP IS MUCH LARGER IN THE MAJORITY OF COUNTRIES COMPARED TO WHAT WOULD HAVE BEEN EXPECTED BASED ON THE LEVEL PER CAPITA INCOMES

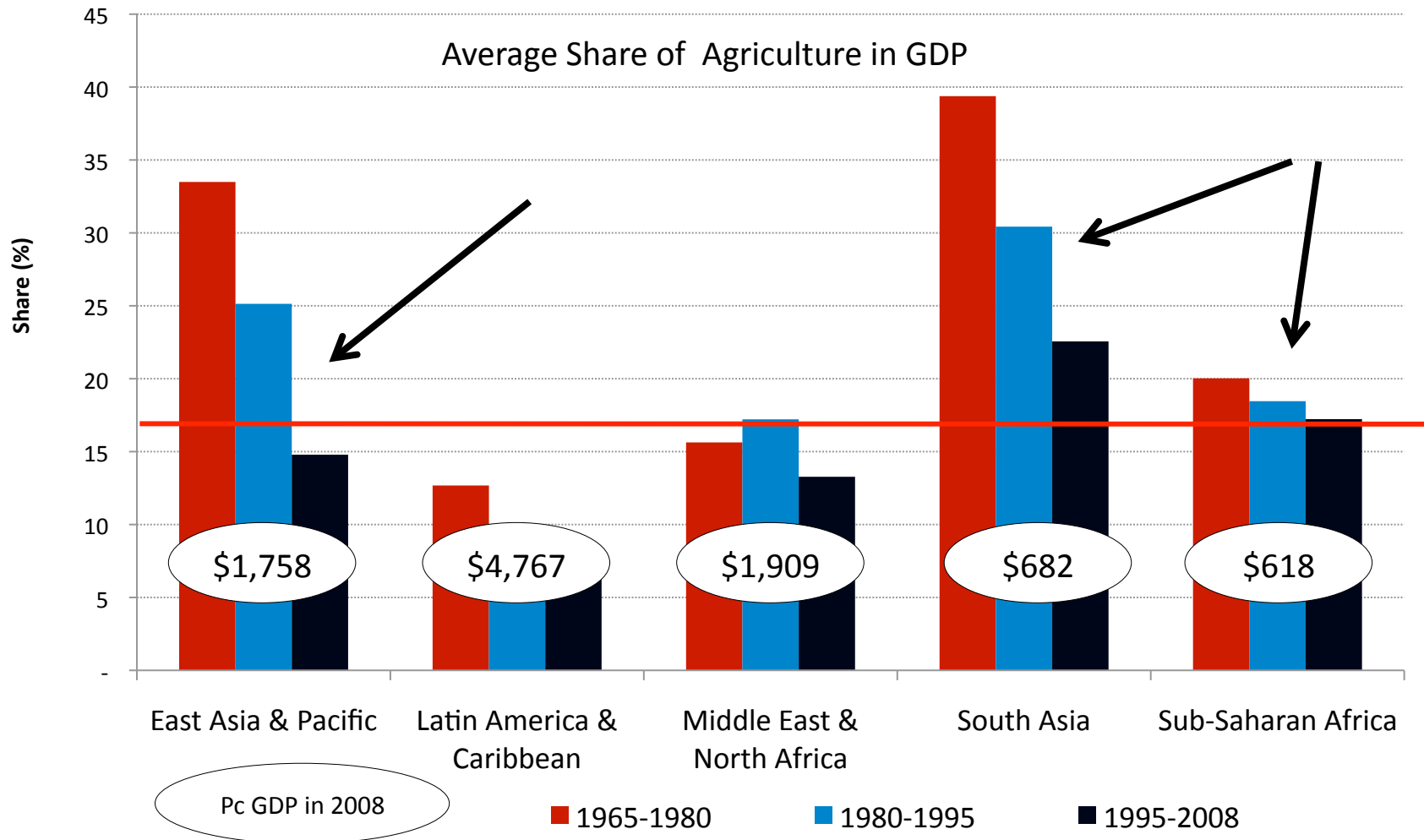
THE RELATIVELY BIGGER SERVICES SECTOR IS LINKED TO THE UNDERSIZED AGRICULTURAL SECTOR

IT IS A REFLECTION OF “NEGATIVE DIVERSIFICATION” WITH LABOR LEAVING THE UNDERPERFORMING AGRICULTURAL SECTOR TO MOVE INTO THE EQUALLY UNPRODUCTIVE OR LESS PRODUCTIVE SERVICES SECTOR



CONCLUSION 1

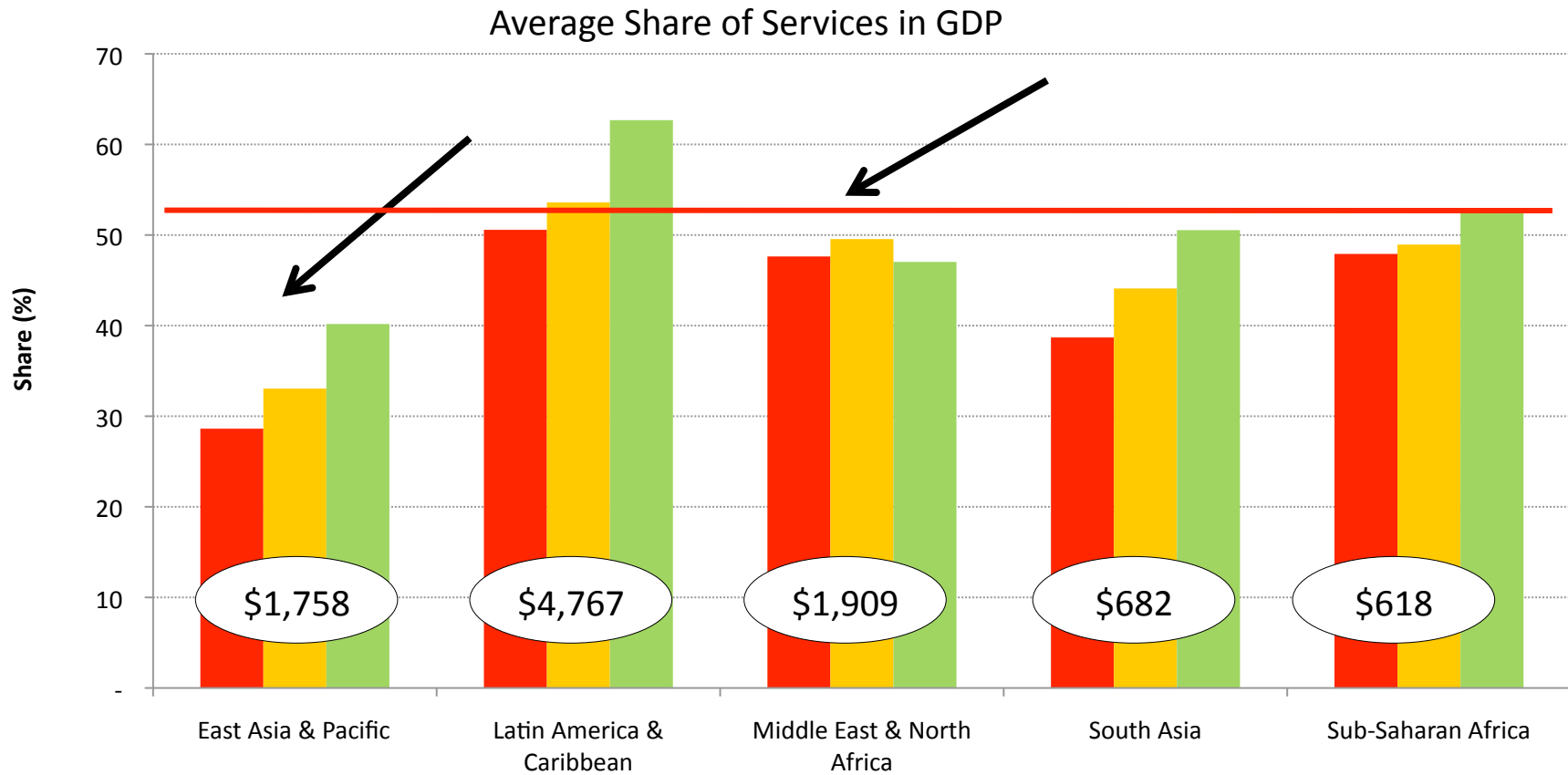
RELATIVELY UNDERSIZED HIGHER-PRODUCTIVITY AGRICULTURAL SECTOR
IMPACTS NEGATIVELY ON TRANSFORMATION



SOURCE: IFPRI/Badiane & Makombe based on data from WDI, 2009

CONCLUSION 2

RELATIVELY OVERSIZED LOWER-PRODUCTIVITY SERVICES SECTOR
IMPACTS NEGATIVELY ON TRANSFORMATION



SOURCE: IFPRI/Badiane & Makombe
Data from WDI, 2009

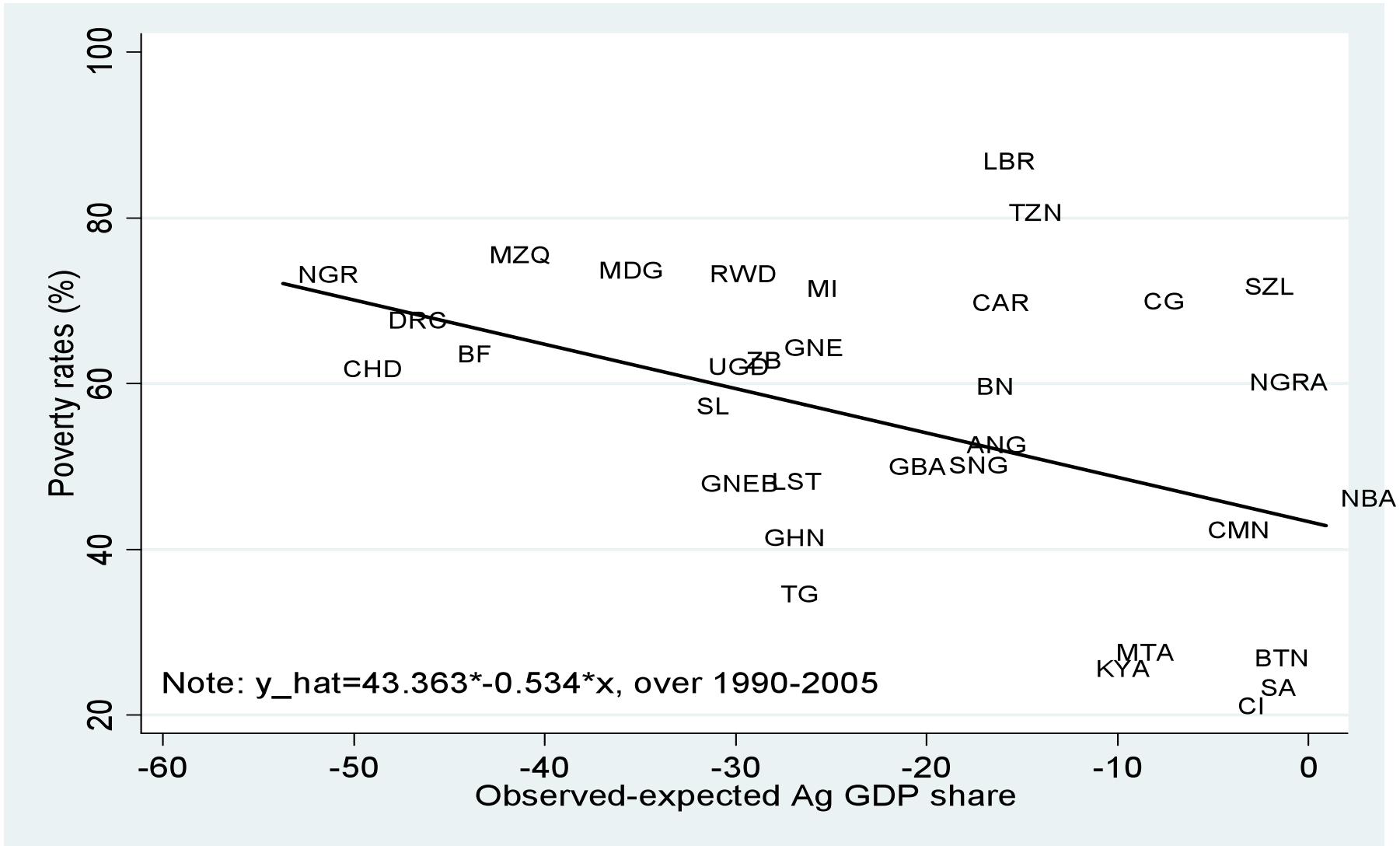
■ 1965-1980

■ 1980-1995

■ 1995-2008

CONCLUSION 3

THE UNDERPERFORMING AGRICULTURAL SECTOR IS NOT JUST DELAYING TRANSFORMATION
IT IS ALSO CONTRIBUTING TO HIGHER POVERTY RATES



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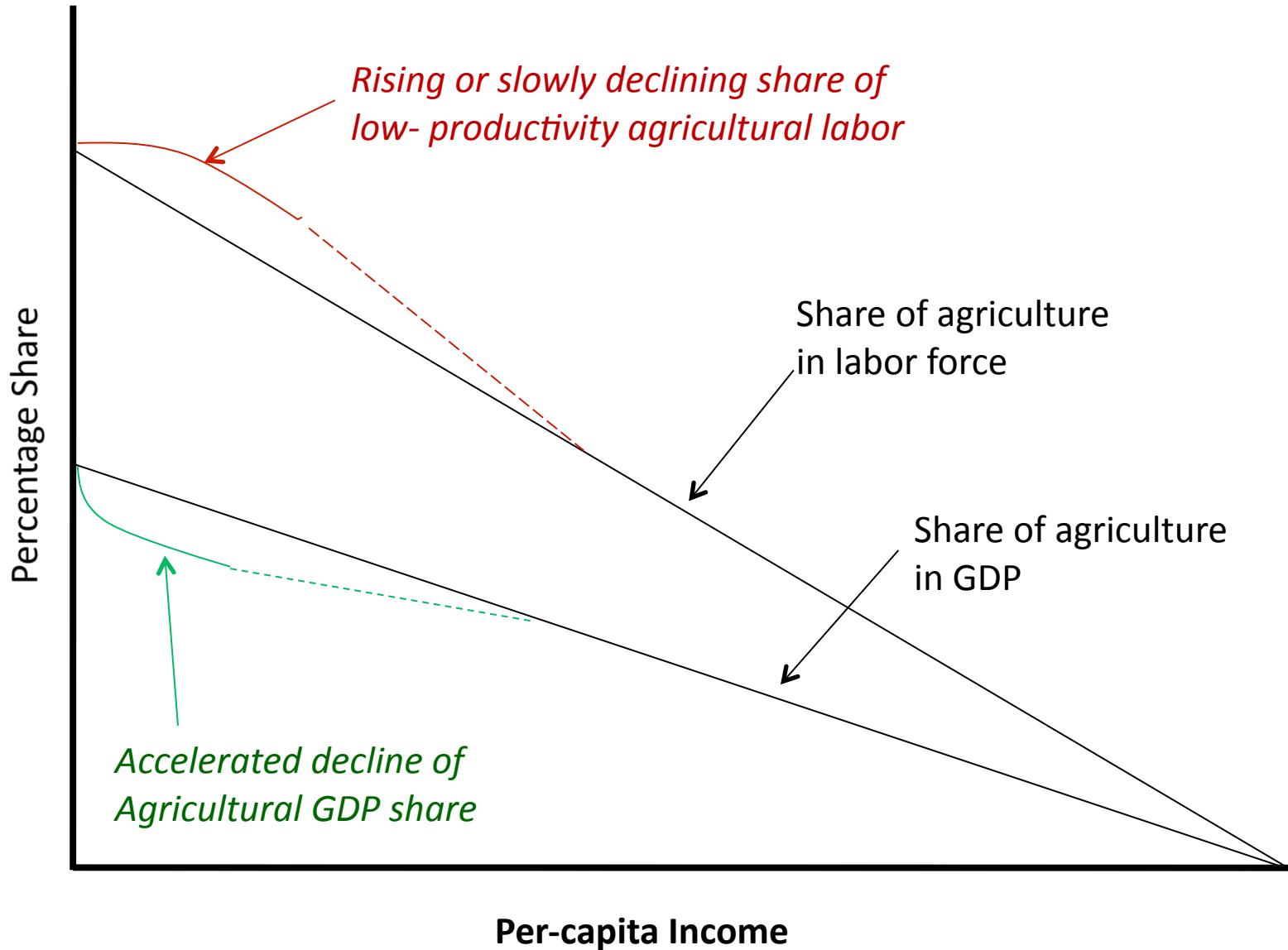
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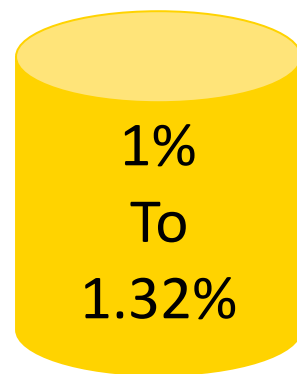
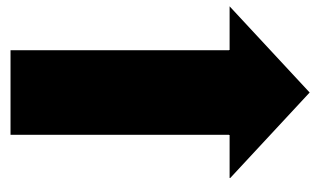
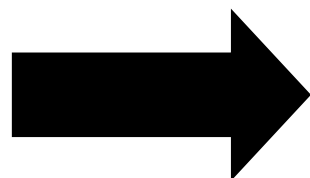
DELAYED STRUCTURAL TRANSFORMATION IN AFRICA

1. LABOR IS NOT MOVING OUT OF AGRICULTURE FAST ENOUGH
2. AGRICULTURAL GDP SHARE IS DECLINING TOO FAST



NEED TO FOSTER AGRICULTURAL GROWTH AND ITS CONTRIBUTION TO ECONOMIC TRANSFORMATION

AGR. GROWTH AND INDUSTRIAL GROWTH



NEED TO RAISE AGRICULTURAL TRADE COMPETITIVENESS AND ITS CONTRIBUTION TO ECONOMIC TRANSFORMATION

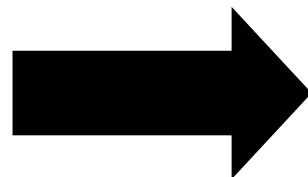
AGR. EXPORT AND DOMESTIC GROWTH

EXPORT
GROWTH



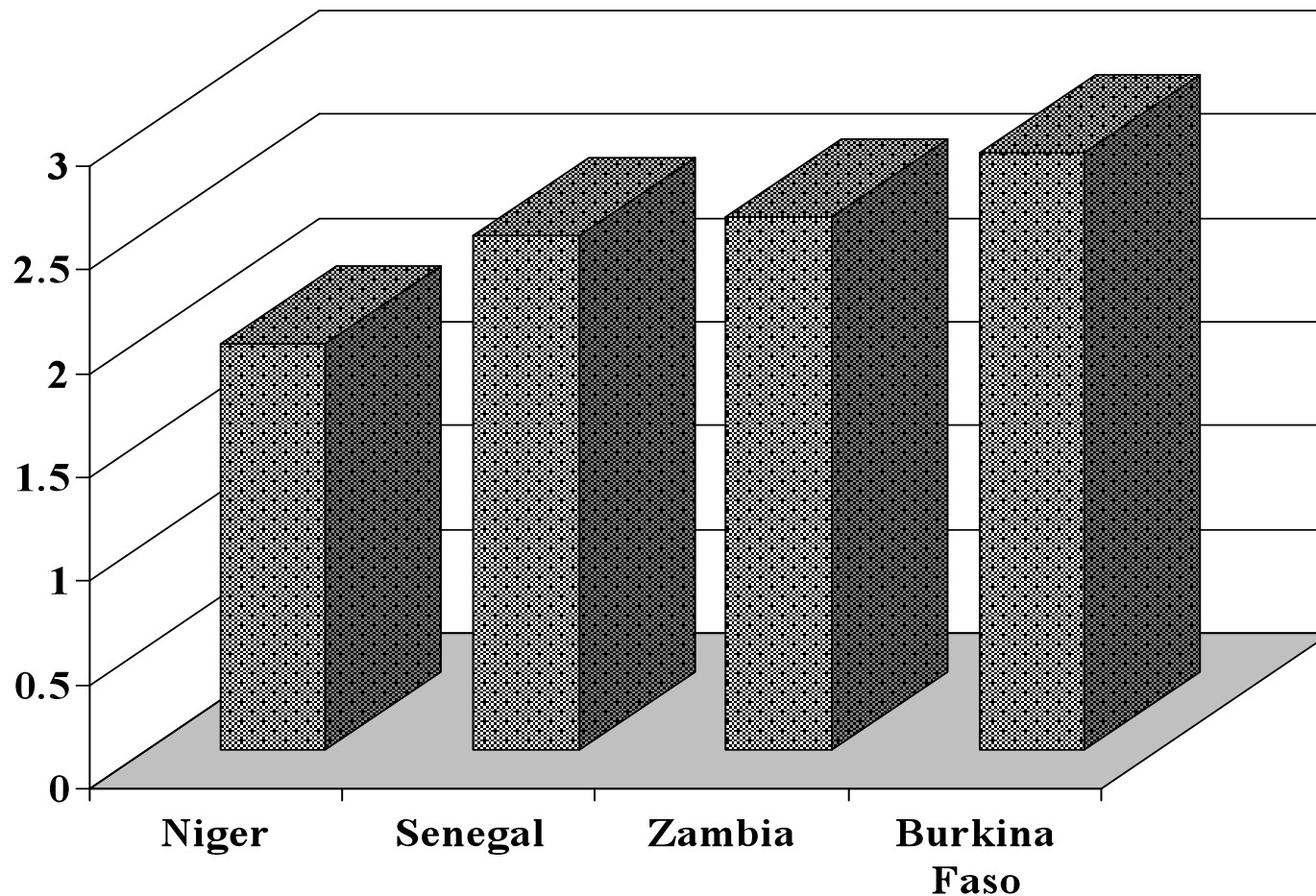
INDUST.
GROWTH

1%
Growth



0.04%
To
1.83%

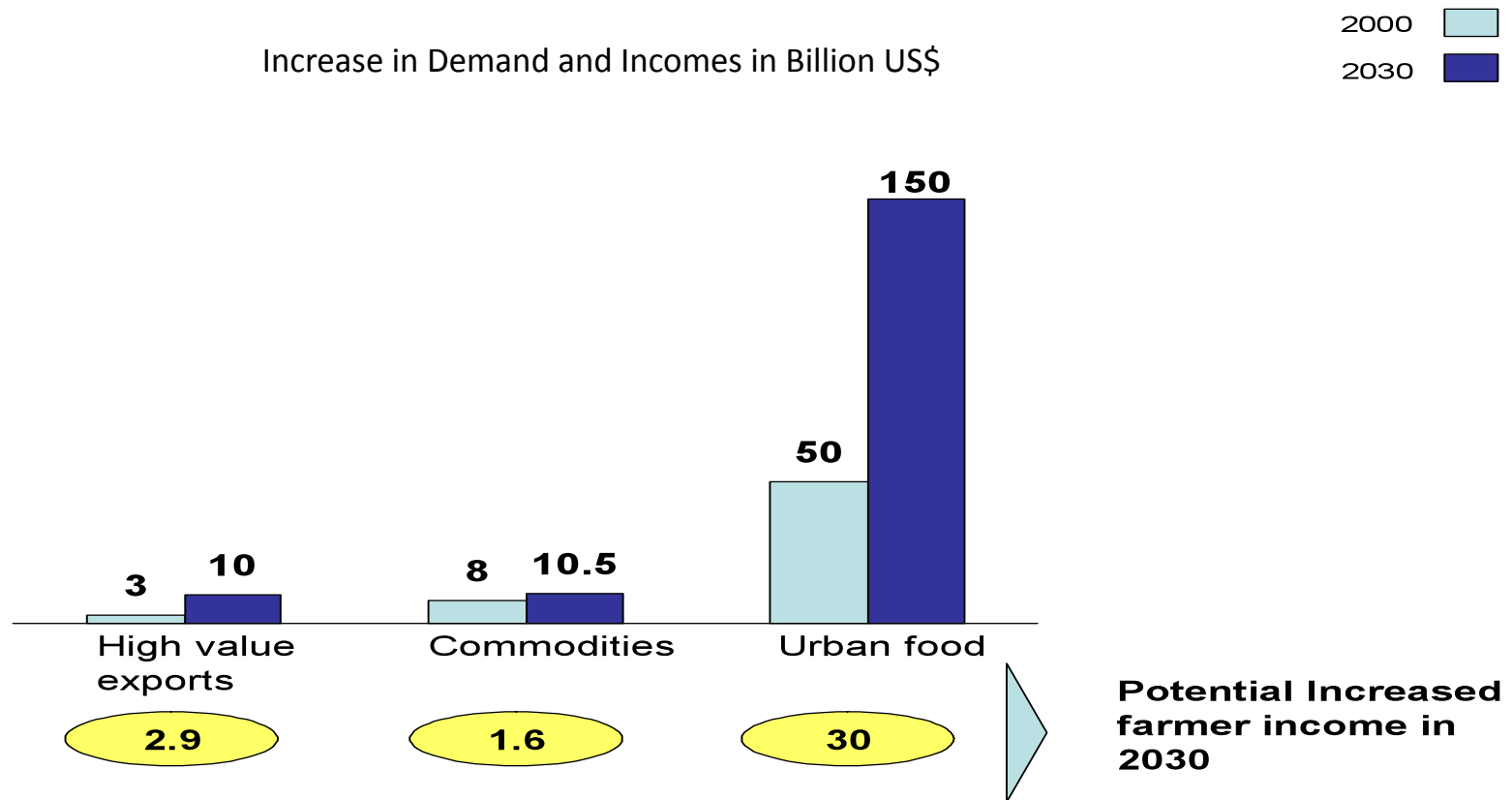
NEED TO BOOST COMMERCIALIZATION OF AGRICULTURE AND RAISE ITS CONTRIBUTION TO NON FARM RURAL GROWTH



Incremental income from 1\$ additional revenue from agricultural tradables

Source: C. Delgado et al (1998)

NEED TO BUILD ON LONG TERM TRENDS IN LOCAL FOOD DEMAND TO STIMULATE SMALLHOLDER AGRICULTURAL GROWTH



GETTING THERE

THE COMPREHENSIVE AFRICA AGRICULTURE DEVELOPMENT PROGRAM [CAADP]

A PLATFORM FOR POLICY RENEWAL IN AFRICA

- DECLARED AGRICULTURAL LED GROWTH STRATEGY
- COMMON FRAMEWORK: FOUR INVESTMENT PILLARS
- SHARED TARGETS: 6% GROWTH AND 10% BUDGET SHARE
- AFRICAN GROWN AND LED AS PART OF NEPAD PROCESS: **UNLIKE SAP**
- INWARD LOOKING: **UNLIKE LAGOS PLAN OF ACTION**
- FOCUS ON GOVERNANCE, REVIEW, DIALOGUE: **BUSINESS UNUSUAL**

MOVING TO EVIDENCE-BASED POLICY PLANNING AND IMPLEMENTATION *THE CAAPD ROUND TABLE AND CAADP COMPACT*

OBJECTIVE OF ROUND TABLES

1. MAKE SURE THAT THE COUNTRY IS ON TRACK TO ACHIEVE THE CAADP GROWTH AND BUDGETARY OBJECTIVES, IF NOT
2. IDENTIFY EVENTUAL GAPS IN TERMS OF SECTOR POLICY, BUDGETARY, AND INVESTMENT MEASURES

OUTCOMES OF ROUND TABLES: CAADP COMPACT

ELABORATION OF A COUNTRY CAADP COMPACT TO GUIDE THE IMPLEMENTATION OF CAADP IN THE LONG TERM , INCLUDING:

1. COMMITMENTS IN TERMS OF SECTOR POLICIES, PUBLIC EXPENDITURES, AND DEVELOPMENT ASSISTANCE
2. ESTABLISHMENT OF PARTNERSHIPS AND ALLIANCES FOR SUCCESSFUL IMPLEMENTATION OF CAADP
3. CREATION OF A MECHANISM FOR PEER REVIEW AND DIALOGUE TO TRACK IMPLEMENTATION PERFORMANCE AND THE PROGRESS IN MEETING THE AGREED ON COMMITMENTS

REVIEW, BENCHMARKING AND LEARNING TOOLS

ReSAKSS Africa Wide

Regional Strategic Analysis and Knowledge Support System

FACILITATED BY IFPRI | A PROGRAM IN SUPPORT OF CAADP IMPLEMENTATION

COMPARE COUNTRIES

COMPARE INDICATORS

DOWNLOAD DATA

SELECT AN INDICATOR ↓ GDP GROWTH

ANNUAL % CHANGE X 10

AFRICA WIDE

REGIONS

EASTERN AND CENTRAL

SOUTHERN

WESTERN

COUNTRIES

ALGERIA

ANGOLA

BENIN

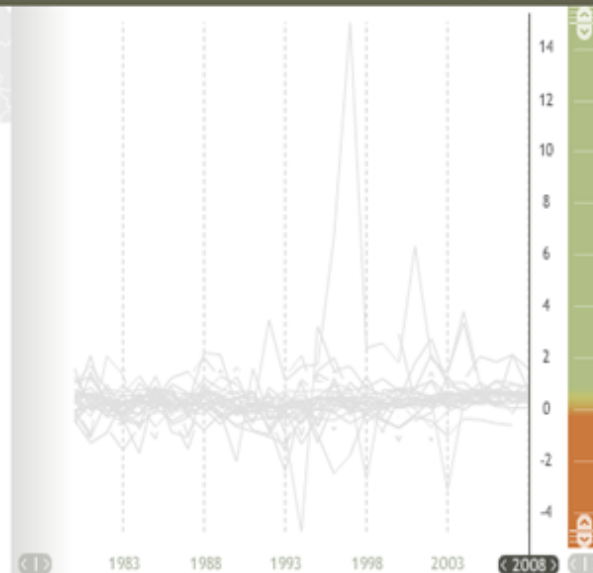
BOTSWANA

BURKINA FASO

BURUNDI

CAMEROON

CAPE VERDE



AFRICA WIDE

OVERVIEW

At the continental level, agricultural GDP growth and overall GDP growth have increased substantially over the past two decades. Both agriculture and overall GDP growth rates were higher in 2008 than their averages in the 1990s and 2000s. Poverty rates have also slightly declined in Africa over the same period, from 46.7 percent in 1990 to 40.9 percent in 2007. Both child malnutrition rates and the proportion of the population that is undernourished have remained at about 30 percent over the same period.

1 2

MONITORING PROGRESS

OVERVIEW

MDG TARGETS

CAADP TARGETS

GROWTH OPTIONS

STRENGTHENING CAPACITY

CAADP IMPLEMENTATION

RESOURCES

DATA

GENERAL

HOME

ABOUT US

PARTNERS

PUBLICATIONS

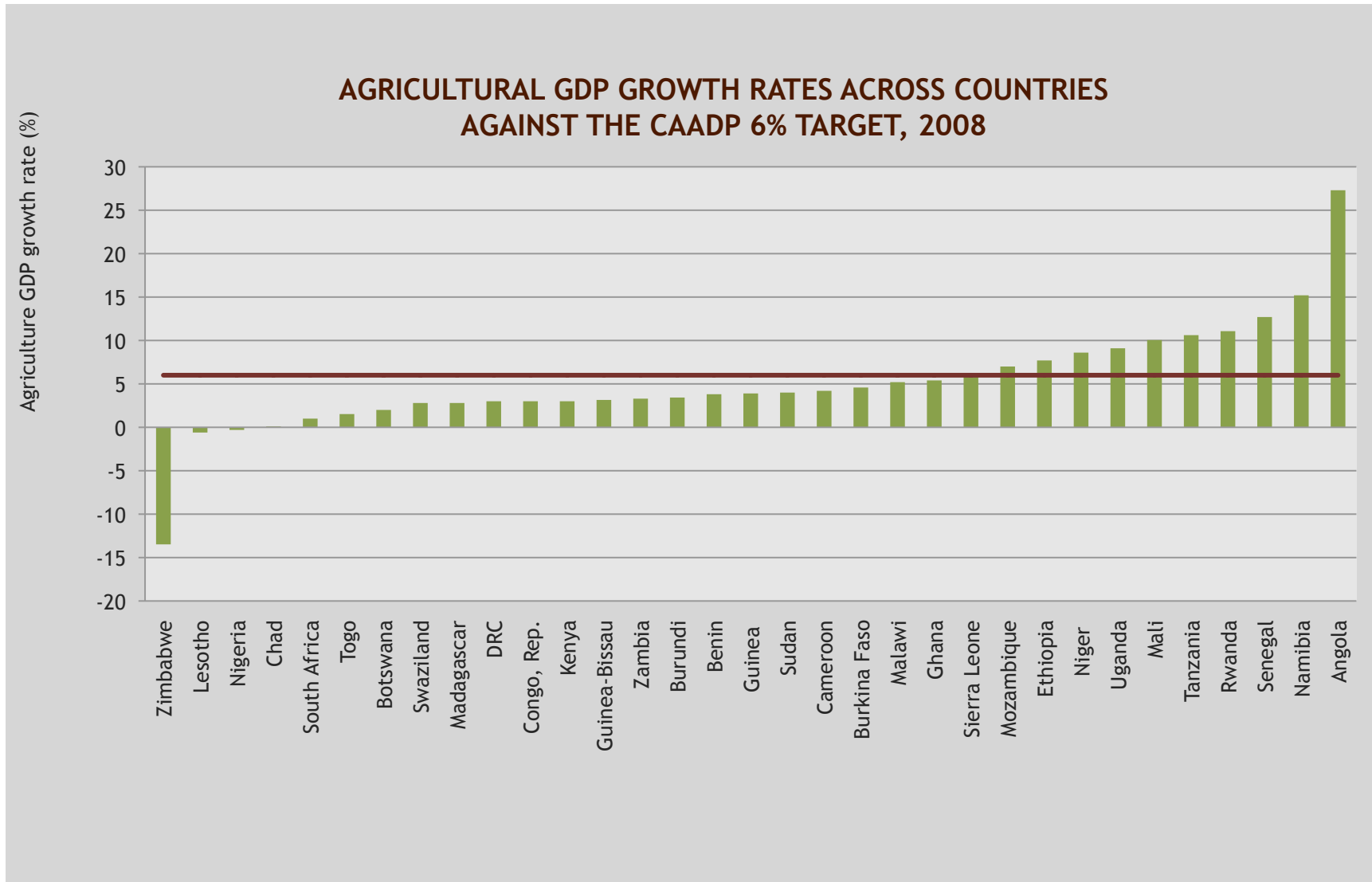
ANNOUNCEMENTS

TOOLS

NEWSLETTER

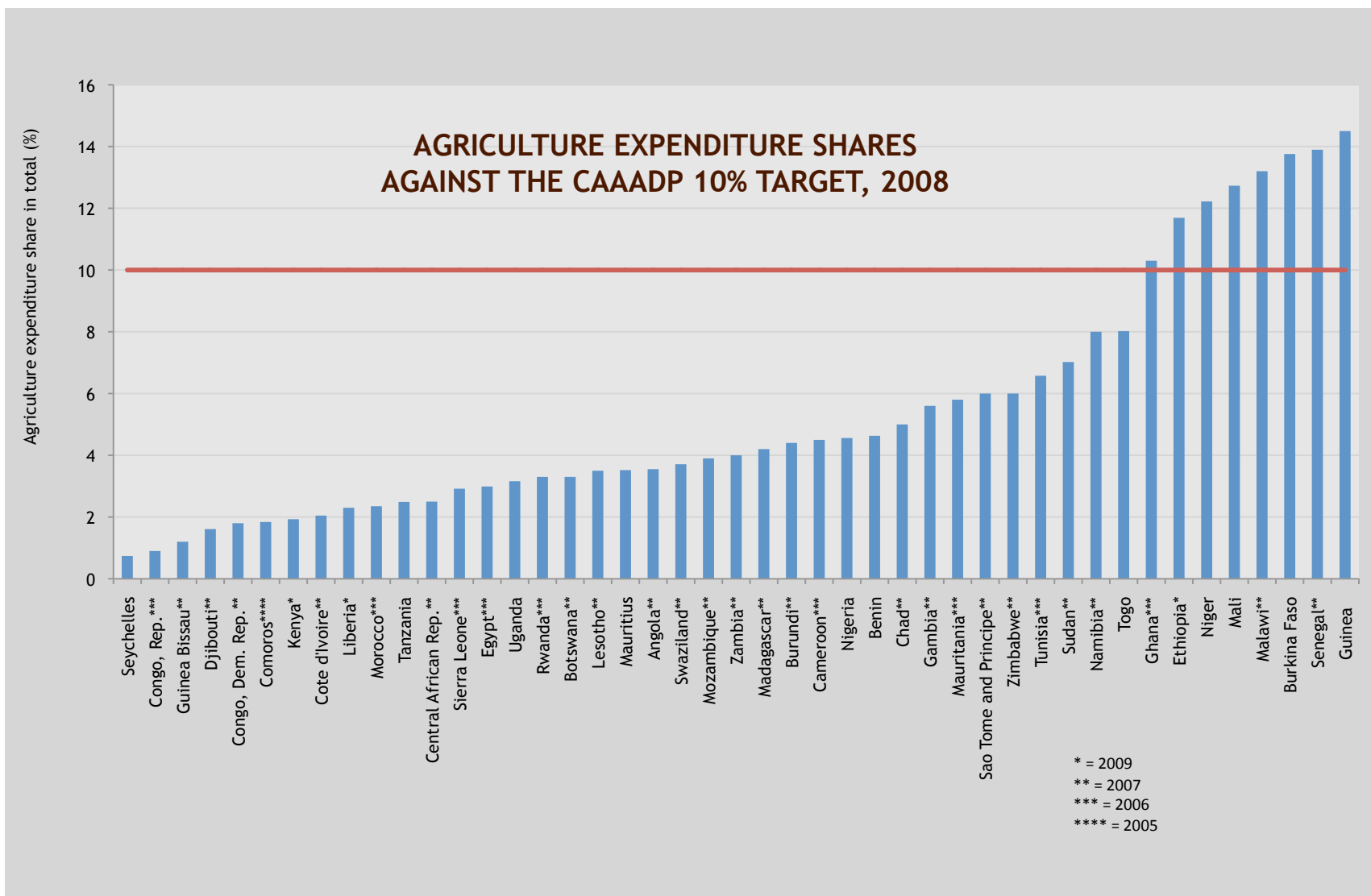
CONTACT US

MORE COUNTRIES ARE MEETING THE CAADP GROWTH TARGET



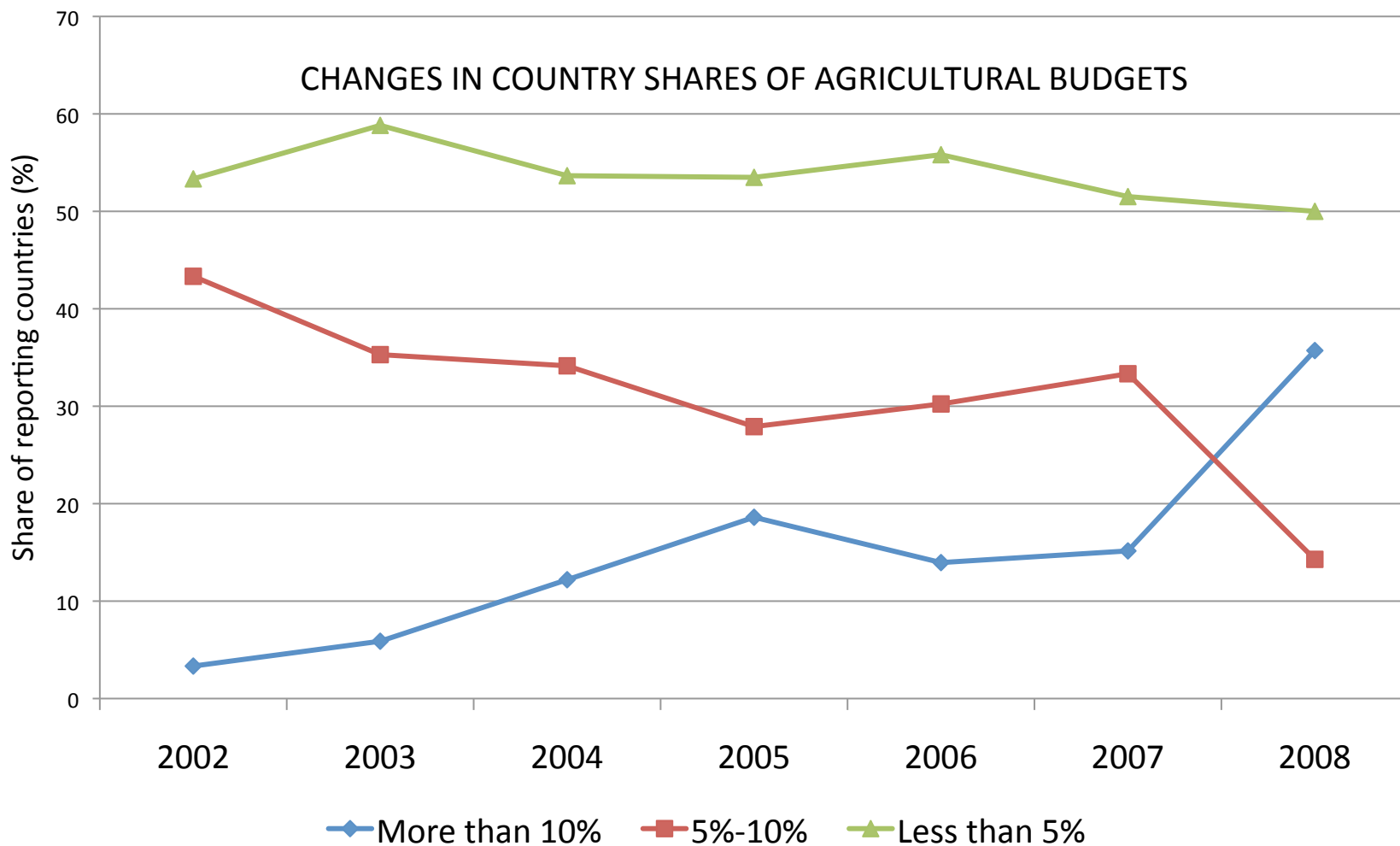
Source: ReSAKSS (www.resakss.org)

MORE COUNTRIES ARE MEETING THE CAADP BUDGET TARGET



Source: ReSAKSS (www.resakss.org)

MORE COUNTRIES ARE MEETING THE CAADP BUDGET TARGET

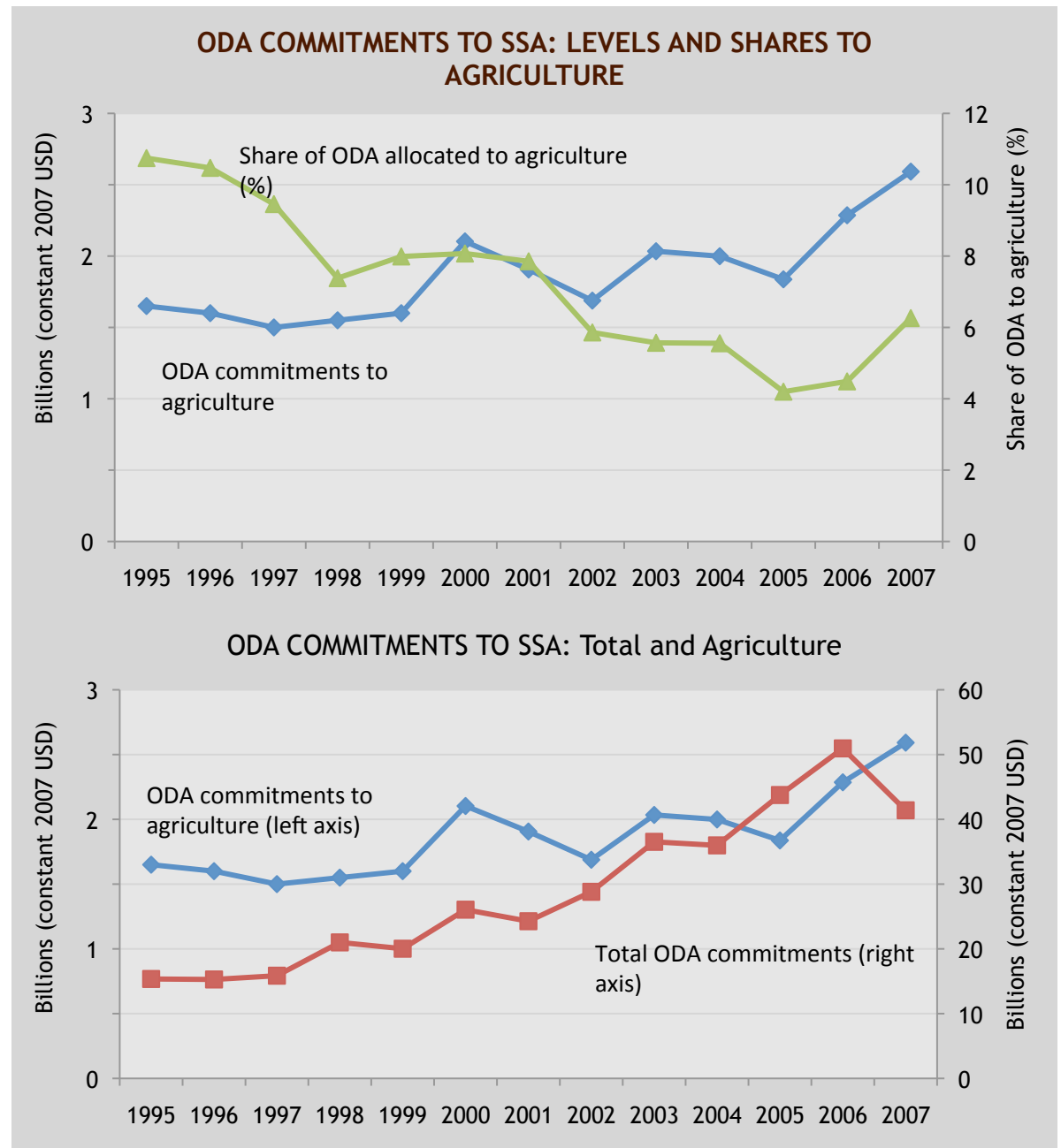


Source: ReSAKSS (www.resakss.org)

1. THE DEVELOPMENT COMMUNITY IS INVESTING AGAIN IN AGRICULTURE

2. THE LEVEL AND SHARE OF ODA TO AGRICULTURE HAVE REVERSED THEIR DECLINING TRENDS

3. AGRICULTURAL ODA HAS KEPT UPWARD TREND DESPITE FALLING OVERALL ODA

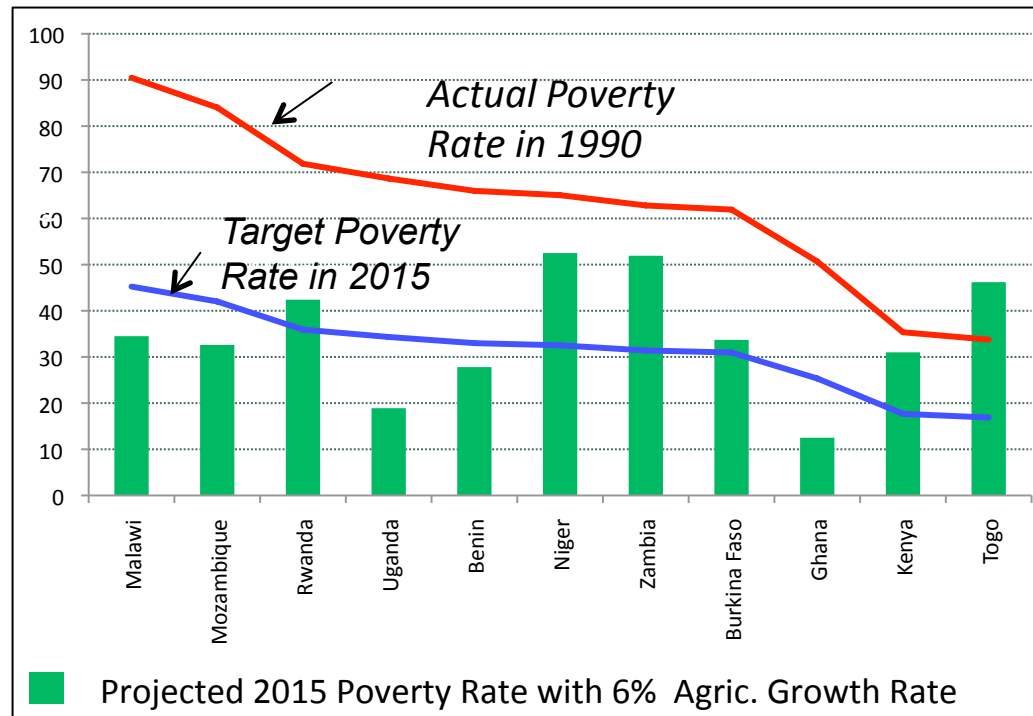


Source: ReSAKSS (www.resakss.org)

LONG TERM CHALLENGE FACING AGRICULTURE #1: BRIDGING THE GROWTH GAP TO ACCELERATE POVERTY REDUCTION

EVEN IF ALL AFRICAN COUNTRIES MEET THE MDG POVERTY TARGET, POVERTY LEVELS WILL STILL BE RELATIVELY HIGH AT AVERAGE RATE OF 30%

SUSTAINING AN AGRICULTURAL GROWTH RATE OF 6% WILL NOT BE ENOUGH FOR MANY COUNTRIES TO ACHIEVE THAT OUTCOME



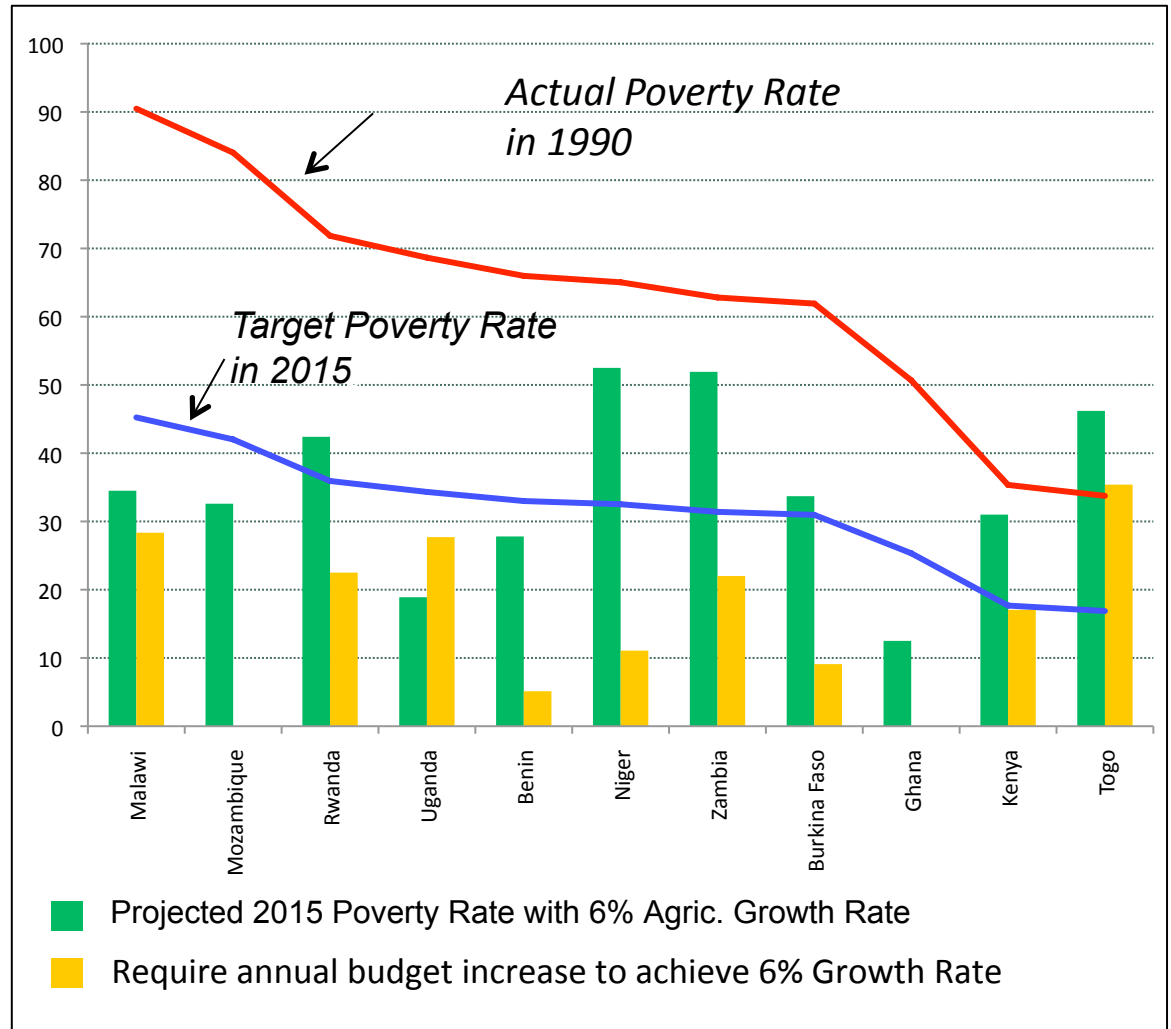
MANY AFRICAN COUNTRIES WILL BE UNDER GROWING PRESSURE TO MEET THE SHORT TERM SOCIAL NEEDS OF LARGE POOLS OF POOR PEOPLE

LONG TERM CHALLENGE FACING AGRICULTURE #2: BRIDGING THE EXPENDITURE GAP TO ACCELERATE GROWTH

THE FUNDING REQUIREMENTS TO ACHIEVE A 6% GROWTH IN THE AGRICULTURAL SECTOR WOULD IMPLY DOUBLE DIGIT BUDGET GROWTH RATES

AFRICAN COUNTRIES WILL THEREFORE FIND THEMSELVES IN SEVERE BUDGETARY TRADE OFFS:

1. HAVING TO FINANCE THE GROWING SHORT TERM SOCIAL NEEDS OF LARGE POOLS OF POOR PEOPLE
2. WHILE INVESTING MORE IN LONG TERM GROWTH

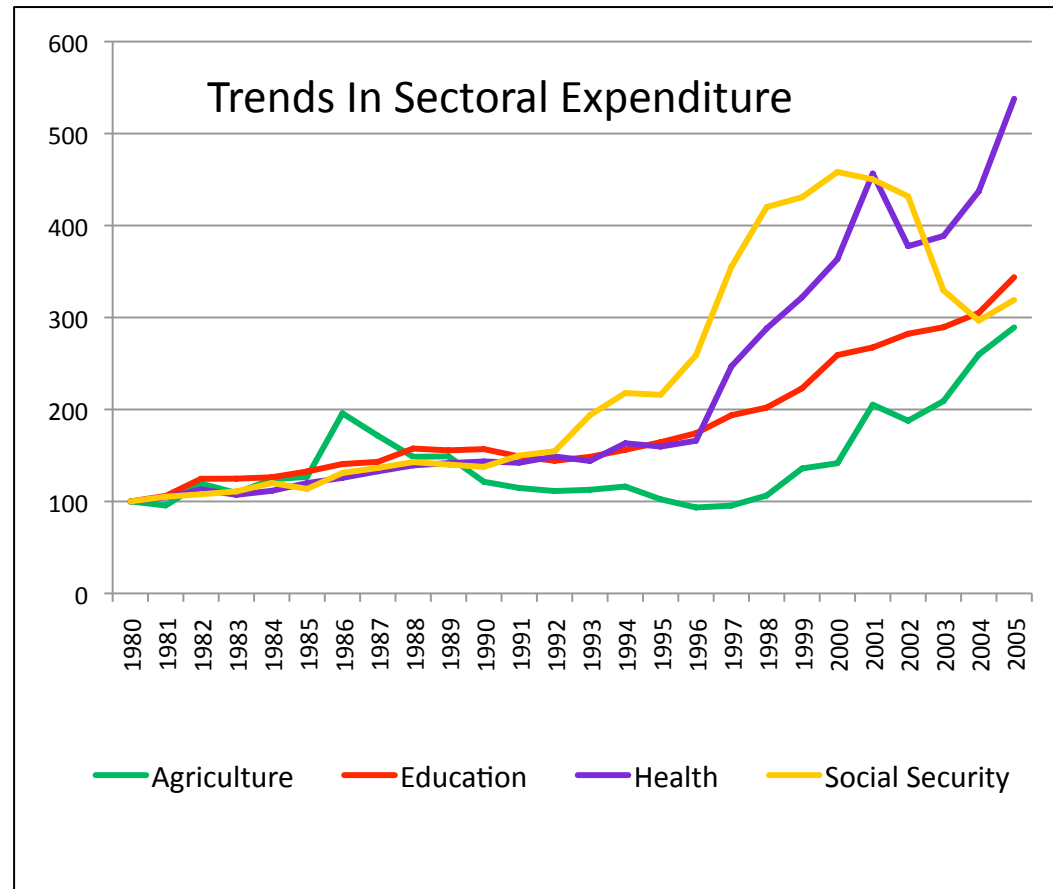


Source: Dollar a Day Poverty Rates from World Bank, PovCal Net, 2008 [poverty line \$1.25];
Projected CAADP Poverty Rates from various IFPRI country CAADP Growth Simulation Studies

THE SOLUTION: MAXIMIZING SYNERGY BETWEEN GROWTH AND SOCIAL INVESTMENTS

COUNTRIES WILL THEREFORE
NEED TO FIND WAYS OF
MAXIMIZING THE GROWTH
IMPACT OF THE LARGE AND
GROWING POOL OF
RESOURCES BEING SPENT ON
SOCIAL SERVICE

THEY WILL HAVE TO LOOK
BEYOND THE ENTITLEMENT
ASPECT OF SERVICES AND
EMPHASIZE THEIR
PRODUCTIVE ROLE



Sources: Government spending: Global database on public spending, DSGD, IFPRI, 2009; and ODA: OECD, 2008

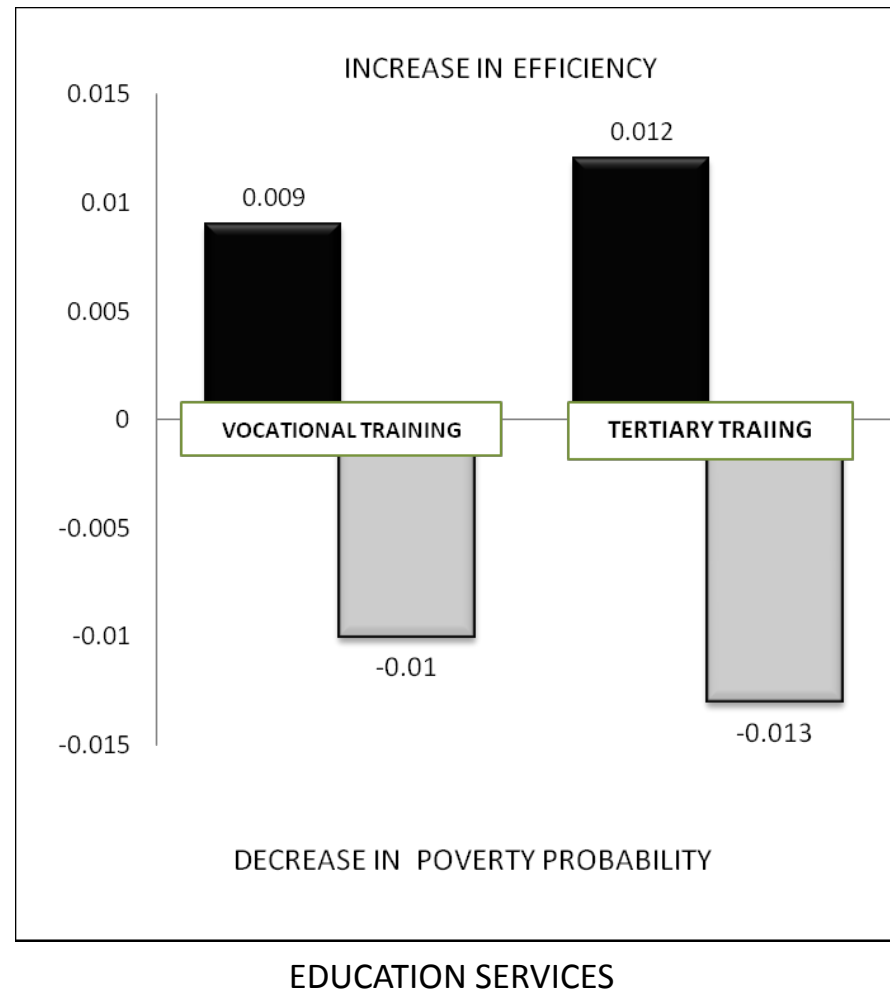
PUBLIC EXPENDITURE CONVERGENCE

EFFECT OF 10% INCREASE IN EDUCATION EXPENDITURE ON OUTCOMES,
AGRICULTURAL EFFICIENCY, AND POVERTY*

EDUCATION SERVICES ARE COMPOSITES
CONSISTING OF A MIXTURE OF
SUBTYPES OF SERVICES: TERTIARY,
SECONDARY, AND VOCATIONAL

THE MIX OF SUBCATEGORIES IS NOT
GROWTH-NEUTRAL

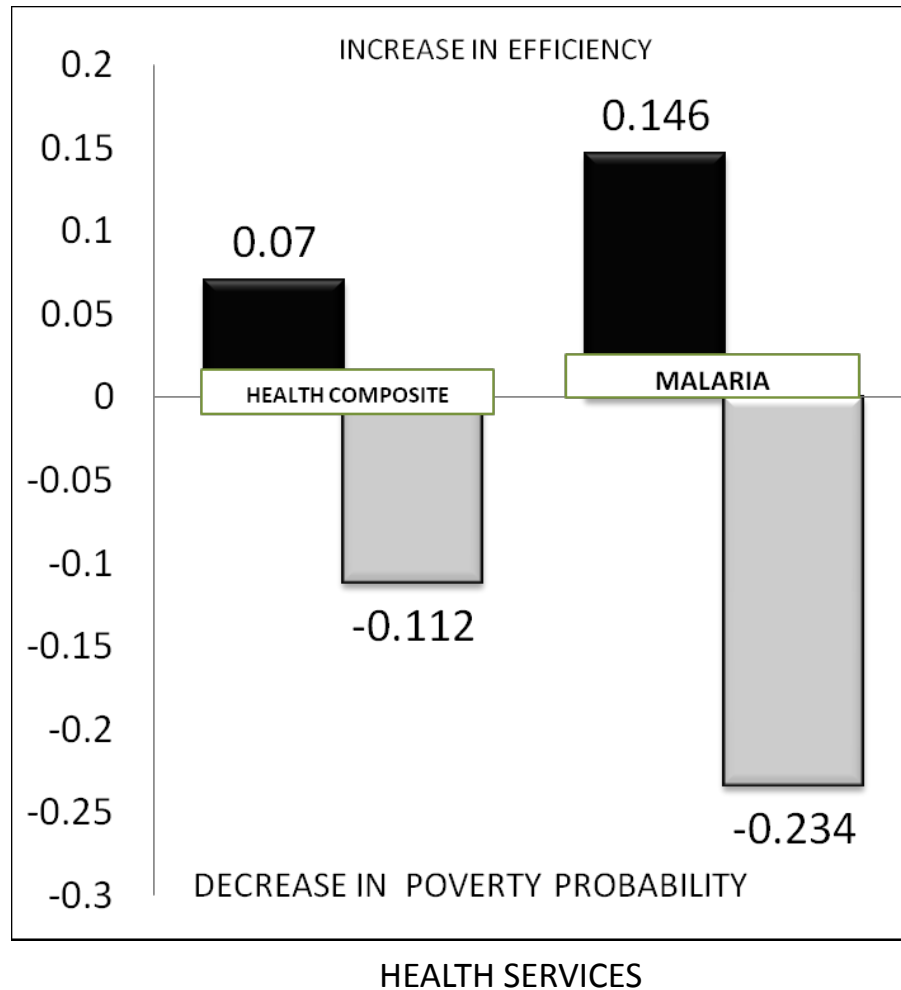
MAXIMIZING THE GROWTH IMPACT OF
EDUCATION SERVICES REQUIRES
OPTIMIZATION OF EXPENDITURES
ACROSS DIFFERENT SUBTYPES OF
EDUCATION SERVICES BASED ON THEIR
IMPACT ON LABOR PRODUCTIVITY IN
THE AGRICULTURAL AND RURAL SECTOR



IFPRI/Badiane Note: * Based on data from Vietnam. Data collection ongoing in 3 African countries.

PUBLIC EXPENDITURE CONVERGENCE

EFFECT OF 10% INCREASE IN SERVICES EXPENDITURE ON SOCIAL OUTCOMES, AGRICULTURAL EFFICIENCY, AND POVERTY*



HEALTH SERVICES ARE COMPOSITES CONSISTING OF A MIXTURE OF SUBTYPES OF SERVICES TO TARGET A VARIETY OF DISEASES WITH DIFFERENT IMPACT ON LABOR PRODUCTIVITY IN RURAL AREAS

THE MIX OF SUBCATEGORIES HEALTH SERVICES IS THEREFORE NOT GROWTH NEUTRAL

MAXIMIZING THE GROWTH IMPACT OF HEALTH SERVICES REQUIRES OPTIMIZATION OF EXPENDITURES ACROSS DIFFERENT SUBTYPES OF SERVICES BASED ON THEIR IMPACT ON LABOR PRODUCTIVITY

IFPRI/Badiane Note: * Based on data from Uganda. Data collection ongoing in 3 African countries.

AGRICULTURE AND STRUCTURAL TRANSFORMATION IN AFRICA

MAIN TOPICS

1

KEY MESSAGES

2

GROWTH PROCESS AND BRIEF OVERVIEW OF RECENT PERFORMANCE IN AFRICA

3

PACE AND PATTERNS OF STRUCTURAL TRANSFORMATION IN AFRICA

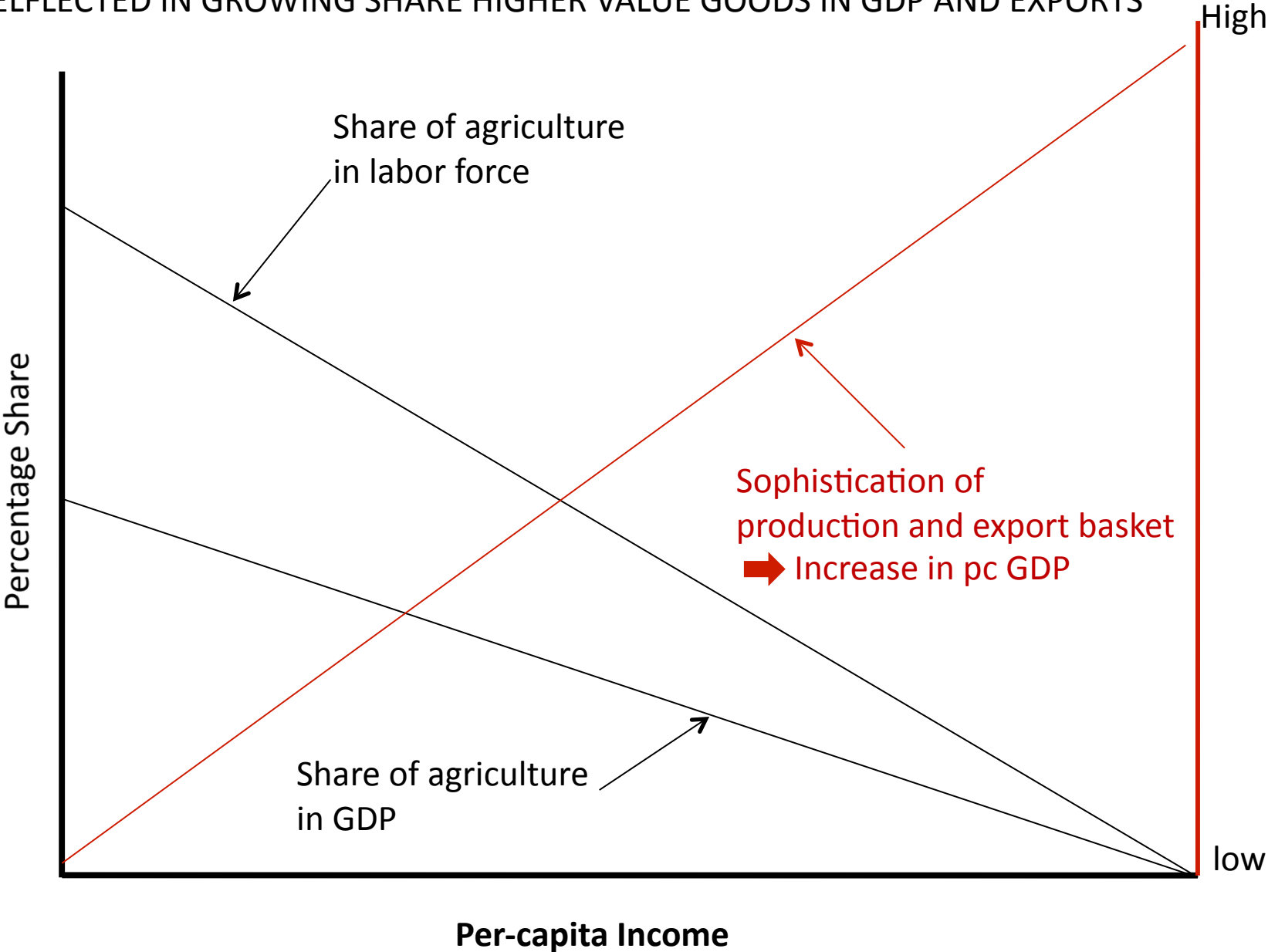
4

STRATEGIES FOR THE AGRICULTURAL SECTOR

5

STRATEGIES FOR THE INDUSTRIAL SECTOR

SUCCESSFUL STRUCTURAL CHANGE LEADS TO GREATER ECONOMIC SOPHISTICATION
REFLECTED IN GROWING SHARE HIGHER VALUE GOODS IN GDP AND EXPORTS



TRENDS IN ECONOMIC SOPHISTICATION AMONG AFRICAN COUNTRIES

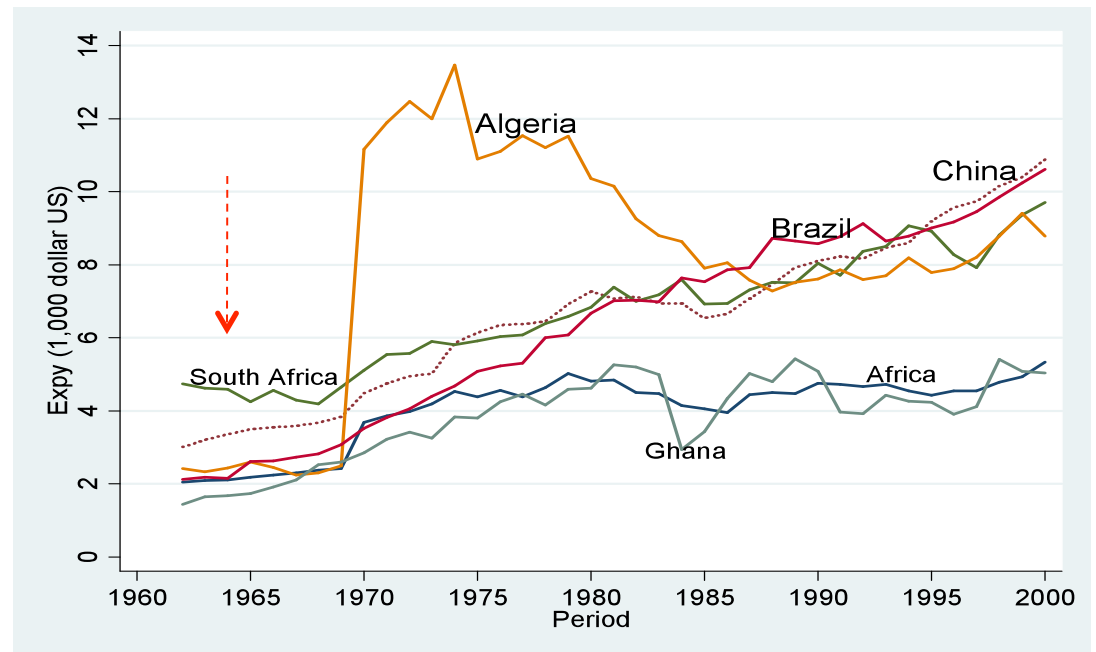
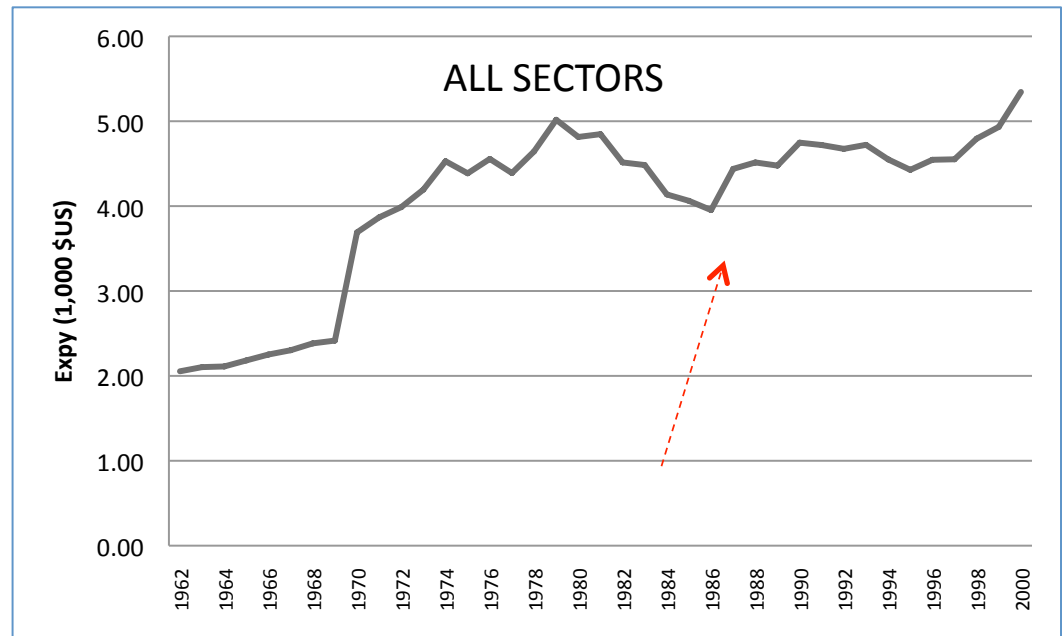
EXPY* MEASURES THE EXTENT TO WHICH A COUNTRY HAS REVEALED COMPARATIVE ADVANTAGE IN SOPHISTICATED / HIGHER VALUE PRODUCTS

THE HIGHER THE VALUE THE MORE THE COUNTRY IS EXPORTING PRODUCTS THAT TEND TO BE ASSOCIATED WITH MORE MATURE ECONOMIES AND HIGHER PER CAPITA INCOMES

THE LOWER THE VALUE THE MORE THE COUNTRY TENDS TO EXPORT PRIMARY, UNSOPHISTICATED PRODUCTS

Source: IFPRI/Ulimwengu & Badibanga

* See Hausmann, Hwang, Rodrik (2006)

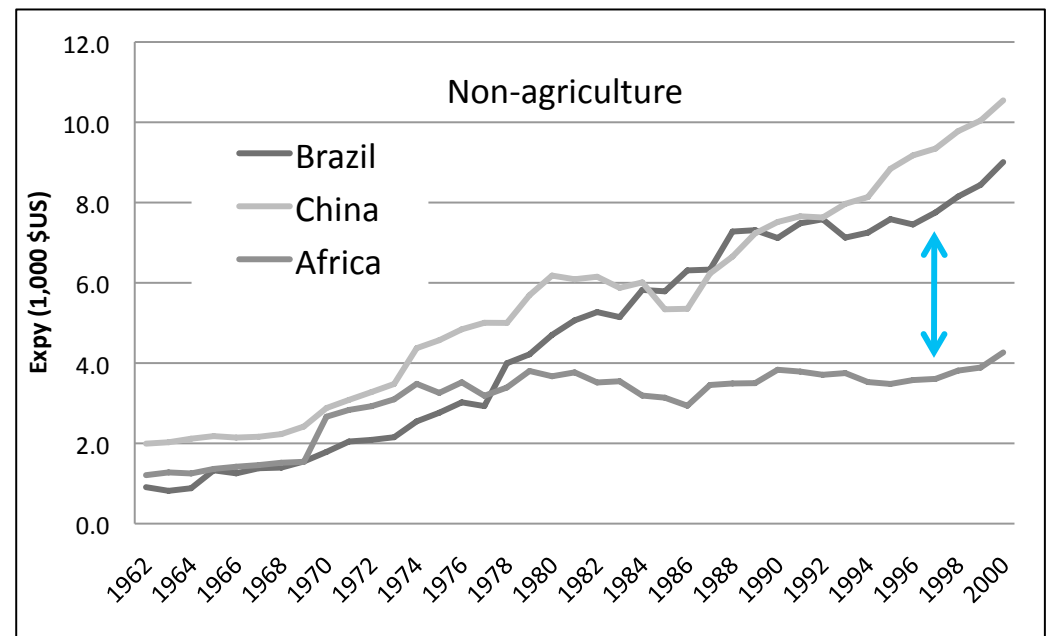
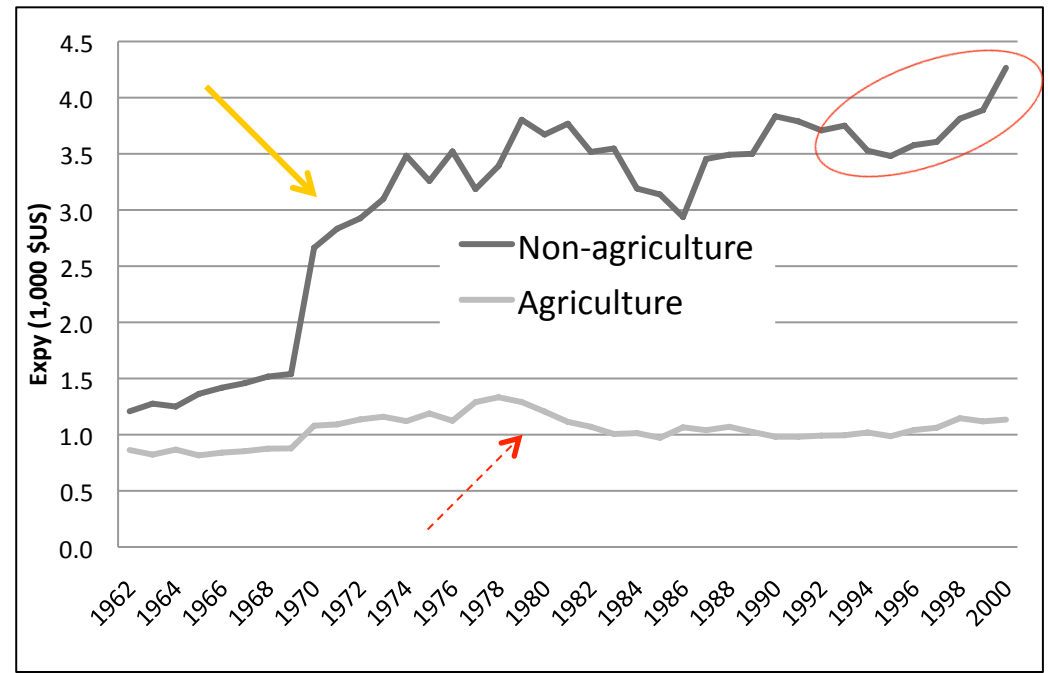


TRENDS IN ECONOMIC SOPHISTICATION AMONG AFRICAN COUNTRIES

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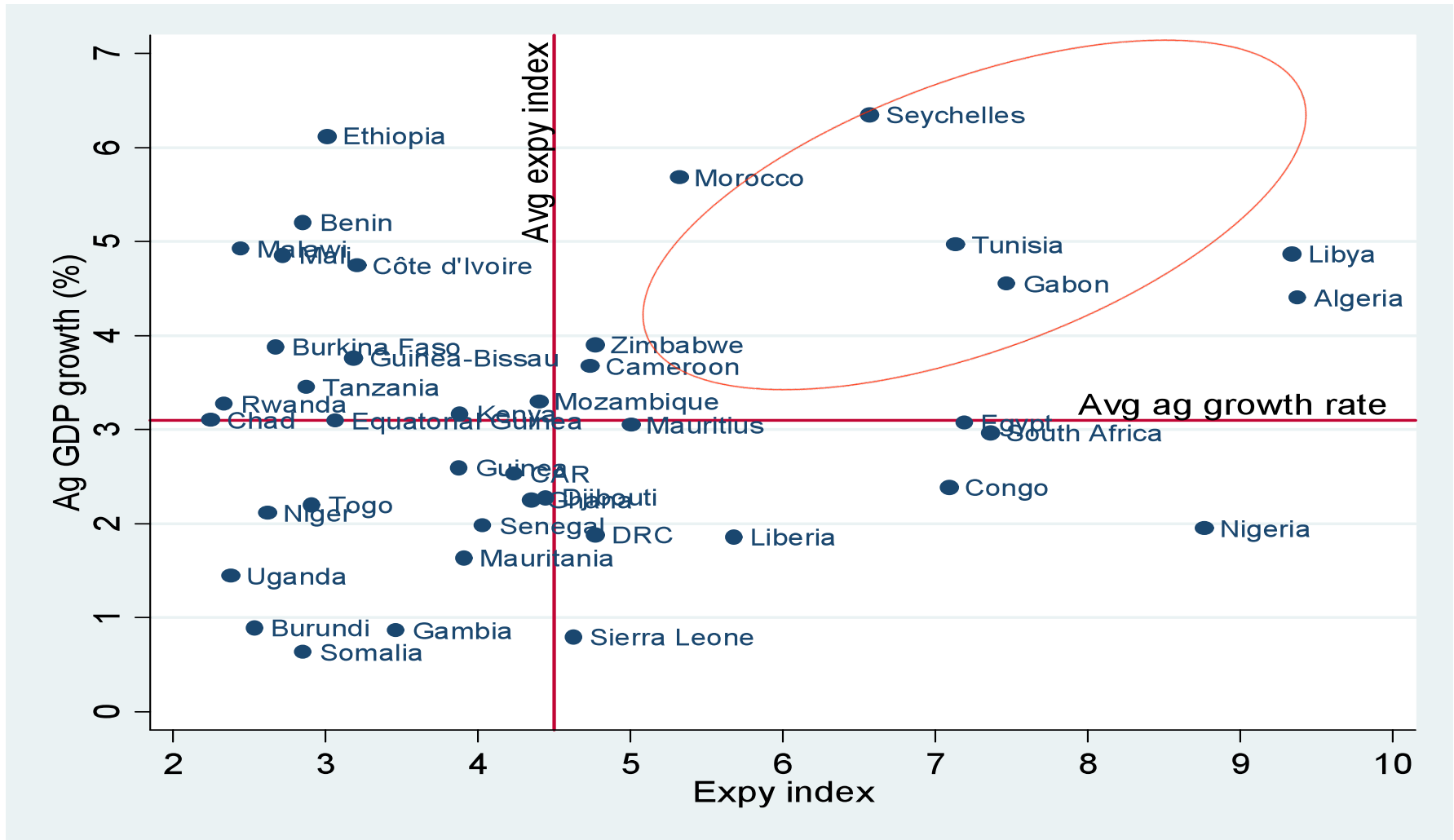
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CONCLUSION 4:

AFRICAN COUNTRIES HAVE FAILED TO DEVELOP COMPARATIVE ADVANTAGE AND DIVERSIFY OUTSIDE OF PRIMARY PRODUCTS (RAW MATERIALS , MINING, OIL)

Agricultural Growth and Economic Sophistication 1970 - 2000



AFRICA NEEDS INDUSTRIAL STRATEGY-RENEWAL

THE INDUSTRIAL DEVELOPMENT PROCESS

INDUSTRIAL DEVELOPMENT IS A SELF-DISCOVERY PROCESS

- INDUSTRIALIZATION HAPPENS THROUGH THE PRODUCTION OF NEW GOODS
- ADAPTION OF NEW TECHNOLOGIES AND PRODUCTION PROCESSES
UNCERTAINTY IN FINDING WHAT GOOD CAN BE PRODUCED PROFITABLY
- SUCCESSFUL INVESTORS FAIL TO CAPTURE FULL BENEFITS DUE TO IMITATION AND EASY ENTRY
- SOCIAL RETURNS EXCEED PRIVATE RETURNS
- NUMBER OF ENTREPRENEURS AND LEVEL OF INVESTMENT LOWER THAN SOCIALLY DESIRABLE

KEY ELEMENTS
OF RENEWED INDUSTRIAL STRATEGIES IN AFRICA



OBJECTIVE

TO DEVELOP **COMPARATIVE ADVANTAGE**
IN THE PRODUCTION OF A **CRITICAL MASS** OF
HIGHER PRODUCTIVITY GOODS

KEY ELEMENTS OF RENEWED INDUSTRIAL STRATEGIES IN AFRICA*

INSTITUTIONAL ARCHITECTURE

- POLITICAL LEADERSHIP AT THE TOP
- PUBLIC PRIVATE PARTNERSHIP FOR COORDINATION AND DIALOGUE
- PEER REVIEW, BENCHMARKING, AND ACCOUNTABILITY PLATFORMS

* See also Rodrik (2004)
IFPRI/Badiane

KEY ELEMENTS OF RENEWED INDUSTRIAL STRATEGIES IN AFRICA

PRINCIPLES

- FOCUS INCENTIVES ON NEW PRODUCTS AND TECHNOLOGIES TO REMOVE INFORMATION AND COORDINATION EXTERNALITIES AND REDUCE DISCOVERY COST
- TARGET ACTIVITIES WITH SPILL OVER AND DEMONSTRATION EFFECTS
- DEFINE EXIT STRATEGY, INCLUDING:
 - CLEAR BENCHMARKS FOR SUCCESS AND FAILURE
 - BUILT-IN SUN SET CLAUSES

KEY ELEMENTS OF RENEWED INDUSTRIAL STRATEGIES IN AFRICA

INSTRUMENTS

- SUBSIDIZE COST OF SELF-DISCOVERY
 - FEASIBILITY STUDIES
 - TECHNOLOGY TRIALS
 - MARKET INTELLIGENCE

- FACILITATE ACCESS TO LONG TERM, HIGHER RISK FINANCE
 - DEVELOPMENT BANKS
 - VENTURE FUNDS
 - LONG TERM COMMERCIAL LOAN GUARANTEE

- PROVIDE PUBLIC R&D AND VOCATIONAL TRAINING
- IMPROVE EDUCATION AND HEALTH OUTCOMES

SOCIAL SERVICES AND INDUSTRIALIZATION IN AFRICA

IMPROVING OVERALL EDUCATION AND HEALTH OUTCOMES ARE AS IMPORTANT FOR THE INDUSTRIALIZATION PROCESS AS IS SUSTAINED GROWTH IN THE AGRICULTURAL SECTOR, AS SHOW EARLIER

Expenditures data are from IFPRI (2010) and include Ethiopia, Ghana, Kenya, Malawi, Mauritius, Nigeria, Uganda and Zimbabwe from 1980 to 2000.

Source: IFPRI/Ulimwengu & Badibanga

