

# Emerging Africa: How 17 Countries Are Leading the Way

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CGD Brief

There's good news out of Africa. Seventeen emerging countries are putting behind them the conflict, stagnation, and dictatorships of the past. Since the mid-1990s, these countries have defied the old negative stereotypes of poverty and failure by achieving steady economic growth, deepening democracy, improving governance, and decreasing poverty.

*Emerging Africa: How 17 Countries Are Leading the Way* unearths the deep political and economic changes underway in these countries. It takes a fresh approach by not treating sub-Saharan Africa as a monolithic entity and recognizes instead the different dynamics in countries across the region. It examines three groups of countries: the emerging countries, oil exporters (where progress has been uneven and volatile), and others (where there has been little progress).

*Emerging Africa* explores five fundamental changes underway in the emerging countries: (1) more democratic and accountable governments; (2) more sensible economic policies; (3) the end of the debt crisis and changing relationships with donors; (4) the spread of new technologies; and (5) the emergence of a new generation of policymakers, activists, and business leaders.

## The Emerging Countries of Africa

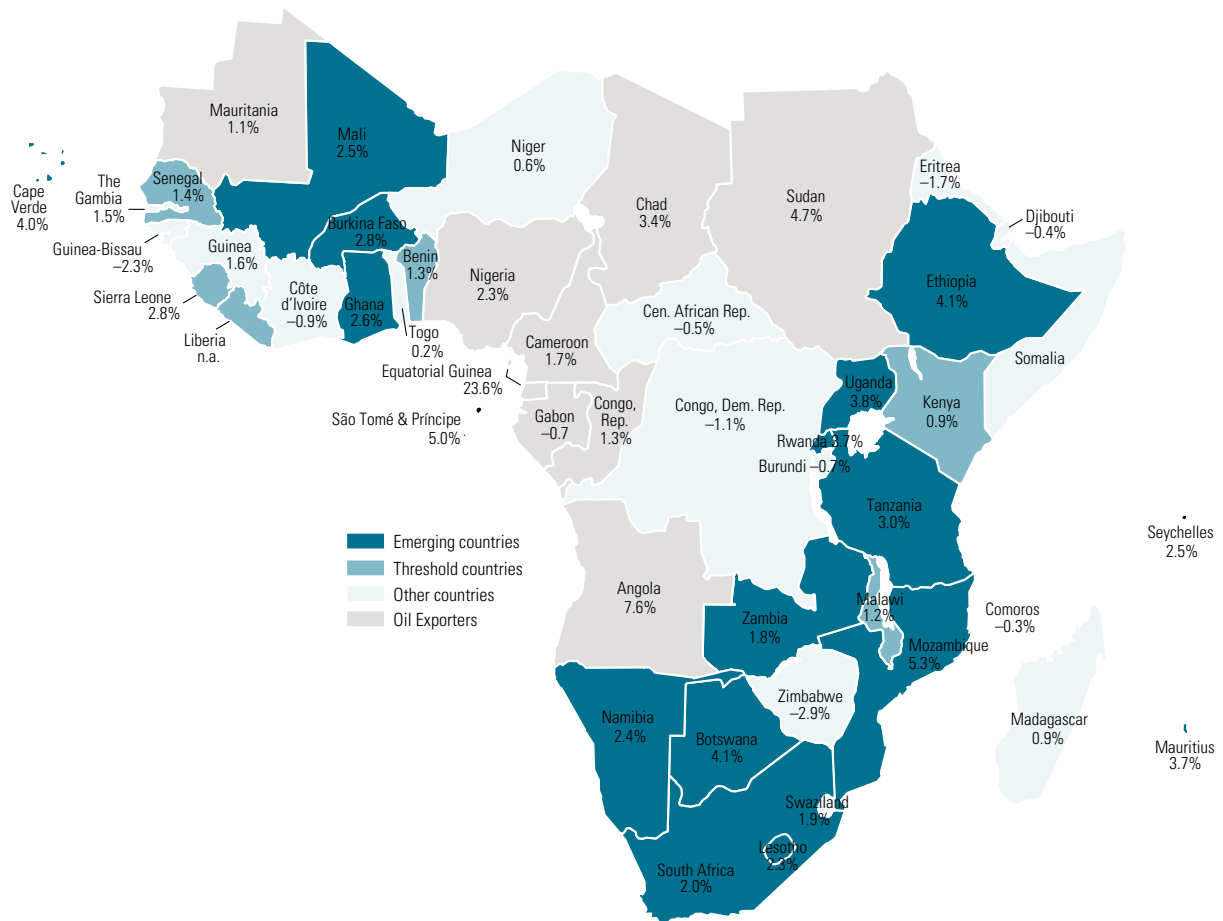
Seventeen emerging African countries—home to more than 300 million people—have undergone dramatic changes in economic growth, poverty reduction, and political accountability since the mid-1990s. Another six “threshold” countries have seen promising but less dramatic change (see map).

The transformation in these countries has been little noticed by the outside world and is too often overshadowed by negative news from other African countries. But the break from the past is clear.

Consider the economic turnaround in the 17 emerging countries: between 1975 and 1995, their economic growth per capita was essentially zero. But between 1996 and 2008, they achieved growth averaging 3.2 percent a year *per capita*, equivalent to *overall* GDP growth exceeding 5 percent a year. That growth has powered a full 50 percent increase in average incomes in just 13 years (see figure 1).

This brief is based on *Emerging Africa: How 17 Countries Are Leading the Way* by Steven Radelet (Washington, D.C.: CGD, 2010). Steven Radelet was a senior fellow at the Center for Global Development from 2002 to 2010 and served as an economic advisor to the government of Liberia from 2005 to 2009. The Center for Global Development is grateful for contributions from Jennifer Ward Oppenheimer, the Bill & Melinda Gates Foundation, and the William and Flora Hewlett Foundation in support of this work.

## Emerging Africa: Average Growth Rates per Capita, 1996–2008



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

It's not just growth: trade and investment have doubled, school enrollments are rising, and health indicators are improving. The share of people living in poverty has declined from 59 percent to 48 percent. Democracy, while still flawed, has become the norm rather than the exception. Governance has slowly but steadily improved. To be sure, these countries are far from perfect. They face many challenges, and their continued success is far from certain. But deep changes are taking place in the emerging countries, and their future prospects look bright.

### Five Fundamental Changes

The turnaround in emerging Africa is neither temporary nor simply the result of favorable commodity prices. The revival persisted through the global recession of the late 1990s, and these countries weathered the 2009 global economic

crisis better than most developing countries. Something deeper is at work.

*Emerging Africa* points to five fundamental changes underway in these countries. The first two ignited the turnaround in the 1990s and helped sustain it over time; the next three took hold later and are helping sustain progress.

#### 1. More democratic and accountable governments.

Africa's troubles have been, in large part, a failure of leadership. Too many leaders have ruled by intimidation, violence, and brute force. But in the 1980s, many authoritarian governments lost their legitimacy and the economic and financial resources to maintain control. Protestors began to call for change, and governments lost the backing of key supporters. With the end of the Cold War and apartheid in the early 1990s, authoritarian leaders were forced to give way

to democratic governments. The number of democracies in sub-Saharan Africa jumped from just 3 in 1989 to 23 in 2008, including most of the 17 emerging countries.

Democracy means not only elections but greater adherence to basic political and civil rights, more freedom of the press, and stronger political institutions. Not all of the emerging countries are democracies, but there has been a clear shift toward greater political accountability and improved governance more broadly. Democratic progress has been uneven and remains incomplete, but it has been—and will continue to be—at the core of emerging Africa's renaissance.

## 2. 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, provoked capital flight, and led to stagnation and rising poverty.

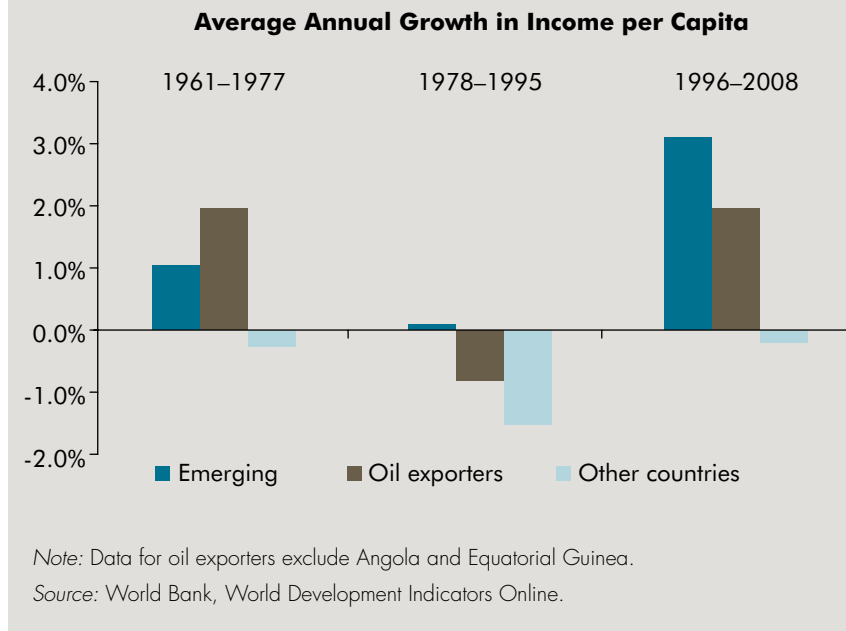
In the late 1980s, the emerging countries began to implement much stronger economic policies. Today, black markets are but a distant memory. Budget and trade deficits are more sustainable. The role of the state is smaller, the business environment is friendlier, and trade and investment barriers are lower.

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

The 1980s debt crisis hit Africa particularly hard. Stagnant economies and heavy borrowing created huge debt burdens. As the crisis deepened, the International Monetary Fund (IMF) took on a much more prominent role, and IMF–World Bank “stabilization and structural adjustment” programs became central to economic policymaking and the relationship between African countries and the donor community.

Some middle-income countries began to resolve their debt problems in the early 1990s, but it took another decade or

Figure 1. Surging Growth in the Emerging Countries



more for low-income countries to get out from under their debt burdens through the Heavily Indebted Poor Country (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI). Of the 40 countries eligible for the HIPC program, 36 have received at least the first stage of HIPC debt relief.

Today, the debt crisis is finally winding down. Debt burdens are significantly lower, freeing up financial resources and relieving the time burden on senior policymakers. But perhaps even more important, relationships with donors have become much healthier. Country-led Poverty Reduction Strategies have replaced structural adjustment programs at the center of policymaking, providing a stronger basis for donor support to bolster future development going forward.

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

Cell phones are becoming ubiquitous across Africa, and Internet access is growing quickly. In the most remote corners of the countryside, cell phones are relaying information on prices and shipments of goods in real time and facilitating the transfer of funds with simple text messages. The Internet is opening new economic opportunities and creating jobs that did not exist before, such as data entry and other services. And both are widening political involvement by enabling

The Center for Global Development works to reduce global poverty and inequality through rigorous research and active engagement with the policy community to make the world a more prosperous, just, and safe place for us all. The policies and practices of the United States and other rich countries, the emerging powers, and international institutions and corporations have significant impacts on the developing world's poor people. We aim to improve these policies and practices through research and policy engagement to expand opportunities, reduce inequalities, and improve lives everywhere.

the debate and flow of information that are the backbone of political accountability and transparency.

#### **5. A new generation of policymakers, activists, and business leaders.**

A new generation of savvy, sharp, and entrepreneurial leaders is emerging across Africa. They are 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, often fortified by travel abroad and a globalized outlook. With the new generation at the helm, Africa's future looks increasingly bright.

#### **The Road Ahead**

The five changes described above provide the foundation for continued success in the emerging countries, but the turnaround is young and remains fragile. The emerging countries face several challenges, including the need to deepen democracy and strengthen governance, diversify their economies to create new economic opportunities for a growing workforce, manage the role of China to ensure that the benefits outweigh the risks, adapt to the effects of climate change, and build strong education and health systems. Unleashing the power of girls and women will be central to maximizing the speed, equity, and sustainability of development.

Meeting these challenges will not be easy; it will require difficult choices, effective leadership, and hard work by the citizens of the emerging countries. Their future is primarily in their own hands: the decisions they make, the priorities they set, and the institutions they establish. Their record since the mid-1990s in these areas has been strong, and there is great promise for the future.

While emerging Africa holds the keys to its future, the international community can play an important supporting role. Donors can make aid more effective by letting the emerging countries take the lead in establishing priorities and implementing programs, and they can make larger and more enduring commitments. Both donors and recipients need to hold themselves more accountable for achieving results. The rich countries can level the playing field and help spur new economic opportunities in the emerging countries by reducing barriers to trade, such as agricultural subsidies and high tariffs on finished products. And they can vocally stand with the emerging countries, highlighting their progress and giving them the credibility and respect they deserve for the progress they have made so far.

Africa's emerging countries will undoubtedly face challenges, but they have shown that nations once considered failures can turn around and climb out of poverty. The renaissance in emerging Africa provides hope for some of the most challenged countries in the world that it is possible to combat poverty, secure peace, increase prosperity, and widen the global circle of development.