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African balance-sheet: shortcomings in economic performance

(MFI) Africa's post-independence history is marked by repeated ambitious attempts at relaunching the African economy, none of which has produced any tangible results. The political will of the G8 countries to help Africa out of the poverty trap may be stronger at present than in the past – although it still remains rather timid in such areas as ending farm subsidies or countering global warming, of which Africa is the prime victim. Will it be enough to make a difference? One would hope so, but the present state of the continent calls for a prudent judgement.

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With "grand designs" for Africa becoming fashionable again, it may be useful to draw up a balance-sheet of the region's economic development. Optimists will say that a large number of African countries have recorded encouraging performances in recent years. Tony Blair's Africa Commission says about a score of countries registered growth rates in excess of 5% in 2003. But this was due to economic trends. Rising oil and metals prices stimulated growth in exporting countries. A relative stabilisation of agricultural commodity prices also played a part: cocoa prices were even soaring because of the Ivory Coast crisis. The year 2003 was also one of good harvests in several regions, including the Sahelian zone. And the restoration of civic peace contributed to a return to growth in several countries, including the Democratic Republic of Congo (DRC) where expansion picked up, it is true, from dramatically low levels. At the same time, however, the rise in oil prices had adverse effects on importing countries; the year 2003 was followed by disastrous harvests in 2004 in the Sahel because of drought and a locust invasion; and other crises and civil wars (Ivory Coast and Sudan) were continuing.

A limited number of "locomotives" to pull African growth

In fact, a significant number of African countries recorded rapid growth in practically each of the past ten years, including 2004 and 2005. But each year, a different set of countries appear to be making good, apart from a few exceptions. As a result, only about ten countries with a total of 100 million inhabitants have been recording good economic performances over the past decade, while another dozen (250 million inhabitants) have been regressing.

The countries that have done well over the past ten years include countries pulled by their oil resources (Angola, Equatorial Guinea, Sudan); countries that are too small to make a difference in their respective regions (Benin, Botswana, Cape Verde, Rwanda) – plus Mali, Mozambique and Uganda. The number of countries that could act as "locomotives" to pull growth is thus limited. None of the major countries – South Africa, Algeria, Egypt, Ethiopia, Kenya, Morocco, Nigeria, the DRC and Tanzania – has, for the moment, shown the vigour needed to assume this role.

Against this background it is not surprising that Africa is lagging behind in the race to achieve the Millennium Development Goals (MDGs). The African Development Bank (AfDB) in a recent report indicates that one-third of the countries are clearly falling behind in attaining the objective of reducing extreme poverty and hunger, while another third even shows clear regression. In the field of education and health, the prospects are also not encouraging. And even this assessment seems far too optimistic. For the AfDB describes as "slight" the time-lags of some countries that have only reached half-way towards the goals. The fact is that the situation in Africa is marked by a succession of new human tragedies, such as famines or epidemics, which are as many direct consequences of the failure of economic development.

Towards a public-private partnership?

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If we look a little more than ten years back, relative advances have certainly been recorded thanks to economic reforms, the improvement of governance, and, more recently, a renewed pickup in development aid. But reforms are moving ahead at a slow pace. While the privatisation of enterprises in the competitive sector has been completed in many countries, the reform of public utilities such as water, electric power and telecommunications is slow at best, and in some cases seems to be moving backward. The reform and revival of the social sectors of education and health, of strategic importance to poverty reduction, remain insufficient almost everywhere.

It is tempting to argue that these ambitions cannot be achieved without new financing. But it must be noted that when funds begin to be made available, their good use is in most countries stumbling on the public authorities' lack of capacity to work out strategies and implement projects. This may no doubt in part be a consequence of the two "lost decades" of the 1980s and 1990s, when capacities declined. But it must also be recognised that even with more external financial aid, the public sector cannot by itself cope with Africa's development challenges.

Encouraging signs have emerged from private initiative, at the enterprise level or from civil society associations. But there is still a need to establish a genuine public-private partnership, which can only grow out of a context of good governance. Even if the trend towards democratisation has helped progress in this domain, much remains to be done. These are issues where the developed countries can trigger substantial advances, as demonstrated by the Kimberley process aimed at "moralising" the international diamond market. African initiatives, such as the peer review mechanism under the New Economic Partnership for Africa's Development (NEPAD), may contribute as well.

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