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Africa: The Development Challenges of the 21st Century

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An Introduction from Africa Program Director Howard Wolpe:

The following remarks were delivered by Callisto Madavo, former Vice President for Africa at the World Bank, at a Congressional Staff Forum on Africa Retreat, convened by the Woodrow Wilson International Center March 8-10, 2005. A noted Zimbabwean economist, Callisto Madavo served as World Bank Vice President 1996-2005. Over the course of a distinguished 36-year career at the Bank, which included postings in the Middle East, East Asia and Africa, Madavo witnessed both the successes and failures of poverty reduction strategies in multiple settings. Now, with the world's attention being increasingly drawn to the challenge of poverty reduction in Africa, Madavo offers an important perspective on the context and history of the economic challenges facing the continent.

Since the mid-1990s, and particularly in the last several years, there has been important progress in forging a new international consensus on development policy. Structured around the United Nations Millennium Development Goals, it depends on democratization and economic reform within Africa, on increased trade and development assistance, and on a more constructive part-

nership between Africa and the international community. Nonetheless, a long and difficult path lies ahead. In his remarks, Madavo reviews the scope and background of African poverty and identifies some broad imperatives to guide 21st century development policy.

The Dimensions of Underdevelopment

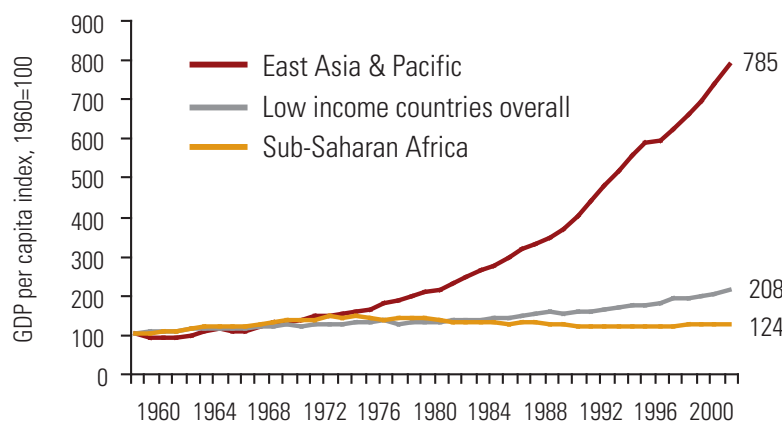
Development in Sub-Saharan Africa is lagging badly behind the other regions of the developing world. In East Asia, per capita GDP has grown by nearly 800% since 1960, and in low income countries as a whole per capita GDP has doubled. Sub-Saharan Africa, however, has seen virtually no per capita GDP growth over this period.

The result of this stagnation in economic expansion is increasing poverty on the continent. While Africa is home to only 10% of the world population, roughly 30% of the world's poor are Africans. Since the mid-1980s the number of poor in Africa has doubled to some 300 million and is expected to climb as high as

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Figure 1. GDP per capita: Africa, East Asia, and LICs
(index 1960=100)



Source: World Bank Capacity Building Task Force 2005

400 million by 2015. Thus, Africa is the only region of the world where poverty is increasing in stark contrast to the dramatic gains in the fight against poverty that are seen elsewhere, most notably in Asia.

There is also increasing evidence not only that more Africans are falling into poverty, but that income inequality has opened a wide gap between ordinary Africans and African elites. In many countries, elites control both the dwindling economic opportunities and the machinery of the state, ensuring that their economic and political privileges are protected. In such environments, efforts to open opportunities for the majority of the population have few powerful supporters.

Africa is also lagging behind in terms of other non-income indicators of development. For example, at a time when globalization is integrating the world economy and contributing to growth in many least developed countries, Africans are being marginalized. The continent's share of world trade has declined from 3.5% in the 1970's to 1.5% today. This decline is equivalent to an annual loss of approximately \$70 bil-

lion. When compared with the \$25 billion that comes to Africa each year in the form of overseas development assistance, the significance of Africa's declining participation in international trade becomes clear. In addition, less engagement with the global economy means that Africa is also missing out on the technical transformation critical to laying the investment foundations for the future.

Social indicators tell the same story of Africa's gradual decay from the early 1970s to the beginning of the 1990s. Over this period, Africa was consistently lagging behind in such areas as access to piped water and sanitation, primary education completion rates, and gender equality. This pattern was then compounded by the HIV/AIDS pandemic and by a series of destructive conflicts. Today over 25 million Africans live with HIV/AIDS and another 12 million children have been orphaned by the disease. An estimated 20 million people have been displaced by conflicts, with large numbers dying in such places as the Great Lakes region, Sierra Leone, Sudan, and Somalia.

We often forget that behind these numbers are real people, facing daily struggles, beginning with the struggle simply to obtain enough food to survive. Large numbers of children are undernourished or stunted, and many children die before their 5th birthday. Millions more do not attend schools and many girls face limited opportunities simply because of their gender. In many ways the youth, who are the future of Africa, are already being mortgaged.

Currently, the international community's attention has been seized by the United Nations Millennium Development Goals (MDGs), laid out in 2000 as development targets to be met within the first fifteen years of the 21st century. Unfortunately, as the following graph illustrates, many countries in Africa will not come even close to meeting most of these goals.

In many ways, the picture that emerges from the information presented above seems to add up to a tragedy writ large and can easily lead to Afro-pessimism. But Africa is a continent, not a country, and within these often disturbing statistics, there are other, more encouraging trends, particularly since the 1990s. There are countries that are growing economically, that are well governed, that are fighting corruption, and whose leadership is serious about development and poverty reduction. These countries have a good chance to meet some, if not all, of the key MDGs. There are islands of real progress in improved economic policies, export growth, and governance and democratization. Africa is a diverse continent whose countries span a wide continuum—from fragile states such as Somalia and the Central African Republic, to successful post-conflict countries such as Rwanda and Mozambique, and stable and growing countries such as Botswana and Mauritius. We must avoid painting the whole continent with a broad brush; there is a need to promote more differentiated assessments and solutions appropriate to specific country situations. No one size fits all.

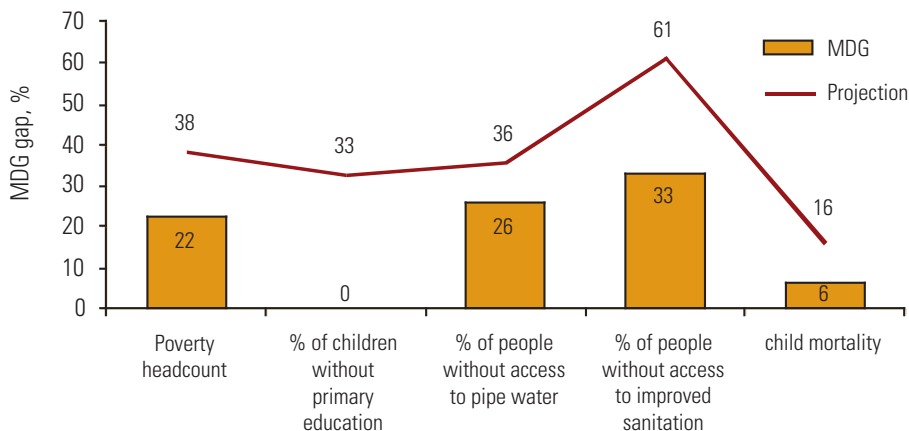
At a time when globalization is integrating the world economy and contributing to growth in many least developed countries, Africans are being marginalized. The continent's share of world trade has declined from 3.5% in the 1970s to 1.5% today.

Lessons from history

Many of you, I am sure, are wondering: what went wrong in Africa? What are the lessons that we can derive from its history, and how can those lessons be applied to create a more hopeful future?

To begin with the historical perspective, let us go back to the first decade of independence. In the 1960s, African economic growth was robust, and infrastructure, education and health were improving across much of the continent. Expectations during these years were high. However, this period of optimism ended when a series of external shocks hit the continent in the 1970s, bringing a calamitous deterioration in the terms of trade for many commodity-dependent economies. As oil prices shot up, many countries borrowed massively to offset the

Figure 2. The gap between the MDGs and their projected levels in Africa given current trends



Data sources: Global Monitoring Report 2005, The World Bank and The IMF.

The Millennium Development Goals (MDGs), developed over the course of the 1990s were unanimously ratified by all United Nations member countries in September, 2000 as part of the Millennium Declaration. They provide a set of internationally accepted and quantifiable standards to measure progress in world development. By the year 2015, they aim to:

Goal 1	Eradicate extreme poverty and hunger by halving the population living on less than \$1 dollar a day and suffering from hunger.
Goal 2	Achieve universal primary education by ensuring a full course of primary schooling to all children
Goal 3	Promote gender equality and empower women by eliminating gender disparity in primary and secondary education by 2005, and at all levels by 2015
Goal 4	Reduce child mortality by two-thirds for children under five
Goal 5	Improve maternal health by reducing the maternal mortality ratio by 75%
Goal 6	Combat HIV/AIDS, malaria, and other diseases by halting the progression of HIV/AIDS and malaria and beginning to reverse their prevalence
Goal 7	Ensure environmental sustainability by integrating the principles of sustainable development into country policies, reversing the loss of environmental resources, halving the proportion of people without safe drinking water and basic sanitation, and achieving a significant improvement in the lives of at least 100 million slum dwellers by 2020
Goal 8	Develop a global partnership for development by developing a more open and just international trade environment, addressing the special needs of the least developed countries, landlocked countries and small island countries; ensuring sustainable debt levels; developing and implementing strategies to increase youth employment; increase access to pharmaceuticals and new technologies.

declining revenues. Africa was clearly living beyond its means and sowing the seeds of today's debt problem.

At the same time, influenced by the statist economic development models that were in vogue around the world during that period, African governments pushed through a wave of nationalizations and other government-centered economic policies. The result was a marginalization of the private sector and a stultification of market-driven economic activity at many levels.

In addition, the state was taking on an expanded role just at the time it was falling under considerable pressure. Coups, conflicts, and the estrangement of the nation-state from its citizenry led to a deterioration in governance and a rise in official corruption. By the 1980s, most African economies were in "freefall," suffering from stagnation, contraction and decline. Many have characterized the period as the continent's "lost decade."

The crises of the 1980s sparked a great debate among those concerned with Africa:

- There were those who felt Africa's problems were externally driven, caused by deteriorating terms of trade and a generally hostile environment in the global economy. The solution, they argued, lay in greater self-reliance. This translated into policies that effectively shut Africa off from the global economy.
- Others took an opposite view, arguing that while external factors contributed to the continent's hardships, basic African problems were internal. They argued that Africa was living beyond its means, and was encumbered chiefly by poor policies, an over-extended state, poor internal leadership, and little or no ownership of local development programs.

The period that followed saw an exaggerated role played by outsiders who pushed controversial structural adjustment programs that cut spending to achieve macroeconomic stability, and opened up national economies to market forces were adopted. In the push to pare back the reach of the state, we saw government's legitimate developmental role in promoting economic growth reduced as well.

The results from structural adjustment were mixed at best. By the beginning of the 1990s, few countries had reversed the downward spiral that had begun in the 1970s. At the same time, we learned many useful lessons that enabled Africa and its partners to stem the decline and begin the slow process of recovery witnessed in the late 1990's. Among those lessons:

- There is a need to put growth and poverty reduction at the center of African development efforts. Previously, too much spending had been directed at programs and projects that accomplished neither.
- African countries had to lead and have ownership over their development strategies.



Callisto Modavo speaks to congressional staff as part of the Congressional Staff Forum on Africa, organized by the Africa Program at the Wilson Center. With the support of the Ford Foundation and the Carnegie Corporation, the Program aims to increase the critical knowledge and expertise on Africa among Congressional staff who are involved in foreign policymaking, and to deepen the international policy dialogue on how to more effectively address the myriad of problems confronting the African continent.

These strategies could not be imposed from the outside as conditionalities for aid.

- Capable, well-led democratic states, which encourage engagement by the private sector, civil society and other stakeholders to safeguard accountability are essential. Equally important is a norm of transparency, particularly in the use of public resources, and the fight against corruption.
- The international community should not impose policies on African countries. It must, however, continue to play an important supporting role because Africa's resources are too limited for the continent to pull itself up by its own bootstraps. A real partnership between Africa and the international community is needed if it is to make progress towards meeting the MDGs by the 2015 deadline.

But Africa is a continent, not a country, and within these often disturbing statistics, there are other, more encouraging trends, particularly since the 1990s. There are countries that are growing economically, that are well-governed, that are fighting corruption, and whose leadership is serious about development and poverty reduction.

A New Paradigm

Let me now turn to the 1990s, and to the emergence of what is really a new paradigm for development in Africa. Reflecting on these various lessons—some quite painful—the development community entered the 1990s with an emerging new consensus on African development among African leaders, African thinkers and the international community.

Within Africa, determined African leaders took the lead in charting the continent's revival. They established the African Union and elaborated an economic vision under the New Partnership for African Development (NEPAD), emphasizing sound economic policies, good governance and accountability. Here the leadership of Presidents Obasanjo of Nigeria and Thabo Mbeki of South Africa has been indispensable.

Many countries made tangible progress towards democratization, promoting broad-based citizen participation in both the economic and political life of their countries. Over the past decade many African countries have held multi-party elections for the first time. While elections have not always been flawless, the direction is clear: Africa is seeing a real movement towards better governance, which is a prerequisite for progress. Macroeconomic policies are much improved across the continent and efforts are underway to strengthen governance through the NEPAD's Peer Review Mechanism that aims to promote growth and governance through the sharing of best practices and experiences between African nations.

Africa, like other developing regions, has embraced the MDGs as the basis for formulating its development and poverty reduction strategies. While meeting the MDGs remains a daunting challenge for most African counties, it is hoped that many will make demonstrable progress.

On the side of the international community, there is a gradual but growing acceptance that

development programs must be home-grown and can not be imposed from outside. More resources—in the form of increased development assistance, greater debt relief, and access to markets in developed countries—are needed if Africa is to have a chance to meet the MDGs. This reality was acknowledged at the Monterrey Summit in 2002 and is being reinforced this year through the UN Millennium Project report on the MDGs, the report of the Blair Commission on Africa and the Africa-focused 2005 G8 meeting in Gleneagles, Scotland.

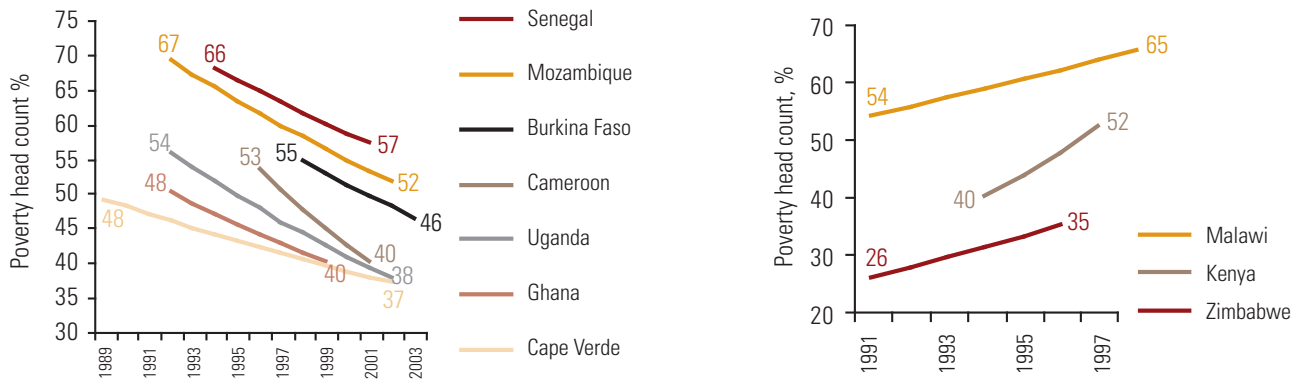
The additional resources that have been promised must be directed towards reducing poverty and achieving the MDGs. These resources must be managed transparently. The allocation of aid will be guided by measures of performance, effectiveness, and results, the approach embodied in the Millennium Challenge Account (MCA) set up in the United States. Meanwhile, international donors will need to do a better job of providing technical and financial support in a coordinated and predictable manner. It is critical to focus not only on the quantity but also on the quality of aid and on the results and effectiveness of assistance programs.

Within the international community, the United States has a special leadership role to play in raising aid levels, supporting countries in their fight against HIV/AIDS and in making sure that programs such as the MCA are implemented quickly with attention to results.

Translating Africa's renewed efforts and international support for more development aid, debt relief, and improved trade access into tangible and visible results for the average African is the key challenge. Here, capacity in African countries is emerging as a major constraint—the capacity of individuals, organizations and institutions to set development goals and achieve them. Africa and its international partners will need to join hands in a “big push” to build and utilize

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Figure 3.



Data sources: Africa Region Country Poverty Studies.

untapped capacity so that this opportunity is not lost. Were things to fall apart for lack of delivery on the ground, it would be difficult to pick up the pieces and start again.

Hope and Realism

Looking ahead, let me offer a few concluding thoughts.

If Africa is to make progress it will require a strong, consistent leadership and effective institutions and programs. It will need to broaden and deepen the development platform established in the late 1990s, paying special attention to these factors:

- Peace and stability
- Good governance, democratization, civic participation, empowerment, transparency—all of which are crucial to fighting corruption
- Growth, growth and growth! Growth and jobs are essential for poverty reduction. Only a vibrant private sector, including farmers, informal sector entrepreneurs, medium-scale

enterprises and larger domestic and foreign firms can make this possible.

- Strengthening service delivery, particularly with regard to clean water and high-quality healthcare and education. A special effort to stem the HIV/AIDS pandemic is critical.
- Special attention to gender and youth. Women are one of Africa's strongest assets and have thus far gone unrecognized and underutilized, while Africa's youth represent the continent's much-neglected future.

The international community will need to accompany Africa on what will be a long and difficult journey. The alternative is a marginalized Africa and a potential source of instability, disease and general decline in an otherwise prosperous world. Would that be in anybody's self-interest? I think not.

Africa's development is one of key challenges of this century. It will not be easy or quick, but it can be done. I remain hopeful but realistic about the continent's future.

More resources—in the form of increased development assistance, greater debt relief, and access to markets in developed countries—are needed if Africa is to have a chance to meet the Millennium Development Goals.



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The Africa Program

The Africa Program was established at the Woodrow Wilson International Center for Scholars in 1999 with the generous support of the Ford Foundation. Under the leadership of former Congressman and Presidential Special Envoy Howard Wolpe, the Africa Program serves as one of Washington, D.C.'s leading forums for informed debate about the multiple challenges and opportunities that face Africa, and about American interests in—and policy toward—the continent. The program serves as a bridge for academics, diplomatic practitioners, policymakers, and members of the private sector, from Africa and the United States, who share a common interest in developing informed and effective policy decisions on Africa.

With the support of the World Bank's Post-Conflict Fund, the Center's Africa Program has launched a major capacity-building initiative in Burundi, designed to increase the ability of the country's ethnically polarized leadership to work together in consolidating its post-war transition and advancing Burundi's post-war economic reconstruction. The "Congressional Staff Forum on Africa" series, launched with the financial backing of the Ford Foundation, seeks to respond to increased policymaker interest in the African continent. The Africa Program also oversees the Africanist Doctoral Candidate Summer Fellowship Program, which brings advanced doctoral students who have not yet completed their dissertations to the Center for a three-month residency. Finally, within the Center, the Africa Program supports residential fellows whose research focuses on this important region and works closely with the Center's other projects and programs on cross-regional issues, such as governance, the development of state capacity, crime and corruption, and pressing health and social problems such as the AIDS pandemic.

For more information contact Africa Program associate, Michael Jobbins at (202) 691-4158, africa@wilsoncenter.org.

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