

A high-angle, wide shot of a bustling street in an African city. The street is filled with a variety of colorful minibuses in shades of yellow, red, green, and blue. Pedestrians are walking along the sidewalks and crossing the street. In the background, there are buildings, including a prominent white building with arched windows, and a clear sky. The overall atmosphere is one of a busy, active urban environment.

EMERGING **AFRICA**

**HOW 17
COUNTRIES
ARE LEADING
THE WAY**

Steven Radelet
With an introduction by Ellen Johnson Sirleaf
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Steven Radelet was a senior fellow at the Center for Global Development from 2002 to 2010. His research and publications focused on foreign aid, economic growth, financial crises, and trade policy in developing countries, especially in sub-Saharan Africa. He served as an economic advisor to the government of Liberia from 2005 to 2009 and was a founding co-chair of the Modernizing Foreign Assistance Network. From 2000 to 2002, he was deputy assistant secretary of the U.S. Treasury for Africa, the Middle East, and Asia. He has worked in dozens of countries and has lived for extended periods in Indonesia, The Gambia, and Western Samoa.

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CENTER FOR GLOBAL DEVELOPMENT

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Washington, DC 20036

www.cgdev.org

Emerging Africa: How 17 Countries Are Leading the Way may be ordered from:

BROOKINGS INSTITUTION PRESS

c/o HFS

P.O. Box 50370

Baltimore, MD 21211-4370

Tel.: 800-537-5487

410-516-6956

Fax: 410-516-6998

Internet: www.brookings.edu

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.

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Library of Congress Cataloging-in-Publication data

Radelet, Steven C., 1957-

Emerging africa : how 17 countries are leading the way / Steve Radelet ; with an introduction by Ellen Johnson Sirleaf.

p. cm.

Includes bibliographical references and index.

1. Africa—Economic conditions—1960- 2. Africa—Economic policy. 3. Africa—Foreign economic relations. I. Title.

HC800.R33 2010

330.96—dc22

2010026016

ISBN: 978-1-933286-51-8

eISBN: 978-1-933286-52-5

For Sam

Always Remember the Boys of West Point

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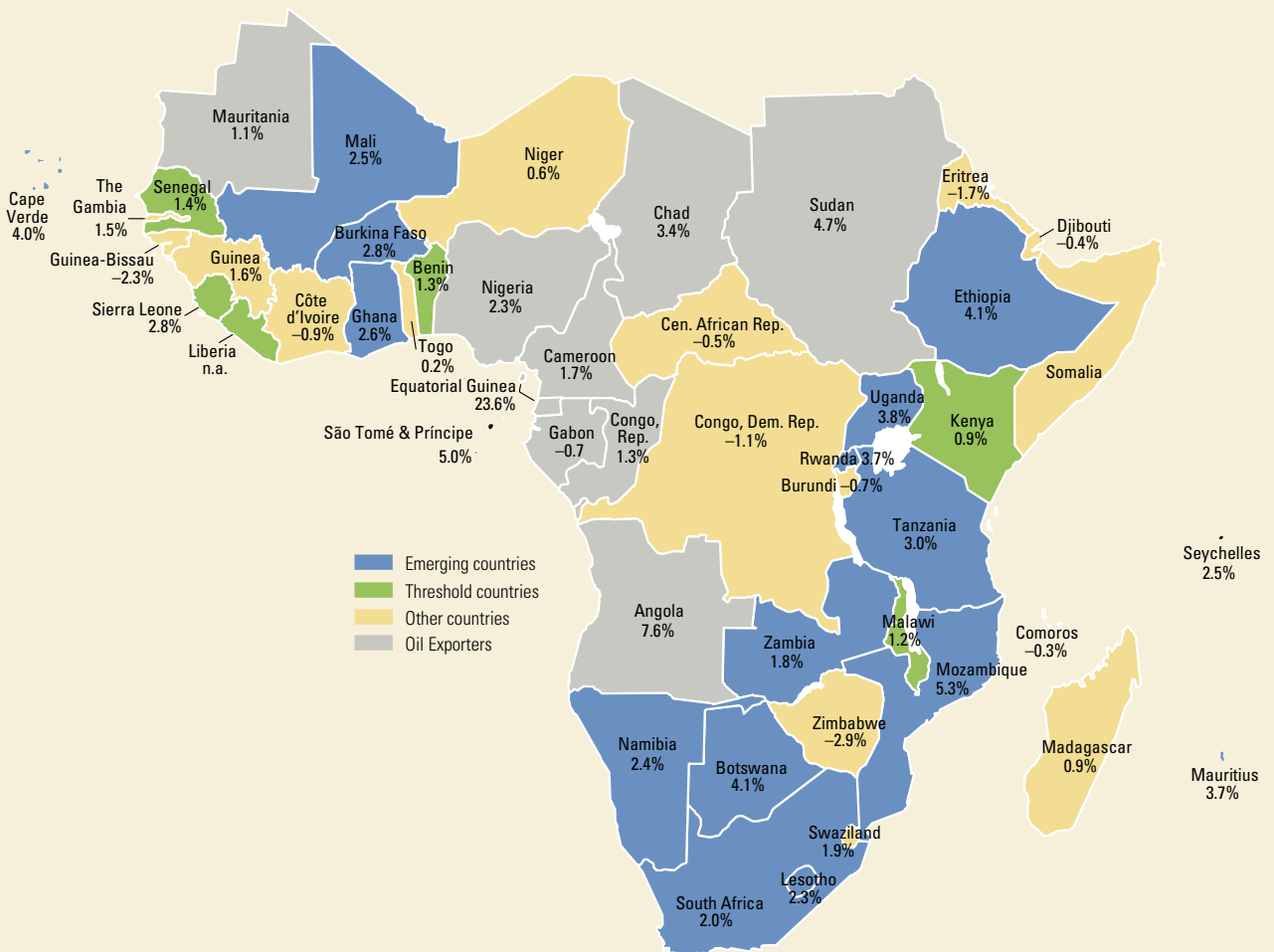
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EMERGING AFRICA

Average Growth Rates per Capita, 1996–2008



INTRODUCTION

Ellen Johnson Sirleaf

President, Republic of Liberia

Twenty years ago, sub-Saharan Africa (SSA) was a region of despair. Outside of Botswana and Mauritius, democracy was but a distant dream. Unelected and unaccountable governments held power across the subcontinent. Dictators treated their countries as personal fiefdoms, taking what they wanted, doling out riches to a favored few, and sprinkling a handful of crumbs to the rest. They jailed or executed those who spoke out or whom they just didn't like, and they ruled by force and intimidation. The terrible scar of apartheid made a mockery of justice and plunged the entire southern region into conflict and crisis. And the politics of the Cold War made a bad situation worse, as East and West propped up unsavory rulers for their own purposes with little regard for the effect on Africans themselves.

The leadership crisis translated into an economic crisis that left the region effectively bankrupt. Authoritarian leaders used the state to try to control the economic commanding heights, in part to finance their patronage systems. In the end, their control only destroyed economic assets and personal livelihoods. For 20 years starting in the mid-1970s, nearly all of the countries of SSA saw zero or negative economic growth per capita. Promising businesses were ruined, from agriculture to industry to services. New investment stopped, except for the grab for natural resources. Unemployment soared, and working men and women could no longer provide for their families. Schools and health facilities deteriorated badly. The only things that seemed to thrive were poverty and conflict.

My own country of Liberia tells the terrible tale. Riven by a tragic history of ethnic conflict, exclusionary politics, and authoritarian rule, Liberia plunged into violence in the 1980s and was nearly destroyed by a senseless civil war. An estimated 270,000 people were killed—about 1 in 12 Liberians—and hundreds of thousands more fled their homes. Fami-

lies were uprooted, communities were destroyed, and infrastructure was left in ruins. Children spent more time at war than at school. The warlords used violence and intimidation to loot our national assets, smuggle diamonds, and traffic in arms and drugs. Anguish and misery were everywhere.

But that was then. Today, all of that has begun to change. The era of the warlords is over and has been replaced by a new era of democratic governance. Since the war ended in 2003, Liberians have not only maintained the peace, they have seized the opportunity to begin to build the foundations for democracy, economic recovery, and lasting prosperity. In 2006, I became Africa's first elected woman president. That moment was seen around the world as one of hope and possibility, not just for Liberia, but for the region more broadly. Our people, in a free and fair election, gave my government the greatest opportunity that can come to any leader—the chance to rebuild a nation from the ruins of war.

Our objectives are both simple and ambitious. Liberians want to build a new nation that is peaceful, secure, and prosperous, with democratic and accountable governance based on the rule of law, and with abundant employment and other economic opportunities. We know it will be a long process. While everyone is impatient for change, myself included, we know that it will take time to undo the damage done by generations of misrule and to establish a strong foundation for the future. But we are on our way.

In just the last four years, we have rehabilitated hundreds of schools. We have more than doubled primary school enrollment, literally putting thousands of children back in school, with a special focus on young girls. We have more than doubled the number of health facilities that are providing a basic package of health services, and have increased immunization rates for yellow fever and polio to above 90 percent. We are beginning to see declines in the prevalence of malaria, cholera, and anemia.

We have established an anticorruption commission and revitalized the General Auditing Commission. We have increased the transparency of our public finances, and we are proud that in 2009 Liberia became the first country in all of Africa to become fully compliant with the Extractive Industries Transparency Initiative (EITI), a global standard for revenue transparency in oil, gas, and minerals. Whereas we had inherited nearly US\$5 billion in overdue and unpayable debts from previous administrations, we worked with the international community so that by mid-2010 we had eliminated almost all of it through the Heavily Indebted Poor Country (HIPC) Initiative.

We are rebuilding roads and bridges across the country and have brought light and water back to the capital city for the first time in 14



years. In 2009, we ranked among the top 10 most improved in the world in the World Bank's Doing Business Survey. These steps are paying off: we have more than doubled total investment and more than tripled government revenues. Our economy has grown by a robust 7 percent per year for the past five years, and average incomes have increased by 20 percent.

Across at least half of sub-Saharan Africa, similar changes are under way. What is happening in Liberia is but a microcosm of the transformations that are sweeping across many African countries. Dictators are being replaced by democracy. Authoritarianism is giving way to accountability. Economic stagnation is turning to resurgence. And most important, despair is being replaced by hope—hope that people can live in peace with their neighbors, that parents can provide for their families, that children can go to school and receive decent health care, and that people can speak their minds without fear.

In this important book, Steve Radelet describes and analyzes the deep changes taking place across emerging Africa. It is a breath of fresh air in that it does not treat SSA as a monolithic entity, but instead recognizes that countries across the region have distinctive histories, endowments, and political systems, and that they are on different trajectories going forward. It puts aside both the typical pessimistic view that the entire subcontinent is in continual crisis and the overly optimistic view that the entire region has undergone transformation. It carefully dis-



sects and explores the divergent trends under way. It focuses in on a group of 17 emerging countries that have undergone dramatic economic and political changes since 1995, along with six other countries where there has been positive but less dramatic change, or—like Liberia—where these transformational changes have been under way for a shorter period of time.

The changes in the emerging countries since the mid-1990s are striking. Investment is growing quickly. Foreign investors that never would have thought of Africa a decade ago are lining up to look at new opportunities. Trade is expanding even more rapidly as businesses become more integrated with global markets. GDP is growing by more than 5 percent per year, so that average incomes in the emerging countries have increased by 50 percent since the mid-1990s. Political conflict has subsided, and governments are strengthening the protection of civil liberties and political freedoms. Most of the emerging countries have embraced democracy, and their ratings on a range of governance indicators are improving. More youth are in school, from primary schools through

universities, and health care has improved significantly. Poverty rates have been falling by one full percentage point per year for more than a decade, ushering in the most rapid decline in poverty rates ever seen on the continent. The differences between the despair and misery of the 1980s and the hope and energy of today are like night and day.

Radelet describes five fundamental changes that have fueled this transformation and set the foundation for continued resurgence in the years ahead, including the rise of democracy and more accountable governments, the introduction of stronger economic policies, the end of the long debt crisis and concurrent strengthening of relationships with the international community, the introduction of cell phones and other new technologies, and the emergence of a new generation of private and public leaders. His analysis shows the importance of each of these key changes, both individually and in concert, complementing and strengthening each other.

For me the most important is the change in political systems, leadership, and governance. I've often said that Liberia is not a poor country, but rather a rich country that has been poorly managed. The same is true for most of SSA. Africa's crisis was a failure of leadership and management. Sub-Saharan Africa is rich in resources, talent, energy, and spirit. But it has not been rich in leadership. It is made up of rich countries that were poorly managed, and the results have been disastrous.

Good leadership is only partly about the individual people in the leadership positions. Much more important is how these leaders are chosen and how they are held accountable by their citizens. Africa has had many well-educated presidents and prime ministers who initially looked as if they might be good leaders, but they failed because they had too much centralized power and because basic systems of checks and balances and accountability did not function. Finding good leaders and sustaining good leadership requires establishing freedom of speech, freedom of political discourse, free and fair elections, transparency of government actions, and checks and balances through strong legislatures and judicial systems. As the emerging countries of Africa continue to build these institutions of accountability, I am confident that skillful leaders will emerge and that they will be able to lead effectively.

For more than a century, Africa's fate was more often than not decided by people beyond its shores. But not anymore. The future of the emerging countries is in the hands of their own people. It is Africans who must determine their own economic policies, make choices about how to manage their budgets and spend scarce resources, decide how to encourage new technologies and expand trade throughout the region and with the rest of the world, make choices about the highest

priorities in their development strategies, and establish their own strong systems for accountable governance. The record in the emerging countries on these issues since the mid-1990s has been strong, and there are good reasons to be optimistic that they can continue their success into the future.

At the same time, the international community has an essential supporting role to play. One important means of support is foreign assistance. Aid is clearly not the most important factor in Africa's development, nor is it always as effective as it could be. But those who argue that aid has failed, or that aid was somehow the cause of SSA's collapse, have it wrong. Their arguments are at least a decade out of date. They fail to see the transformational changes that are under way and the supporting role that foreign assistance has played. In Liberia, the backing of the international community has been crucial in supporting the work of the United Nations Mission in Liberia (UNMIL); helping to rebuild roads, schools, and clinics; and providing valuable advice on a range of important issues. Donor support and good governance have triggered billions of dollars in new private investment; together, they have laid the foundation for Liberia to continue to move forward. Without this international support, Liberia would not have made nearly as much progress and might have even plunged back into conflict. Across the emerging countries, as donors have moved to more country-led approaches for development and poverty reduction, aid has been increasingly effective in making important contributions to the economic turnaround. That said, much can be done to make aid even more effective. Donors should simplify bureaucratic procedures, align assistance more closely to government priorities, speed the delivery process, and focus more on building capacity and strengthening local systems that can be sustained over time.

It's not just aid and investment; the emerging countries need to expand trade. The industrialized countries must open their borders to much greater trade from low-income countries. If for political reasons they cannot reduce trade barriers to all developing countries, they should focus first on the countries that are taking major steps to improve governance and escape poverty—such as the emerging countries—that have a chance to stimulate new exports, increase their self-reliance, and over time reduce their reliance on aid. If the emerging countries are to sustain their success, they must be able to stand on their own feet and sell products around the world on open markets. Trade barriers in the rich countries make our very difficult job even more challenging. All we ask for is a level playing field.

It is an exciting and encouraging time for Africa's emerging countries. We have put behind us the conflict and misery of the past and replaced

them with peace and opportunity. We know that the challenges are great, and our success is far from assured. But our hopes are growing and our confidence is expanding as we continue to deepen our economic recovery, build stronger democracies, fight poverty, and build a brighter future for our people. I urge you to read on to learn more about the exciting transformations under way in emerging Africa.