

International Conference on the Emergence of Africa



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Resilient nations.



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Emergence noun emer-gence \i-'mər-jən(t)s\ (Oxford English Dictionary)

1. The process of coming into view or becoming exposed after being concealed
2. The escape of an insect or other invertebrate from an egg, cocoon, pupal case, etc.
3. Botany An outgrowth from a stem or leaf composed of epidermal and subepidermal tissue, as the prickles on a thistle plant.
4. The process of coming into being, or of becoming important or prominent.

The definition of emergence is subject to many different interpretations. This is due to the multidimensional nature of the concept, which refers to a period of intense economic, socio-political, environmental, cultural and technical progress. Drawing on the experience of the Newly Industrialized Countries (NICs), and more recently of Brazil, Russia, India, China and South Africa (BRICS), analysts tend to present emergence as a phase of economic take-off and diversifying systems of production. In terms of development, emergence is also characterized by a process of catching up and convergence with more advanced countries.

The World's Next Powerhouse?

Africa's "rise" and emergence have been capturing headlines and the attention of international policy analysts since at least the beginning of the decade. Sub-Saharan Africa remains the second fastest growing region in the world after Emerging and Developing Asia -- growing at an average of 5.1% in 2013 -- and the forecasts say it will remain so until the end of the decade. FDI flows into Sub-Saharan Africa have more than trebled, from USD 12.3 billion in 2004 to USD 44.8 billion in 2013.

Beyond its track-record and immediate prospects for continued fast economic growth, the notion of Africa's rise and emergence is premised on a core number of fundamentals that are expected to sustain growth and development in the region over the next few decades:

1. Its rapidly rising middle class. By 2010 the middle class in Africa had risen to 34% of the population, up from 27% in 2000.

USD 4 Billion

amount raised by private equity firms for investment in Africa in 2014



Africa has 600 million mobile phone users



+200 million
Population growth by mid-century



Cover of The Economist, December 2011

2. Favorable population dynamics and prospects, with a growing young and educated population expected to enter the labor market in the next few decades, and falling fertility rates.

3. A rich natural resource base, in terms of its vast mineral wealth, but also of its agriculture, which has the potential of attracting further foreign direct investment into the region;

4. Its embrace of information technologies -- in particular of mobile phones -- with over 600 million mobile phone users in 2011, more than America or Europe, and the potential for future growth in this sector;

5. Global growth and development trends and their prospects for trade and investment in Africa in the long term, especially in terms of attracting increasing volumes of manufacturing investment from Asia.

Taking these elements into account, several countries have started formulating vision documents and national development plans focused on socioeconomic transformation and emergence. These are rapidly replacing poverty-focused Poverty Reduction Strategies Papers (PRSP).

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Challenges Remain on Several Fronts

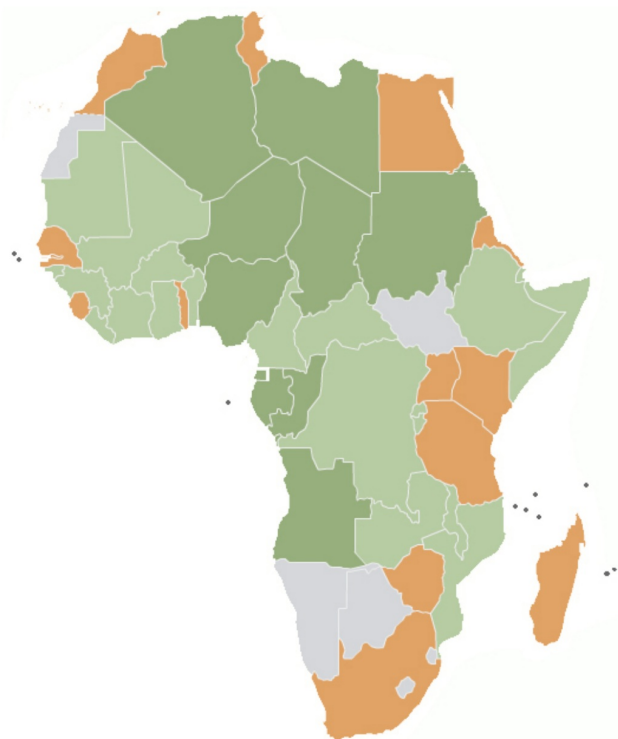
Despite the progress achieved at these levels in Sub-Saharan Africa, there are number of areas relevant for economic emergence, where the region needs to deepen its efforts.

Structural transformation has often been limited, and not necessarily in the direction observed in emerging economies around the world. There has been rapid growth in non-tradable service activities, instead of growth in export-oriented manufacturing industries. The median weight of agricultural value added in GDP in SSA only dropped from 33.5% in 1970 to 24.6% in 2012. On the other hand, the median weight of manufacturing value added in GDP actually dropped from 9.6% in 1970 to 8.3% in 2012.

A similar picture emerges with regards to advancing **social development** in the region. Sub-Saharan Africa has made significant progress over the past two decades, for example in terms of reducing poverty and improving human development indicators. However, social progress indicators continue to lag behind those achieved elsewhere, including in emerging economies. For instance, extreme poverty rates in Sub-Saharan Africa and developing East Asia, which in 1990 were at similar levels of around 56%, had dropped to a staggering 7.9% by 2011 in the East Asia region. In Sub-Saharan Africa, however, they still remained at 46.8%. While there have been some important breakthroughs on the Millennium Development Goals (MDGs), the region will miss a significant number of MDGs, with progress lagging most on the targets relating to poverty, access to sanitation, maternal health and infant mortality.

In addition, **transport systems** in Sub-Saharan Africa are costly and low quality by international standards. For instance, only 15.6% of the region's roads were paved in 2011, i.e. significantly less than in other parts of the world.

Finally, while the benefits of **regional integration** are now well-known and many of the legal frameworks in place, the biggest challenge is how to further that agenda. Among the major hurdles are harmonizing standards and regulations, boosting human resource capacities and mobilizing leadership and political will.



Export diversification index (IMF, 2015)

Index



Overall index of export diversification.
Measured by Theil index.



Policy Options

There are no silver bullets for emergence, and every country must find a path that suits its environment and specificity. But the experience of many emerging economies points to some commonalities.

For instance, generally speaking, emerging economies appear to have sought and achieved relatively stable **macroeconomic environments** during periods of high development and emergence. Another common feature of emerging economies' development experience over the past few decades has been a drive towards **much deeper integration** into the world economy. These countries have also sought to diversify their economic structures and increase value addition and the level of technological sophistication of their local industries. Emerging economies' drive towards greater global economic integration has taken place at all levels is reflected in a growing presence in international commodity and capital markets, foreign direct investment flows and integration in global value chains.

Emerging economies' growth and development success of the past decades has often benefited from the active and effective engagement of **the State** in economic affairs and concerted efforts by these countries' governments to attain specific, sector-level goals. State economic involvement of this type goes beyond the articulation of functional policies aimed at the provision of basic public goods – health, education, secure property rights, a stable macroeconomic environment, etc. Instead, this involves effective pro-active state engagement, targeting specific sectors or the achievement of specific goals.

Also, equity and social progress have been key ingredients of emerging economies' success of the past decades, especially those in East and South East Asia. Having an educated and healthy workforce has been critical in these countries' success in moving up the global technology ladder and value chain. Investments in social sectors have also helped reduce inequality, for example through direct social protection programmes.

Djibouti. Photo: UN



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