

Challenges for structural transformation and sustainable development in Africa

The need for a paradigm shift

Rural and Regional Policies for Sustainable and Inclusive Development in Africa

Experts meeting
Paris, March 30, 2016



Bruno Losch
Cirad

From structural challenges to renewed public policies

=>4 steps

- ❑ Africa's diversity but common structural challenges
- ❑ The need for an inclusive growth process: what are the policy options today?
- ❑ The untapped potential of African territories and the obstacle of spatial inequalities
- ❑ Necessary steps towards strategic design

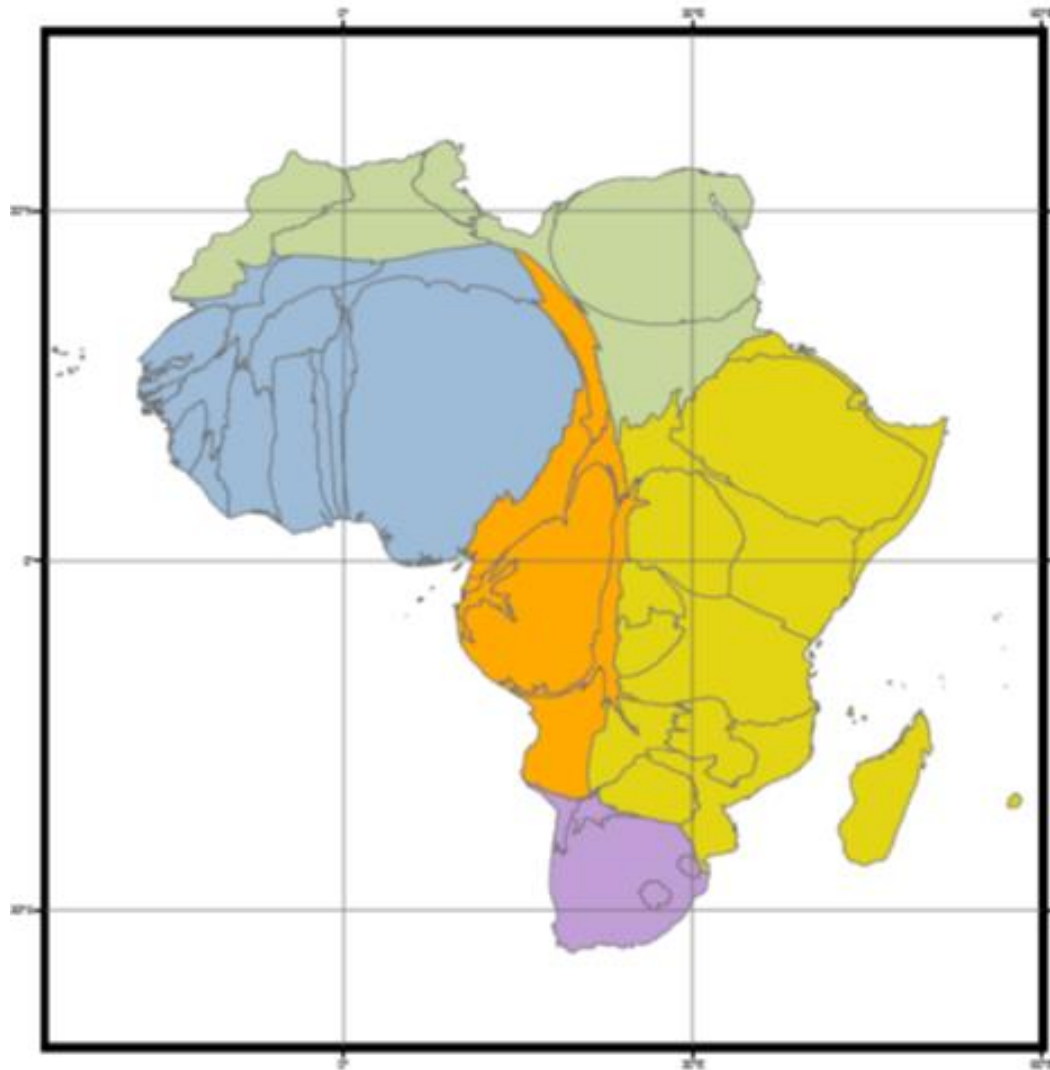
Diversity

Africa is diverse:

- ❑ 54 countries
- ❑ Population, density
- ❑ Urbanization
- ❑ Growth rates
- ❑ Engines of growth
- ❑ Role of agriculture

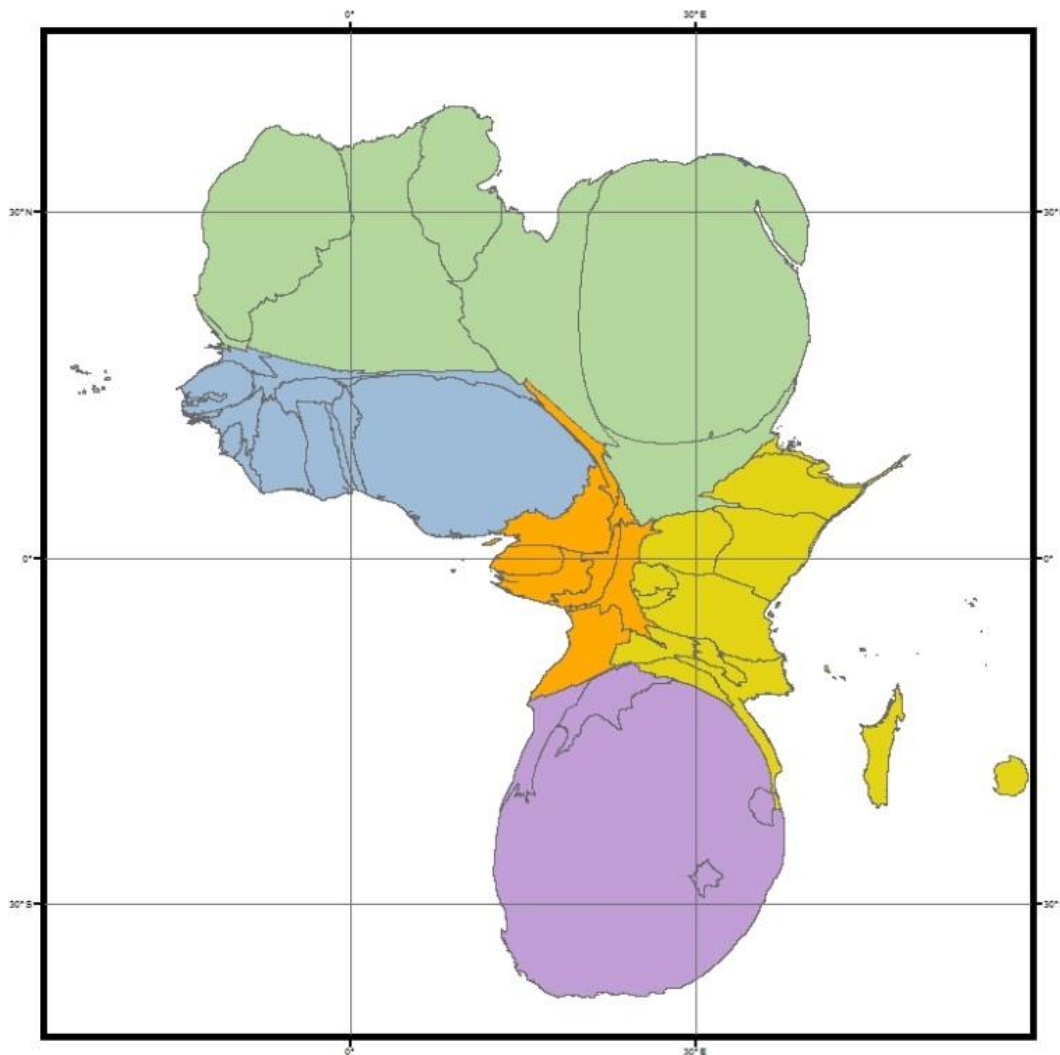


Africa weighted by... population (2015)



Africa weighted by ...

gross domestic product (average 2011-13)

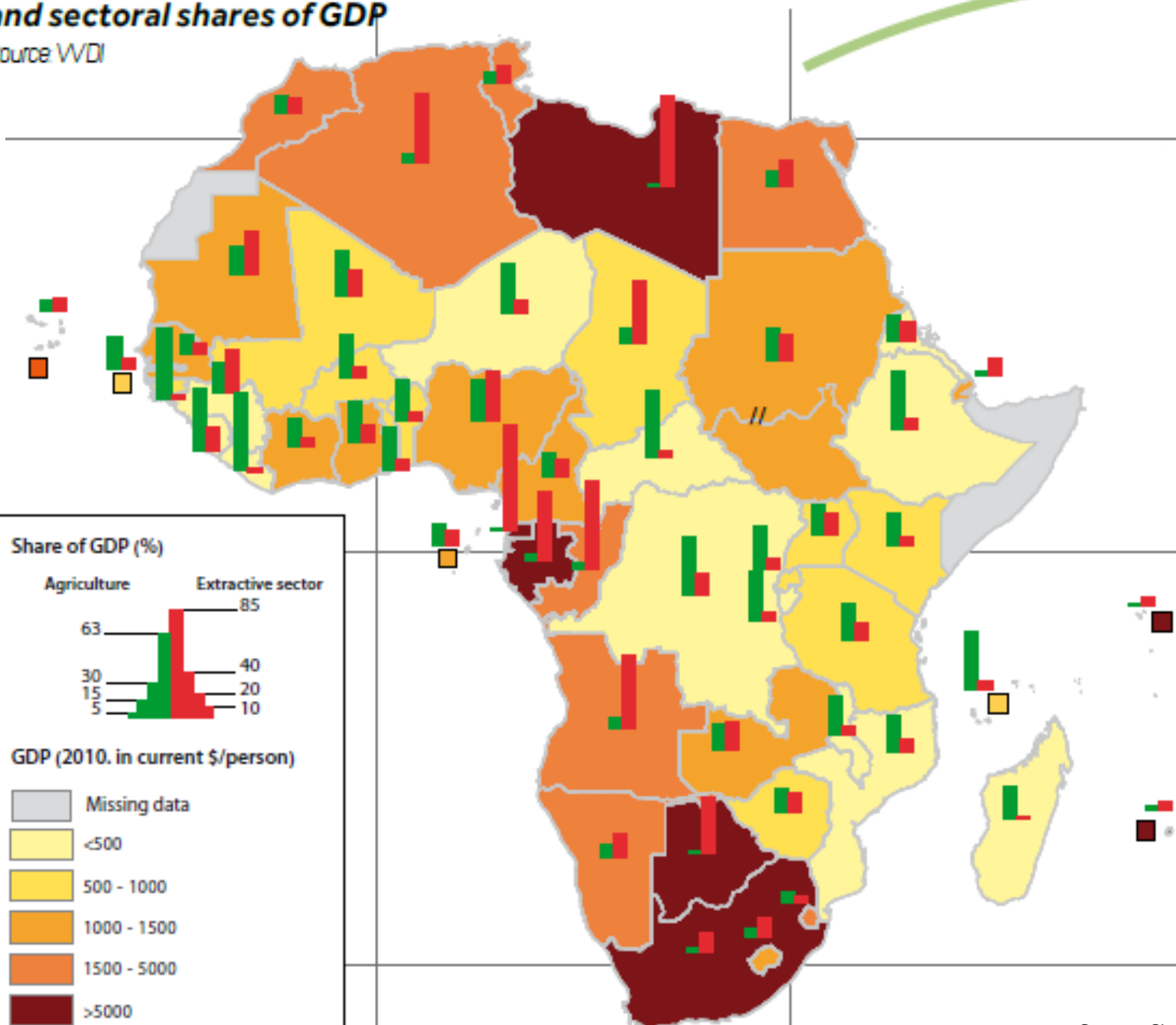
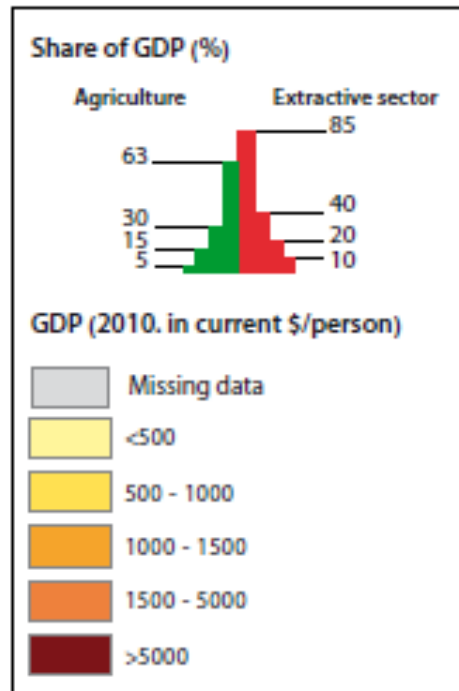


A NEW EMERGING RURAL WORLD

**AN OVERVIEW
OF RURAL CHANGE IN AFRICA**

M11. Average income per capita and sectoral shares of GDP

Source: WDI



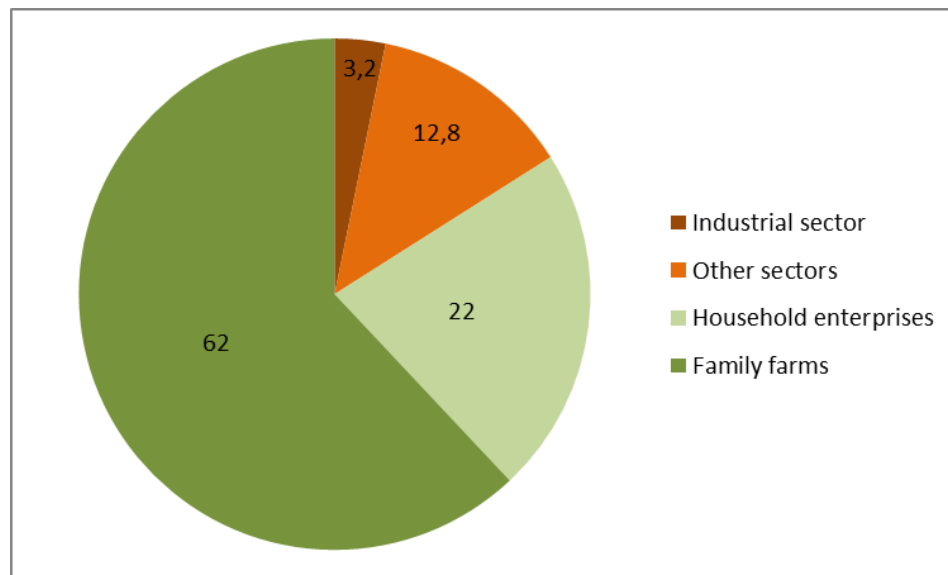
Diversity but a Common “Equation”

- ❑ There are “3 Africas”: Northern Africa, South Africa, a “middle Africa” (SSA –South Africa)
 - ❑ For the diverse middle Africa: **how to deal with poorly diversified economic structures and a growing labor force?**
 - *An incipient economic transition*
 - *An incomplete demographic transition*
- ⇒ These are two historical challenges in today’s world facing globalization and climate change
- ❑ There will not be duplication of past “transformation pathways”

A very limited economic diversification

- SSA's urbanization occurred without industrialization
- Consequences are:
 - The remaining role of agriculture, extractive industries and informal services in GDP
 - The importance of informal employment (self-employment and farming)

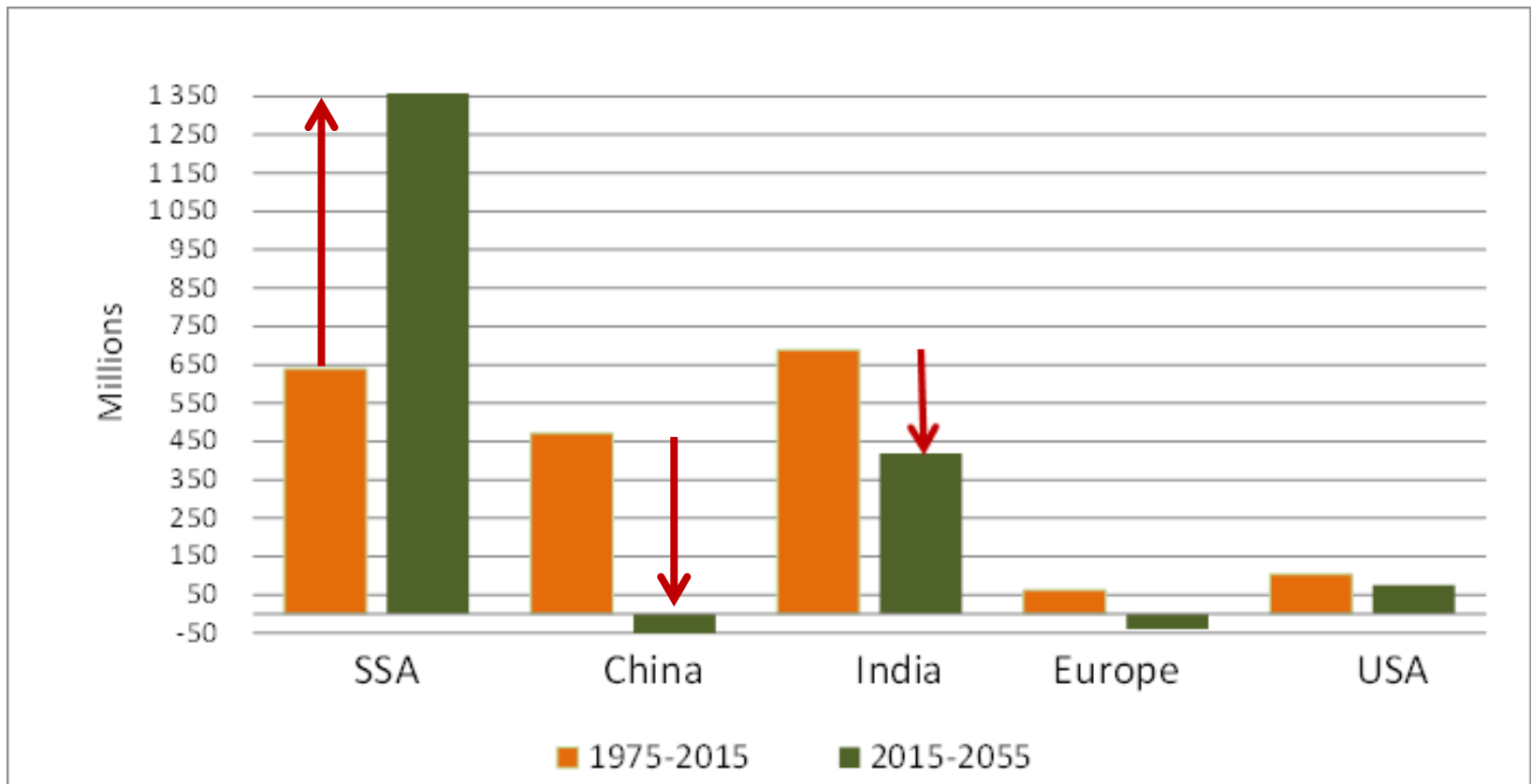
Employment structure in SSA



Source: Filmer & Fox 2014

A dramatic demographic increase

Population increase among world regions and countries: past and future

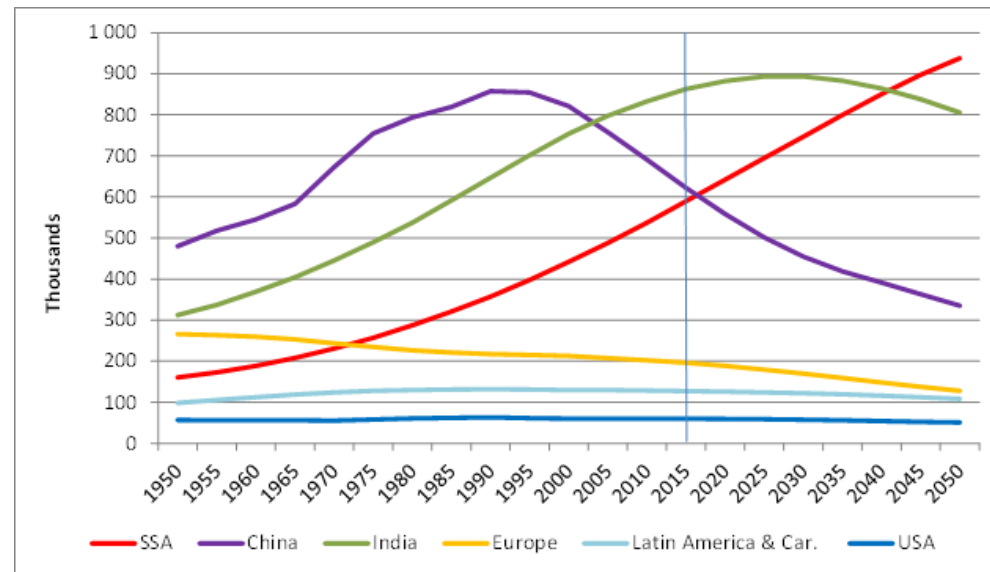


Source: author, World Population Prospects 2015

A unique spatial distribution of the population

- In spite of urbanization, the “rural” population should lead till the 2040s
- The population living in rural areas will continue to grow well beyond 2050: a global exception

Rural Population Growth (2010-2050)

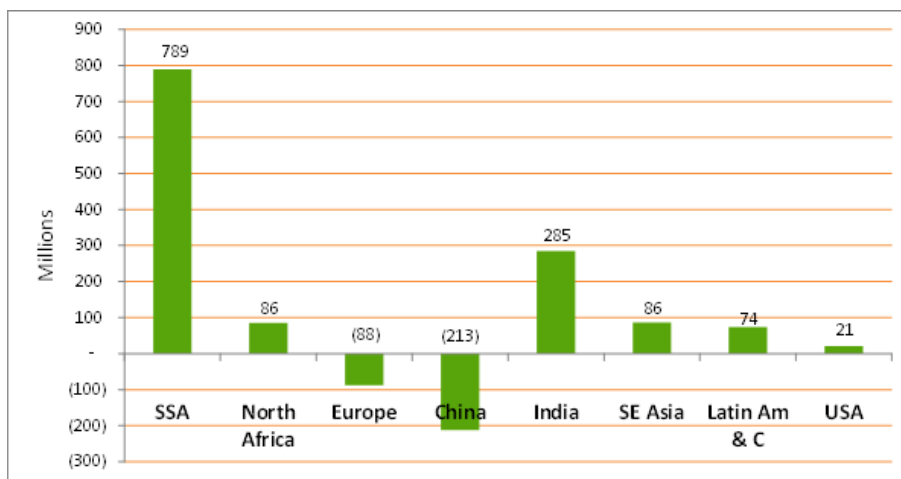


Source: author, World Urbanization Prospects 2014

=> Rural population in SSA will increase by 60% (+350 m) over the next 35 years (when decreasing at the world level) and reach nearly 1 billion

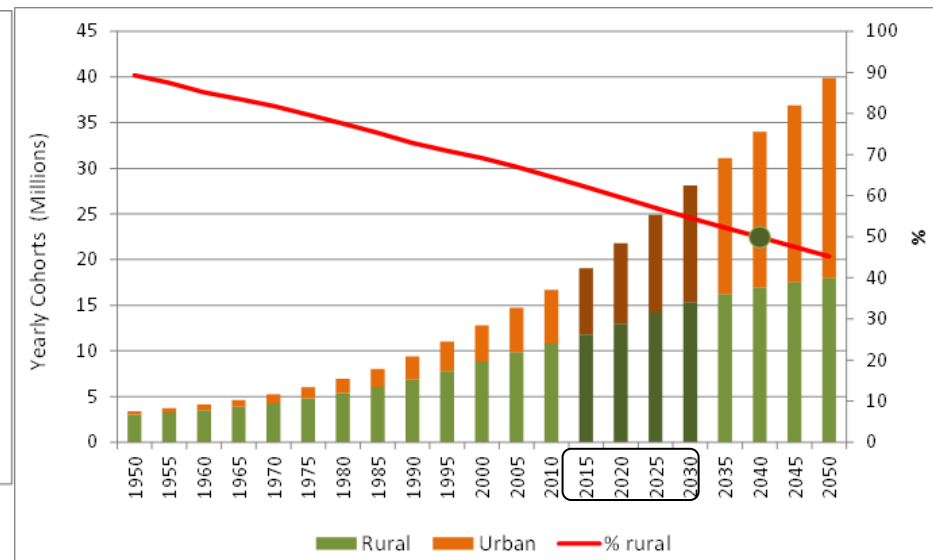
A major push of the labor force

Growth of the working age population (2010-2050)



Source: author, World Population Prospects 2014

Estimated yearly cohorts of new active people in SSA



Source: RuralStruc program; WPP 2015 & WUP 2014

62% of the working age pop. increase will be in SSA

- Today, 12 out of 19m people possibly entering the labor market in SSA live in rural areas
- The total entrance inflow in SSA by 2030 will be 375m

What are the policy answers?

Many options...

- The same old debates? “Industrialists” vs. “agriculturists”
 - For industrialists: only manufacturing can meet the scale of Africa’s challenges
 - For agriculturists: ag. performance is paramount for poverty reduction, then rural diversification and structural change
 - => *which development model?*
- New alternatives?
 - The leap-frogging option towards a service economy?
 - Adequate governance of a natural-resource based development and a move towards a green growth pathway
 - => the challenge of a new development model?

The need to think differently

- The continent has strong assets and binding constraints but the "*moment in time*" counts
- A turning point of the international economy and a new stage of globalization?
 - The difficult replication of the East and SE Asia experience
- "*What happens at home*" (Rodrik 2013) will be increasingly determinant



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Economic convergence
The headwinds return

Ten years ago, developing economies were catching up with developed ones remarkably quickly. It was an aberration

Sep 13th 2014 | From the print edition

Timekeeper | Like 1k | Tweet 226

Video

David Parkins

The image is a screenshot of a news article from The Economist. The article title is 'The headwinds return' under the category 'Economic convergence'. The sub-headline reads: 'Ten years ago, developing economies were catching up with developed ones remarkably quickly. It was an aberration'. The date is 'Sep 13th 2014 | From the print edition'. There are social media sharing options for 'Like' (1k) and 'Tweet' (226). Below the text is a video player with a 'Video' icon. The video thumbnail shows a stylized illustration of a city skyline on the right, with a large, turbulent, yellowish-white storm or wave of clouds and smoke on the left, appearing to blow towards the city. The artist's name 'David Parkins' is visible in the bottom right corner of the illustration.

=> "*Africa's transformation path will have to cross uncharted territory*" (AEO 2015)

The untapped potential of territorial development

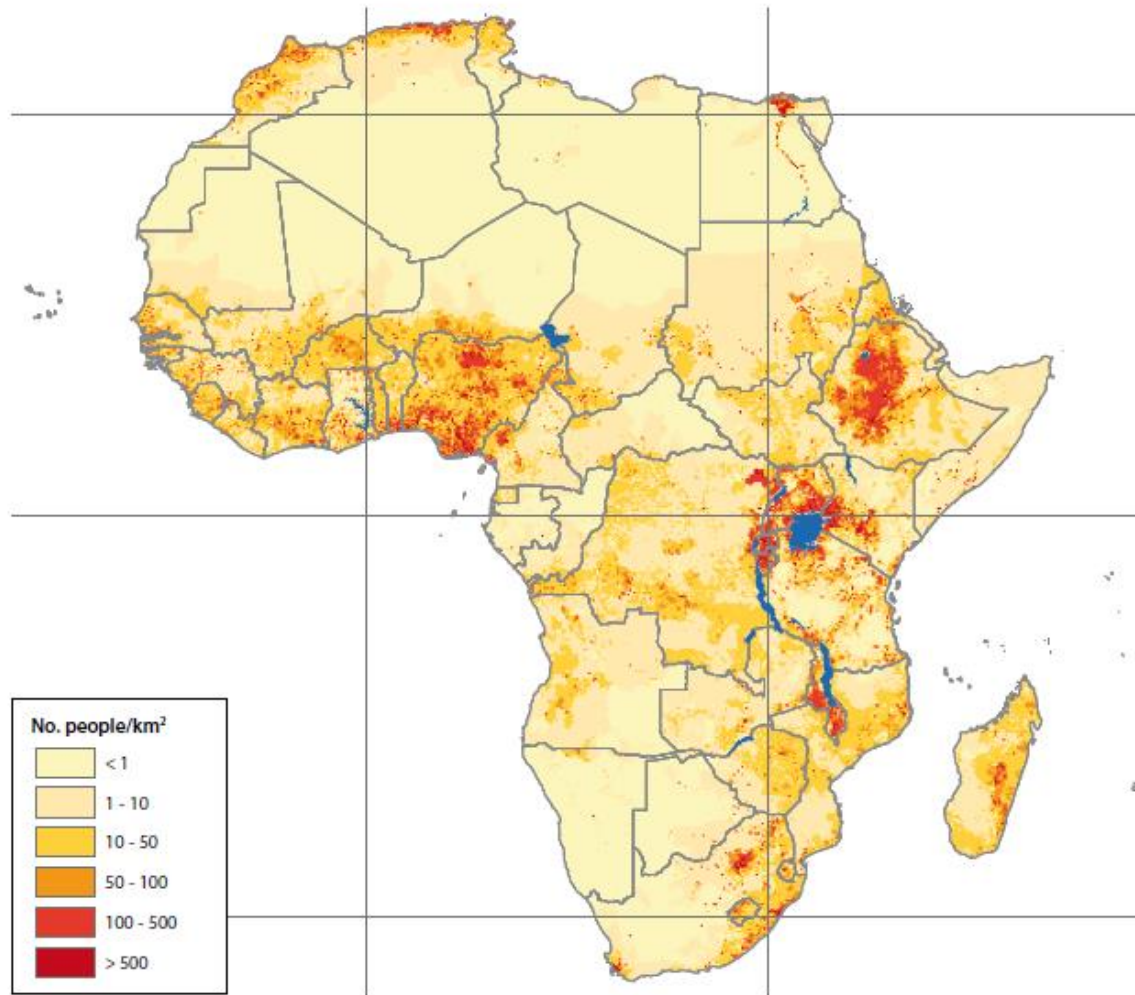
- ❑ SSA's growing domestic markets: feed, provide public goods, infrastructure and services to 2,1 billion people in 2050 (+1,3 b)
- ❑ SSA's large geographical scale, natural resources, diversity of ecosystems...
- ❑ ... These are indisputable assets

- ❑ But the continent has to face (and deal with) the consequences of its political and spatial fragmentation and heavy territorial inequalities...

A very unbalanced population

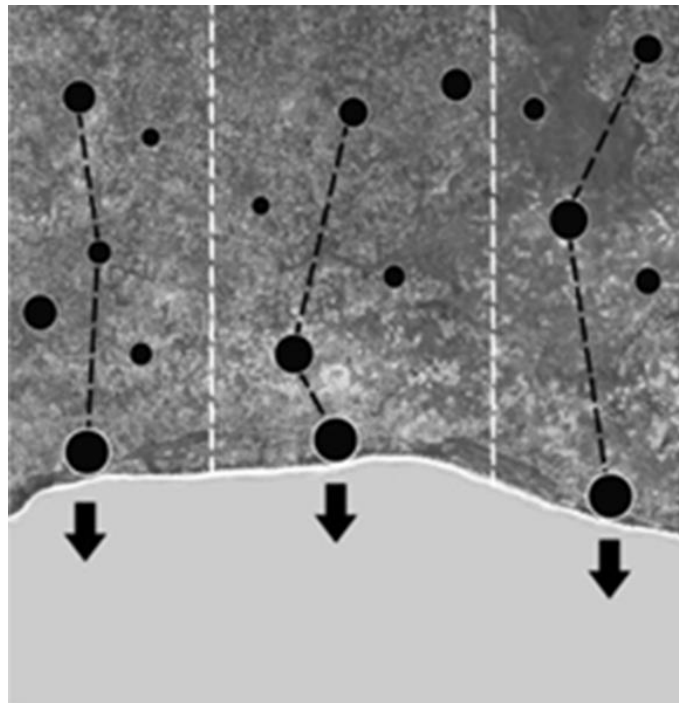
M2. Population density in 2010

Source Afrpop



The “tooth comb” shape structure of most of African territories

- Colonial exploitation deeply shaped Africa’s spatial patterns: transportation networks oriented perpendicularly to the coast in order to facilitate exports with one major port-capital city
⇒ A strong asymmetry of urban systems

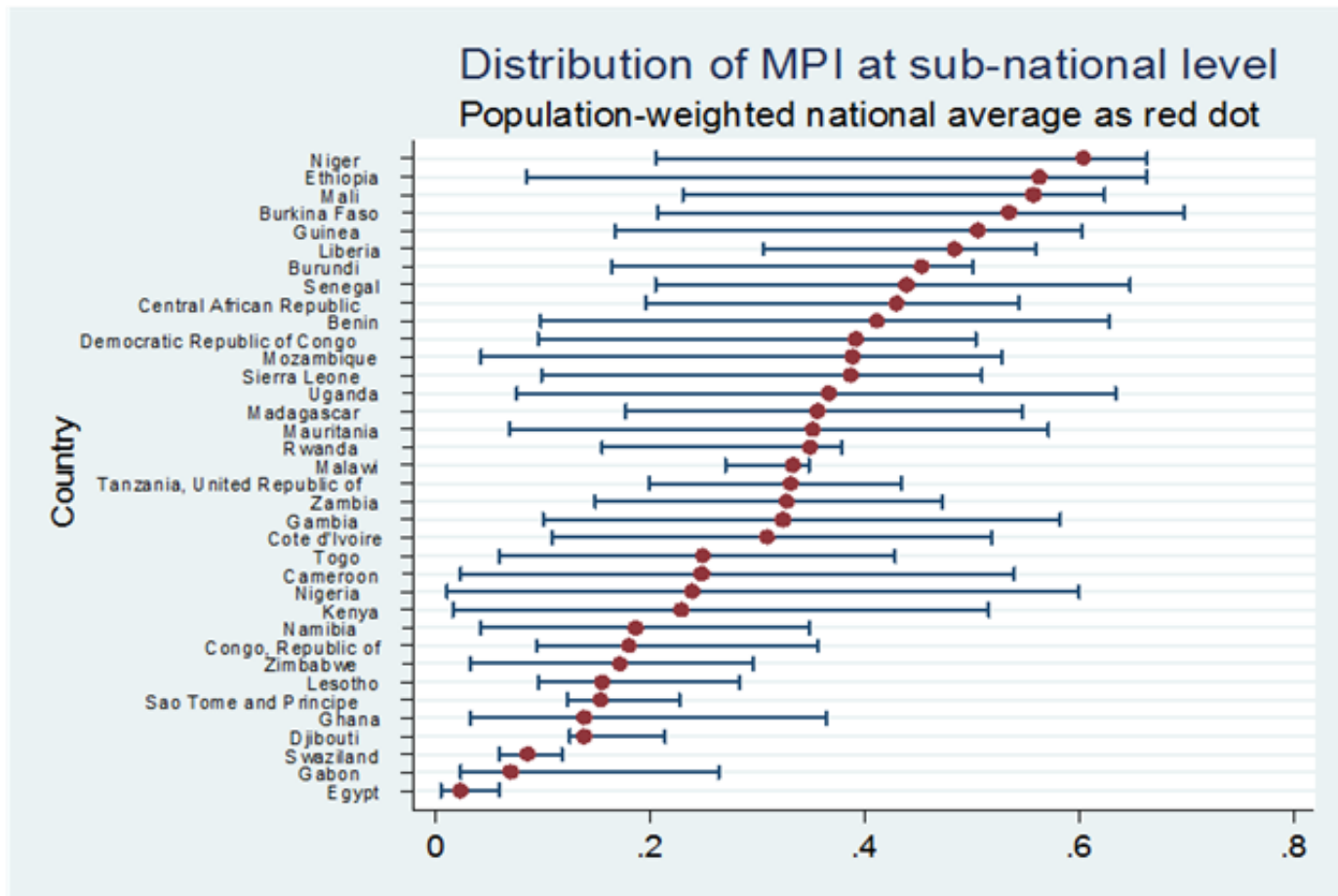


A stylized representation of inherited spatial structures



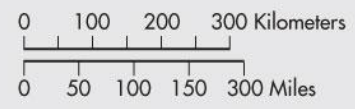
Resulting in high territorial inequalities

UNDP's Multidimensional Poverty Index



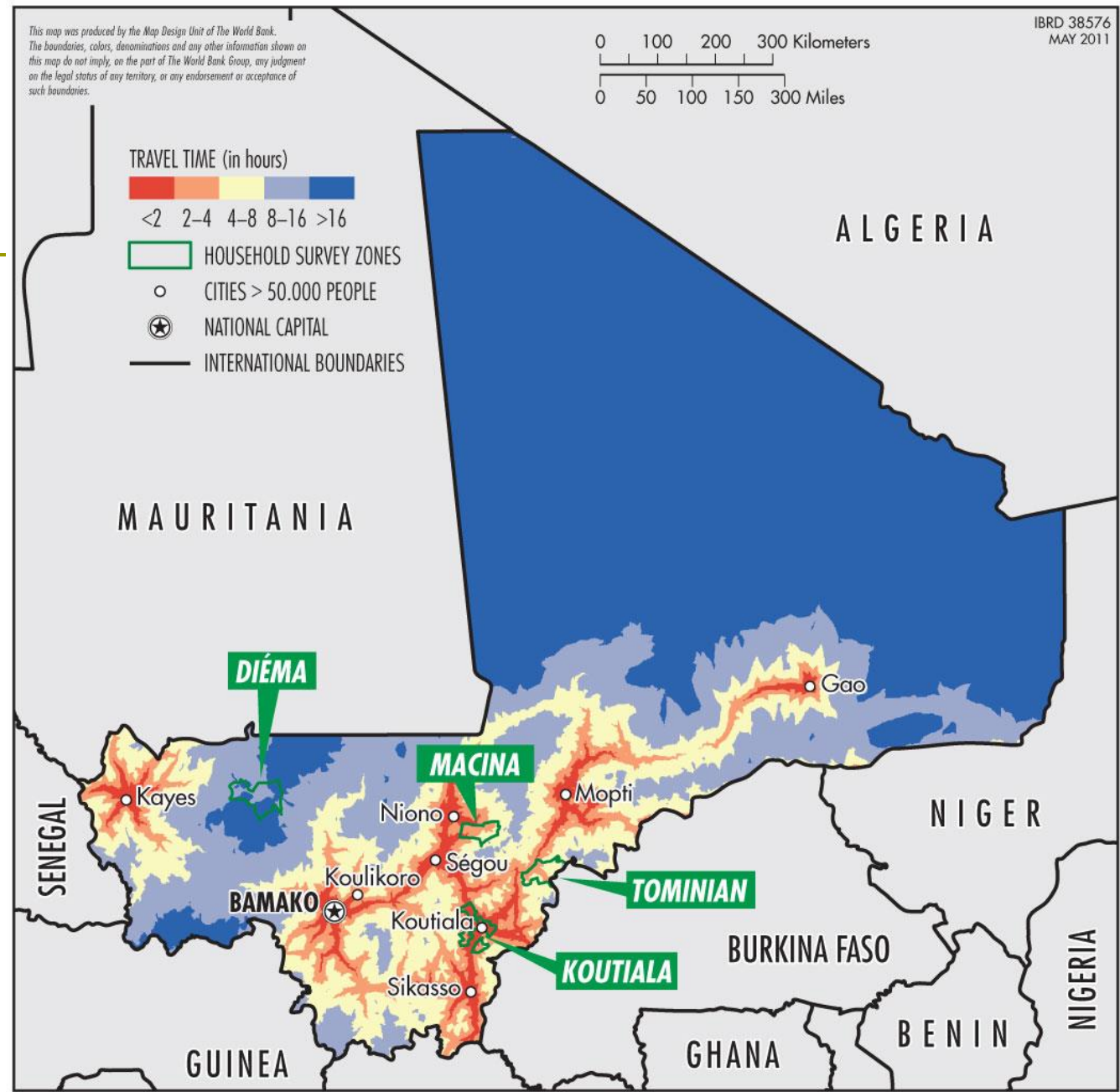
Source: Africa Economic Outlook 2015 preparatory work

This map was produced by the Map Design Unit of The World Bank.
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Travel time to cities >50,000: Mali

- Major differences in travel time between regions but similar poverty levels

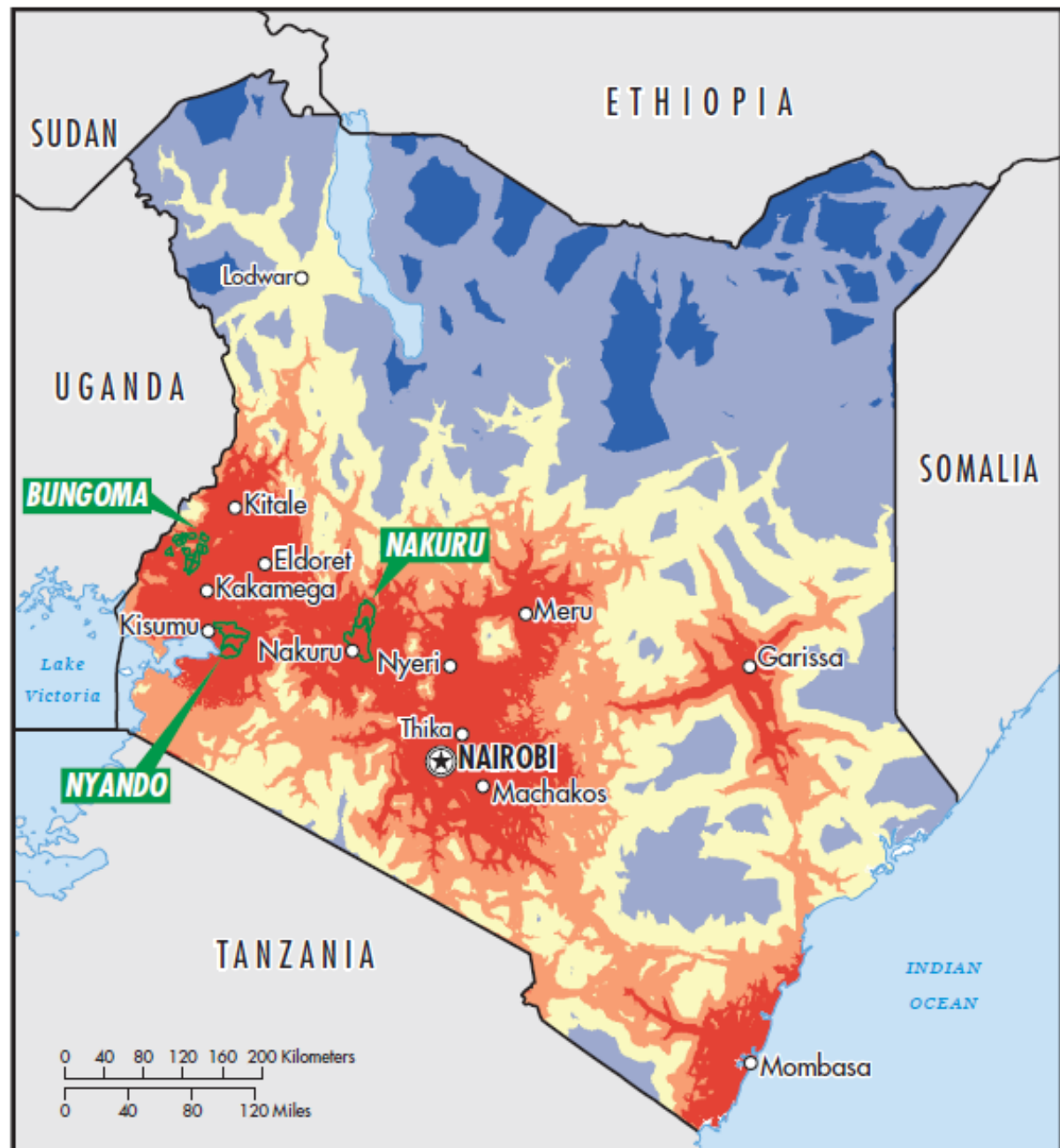


Source: RuralStruc program

Note: Green labels indicate rural household survey zones

Travel time to cities >50,000: Kenya

- Major differences between countries but similar poverty levels
- A major result: small cities and regional towns do not provide sufficient infrastructure and services to enhance economic diversification



Source: RuralStruc program

Note: Green labels indicate rural household survey zones

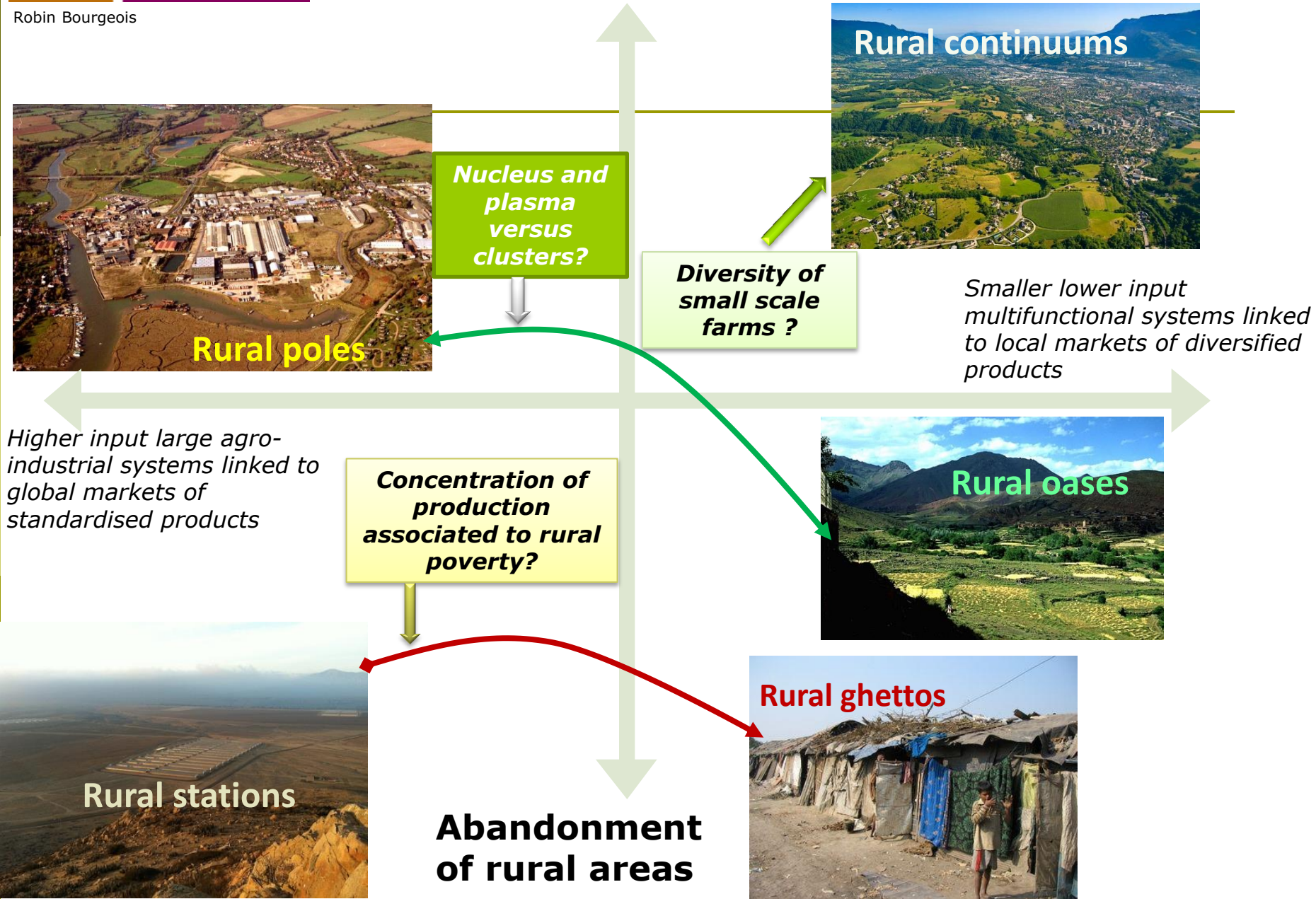
A call for a new strategic design...

- ❑ There is no silver bullet
 - => Answers will most probably be a combination of options
- ❑ But public policies must address the structural patterns. *It is critical:*
 - ⇒ *To deal with today's distribution of the labor force (spatial and sectorial): 2/3 rural in agriculture, 1/3 urban in informal activities*
 - ⇒ *To understand the new spatial dynamics: the rural/urban divide is fading*
- ❑ A need to rearticulate policies with a multi-sectoral place-base approach

And a shift towards territorial development

- A reinvestment in strategy design:
 - Knowledge creation to address Africa's "statistical tragedy" (Devarajan 2013)
 - Regional diagnoses identifying "functional territories" (beyond rural and urban categories): constraints, assets, and "specific resources"
 - Adequate capacity building and foresight vision
 - Support to the local/regional level
- The improvement of rural-urban linkages through the strengthening of small cities and regional towns
- Discuss options and possible scenarios

Revitalisation of rural areas



Thank you

