

Africa's Agenda for Inclusive Economic Development

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What is Inclusive Economic Development?

- Inclusive economic development (IED) is sustained rapid economic development encompassing
 - Sustained rapid economic growth
 - Sustained and systematic structural transformation;
 - Sustained and systematic improvements in the capability and well-being of humans to contribute to the development process
 - Sustained growing opportunities for humans to contribute to the development process and also benefit from the proceeds of development regardless of their circumstances
- Inclusive economic development process guarantees broad based (labour intensive) non-discriminatory participation in the development process and equitable distribution of the benefits of development
- Inclusive development goes beyond pro-poor growth (reducing the number of people living below the poverty line) as it seeks to ensure that all strata of society participate in bringing about development and also in benefiting from proceeds of development.

Pillars of Inclusive Development

- Generation of opportunities for **productive inclusion** in the development process
- Generation of opportunities for mutually reinforcing **spatial devt**
- Provision of development reinforcing **social protection** programmes

GDP Growth : Africa & Other Regions, 1996-2010

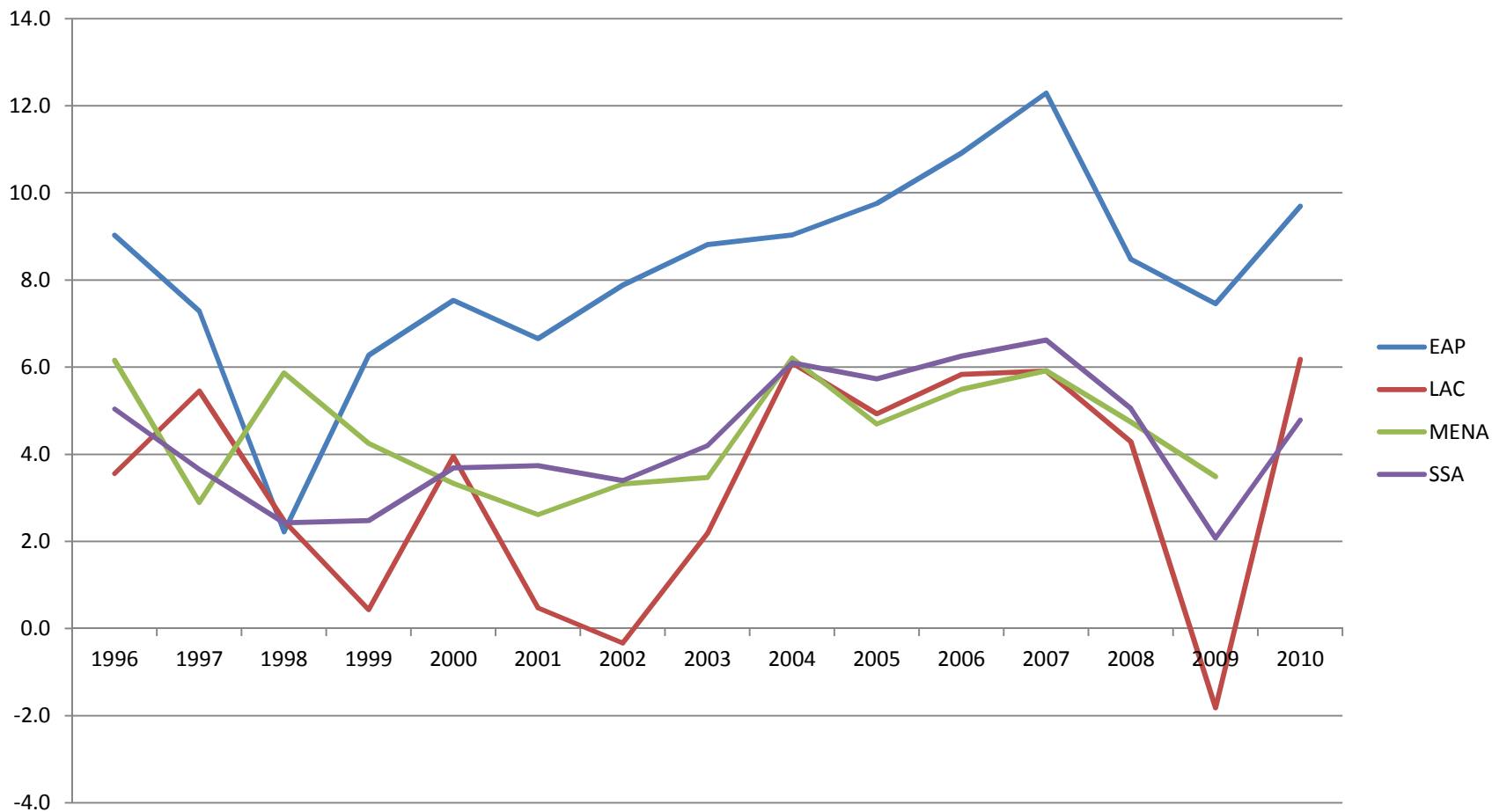


Fig 1a: Contributions of Agric to GDP: Africa & Other Regions, 1996-2010,

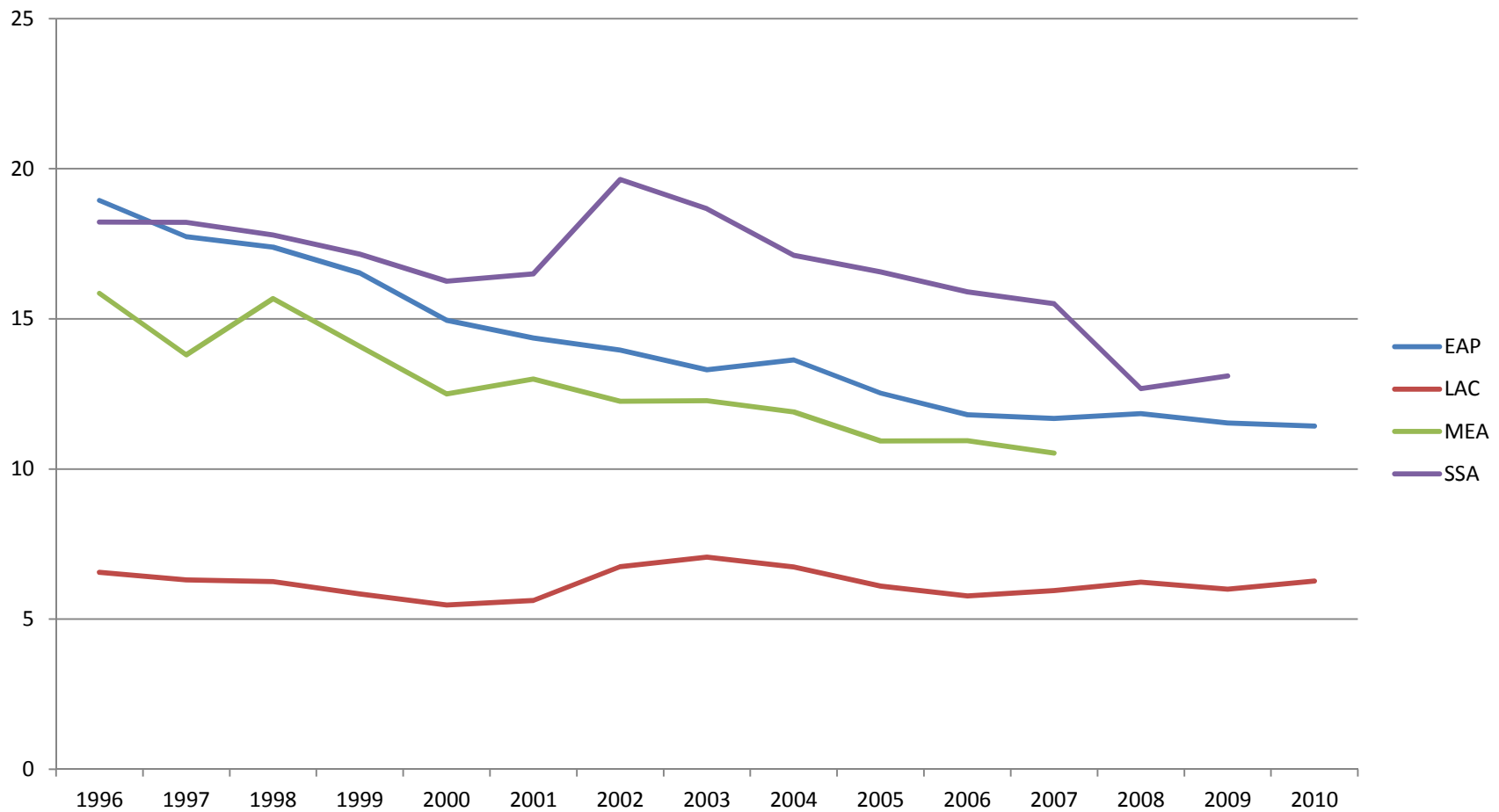


Fig 1b: Contributions of Manuf to GDP: Africa & Other Regions, 1996-2010

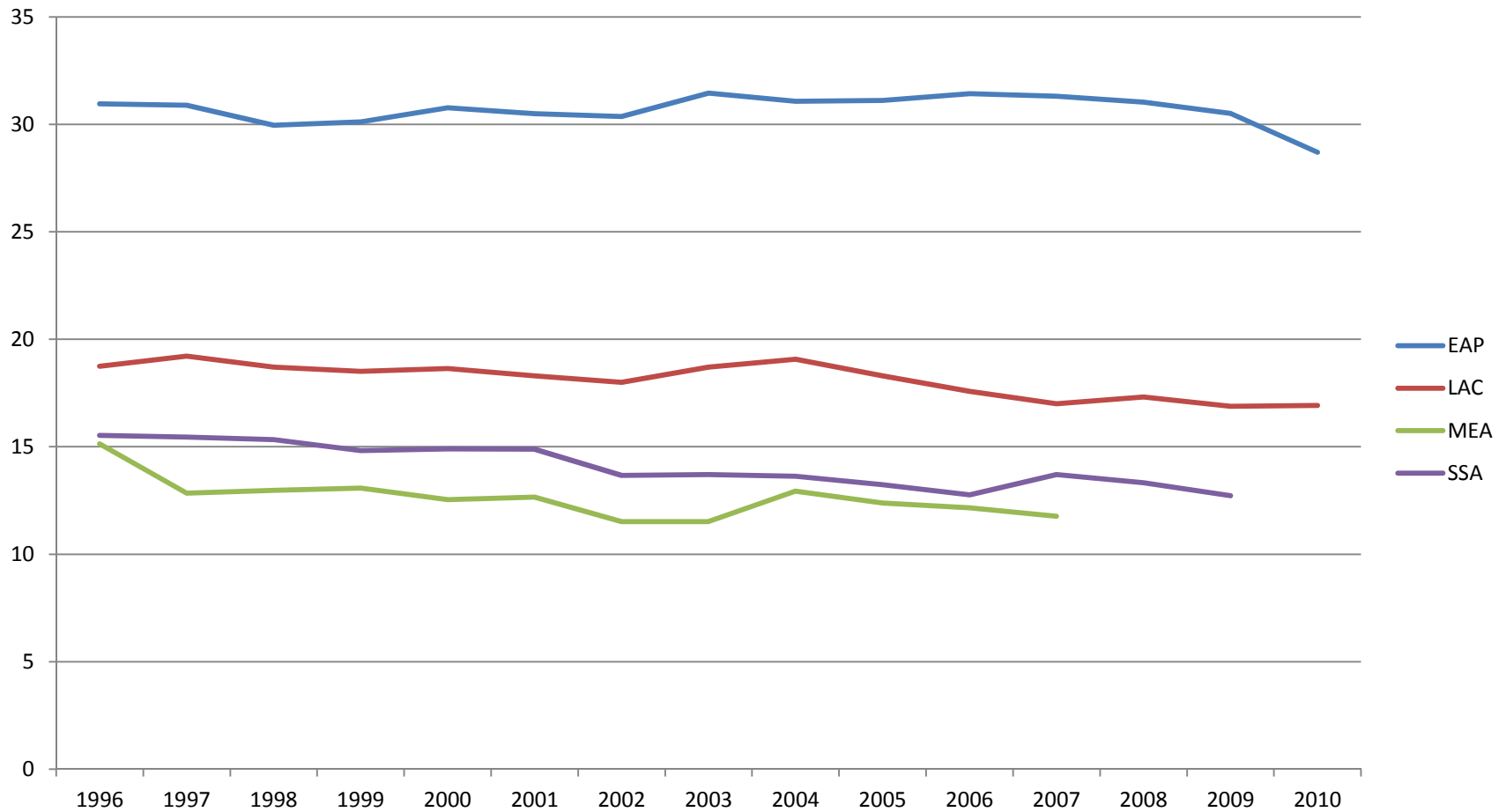
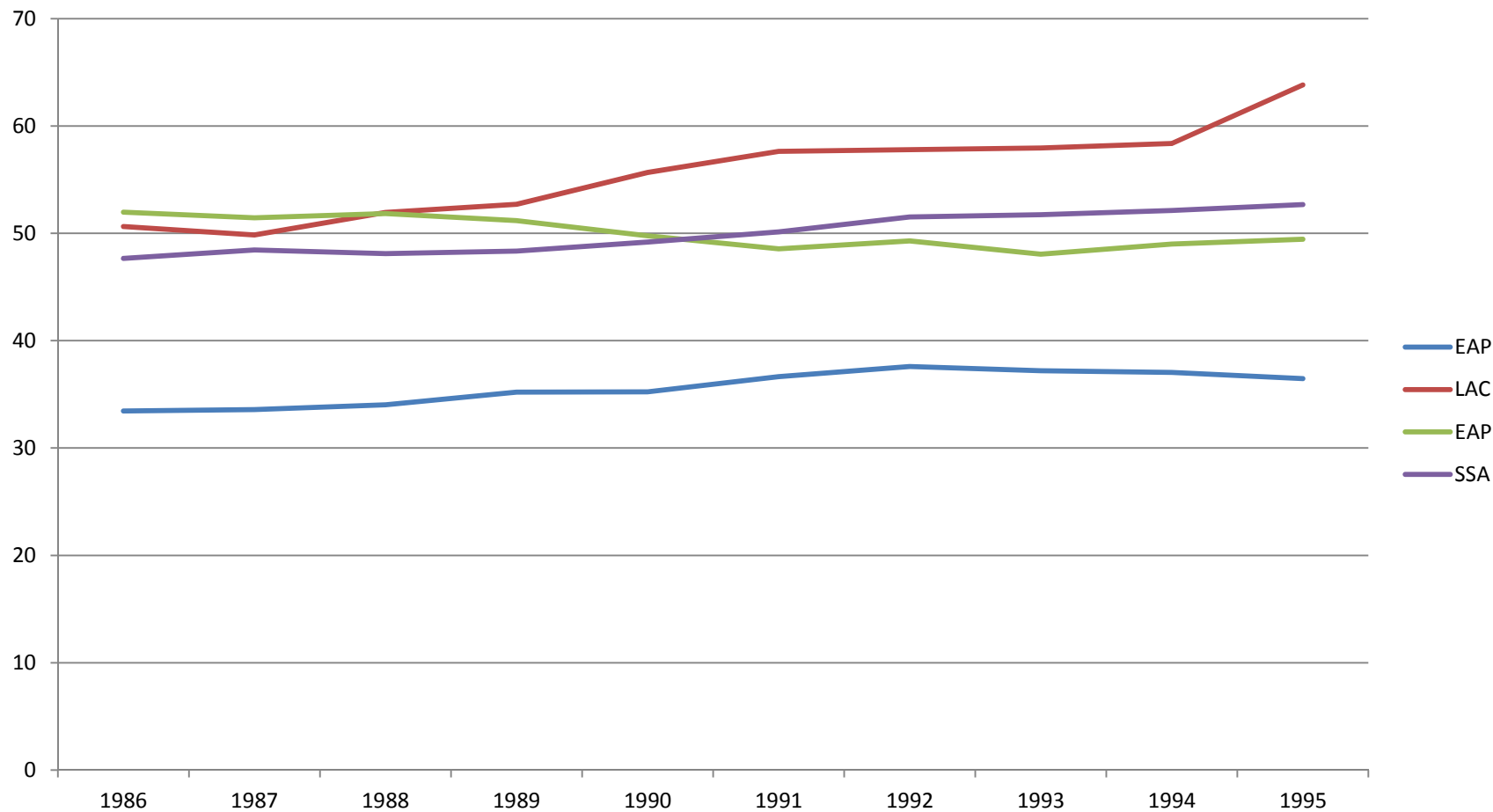
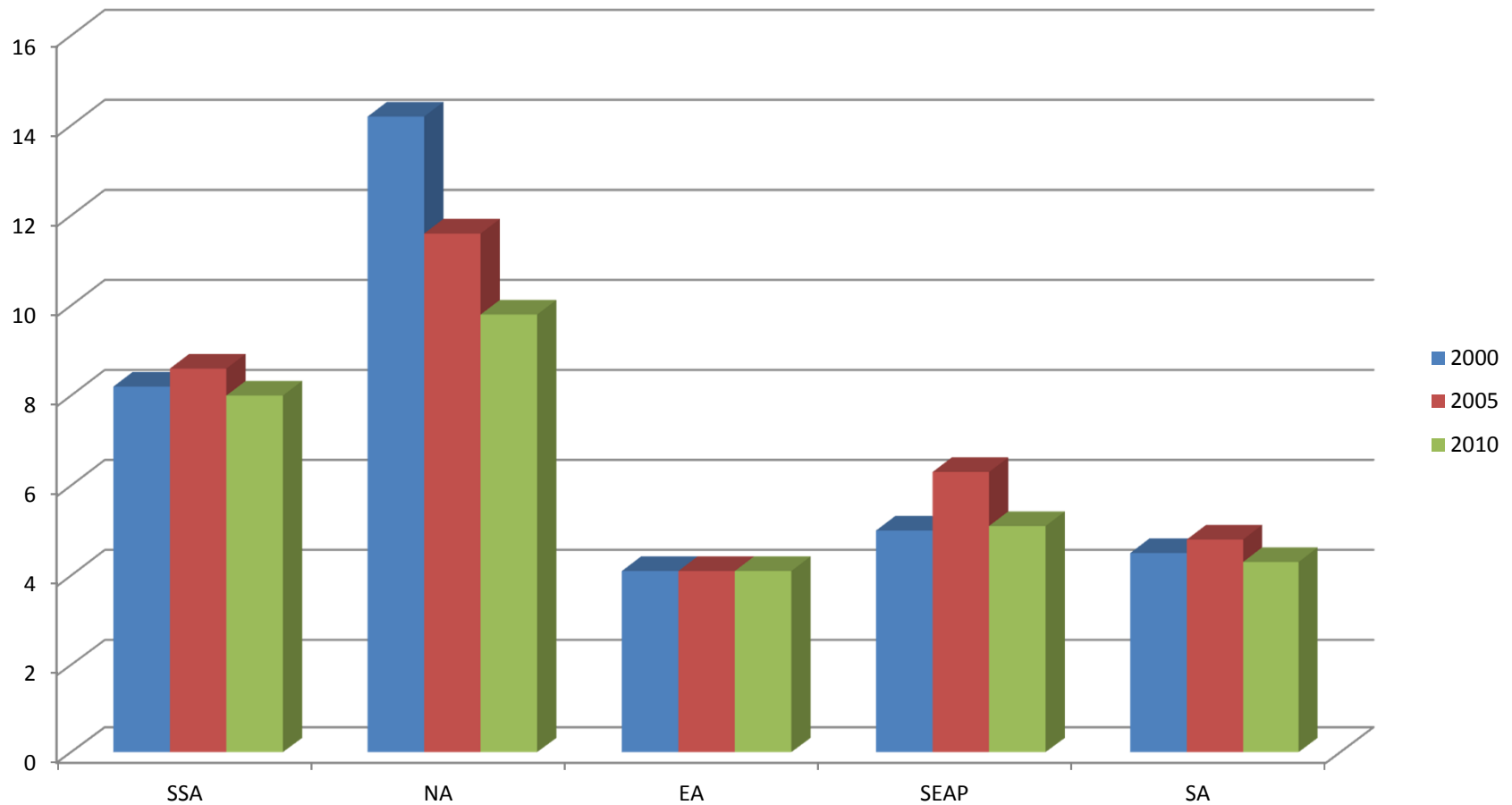


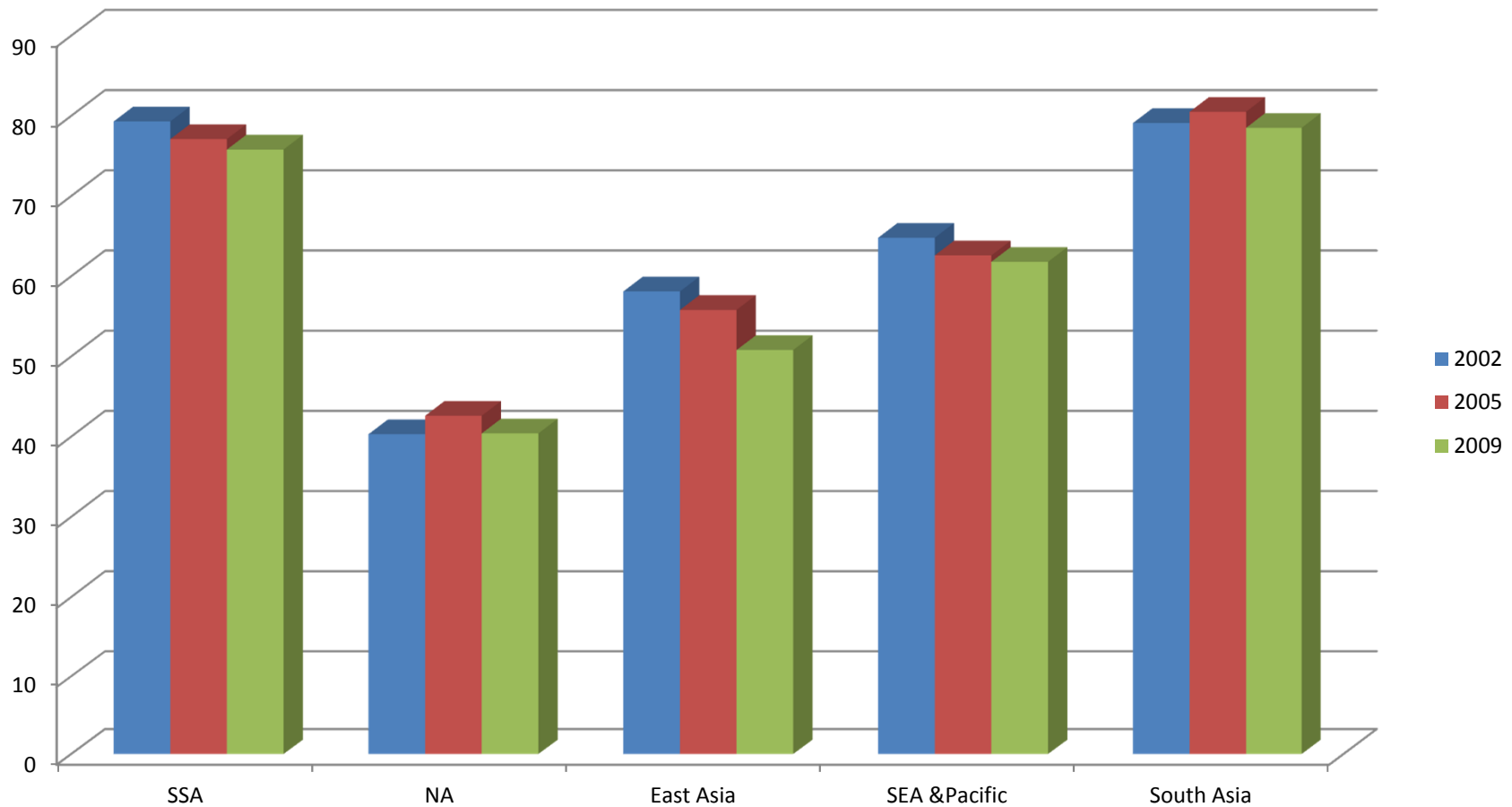
Fig 1c Contributions of Services to GDP: Africa & Other Regions, 1996-2010



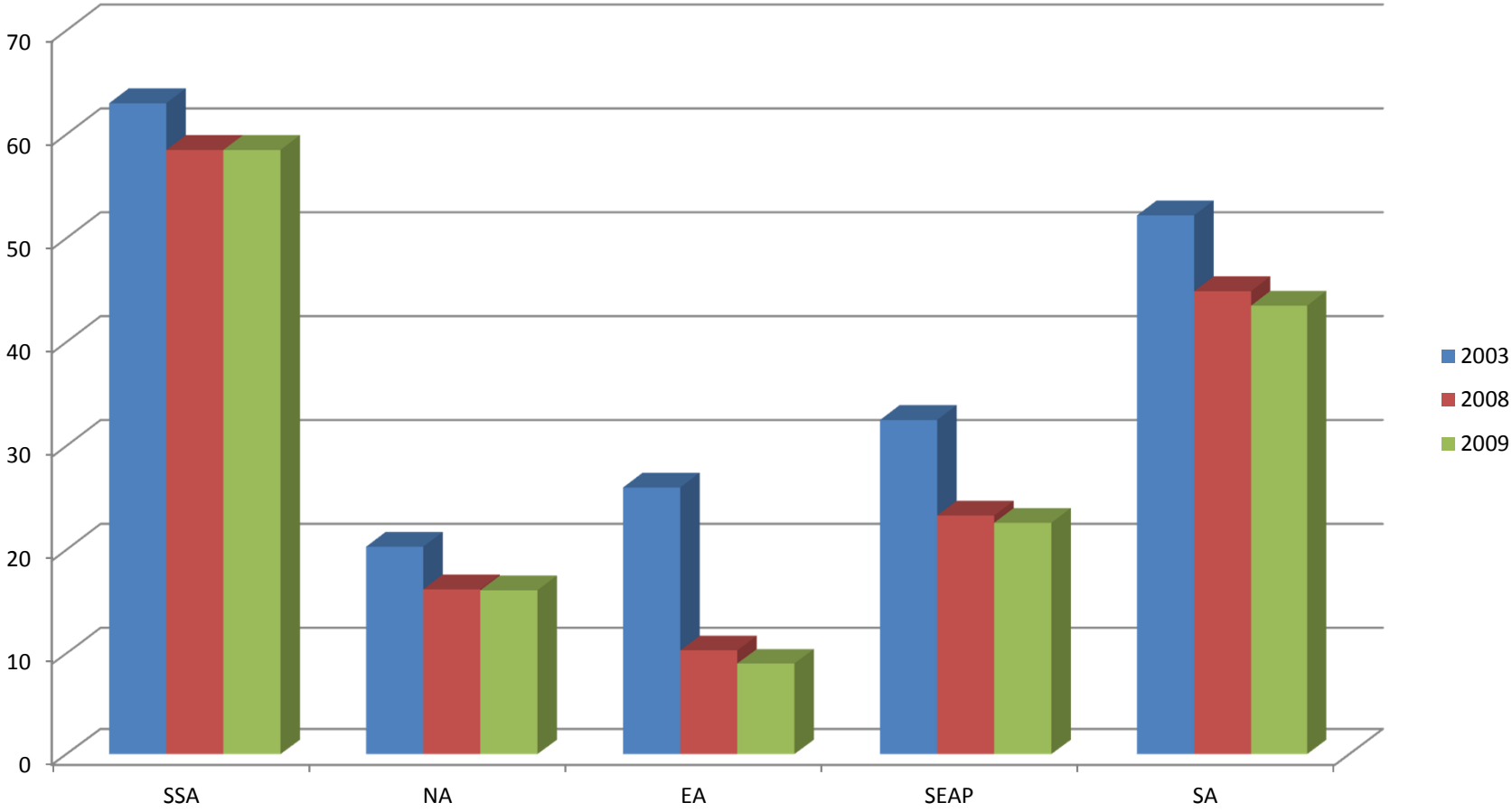
Labour Market outcomes Africa & Asia- Stylized Facts: Unemployment



Vulnerable Employment Shares, Africa & Asia: Stylized Facts



Comparative Working Poor \$1.25/day Share in Total, Africa & Asia



Features of African Growth Renaissance

- From 2001-2010, six of the world's ten fastest-growing economies were in sub-Saharan Africa.
- Growth has not been inclusive; growth failed to create the number of quality jobs necessary to absorb the 10-12 million young people (male and female) entering the labour market each year.
- No structural transformation – African economies remain disarticulated
- Inequality remains stubbornly high with Gini coefficients exceeding 40 per cent in 25 African countries during the high growth period
- Gini coefficients for Angola (58.6); Chad (39.8); Nigeria (44.5); Ethiopia (29.8); Mozambique (45.7); Rwanda (53.1)
- **Verdict:** Africa has been growing but inclusive development remains elusive

Africa and Other Regions, Real GDP Growth % (2006 – 2011)

Go south, young man
World's ten fastest-growing economies*
Annual average GDP growth, %

2001-2010†		2011-2015‡	
Angola	11.1	China	9.5
China	10.5	India	8.2
Myanmar	10.3	Ethiopia	8.1
Nigeria	8.9	Mozambique	7.7
Ethiopia	8.4	Tanzania	7.2
Kazakhstan	8.2	Vietnam	7.2
Chad	7.9	Congo	7.0
Mozambique	7.9	Ghana	7.0
Cambodia	7.7	Zambia	6.9
Rwanda	7.6	Nigeria	6.8

Sources: *The Economist*; IMF
* Excluding countries with less than 10m population and Iraq and Afghanistan
† 2010 estimate ‡ IMF forecast

Policy Gaps

- Policies to diversify the economic base from primary production and exports to secondary and sophisticated modern tertiary production
- Policies to invest in improvements human resource base in the capability (education) and well-being (health) of humans to contribute to the development process
- Policies to secure growing opportunities for humans to contribute to the development process (quality and remunerative employment) and also benefit from the proceeds of development (incomes and productive social protection programmes) regardless of their individual circumstances

Research Gaps

- Diagnostic country case studies into drivers of economic growth and structural change in Africa
- Country/regional level Value Chain analysis for sustained rapid economic growth and structural Transformation in Africa
- Country level studies on Political Economy of Inclusive Development