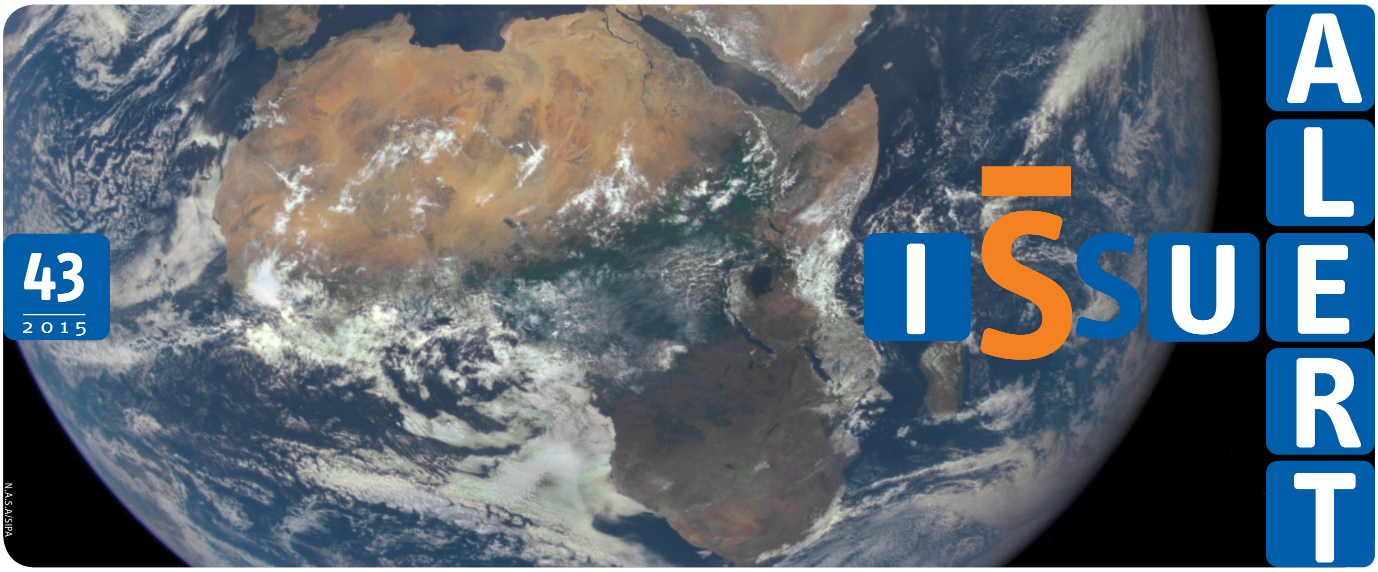


Getting Africa right

by José Luengo-Cabrera

Evaluations of the African continent were long focused on identifying the multiplicity of factors that could explain why the region was the laggard of global growth and the epicentre of security risks. This led to the 'hopeless continent' label and ensuing efforts to discover why Africa was ostensibly 'cursed'.

Perceptions of the continent's prospects, however, have recently been overturned with the advent of the 'Africa rising' narrative, based on its natural resource and demographic potential and the gradual emergence of an African middle class. But now the validity of the empirical assessments on which both interpretations are based has been put into question.

Errors and omissions

Revisionist scholars – led by William Easterly and Morten Jerven – have tried to identify the methodological errors in many academic studies. Whether dealing with pan-African analyses or in-country evaluations, the two economists have shed light on the way in which their peers have failed to accurately assess the region's economic evolution – something which, in turn, led to false prescriptions for boosting the continent's growth.

While Easterly has criticised the faith placed in econometrics to inform policymaking and the imposition of simplified panaceas for complex development problems, Jerven's work has pointed to the omission of historical growth variations that have wrongly presented Africa's economic trajectory as protracted stagnation rather than cyclical oscillation.

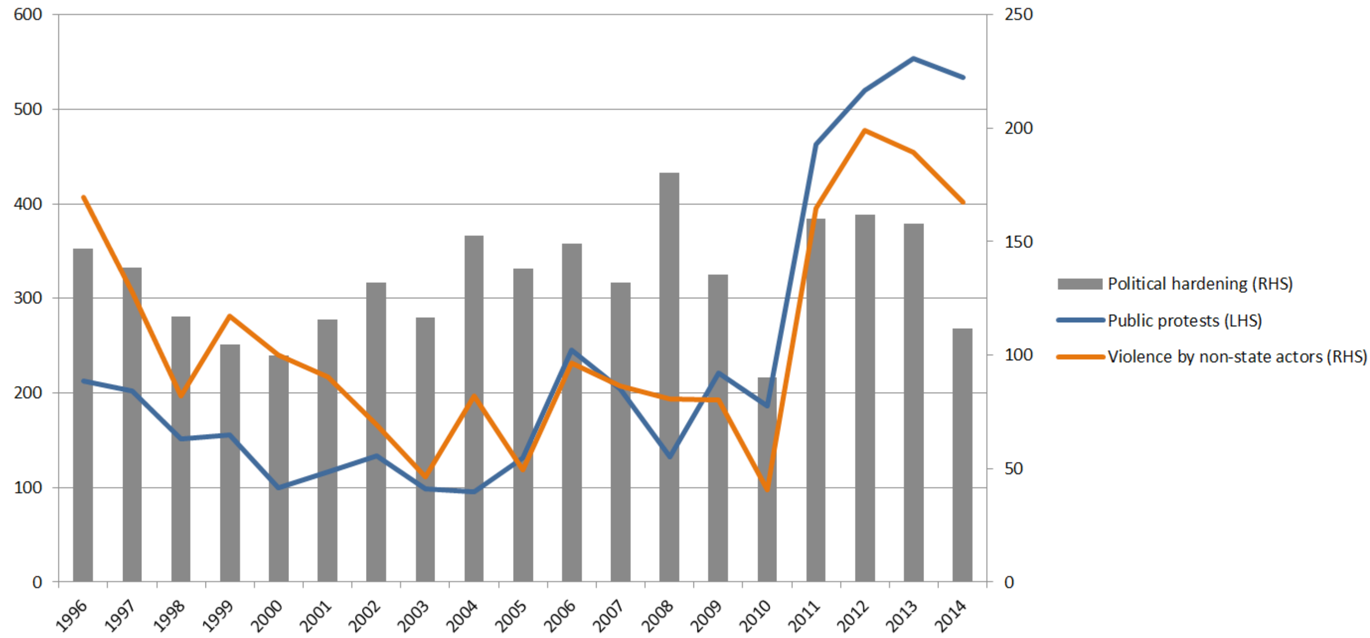
More importantly, the low quality of African national accounts figures has generated unreliable results, particularly as what appears to be economic expansion might simply be the result of previously unrecorded activity – as evidenced by the recent GDP re-basements in countries like Ghana and Nigeria. Statistical growth cannot therefore be confounded with actual growth – unless it can be believed that Libya's 104.5% GDP growth in 2012 was a doubling in size of its economy as opposed to a statistical base effect when compared to the 62.1% contraction in the previous year of chaos.

Winds of change

Much of Africa's recent economic growth has been driven by favourable external developments. Previously high demand from China and other emerging markets pushed commodity prices up while unconventional monetary policy in the wake of the latest financial crisis kept global interest rates abnormally low. This allowed African governments to earn more from their natural resource exports while borrowing at very favourable rates to finance infrastructural projects like the Lamu port in Kenya. But export revenues have begun to falter with the emerging market slowdown, while the prospect that the US Federal Reserve may begin to raise interest rates is making investors more risk-averse, pushing interest rate premiums up for countries with twin deficits like Zambia and Côte d'Ivoire.

The significant lack of economic diversification and sluggish pace of industrialisation across most African economies highlights their vulnerability to global

Protests, violence and political hardening in Africa



Data source: AEO 2015. Weighted composite indicators (base 100=2000). Calculations based on news verified by press agencies.

winds of change. This indicates that high GDP growth could be transient and indeed largely attributable to external – as opposed to intra-African – phenomena. But regardless of GDP growth rates (and their validity), measuring progress across the continent requires a more granular and multidimensional approach. GDP tells us very little about how wealth is distributed, thus highlighting the seemingly paradoxical situation of rapidly growing economies experiencing high levels of instability and insecurity.

Africa uprising?

In the wake of the global financial and food crises of 2008, levels of public protest and violence by non-state actors reached historically high levels across the continent, tentatively peaking in 2013. The main drivers of social unrest have been the slow pace of reforms and demand for higher wages amid rising costs of living, as well as high levels of unemployment – particularly for the youth cohort. This was demonstrated by the Tunisian and Egyptian uprisings as well as the more recent labour strikes in South Africa, Ghana and Gabon.

Yet protests have also been driven by political disenfranchisement. This was exemplified by the violent clashes between government forces and political opposition groups in Burkina Faso (2014) and Burundi (2015), prompted by presidential attempts to cling on to power - a phenomenon that is currently unfolding in Rwanda, the Democratic Republic of the Congo (DRC) and Congo-Brazzaville. The ongoing violent campaigns of armed groups like Boko Haram and al-Shabab, the recurring sectarian clashes between Seleka and anti-Balaka militants in the Central African Republic, but also the sporadic attacks by groups in the Sahel and the DRC all contribute to the observed spike in violence by non-state actors on the continent.

This trend has been paralleled by political hardening. In countries like Egypt, Ethiopia and Sudan, crackdowns on political dissent and human rights violations continue to be strong drivers of instability and insecurity which, in turn, undermine economic growth prospects.

In future, it may be wise to give greater importance to what Africans say as opposed to what African statistics appear to convey. The Afrobarometer or the Mo Ibrahim Index of African Governance can offer a more nuanced (albeit imperfect) picture by revealing what African citizens think of their socio-economic and political conditions, as well as the quality of their governments. That said, treating Africa as a homogenous whole continues to be problematic as continent-wide averages distort country differences. This tends to overshadow the pockets of hope harboured in countries like Botswana, Cape Verde and Mauritius, where economic growth cohabits symbiotically with political stability.

While there is much reason to celebrate that the continent is undergoing a historical turn, the focus should be on refining the way in which progress is measured. Getting Africa right is actually about getting it wrong less often.

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