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**STOCKTAKING WORK ON  
ASIAN EXPERIENCES OF ECONOMIC DEVELOPMENT  
AND  
THEIR IMPLICATIONS FOR AFRICA  
- AN INPUT FOR MUTUAL LEARNING -  
CONCEPT PAPER**

**July 11, 2007**

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**INTRODUCTION**

Recent economic growth in sub-Saharan African Countries (SSA or Africa), led largely by a rise in commodity prices, seems likely to continue for several years due to the bright outlook for the world economy. New economic partners are also emerging in the East, which is the supplier for most of the consumer goods that are available in Africa, and they are also providing large markets for African commodities and products.

But are this economic bonanza and expanding ties with the global market helping to reduce poverty and realize sustainable economic development? Are African governments in a position to take advantage of this opportunity, which they have not had for decades, to diversify their economies and make them more robust? Is there anything that African governments can or should do to this end in addition to “getting the basics right”? What can we learn from African success stories such as Botswana and Mauritius, which are sometimes referred to as “developmental states”? Are there any other lessons or practices that African countries can learn from the developmental experiences Asia has had?

With these policy questions in mind and with the Tokyo International Conference on African Development (TICAD) IV less than a year away, Japan will carry out a stocktaking project to help find a way to move Africa’s economic development into forward gear. It will consist of reviewing the existing literature on the economic development of Asia and examining its implications for Africa in order to provide a useful reference point for future discussions on sustainable economic development and poverty reduction strategies that might be employed in Africa, and then constructing an agenda for further research and analysis.

**CONTEXT AND RATIONALE**

### ***Examining recent economic development***

After almost two decades of economic stagnation during the 1980s and '90s, Africa is showing some signs of economic recovery and growth. The GDP growth rate for all SSA over the past three years has averaged 5.5 per cent, and more than a dozen countries, including Tanzania and Mozambique, are doing even better. What has made this positive trend possible is that some of the longer-term conflicts on the continent have come to a conclusion, which has created a solid base for economic activity and investment, and a rise in the price of some mineral resources and agricultural commodities on the world market, triggered largely by the expansion of new economies in other parts of the world.

This bright picture looks somewhat different when economic growth is measured on a per capita basis. Since population growth is still slightly less than 3 per cent per annum, the per capita growth rate is hovering around 2 to 2.5 percent for all SSA countries, which may not be robust enough to deliver a reduction in poverty or have a broad economic impact on the ground. In fact, SSA is the area where fears are greatest that MDG targets will not be attained despite the tremendous efforts that have been made both by African governments and international community under PRSP and despite the gains from recent economic growth. Links with the international market are growing steadily, but again a large part of FDI is directed to oil- and mineral-producing countries and South Africa, leaving the rest of the continent with its monocultural/monoindustrial economic structure unchanged.

### ***Need for Strategy to Capitalize on Recent Economic Gains***

Those who are familiar with African economic history may recall that a similar pattern of economic growth was observed during the 1960s and '70s, when the world market for agricultural products from Africa was much more favourable. The lesson we should have learned from our common history, however, is that the economic gains achieved in those days were subsequently lost due to a downturn in the terms of trade in primary products, an economic depression triggered by oil shocks, and, most importantly, economic mismanagement by African governments.

If the nations of Africa hope to develop as middle income economies, as the long-term economic strategies many of them have adopted would indicate, and if they hope to achieve the poverty reduction targets set by the MDGs, it is high time for SSA governments to engage seriously in the task of formulating strategies that will enable them to capitalize on the profits they have been making during the current economic boom. Only by doing so will they succeed both in diversifying their economies and distributing economic resources more efficiently, thereby reducing poverty.

### ***African Successes and Renewed Interest in Asian Experiences***

Reference to Asian experiences may be relevant today, as Asian countries are emerging as new economic partners of Africa through trade, investment, and development assistance. This includes the People's Republic of China and some South Eastern Asian countries such as Malaysia, not to mention India, which has traditionally had a very close economic relationship with Africa, notably in trade, but has recently been engaging in a new and more diverse range of activities. Hence the emergence of

horizontal (South-South) economic relations with Africa, which should create more opportunities for Africa to learn what lies behind Asian economic successes. The growing interest Africa has in exploring Asian development experiences is reflected in the number of times those experiences were cited by eminent participants in recent international/regional fora in which the subject of African development was discussed, including the recent World Economic Forum in Davos and the ministerial conference of the UN Economic Commission for Africa.

On the other hand, Africa itself is creating success stories on its own—in Botswana and Mauritius, for example, where sound and transparent economic and resource management is said to have produced a remarkable reduction in poverty, sustainable economic growth, and a more equitable distribution of resources. Its experiences have attracted academic as well as popular interest and provided useful cases for analysis that focuses on the possibilities of arriving at democratic developmental states in Africa.

#### ***Possible Inputs for TICAD IV***

This stocktaking work will be conducted at a time when Japan is preparing for the fourth round of the International Conference on African Development (TICAD IV) in 2008, in partnership with the UNDP and World Bank. The conference will provide an opportune occasion for African policymakers to discuss the course of action they should take to promote economic development and poverty reduction, and also to discuss what the international community, including Japan, can do for Africa. The Asian experience with economic development and the lessons that have been learned from it, both positive and negative, should serve as a useful reference point, one that will stimulate thinking and discussion and may suggest policy options for African countries.

### **KEY QUESTIONS AND APPROACH**

It is in this context that the present work will address some of the following questions:

- How can Africa capitalize on the recent “windfall” gains to realize sustainable economic development and the reduction of poverty?
- Is sound macro-economic management and the establishment of a transparent and accountable governance structure sufficient to realize these objectives?
- What role should government play with regard to the market in making economic development sustainable and pro-poor, in light of the limited capacity of the state, limited penetration of markets in Africa, and the current trend toward globalization?
- What lessons and practices can African countries learn from the experiences of “developmental states” in Asia, while bearing in mind the difference of initial conditions and contexts?
- Is there any possibility of experimenting with a “democratic developmental state” model in Africa in today’s era of globalization, and if so, what need to be done?
- What can we learn from African success stories, e.g., in Botswana and Mauritius, which are sometimes referred to as “developmental states”?
- How can the international community, including Japan, support the efforts of African countries to realize sustainable pro-poor economic development?

The work is focusing in particular at present on the following development issues confronting present-day Africa and how Asian experiences may be of use in resolving them:

- how to anchor the state in the society and reinforce capture of society by the state;
- how to establish an autonomous bureaucracy insulated from immediate political pressures;
- how to expand the market economy, especially in rural areas;
- how resources should be distributed between agriculture and industry sectors and between urban and rural sectors;
- how to manage resource profits properly and use them to diversify the economy; and,
- how to develop a competitive economy in this era of globalization.

The approach that is being taken is as follows:

- 1) identify the most pertinent development issues for African economic development;
- 2) compile Asian experiences and categorize them by type of policy adopted and contextual setting, including initial conditions, factor endowments, type of polity and policy orientation of government, with reference to African development issues identified;
- 3) compare Asian/African development experiences and those of Africa in general, and examine their applicability and relevance to the African context, and
- 4) formulate conclusions about the lessons African countries and international donor community can learn as they strive to realize sustainable pro-poor economic development in Africa.

The work will rely primarily on existing materials and information, and research questions that may not be answered by this stocktaking work are expected to be carried forward and dealt with in later and more analytical explorations.

## **EXPECTED OUTPUTS**

The work is expected to produce the following outputs:

- 1) compilation of Asian experiences on selected issues as templates;
- 2) policy implications of Asian developmental experiences for African governments, based on a comparative examination of Asian and African contexts; and
- 3) policy recommendations for the international community regarding future support for Africa, with a view to realizing sustainable pro-poor economic development in that continent.

## **PROCESS AND TIME-FRAME**

The basic materials will be prepared by JICA research team with support from consultants. They will then be discussed and examined by Japanese academic researchers, mainly in the field of African and Asian development economics, and institutions involved in providing aid such as the Japan Bank for International Development (JBIC) and the Ministry of Foreign Affairs of Japan. During this process, African/Asian/international researchers visiting Japan may be invited to forums to provide additional input and participate in discussions. Draft outputs may be presented at future meetings of the Africa Task Force, organized under the Initiative for Policy Dialogue (IPD).

The work is expected to take approximately six months, from June 2007 to December 2007. After the initial draft is completed, it may be disseminated and discussed further.

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