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**SUBSAHARIAN AFRICA: DEBATE ON
GROWTH AND ITS DATA**

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SUBSAHARIAN AFRICA: DEBATE ON GROWTH AND ITS DATA

Abstract:

Nextly, some recent contributions to the debate regarding statistics concerning the economic growth in Sub-Saharan Africa are presented. Inequalities, as well as several institutional aspects, such as governance and corruption, focus the discussion.

Key words:

Sub-Saharan Africa, economic growth, World Bank, International Monetary Fund.

In recent months several reports, books and articles have been published, that have helped us to understand the debate. In this avenue of numbers, opinions, theories of growth and future prospects, the currents starring the intense debate that generates economic performance of African countries in the coming years have voice and representation. Critics and responses occur, sometimes with animosity and bitterness. An example is the threat of withdrawal that the South African delegation staged in a convention of statistics, held a few weeks ago and sponsored by the United Nations. But, above all, the discussions are enriched by these contributions, coated with empirical and analytical tools that facilitate the decision-making process by governments and multilateral agencies that are interested in the matter.

The feelings range from optimism, as necessary as naïve sometimes, and closes in skepticism, full of questions and accusations. In times of unleashed cyber espionage and with official letterhead, it would even be unforgivable not to be suspicious. We should remain alert as well.

Among our different extremes range many nuances, new questions and conclusions that yet are to be drawn.

The International Monetary Fund and the World Bank fueled the controversy and reactivated the conscientious typing of the analysts with a page processor opened. First, with the chapter on Sub-Saharan Africa in Doing Business, the annual report in which the rigors of numeracy across the world are subjected, as well as the legal restrictions and other institutional barriers that constrain entrepreneurship. In fact, the page of the publication in its Spanish version has as a legend “smart regulations for SMEs”¹. On these lines, we set aside the impression that such expression could cause us that suddenly, and to include the adjective “smart”, causes concern among critics of excessive paternalism -not to be too abrupt here in the terms- oozing from both the Bank and the Fund.

Regarding the geographical area in question, there appear to be good news in the 2013 edition. They praise the authors of the report the determined reforms that have eased somewhat the burden on suffering local businesses, subjected to all sorts of obstacles in their productive activity.

The classification of economies, in terms of the reforms and the climate more or less favorable to the opening and installation of small and medium businesses, is structured in a score ranging from 1 (indicating a place of privilege) and 189 points (representing the lowest score and the most negative omens².)

¹ <http://espanol.doingbusiness.org/reports/global-reports/doing-business-2013>

² <http://espanol.doingbusiness.org/rankings>

Through the authors belonging to the International Finance Corporation³, the World Bank ranks among the surprising "findings" of the latest reports several sub-Saharan economies. Some insights are already confirmed for the nearest future if the opposite factors to economic growth remain relatively controlled.

Nine countries in the region rank among the 20 economies that have come with their reforms towards the "regulatory frontier" set by the International Finance Corporation to determine to what extent the bureaucratic interference in the economic activity is detrimental to the creation of wealth and jobs.

Countries that are very close to frozen conflicts, which have undermined the population and the economic resources, are among those chosen for the presentation and conclusions of the document; the cases of Rwanda and Burundi, which feed the conflict in the Great Lakes while at the same time also suffer the consequences. Others are also experiencing a conflict, or are threatened by situations that can advocate towards a new political and social crisis, as it happens in the Côte d'Ivoire.

In addition, they have collected for the first time and for this eleventh edition of the study, details of the economy of South Sudan, the controversial neighbor who was recently installed on the African continent.

The improvements identified by the authors of Doing Business in the areas under their analysis are the cause of this special mention. We believe that the most relevant to our analysis are: protection of investors; obtaining electricity; building permits; properties register; tax paying.

In particular, the protection of investors is closely linked to security, both physically and in their legal and institutional side. It is precisely the most modest businesses the ones who suffer the most the consequences of insecurity. By relying on these companies the creation of numerous jobs, the consolidation of a productive structure and largely the prosperity of a country, it is important that the gaps in this field are analyzed by a publication as Doing Business.

The insecurity of local businesses is mixed in environments with institutionalized corruption when you put a price on safety, that is: provided that part of the institutional apparatus of a country becomes a threat to the safety of citizens, demanding a forced payment to perform protection functions that have legally assigned to them. This situation is still too common in sub-Saharan Africa region. His influence has been reflected in a field study, which includes the satiety of the continent's population and the distrust in the ability of the governments to

³ Organization that belongs to the World Bank, orients the private sector's activity in the developed countries: http://www.ifc.org/wps/wcm/connect/Multilingual_Ext_Content/IFC_External_Corporate_Site/Home_ES/

relieve them of that burden⁴. In only five countries the population recognizes and appreciates the efforts made in this direction⁵. From London, Kevin Korgba, British investment expert, wonders if it is possible to do business in Africa not taking part in the corruption woven by some officials, at a time in which profit opportunities are multiplying⁶. Fleeing from the stigma that accurately identifies inextricably the African and the corrupt, Korgba precisely recommended throwing away the stereotypes: those who demonize or look down on Africans, and those that only extol the GDP growth figure when, let's say, the five percent, without taking into account the necessary institutional reforms and the fragility of the sociopolitical context.

Moreover, the chapters of the last edition of Doing Business access to electricity and trans-border markets, are also conditioned by the existing safety level in a country, in addition to the damage to infrastructure caused by armed conflict, and economic and human resources in order to repair it within a reasonably short period.

WITHOUT LEAVING THE ROAD

With this demonstration of semantic aridity (a previous report stated, literally translated, in full in a runaway world) the International Monetary Fund subtitles the 2013 edition of its annual report on the African economy within the Regional Economic Outlook⁷ series.

The main conclusions of the document, in a similar line that the World Bank follows, and wasting optimism, the continent broadly remains at the stage of sustained growth that began a few years ago, experiencing a moderate rise in countries less successful. In this sense the IMF corrects its doubts, reflected in May this year, when some decay⁸ was sensed.

Similarly, the Heritage Foundation highlights the data from sub-Saharan Africa. According to what was collected in the Index of Economic Freedom, there are countries where there is a very long path ahead. More specifically, 15 of the least free economies –with all shades you want to include regarding the incidence in growth- are in this region. The Doing Business report coincides with part of the object of analysis, particularly in areas related to the rule of law, market openings or efficiency of administrations.

⁴ The work, made by the sociologists Samantha Richmond and Carmen Alpin, can be consulted at: http://afrobarometer.org/files/documents/policy_brief/ab_r5_policybriefno4.pdf

⁵ Information in this regard: <http://allafrica.com/view/group/main/main/id/00027451.html>

⁶ Work recently published in African Arguments: <http://africanarguments.org/2013/10/16/is-it-possible-to-do-business-in-africa-without-engaging-in-corruption-asks-etks-kevin-korgba/>

⁷ <http://www.imf.org/external/pubs/ft/reo/2013/afr/eng/sreo0513.htm>

⁸ <http://www.imf.org/external/pubs/ft/reo/2013/afr/eng/sreo0513.htm>

The discussion on the role of institutions in the economic growth of Africa, the influence of insecurity and conflicts, the generation of wealth and the obstacles it faces, will remain in the center of the discussion and of the academic debate. Therefore we should learn from the different opinions and theoretical approaches, in order to draw conclusions that can be implemented into concrete measures that promote the progress of Africa. This corresponds to the developed countries, as major players in the international community and multilateral agencies. In future documents we will extend the analysis of these issues.

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