

# Structural Transformation in Africa and Beyond

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## Parallel Session 6 Key Drivers for Industrialization

UNU-WIDER's parallel session focused on three areas of major importance for structural transformation. Firstly, Dr. John Page tackled the issue of too little industrialization in Africa and identified three drivers that would help African industries learn to compete: the importance of "investment climate", "learning by exporting" and "industrial agglomerations".

Based on a structural probabilistic approach, Dr. Channing Arndt then argued that only environmental policies can avoid drastic negative economic impacts.

Finally, Dr. Tony Addison presented the Research and Communication on foreign aid (ReCom) program which aims at identifying what fails and what could be improved through development assistance. Addressing the audience, Frannie Leautier brought the three approaches together by highlighting these core issues: solving the energy problem, giving birth to dual world ideas and pushing the aid envelop of "what will work".



## Keynote Address Day II : Eleni Gabre-Madhin

The keynote address for the second day of the GDN Conference was delivered by the renowned economist and public intellectual Eleni Gabre-Madhin. Her refreshingly original presentation combined a bird's-eye view with a concrete example to back it up. Dr. Gabre-Madhin posited that the possibility of an African structural change would be conditioned by three "i"s – incentives, institutions and infrastructure. Africa needs to "dare to dream" and invest in people and eco-systems for the long term. She forwarded the example of the Ethiopian Commodity Exchange (ECX), which had faced enormous skepticism when the idea of a world-class commodity exchange had first been floated. Within four years of starting of operations, the skeptics had been silenced, with ECX having an annual trading value of \$1.4bn in 2012, with more than 40% returns on investment.

The exchange had also reached 2.4 million farmers. What was behind this remarkable achievement? According to E. Gabre-Madhin - the right system, the right processes, and most importantly, the right people. ECX represented what she called was a New African Model, with its operations currently being replicated in Ghana, Nigeria, Cameroon and Mozambique. ECX embodied Hope - in what Africa can achieve when people can think outside of the box, dream big, and work to transform those dreams into reality.

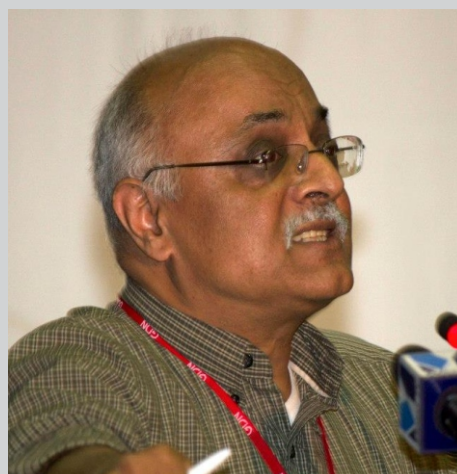
## Interview

**Ravi Kanbur**

### How can the academic world shed light on structural transformation?

Structural transformation is a complex topic. We view it with the same lens of 50 years ago. One example is informality where the old view would have predicted it to go down with growth but it didn't. The tricky question is: should that worry us or not?

Development economics goes in cycles. After focusing on macro-level policies, now we're back to structural composition of output. My warning is,



when jumping over these 25 years, be cautious about using the models of that time to assess what the world is going to look like in the coming years.

### Can educating the next African Generation help ST?

Regarding this question, we must separate basic and higher-level education. We start seeing the effect of the efforts put in place in the last three decades on the latter. The situation is slowly changing. GDN has a big role to play in that. Basic education is the more general one, which I think is a different kind of animal.



A young researcher makes a presentation at the Conference.

## The Awards and Medals Competition

For 14 years now, GDN has organized annually a unique competition for promoting research on development: the GDN Medals Competition. This year, research papers were called for submission, on 3 major topics: determinants of growth, industrial and trade policies; environmental sustainability, management of natural resources and structural transformations; political, institutional, social and governance transformations. The 6 researchers who passed the selection process are from 4 different countries: Cameroon, Ghana, India and Nigeria. They had the opportunity to present their papers during the 3 plenary sessions of Thursday morning to pick up the best submission in each of the 3 categories. These presentations were also an exceptional opportunity for them to get a feedback on their works from high-level discussants as well as from the participants to the Conference.

Every researcher highlighted an aspect of structural transformation, and brought along some innovative perspective for policy design. Be it land reform, non-tariff barriers and trade or malnutrition and mortality, the content of these sessions were varied and very constructively discussed. The medals will be granted during the closing plenary session on Friday evening. But whatever the results, each paper is and will remain a paving stone on the path towards structural transformation.



## Facts and Figures

### Agriculture in Africa

The world around African agriculture has known major changes in the past 30 years (prices volatility, income growth, etc.) and so have the needs for structural transformation of agricultural production on the continent. However,

**African agriculture has known major changes in the past 30 years.**

it appears that the common wisdom (that, for instance, use of fertilizers, chemicals or improved varieties is low) most analysis and prescription are based on has not. With no doubt, proposing tailored and efficient policies is conditional on a refresh. The aim of World Bank's programme *Agriculture in Africa: Telling fact from myth* – presented in parallel session 13 - is precisely to lead extensive surveys throughout the continent to provide up-to-date data on agriculture in order to confirm or to deconstruct such “quasi-axioms”.

The first tool for proposal of efficient ST in African agriculture – this is a more realistic mental representation of current reality and issues – is now surely available, opening the way towards a closer fit of policies to farmers, consumers and traders' expectations.

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