

Accelerating Africa's Transformation to Unlock Africa's Potential

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Overview

1. What African policymakers already know? (and have been knowing for a long time)
2. Why policy making in Africa has not delivered and is not delivering structural transformation?
3. What have we, Africans, been missing?
4. African Policy Making Needs a Reboot & Development Finance is the Perfect Example : Debt Management vs Illicit flows.

Previous Note: I will approach these questions from an African policy making standpoint since I have been in the policy making field for more than 20 years ...

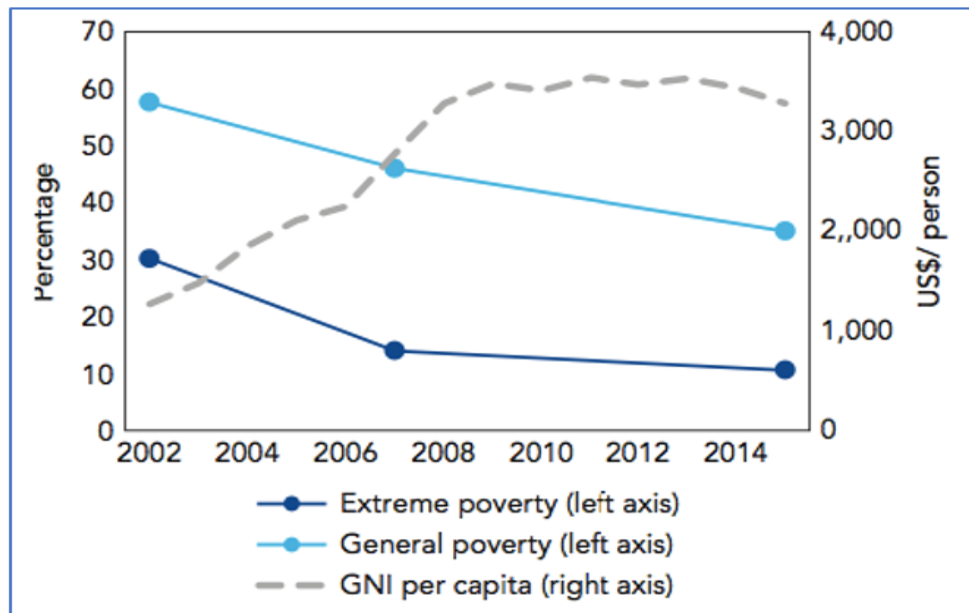
The Case of Cape Verde

- The research project “Policies, Institutions & Development: The Case of Cape Verde”, intends to present the experience of a country where the last 40 years are living proof of how institutions can impact the development process.
 - Cape Verde is a clear example of where development has been possible despite its high vulnerability and lack of natural resources.
 - At the time of its independence in 1975, Cape Verde’s per capita GDP was around US\$ 190. In 2008, Cape Verde graduated to a middle-income country with a per capita GDP of US\$3,692
- The graduation from a LDC to a MIC has been essentially a policy & institutional driven process in which enlightened leadership, effective governance and strong attention to institutional capacity building have played a central role.
- It is an example of a country where the leadership understood, from as early as 1975, that to overcome adversity and vulnerability priority had to be given to intangible dimension (institutions) in the effort to ensure social development. Essentially, “institutional infrastructure” was placed at a higher level of strategic importance than “physical infrastructure”.
- The World Bank (SCD, 2018) acknowledges the development achievements of Cape Verde in a very clear way:
- Cape Verde’s “... gross national income (GNI) per capita has grown six-fold from around US\$500 in 1986 to more than US\$ 3,000 in 2008 (Chart 2b). In 2007 it advanced to lower- middle-income status, becoming the only non-extractive economy in sub-Saharan Africa to do so in such a relatively short time.
- This fast economic growth has translated into substantial welfare improvements for its population. Using a national poverty benchmark of PPP US\$5.60 per day (and not \$1.25), the incidence of poverty fell from 58% in 2001 ... to 35% in 2015, while extreme poverty, using the national food poverty line of PPP US\$2.90 per day, dropped by two-thirds to 10% during this period (Chart 2a). Inequality fell, and the consumption-based Gini index dropped from 53 to 42.

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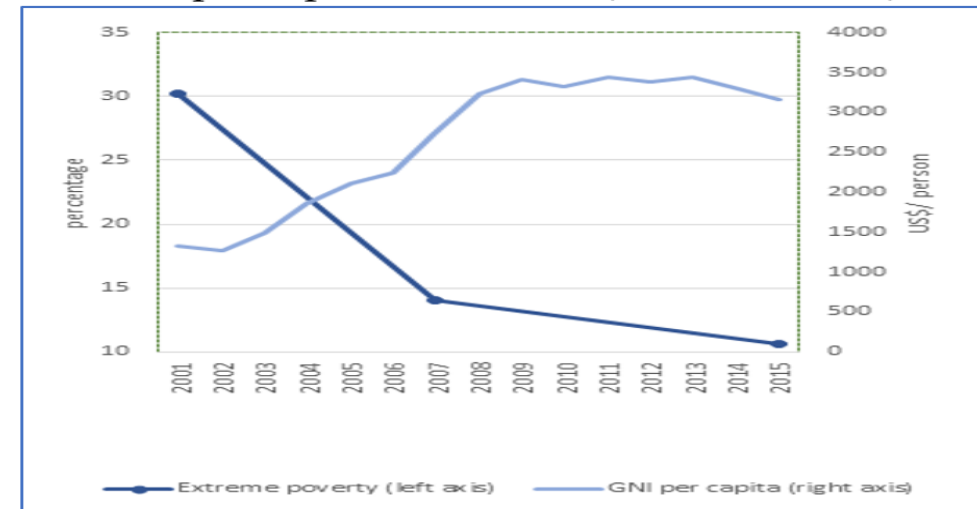
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- Human capital achievements have been equally impressive:
 - At 73, life expectancy is the second highest in Africa after Mauritius.
 - In the global gender gap index, Cape Verde ranks among the world's best in terms of health and survival and school enrolment.
 - It is among the 30 best performing countries in terms of achievement of the MDGs

Chart 2a: Poverty incidence and GNI/capita 2001–2015



Sources: Based on IDRF 2001, QUIBB 2007, and IDRF 2015 surveys

Chart 2b: Extreme Poverty rate (at US\$ 2.9 PPP) and GNI per capita 2001-2015 (in current US\$)

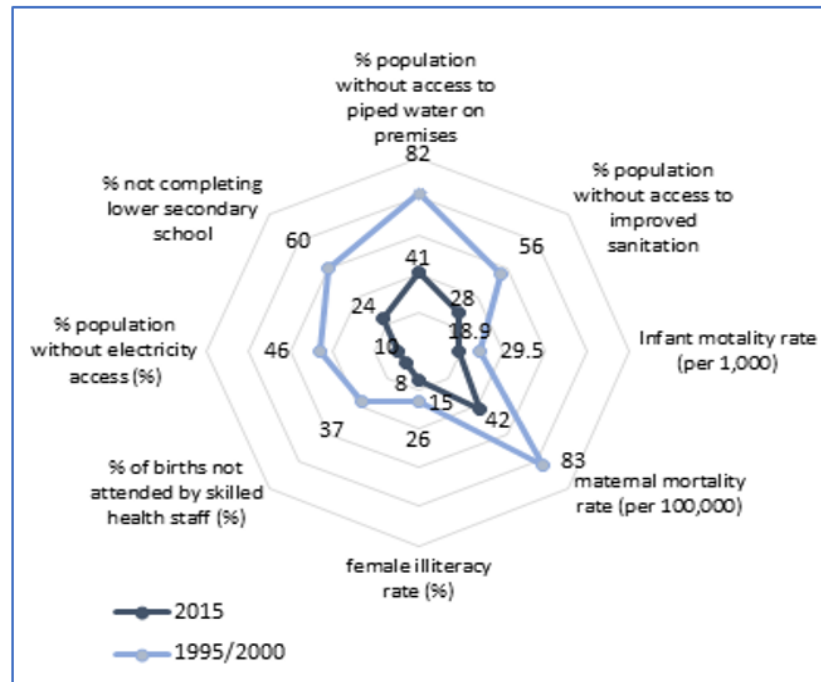


Source: National Statistics Institute (INE). Right chart - WDI

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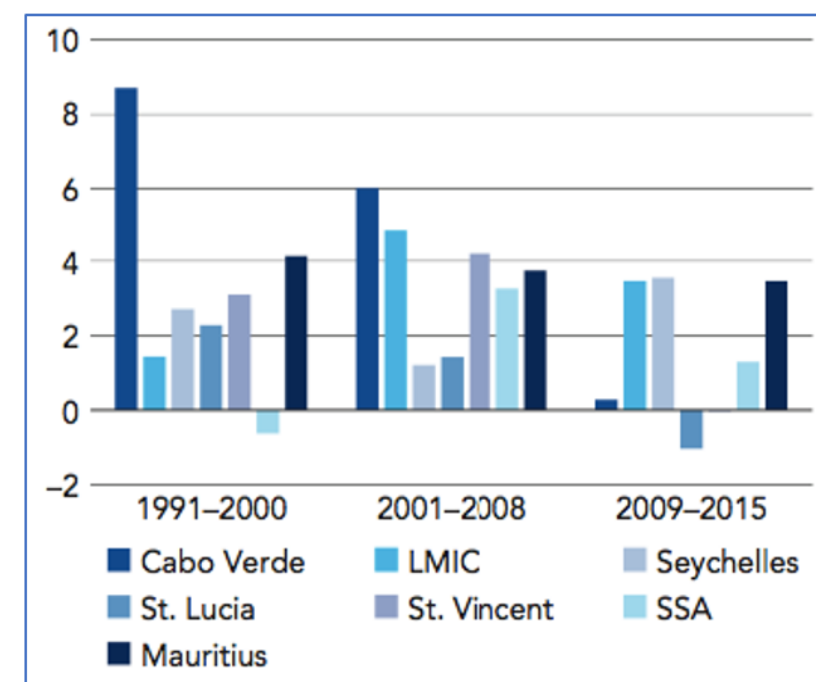
- The explanation for Cape Verde's success since independence in 1975, comes from several factors:
- (i) **strong institutions that maintained the rule of law, underpinned its open democracy, kept corruption under control**, promoted transparency and accountability, consolidated international credibility, promoted an assertive civil society and a favorable business environment;
- (ii) strong investment in human capital (education & health, non-monetary poverty) on a consistent basis since independence (Chart 3);
- (iii) effective governance and sound economic management: market reforms and privatizations in the 1990s; efficient aid and remittance management
- (iv) political and social stability,

Chart 3: Non-monetary Poverty



Source: World Development Indicators

Chart 4: Real GDP Per Capita Growth (%)



Source: World Development Indicators and country authorities