

TOP PRIORITIES FOR THE CONTINENT IN 2013

# FORESIGHT AFRICA



Africa Growth  
Initiative

at BROOKINGS

JANUARY 2013 › JULIUS AGBOR › RICHARD JOSEPH › ANNE W. KAMAU ›  
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## About the Brookings Africa Growth Initiative

For Africa to achieve transformative progress, policy solutions must come from African sources. The Africa Growth Initiative brings together African scholars to provide policymakers with high-quality research, expertise and innovative solutions that promote Africa's economic development. The Initiative also collaborates with research partners in the region to raise the African voice in global policy debates on Africa. Our mission is to deliver research from an African perspective that informs sound policy, creating sustained economic growth and development for the people of Africa.

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# INTRODUCTION

**A**frica starts 2013 with hope and optimism. Africa has dropped its mantle as a “doomed continent” and has weathered several global economic crises fairly well. Today, the continent is a land of opportunity both for Africans and international investors. Many now see the region as “emerging Africa” because of the positive changes that have taken place and continue to take place across the continent.

Africa has changed, moving from economic stagnation to above 5 percent GDP growth on average. The continent is now home to some of the fastest growing economies in the world: Ethiopia, Ghana, Mozambique and Tanzania. This growth has helped build a burgeoning middle class, which has created new markets for goods and services. Investors focused on tapping into these new markets in Africa are likely to find it easier to do business there than ever before as African governments are working to reduce transaction costs. In addition to growing consumer markets, African countries have discovered additional natural resources. If managed properly, these resources could help spur further economic growth and development for the region and improve the lives of millions.

Such an optimistic outlook for the continent means that African and global policymakers must get ahead of the challenges and opportunities for an important year of decision-making. Since 2010, the Brookings Africa Growth Initiative

(AGI) has asked its scholars to assess the top priorities for Africa in the coming year. This year, AGI experts and colleagues have identified what they consider to be the key issues for 2013 and ways to leverage opportunities so that Africa can continue its “emerging” momentum. The following briefs in the *Foresight Africa* collection are meant to create a dialogue on what matters in Africa for 2013, and it is our hope that this dialogue will continue through the year.

## For Africa’s Youth, Jobs are Job One

**John Page** argues that Africa’s youth unemployment challenges encompass more than just a lack of jobs since African youth often have little access to good quality jobs. Page calls for reforms in employment policy, growth in agriculture and other industries, and better technical and vocational training.

## The Second Obama Administration Should Close Africa’s Energy Poverty Gap

**Todd Moss and Stephanie Majerowicz** assess Africa’s lack of accessible electricity and propose that the Obama administration make addressing the continent’s energy gap its lasting legacy for Africa. They maintain that American commitment in Africa to reduce energy poverty will produce benefits for the U.S., African countries and the global economy.

### **China's New Leadership and Sino-Africa Relations**

**Yun Sun, Julius Agbor and Jessica Smith** examine the recent senior leadership changes in the Chinese government and discuss the impacts of the new leadership on China-Africa foreign relations. From China's side, strategies may not change dramatically. However, the authors suggest that African governments may have an evolving view of China's sometimes unequal partnership.

### **Kenya at a Tipping Point: The 2013 Presidential Election**

**Mwangi S. Kimenyi** discusses how the upcoming Kenyan elections are significant not only for Kenya, but also for Africa and the world. Kimenyi also analyzes the impact of the International Criminal Court indictment of likely presidential candidates in Kenya and the decentralization of the government on the electoral process.

### **Discordant Development and Insecurity in Africa**

**Richard Joseph** contends that the recent conflict and insecurity in Africa is caused by "discordant development"—a juxtaposition of high growth and deepening poverty. Joseph considers the causes of discordant development and provides recommendations for how policymakers can begin tackling the issue in order to address broader issues of insecurity.

### **Narrowing Africa's Education Deficit**

**Kevin Watkins** emphasizes that despite recent gains, sub-Saharan Africa is experiencing a two-pronged learning crisis of quality and access, and offers policy recommendations for how African governments can deal with this problem.

### **Building Opportunities: Addressing Africa's Lack of Infrastructure**

**John Mukum Mbaku** analyzes past and present efforts to increase Africa's infrastructure capacity in light of ambitious newly proposed construction on the continent. Mbaku identifies the need to advance innovative financing solutions to support a long-term infrastructure development strategy in Africa.

### **More than Just Sending Money Home: Engaging the Diaspora as a Priority for Africa's Development**

**Anne W. Kamau and Mwangi S. Kimenyi** stress that Africa's large diaspora is an underutilized source of investment, support and political pressure for the continent. Kamau and Kimenyi offer ways for African policymakers to better engage diaspora members in the year ahead.

# FOR AFRICA'S YOUTH, JOBS ARE JOB ONE

John Page, Senior Fellow, Africa Growth Initiative

In 2013, Africa will reach the midpoint of the African Union's (AU) "Youth Decade Plan of Action" (2009-2018). With almost 200 million people aged between 15 and 24, Africa has the youngest population in the world. In a majority of African countries, youth account for more than 20 percent of the population (African Development Bank [AfDB], 2012). In addition, the number of young people will double by 2045, offering the possibility of a demographic dividend, but only if they can be absorbed into productive employment.<sup>1</sup>

The AU Action Plan calls for measures to reduce Africa's rate of youth unemployment by 2 percent per annum. The reality, however, is that midway through the Youth Decade, Africa is not creating enough jobs to absorb the 10 million to 12 million young people entering its labor markets each year. Although the youth population constitutes about two-fifths of the continent's working-age population, they make up three-fifths of the unemployed. It is clearly time for a "midterm review" of employment prospects for young Africans.

## Why Jobs are a Priority for Africa

Unlike North Africa, sub-Saharan Africa seems, on the face of it, to be creating enough jobs for its growing labor force.

In 2009, the overall unemployment rate in sub-Saharan Africa was about 6 percent compared with a global average of 5 percent. Youth unemployment was about double the overall unemployment rate, but is low by global standards. The ratio of youth to adult unemployment in sub-Saharan Africa is 1.9 compared to 2.7 worldwide (African Development Bank [AfDB], 2012).

This is not because Africa is doing well at generating jobs for the youth population. It is because African countries with low unemployment tend to have large informal sectors. Young people find work, but not in places that pay good wages, develop skills or provide a measure of job security. With the exceptions of Botswana, Nigeria and South Africa—all of which have alarmingly high youth unemployment rates—less than one-fifth of Africa's young workers find wage employment. Over 70 percent of youth in the Republic of the Congo, the Democratic Republic of the Congo, Ethiopia, Ghana, Malawi, Mali, Rwanda, Senegal and Uganda are either self-employed or contributing to family work. Moreover, the region's fastest growing economies—which include Ethiopia, Rwanda, Tanzania and Uganda—have the lowest employment intensity of growth (AfDB, 2012). Rapid growth has created few good

<sup>1</sup> A demographic dividend can take place when the share of the working age population exceeds the share of the dependent population, as occurred in East Asia during its rapid growth period.

jobs, pushing those seeking work into informal employment, self-employment and family labor. In 2011, 82 percent of African workers were working poor, compared to the world average of 39 percent (International Labor Organization [ILO], 2011). For the great majority of African young people, the “youth employment problem” is more about the quality of the job than the absence of a job.

### Improving African Labor Markets in 2013

Seen from this perspective, while labor market reforms and active labor market policies can make a contribution to solving the youth employment problem, the greatest traction is likely to come from policies and public actions designed to accelerate the growth of “good” jobs. A new action plan—one that combines efforts to improve the employment prospects for young people with a strategy for job creation—is needed.

#### Improving employment prospects

In the short run, a number of interventions can be undertaken to improve the employment prospects of new labor force entrants. In Botswana, Nigeria and South Africa, as well as North Africa, pressures to address open unemployment among the youth population will remain high. Governments can target young workers in employment-intensive activities, such as tourism and construction, with programs that offer cash for work. Governments can also experiment with increasing budget allocations to labor-intensive public works. Public works programs provide good opportunities for young workers, particularly rural residents and people with low skills, to acquire initial work experience. For example, in Senegal, the *Agence d'Exécution des Travaux d'Intérêt Public* (AGETIP) trains unemployed youth who work temporarily on public infrastructure projects (roads, buildings, sanitation systems, etc.) and then move on to more permanent jobs (World Bank, 2008).

In the medium term, improving employment prospects will depend on changing the existing institutional arrangements that raise the costs of hiring workers for formal sector employers. In some countries, labor regulations that set minimum wages, determine social insurance contributions and protect job security will need to be changed. For example, firm-level surveys indicate that the single greatest impediment to the more rapid growth of labor-intensive, outward-oriented manufacturing in South Africa is the high level of real wages relative to productivity levels. However, regula-

tory reform is not a magic bullet. Most econometric evidence suggests that even complete deregulation of the labor market would not be sufficient to absorb all of the unemployed into the formal sector without more robust growth.

#### Building skills

There is a severe mismatch between the skills of young African workers and those needed by employers. In most sub-Saharan African countries, about two-thirds of all young workers in the labor market—95 million people—lack the basic skills needed to be competitive in the labor force (World Bank, 2008). Perhaps the most urgent reform needed is to increase the emphasis on post-primary education. Africa faces a large and growing gap with other developing regions in both secondary and tertiary enrollments. Increasing access to and the quality of post-primary education will be costly and unpopular with Africa’s development partners—who remain transfixed by the Millennium Development Goal of universal primary education—but it will be essential (see also “Narrowing Africa’s Education Deficit” by Kevin Watkins in this collection).

Changes in vocational and technical education are also needed. Africa’s skill development schemes are supply-driven and disconnected from the demands of the labor market (Adams, 2006). A more market-oriented approach could be achieved through the use of training vouchers that can be redeemed with accredited private sector training providers or through industry-led training centers. Job training programs are also more likely to be successful if they are part of a package that includes basic education, employment services and social services (World Bank, 2008).

#### Boosting labor demand

To create more good jobs, Africa needs more industry. While manufacturing is the industrial sector most closely associated with employment-intensive growth, there are also “industries without smokestacks” in agriculture and services that can create good jobs. However, despite two decades of solid growth, industry, tradable services and agro-industry are still a small share of African employment and output (Page, 2012). To solve the employment problem more private investment in industry—with and without smokestacks—is essential.

Domestic private investment has remained at about 11 percent of GDP in Africa since 1990 (World Bank, 2012). This number is well below the level needed for rapid industrial

growth. Efforts by African governments and donors to increase private investment have mainly focused on improving the “investment climate”—the regulatory, institutional and physical environment within which firms operate. The high costs of doing business in Africa have been well documented by the World Bank and the World Economic Forum.<sup>2</sup> However, investment climate reforms alone are unlikely to be sufficient to boost investment in industry.

Industry is lumpy in size, space and time, and, as the experience of “factory Asia” has shown, once a critical mass of investment is reached, industrial growth can be explosive. Below critical mass, however, incremental changes in policies and institutions—the centerpiece of investment climate reform—may not be sufficient to spur rapid growth of industry and jobs. To boost investment, Africa’s economies need an industrialization strategy based on pushing exports, building capabilities and supporting industrial clusters.

For the vast majority of Africa’s economies, the export market is the only option for rapid industrial growth. However, industrial growth need not depend solely on manufacturing. Agro-export value chains, tourism, and remote, IT-based tradable services also offer good prospects for job creation. Breaking into export markets will require an “export push”: a coordinated set of public investments, policy and institutional reforms focused on increasing the share of nontraditional exports in GDP. The distinguishing feature of an export push is that it must be a government-wide initiative, involving much more than the trade ministry. Macroeconomic management plays a key role, and improving trade logistics is vital.

Often the critical constraints to industrialization are “firm capabilities”—the know-how and working practices that are used in the course of production or in developing new products. Firms in the global industrial marketplace are competing in capabilities, and the location of industry depends in part on how well economies acquire and diffuse them. Policies and institutions for attracting foreign direct investment (FDI) are key tools in capability building. Appropriate investment climate reforms are critical, and Africa needs to develop world-class FDI promotion agencies.

Manufacturing and service industries tend to cluster. Because of the productivity boost that these agglomerations provide, no single firm has the incentive to locate in a new

area in the absence of others. Governments can foster industrial clusters by concentrating high quality institutions, social services and infrastructure in a limited physical area—such as a special economic zone (SEZ). Africa’s experience with SEZs has been largely unsuccessful. Virtually all African SEZs fail to reach the critical levels of physical, institutional and human capital needed to attract global investors (Farole, 2011). A first step is therefore to upgrade the performance of Africa’s SEZs to international standards.

Africa’s youth employment problem is primarily a deficiency of good jobs. Rapid labor force growth has resulted in increasing pressures on the job market, and, in most African economies, this pressure has meant growing vulnerability of employment, especially for the young. Less than 20 percent of African youth find wage-paying work. For this reason, the solution to the youth employment problem cannot be found in employment policies alone. A strategy for industrial development—including the growth of agro-industry and tradable services—will be needed.

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<sup>2</sup> See for example, the *Doing Business* surveys of the World Bank or the *World Competitiveness Report* of the World Economic Forum.

# THE SECOND OBAMA ADMINISTRATION SHOULD CLOSE AFRICA'S ENERGY POVERTY GAP

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It's 2013 and nearly 7 out of every 10 Africans have no access to modern electricity; 8 out of 10 lack access to clean cooking stoves. Energy poverty—defined as the inability to cook with modern cooking fuels and a lack of minimum lighting for productive activities at sunset—affects the health, education and economic opportunity of almost 600 million Africans.

And yet, universal access to electricity is entirely achievable. According to the International Energy Agency (IEA), reaching universal energy access by 2030 would require \$48 billion a year in global investment (about 3 percent of global energy investment), yet only \$9 billion is being invested per year in closing the energy gap (2011).

Moreover, since the bulk of the world's energy poor live in countries with very low carbon emissions (Ethiopian per capita carbon emissions are less than 1 percent of the American level), environmental concerns are no excuse for preventing expansion in energy access. In fact, the International Energy Agency predicts that achieving universal energy access through a mixture of renewable and fossil

fuel sources would increase global carbon emissions by less than 1 percent by 2030 (2011). With continued energy poverty in the forecast, a U.S. policy framework to promote a reduction in the African energy gap could achieve a substantive legacy for the Obama administration, while at the same time boost business and broader development targets in the region.

## Why is It Important to Bridge Africa's Energy Gap?

Energy poverty severely impacts health and education prospects. Today, energy poverty leads to more premature deaths than either malaria or tuberculosis. The World Health Organization estimates that almost 4,000 people per day die prematurely each year from household air pollution from biomass cooking. If nothing is done to address energy poverty, by 2030 this number is expected to climb to 1.5 million per year—more deaths than will be caused by HIV/AIDS and malaria combined (IEA, 2011). Energy poverty also affects the provision of health services (vaccines are hard to refrigerate without electricity) and hinders education prospects (it is hard to read in the

dark without electricity and girls often get pulled out of school to collect firewood).

Access to affordable electricity is also a major—and in many countries the very top—constraint to economic growth. Business survey data consistently point to the cost and reliability of electricity as among the most important barriers to business expansion in Africa (Ramachandran et al., 2009). For instance, Ghana's Valco aluminum smelter is today running at just 20 percent capacity due to a shortage of low-cost power. In Nigeria, 97 percent of large firms rely on (costly, inefficient and polluting) diesel generators to provide nearly two-thirds of their power, while almost half of all firms operating in sub-Saharan Africa own or share a generator. The economic returns to modern electricity could be huge for these economies. It is no coincidence that investment in the power sector is a priority for almost every African government.

### **What Needs to Happen to Put Energy on the Agenda in 2013?**

What will be President Barack Obama's legacy in Africa? President Bill Clinton championed the African Growth and Opportunity Act (AGOA), still the core of U.S.-Africa trade relations. President George W. Bush built the President's Emergency Plan for AIDS Relief, the President's Malaria Initiative and the Millennium Challenge Corporation—all still with us today. What kind of legacy can the Obama administration leave that addresses the pressing challenges constraining African growth, takes advantage of U.S. comparative advantage, and is compatible with a tight fiscal climate? The next big White House effort in Africa should be to promote access to electricity, and here's how:

#### **Leverage private investment by rationalizing U.S. government tools**

The U.S. government has a variety of low-cost tools to leverage private investment in electricity projects. Yes, there is need for soft money to nudge projects along, encourage early-stage technologies and reach some remote areas. But the bulk of the financing for new power generation and transmission will come from private sources, multilateral development banks or government agencies like the Overseas Private Investment Corporation (OPIC), which actually contributes money into the

U.S. Treasury every year. Power is also an area in which American companies can make a major contribution while expanding their own market reach. However, U.S. government instruments to promote private investment are spread across the bureaucracy, and the current interagency setup is far too fragmented and confused to be deployed efficiently. At a minimum, the White House could play a convening role and force the various agencies to align around some common objectives. A central role should go to OPIC, which could more effectively lead this effort if it is allowed to keep more of its profits to bolster staff and is given modest additional authorities (such as equity capability and multi-year authorization). To make the effort a true legacy sustainable beyond one term, the White House could even consolidate parts of various agencies and programs that promote private investment abroad under one roof, for example, by creating a U.S. Development Bank built around OPIC.

#### **Deploy soft money efficiently**

USAID, the Millennium Challenge Corporation, the Department of Energy, and the Trade and Development Agency are all involved in energy projects in developing countries. They provide useful tools at various stages of the project process and could be especially critical to reaching remote areas or making some new technologies feasible to deploy in the short term. Given the fiscal environment, these concessional dollars will be a premium, so they will need to be used in an integrated and sensible manner. Hoping the normal interagency process can achieve this goal is unrealistic.

#### **Engage proactively with the Greens**

A sizeable part of the energy poverty gap can be closed via renewables and new off-grid technologies. OPIC is financing a lot of these investments already, but could do more with additional flexibility. But it is also true that most of Africa's cities and industrial zones will invariably require additional traditional, on-grid power run by fossil fuels. Powerful political constituencies concerned with climate change or local environmental impact may see such an effort as a threat. Pressure from these groups has already forced OPIC to adopt a greenhouse gas emissions policy that effectively prevents it from participating in almost all fossil fuel projects, even in countries that are extremely poor and cur-

rently have nearly zero emissions. Some compromise with environmental interest groups will have to be found that can both meet global emissions goals and allow poor people to turn on a light. One option may be to keep a ban on coal, but exempt the poorest countries from the carbon cap for power projects fired by natural gas, which typically produces about half the emissions of coal.

As the Obama team contemplates its Africa policy priorities for the second term, a clear and public commitment to close the energy poverty gap in Africa could be a win-win-win for Africa, the United States and the globe.

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# CHINA'S NEW LEADERSHIP AND SINO-AFRICA RELATIONS

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**O**n November 15, 2012, the 18th Chinese Communist Party Congress announced the members of the new Politburo Standing Committee. Headed by Party General Secretary Xi Jinping, the fifth generation of Chinese leaders will decide the future of China and its relations with Africa and the world. The revelation of the long-speculated new leadership is yet to answer all the questions pertaining to China's domestic and foreign policies. On the domestic front, China watchers eagerly await to see how the new leaders will tackle much-needed and long-overdue economic restructuring and political reforms. In terms of foreign policy, the world is trying to understand and evaluate the new leaders' worldview, foreign policy posture and strategic thinking. For Africa, answers to these questions will determine how China's changing internal and external priorities and strategies affect its approach and interest toward the continent.

Common speculations about the new Chinese leaders' foreign policy are divided into two schools. The traditional

school believes that, given the collective nature of China's top decision-making process and the legacies of his predecessors, Xi will stay on the course designed by Deng Xiaoping and loyally executed by predecessors Jiang Zemin and Hu Jintao. Characterized as "keeping a low profile," this course sees conciliation and avoiding confrontation as musts in optimizing the external environment conducive to China's economic growth. The more progressive school argues that China under Xi will become more assertive and hawkish, primarily because of the blossoming sense of empowerment from China's rapid rise. Meanwhile, as China's problems (economic slowdown and stagnation of political reform) intensify, the new leaders will need to exploit foreign threats to strengthen their legitimacy and divert the crisis at home.

Regardless of whether there will be a fundamental or philosophical change to China's foreign strategy, it is highly unlikely that China will pursue any major policy change toward Africa. Compared to the more urgent and

turbulent relations with big powers (such as the United States) and with its East Asian neighbors (due to territorial disputes), Sino-Africa relations have been significantly more manageable, smooth and satisfying for Beijing. China's current agenda on Africa will persist under Xi in the foreseeable future. Politically, China will continue to seek Africa's support of the One China Policy (Taiwan is part of China) and of its positions at multilateral forums such as the United Nations. Economically, Beijing will still look to Africa for natural resources and markets to fuel China's economic growth. Strategically, if U.S.-China competition continues to expand and intensify globally, China under Xi most likely will heighten its relations and cooperation with Africa, allocating more economic and political resources for the continent to foster pro-China policies in light of the U.S. competition.

### **Who are the Key Chinese Players in Sino-Africa Relations?**

Xi has gathered considerable knowledge and experience on Africa throughout his grooming process. During his five years as the vice president, Xi met with numerous African leaders in Beijing, familiarizing himself with Africa's key concerns and building personal relationships. In November 2010, he undertook a seven-day trip to South Africa, Angola and Botswana, focusing on energy cooperation and infrastructure deals. Most recently, during the Fifth Forum on China-Africa Cooperation (FOCAC) Ministerial Conference in Beijing in July 2012, Xi participated substantially in the discussion on how to deepen Sino-African ties. Xi will be responsible for carrying out the \$20 billion in foreign aid committed at the conference in the next three years. Between 2012 and 2015, supporting the development of Africa's infrastructure, agriculture and manufacturing industry, as well as the region's small and mid-sized enterprises will be on the top of his Africa agenda.

At the time of this publication, the successors for the two most important positions in China's foreign policy apparatus, the state councilor on foreign policy and the minister of foreign affairs, are yet to be announced. However, at the working level, Vice Foreign Minister Zhai Jun will most likely stay on at his position and hold the Africa portfolio at the Chinese Foreign Ministry. A veteran Africa hand himself, Zhai will be assisted by the special envoy for African

affairs, Ambassador Zhong Jianhua. Zhong was the Chinese ambassador to South Africa from 2007 to 2012 and was appointed to the second most important Africa position at the Chinese Foreign Ministry earlier this year.

Since assuming the position, Ambassador Zhong has made public diplomacy his key priority and frequently participates in international conferences, symposiums and policy dialogues on Sino-Africa relations. In recent years, China's vast investment and infrastructure projects in Africa have helped to facilitate economic growth and improve local conditions in the region. However, the dark side of China's resources-centric investment strategy is as substantial as its positive outcomes, raising questions about the transparency, governance, accountability, and environmental and social impacts associated with China's economic activities in Africa. At the July 2012 FOCAC meeting, President Jacob Zuma of South Africa pointed out that trade between Africa and China is unbalanced and the pattern is problematic (Hook, 2012). These concerns voiced by Zuma have in some respects begun to erode the foundations of Sino-African relations with the potential of jeopardizing Beijing's Africa policy. Therefore, Ambassador Zhong's portfolio is necessitated by China's declining image and degrading relations with local African communities.

### **Africa's Expectations for China's New Leaders**

From the African perspective, these concerns resonate across the continent. As the new Chinese leaders settle in, work should start on the implementation of the FOCAC Beijing Action Plan (2013-2015), which provides China a framework for working with African leaders. Currently, the action plan stands as rhetoric only, and it will be up to African leaders in 2013 to take action on issues such as increased voice in global governance, increased employment for African youth, heightened attention to labor standards and improved transparency of environmental contracts (FOCAC, 2012). African policymakers know that they are sitting on a demographic time bomb and therefore want their future engagement with China to translate into job opportunities for their growing young population. While a few African leaders (notably President Michael Sata of Zambia) have been vocal in their criticisms of Chinese labor standards on the continent, African civil society or-

ganizations have been more active on the environmental front. A typical example is Ikal Angelei, an African environmental activist, who has been pushing hard for improved environmental standards with China in Africa. Angelei has successfully blocked funding from the World Bank, the European Investment Bank and the African Development Bank for a Chinese hydroelectric project in Ethiopia (Gibe III) until environmental impact assessments are conducted (The Goldman Environmental Prize, 2012). In terms of global governance, Africa assisted China in regaining its seat in the United Nations in 1971 (Hook, 2012). This interaction points toward a long-standing relationship between Africa and China to enhance the voice of the Global South in institutions such as the World Bank, International Monetary Fund and G-20.

Africa's priorities should not just be rhetoric. They represent the region's search for a long-term development model and its demand for China to contribute to rather than sabotage the process. Democratic governance and the rule of law have been the two cornerstones anchoring the recent socio-political stability and economic growth of African states. In the consolidation process, China's current economic model undercuts the attempt to build good governance practices and fundamentally risks reversing the gains achieved so far. Therefore, many Africans hope China's new leaders will shift China's priority from short-term resource exploitation to a more long-term sustainable development model. Specifically, Africans expect that technology transfer, institutional support toward strengthening local governance and the overall regula-

tory environment should become integral parts of China's "new" strategy in Africa.

Whether the new Chinese leaders will be able to meet the expectations of Africans remains to be seen. After all, China's new leaders have several pressing problems to address at home, and changing the country's current mercantilist policy in Africa might not be in its short-term interest. Furthermore, without political reform and better governance at home, it would be unrealistic to expect China to adopt such responsible approaches toward Africa. Nevertheless, with the new leadership in place, the hope is higher than ever for China to change and to improve, not only itself, but also its relations with Africa.

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# KENYA AT A TIPPING POINT: THE 2013 PRESIDENTIAL ELECTION

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The 2012 year was a mixed year for democracy in Africa, with both progress and disappointment. Notably, peaceful transitions followed the deaths of sitting heads of states in Malawi, Ghana and Ethiopia, and relatively peaceful elections occurred in Angola, Egypt, Senegal, Ghana and Guinea-Bissau. In addition, after many years under the rule of the fragile Transitional Federal Government, Somalia successfully held elections for a new president. However, other transitions were neither as peaceful nor as democratic: Mali experienced a military coup, while Libyans ousted their long-standing leader after a bloody popular uprising.

In 2013, elections that could result in leadership transitions are scheduled to take place in Ethiopia and Madagascar. There is also the likelihood that Zimbabwe will hold elections sometime next year, meaning a possible exit of the long-serving incumbent Robert Mugabe. However, probably the most significant presidential election will be in Kenya on March 4, and it is likely to have far-reaching implications not only for Kenya but also for the region.

Kenya's election will not only see the exit of the incumbent president, Mwai Kibaki, but it will also be the first presidential election under a new devolved constitution (Government of Kenya, 2010). This will also be the first general election after the 2007-2008 post-election violence, and there is growing anxiety over whether there will be a repeat outbreak of violence. In fact, two of the leading candidates for president, Uhuru Kenyatta and William Ruto, are currently facing charges at the International Criminal Court (ICC) for allegedly being involved in the 2007 post-election violence. This issue has continued to polarize Kenya and prevented the healing process in the country.

Free, fair and peaceful elections would go a long way in solidifying democracy in Kenya and creating conditions for sustained economic growth. However, should the election erupt in violence, the country's prospects for economic growth would be greatly hampered with far-reaching adverse consequences for other African countries, especially those in the East African Community. Actually, there are early indications that Kenyans will head to the

polls more fractionalized along ethnic and regional lines compared to the previous election, primarily because of the ICC process. Even if the elections are free, fair and peaceful, the outcome may have broader international implications should one of the candidates indicted by the ICC win. Beyond the presidency, the election will see the operationalization of 47 new decentralized units of governments headed by governors. Implementation of this devolution process is expected to radically change service delivery and government-citizen relations in Kenya.

### **Post-Moi Era Elections and Post-Election Violence**

To appreciate the various dynamics at play in the next election including the main players, it is important to reflect on the recent political developments since the end of President Daniel Moi's 24-year rule and especially the 2007 post-election violence. At the height of the transition to replace Moi, current leading presidential candidates—Uhuru Kenyatta, Kalonzo Musyoka, Musalia Mudavadi and Raila Odinga—were all appointed vice chairs of the then-ruling party, the Kenya Africa National Union (KANU). This was Moi's strategy to edge out then-Vice President George Saitoti from party leadership. Moi later anointed Uhuru Kenyatta to be KANU's presidential candidate, a move that led Musyoka, Odinga and Saitoti to leave KANU and to join the opposition party—the National Rainbow Coalition (NARC)—led by the current president, Kibaki, while Mudavadi, Kenyatta and Ruto remained firmly in KANU.

In 2002, a pre-election memorandum of understanding (MOU) was agreed upon between Kibaki, Odinga and other leaders on how they would share power and government positions should NARC win. Kibaki won the 2002 election, but cracks in the coalition started to appear immediately with claims that Kibaki had ignored the pre-election MOU. The relationship between Kibaki and Odinga reached a breaking point over a draft constitution that Kibaki supported but Odinga opposed. The draft constitution was rejected in a referendum held in 2005. As the 2007 elections approached, new coalitions formed with Odinga leading one camp—the Orange Democratic Movement (ODM)—with Kalonzo, Mudavadi and Ruto; while Kenyatta remained in the renamed Party of National Unity (PNU) headed by Kibaki. ODM later split with one wing headed by Odinga

and the other by Musyoka. The three—Kibaki, Odinga and Musyoka—were the main presidential candidates in 2007.

Unlike the 2002 election that had brought together different ethnic groups to support Kibaki against the Moi-supported KANU candidate, the 2007 elections were marked by deep ethnic alignments. A tight race emerged between the incumbent Kibaki and Odinga. The Election Commission declared Kibaki the winner, and he was immediately sworn in for a second term. Kibaki made a post-election deal with Musyoka, who joined the government as vice president—further isolating Odinga. Odinga and his ODM party rejected the results and violence erupted in many parts of Kenya, especially in Nairobi, Kisumu and the Rift Valley. The violence resulted in the deaths of over a thousand people and the displacement of hundreds of thousands of others.

Although the violence was triggered by the claim that the election had been “stolen,” it did appear that in the worst hit parts of the Rift Valley, the violence was well-planned and mirrored prior episodes of violence during the 1992 and 1997 elections. Thus, while it was the case that the announcement of Kibaki's victory did trigger the violence, the underlying causes were much broader and, in many instances, reflected historical grievances. In the Rift Valley, violence was directed at members of the Kikuyu and other communities considered “outsiders” by the Kalejins. In Nairobi and Kisumu, violence was mainly between the Luo and Kikuyus. The violence escalated when organized gangs (mainly Kikuyu) retaliated against the attacks in parts of the Rift Valley. Following the violence, several senior politicians were accused of fueling the conflict and some of them, including two key players in the 2013 election, were later indicted by the International Criminal Court.

### **The Key Players in the 2013 Kenya Elections**

Currently there are 43 registered political parties in Kenya, yet only a few will be fielding candidates for the presidency. There are many candidates who have been campaigning for the presidency, but only five have a good shot at winning—Deputy Prime Minister Uhuru Kenyatta (The National Alliance Party, TNA), Vice President Kalonzo Musyoka (WIPER Democratic Movement,

WDM), Deputy Prime Minister Musalia Mudavadi (United Democratic Forum, UDF), Prime Minister Raila Odinga (Orange Democratic Party, ODM) and William Ruto (United Republican Party, URP). While other candidates are credible in their own right (including Charity Ngilu, Martha Karua, Peter Kenneth and James Kiyapi), they do not seem to have much of a national following.

Among the top five candidates, there are little discernible ideological differences. In many respects, they are ideological clones, and their respective party manifestos are practically identical. All five served as cabinet ministers during the first Kibaki administration and also under the coalition government. In addition, at one time or another, they were all close political allies of former President Moi.

Kenyatta and Odinga are the leading candidates and appear to have the best chance to win the presidency. The other three candidates (Mudavadi, Musyoka and Ruto) have significant support in their home regions. However, none of these three are likely to receive enough votes to move past the first round. The new constitution stipulates that a candidate for president will be declared winner if he or she receives more than half of all the votes cast in the election. Thus, it is almost certain that there will be a runoff between the top two candidates. Another constitutional requirement is that candidates cannot change their party affiliation for a certain period of time before the election. Initially, this period was three months, but it has been amended to two months. This rule means that candidates will have to form coalitions before that date, and already the leading candidates are negotiating coalitions. Kenyatta, Ruto and Mudavadi have entered into what has come to be known as the Jubilee alliance that will have Kenyatta and Mudavadi compete for the nomination for the alliance's presidential candidate and Ruto as the running mate. Odinga and Musyoka have also entered into a coalition, the Coalition for Reform and Democracy (CORD), and both will compete for the nomination. Charity Ngilu who was also a signatory to CORD, later withdrew from the alliance and joined the Jubilee alliance. Such realignments are likely to increase polarization along ethnic lines—an unexpected result of the new voting rule. It is also likely that pre-runoff coalitions will form as some losing candidates may join together to

support one of the two remaining candidates. These coalitions will be crucial in determining the winner.

### **The 2013 Election and the International Criminal Court Process**

Even if the elections are peaceful, the ICC proceedings will continue to exacerbate ethnic tensions within Kenya and in its relationship with the international community. Both Uhuru Kenyatta and William Ruto, who are leading contenders in the upcoming election, have been indicted by the International Criminal Court. They are expected to face trial after the elections (Kimenyi, 2012; Kimenyi & Kamau, 2012). Both Kenyatta and Ruto have significant support from their respective ethnic communities, and these groups see the ICC indictments as a form of victimization. There is a high probability that coalitions with Kenyatta or Ruto or a candidate with their support will win the election. Indeed, the winning ticket will likely involve one of the two. Therefore, such an outcome presents major challenges for how Kenya handles the ICC process.

### **The Expected Impact of the Decentralized Government**

The other important dimension of the upcoming election is the establishment of decentralized, local governments. Under the new constitution, there will be 47 county governments that will be headed by a governor. In addition, each county will elect representatives to a newly established national senate. This is a major step toward reducing the concentration of power in the central government. If devolution is successful, it could help promote economic and social development since the government will be closer to the people and be able to better cater to the different needs of the counties. However, devolution could also create some unexpected negative consequences, such as exacerbate regional inequalities and marginalize minority ethnic groups in some communities.

### **Hoping for the Best and Preparing for the Worst**

The 2007 post-election violence shook Kenya to the core and erased its status in Africa as a country devoid of conflict. There is a great expectation that Kenyans have learned their lesson and are unlikely to engage in violence this time around. Moreover, there have been major

political reforms that should ensure free and fair elections—especially in the judicial and electoral institutions. Nevertheless, the government intelligence and security forces must be prepared to deal with the possible outbreak of conflict. Recent conflicts in the Tana Delta demonstrate that Kenya is still not immune to ethnic conflict.

The ICC process has been counterproductive to building a united Kenya and has instead exacerbated ethnic polarization. Even if those politicians who are indicted do not win the election, the fact that they have a large following suggests that the scars from the 2007 post-election violence will remain for a long time, and the likelihood of future conflict is real (Kimenyi, 2012). There is a good chance that a Kenyatta/Ruto ticket could actually win the presidency and increase major tensions in the country, especially because the ICC intervention is viewed more and more as political rather than judicial. A win by the two would also create a major diplomatic issue for the country. It is therefore critical that the ICC be extremely careful in regard to its investigations and proceedings to ensure that the process is fair, transparent and entirely judicial. The

people of Kenya must also concentrate on building their own strong institutions to deal with cases of electoral violence rather than relying on the ICC process, which seems to be dividing the country even more.

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# DISCORDANT DEVELOPMENT AND INSECURITY IN AFRICA

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The good news about Africa is that many countries are now showing sustained economic growth. Not to be overlooked, however, are the persistent security dilemmas in many parts of the continent exacerbated by “discordant development.” Addressing these troubling problems of security and social unrest requires an understanding of the complex factors involved and the need for innovative approaches. The idea of discordant development conveys more than just “unequal development,” but rather how deepening inequalities and rapid progress juxtaposed with group distress can generate uncertainty and violent conflict. Unfortunately, continued discordant development is in the forecast for sub-Saharan Africa in 2013.

The International Monetary Fund’s *2011 World Economic Outlook* shows a score of fast-growing African economies. While such statistics reveal successful economic growth, they also often conceal discordant development. For example, in terms of GDP growth, over the past two decades Mali tracks just behind Ghana: 3.8 percent vs. 4.4 percent growth in the 1990s and 5.6 percent vs. 6.5 percent growth since 2000, respectively. The two countries do not seem that far off from each other in terms of economic

growth. Yet, this is the same Mali that is now sundered and in disarray; meanwhile Ghana has experienced both political and economic progress while at the same time strengthened national unity.

Another example is Nigeria, which has experienced a robust increase in GDP from 2.9 percent in the 1990s to 8.9 percent in the following decade. However, poverty rates in Nigeria have increased and continue to rise. Most of the northern part of the country has been in economic free fall, and the share of manufacturing—an essential component for job creation and employment growth—has been stagnant. Insecurity is the flip side of discordant development, whether previously in the oil-producing Niger Delta, in recurrent inter-communal violence in the Middle-Belt (central Nigeria) and recently in the appalling onslaughts in the northeast attributed to Boko Haram.

Unfortunately, much of the recent analysis of insecurity in Africa recommends action without delving into the underlying problems. There has been insufficient examination of the causes of Africa’s persistent unrest and violence, one of which is discordant development.

## Discordant Development and Insecurity

What are some of the principal causes of discordant development? The first is the African jigsaw bequeathed by the colonial carve-up of the continent. Governments located in the capitals of vast countries, such as the Democratic Republic of the Congo (DRC) and Sudan, as Jeffrey Herbst shows in *States and Power in Africa* (2000), have never projected power over their extensive domains. African regional and continental organizations should take up an issue that is usually *verboden*: Are some post-colonial territories simply ungovernable? Can all of the massive DRC ever be governed from Kinshasa in its extreme southwest? J. Peter Pham (2012) advocates, as Herbst and others have long done, that the DRC should be subdivided into more viable states that can enhance security and promote development. In an era of renewed growth in Africa, many Congolese are condemned to lives of extreme deprivation.

Look at Mali on a map. It consists of one large triangle in the north connected to a smaller one in the south that includes the capital, Bamako. Travel throughout this “nation” of disparate peoples has been daunting at the best of times. There are calls for urgent international and continental action to re-establish sovereign authority in Mali and evict the jihadist regime from the north. As the prolonged failure to achieve such an outcome in Somalia demonstrates, external forces cannot rebuild nations in the absence of domestic forces able to cohere to pursue such an objective. The restoration of peace and stability in Mali must include a framework for making this sprawling and disjointed territory more governable.

Discordance has been fostered by state capture in countries that are ethnically, linguistically and religiously plural. New discoveries of exploitable oil, gas, coal and other minerals are increasing the stakes of state capture and prebendalism, i.e., government officials using state offices as prebends to serve themselves, their cronies and kinfolk but not the public (Adebanwi & Obadare, 2013). Therefore, the current African growth spurt should not lead to a relaxation of efforts to increase transparency, accountability and law-based governance. Without external pressure and scrutiny, the vast oil revenues of Angola, another increasingly discordant state, will continue to finance plush lives for the political leaders and their circle while basic services for the

population languish. After a half century of oppressive rule, a breakthrough to constitutional government in Guinea is at risk of following the path of the similarly richly endowed Congo, perennially wracked by war and predation. As Anne Pitcher demonstrates (2012), peace and democratic progress in countries such as Mozambique have enhanced significantly the prospects for sustainable development.

## Recommended Policy Responses to Discordant Development for 2013

How can African governments and agencies and their external partners respond to this commingling of progress and regress?

First, sustaining growth and avoiding discordant development require not only enlightened leaders but also robust democratic institutions and vigilant civil societies. As the cases of Zambia and Senegal demonstrate, a Frederick Chiluba or an Abdoulaye Wade, after coming to power through popular action, can slip onto the rails of nepotistic and prebendalist politics. Fortunately, their tenure of office was terminated by the same democratic system that put them there, and their countries were spared having political contestation disintegrate into violent struggle.

Second, it is important that analysts do not view Africa solely through “polarizing lenses,” either screening out security challenges in growing economies or overlooking axes of growth in conflict-plagued societies. Recent initiatives by the government of Brazil to promote affirmative action for the benefit of disadvantaged communities and to ensure the national sharing of oil revenues, can be profitably studied by Africa experts. Yet, just sharing revenues is not enough, as politicians can pillage the proceeds meant for their communities as the Nigerian experience tragically demonstrates.

Third, democratizing countries in Africa must ensure steady progress in the fairness of their electoral procedures and the appropriate behavior of politicians to avoid the provocation of violent upheavals. Elections in Kenya in 2007 and Nigeria in 2011 were followed by horrific communal conflicts, each severely damaging their economies. Ghanaians pulled back from the verge of a possible conflagration during the closely fought elections of December 2008. The December 2012 elections were conducted peacefully

despite polling difficulties and claims of electoral fraud by the opposition party. It is an example that Kenyan and other emerging democracies must emulate. Several Kenyan politicians will be made to account for their alleged role in inciting election-related violence in 2007-2008 by the International Criminal Court. But this issue cannot be left up to external agencies. Organized thuggery has been a part of electoral politics of many African countries for decades and must be eradicated.

The new era of accelerated growth requires the normalization and “pacification” of electoral competition. Even an ideologically polarized society such as Venezuela can conduct national elections in which votes are fairly recorded, and winners and losers move on to compete another day. The same goes for India, which, though riven by religious, ethnic, communal and caste divisions, conducts competitive elections without provoking inter-group slaughter. It is up to African organizations to build traditions of peaceful electoral competition and connect these to improving the environment for long-term capital investments. Vital leadership in this regard can be provided by regional organizations, such as the Economic Community of West African States (ECOWAS), the East African Community (EAC) and the Southern African Development Community (SADC).

In the discourse on growth and development, appropriate attention should be devoted to the recognition that no African country will achieve sustainable progress while significant sub-groups of its population regress. Some of the

causes of discordant development have been highlighted here. Yet, there is significant variance among countries so no one formula can be applied to a continent of over 50 states. The guiding principle is that the now vital industrial transformation of African economies depends on the emergence of more effective states, law-based government and inter-communal peace.

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# NARROWING AFRICA'S EDUCATION DEFICIT

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“Our progress as a nation,” U.S. President John F. Kennedy once remarked, “can be no faster than our progress in education.” This observation has a special resonance for sub-Saharan Africa today. In the midst of the region’s economic resurgence, underperforming education systems continue to blight prospects for sustained and inclusive development, trapping millions of children and young people in a cycle of poverty, insecurity and thwarted ambition.

Looking back over the past decade, there has been some good news. Out-of-school numbers have been falling, gender gaps are narrowing, and more children are making it beyond primary education. Secondary school numbers have doubled in a decade. These are real achievements. Ten years ago, countries like Ethiopia, Kenya, Tanzania, Mozambique, Senegal and Zambia were treading water or slipping backwards in enrollment. Today they are heading toward universal primary schooling and beyond.

Unfortunately, the bad news comes in a double dose. When it comes to education, Africa is running a twin deficit in *access to school* and *learning in school*. Far too many children are out of school, and far too many of those in school are not learning. This education deficit does not

make media headlines. Maybe that’s because we don’t see children going hungry for want of classrooms, teachers and textbooks. But what is happening in education merits the description of a regional emergency. That emergency is fueling poverty and inequality, compromising economic growth and setting Africa on course for a potentially destabilizing crisis of youth unemployment.

## Accessing Opportunities for Education in Africa

The numbers on access tell their own story. In the midst of an increasingly knowledge-based global economy, 30 million primary school-age children in Africa—one in every four—are out of school, along with 20 million adolescents (UIS, 2012). Despite its vast oil wealth, Nigeria has 10 million children out of school. That shocking figure puts the country in the invidious position of topping the world rankings for out-of-school children. Many of Africa’s children are denied an education because they are working as child laborers. According to the International Labor Organization, sub-Saharan Africa is now the only region in which the proportion of children defined as “economically active” is rising (2010). Alarming, around one in three children around primary school age in Africa are involved in hazardous employment, working in dangerous

environments for pitifully low wages instead of nourishing their minds at school.

When it comes to enrollment and years in school, Africa is a world apart. Only around one-third of children make it to secondary school, compared to over half in South Asia. Just 6 percent make it through to university, and 38 percent of young adults age 20-25 have less than four years of education (Van Fleet et al., 2012). At the risk of understating this problem, this is an insecure foundation for sustained growth. In today's world, countries that are unable to generate skills face the prospect of growing marginalization in the global economy.

Sadly, the bad news on access does not end there. Enrollment trends should set alarm bells ringing across the continent. Over the past few years, there has been a discernible slowdown in the rate at which primary school enrollment is increasing. In fact, the most recent data from UNESCO points to an uptick in out-of-school numbers. If current trends continue, there will be 2 million more children out of school in 2015 than there were in 2010.

Why the slowdown? In large measure, governments across the region have systematically failed to put in place the policies needed to reach the most marginalized children—the rural poor, young girls from disadvantaged homes, slum dwellers, pastoralists and others. Today, a child born into the richest 20 percent of Ghana's families can expect to receive five more years of education than a child born into the poorest 20 percent. And being born a girl to a poor rural household in northern Nigeria is a ticket to less than one year of schooling, compared to over nine years for wealthy urban males (UNESCO, 2010).

Public spending should play a role in mitigating social inequalities in education. Yet all too often governments pay insufficient attention to the pressing need for more equitable spending. In Ghana, schools in the most disadvantaged northern rural regions receive less support than those in wealthier areas. The arid and semi-arid northern regions of northern Kenya account for just 9 percent of the country's primary school-age population but around 50 percent of the out-of-school population; yet they receive less public spending per child than the wealthiest parts of the country (Watkins & Alemayehu, 2012).

## In School, but Not Learning

Learning outcomes are similarly bleak. Millions of children across the region are suffering from what amounts to a “zero-value-added” education. They are spending several years in school and progressing across grades without acquiring even the most basic learning competencies.

Research at the Brookings Institution's Center for Universal Education (CUE) has helped to provide a window to the learning deficit. Covering 28 countries that are home to over three-quarters of Africa's primary school-age population, CUE reviewed a range of regional learning assessments, national surveys and examination results. The aim was to develop a new policy tool—the Africa Learning Barometer—to identify the proportion of children falling below an absolute minimum level of competency for literacy and numeracy (Van Fleet et al., 2012). The bar was set at a very low level. Most of those falling below the threshold were unable to read a simple sentence or successfully complete basic addition.

The Africa Learning Barometer points unequivocally to an education and learning crisis. Over one-third of the pupils covered in the survey—23 million in total—fell below the minimum learning threshold. In the cases of Ethiopia, Nigeria and Zambia, the share was over 50 percent. The results for South Africa were particularly shocking. Over 30 percent of children fell below the minimum learning threshold, reflecting the large number of failing schools in areas dominated by low-income households.

If the aim of education systems is to enable children to realize their potential, escape poverty and gain the skills that they and their countries need to build shared prosperity, much of Africa scores an “F-minus.” Today, there are 127 million children of primary school age in sub-Saharan Africa. The cumulative effect of a large out-of-school population, high dropout rates and low levels of learning is that some 61 million of these children—almost half of the total—will reach their adolescent years without having gained basic literacy and numeracy skills, let alone 21st century learning skills.

It is difficult to overstate the consequences of this twin deficit in education. Expanding access and raising the quality of schooling has the potential to increase long-run growth

by around 2 percent annually per capita, creating a powerful impetus for poverty reduction (Hanushek & Woessman, 2011). There is also evidence that gains in education—especially the education of girls—can act as a powerful catalyst for progress in other areas, including child survival, nutrition and maternal health. By one estimate, universal secondary school enrollment for girls in sub-Saharan Africa would be associated with 1.8 million fewer deaths among children aged less than five years old (UNESCO, 2010).

Nowhere is the education imperative more apparent than in meeting the challenge posed by youth employment. The demographic arithmetic is compelling. Over the last 10 years, the number of 15- to 24-year-olds in Africa has increased from 133 million to 172 million. By 2020, that figure will rise to 246 million (UNDESA, 2010). Providing good quality education for all would enable Africa to reap a demographic dividend, harnessing the energy, drive and talents of the region's youth to the skills that could drive inclusive growth. As Kofi Annan and the Africa Progress Panel have warned, without an improved education performance, Africa will fail the job creation challenge with potentially disastrous consequences for the region's youth, as well as for political stability and economic growth (Africa Progress Panel, 2012).

### Addressing Africa's Education and Learning Crisis in 2013 and Beyond

So, what needs to happen to close the twin deficit in education? There are no easy answers and no blueprints. Every country faces its own set of distinctive challenges and opportunities, yet five core requirements for successful reform stand out.

The first is political leadership. Graça Machel recently commented, "I wonder if Africa's political leaders really understand the critical importance of education for the future of our countries—and for the hopes of our children" (2012). She was right to raise the question. Far too often presidents, prime ministers and finance ministers view education as a second- or third-order priority. It is tough to think of a more misplaced perspective. Education holds the key to more inclusive and dynamic growth, innovation, and success in global markets, as well as human development in the broader sense. Political leaders need to take responsibility for driving the reforms that are needed.

Second, governments have to look beyond getting children into school to the broader challenge of improving learning outcomes. There are opportunities to deliver quick wins in this area. Ensuring that teachers are equipped with the skills and the curriculum they need to teach basic literacy and numeracy skills does not take rocket science. It takes sensible planning, innovation and a willingness to learn from what has worked in other countries. Similarly, far more could be done to create school environments that are more conducive to learning, not least by lowering class sizes and providing textbooks.

Tackling the systemic learning crisis will require deeper institutional reforms sustained over many years. No education system is better than its teachers—and nowhere is this more evident than in Africa. Many countries are facing an epidemic of teacher absenteeism, depriving children of their most valuable learning resource. Part of the problem can be traced to low morale and legitimate grievances over pay and conditions. But weak accountability of parents and the indifference of education administrators are contributing factors, pointing to the need for urgent governance reforms. The bigger problem is that systems for teacher recruitment, training and support are hopelessly out of touch with national learning needs. Studies in countries such as Uganda, Nigeria and Mozambique have found that fewer than half of their teachers are able to score in the top band on a test designed for 12-year-olds (Africa Progress Panel, 2012). Training and classroom delivery is geared toward mind-numbing rote learning, rather than problem-solving. To make matters worse, few countries in Africa have functioning national learning assessment systems, depriving policymakers of the flow of information needed to guide reform.

Addressing these issues is tougher than building schools or supplying them with textbooks, and the political pay-off is lower. Raising learning achievement levels is a long haul, not a sprint. But delayed action is not an option. While governments face tough reform challenges, there is a growing body of evidence on what works. A growing network of policymakers across Africa and around the world are looking beyond school access to learning. Many of these issues are set out in the Center for Universal Education's *Global Compact on Learning* (2011).

The third requirement is for governments to recognize the lethal interaction between early childhood disadvantage

and failure in education. This year, 40 percent of Africa's children will reach primary school age having experienced acute malnutrition, which has devastating and largely irreversible consequences for cognitive development and later learning. We know from recent studies in Mozambique that successful preschool programs pay high dividends in terms of learning achievement in later years (Martinez et al., 2012). Yet few children in Africa, especially those from the poorest homes, have the opportunity to benefit from early childhood provision.

Fourth, it is time for African governments and international donors to tackle head-on the deep inequalities in education opportunity—inequalities that reinforce wider disparities and hold back progress in education. Currently, most public spending systems invest more per capita on higher income students and better performing schools than on poor students and failing schools. The inverse rule should apply. More generally, African governments should be using the increased revenue flows from natural resources to finance education interventions targeting the poor. Is there any sphere of public investment with a higher return than well-designed programs that keep girls in school and out of early marriage, that enable children to escape exploitative employment and make the transition to education, or that prevent hunger? I doubt it.

Last, but not least, Africa's aid partners have to step up to the plate. Over the past decade, they have promised much but delivered little. Development assistance flows for basic education in sub-Saharan Africa have stagnated at around \$1.7 billion annually (UNESCO, 2011). When it comes to support for basic education in sub-Saharan Africa, the World Bank's International Development Association has been a conspicuous underperformer. And, in contrast to the health sector, education still lacks a dynamic, innovative and well-resourced global fund to galvanize action and deliver results. No country better illustrates the human cost of donor indifference than South Sudan. Seven years after the peace agreement, aid agencies have failed to put in a structured plan for the construction of an education system. This in a country with over 1 million children out of school, and in which fewer than 1 in 50 girls makes it to secondary school (Brown, 2012).

The U.N. special envoy for global education, former British Prime Minister Gordon Brown, has called on donors to

deliver on a promise they made over a decade ago to ensure that no country committed to achieve the Education for All Goals would be allowed to fail for want of finance. As donors reflect with some intensity on the post-2015 international development targets, perhaps they could take some time out to reflect on the costs to their own credibility of breaking that promise.

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# BUILDING OPPORTUNITIES: ADDRESSING AFRICA'S LACK OF INFRASTRUCTURE

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In late 2012, Kenya announced a plan to spend \$25 billion on various infrastructure projects. These projects include a 2,000-kilometer pipeline from South Sudan to the northern Kenyan town of Lamu and related improvements to Lamu's port. President Jacob Zuma of South Africa also recently announced that the country will spend \$97 billion on infrastructure investments (McGroarty & Maylie, 2012). These funds are to be used specifically to improve and upgrade roads, transportation networks and ports. Like Kenya, South Africa plans to borrow the money for this ambitious investment plan. The international credit rating community is likely to view these ambitious investments with a pinch of skepticism because of the economic and political challenges associated with such public investments (Juma, 2012). In most African countries, where corruption in the public sector remains a serious challenge for governments, the efficient management of public finances must be a top public policy priority. Yet, as these countries struggle to reduce corruption in the public sector, they must seek ways to invest in the provision of basic infrastructure, which is the foundation for sustainable economic growth and development. African governments must recognize the critical role

they have to play in the provision of a solid foundation for national economic transformation. They must also provide the social capital to anchor sustainable economic growth and enhance human development. Of course, each government must work closely with the private sector to mobilize the resources required to provide the infrastructure needed to meet the deficit.

## **Building Roads, Spurring Growth, Securing Food**

In order for African countries to utilize their abundant natural resources in productive ways, they must develop much-needed infrastructure to serve as the foundation for all wealth-creating activities.

Today, intra- and inter-African trade is being hampered by a lack of appropriate physical infrastructure. In fact, the failure of many rural inhabitants in African countries to efficiently access urban markets via farm-to-market roads has made it very difficult for these citizens to improve farm productivity through specialization and trade. In addition, the few roads that do exist within urban areas are poorly maintained and usually not passable during most of the year. The sus-

tainability of infrastructure is as important as its provision. Corruption, poor planning, failure to make allowance for depreciation and other forms of political opportunism continue to hamper the effective maintenance of infrastructure in African countries. The solution, of course, lies in providing institutions that adequately constrain each country's civil servants and political elites and minimize their ability to act with impunity.

In addition to enhancing trade and commerce, infrastructure such as roads, airports and railways can significantly improve travel within a country, providing labor resources with the opportunity to migrate to areas where they are most needed. Perhaps more importantly, a national system of highways and railroads can provide opportunities for the types of cultural exchanges (e.g., between ethnic communities) that will greatly enhance national integration and minimize destructive ethnic and religious conflict. Sustainable economic and human development in many African countries today depends largely on the opening of national borders to trade and other forms of exchange, which is in line with Africa's regional integration project. However, without fully functioning and viable infrastructure, the regional integration project will fail and these countries will not be able to reap the full benefits of intra-African trade.

### **Past African Infrastructure Financing Efforts**

Most development strategists of the post-World War II period believed that the provision of infrastructure was critical for development in these countries. Such infrastructure included roads (especially farm-to-market roads), bridges, dams, power stations, telephone and irrigation systems, airports, railways and sewage disposal plants (Ostrom et al., 1993). In the 1960s, many foreign assistance strategies developed for African economies emphasized investment in infrastructure, with these structures expected to provide the foundation and wherewithal for significant improvements in agricultural productivity and eventual transition to manufacturing.

As many donors to African countries came to realize, successful infrastructure provision and industrialization required more than providing each country with the financial resources to import physical capital from the developed countries. Official development aid was usually granted to governments and often tied to the political or economic ob-

jectives of the donor country, making it extremely difficult for African countries to fund infrastructure development.

### **The Reality in Africa after More than Six Decades of Independence**

Because of these challenges, most public spending was devoted to inappropriate or unsustainable infrastructure investments—a process that failed to improve agricultural production and foster the economic differentiation that was supposed to help African countries become more competitive globally. In fact, many African governments failed to provide essential infrastructure (e.g., farm-to-market roads, irrigation systems, rural schools) for improvements in agricultural productivity. Instead, these leaders invested in projects that offered significantly high political returns but produced a negative social surplus—so-called “white elephants.” An example of such a project is the Basilica of Our Lady of Peace of Yamoussoukro in Côte d'Ivoire, built between 1985 and 1989 at a cost of \$300 million (Elleh, 2002). As a consequence, today African countries have a serious deficit in the type of essential infrastructure that usually forms the foundation for significant improvements in agricultural productivity—with an efficient agricultural sector providing the wherewithal for eventual transition into manufacturing and industrial production. Agriculture, primarily a rural occupation, is critical to Africa's effective fight against poverty and its eventual industrialization and modernization efforts. However, “[t]he majority of Africa's rural populations do not live within reach of all-season roads. As a result, they are not capable of participating in any meaningful entrepreneurial activities,” (Juma, 2012). More importantly, the lack of infrastructure may not only be depriving those living in rural areas from participating gainfully in economic activities, but it may also be denying them access to life-saving public services (e.g., health care, including prenatal care for women). Most of these services are located in urban centers.

### **What Needs to Happen for African Infrastructure in 2013?**

Spending on infrastructure should be viewed as a long-term investment in a country's productive capacity—an investment that will yield significant social, economic and political benefits for many years to come. Nevertheless, before proceeding with plans to invest in infrastructure development, each African country should undertake a thorough

and comprehensive analysis of existing infrastructure. Such an analysis should determine the feasibility of repairing and upgrading existing structures, and a dedicated account should be set up for depreciation and maintenance of each unit of infrastructure. The latter process must be followed for all investment in new infrastructure. Such an analysis, with input from and the participation of all relevant stakeholders, should help the government develop a national infrastructure blueprint.

Consideration should be given to the adoption of a regional approach to infrastructure construction and maintenance. In the case of highways and railways, for example, there may be significant economies of scale to be derived from countries working together to construct and maintain roads that offer significant opportunities for regional trade and other forms of exchanges. In addition, in seeking financing for these projects, a regional approach may strengthen the ability of these countries to: (1) negotiate credit terms with international financial institutions; (2) secure necessary inputs for construction; and (3) contract with the various nondomestic companies that are likely to participate in the construction of the various structures. Such a regional approach would actually be in line with the African Union's recent push to make intra-Africa trade a priority for 2013. An example of such an innovative approach to infrastructure investment is Kenya's Lamu Port-South Sudan-Ethiopian Transport corridor project, which is designed to link Kenya's coast with South Sudan and Ethiopia, effectively opening up the region for trade and other forms of exchange.

The African Development Bank (AfDB) has prioritized financing for infrastructure development in the continent. The AfDB is not only making financial resources for investment in infrastructure in Africa available, but it is also providing a platform for various stakeholders on the continent to examine issues critical to the provision, maintenance and utilization of infrastructure services. For example, the AfDB co-hosted (with the U.S. government) a meeting of the Infrastructure Consortium for Africa in Maputo, Mozambique in late November 2012. Among topics discussed were "enhancing coordination amongst infrastructure stakeholders," "facilitating regional infrastructure programs," and "increasing knowledge and information infrastructure in Africa" (AfDB, 2012).

African countries should consider 2013 the year in which they engage their citizens to effectively attack the problem of the infrastructure deficit with a view to ameliorating it. However, the following historical lessons must be kept in mind: (1) The tendency of African civil servants and politicians to opt for so-called "prestige projects" or "white elephants"—infrastructure projects that generate significant benefits for governing elites but provide very little or even negative social value—must be severely constrained; (2) infrastructure projects must be considered a part of the overall process of economic and social transformation in order to avoid ending up with, for example, a "bridge to nowhere"; (3) while investing in infrastructure, the government must make certain that public policies do not undermine the effective functioning of new structures—for example, what use is a brand new public hospital if the poor must bribe hospital staff in order to get treated there?; (4) the private sector must be made a full participant in infrastructure provision projects; (5) adequate allowance must be made for depreciation and maintenance of new structures; and (6) the institutional environment within which these new investments are to be made must be one that (i) promotes openness and transparency in government; (ii) adequately constrains civil servants and politicians in order to minimize corruption and impunity; (iii) promotes peaceful coexistence; and (iv) generally guarantees the rule of law.

Seeking and securing the necessary financing for infrastructure provision in Africa is likely to be quite challenging. Even with the interest and willingness of the AfDB to undertake financing for infrastructure provision in the continent, African countries will still have to engage in various forms of creative and innovative approaches to secure the funds that they need to build and sustain the necessary infrastructure for development. Some of these innovative approaches may include those originating from the public sector but involving the participation of the private sector (e.g., public-private partnerships); those involving the public sector exclusively (e.g., infrastructure bonds denominated in local currencies, as well as commodity-linked bonds); and financial instruments designed to help each country access funds from international markets (e.g., sovereign external bonds, diaspora bonds, private equity funds, etc.) (Brixiova et al., 2011).

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# MORE THAN JUST SENDING MONEY HOME: ENGAGING THE DIASPORA AS A PRIORITY FOR AFRICA'S DEVELOPMENT

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Africa's recent growth, which has been associated with significant economic, institutional and governance reforms, reflects a continent that is ripe for economic transformation. However, for Africa's economies to successfully transition from their current state of commodity-dominated production to high value-added, job-creating production, the continent must design and implement strategies to harness large amounts of resources efficiently. One such opportunity that is grossly underutilized is the engagement of the large African diaspora. For the most part, the diaspora's contribution to development has been viewed only in terms of remittances that go primarily to support families. However, the African diaspora represents a huge reservoir of human and financial capital and an important bridge between African and developed countries. In 2013, African countries and regional organizations are expected to accelerate their efforts to harness the diaspora to support transformative development. However, to accomplish this task, Africa

needs to be more systematic, structured and strategic in its engagement with its diaspora.

## Why is it Important to Harness the Diaspora?

Over the last few years, the African Union and many African countries that were once suspicious of the diaspora have begun to realize the promising role the diaspora can play in development. Many countries are exploring approaches to engagement. Development organizations, such as the World Bank and the African Development Bank (AfDB), as well as foreign governments have highlighted the role that the diaspora can play in the development of the continent (AfDB, 2011; Plaza & Ratha, 2011; Shimeles, 2010).

Estimates show that the "voluntary" African diaspora (Africans who migrated to other countries by choice) is large and has been growing in the last few decades. In fact, the Migration Policy Institute estimates that there are approximately 30.6 million Africans in the diaspora (2012). A major-

ity of them are migrants within Africa (14.5 million), whereas 8.2 million and 2 million Africans, respectively, call Europe and the Americas home (Migration Policy Institute, 2012). In general, members of the voluntary diaspora have more education, significantly higher incomes and larger amounts of money in banks outside Africa than their counterparts in Africa. Many have important skills and experiences that could fill capacity gaps in the continent if appropriate engagement modalities were in place. This group also sends huge amounts of money to their mother countries, estimated at \$40 billion in 2010 (Plaza & Ratha, 2011, p. 7). Because of this potential, African governments need to increase modalities for channeling remittances toward financial development in their countries.

There is also the involuntary diaspora—those with African heritage that did not migrate by choice—such as African-Americans. This group is located primarily in North America and the Caribbean. For the most part, the involuntary diaspora has not been provided opportunities for engagement by African governments. Yet African-Americans are a group that could contribute greatly to the advancement of Africa in many ways, such as through investment in the region and advocacy for Africa with their home governments. For instance, the African-American community in the United States—through the Congressional Black Caucus, the Constituency for Africa, TransAfrica and the Diaspora African Women’s Network—has been instrumental in lobbying for American legislation that benefits African countries. These groups could do more if African governments had better structured engagement and outreach with the diaspora.

### Learning from Asia and Other African Countries

African countries can learn lessons from other emerging and developing countries that have successfully engaged their diasporas for economic and social development. For example, in Malaysia, TalentCorp—a partnership between the government, the private sector and the overseas diaspora—works to bring educated and highly skilled Malaysians living and working abroad back to the country.

South Africa has a similar setup as Malaysia. The South Africa Network of Skills Abroad (SANSA) helps connect highly qualified and skilled individuals in the diaspora

with opportunities to advance education, research and development in the country. Similarly, Nigeria has set up the Nigerians in the Diaspora Organization (NIDO) in various countries throughout the world. Rwanda recently started a solidarity fund, in which the diaspora can contribute to the development of their country. While it is too early to assess the success of these African initiatives, there is hope that they will help contribute to the broader development of the region.

### Policy Considerations to Better Engage the African Diaspora

Some countries have already begun to harness the potential of the African diaspora for the benefit of the continent. For example, the United States Congress recently proposed legislation (HR 656), the African Investment and Diaspora Act, to support African development. Ghana and Kenya have established units within their respective governments to oversee diaspora affairs. Yet, despite such efforts, engagement with the African diaspora by governments in the region remains largely ad hoc with few success stories. Efforts are still loosely organized, and diaspora members are unable to undertake large-scale collective activities that could better support their home countries.

#### Build effective and targeted lobbying and advocacy groups

The voluntary diaspora also has the power to put political pressure on its host countries for better policies toward Africa given that many of them hold citizenship in their host countries. However, formal advocacy and lobbying groups need to be put in place for the diaspora to undertake more targeted and effective collective action.

#### Obtain better demographic information on the African diaspora

Many African countries are not able to give an accurate description of their diaspora, so a good starting place would be a rigorous mapping exercise. Knowing the exact locations, characteristics, professions, incomes, savings, citizenship and length of stay will allow African governments to better understand their diaspora populations and tap into them for the development of their countries.

#### Utilize diaspora bonds as a tool for development

Since remittances from the diaspora have become an important source of foreign revenue inflow for Africa, African

governments could benefit from a mechanism for aggregating remittances for development. For example, the World Bank has proposed diaspora bonds targeting large-scale infrastructure and energy. Kenya and Ethiopia have already introduced diaspora bonds, but the tool fell below expectations for various reasons (i.e., interest rate volatility, political risk, and lack of trust between government and guarantor). Perhaps repackaging the bonds and learning from the successes of India's and Israel's diaspora bonds would help guide African countries to create bonds that are better utilized for development financing. Part of the lessons to learn include: not limiting the diaspora bonds to the diaspora only; being flexible enough to provide different investment options based on market demands; making bonds tradable in the securities market; and offering a large discount to the diaspora with higher return rates than other bonds.

#### Expand African banking to include clients in the diaspora

With growing competition in the African banking sector, commercial banks are expanding their business to the diaspora population by sourcing deposits from them and offering them mortgages and other services. For example, 4 out of 43 Kenyan banks offer the Kenyan diaspora bank accounts with lower fees and higher returns. This move allows the diaspora to hold money in local African banks, which gives the banks the ability to mobilize deposits for loans to the private sector for development. More African commercial banks should look for innovative ways to bring down transfer costs and mobilize deposits in order to better engage the diaspora.

Unfortunately, many opportunities for the diaspora to contribute to the development of Africa remain unexploited largely because of the lack of proper coordination and the inability to envision the importance of the diaspora beyond remittances. However, African governments and develop-

ment organizations are now more interested in tapping into the diaspora population, and many initiatives are now working to engage these groups. In 2013 and beyond, it will be critical to continue with such efforts and scale up successes from both African and international experiences. Reaching out and engaging in a meaningful way will require committed leadership by African governments and also the members of the diaspora.

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