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A Note on the World Bank's New Growth Strategies for Sub-Saharan Africa

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I. Introduction

I have just glanced through the World Bank's new paper on African growth. My comments are, therefore, necessarily preliminary. Yet, the paper is clearly "new" and "important." I would like to make two points relating closely to this serious impression.

The first point includes some questions: how to consider the apparently growth-centered analysis and argument of the paper in connection with the background tendencies of the international aid community in the recent decade? These tendencies, whose combined nature is not yet entirely clear, seem to be symbolized by the following three kinds of literature:

(1) Many study reports observe the "failure of all previous instruments and processes to achieve significant breakthroughs in the fields of poverty reduction in the poorest countries, especially in Africa." (This is cited from David Booth, ed. (2003), *Fighting Poverty in Africa: Are PRSPs making a difference?*, ODI, p.6) There are even pessimistic arguments on the possible failures of achievement of MDGs in the 2015.

(2) Independent self-evaluation organizations of both the World Bank and the IMF published in 2004 and 2005 critical comments on the lack of the roadmap for sustainable PRSPs. Particularly, the IMF's IEO pointed the unclear analysis about the growth-poverty -macroeconomic policy linkages. (I have discussed this issue in Ishikawa (2006b).)

(3) The World Bank's *WDR 2006* proposed the concept of "equity and development" as the synthesis of the four major strands of thinking and action used by the Bank in the past annual WDR: (i) market mechanism, (ii) human development, (iii) institutional development, and (iv) empowerment of the poor—the synthesis which is necessary to use all of these strands in the present context. The last item was the central concept of the well-known *WDR 2000/01* providing the theoretical support to the PRSP regime. In this sense, the Bank located the poverty reduction goal in a relative position. However, the Bank has not yet indicated how to operationalize this synthesis concept. (Also discussed in Ishikawa (2006b).)

The second point relates to a seemingly similar attempt by the British government, DFID, to broaden the narrow and inflexible approach to development studies with the almost single focus on poverty reduction. The British government seems to have played a leading role in the international aid community since toward the end of the 1990s in initiating and promoting the PRSP regime. This is most probably due to the fact that it faithfully followed the foreign aid philosophy presented in its *1997 White Paper on International Development.*

However, the "Drivers of Change" (DOC) approach, which is the research project started earlier with the department-wide basis to strengthen MDGs achievement, has changed the research hypothesis already during 2003 in the above-mentioned direction, according to the recently available information. The new hypothesis emphasizes the importance to inquire the 'drivers of change' from the analysis of all the society's change process leaving aside the previous sole concern on the pro-poor change for the consideration after the completion of main analysis. Preliminary results of the research indicated the central role of political factors that exerted impact on the development process. The similarities and differences in new directions and their findings of the most recent research projects by the World Bank and British DFID, respectively, are my serious concern.

In the following, I will concentrate on the issues on these differences. The issues on the first point are in passing touched upon.

II. The World Bank's new growth strategy

In Figure 1, selected findings of the World Bank's new study on growth strategy for Africa are shown, arranged in a simple framework of analysis. I apologize for taking the liberty of doing so and especially for the possible misinterpretation of these findings or possible misuses thereof. But, the framework of analysis itself is one consisting of the data (and their overtime changes) and the interaction through parameters of economic variables, the framework used in Walrasian general equilibrium theory, in particular for its dynamic state aspect. I have used to employ it as it is quite useful to apply the study on the development dynamics of the developing economies.

Mainly on the basis of observing this Figure, three essential features of the new growth strategy for Africa are noted.

(1) The growth-centered approach is clear-cut from the fact that the terminology "poverty" or "poverty reduction" does not appear in the framework, except in the sector of development performance: it emerges only as the consequence of sustained growth realized. Side by side, any previously heated discussions about the issues like pro-poor growth versus broad-based growth or of the choice of more labor-intensive technologies seem disappeared. More importantly, the question arises as to: whether, how and why this growth-centered approach differs from the approach of the PRSP regime with regard to its intended mechanism for growth with poverty reduction. Figure 2 reproduced from a table in Ishikawa (2002), which summarizes what I considered to be such a mechanism.
(2) A related feature is the fact that this strategy covers not only the low-income countries, but also middle-income countries in Africa; hence the development performances resulted in a more diverse state than in the case low-income countries only are covered.
(3) As shown in the small, isolated sector in Figure 1, the studies by Ndulu and O'Connel indicate an alternative framework with the explanatory factors of policies much different from the main one. These factors are, on the other hand, very similar to those hypothesized in British studies. But, they are not incorporated systematically into the discussion of the main framework. This aspect is again taken up in the next section.

III. DFID's "Drivers of Change" approach

Let me first discuss on the African studies of the Overseas Development Institute (ODI), the institute which is one of the major participants of the "Drivers of Change" (DOC) project and is responsible for Ghana part. Their earlier studies were conducted in the form of the research for the case country comparison, aiming at strong support for DFID's pro-PRSP strategy. Their central feature was and is even at present the incorporation of the findings of the political scientists' studies on African polity and politics to consider that the main culprit of economic crisis in Africa has been the neo-patrimonialism of their political regime. As policy prescription, their previous studies required, first of all, the political leader's commitment to the poverty reduction (hence repeating addresses on it). (ODI (2001), *PRSP Institutionalization Study).* This might help the neo-patrimonial regime losing its legitimacy among the people, thus promoting political liberalization and democratic reform. Moreover, they required the reforms of public expenditure management thus attacking the mainstay of neo-patrimonialism (M. Foster, et al. (2002), *PRS and Public Management Reform Study*).

While this targeting at neo-patrimonialism in African studies continues to be main feature, the DOC approach seems to have recently changed the basic hypothesis of their African study. First, Oxford Policy Management (OPM) was entrusted by DFID to conduct the Nigerian study in the DOC project, but later on to generalize its findings to formulate the general framework for the entire DOC study. In a discussion note by Alex Duncan, principal economist of OPM, he noted that DOC studies so far used formulations that draw on DFID's *Target Strategy Paper: Lifting one billion out of poverty*, etc. But on the basis of a series of country level initiatives, OPM has come to present a draft framework of analysis on DOC. Its main feature is to capture the economy-wide interaction and their changes among structural features (natural and human resources, economic and social structures, and other non-institutional factors), institutions (the framework of rules structuring the behaviors of agents) and agents (individuals and organizations pursuing particular interest). Regarding poverty issues, they are only studied afterwards as implications from these studies. The framework is necessarily the basic one with the specific contents necessarily varying among the countries (Alex Duncan (2003)). With regard to the Nigerian DOC study, specific contents are noted as the structure-like institutions manifested in the weakness in social contract (among the state, civil society and service sector), the way in which oil revenue is managed, and the lack of development in the non-oil sector. Similar characteristics as ethnic and other cleavages and traditional patronage system are also listed, resulting altogether in self-perpetuating dominance of political elite (Chris Heymans and Chris Pycroft (2003)). While all of these factors belong to the data and well discussed, the framework lacks the interaction of variables (namely mechanism in our framework).

In contrast, the ODI studies of DOC in Ghana seems unique clarifying important inter-relationship between data and variables: namely how Ghanaian neo-patrimonialism impacts the public finance management and private sector development (David Booth, et. al. (2005); Tony Killick (2004, 2005); Robin Luckham (2005); Richard Crook (2005)).

In Figure 3, I have drawn Ghanaian economy's development process according to its Development Model. This model is essentially a composite of the Hla Myint's Vent for Surplus Model, which applies to all the period after the end of the slave trade age, and the development model conceivable from the ODI's analysis particularly, Tony Killick's analysis of the impact of neo-patrimonialism upon the post-independence Ghanaian economy.

IV. Preliminary conclusions

In this hastily prepared comment, I have made two points. Of course, the second point is my principal concern. Two approaches are alternatives of each other. I myself have no immediate answer which alternative to choose, except for only feeling the necessity of both sides' mutual learning. Also, the new stage symbolized by launching of both the World Bank's new African growth strategy and DFID's Drivers of Change approach is very welcome, as the previous practice of urging poverty reduction, even supported by numerical targets, but without accompanying presentation of landmarks or development models indicating how to achieve sustainable growth and sustainable poverty reduction, is unsafe and unproductive.

[END]

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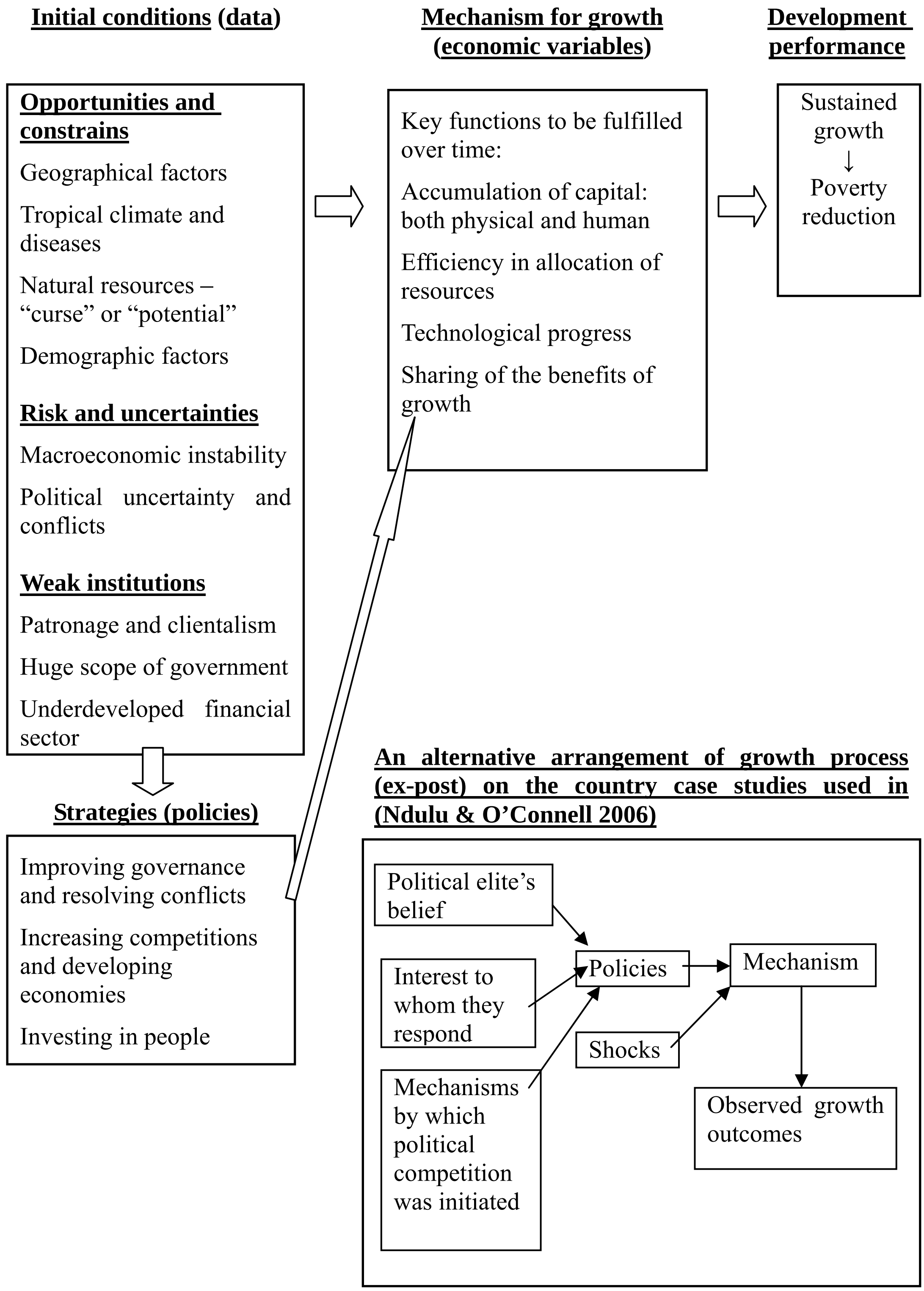
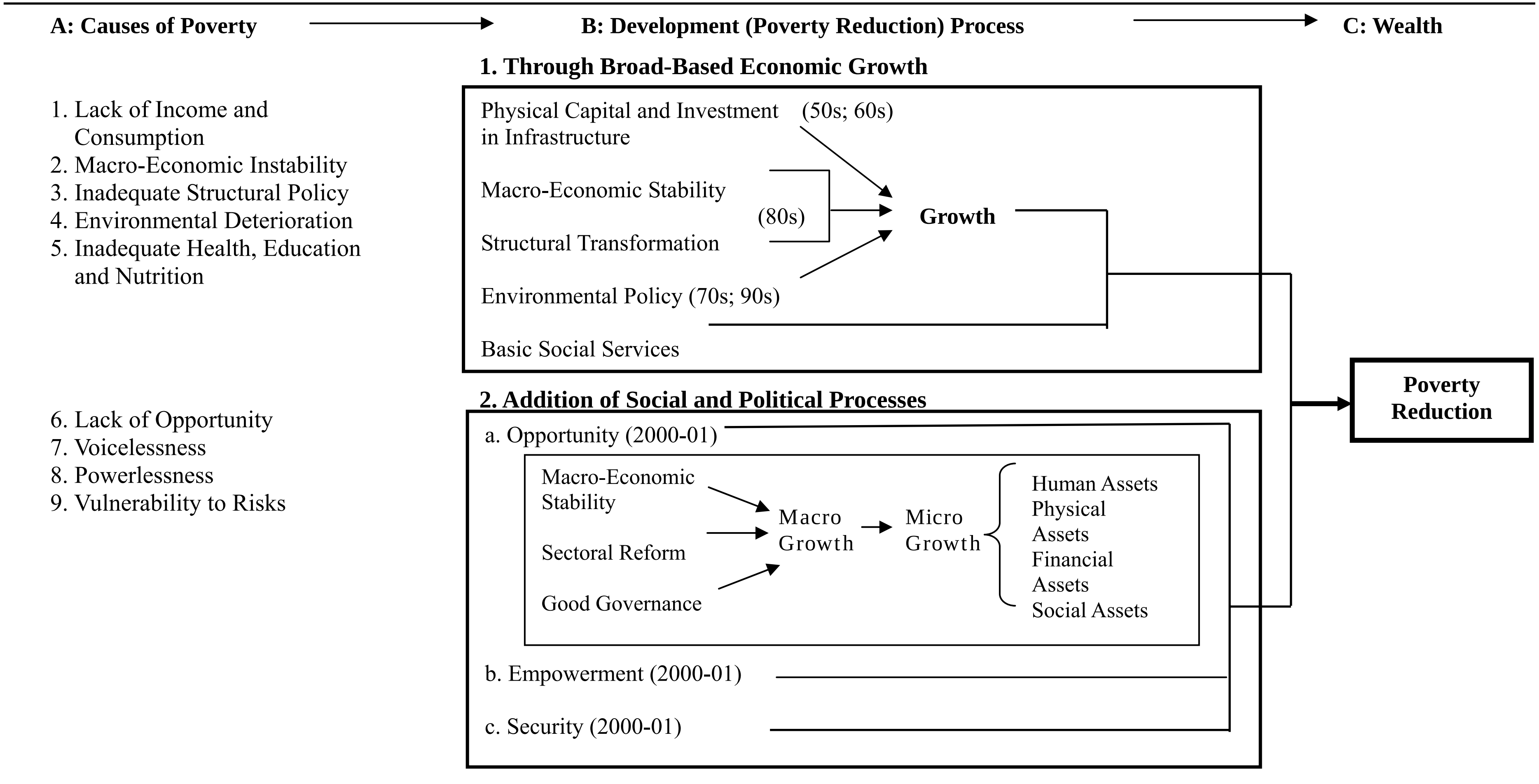
Figure 1. Selected findings of the World Bank's study on growth strategy for Africa arranged in a simple framework



Note. All data are taken from the World Bank (2006). These are arranged by Ishikawa.

Figure 2. Mechanism of growth with Poverty reduction PRSP regime- Ishikawa's summary

Table 7: Poverty, Wealth and the Development Process: Evolution of World Bank Concepts



Note: The causes of poverty in column A are listed in the same order as they were historically adopted in the World Bank's policy framework. Items 6 to 9 emerged after "the review," while items 1 to 5 existed even before "the review" and are remain current. The development process before "the review" is shown in panel 1 of B, and panel 2 shows new processes introduced after "the review." However, B1 (growth) is not only a condition for B2a (opportunity), but also a prerequisite for the whole non-economic process of B2 (*WDR 2000/01*, p.37). The figures given in brackets in column B refer to the decade when respective policies were adopted by the World Bank.

Reproduced from Ishikawa(2002)

Figure 3. Process of development of the Ghana economy according to its Development Model

Initial conditions (data)	Mechanism for development (Interaction of variables)	Growth performance

Initial conditions (data)

Populations and resources

Traditionally a scarce labor-abundant land country, fit to developing it as export-primary agricultural economy based on peasant production. Food as joint products. Recently land becoming scarce. Ethnic situation.

Capital stock and its quality

Technology

Task and preference

People become responsive to "novel" goods. From subsistence to commercialized family.

Institutions and organizations

Political regime: From original patrimonialism (traditional kingdoms and chiefdoms still remain as part of dual state; other part, formal state originates from West African learned society created by "creole" traders and nationalist leaders. They became neo-patrimonial presidents after Acheampong period; 72-78) to neo-patrimonialism (particularly under the Western donors pressure for economic and political reform for modernization)

Policies and strategies

(yet to be filled)

Mechanism for development (Interaction of variables)

Mechanism to which Hla Myint's Vent for Surplus model is applicable

Under the demand pressure coming from emerging West capitalism, surplus land is opened for exportable primary goods production until the land frontier disappears.

Succeeding industrialization as supplement to Myint's model

Export substitution of primary products: import-substitution growth on the invited FDI basis.

Role of government to be part of mechanism

Public finance under the grip of patrimonial rulers

It is converted to their private family finance.

Low savings and high ODA dependency resulting in huge debt burden.

Infant industrialists tend to become crony capitalists, as their growth is very difficult outside the patronage of patrimonial rulers.

Growth performance

In the period 1983-2001, 5% annual growth achieved, but it is insufficient to recover the decreased per capita GDP caused by negative growth in 1975-83.
The level of per capita GDP at present is barely equal to that of 1960.

Note. Drawn by Ishikawa, based partly on the findings of ODI's work in Ghana