

Accelerating Growth: The Role of Syndromes and Governance

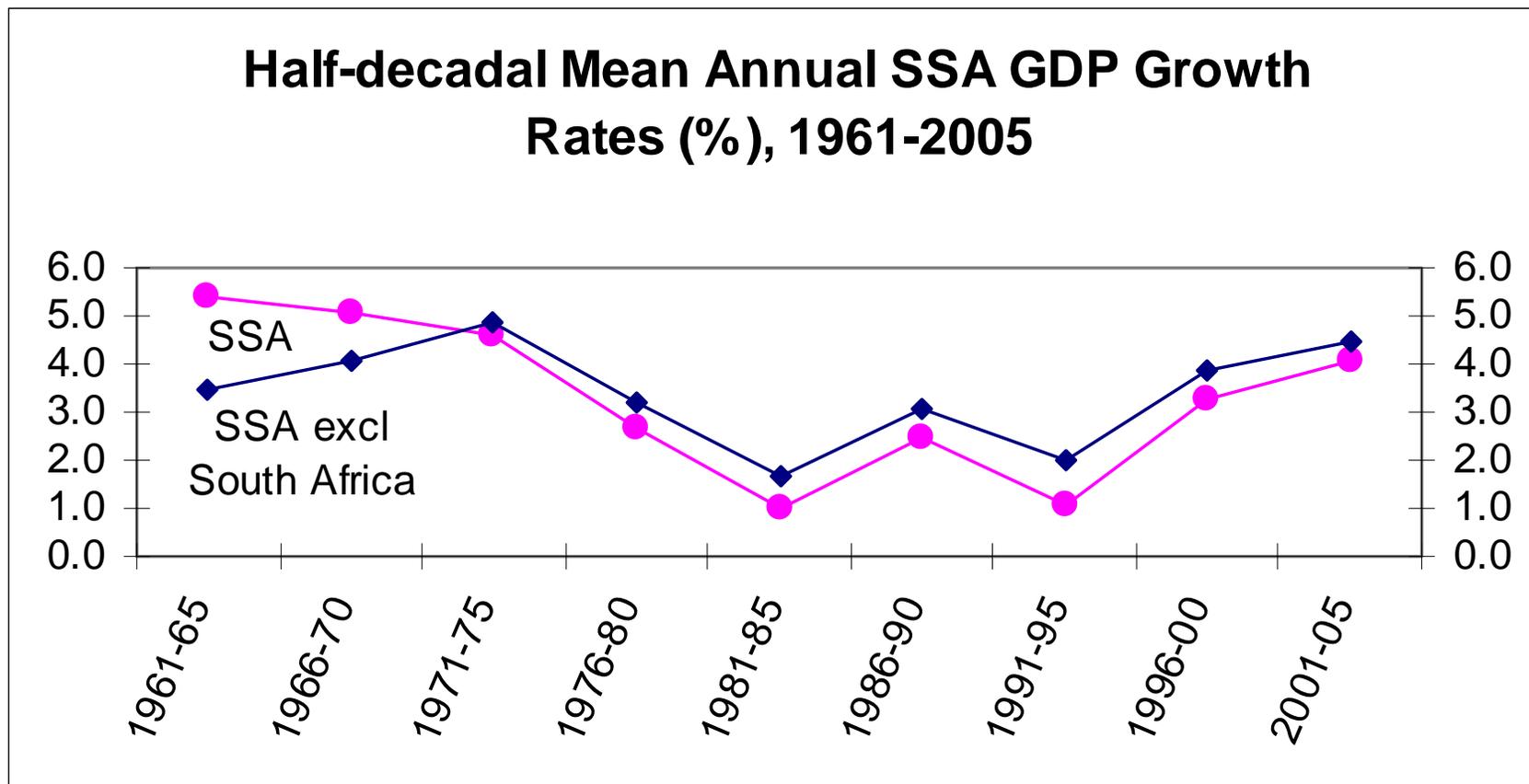
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(IPD)

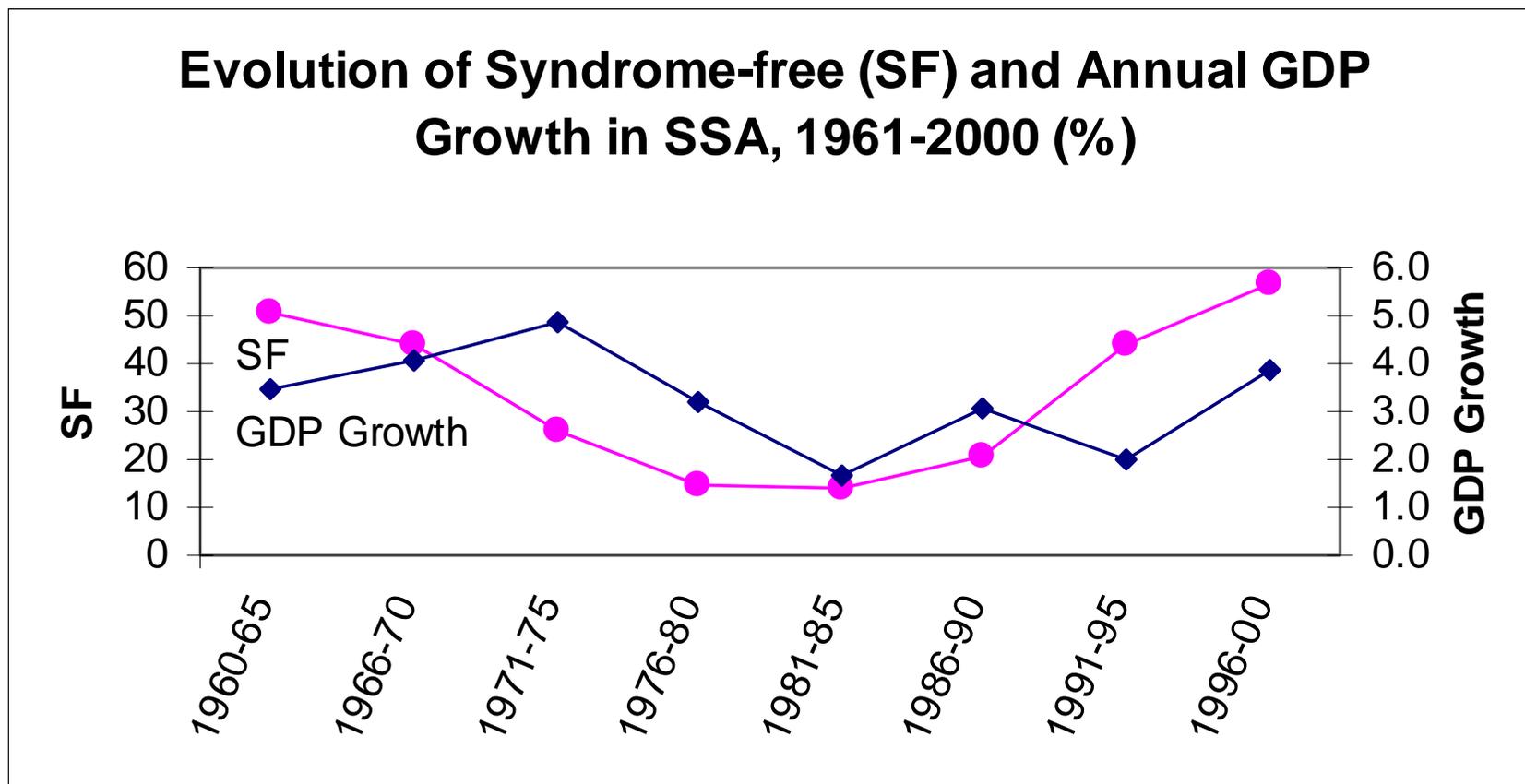
Brook World Poverty Institute
University of Manchester
11-12 July 2007

The African Growth Record



Source: World Development Indicators, World Bank, several years, and author's computation.

Syndromes-free (SF) and Growth



Source: SF AERC Growth Project data (see Fosu, 2006); GDP growth data from *World Development Indicators*, World Bank, several years, and author's computations.

SF and Growth

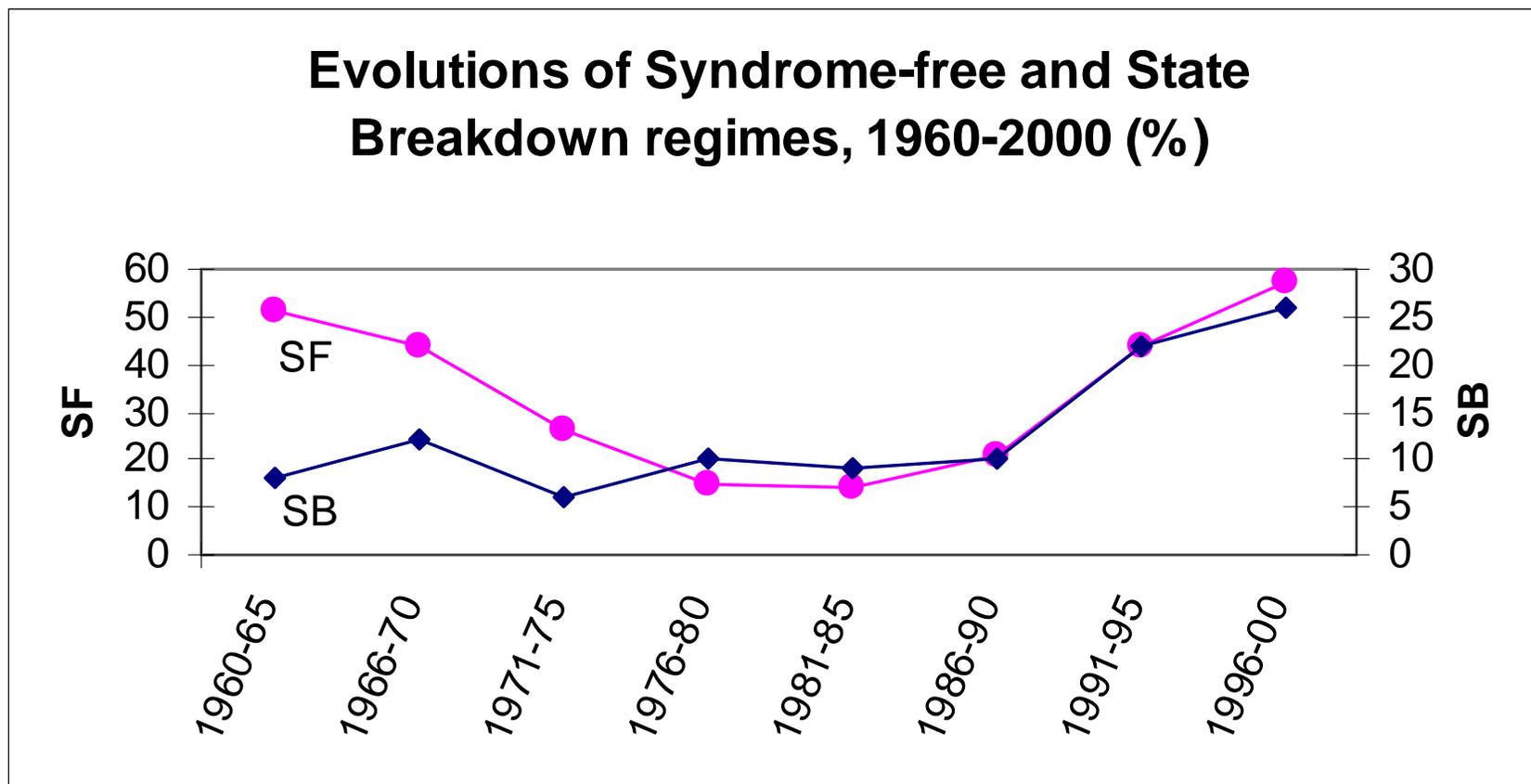
Regression Evidence (Fosu and O'Connell, 2005)

Being SF:

1. would be necessary to accelerate growth by
 - being a necessary condition for growth
 - being a near-sufficient condition for preventing a growth collapse

2. could have added as much as 2.5 percentage points annually to the average per capita GDP growth of SSA:
 - representing three-quarters of the gap with EAP
 - exceeding the gap with SAS, and
 - representing more than twice the gap with the global economy.

Syndrome-free vs. State Breakdown



Source: AERC Growth Project data (see Fosu, 2006).

The Role of Governance

Improve governance to:

- sustain SF
- prevent SB

Conclusion: A Governance Challenge

A Principal-Agent Problem?



Appendix

Table 1: Anti-growth Syndromes - Relative frequencies of occurrence from independence to year 2000, 46 [26] SSA countries (percent)

	State Controls	Adverse Redistri- bution	Intertem- poral	State Breakdown	Syndrome Free
Unweighted	33.8 [37.1]	21.9 [18.2]	8.8 [11.5]	10.2 [8.8]	25.4 [24.4]
Population-weighted	26.3	31.6	13.1	10.2	18.9

Notes: The first row comprises the set of non-weighted relative frequencies, with figures for the 26-country case-study sample (see Table 2) in square brackets. The 46-country sample also includes Eritrea (as a 47th country) for 1994-2000. The second row is weighted by the respective 1980 country populations.

Source: The syndrome data are reported in full in Chapter 2. The format of the above table follows Fosu and O’Connell (2005), Table 3. Figures differ because of revisions in the syndrome data, but more importantly because the current figures are conditioned on the sample space. Here each syndrome observed in a country-year, rather than each country-year itself, is treated as an observation (as is each syndrome-free country-year). The frequencies therefore sum by construction to 100 percent.

Table 2: Annual growth of real GDP per worker, SSA versus other regions: mean and variability Measures, 1960-2000, percent)

	SSA	LAC	SAS	EAP	MENA	IC	Total
Mean (m)	0.51	0.76	2.18	3.89	2.37	2.23	1.63
Std Dev (s)	3.24	2.79	1.47	2.46	3.13	1.77	2.87
CV (s/m)	635	367	67	63	132	79	176

Notes: SSA=Sub-Saharan Africa (19), LAC=Latin America and Caribbean (22), SAS=South Asia (4), EAP=East Asia and Pacific (8), MENA=Middle-East & North Africa (11), IA=Industrial Countries (20); figures in parentheses are the respective numbers of countries with consistent data over the period.

Source: Ndulu, Benno and Stephen O'Connell, 'Revised Collins/Bosworth Growth Accounting Decompositions,' AERC Project, March, 2003.

Table 3:

Evolution of Democracy in Africa

Variable	AVERAGES [MIN, MAX]		
	Period		
	<i>1971-80</i>	<i>1981-90</i>	<i>1991-2000</i>
<i>Rights</i>	2.551 [1.143, 5.507]	2.431 [1.302, 6]	3.437 [1, 6.513]
<i>IEC</i>	3.017 [1.490, 7]	3.386 [1.490, 7]	5.114 [1.996, 7]

Table 4: Political Variables by Country and by Sub-period

Country		Period					Period		
		71-80	81-90	91-20			71-80	81-90	91-20
Benin	<i>Rights</i>	1.334	1.302	5.785	Madagascar	<i>Rights</i>	2.794	2.968	4.912
	<i>IEC</i>	2.667	3.000	6.206		<i>IEC</i>	2.000	5.247	6.847
Botswana		5.507	5.792	6.028	Malawi		1.477	1.539	4.328
		6.000	6.000	6.600			2.663	3.020	5.459
Burkina Faso		3.873	1.922	3.401	Mali		1.287	1.668	5.128
		3.245	1.490	3.922			1.843	3.510	5.751
Burundi		1.191	1.557	1.543	Mauritania		1.937	1.557	1.858
		1.490	2.255	4.169			2.853	1.490	5.598
Cameroon		2.414	1.904	1.959	Mauritius		5.381	6.000	6.513
		3.510	3.412	6.461			7.000	6.900	7.000
Cen African Rep		1.143	1.827	4.056	Niger		1.557	1.604	3.129
		1.490	1.949	5.857			1.490	1.590	5.647
Chad		1.603	1.318	2.387	Nigeria		3.589	3.064	2.530
		1.490	1.490	3.561			2.392	3.143	2.347
Comoros		3.787	2.714	3.787	Rwanda		1.811	2.000	1.644
		2.196	3.638	6.357			1.637	3.357	2.757
Congo		1.793	1.493	3.287	Senegal		3.160	4.412	4.014
		2.170	2.510	3.908			4.510	6.098	6.898
Congo DRC		1.509	1.476	1.630	South Africa		3.070	2.650	5.528
		3.255	3.459	1.996			6.500	6.300	7.000
Cote d'Ivoire		2.287	2.557	2.645	Sudan		2.381	2.523	1.000
		3.510	3.510	6.000			3.255	4.153	2.441
Ghana		2.716	1.938	4.100	Swaziland		3.066	2.634	2.473
		2.408	2.041	5.592			1.490	1.490	2.714
GuineaBissau		2.000	1.778	3.742	Togo		1.478	1.873	2.487
		2.765	2.090	3.751			1.741	3.000	5.553
Kenya		3.287	2.366	2.229	Zambia		3.000	2.714	4.200
		4.020	3.220	6.204			3.657	3.510	6.192
Lesotho		3.208	2.714	3.829	Zimbabwe		2.906	3.079	2.972
		2.000	1.694	4.647			5.249	7.000	6.000

Rights = 0.57 prights + 0.43 crights IEC = 0.51 liec + 0.49 eiec