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Abstract

The paper analyses the possible impacts of the neoliberalism policies pursued in sub-Saharan Africa (SSA) on the economic development in the region during post-independence. It first presents a brief account of the socioeconomic situation in the immediate post-independence era until the adoption of the stabilisation and structural adjustment programmes by SSA countries. The paper, then, discusses the implementation of 'neoliberal' reforms in the region. It also examines SSA's growth and development performance during the pre- and post-reforms periods, and provides some insights into the driving forces behind the region's economic outcomes. The study uncovers notable differences in economic policy across SSA countries, with policy orientation in most countries reflecting 'partial' rather than 'pure' neoliberalism. Nevertheless, at least at the regional level, there is an apparent reversal from dismal performance to impressive growth, accompanied by major improvements in development indicators following the reforms. These economic gains are observed to have been bolstered by relative political stability and reasonably market-friendly policies, supported by improved democratic institutions. Thus, maintaining such an institutional framework appears critical for continued economic development in Africa.

Economic Neoliberalism and African Development

Augustin Kwasi Fosu and Dede Woade Gafa

1 – Introduction

Following independence in the 1960s, many African governments took active roles in resource allocation and production activities intended to promote faster growth, industrialisation, and – presumably – shared prosperity. Two decades onward, it became apparent that the outcomes arising from interventionist policy choices fell short of initial expectations. The negative effects of domestic policies – which often included dysfunctional market regulations, import substitution, public investments, foreign exchange management and government spending – combined with unfavourable external shocks in the 1970s, led to balance-of-payments deficits, over-valued exchange rates, rapid debt accumulation and general deterioration of the domestic economic environment.

In response to the growing socio-economic difficulties of the mid-1980s the Organization of African Unity (OAU), in collaboration with the Economic Commission for Africa (ECA), proposed a recovery plan, comprising the *Monrovia Strategy* and the *Lagos Plan of Action* (LPA) adopted by African heads of state and governments in April 1980. The plan emphasised restructuring African economies through sectoral strategies focusing on self-reliance, self-sufficiency, technological development, economic diversification and greater regional integration (OAU, 1980). These strategies were expected to stem the downward economic trends and to form the basis for long-term economic development on the continent (Fosu and Ogunleye, 2018).

In 1981, a World Bank report entitled *Accelerated Development in Sub-Saharan Africa: An Agenda for Action* – the Berg Report – was published (World Bank, 1981). The report contained the findings of the Bank's assessment of the African economic crisis. The recommendations, consistent with the *Washington Consensus*, were neoliberal in nature and included economic reforms, such as: trade and financial liberalisation, foreign exchange market reform (including devaluation), deregulation, privatisation of state-owned enterprises, control of public expenditure (including debt), and the restructuring of government social expenditure (Tribe et al., 2010; Williamson, 2004). Hence, contrary to the OAU-ECA proposed strategies, which remained grounded on state-led import-substitution development strategies, the *Washington Consensus* advocated market-based export-orientated policies for growth, recovery and development (Fosu and Ogunleye, 2018).

Despite criticisms from African institutions, particularly the ECA and OAU, and from African scholars and leaders, the structural adjustment reforms were adopted by many African governments starting in the early-1980s, based on the conditionalities of the International Financial Institutions (IFIs) (Mosley et al., 1991). Ghana was among the first African countries to adopt the reforms, with its Economic Recovery Programme (ERP) in 1983, followed by the Structural Adjustment Programme (SAP) in 1986. Together, these reforms were aimed at addressing internal and external imbalances, to foster growth in the short and medium-term and to put African economies on the path of sustainable development (Ndulu et al., 2008a).

After nearly four decades of ‘economic neoliberalism’ in sub-Saharan Africa (SSA), there is still an unsettled debate on whether this change in policy orientation has benefited the continent or prevented African nations from attaining greater prosperity. The main critics emphasise the inflexible nature of the programme, which did not allow country-specific situations required to address deeper roots of the problems faced by African economies (Mohan et al., 2000). In that respect, the IFIs have often been criticised for prescribing a ‘one-size-fits-all’ programme for African countries.[1]

Furthermore, while countries like Ghana and Uganda were hailed as ‘success cases’ of economic neoliberalism, in many other countries the results tended to be mixed (Easterly, 2005). Some scholars argue that the implementation of the SAPs has steered African economies away from the path of diversification, weakened long-term economic prospects of the continent relative to its ‘golden years’ (Mkandawire and Soludo, 1999),

[1] Indeed, the prescriptions for Africa mirrored the previous ones for Latin America (Mohan et al., 2000).

and failed to give sufficient consideration to governance and institutional challenges, or to poverty reduction and equity issues (Sachs and Warner, 1997; Easterly, 2000). Meanwhile, studies such as Frenkel and Khan (1990) and Fosu and Aryeetey (2009) have argued that these policies have generally been beneficial in at least restoring macroeconomic stability and economic growth on the continent.

In this paper, we discuss economic neoliberalism within the context of SSA's economic development. In Section 2, we provide an overview of the socio-economic situation of African countries in the post-independence period until the economic downturn of the late-1970s and early-1980s. In Section 3, we discuss the neoliberal reforms and the extent of their implementation in SSA countries. Section 4 analyses and compares growth and development outcomes in the pre- and post-reform periods. We proffer in Section 5 some explanations for the differential outcomes for the pre- and post-reform periods. Country-specific experiences on Ghana and Uganda are then presented in Section 5. Section 6 concludes the paper.

2 – Pre-reform environment: 1960 to the early-1980s

In the first few years following independence, African leaders embarked on political consolidation and development strategies which, contrary to popular knowledge, was actually dominated by market-friendly or 'syndrome free'[2] (SF) policies until the mid-1960s (Fosu, 2008a; Fosu and O'Connell, 2006). This period is often referred to as a "period of tranquillity and stability" (ECA, 1978: 1), when most countries experienced rapid GDP growth and increasing employment for African citizens, many of whom inherited positions that were previously occupied by expatriates under colonial rule (ECA, 1978).

Growth over this 'tranquillity' period, however, mostly benefited a relatively small segment of the population, creating greater disparities in development outcomes within countries

[2] In Ndulu et al. (2008b), 'policy syndromes' are equated to inadequate domestic policies that led to growth disruptions in Africa during the 'lost decade'. These policies are: 'state controls', 'adverse redistribution', 'suboptimal intertemporal resource allocation' and 'state breakdown'. Thus, 'syndrome free' is defined as the regime which is not characterised by any of these adverse policy choices (Fosu and O'Connell, 2006).

(ECA, 1978). In the face of rapid population growth and growing urbanisation, and also influenced by the development paradigm at the time, many African governments resorted to state interventionism intended to promote faster industrialisation and employment (Ndulu et al., 2008b; ECA, 1978). By the late-1960s, government interventions had expanded to almost all sectors of the economy, with state controls over resource allocations toward priority sectors, production, marketing and distribution.

African governments also actively embarked on import-substitution industrialisation policies, by protecting domestic industries from foreign competition through import restrictions combined with duty-free and low duties on imports of capital equipment and raw materials. In many countries, these strategies were implemented at the expense of agricultural and rural development, with farmers purchasing high-cost inputs locally, and at the same time receiving low prices for export crops. These were in effect 'urban-bias' policies (Bates, 1981; Bates et al, 2013). A number of enterprises were nationalized and the already-low private investment declined further, giving room for publicly owned enterprises and parastatals (Collier and Gunning, 1999).

The late 1960s witnessed a substantial increase in 'state control' and 'adverse redistribution' 'policy syndromes' and a fall in the prevalence of SF regimes (Ndulu et al., 2008b; Fosu, 2008a). In many African countries, the growing discontent in the context of inter-ethnic tensions led to political instability and the overthrow of elected governments, creating a greater shift in development strategies towards a socialist and dirigiste paradigm, even in countries that initially adopted market-friendly strategies (Fosu, 2008a; ECA, 1978).

From the end of the 1960s through 1970s, GDP growth slowed down and stagnated in many African nations. Growth in the agriculture sector was particularly sluggish as a result of its neglect in favour of import-substitution industries. In the 1970s, the decline in per capita agriculture output was about 1% per annum (ODI, 1982). In many SSA countries – for instance, Benin and Niger – agricultural production was further curtailed by periods of droughts in the early and late-1970s (ECA, 1977; ODI, 1982). The failure of domestic food production to keep up with growing demand led to increases in prices and a greater reliance on food imports.

Since large amounts of resources were directed to the cause of industrialisation, the manufacturing sector grew notably in the 1960s until the mid-1970s. Although its value-added share of GDP increased by about 5 percentage points between 1960 and 1975, its contribution to GDP remained small (De Vries et al., 2015). Moreover, the sector suffered from low profitability due to poor management and the lack of competitiveness under protectionist domestic policies. In many countries, the stagnation of growth in the wake of the new decade led to budgetary problems. These difficulties were further deepened by the inefficiencies of publicly owned enterprises, which consistently required government subsidies for survival (Fosu and Aryeetey, 2009; World Bank, 1981).

The oil price shock in 1973-74 and the global recession of 1975, followed by another oil price shock in 1978-80 and the global recession of the early 1980s, worsened the economic conditions in nearly all African countries. Exports declined and the price of imported goods increased, leading to greater imbalances in the balance-of-payments, particularly for net oil importers. As government revenues eroded, public deficits were mainly financed through borrowing from the banking system or by increasing external debt. Although several African countries managed to keep reasonable growth rates (e.g., Botswana, Cameroon, Cape Verde, Chad, Congo Republic, Eswatini (Swaziland), Guinea-Bissau and Mauritius), most economies of the region performed quite poorly, with average per capita GDP actually falling during the period. (Fosu and Aryeetey, 2009)

Meanwhile, in oil-rich countries, the growing revenues from the oil price hikes were often used to support increasing import costs and to finance poorly planned government projects. Since oil prices were expected to remain high, portions of these projects were often financed through internal and external borrowing. Hence, when the oil price later declined in the early-1980s, and public revenues fell drastically, governments could not scale back spending, leading the countries into considerable debt challenges (Collier and Gunning, 1999), with negative consequences for economic growth (Fosu, 1999).

As a response to the economic turmoil, many African governments further tightened controls over prices, trade and foreign exchange markets (Fosu, 2008a; Ndulu et al., 2008b). To improve the balance-of-payments, higher import restrictions were imposed. The preferential credit allocations were diverted to priority sectors in order to boost local production, but remained unproductive, while most state enterprises continued running deficits despite government budgetary support.

In most African countries, the economic downturn was worsened by deterioration in the political and institutional environment, which was highly unstable, characterised by successive coups d'état and military rule (Ndulu et al., 2008b), with adverse implications for Africa's growth and development (Fosu, 2002; 2004). The already fragile institutions were further weakened by authoritarian and predatory regimes whose leaders were more concerned about their personal gains than about the plight of the citizenry. As Ndulu and O'Connell (2008) and Fosu (2008a) observe, the incidence of growth-enhancing SF regimes dropped significantly over the period.

Monrovia Strategy, Lagos Plan of Action (LPA) and the Final Act of Lagos

It was at a backdrop of economic distress that the heads of African nations ratified the Monrovia declaration in 1979. The failure of past policies to engender the anticipated growth and development outcomes brought African intellectuals and policy-makers together, with the intent of charting a new path for the continent. The ECA's annual review of African economies started sounding the alarm for the urgency of change in economic strategies since the mid-1970s. Hence, in July 1979, prompted by economic difficulties, the heads of African states ratified the *"Monrovia Declaration of Commitment* on the guidelines and measures for national and collective self-reliance in economic and social development for the establishment of a new international economic order" (OAU, 1980). This political declaration emphasized self-reliance and self-sufficiency, and was supposed to form a premise for the change in economic strategies on the continent (Fosu and Ogunleye, 2018).

The actions that were required from each government to achieve these common goals were presented by OAU at the 17th ordinary session in Lagos in April 1980. Then, in the Final Act of Lagos, African countries affirmed their commitment to the implementation of the LPA, with objectives to be achieved by the year 2000. The LAP encompassed short, medium as well as long-term goals covering the main sectors of the economy, such as agriculture, natural resources, trade, industry and finance, as well as social interventions, science and technology, transport and communication (OAU, 1980). It underlined the need for change in economic policies and strategies in the region in order to reverse the downward trend of economic growth, particularly the weakening of the balance of payments situation, outstanding arrears on debt payment, the significant drop in foreign exchange reserves, and the deterioration of production, due to inefficient market and price regulations, and the inappropriate marketing system for inputs and outputs (Fosu and Ogunleye, 2018).

Hence, although the plan recognized the role of internal policies in contributing to economic difficulties at the time, the crisis was mainly attributed to external factors, namely, the trade policies in the developed world, the collapse of commodity prices on the world market and the global recession of the 1970s (Ndulu and O'Connell, 1999). Furthermore, both the Monrovia Declaration and the LPA emphasised the need for state-led development strategies to shift the economy towards self-reliance, self-sustaining growth and development, and to promote regional and sub-regional economic integration, solidarity in promoting sectoral growth, and economic co-operation (OAU, 1980).

3 – Neoliberalism and economic reforms: 1980s and beyond

The Berg report and economic neoliberalism

A year after the ratification of the LPA, the World Bank's report entitled, *Accelerated Development in Sub-Saharan Africa: An Agenda for Action*, was published (World Bank, 1981). The report, often referred to as the 'Berg report', was prepared in response to the request of African governors of the Bank in the wake of economic difficulties on the continent (World Bank, 1981). The Berg report highlighted the nature and causes of existing economic constraints as well as challenges faced by the region as a whole. It, then, made a number of recommendations on short and medium-term strategies to address these macroeconomic challenges for higher and sustained growth on the continent, while considering the LPA as long-term continental goals.

In the first part of the report, the World Bank drew a picture of both internal and external constraints during the 1960s and 1970s and their role in explaining the economic situation on the continent. The internal constraints included: underdeveloped human resources, political fragility, weak institutions, unfavourable climate and geographical conditions, and rapidly growing population. With respect to external constraints, the report underlined the unfavourable external environment in the 1970s, characterised by a global recession and stagflation, which led to a fall in the demand for African exports, and thus, the erosion of government revenues. The second part of the report emphasised the role of domestic economic policies and limited institutional capabilities in creating an unfavourable economic environment and exacerbating the socio-economic conditions on the continent. Specifically, the report focused on trade, the exchange rate and tax policies leading to a dampening of the performance of the agricultural sector in particular, as well as weaknesses in the decision-making capacity and policy framework.

The main recommendations of the report can be summarized as: "stabilize, privatize, and liberalize" (Rodrik, 2006: 973). Indeed, SSA countries were asked to maintain fiscal discipline and to implement public sector reforms; enlarge private sector responsibility through the privatisation of state-owned enterprises; restructure public spending on social services such as health and education, with greater involvement of the private sector; liberalise foreign exchange and financial markets and promote market-based credit allocations; prioritise agricultural investment by providing appropriate incentives and needed infrastructures; and liberalise trade by removing non-tariff and tariff-based barriers (World Bank, 1981). These key priority actions were deemed necessary for stepping up economic growth on the continent.

This call for internal structural adjustment would be supported by external financial assistance, which was expected to relieve the fiscal plight and to partly cushion the negative effects on the population, especially on urban dwellers (World Bank, 1981). These proposed reforms (based very largely on principles of economic neoliberalism – and on those behind the Washington Consensus) formed the basis of the IFI-led stabilisation and SAPs implemented by African nations in the 1980s and 1990s.

Economic Reforms: 1980s and Beyond

The adoption of the IFIs' stabilisation and SAPs appears to have provided a major economic impetus for SSA as a whole. With the economic and debt crises, and the considerable drop in foreign reserves, most African governments had no option but to seek assistance from the IFIs. These institutions agreed to provide financial assistance in the form of loans and debt relief, with 'neoliberal' reforms as conditionalities. The frequency and amount of aid received were, therefore, tied to the implementation of the recommended reforms, and countries which appeared to make ‘good’ progress on reforms were rewarded with greater aid inflows generally.

In the mid-1980s, fourteen SSA countries were among the recipients of adjustment lending on the continent (Elbadawi et al., 1992; Mosley and Weeks, 1993). By the early-1990s, more than twenty-nine African economies had undergone some form of macroeconomic, fiscal and agricultural sector reforms with the support of the IFIs (World Bank, 1994). Macroeconomic stabilisation reforms dominated the early part of the programme, followed by the SAPs, involving internal structural adjustments and institutional reforms.

The main objectives of the stabilisation and adjustment reforms were: fiscal discipline through expenditure cuts; restructuring of social spending, including removal of subsidies; improving domestic tax revenues; deregulation through the elimination of price, interest rate, import, and exchange rate controls; dismantling of marketing boards, and privatisation of public owned enterprises; exchange rate devaluation – in countries with fixed exchange rate regimes (e.g., CFA Franc zone and many other SSA countries) – or allowing the depreciation of the real effective exchange rate in countries with flexible exchange rate regime via the removal of direct controls in foreign exchange market; financial sector reforms; and reduced protection for domestic industries to improve competitiveness and lessen inefficiencies (World Bank, 1988; Mosley et al., 1991; Mosley and Weeks, 1993).

While the macroeconomic stabilisation policies were aimed at reducing inflation and correcting internal and external imbalances, the main objectives of the structural reforms were to: provide appropriate incentives for domestic production, increase efficiency in resource use and allocations, strengthen institutional capabilities, and promote growth (Elbadawi et al., 1992; World Bank, 1989). The adoption of outward-oriented trade policies, foreign exchange market reforms and privatisation were expected to increase competitiveness as well as productivity gains for various sectors of the economy, especially in agriculture (World Bank, 1989). Notwithstanding some differences in the policy prescriptions across countries, the common feature of the programme was its emphasis on the change in strategies from state-led to market-based (Mosley and Weeks, 1993).

By the early-1990s, progress on programme implementation and economic outcomes in adjusting countries was far from uniform (World Bank, 1994). In its 1994 report, the World Bank attributed the weak outcomes to the lack of ownership by governments, leading to delayed and uncompleted reforms, and also to the poor quality of governance and institutions. The global recession in the early 1990s that resulted in SSA's overall poor economic performance at that time saw about a dozen countries performing reasonably well despite the recession. Fosu (2010: 66) attributes this 'exceptional' performance primarily to the reforms.

While, overall, significant advancement was observed in monetary, trade, exchange rate and debt management policies, and moderate progress observed in the agriculture sector policies, progress on privatisation and public sector lending in the domestic financial market was slow (World Bank, 1994). Additionally, public sector reforms, especially the privatisation of parastatals and state corporations, received less enthusiasm on the part of African governments, mainly due to the interest of the elite, thereby limiting the extent to which these reforms were carried out in the late-1980s to the early-1990s (Elbadawi et al., 1992; World Bank, 1994). Furthermore, with respect to financial reforms, the conclusions of the Bank were that many African governments had undertaken the reforms only nominally, leaving the deep issues of financial crowding out (repressive regulations, government interference), public sector borrowing, and strengthening institutional capabilities untouched (World Bank, 1994).

In Tanzania, for instance, headway with implementation of the reforms initially faced strong resistance from government officials towards liberalisation, public sector reforms and exchange rate devaluation, thereby leading to disruptions and delays in the structural adjustments, which resumed later in the second half of the 1980s (Mans, 1994). Moreover, when the SAP later resumed, parastatal and financial reforms were much slower compared to the country's overall progress on liberalisation (Mans, 1994; Van Arkadie, 1995, 2019). In some countries, internal pressures at the early stage of adjustment led to reversals of policy orientation or to political instability (Mosley and

Weeks, 1993). In many cases, ethnic tensions and conflicts interrupted and delayed the implementation of the reforms (e.g., Somalia, Sudan and Congo, DRC).

Furthermore, it is true that in the initial version, the SAPs failed to sufficiently identify and address the social challenges emanating from the reforms' implementation. However, the programme was adjusted over the years in the face of new developments in the late-1980s and early-1990s. In particular, social safety nets were incorporated into the reform package, in order to dampen its social costs in adjusting countries (World Bank, 1994). A well-known example is the 'Program of Actions to Mitigate the Social Costs of Adjustment' (PAMSCAD), which was added to Ghana's SAP package in 1987 (Fosu, 2013a, p. 273).

One of the main drivers of this change was the UN report published in the 1980s, calling for "adjustment with a human face" (Cornia et al., 1988). The UN report also shaped the subsequent recommendations of IFIs to advocate for pro-poor growth strategies (Williamson, 2004). By the mid-1990s, the SAPs put a special emphasis on investment in infrastructure, human capital, particularly in primary education, and called for better governance and institutions (Elbadawi et al., 1992). Towards the end of the twentieth century, broader development goals such as poverty reduction were included in the policy recommendations (Stiglitz, 1998). Poverty Reduction Strategy Papers (PRSPs) were introduced in many developing countries. Although the recommended economic policies remained neoliberal, PRSPs contained 'home-grown' national strategies prepared with the support and assistance of the IFIs.

Overall, the evidence suggests that the change in policy orientation was effective in many SSA countries only from the mid-1990s, even though the stabilisation and the SAPs were introduced in the early-mid-1980s. Salinas et al. (2015: Table A3), for instance, show that most SSA adjusters achieved significant economic liberalisation in a sustainable politically stable environment from the mid-1990s. For instance, while Burundi and Tanzania embarked on structural reforms in 1986 and 1982 (World Bank, 1994), these countries did not achieve significant liberalisation and stability until 1996 and 2002, respectively (Salinas et al., 2015: Table A3). It is perhaps not surprising, therefore, that significant economic progress was elusive in the early wake of the reforms' initiation in the 1980s or early 1990s.

To provide greater insights into the extent of economic neoliberalism on the continent, Figure 1 presents the trend in the SSA mean of the index of economic freedom (IEF) between 1970 and 2015. The indicator ranges from 0 to 10; the higher the index, the greater is the presumed level of economic freedom. The IEF is a summary index which measures the extent of economic freedom in five main areas: the size of government, legal system and property rights, sound money, freedom to trade internationally, and regulation. Thus, a country with a relatively high score is generally presumed to possess, relatively: a market-based economy with minimal state interventions and tax burden, adequate rule of law and well-functioning judicial system and property rights enforcement, sound monetary policy and inflation stability, open markets and trade with minimum restrictions and efficient administration, appropriate regulation with few or no restrictions on credit, exchange rates, labour or commodities markets (Gwartney et al., 2018).

The IEF[3] reflects features of economic neoliberalism. For SSA, the IEF scores have been rising since 1985 and accelerated after 1995 (Figure 1), during the region's growth resurgence (see Figure 1 and Table 2)[4]. Thus, the adoption of 'economic neoliberalism' appears to have been positively associated with SSA's improved growth performance.

*********Figure 1 about here ************

Nonetheless, the average picture of IEF in SSA masks cross-country heterogeneity. To provide evidence on the degree of market orientation across SSA countries over the recent years, Table 1a presents country-specific IEF averages between 2000 and 2015. The index is further disaggregated into its five areas, namely, the size of government, legal system and property rights, sound money, freedom to trade internationally, and regulation.[5] For global comparability, Table 1a additionally provides average IEF values for the world (World) and ASEAN-5.

[3] The components of IEF have also been captured in the World Bank's Country Policy and Institutional Assessment (CPIA) score, an indicator which is used by the IFI to measure the quality of domestic policy and institutions.

[4] For the growth-enhancing nature of economic freedom, see Haan and Sturm, 2000.

[5] See Gwartney et al. (2018) for details on how these indexes are computed.

SSA is below World and ASEAN-5 on the overall IEF and also on all the components, with larger respective gaps with ASEAN-5. Specially, notable gaps are observed between SSA and World on all the components, except possibly on regulation and size of government where the gaps are minimal (Table 1a).

Following a similar methodology to that employed in Fosu (2017a), data on country-specific IEF averages between 2000 and 2015 have been converted into ranked values for ease of comparability across SSA countries, with quintile 1 representing the best performance on the respective IEF indices, and quintile 5 displays the worst.

The best performers on the overall IEF are: Botswana, Gambia, Kenya, Mauritius, Seychelles, South Africa, and Zambia. The worst performers are: Angola, Burundi, Chad, DRC, Congo Republic, Guinea-Bissau, and Zimbabwe. While some countries rank well (quintile 1 or 2) in all areas – Ghana, Mauritius, Kenya, Rwanda, Seychelles, South Africa, and Uganda – the performance of others is more varied. For example, Botswana ranks in quintile 1 in all areas except the size of government, where it is in quintile 5. Similarly, although DRC ranks in quintile 5 overall, its rank on the size of government is in quintile 2. Thus, while the SAPs have been widely adopted on the continent, the extent to which economic policies reflect economic neoliberalism differs considerably across countries. These differences may, then, help explain the cross-country disparities in post-reform economic outcomes in the region.

********************** Table 1a about here ******************

********************** Table 1b about here ******************

4 – Growth and development outcomes: Pre-reform vs. post-reform

On average, SSA experienced a relatively high annual GDP growth in the 1960s until the early-1970s (Figure 2a). This period coincided with the stability and 'tranquillity' era on the continent following independence, when agriculture, manufacturing and mining were the main drivers of economic growth (Adedeji, 1984). During this decade and a half, GDP grew by about 5%, and per capita GDP growth was on average 2%, per annum (Figures 2a and 2b). From the mid-late-1970s to early-1980s, however, growth declined substantially, reflecting the deterioration of the economic situation in most SSA countries.

Furthermore, the region has been growing rapidly after 2000, exceeding the performance of Latin America and Caribbean (Rodrik, 2018). Indeed, between 2000 and 2015, SSA's growth rate has not only been above the world average, but has also been less volatile compared to the earlier period (Figures 2a and 2b).

************* Figure 2a about here ********************

************* Figure 2b about here ********************

On a per-capita basis, however, SSA's relative growth following reforms is less impressive, partially due to the region's much higher population growth rate (Figure 2b). Nonetheless, the region's growth has been quite resilient, thanks in great part to the reforms. In the wake of the global economic cum financial crisis beginning about 2007, Fosu (2013b: 1102) observes: "Indeed, absolutely and relatively, SSA's resilience seems to be the best, both temporally and spatially, this time around."

This favourable observation is consistent with the 'Africa Rising' mantra (Young, 2012). Nonetheless, Rodrik (2018) seems less convinced, suggesting that the region's recent growth upswing is unsustainable, because it is probably attributable to higher commodity prices and lower global interest rates, which are unlikely to be sustained. Indeed, SSA's growth performance in the mid-2010s raises concerns. For the first time since 2000, the region's GDP growth rate has fallen below the global rate (Figure 2a), with growth being 1.23% in 2016, before doubling to 2.53% in 2017 (Figure 2a). We shall argue that growth sustainability is likely to be closely linked to the quality of institutions, as embodied in the New Institutional Economics school of thought. Improvements in Africa's democratic institutions which have accompanied economic reforms, significantly contributed to the region's recent growth resurgence (Bates et al., 2013). As Fosu (2018: 4) remarked: "If so, then pessimism about growth sustainability may also be premature, unless of course institutions deteriorate in tandem with worsening economic growth. Hence, it is imperative that gains in institutional quality be fortified.".

Consistent with the above average picture, Table 2 shows that most SSA countries grew rapidly in the immediate post-independence era. The top performers include Botswana, Cote d'Ivoire, Gabon, Nigeria, Malawi, Mauritania, Seychelles, South Africa and Togo.

Similarly, in the 1980s, the decline in growth was widespread on the continent. Indeed, almost all the countries in the region experienced negative per capita GDP growth during 1981-85 and 1986-90. This trend was reversed, however, as of the mid-1990s, with the majority of SSA countries accounting for the region's progress. Furthermore, the majority of the fastest growing countries in the post-reform period were those with the highest ranks in four or all areas of IEF (Tables 1a, 1b and 2). This evidence suggests that growth has been faster for stronger adjusters (Sachs and Warner, 1997; Salinas et al., 2015).

************* Table 2 about here ***********************

Development Outcomes

Improvements in Africa's economic growth during the post-reform period appear to be sustainable. In terms of constant 2011 PPP (purchasing power parity) international dollars per capita GDP increased from $2,303 in 1995 to $3,440 in 2016 (World Bank, 2019a). Progress on human development, which had stagnated in the early-1990s, has accelerated, with the human development index (HDI) increasing from 0.411 to 0.541 between 1995 and 2018, now placing SSA as a whole in the medium-human development regime (UNDP, 2019; Figure 3). It is notable that the human development measure has recorded a more substantial improvement in average welfare conditions in SSA than would be apparent from simply referring to per capita income growth, with the health and education components of the HDI rising even faster than income (Fosu and Mwabu, 2010).

Additionally, growth has been the main contributor to poverty reduction in the region (Fosu, 2015a). While the weak growth performance of the late-1970s and 1980s led to poverty increases, poverty fell considerably following growth recovery in the mid-1990s (Figure 4). Meanwhile, income inequality soared in the 1980s and remained persistently high during the 1990s, but it has been declining steadily since about 2000 (Shimeles and Nabassaga, 2018).

************* Figure 3 about here ********************

************* Figure 4 about here ********************

5 – Explaining the post-reform outcomes

Growth decomposition: Total factor productivity

Based on economic growth decomposition, total factor productivity (TFP) growth has been the major driver of per capita GDP growth in SSA (Table 3).[6] The notable progress in the 1960s and early-1970s is attributable in large part to TFP gains (Fosu, 2013c; Ndulu and O'Connell, 2003). And, in 1975-79 and 1980-84 when SSA's growth eroded, the negative productivity growth – mainly caused by low capacity utilisation and policy distortions in the region (Block, 2014; Fosu and Aryeetey, 2009) – dominated the positive contributions of physical capital and education. Thus, although capital accumulation decreased over time, it was the fall in the TFP that explained the region's poor growth performance in the 1970s and early-1980s (Devarajan et al., 2003).

*********** Table 3 about here ***********************

Between 1985 and 1989, however, productivity growth picked up, before declining again in 1990-94. Meanwhile, since the mid-1990s, productivity has been on the rise in SSA, fuelling growth recovery in the region (Bates et al., 2013; Rodrik, 2018). This finding is also evident at the sectoral level, particularly in the agriculture sector, where TFP growth has followed an upward trend especially since the 1990s (Block, 2014).[7]

Terms of trade

International terms of trade (TOT) is often viewed as exerting positive impacts on economic growth. Indeed, reviewing the vast evidence, Fosu (2001) finds that the TOT effect on growth of African economies has been substantial. Given SSA's dependence on primary exports, swings in commodity prices have historically influenced the region's exports and growth performance (Deaton, 1999). In the 1960s, the region benefited from

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[6] To explain the growth performance of SSA countries between 1960 and 2000, Ndulu and O'Connell (2003) decomposed per worker GDP growth into the contribution of per worker physical capital, education per worker, and TFP (residual).

[7] Evidence also suggests that the contribution of physical capital which followed a downward trend prior to the reform, started picking up in the 1990s, although at a slower pace (Table 3).

favourable TOT, which partly accounted for the growth performance over the period (Fosu and Ogunleye, 2018). Similarly, in the 1970s and 1980s, TOT deterioration may have contributed to SSA's dismal growth, while TOT shocks likely led to the adoption as well as the spread of 'anti-growth' policies (Collier and Gunning, 1999; Fosu, 2008a).

According to Figure 5, the trend in TOT performance was generally downward in the early 1980s until about 2001. Thus, TOT deterioration likely contributed to the dismal growth observed during the 1980s and early 1990s. Growth revival in the mid-1990s, however, occurred when the region's TOT was actually declining. Furthermore, among African countries that grew reasonably well in the late-1980s and 1990s, few experienced favourable TOT. Instead, a common feature seems to be the policy change from growth-inhibiting to growth-enhancing neoliberal regimes (Fosu, 2010).

************* Figure 5 about here *******************

Policy Syndromes and Syndrome-free regimes

As documented in the 'Growth Project' (Ndulu et al. 2008a; 2008b), Africa's growth performance between 1960 and 2000 can be explained in large part by domestic policies and the political system that prevailed on the continent. The prevalence of SF regimes – regimes with 'political stability and market-friendly policies' – is found to be growth-enhancing in SSA (Fosu and O'Connell, 2006; Fosu, 2013c).

SF predominated in many African countries in the 1960s. However, its prevalence rapidly declined over the years, reaching a nadir by the early-80s, before rising to its pre-1970s levels by the late 1990s (Fosu 2013c: Table 2). Thus, the incidence of SF coincides closely with Africa's growth record, particularly with TFP growth (Fosu 2013c: Figure 2).

Indeed, Fosu and O'Connell (2006) estimated that per capita GDP growth in the region could have been as much as 2 percentage points higher under SF during 1960-2000. Fosu (2013c) subsequently uncovered an even higher impact of at least 3 percentage points when SF is endogenously treated. Similarly, Salinas et al. (2015: 112) find for SSA that "the vast majority of countries show higher growth rates for post- than pre-stability/liberalisation, with an average increase of 2.7 percentage points." Stable/liberalised SSA countries exhibited much higher growth, and increasingly so, starting from the early 1980s, compared to their counterparts (Figure 6). Indeed, these authors observe further that those SSA countries “that maintained political stability and significantly liberalised their economies experienced high and relatively stable growth in income per capita, even as high generally as the growth seen in ASEAN-5 countries.” (Salinas et al., 2015, p.101) There is, therefore, little doubt that ‘good’ policies and political stability that emerged under liberalisation generally in SSA have played a major positive role in the region’s economic performance in the post-reform era.

*********** Figure 6 about here *****************

The role of institutions

If SF is growth-enhancing, then what actually spawns its prevalence, to begin with? As is generally viewed in the literature, institutional/governance quality is key for economic growth (Rodrik et al., 2004). For African countries, in particular, democratic institutions seem indispensable, as they tend to mitigate the probability of governments making decisions that lead to growth-inhibiting policy syndromes (Fosu, 2015b). In particular, they appear to have contributed to the attenuation of the rampant elite political instability that bedevilled Africa generally in the 1970s and early 1980s (Fosu, 2019).

Indeed, ‘intermediate-level democracy’, defined as low levels of electoral competitiveness or of political rights and civil liberties, tends to be growth-inhibiting (Fosu, 2008a; 2011), perhaps because of its tendency to foment political disorder (Bates, 2006). Its complement, ‘advanced-level democracy’, on the other hand, is growth-enhancing (Fosu, 2008a; 2011). In addition, Fosu (2013c) finds that high levels of restraint on the executive branch of government increase per capita growth via promoting SF regimes in SSA. This indicator of institutional quality has, meanwhile, been increasing in the region since 1990 (Fosu, 2020).

Furthermore, major changes in the political environment in the region occurred in the 1990s, when many countries moved from single-party or military regimes to more competitive civilian governments, thus creating higher electoral competitiveness (Bates, 2008). While there is little evidence supporting the positive effects of democracy on economic growth at the global level (Brunetti, 1997; Doucouliagos and Ulubaşoğlu, 2008), political reforms in SSA seem to have reduced the incidence of 'opportunistic' governance (Bates, 2008). Additionally, increased electoral competition is found to have fostered the implementation of pro-growth policies in the region (Bates et al., 2013). Indeed, even though Africa's economic progress generally began before the political reforms, it is likely that the latter helped sustain the economic gains (Fosu, 2020).

6 – Some country examples

The Ghana Case

Ghana pursued inward-looking policies with state interventions and controls, shortly after the country's independence in 1957 (Fosu, 2008). Between 1961 and 1963, GDP grew at an average of 4% per annum (Figure 7), driven mainly by public sector physical capital expansion (Aryeetey and Fosu, 2008; Fosu, 2013c). Meanwhile, total factor productivity and Ghana's macroeconomic position gradually deteriorated as a result of inefficiencies in resource allocations (Aryeetey and Fosu, 2008; Fosu, 2013a). By the mid-1960s, international reserves dropped significantly, inflation was more than 20 percentage points higher than its level in 1957, per capita GDP growth was negative and economic welfare substantially declined (Aryeetey and Fosu, 2008). From the 1970s to the early-1980s, the country faced a period of political instability, characterised by a series of military coups d'état. The poor policy choice of successive governments, mainly military, combined with external shocks and a significant drop in exports led the country into serious balance of payments and debt challenges, and a complete collapse of the economy (Tabatabai, 1986; Aryeetey and Tarp, 2000; Aryeetey and Fosu, 2008).

************** Figure 7 about here ***************

In 1983, Ghana adopted the Economic Recovery Programme (ERP), followed by the SAPs in 1986. The key objectives of the SAPs were: (1) to promote trade liberalisation by eradicating exchange rate tax against cash crops, removing oil imports subsidies and existing quantitative imports restrictions, abolishing import license requirements and price controls; (2) to boost agricultural growth by increasing the prices paid to cocoa farmers through a scaling down of costs in the cocoa marketing board; (3) to restructure the public sector through expenditure, tax and state-owned enterprises reforms, and improvements in management; and (4) to correct exchange rate overvaluation and promote private sector investment (World Bank, 1992).

After a decade of reforms, Ghana was acknowledged as one of the ‘best students’ of the SAPs (Leechor, 1994). According to the Bank’s 1994 report, *Adjustment in Africa: Reforms, Results and the Road Ahead*, between 1987 and 1991, Ghana had the ‘best macroeconomic policy stance’ in SSA and had implemented ‘reasonable’ and ‘sustainable’ reforms under a committed government (World Bank, 1994). This relatively successful implementation of the reforms in the Ghanaian context is attributable to several factors, including: the political economy under the leadership of Jerry Rawlings – who provided the needed environment for the sustained implementation reforms – and the complementary social package, PAMSCAD, which partially mitigated the negative impacts of the SAP on welfare (Aryeetey and Fosu, 2008; Fosu, 2013a).

In addition to the change in economic policy under the SAPs, there have been major improvements in Ghana’s political system, and the country made great strides in achieving political stability. As noted by Fosu (2013a), between 1975 and 2005, Ghana has moved from an autocratic regime to a mature multiparty democracy, with significantly higher constraints on the power of the executive branch of government. Furthermore, compared to the pre-reform period which was characterised by multiple coups, over the last three and a half decades the country’s political environment has been relatively stable (Boafo-Arthur, 2008).

Under the market-based system and stability, Ghana’s economic growth has been impressive. As shown in Figure 7, for over two decades after independence, the country’s per capita GDP growth was on average negative and highly volatile until the beginning of the ERP in 1983 (Aryeetey and Fosu, 2008; Fosu, 2013a). In the post-reform period, however, growth resurged and was relatively more stable. In particular, output increased substantially in cocoa, timber and mining sectors, leading to a rise in export performance. TFP growth soared and contributed significantly to the country’s growth record since the second half of the 1980s, and with the amelioration of the business climate, physical capital started picking up in the 1990s (Aryeetey and Fosu, 2008). Furthermore, although the value added of the industrial and manufacturing sector as a share of GDP followed a downward trend between 1975 and 1982 (falling from 13% in 1975 to roughly 4% in 1982), it increased to 11% by 1985 following the ERP; however, it has more recently fallen to an average of 9% between 1985 and 2017 (Fosu, 2013a, table 13.2; World Bank, 2019a). More importantly, though, the country's manufacturing share of exports, which constitutes the competitive and growth-enhancing element of growth (Fosu, 1990), increased from 0.4% in 1982 to 31% in 2006 (Fosu, 2013a, table 13.2).

Not only has Ghana's economic growth during the post-reform era been translated into increases in income, but also into improvements in human development and substantial poverty reduction. The country's per capita GDP, which fell from 1079.06 US$ in 1963 to 693.46 US$ (constant 2010 US$) in 1983, followed an increasing trend starting from about 1983, exceeding the SSA average in 2017 (Figure 8). The country's Human Development Index (HDI) also increased from 0.44 to 0.55 between 1975 and 2005 (Fosu, 2013b, table 13.4). Furthermore, poverty incidence declined tremendously from 42.59% in 1987/88 to 13.28% in 2016/17 (poverty line: US$1.90 a day at 2011 PPP$; World Bank, 2019b). Nevertheless, inequality increased over time, thus raising concerns about its dampening effects on the country's future poverty reduction.

************** Figure 8 about here ***************

The Uganda Case

Similar to many African countries, Uganda's economy flourished after the country's independence in 1962. On average, GDP grew by 5.8% annually between 1963-1970, with a saving rate of about 3.4% (World Bank, 1987; Kuteesa et al., 2006). The country's economic performance was regarded as one of the best in SSA. Until the 1970s, the agricultural sector was the key driver of the economy, with coffee, cotton, tea, tobacco and sugar as main exports crops (Belshaw et al., 1999). The industrial sector share of GDP was about 13% on average between 1960 and 1970, and was dominated by exports of textiles and copper (World Bank, 1987).

Nevertheless, Uganda faced severe political instability since the late-1960s, leading to a military coup d'état in 1971. The period following the coup was characterized by poor domestic policies, with heavy state-controls and rapid expansion of the public sector through nationalisation policies under the regime of Idi Amin. Hence, in the 1970s, growth eroded rapidly owing to the combined effects of poor domestic policies and TOT shocks. (Bigsten and Kayizzi-Mugerwa, 1999)

The overthrow of Idi Amin in 1979 marked the beginning of a period of unrest and extreme political instability, with four successive governments, two military coups and a civil war. Although the economic situation was temporarily reversed by market-friendly policies in the early-1980s through the implementation of some reforms under the IMF, the political fragility persisted and the economic conditions further deteriorated as conflicts raged between 1984 to 1986 (Brett, 1998; Bigsten and Kayizzi-Mugerwa, 1999; World Bank, 1987; Kasekende and Atingi-Ego, 2008). By 1986, Uganda's economy was characterised by a triple digit inflation rate, overvalued exchange rate, balance of payment imbalances, high levels of public debt, and damaged infrastructure (Holmgren et al., 1999).

Uganda resumed reforms after Yoweri Museveni took over the leadership of the country at the end of the war in 1986. The ERP adopted in May 1987 was aimed at reducing inflation and achieving macroeconomic stabilisation, strengthening domestic capacity and infrastructure, and stimulating GDP growth to an annual rate of 5% within 1987-1990 (World Bank, 1987). Under ERP, followed by the SAP in 1991, the country implemented currency devaluation by 77%, markets and price adjustments, as well as trade and public sector reforms (Sharer et al., 1995). By 1991, Uganda had improved its macroeconomic conditions, with inflation falling to about 28%, from 190% in 1987 (Holmgren et al., 1999). Nonetheless, at its initial stage, the implementation of reforms had been partial, with some resistance on the part of many Ugandans in the second half of the 1980s. The ensuing donors-government tensions in 1991-92 led to a delay in aid disbursement, which further resulted in fiscal constraints and a fall in GDP growth over the period (Bigsten and Kayizzi-Mugerwa, 1999; Dijkstra and Van Donge, 2001).

From 1992 onward, the recommendations of the IFIs were implemented with a greater commitment on the part of government. By mid-1995, the commodities export market had been fully liberalised, controls were abolished on foreign exchange market, civil service reform had been completed, and by the end of the decade, considerable progress were made on trade and financial market liberalisation and privatisation (Dijkstra and Van

Donge, 2001). All these reforms had been implemented in a relatively stable political environment (World Bank, 1999; UNICEF, 2018).

As shown in Figure 9, growth resurged immediately after the beginning of the ERP in 1987 and remained positive thereafter. Indeed, between 1987 and 1991, GDP grew by a yearly average of 6.1%, and 2.5% on per capita basis (Figure 9). Growth was even faster after 1992, making Uganda one of the fastest growing economies in SSA, with the country recording an annual average per capita GDP growth of 3% from 1992 to 2018 (Table 3, Figure 9). Indeed, Uganda was one of the thirteen countries bucking the generally dismal growth of African countries in the early 1990s, thanks mainly to the country's reforms (Fosu, 2010).

********* Figure 9 about here ***********

Furthermore, the contribution of industry value added to GDP, which fell notably in the 1970s, followed a consistent upward trend from about 10% in 1986 to 26% by 2008, before falling to roughly to 20% over the more recent years. In addition, manufacturing contributed more to both exports and GDP in the post-SAP era compared to the period preceding the reforms. (World Bank, 2019a)

GDP per capita increased from 305.61 US$ to 710.08 US$ (constant 2010 US$) from 1982 to 2018 (Figure 10). In addition, poverty decreased from about 64% in 1992 to 35.9% in 2012, though it has increased in more recent years (World Bank, 2019b). Evidence suggests that the notable fall in poverty is primarily attributable to growth under sound post-SAP macroeconomic management (Okidi and McKay, 2003) and market liberalisation policies, which created adequate incentives leading to output growth in the agriculture sector (Deininger and Okidi, 2003). Indeed, Uganda's poverty incidence fell at an annualized rate of 4% between 1992 and 2009, with income growth potentially contributing 5% in the absence of increasing inequality (Fosu, 2015a, table 4).

************** Figure 10 about here ***********

7 – Conclusion

The adoption of economic reforms, generally known as the SAPs and encapsulated in the conditionalities of the IMF and the World Bank, represents the wind of economic neoliberalism that brought a change of policy in most SSA economies in the mid-1980s and 1990s. Many countries in the region moved from dirigiste regimes to market-based systems. Macroeconomic stabilisation reforms were implemented, financial sector and trade liberalised, state controls on markets and price regulations minimised, most public owned businesses privatised, and some institutional reforms implemented.

While, overall, SSA has made a notable shift towards ‘economic neoliberalism’ since the mid-1980s, there is apparent variation in economic policy across countries, which emanate from differences in the implementation of the reforms. As highlighted in the present chapter, economic policy in many SSA countries can be termed as ‘partial’ neoliberalism, in which some areas of policy exhibit little features of the principles of economic neoliberalism. For instance, Botswana’s overall performance on economic freedom is stellar among SSA countries; however, the country performs very poorly on the size of government. In contrast, although DRC ranks very poorly overall, its performance on the size of government is quite good. Ghana and Uganda, for example, however exhibit good performance on all the five indices of economic freedom, while Chad and the Republic of Congo fare very poorly in all the areas. This evidence, therefore, calls for greater caution in discussing economic neoliberalism and its effects in the region.

Comparing the pre- and post-reform periods at the regional level, there seems to be reasonable evidence of a reversal of economic fortunes generally in Africa, from sluggish and deteriorating performance to impressive progress on economic growth. Moreover, growth has been accompanied by significant progress on poverty and human development. Translation of growth into poverty reduction has been less than would be expected, thanks to Africa’s relatively high income inequality and low income levels (Fosu, 2017b). Nonetheless, the performance is certainly a clear departure from that during the pre-reform period.

The evidence suggests that over the last couple of decades, growth has been rapid in SSA, mainly driven by productivity increases, including in the agricultural sector. The region appears to have also undergone some structural change, with labour moving from the low-productivity agricultural sector into relatively high-productivity manufacturing (Diao et al., 2019). Furthermore, and perhaps most importantly for the purpose of this paper, African countries that seem to have a widespread ‘neoliberal’ approach across key areas of macroeconomic policy were mostly those that experienced relatively high and sustained growth, even in the absence of favourable TOT in the 1990s.

The above progress notwithstanding, a key question remains in the light of the recent growth slowdown in the region: Is SSA’s growth sustainable? Rodrik (2018), for instance, argues that while growth performance has been impressive in Africa, the process of industrialisation on the continent has not been encouraging, that is, as compared to Asia. Moreover, although there has been progress on poverty and human development over the last two-and-half decades, inequality remained persistently high in the 1990s after rising steadily in the 1980s (Shimeles and Nabassaga, 2018, figure 1), thus jeopardising sustained progress on the continent (Fosu, 2015a; 2017b). Nonetheless, it is notable that overall income inequality has not worsened under neoliberalism; indeed, it appears to have declined since about 2000 (Shimeles and Nabassaga, 2018: Figure 1).

Furthermore, as perhaps ‘poster countries’ of the success of neoliberalism, both Ghana and Uganda are facing major institutional bottlenecks and structural challenges emerging from changes in both the internal and external environment that are affecting growth in more recent years (Fosu and O’Connell, 2006). These constraints are, of course, not unlike those faced by other SSA countries.

Improving the policy framework while maintaining political stability, that is, promoting ‘syndrome free’ regimes, is crucially important in SSA, especially in recent years, with the growing importance of extractives in the region. While mineral extraction means higher revenue for governments, existing evidence underlines the harmful effect of natural resources on institutions and governance (Isham et al., 2005). In Ghana, for instance, measures of institutional quality have been declining since about 2011 during which the exploitation of oil production has become increasingly prominent in the economy (Fosu, 2017c). Although preliminary, this observation raises concerns about the government’s ability to put in place an effective policy framework that would enable the country to avoid a resource curse and promote diversification.

For most SSA countries, an important instrument for sustainable growth remains fostering a conducive business environment by strengthening institutions, such as the rule of law, property rights, and control of corruption, as well as providing complementary investments in physical infrastructure and human capital. This policy path would help support the growing private investment, boost productivity in all sectors, create jobs and sustain economic growth in the region. In addition, we have observed that meaningful democratic institutions, in the form of 'advanced-level' democracies, have helped sustain the economic gains made under neoliberalism in Africa.

Finally, as observed in Fosu (2013d; 2013e), it was not exclusively pure 'dirigisme' or full reliance on the 'market', per se, that drove development successes globally; rather achieving the right balance between the state and market was the key to 'development success'. Often, however, while dirigisme might serve as an important precursor, allowing the market to work efficiently constituted a critical next step in the development process (Fosu, 2013d; 2013e).

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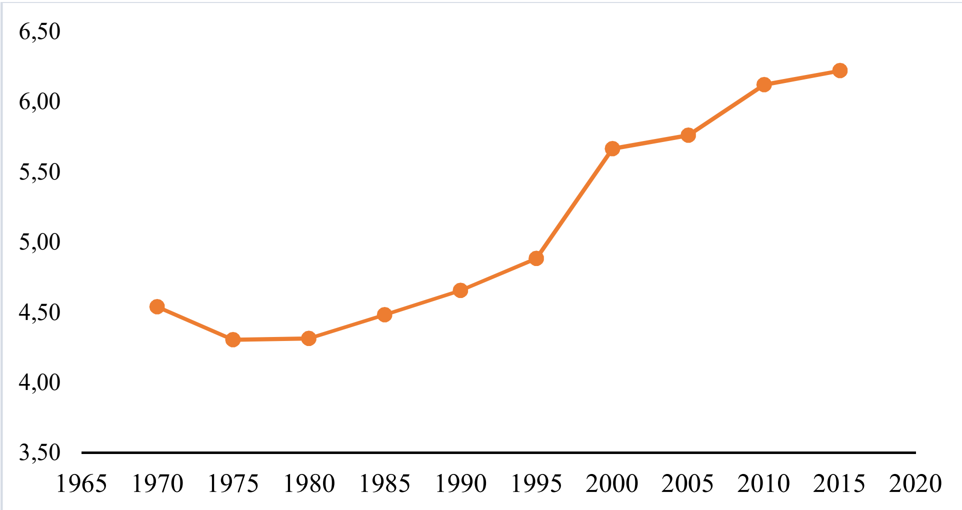
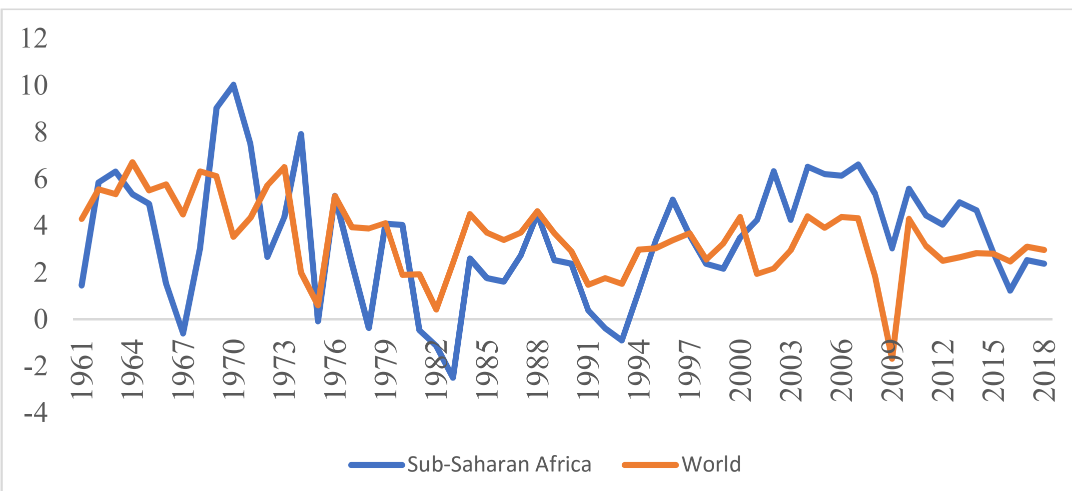
Figure 1: Index of Economic Freedom, SSA (1970 – 2015)



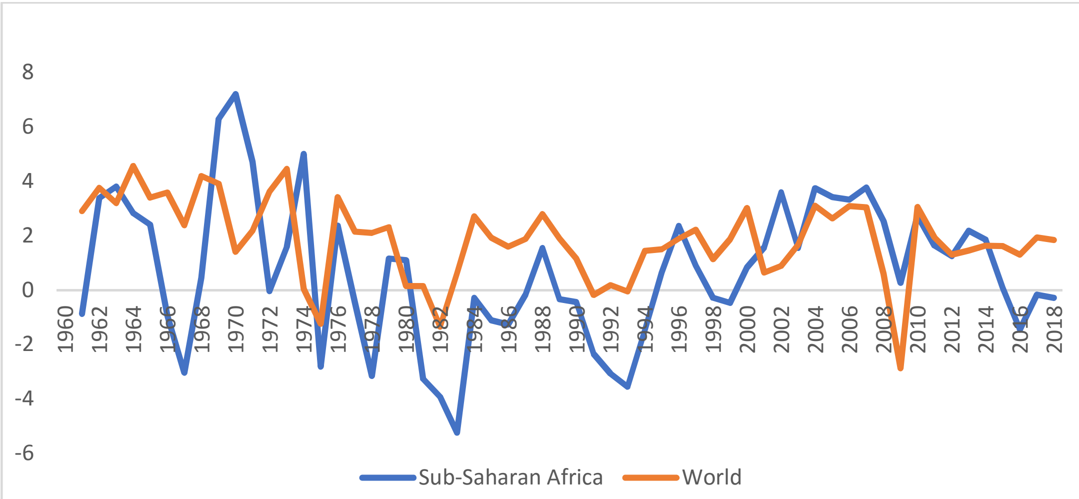
Data source: Gwartney et al. (2018).

Figure 2a: GDP Growth (annual %), SSA vs. World (1961-2018)



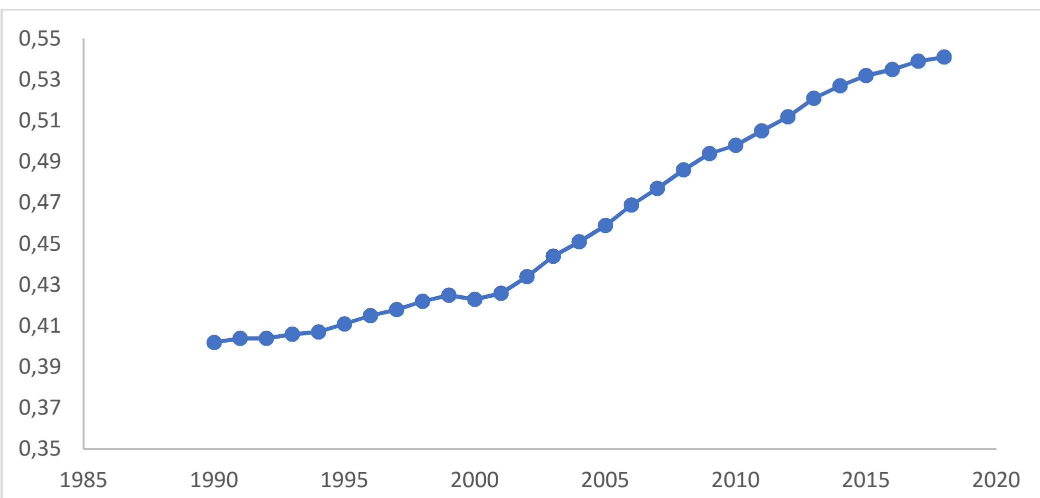
Data source*:* World Development Indicators (WDI), World Bank (2019a)

Figure 2b: Per Capita GDP Growth (annual %), SSA vs. World (1961-2018)



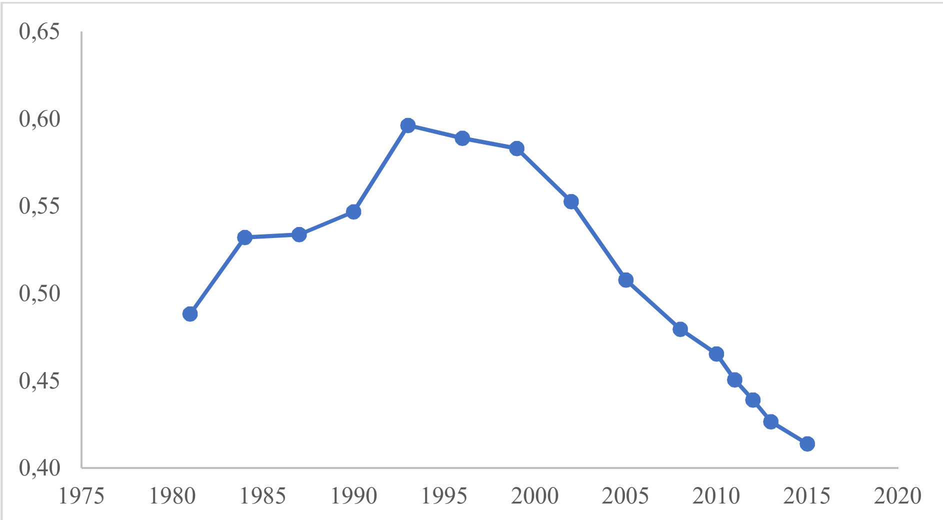
Data source: WDI, World Bank (2019a)

Figure 3: Human Development Index (HDI), SSA (1990-2018)



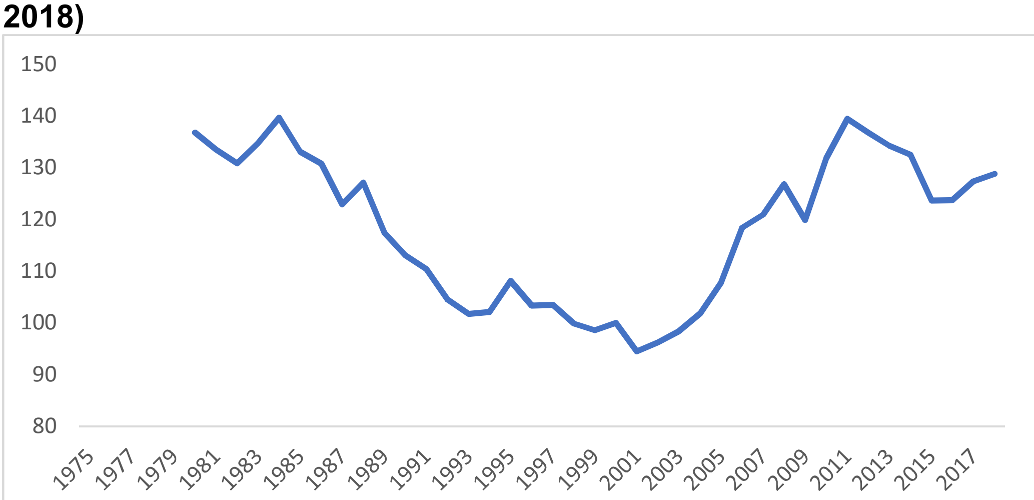
Data source: UNDP (2019)

Figure 4: Poverty levels, SSA (1975 – 2015) –Poverty line: US$1.90 a day



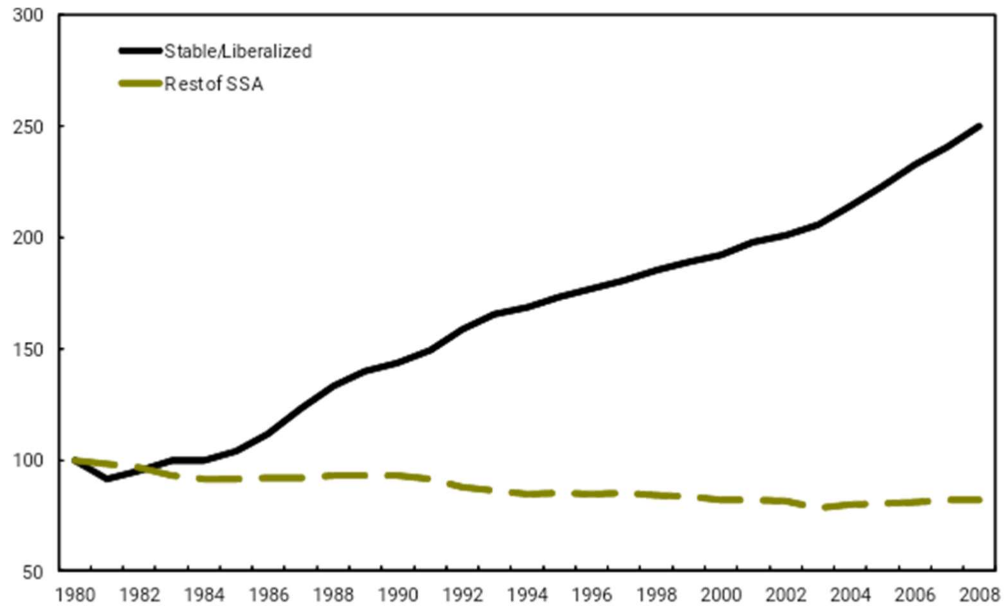
Data source*:* PovcalNet, World Bank (2019b)

Figure 5: Net Barter Terms of Trade Index (2000 = 100), SSA Average (1980 – 2018)



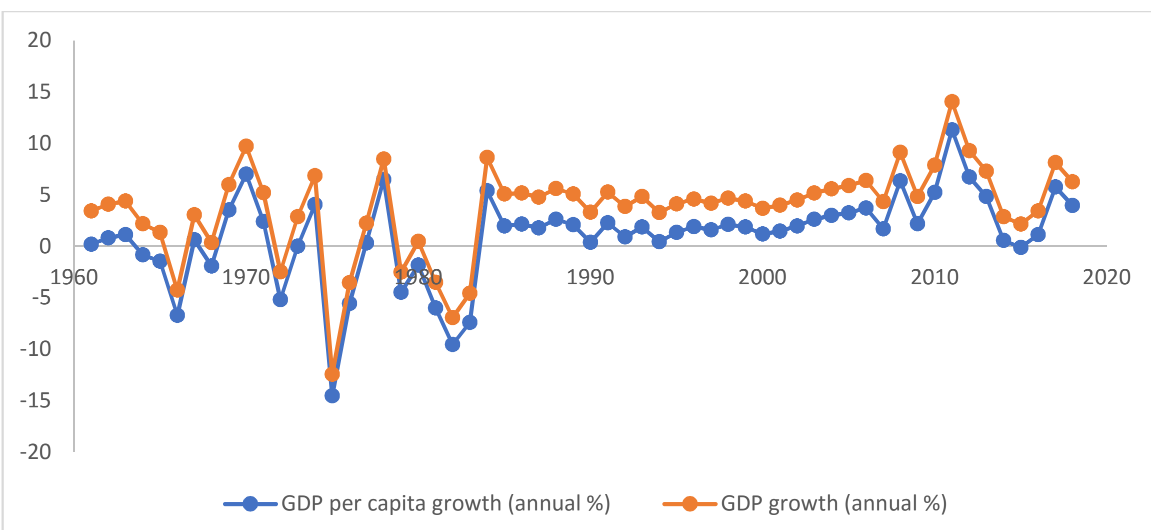
Data source: WDI, World Bank (2019a)

Figure 6: Index of per capita Income in stable/liberalized vs. rest of SSA (1980 – 2008)



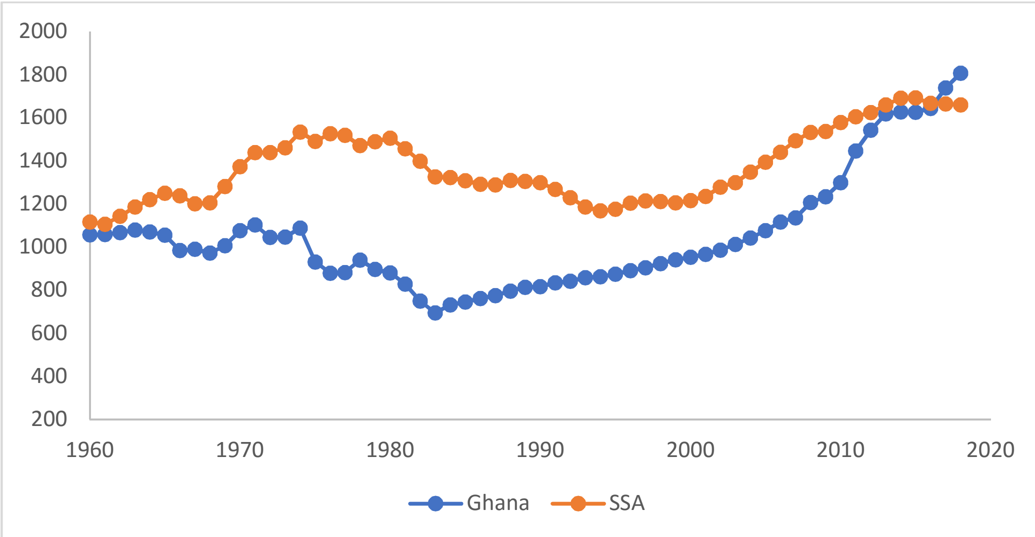
Source: Salinas et al. (2015)

Figure 7: Ghana's GDP and per capita GDP growth (annual %), 1961 – 2018



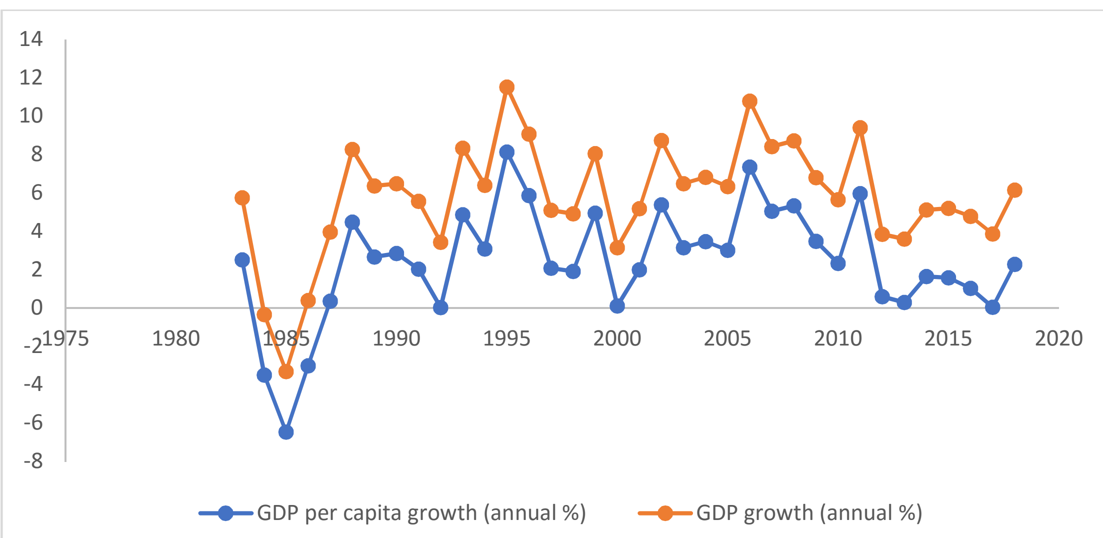
Data source: WDI, World Bank (2019a)

Figure 8: Per capita GDP (constant 2010 US$), Ghana vs. SSA (1960 – 2018)



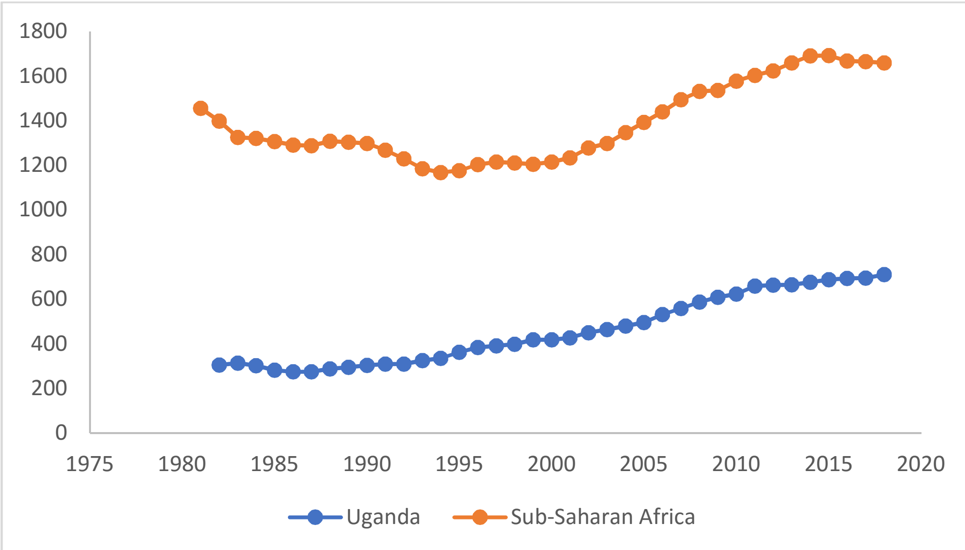
Data source: WDI, World Bank (2019a)

Figure 9: Uganda's GDP and per capita GDP growth (annual %), 1983 – 2018



Data source: WDI, World Bank (2019a)

Figure 10: Per Capita GDP (constant 2010 US$), Uganda vs. SSA (1982 – 2018)



Data source: WDI, World Bank (2019a)

Table 1a: Index of Economic Freedom (EFI) and Its Components, Average (2000-2015), by Quintile

Country	Economic Freedom Index (EFI)	Size of Government	Legal System & Property Rights	Sound Money	Freedom to trade internationally	Regulation
Angola	5.0	5.3	3.4	5.3	5.9	5.2
Benin	5.9	6.1	3.8	6.8	6.0	6.7
Botswana	7.1	5.4	6.4	8.8	7.3	7.7
Burkina Faso	5.9	5.1	4.1	6.9	6.2	7.3
Burundi	5.3	4.8	3.0	7.1	5.0	6.4
Cameroon	5.8	6.9	3.1	6.9	5.7	6.4
Cape Verde	6.5	5.3	6.0	7.9	6.8	6.5
CAR	5.4	6.6	3.1	6.7	5.0	5.4
Chad	5.0	6.0	2.4	6.2	5.2	5.2
Congo, D.R.	5.0	6.7	1.9	6.1	5.4	5.0
Congo, Rep.	4.6	4.6	2.5	5.0	5.0	5.8
Cote d’Ivoire	5.7	6.5	2.9	6.7	6.3	6.2
Eswatini	6.5	6.1	4.1	7.9	6.6	7.7
Ethiopia	5.5	6.0	5.0	5.1	5.2	6.2
Gabon	5.7	5.9	4.0	5.8	6.1	6.7
Gambia, The	7.2	7.1	5.4	8.6	7.6	7.2
Ghana	6.5	6.8	5.3	7.2	6.7	6.7
Guinea	5.7	6.4	3.1	7.4	4.9	6.6
Guinea-Bissau	5.2	5.4	2.5	6.1	6.3	5.6
Kenya	7.0	7.7	4.3	8.7	6.7	7.4
Lesotho	6.2	5.1	4.5	7.9	6.1	7.4
Madagascar	6.1	7.8	2.8	7.6	6.3	5.8
Malawi	5.9	6.5	5.1	4.9	6.3	6.4
Mali	5.8	6.0	3.6	6.7	6.4	6.1
Mauritania	5.8	5.9	3.5	7.0	6.1	6.6
Mauritius	7.7	7.5	5.9	9.4	8.0	7.7
Mozambique	5.7	6.0	3.7	7.1	6.4	5.5
Namibia	6.7	6.3	6.6	6.4	6.5	7.8
Niger	5.3	6.5	3.0	6.8	5.0	5.4
Nigeria	6.1	7.1	3.5	6.5	5.9	7.2
Rwanda	6.8	6.4	5.4	8.2	6.4	7.7
Senegal	5.9	6.4	3.7	7.1	6.7	5.7
Seychelles	7.3	6.9	5.5	8.9	8.1	7.3
Sierra Leone	5.8	6.8	3.7	6.8	6.3	5.3
South Africa	6.9	6.6	5.7	8.0	7.2	7.3
Tanzania	6.5	6.8	5.4	7.7	6.3	6.4
Togo	5.6	7.0	2.6	6.8	6.4	5.3
Uganda	7.1	7.7	4.4	8.8	7.1	7.7
Zambia	6.8	6.6	5.5	8.3	7.2	6.5
Zimbabwe	4.3	6.4	3.7	2.8	4.0	4.5

Table 1a (cont'd.):

Country	Economic Freedom Index (EFI)	Size of Government	Legal System & Property Rights	Sound Money	Freedom to trade internationally	Regulation
World	6.7	6.4	5.3	8.0	7.1	6.9
ASEAN-5	7.1	7.4	5.6	8.0	7.4	7.3
SSA	6.0	6.3	4.1	7.0	6.2	6.4
Median	5.9	6.4	3.8	7.0	6.3	6.5
Min	4.3	4.6	1.9	2.8	4.0	4.5
	(Zimbabwe)	(Congo, Rep.)	(Congo, DR.)	(Zimbabwe)	(Zimbabwe)	(Zimbabwe)
Max	7.7	7.8	6.6	9.4	8.1	7.8
	(Mauritius)	(Madagascar)	(Namibia)	(Mauritius)	(Seychelles)	(Namibia)

Note: The quintiles are obtained using the average values of EFI and its components, computed over the period 2000-2015. 1 represents the top quintile, meaning the greatest level of freedom, and 5 is the bottom quintile. The original IEF data is obtained from Gwartney et al. (2018).

Table 1b: Index of Economic Freedom and Its Components, Average (2000-2015), by Quintile

Country	Economic Freedom Index (EFI)	Size of Government	Legal System & Property Rights	Sound Money	Freedom to Trade Internationally	Regulation
Angola	5	5	4	5	4	5
Benin	3	4	3	4	4	2
Botswana	1	5	1	1	1	1
Burkina Faso	3	5	3	3	3	2
Burundi	5	5	4	3	5	3
Cameroon	3	1	4	3	4	3
Cape Verde	2	5	1	2	1	3
CAR	4	2	4	4	5	5
Chad	5	4	5	4	5	5
Congo, D. R.	5	2	5	5	4	5
Congo, Rep	5	5	5	5	5	4
Cote d'Ivoire	4	3	5	4	3	4
Eswatini	2	4	3	2	2	1
Ethiopia	4	4	2	5	5	4
Gabon	4	4	3	5	4	2
Gambia, The	1	1	1	1	1	2
Ghana	2	2	2	2	2	2
Guinea	4	3	4	2	5	3
Guinea-Bissau	5	5	5	5	3	4
Kenya	1	1	2	1	2	1
Lesotho	2	5	2	2	4	1
Madagascar	2	1	5	2	3	4
Malawi	3	3	2	5	3	3
Mali	3	4	4	4	2	4
Mauritania	3	4	4	3	4	3
Mauritius	1	1	1	1	1	1
Mozambique	4	4	3	3	2	4
Namibia	2	3	1	4	2	1
Niger	5	3	5	3	5	5
Nigeria	3	1	4	4	4	2
Rwanda	2	3	2	1	3	1
Senegal	3	3	3	3	2	4
Seychelles	1	2	1	1	1	2
Sierra Leone	4	2	3	4	3	5
South Africa	1	2	1	2	1	2
Tanzania	2	2	2	2	3	3
Togo	4	1	5	3	2	5
Uganda	1	1	2	1	1	1
Zambia	1	2	1	1	1	3
Zimbabwe	5	3	3	5	5	5

Notes: The quintiles are obtained using the data presented in Table 2a. 1 represents the top quintile, meaning the greatest level of freedom, and 5 is the bottom quintile.

Table 2: Per Capita GDP Annual Growth (%) in SSA Countries (1961-2018), Five-year Averages

Country	1960-65	1966-70	1971-75	1976-80	1981-85	1986-90	1991-95	1996-00	2001-05	2006-10	2011-15	2016	2017	2018	Average (1961-2018)
Angola					-1.7	-1.5	-5.6	2.8	5.7	4.6	0.9	-5.8	-3.4	-5.3	0.3
Benin	1.6	0.6	-0.9	1.4	1.8	-1.0	0.7	1.9	0.8	0.9	1.8	1.1	3.0	4.0	1.0
Botswana	4.0	8.5	14.3	8.0	6.2	7.8	1.9	2.9	1.8	2.7	3.5	2.4	0.8	2.2	5.4
Burkina Faso	1.6	1.2	1.3	1.5	1.6	0.3	1.2	3.8	3.3	2.4	2.3	2.9	3.3	3.8	1.9
Burundi	-0.1	5.1	-0.6	1.8	2.6	1.0	-4.3	-2.6	-0.7	1.2	-0.4	-3.7	-2.6	-1.6	0.1
Cape Verde					4.7	2.2	8.0	9.8	4.1	4.7	0.2	3.4	2.5	3.9	4.7
Cameroon	0.5	-0.8	3.9	3.8	6.1	-5.2	-4.6	1.7	1.6	0.7	2.3	1.9	0.9	1.4	0.9
CAR	-1.0	1.2	0.4	-1.6	-0.6	-1.9	-1.7	-1.0	-0.2	3.2	-5.0	3.7	3.2	2.2	-0.6
Chad	-1.3	-0.5	-1.4	-6.4	6.6	-1.2	-0.8	-0.9	12.8	1.5	1.4	-9.2	-5.9	-0.4	0.6
Comoros					1.3	-1.3	-2.0	0.7	-0.1	0.4	0.6	1.0	1.5	1.1	0.0
Congo, D. R.	0.2	0.9	-0.2	-4.2	-0.7	-2.9	-10.5	-6.3	0.8	2.1	4.2	-0.9	0.4	2.4	-1.4
Congo, Rep.	0.8	2.1	4.9	2.1	7.4	-3.0	-2.2	-0.4	1.1	1.9	1.4	-5.2	-5.6	-1.5	1.2
Cote d'Ivoire	4.0	5.7	1.7	-0.1	-3.8	-2.5	-2.0	0.2	-2.2	0.0	4.0	5.3	5.0	4.7	0.7
Equatorial Guinea					-1.6	-3.1	11.9	50.8	24.9	1.8	-3.8	-12.3	-8.2	-9.5	9.9
Eritrea								2.4	-1.6	-2.9					2.0
Eswatini			6.4	-0.1	1.8	9.9	0.6	1.2	3.3	2.6	2.2	0.4	1.0	1.3	3.0
Ethiopia						1.9	-2.2	1.6	3.6	7.9	7.2	6.5	6.6	4.0	2.7
Gabon	6.9	3.5	15.9	-1.9	-0.1	-1.0	0.4	-2.1	-1.0	-1.7	1.5	-1.0	-2.3	-1.8	1.7
Gambia			2.4	1.0	-0.2	-0.7	-1.2	1.3	-0.4	1.2	-2.5	-1.1	1.8	3.5	0.3
Ghana	0.0	0.5	-2.6	-1.0	-3.1	1.8	1.4	1.7	2.5	3.8	4.7	1.1	5.8	4.0	1.0
Guinea							1.1	1.3	1.0	0.9	2.2	7.9	7.3	3.2	1.8
Guinea-Bissau			1.5	-1.0	4.2	1.5	0.9	-2.6	-0.5	0.8	0.7	3.6	3.3	1.2	0.7
Kenya	0.2	2.3	6.1	2.4	-1.3	2.0	-1.5	-0.7	0.9	2.2	2.8	3.3	2.4	3.9	1.5
Lesotho	5.6	0.5	3.2	7.1	0.4	2.9	3.1	1.6	3.2	4.9	3.4	2.4	-3.0	0.3	3.1

Table 3 (cont'd.):

Country	1960-65	1966-70	1971-75	1976-80	1981-85	1986-90	1991-95	1996-00	2001-05	2006-10	2011-15	2016	2017	2018	Ave. (1961-2018)
Liberia									-5.5	3.2	2.2	-4.1	0.0	-1.2	-0.3
Madagascar	-1.1	2.0	-2.1	-1.4	-4.3	-0.1	-3.2	0.6	-0.5	0.0	-0.1	1.2	1.2	1.8	-0.8
Malawi	2.1	2.3	4.7	1.8	-0.9	-2.8	2.6	1.4	-0.3	4.4	1.2	-0.3	1.3	0.8	1.5
Mali			1.7	3.1	1.2	0.8	0.7	2.3	3.9	1.2	0.5	2.7	2.3	1.8	1.7
Mauritania	8.4	2.3	-2.2	-0.1	-2.0	-0.2	0.6	-0.2	1.8	2.3	1.5	-1.0	0.2	0.7	1.0
Mauritius					3.5	6.6	3.7	4.5	2.7	4.4	3.4	3.8	3.7	3.7	3.6
Mozambique					-6.4	5.3	0.0	6.2	5.5	4.6	4.2	0.9	0.8	0.5	2.6
Namibia					-2.7	-1.0	1.3	1.5	3.4	2.4	3.8	-0.7	-2.7	-2.4	1.0
Niger	3.2	-3.2	-4.8	2.4	-5.1	-0.4	-2.5	-0.7	0.2	1.3	2.2	1.0	0.9	2.5	-0.6
Nigeria	2.4	3.3	3.2	1.0	-7.6	2.2	-2.3	0.5	6.1	4.3	2.3	-4.2	-1.8	-0.7	1.2
Rwanda	-3.5	4.4	-2.1	6.7	-0.9	-1.9	0.1	3.1	5.8	5.9	4.6	3.3	3.4	5.8	2.1
Sao Tome and Principe										3.1	2.5	2.2	1.9	0.7	2.6
Senegal	-0.8	-0.9	-0.5	-1.3	-0.1	-0.7	-0.8	1.6	2.1	0.7	1.6	3.4	4.1	3.8	0.3
Seychelles	1.0	3.6	5.0	7.2	0.3	4.3	1.3	4.2	-0.6	2.8	4.1	3.1	3.1	2.6	3.0
Sierra Leone	2.7	2.3	0.3	0.1	-1.4	-1.4	-5.0	-0.8	3.7	2.6	2.9	3.8	2.0	1.3	0.6
Somalia	-3.2	1.6	1.9	-5.8	1.4	-0.4									-0.7
South Africa	3.7	2.5	1.0	0.6	-1.3	-0.7	-1.5	1.1	2.5	1.8	0.6	-1.1	0.0	-0.6	0.8
South Sudan											-11.1				-7.7
Sudan	-0.8	-1.5	1.8	-0.7	-2.5	1.8	2.4	3.2	3.5	4.4	4.7	2.2	1.8	-4.6	1.4
Tanzania							-1.4	1.7	4.1	3.1	3.2	3.7	3.6	2.1	2.2
Togo	8.4	2.2	1.1	2.6	-3.7	-0.5	-1.6	1.4	-1.5	1.6	3.4	2.9	1.8	2.4	1.3
Uganda						1.5	3.6	3.0	3.4	4.7	2.0	1.0	0.0	2.3	2.4
Zambia	3.0	-1.6	-0.9	-2.9	-2.8	-1.4	-2.6	0.9	3.5	5.8	2.0	0.7	0.4	0.8	0.3
Zimbabwe	0.1	5.8	1.3	-1.5	0.7	1.3	-0.4	1.6	-7.5	0.3	5.6	-0.8	3.2	4.7	0.7
SSA Simple Average	1.7	1.9	2.0	0.7	-0.1	0.4	-0.3	2.4	2.2	2.5	1.8	0.7	1.1	1.2	1.3
World Bank SSA Weighted Average	2.3	2.0	1.7	0.2	-2.8	-0.1	-2.0	0.7	2.8	2.5	1.4	-1.4	-0.2	-0.3	0.7

Note: Authors' computation

Data source: World Development Indicators, World Bank (2019a).

Table 3: Decomposition of per capita GDP growth for SSA

Year	Growth of real GDP per worker	Contribution of physical capital per worker	Contribution of education per worker	Estimated Residual*
1960-1964	1.33	0.53	0.12	0.68
1965-1969	1.74	0.80	0.20	0.75
1970-1974	2.33	1.05	0.22	1.06
1975-1979	0.19	0.74	0.24	-0.79
1980-1984	-1.70	0.16	0.29	-2.16
1985-1989	0.45	-0.22	0.34	0.33
1990-1994	-1.74	-0.08	0.30	-1.95
1995-2000	1.51	-0.12	0.26	1.37
Total	0.51	0.36	0.25	-0.99

Source: Fosu (2013b); originally from Ndulu and O'Connell (2003).

Notes: * represents the growth of total factor productivity (TFP). The decomposition (Collins-Bosworth decomposition) is based on a sample of 19 SSA countries, representing all African sub-regions and a large share of the region's GDP (see Fosu, 2013b for details).