

Structural change in developing countries

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8 Impact statement

Structural change is the most prominent feature of modern economic growth (Kuznet, 1973), and remains the most important aspiration for developing countries in Africa and beyond. The importance of structural transformation has been emphasized in a number of Sustainable Development Goals (SDGs), SDG 8 ‘Decent work and economic growth’ and SDG 9 ‘Industry, innovation and infrastructure’. At the regional level, the African Union’s (AU) Agenda 2063 emphasizes industrialization as a means and end to productivity growth in Africa. The Africa Development Bank has also stressed industrialization as one of its pillars (high fives) for transforming Africa. With the incoming youth bulge, the importance of structural change and the creation of decent jobs cannot be overemphasized. However, lack of reliable sectoral data and evidence have generated uncertainty surrounding the measurement of structural change in Africa, resulting in knowledge and policy deficits.

This thesis provides a new sectoral database on Africa that covers 80% of GDP in Africa. The thesis then uses the database to examine the sectoral trends and patterns, causes and consequences of structural change and its implications for sustainable development in Africa. The content of the thesis has so far received key media and academic coverage and stimulated passionate debate on structural transformation in Africa.

On the recent expansion of manufacturing in Africa and the different strategies that African countries can adopt to create a pathway of sustainable development, the June 11th 2020 edition of *The Economist* magazine cites Chapter 3 of the thesis.¹¹¹ Chapter 2 of the thesis was cited in the 2019 African Economic Outlook (AEO) prepared by the African Development Bank (AfDB), which suggests that macroeconomic stabilization and employment outcomes in Africa are better when industry drives growth, showing that industrialization is a robust path to rapid job creation. This conclusion is based on analysis of sector-driven growth episodes and job dynamics using the Extended Africa Sector Database (EASD) discussed in Chapter 2. The AEO is the one of key policy briefs that provides scientific inputs and key recommendations to African governments. The 2019 AEO was translated into Amharic, Arabic, Hausa, Kiswahili, Pidgin English, Portuguese, Yoruba and Zulu that reached millions of Africans.

Chapter 2 and 3 are cited in the World Bank global productivity study/report and the World Bank global productivity database.¹¹² The reports analyzes the evolution and patterns of productivity and assesses the effect of structural change, technological change and COVID-19 pandemic in 164 countries, and discusses many policy options to rekindle productivity growth. Again, Chapter 2 and 3 have been cited in the World Bank’s report on the future of work in Africa. The report assesses how the adoption and diffusion of digital technologies may affect the nature of work in Africa by creating new opportunities and challenges.¹¹³ Chapter 3 is also cited in the World Bank’s industrializing for jobs in Africa report.¹¹⁴ The study seeks to assess the prospects of countries in the region participating

¹¹¹ See graphs (The Economist, 2020 June 11th Edition). “How manufacturing might take off in Africa”

¹¹² See (Editor: Alistair Dieppe, 2020). “Global Productivity: Trends, drivers and policy.” The World Bank Group.

¹¹³ See (Editors: Jieun Choi, Mark A. Dutz, Zainab Usman, 2020). “The Future of work in Africa: Harnessing digital technologies for all.” Office of the Chief Economist, African Region, The World Bank Group.

¹¹⁴ Industrializing for jobs in Africa through global value chains. Forthcoming, Office of the Chief Economist, African Region, The World Bank Group.

in specific manufacturing global value chains (GVCs) for significant and sustained gains in terms of jobs and productivity. Finally, Chapter 3 is cited in the Brookings Institution's assessment of employment intensities of industries without smokestacks.¹¹⁵

The thesis has also generated numerous academic interests. The chapters in the thesis have been cited in academic journals and working papers.¹¹⁶ It has also stimulated a passionate debate on the deindustrialization of Africa. Citing Chapter 2, which considers the recent statistical revision in Africa, a number of studies have begun to question the dominant view that Africa is deindustrializing prematurely. For example, a recent article in *The Conversation*¹¹⁷ questions the premature deindustrialization narrative and provides a more optimistic narrative about manufacturing patterns in Africa in recent years. The underlying academic paper for this article is based on the Extended Africa Sector Database presented in Chapter 2.

The findings and evidence in the thesis have been presented at conferences and workshops to stimulate further discussions on structural change in Africa. For example, chapter 5 was presented at UNIDO-UNU-MERIT Conference on the Future of Industrial Work (September 2019, UNIDO HQ, Vienna). Chapters 3 and 6 were presented at the CSAE Conference on Economic Development in Africa (2019, St. Catherine's College, Oxford University, UK). Chapter 4 was presented at GLOBELICS International Conference on Innovation, Economic Growth and Sustainable Development (2018, Accra Ghana) and the MIT Media Lab and YSI Workshop on Innovation, Economic Complexity and Economic Geography (2018, Cambridge, USA). Chapter 3 was presented at the PEGNet/African School Economics Conference on Improving the quality of education and learning outcomes in developing countries (2018, Cotonou, Benin); YSI Africa Convening (2018, Harare, Zimbabwe) and the Development Studies Association Conference on Global Inequalities: Parallel Session on Structural Change Tensions and Tradeoffs (2018, University of Manchester, UK). Chapter 2 of thesis was presented at the UNU-MERIT structural change research theme meetings and the internal conference in 2017.

The discussions, debates and the significant attention received from academia, media, and policy circles indicate the societal relevance of the thesis. Two analytical chapters are under review in academic journals. The other two chapters are currently being prepared for submission.

¹¹⁵ See (B. Coulibaly et al, 2020). "Job creation for the youth in Africa: assessing the potential of industries without smokestacks". AGI, Brookings Institution.

¹¹⁶ See Naudé, W. (2019). Brilliant technologies and brave entrepreneurs: A new narrative for african manufacturing. *Journal of International Affairs*, 17(No.1), 143–158.

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¹¹⁷ See (W. Naude, 2020). "African countries can't industrialize? Yes, they can" *The Conversation*