

Powering structural transformation and economic development in Africa

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Propositions Accompanying the Dissertation

Powering Structural Transformation and Economic Development in Africa: The Role of Services, Manufacturing and Global Value Chains

By Solomon Owusu

1. The general direction of structural transformation in Africa has not been towards the most productive sectors. While the implications of these developments project a gloomy picture for long-term growth, they also present the region with unique opportunities to seize (Chapter 2).
2. Productivity convergence in Africa is driven primarily by efficiency improvements underpinned by strong structural shifts of resources and less so by technology change. Technological change drives productivity convergence in a minority of highly capitalized and relatively wealthy economies in Africa (chapter 3).
3. Perceptions of services as stagnant and productivity resistant do not apply to all service sub-sectors in Africa. Productivity growth in modern, dynamic, and tradable services is equal to or higher than that in manufacturing and other sectors. These service sectors are innovative and might act as new or alternative engines of growth alongside manufacturing (chapter 4).
4. Global Value Chains affect productivity growth in Africa by inducing an efficient reallocation of resources within sectors (intra-sector reallocation) but not across sectors (inter-sector reallocation) and mostly benefits non-resource intensive countries (chapter 5).
5. Manufacturing will still be important for Africa, and there remains huge potential in the sector. However, the sector will play a much weaker role in the economy of many countries in Africa in the coming decades if the same conventional but failed industrial policy approaches are implemented.
6. Accelerating structural transformation in Africa is the primary way to build back better and ensure an inclusive and sustainable transformation of economies in Africa that leaves no one behind.
7. Patterns of structural transformation observed in Africa contrast historical linear patterns observed elsewhere in the economies of early industrializers. The “uniqueness” of Africa implies lessons from other regions may not entirely be compatible. This calls for new perspectives in the study of structural transformation in the region.
8. Execution of a successful structural transformation strategy in Africa will require a competitive market and policies that allow for the proactive role of the state.