

**China's Agricultural Development and Policies:  
Are There Lessons for Sub-Saharan Africa?**

by

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Discussion

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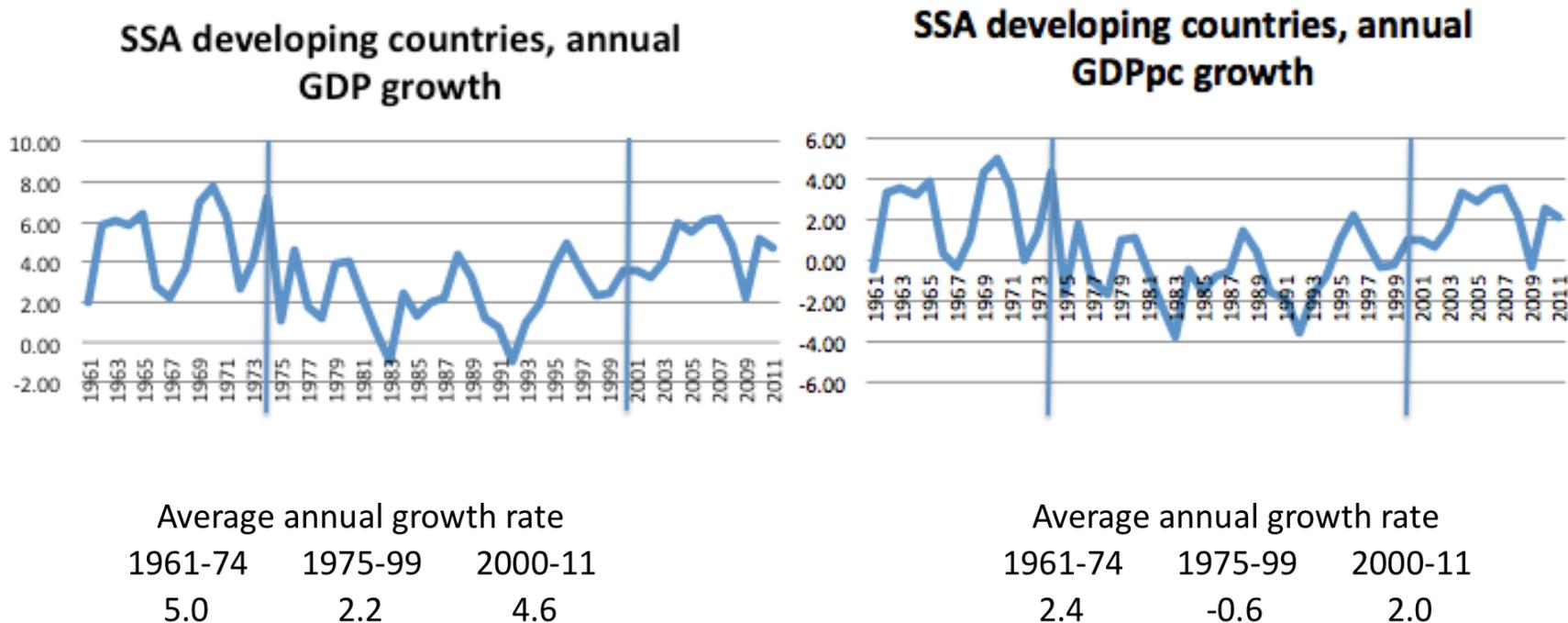
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## Outline

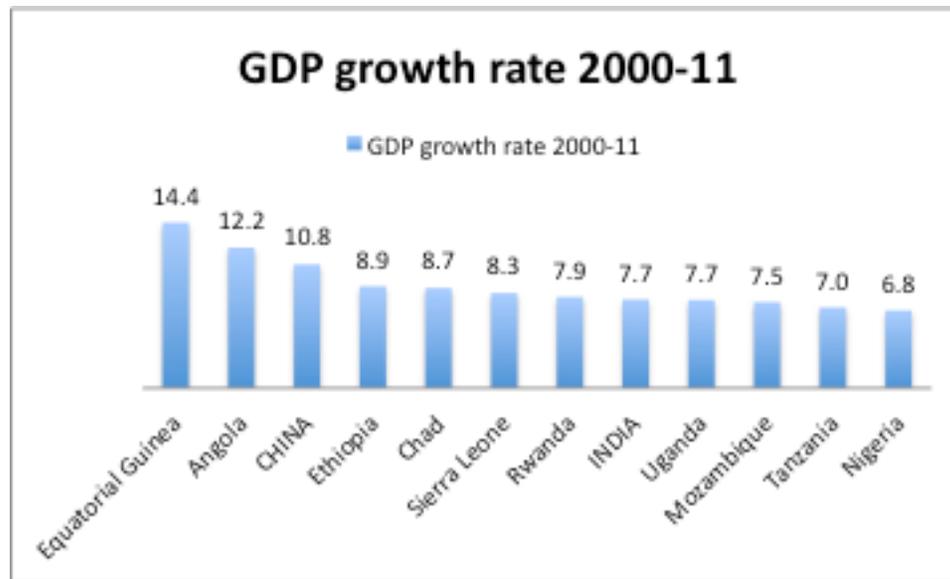
1. A fact not to be overlooked: Rapid economic growth 2000-11
2. African growth: strengths and fragilities
3. Lessons from China: Rozelle-Huang
4. But Africa is not China
5. Relevant lessons from China: policy implications

# 1. A fact not to be overlooked: Rapid economic growth in SSA 2000-13, not stagnation



Out of the dark years: 1975-1999

2000-10: Both “Bottom Billion” and “Fastest Billion”



**10 SS-African countries with growth rates similar to China and India**

This makes the Chinese experience all the more relevant for SS-Africa:

China: Stagnation 1950-79, growth 1980-present

SS-Africa: Stagnation 1975-1999, growth 2000-present

Question is then not lack of growth, but sustainability of growth, more countries in convergence club, and quality of growth

## 2. African growth: Strengths and fragilities

### Sources of growth: Largely endogenous, not neo-mercantilist

Average annual growth rates 2000-2011	Agriculture	Industry	Services	Exports (2000-09)
Latin America & Caribbean (developing only)	2.8	3.2	4.2	5.1
Sub-Saharan Africa (developing only)	3.3	4.0	4.9	4.0
South Asia	3.2	7.9	8.6	14.0
East Asia & Pacific (developing only)	4.1	10.1	9.9	14.5

SA and EAP: industry and services; neo-mercantilist (exports driven effective demand)

SSA: still highly dependent on agriculture and domestic market oriented

## **What can be said about SSA growth since 2000?**

- **Growth fundamentals** in place: low inflation 7.8% 2011, government deficit < 2% of GDP, public debt < 33% GDP
- **Market-driven investment:** 30% annual growth of FDI that doubled since 2000. Declining dependence on foreign aid. Emergence of financial platforms in South Africa, Nigeria, and Kenya
- **Reorientation of trade** away from colonial powers: China the first trading partner
- **Structural transformation:** Urbanization of 36% of the population. One time opportunity of demographic dividend
- **Social progress:** Extreme poverty rate (\$1/day) declined from 42% in 1996 to 34% in 2005. Emergence of a middle-class
- **Progress with governance:** gains in democratic regimes (60%)

**But, growth remains fragile, bypassing many countries, and not benefiting many rural poor**

- **Large disparities** in growth and per capita income: from South Africa, Gabon, Botswana above \$8,000 to Niger, Liberia, Malawi, Ethiopia, Burundi, Congo DR below \$400.
- **Civil conflicts:** Armed conflicts in Mali, Somalia, Sudan, DR Congo. Frequent ethnic and religious violence. Millions of displaced and refugee populations
- **Weakness of governance** and endemic corruption
- **Population** pressure and growing numbers of youth with insufficient employment opportunities
- **Extensive poverty:** Non-decreasing number of poor: 260 million below \$1/day. 200 million suffering from hunger. One African out of 12 HIV positive. Falling life expectancy (45 SA)

### **3. Lessons from China: Rozelle-Huang**

#### **The do list for SS-Africa**

Role of incentives: investment climate and secure property rights

Role of markets: Integrated domestic markets

Role of the state: Public goods in support of private investment

Role of incentives for public officials: Performance-based pay

#### **The don't do list for SS-Africa**

Do not constrain rural-urban labor mobility

Do not under-invest in rural health and education

## **A reinterpretation of China's main two lessons for African growth:**

- 1. Agriculture:** Productivity growth in **smallholder agriculture** at early stage of growth, driven by market-based incentives and public support
- 2. Governance:** strong **leadership** and capable **public administration**, from central to local

## 4. But Africa is not China

### Africa's similarities with China at the stage of early growth

- Large **smallholder** population: agriculture-based countries
- Potential **neo-mercantilist** model: export-based growth

### Africa's weaknesses relative to China

- 48 countries, often **landlocked** and **ill-designed**
- **Rainfed agriculture** with heterogeneity of agro-ecologies and fragmented institutional contexts: lacks economies of scale
- **Late late-comer**: global competition, integrated value chains, climate change
- **Weak governance**

### Africa's advantages over China

- **Population**: dividend, youth, still low population density
- **Land and water** abundance. Mining and petroleum reserves
- Relevance of **Brazilian** experience: Smallholders and Serrado

## **5. Relevant lessons from China: Policy implications**

### **Based on Rozelle-Huang**

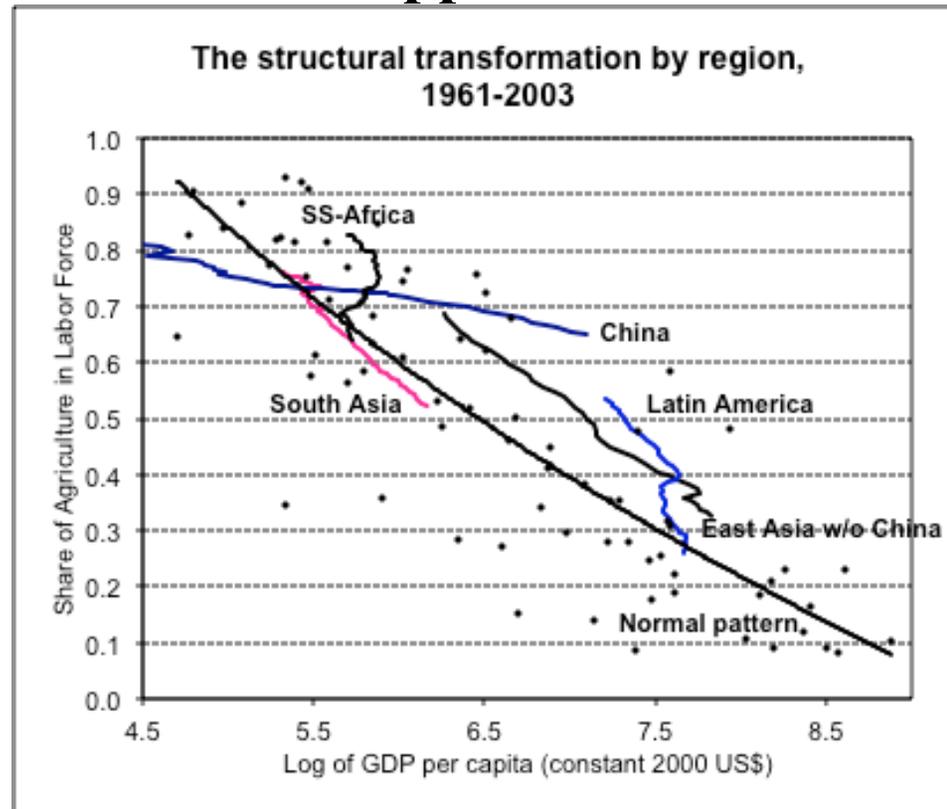
- **Need a comprehensive strategy for smallholder farmers:** invest more in agriculture (only 8/36 countries meet the CAADP 10% goal) and support smallholders
- **Need address the problem of governance** in support of agriculture: national and regional support to governance

## **Policy implications beyond Rozelle-Huang**

- Due to weakness of **governance** (e.g., customary chiefs, corruption), need give greater roles to:
  - **The private sector** (agro-dealers for local heterogeneity)
  - **Organized civil society** (producer organizations, not customary authority)
- **Manage the complementarities between small and large farms:** Learn from Brazil's comprehensive dual strategy
- **Need prepare rural populations for a successful structural transformation:** employability in the urban environment and successful structural transformation
- **Resist the temptation of neo-mercantilism** instead of seeking a late/difficult escape toward the domestic market as China: pursue growth with equity

**END**

## Appendix



**How both China and SS-Africa depart from the normal pattern of structural transformation, 1961-2003**