The need for a paradigm shift towards territorial development in sub-Saharan Africa

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The need for a paradigm shift towards territorial development in sub-Saharan Africa

ABSTRACT

Due to the specific characteristics of its integration into the world economy over the last centuries, sub-Saharan Africa is facing huge spatial imbalances and territorial inequalities. Inherited from the artificial borders shaped by a late European colonization, the political fragmentation of the sub-continent was especially exacerbated by continuing the “rent system” based on the extraction of natural resources. Rent patterns benefited transit capital cities to the detriment of small towns and intermediary cities and resulted in very asymmetric urban structures.

Half a century after independence, long-standing poverty and rising inequalities, difficulty of convergence with developed economies, and the challenges related to strong demographic growth, slow structural transformation and pressure on natural resources require strategic choices to be made.

While a greater inclusion into the world economy and seizing the opportunities of global value chains are among the policy options, African countries have to tap the full potential of their fast growing domestic markets and to engage in a “territorial Reconquista”: focusing on local resources and their adequate management, promoting territorial dynamics through the consolidation of urban-rural linkages and the strengthening of urban networks, and improving their regional integration.

Such an evolution implies a reengagement in designing development strategies instead of aligning sectorial policies. It calls for a genuine paradigm shift towards multi-sectorial and place-based approaches, which require the strengthening of a deteriorated knowledge base, capacity building at the local level, and the reconstruction of a strategic vision based on territorial foresight.

**Keywords:** Africa; structural transformation; globalization; rural diversification; urbanization; public policies
1. INTRODUCTION

Sub-Saharan Africa (SSA) has been in the spotlight since the mid-2000s for its strong recovery and dramatic growth rates. While other regions of the world were fighting against recession and the consequences of the 2008–2009 financial crisis, many SSA countries were flirting with two-digit growth numbers and thereby ending a 25-year downturn.

However, this economic performance had limited impacts on poverty and this questions the quality of African growth. It points the slowness and difficulty of the sub-continent’s structural transformation – characterized by limited economic diversification and low productivity – which results in dramatic challenges related to demographic growth and a booming labor force, combined with the uncertainties of a volatile international environment and the impacts of climate change.

In that context, the questions of designing adequate development strategies and identifying the effective drivers of growth are critical. Instead of seeking sectoral silver bullets, there is a rationale for promoting broader multi-sectoral and place-based approaches, which will have to deal with the high territorial inequality generated by the African development trajectories.

The paper recapitulates, firstly, the characteristics of SSA’s delayed structural transformation. It recalls its common features, notwithstanding the diversity of the subcontinent. It then reviews the existing debate about policy options for a more sustainable and inclusive growth process, referring to previous transformation pathways, and calls for a paradigm shift towards territorial development. It finally addresses the historical patterns of SSA’s spatial organization causing current regional inequalities, and discusses priorities that could contribute to unlocking the potential for territorial development.

2. THE DELAYED STRUCTURAL TRANSFORMATION OF SSA: FROM DIVERSITY TO COMMON FEATURES

Africa straddles two hemispheres, over an area as big as Australia, the United States, Brazil, Europe and Japan put together, and has 54 countries with major geographical differences. So, the continent portrayed by the media makes little sense as a unit and it is important to address the diversity of SSA within the diversity of Africa and its differences, from the northern to the southern parts of the continent.

The five countries along the Mediterranean coast, as well as South Africa, have per capita incomes of USD$3,000–6,000, broad-based economies, substantial urbanization and low fertility rates (fewer than 3 children per woman). SSA (except South Africa) is the opposite, even with wide national differences (especially in mining and oil states that have changed rapidly). Per capita income is much lower, with 38 of its 48 countries below USD$1,500, mining and agriculture predominate, the population is very often mostly rural, and the fertility rate is between 4 and 7.

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1. It draws on and develops the author’s previous works and his contribution to the thematic chapters of the Africa Economic Outlook 2015 on “Regional development and spatial inclusion” published by the Africa Development Bank, the OECD and UNDP (AfDB et al., 2015).

2. There are no standard definitions of territory, space, place and region, and the common usage is different between languages. For instance, Latin languages tend to refer to territorial development when English most commonly uses regional development. Yet, the usage is changing and “territory” appears more frequently in the literature in English. For a discussion on this issue, see AFDB et al., 2015.

These strong disparities have, of course, arisen throughout the history of each region. North Africa has been part of the Mediterranean world since Antiquity. It has known sequences of prosperity and decline, with differences between the Maghreb and the Mashriq, but its economy diversified long ago. At the other end of the continent, South Africa has a special history of a European settlement that gave it an autonomous government from the start of the 20th century (with creation of the Union of South Africa in 1910), when its mining operations were booming. This all helped rapid economic and social diversification, but the implementation of apartheid resulted in growing inequalities, speeded up by racial divisions.

“In-between”, SSA (without South Africa) corresponds to a large “middle Africa” with a shared history of integration into the world economy (Grataloup, 2007). European colonial monopolies had prevented any industrialization, and the new African states had to build, all at once, not only new administrative and economic government and infrastructure (despite colonizers’ late efforts to do so in the pre-independence 1950s), but also education, healthcare and other services. Several countries tried to modernize their economies but the enduring rent-based system (illustrated by the export of raw products), encouraged by foreign influences and vested interests, often prevailed. In addition, SSA countries were confronted by an adverse sequencing: in the 1980s, when they were only entering their twenties, and before they had the opportunity to consolidate their institutions or to engage effective modernization policies, they were simultaneously projected into the international competition of globalization and submitted to the sharp constraints of structural adjustment. This limited their room for maneuver and the difficult development of autonomous policies has to be viewed in light of the century or two that richer countries took to make their own economic transition.4

2.1 An incipient economic transition

As a consequence, the structural transformation of SSA economies remains incipient: the structure of GDPSs and employment has changed little over the past half-century and is still dominated by primary activity linked to raw materials and informal services. Agriculture, mining and energy still supply more than 40% of GDP in 25 countries and the manufacturing sector is very small indeed, contributing less than 15% of GDP in all but seven countries. Services comprise mainly informal activities by small traders and transport boosted by urban growth. Such inertia is not found at all in other developing countries, such as in Southeast Asia, where the contributions of agriculture and manufacturing are reversed.

Since the late 2000s, corresponding to the booming years, growth has been mainly driven by mining, oil and agriculture and this raises the question of whether it will last or not (Devarajan & Fengler, 2013), especially as SSA has long had the most erratic growth of all major developing regions (Arbache & Page, 2009). Many narrowly-based, raw-material exporting countries (such as in the Gulf of Guinea) are highly dependent on world markets and the end of the raw material prices bonanza – related to East Asia’s slowdown – is already resulting in macro-economic difficulties. A few SSA countries without sizeable mineral resources (like Ethiopia, Uganda and Rwanda), however, managed to maintain growth by diversifying their exports, developing sectors with greater added-value (McMillan et al., 2014) and joining global value chains (AfDB et al., 2014). These trends highlight the diversity of African trajectories within the overall process of structural change of the continent (Vergne & Ausseur, 2015).

Nevertheless, the structure of the workforce has changed very little. Data on activities are very vague and their relative importance can only be guessed, in the absence of any growth in formal employment and wage earners. The extractive and energy sector is not labor-intensive and farming is still the main occupation (two-thirds of the total African workforce, and many more in the Sahel and East Africa). It reflects the still predominantly rural population, which overwhelmingly work in agriculture, though this does not mean exclusively.

According to average figures provided by Filmer and Fox (2014), only 16% of the labor force in SSA have “wage jobs”. Moreover, only 20% of paid workers are in the industrial sector (mining, manufacturing, and

4 A stylized summary of the process of economic transition shows the gradual development from an agriculture-based economy to one based on industry, and then on services, in conjunction with a shift from rural to urban areas.
The “remaining” 84% of the labor force are in the “informal economy” either on family farms (62%) or in household enterprises (self-employment activities or small businesses), which account for 22%. The specificity of this informal economy is its great flexibility, which gives it a strong resilience against hazards, a situation that is balanced by high risks, underemployment (low number of hours worked per worker), and low to very low levels of remuneration.

As a consequence of these low-paid jobs and low incomes, living standards have been stagnating and massive, persistent poverty remains: on average, most people (70%) remain below the threshold of $2 PPP per person per day, and 50% of the population are under the $1.25 poverty line – a major difference with China and also with India, where progress has been significant – notably in terms of extreme poverty reduction.\(^7\) The non-inclusive and volatile growth process of the last two decades, mostly pulled by raw materials exports (which do not create many jobs), had a limited impact on poverty headcounts.

### 2.2 A slow and delayed demographic transition

These low-transforming African economies are facing a unique demographic reality, characterized by unprecedented growth and the lasting importance of their rural population. SSA is the last region of the world to be engaged in the process of demographic transition\(^8\) and the process is far from complete: the population growth has been strong over the past four decades (around 2.8% per year) and it has lasted longer than originally projected owing to continued high fertility rates in many countries. In 2050, SSA’s population should reach a total of 2.1 billion people, with the population continuing to grow until after 2100.

There are, however, sharp differences between SSA countries that show different paces in the demographic transition (Guengant & May, 2013). If the majority of countries show slow and erratic transitions with a fertility rate remaining at around five children per woman, some others (in landlocked Central and West Africa) are stuck at high levels of fertility rates with six to seven children per woman. On the other hand, a few countries, like Côte d’Ivoire, Ghana, and those in the southern Africa region, have been progressing and reach three to four children per woman today.

The burning issue here is not only the continuing population growth, but also the massive change in scale: while SSA’s population increased by 640 million people between 1975 and 2015 (a similar change to India), it should increase by 1.35 billion over the same time period between 2015 and 2055. This is the only region of the world with such a demographic push: over the same time period, the population of Europe and China will decrease, and the population increase in India (which will become the most populated country in the world) will be only 30% of SSA’s. SSA will overtake China and have two and a half times more people than Europe (a reversal of the relative weights of Europe and Africa in less than a century).

The specific spatial distribution of the population is another characteristic of SSA’s structural transformation: while the world reached the tipping point with a majority of urban dwellers at the end of the 2000s, the sub-continent remains mainly rural, with around 60% of people living in rural areas in 2015 – a world exception together with South Asia – and rural-to-urban migration stands at an extreme low rate (De Braw et al., 2014). Yet, urbanization in SSA developed strongly: the urban population increased

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5 These paid workers in the industrial sector are therefore about 3% of total employment. It confirms the tiny share of manufacturing.

6 The informal economy comprises businesses that are not declared or registered with the tax authorities, and do not apply accounting rules or economic and social labor standards (such as regulations related to hiring, firing, minimum wage, and working conditions). See Beaujeu et al. (2011) and Jütting and Laiglesia (2009).

7 The World Bank adopted new international poverty lines in October 2015, using the 2011 purchasing power parities (PPP). The updated numbers are $1.90 for the extreme poverty line and $3.10 for the poverty line. However, data for SSA are not updated yet in the Word Development Indicators.

8 The demographic transition corresponds to the progressive and successive reduction of mortality and birth rates resulting from better living conditions, education and medical progress. The difference in pace between the two trends (the mortality rate decreases faster) explains population growth and rising demographic rates, which gradually slow down when birth rates reduce. This transition results in a temporary improved ratio between the working and non-working population, named the demographic dividend or bonus, which can support economic growth.
tenfold since the time of independence in the early 1960s. Nevertheless, after a sharp growth between the 1960s and the 1980s (at nearly 5 % per year, and more for some countries), the pace slowed down from the 1990s as a consequence of economic crises, structural adjustment, and closing opportunities due to state withdrawal and limited private investment. It is stabilizing at around 3.8–4 % today (Magrin, 2013).

Moreover, SSA’s tipping point should not be reached before 2040 and the sub-continent is the only region of the world where the rural population will continue to grow well after the middle of the century, while in South Asia it will decrease from the mid-2030s. With 350 million additional rural people by 2050, the sub-Saharan African rural population should reach nearly 950 million – a 59 % increase.

As a consequence of the on-going demographic push and the evolving age structure of the population, the labor force will increase dramatically in the coming decades, with an expected surge of nearly 800 million by 2050. It will represent 62 % of the labor force expansion worldwide. Over the same period of time, the labor force will decrease in China and Europe. Based on the estimated repartition of population between urban and rural areas, nearly 35% of this labor force surge will be in rural areas, i.e. 270 million.

The change in the age structure will also improve the effective dependency ratio over the coming decades and the region will progressively reap its demographic dividend: this will be a major advantage in terms of growth, but only if it is combined with adequate public policies and a favorable economic and institutional environment (productive investment, improved skills and capacity building, innovation and productivity enhancement). If not, the demographic bonus (many workers) could turn into a “penalty” (many jobless), and result in major social and political tensions.

Therefore, the sub-continent will have to deal with a dramatic “job challenge” (Bhorat & Naidoo, 2013) and “provide” employment to answer the upcoming increase of the labor force. These magnitudes in numbers allow an articulation of the “African equation” (Losch, 2015): with their undiversified economic structure, where the weight of primary and especially agricultural activities is dominant, and where the weakness of industrialization does not offer mass employment alternatives, how will SSA economies absorb their booming labor force and particularly deal with youth employment? What are the possible and realistic absorption sectors? Where will people settle, and with what consequences for regional dynamics and natural resources?

3. THE DEBATE ABOUT POLICY OPTIONS FOR A SUSTAINABLE AND INCLUSIVE GROWTH PROCESS

After 25 years dominated by “adjustment” policies and the objective of sound macro-economic management, there is a revival concerning policy options that could facilitate a sustainable and inclusive growth process in SSA. The need to address structural change and to implement transformative policies is becoming a credo, and structural transformation a buzzword. The African Union Commission engaged in the drafting of the Africa Vision 2063 with a transformative agenda as a guideline; the 2012 World Economic Forum for Africa focused on Shaping Africa’s Transformation; the African Development Bank’s new 10-year strategy puts Africa’s transformation at the center; the Economic Commission for Africa (ECA) titled its 2011 Economic Report on Africa, Governing Development in Africa: The Role of the State in Economic Transformation (UNECA, 2011); and the African Center for Economic Transformation (ACET), an Accra-based think tank, is now publishing an African Transformation Report and has proposed an African Transformation Index (ACET, 2014).

9 The working age population is considered here. It corresponds to the 15–64 age group and is generally used as a proxy for the labor force. It includes employed (or self-employed) and unemployed people.
10 Ratio of economically active population (15–64 age group) to inactive population. With one inactive for every active person in the 1980s and 1990s, this ratio was a major economic disadvantage for Africa. Over the same period of time, China had two active for every one inactive person (and has a 2.5 ratio today), which is a radical difference in terms of productive capacity and possible increase in individual wealth and living standards.
11 A recent territorial foresight exercise in two regions of Mali and Madagascar illustrates the amplitude of the challenges in terms of employment, infrastructure, services, natural resource management and spatial planning. See Sourisseau et al. (2016).
3.1 New context and new challenges versus previous transformation pathways

The common objective is undoubtedly to support and strengthen the process of change towards more diversified economies, with higher added value and qualified jobs – a prerequisite for improved living standards. It is clear, however, that this diversification is a gamble in an increasingly integrated global economy. Globalization offers many new opportunities in terms of access to new markets. It also facilitates access to knowledge and technical progress, which the richest countries today did not have when they engaged in their transition. However, globalization also means constraints, because of rising asymmetries in productivity and competitiveness. Local firms must compete with foreign companies – especially those from large emerging countries like China – on a “stormy open field” (Birdsall, 2006) characterized by the instability of the world economic environment; and the challenges are rising, not only in international markets, but also in domestic markets through imports. Besides, SSA also has to face new constraints related to struggles over resources and the impact of climate change. These constraints are shared with other regions in the world, but Africa is where the expected impacts are among the most important (Jones & Thornton, 2009; World Bank, 2013).

In order to design adequate policies, lessons from past transitions are especially instructive, but they cannot be replicated because economic, institutional, geopolitical and environmental contexts have changed. The “moment in time” matters (Gore, 2003) and Europe fully benefited from its hegemonic situation in consolidating its transition: its imperialism gave it access to captive markets with little competition; it also enabled massive European emigration to “new worlds” helping to absorb its own workforce during its demographic transition. Yet, underlying tensions in this process did not prevent two world wars, largely rooted in rival national capitalist systems.

On the other hand, Latin America and Asia (with many variations in time, tools and sequence) began their change processes involving considerable state intervention, with import-substitution, protection of new industries (Evans, 1995; Amsden 2001) and large support to agriculture modernization (Djurfeldt et al., 2005). These policies were developed between the two world wars in reaction to World War I and the 1929 financial crisis (Giraud, 1996), and continued until the late 1970s when economic liberalization began, with state disengagement and the rise of globalization, at a time when African countries were still very young and had barely worked out their own plans for modernization.

In addition to these major context differences, SSA will have to manage its structural transformation without benefiting from the same economic policy options which were accessible to previous “transformers”. New international regulations, exemplified by the WTO agreements, have changed the rules of the game and the room for maneuver of “late developers”.

3.2 Existing priority options

There exists a raging, sector-focused debate, with extremely contrasting points of view between proponents of industrialization on the one hand, and proponents of “agriculture first” on the other hand.

For the “industrialists”, an improved business climate in many countries, the gradual increase in manufacturing costs in Asia due to higher wages (especially in China), and the prospects of task-based production rather than the manufacture of end products (UNIDO, 2008) offer new opportunities for

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12 In the case of SSA, the difference in average productivity with other developing countries is 1 to 5, and 1 to 100 with OECD countries (UNCTAD, 2006).
13 The resulting European offshoots (mainly the USA, Canada, Australia and New Zealand) were able to follow the same patterns of structural change.
14 European total migration statistics are rather unreliable due to their limitations (old and incomplete series) and to emigrant’s return which are difficult to estimate. A common figure is about 60 million between 1850 and 1930 (Hatton & Williamson, 2005).
15 Chang (2002) emphasizes the difference in status between countries according to their hegemonic or subordinate position. In particular, he recalls how the richest countries now wish to prevent others from applying the policies they had themselves implemented (especially those of protection and subsidies) and which they sometimes continue with, even today (agriculture subsidies being a well-known example).
industrialization. This new type of industrialization, or light manufacturing (Dinh et al., 2012), is a consequence of growing outsourcing and intra-firm trade which characterizes globalization. It is more accessible to late developers to the extent that it requires less capital and lower technical and managerial skills, and remains doable in a more fragile economic and institutional environment (AfDB et al., 2014).

Manufacturing is presented as an answer, meeting the scale of SSA’s challenges because agricultural productivity is too low and the expected progress too slow to allow for a rapid escape from poverty. If there are undeniable areas of diversification and opportunities for SSA and some competitive advantages (a growing and cheap workforce), the necessary timeframe for an effective industrial development remains significant. With regard to the current structural situation of SSA, heavy investments are needed in infrastructure, training and support for businesses; and even with such investments, it will be impossible to create millions of industrial jobs each year in the near future to meet the demand for jobs. Besides, there has not been significant industrialization in SSA over the last fifty years, despite a strong urbanization process, and examples of industrial free trade zones have produced mixed results with limited job creation (AfDB et al., 2015).

On the other side of the debate stands the “pro-agriculture” group. The first argument is about the “basic arithmetic” of large numbers (Headey et al., 2010): the majority of the active population in most African countries live in rural areas, and even with another decade of growth as good as or even better than the past one (which seems debatable today), structural transformation and the change in employment structure will be slow (Fox et al., 2013). The absolute number of workers in agriculture will not shrink but grow, and continue to challenge the rural economy.

The driving force of agriculture, its intersectoral effects, and its role in rural poverty reduction and rural diversification are basics in the literature on economic development (Johnston & Mellor, 1961; Johnston & Kilby, 1975), and on African development in particular (Delgado et al., 1998; Diao et al., 2007). Improving agricultural performance was a major factor in explaining the rapid progress achieved in East and South East Asia (World Bank, 2007) and several recent studies have confirmed the comparative potential of agricultural growth with respect to urban development. For Africa today, the challenge is to identify the right development model for agriculture.

In addition to these two major sectorial priorities, some advocate for a strategic move towards a service economy, which could be a way for leapfrogging the industrialization stage (Ghani & O’Connell, 2014). Growing opportunities related to the development of information and communication technology (ICT) and cloud computing exist, and jobs in services are expanding fast, offering a potential for job creation (Carmignani & Mandeville, 2014). However, services are also becoming increasingly tradable and competition is fully at play at the world scale – a consequence of continuous improvements of communication networks (UNRISD, 2010). In that context, performance in productivity and quality will be a condition for success. It requires highly skilled workers and SSA faces challenging competitors (Rodrik, 2014). The service economy will offer opportunities, but the absorption capacity of the sector remains limited and cannot be an effective alternative in the two coming decades.

Last, but not least, a green growth strategy is also proposed as an option, arguing that SSA, with its incipient structural transformation and the remaining importance of the rural economy, could be a well-suited candidate for switching to a more sustainable development path, based on new low carbon production techniques and environment services. Africa could, therefore, be a forerunner in the global challenge for sustainable development. However, such a strategy confronts the continent with the same practical challenges as other regions, which expand the amplitude of its own concerns: how to invent new production and consumption modes (UNESC et al., 2011) and escape from the current world economic system based on resource extraction (Swilling, 2013) when dealing at the same time with the need for jobs and improved productivity?

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16 Dorosh and Thurlow (2014) have shown, on the basis of growth models applied to Ethiopia and Uganda, that even if cities are still the unquestionable source of growth and structural change in the long term, it is actually agricultural activities that are likely to have the fastest impact on poverty reduction.
3.3 The need for articulated approaches

The review of the major priority options discussed illustrates the difficulty and the delusion of “picking” one specific policy in order to speed up SSA’s structural transformation. It recalls that there are no “sectoral silver bullets” to deal with the African structural challenges in the 21st century and that answers must be based on each country’s specificities and challenges, and the opportunities and constraints of the international environment.

For long, export-led strategies have been a reference, exemplified by the dramatic successes achieved by East and Southeast Asian countries. They shaped priorities towards the improvement of competitiveness that often led to ignoring local potentials and the requirement for their utilization. Here again, the moment in time matters and current economic trends reveal that the Asian experience will be hardly replicable.

First, because it fully benefited from trade liberalization associated with technological improvements in supply chains management (container shipping plus ITCs) leading to a quick development of manufacturing based on delocalization (see above). This “15-year moment” seems to be over and today’s growth prospects for the global economy point to a strong slowdown, sometimes referring to the risks of a secular stagnation (Teulings & Baldwin, 2014; Gordon, 2016). The second factor of limitation for Africa is that nearby Southeast Asian countries will fully benefit from a cluster effect: they are better positioned to take over from China and reap the benefits of East Asian delocalization (Rodrik, 2014).

The consequence of this changing environment with growing headwinds17 is that national dynamics and “what happens at home” (Rodrik, 2013) will be increasingly determinant. Instead of adopting “one size fits all” policies, the drafting of genuine, adapted strategies, based on foresight thinking and looking at existing countries’ assets stands as an imperative.

This move requires a paradigm shift with the adoption of a broad-based approach, articulating a multisectoral and place-based vision. It implies a significant change in the policy practice because most policies today – and particularly in Africa – are sector-segmented and disconnected from the rest of the economy. Silo-based thinking is the rule (Losch & Magrin, 2013) and governments and donors focus on a program–project sectorial approach. This practice, which is dictated by existing funding mechanisms, prevents a large diagnosis-based definition of priorities. And, alas, the programs and funding instruments addressing the new UN SDGs remain mostly sector-based. This pattern is not changed by the growing role of new donors from the private sector (foundations) and emerging countries. They all have their own agendas that target one specific segment within the range of development needs.

Development strategies are the way to escape these sectorial biases, which cannot deal with the embedded challenges of Africa’s structural transformation. A development strategy is more than the aggregation of sector policies and cannot be reduced to a state-led-only approach. It has to be considered as a public good (Stiglitz, 1998) because it is a process of definition of priorities based on a vision of the future shared by stakeholders and constituents of a country. The quality and the inclusiveness of this process are most critical: it must be engaged at different territorial levels and the coherence of multi-level priorities requires close attention and support.

Such a strategic approach is the only way to address the specifics of every country and to deal with the diversity of sub-Saharan Africa. It implies territorial diagnoses with the identification of potentialities and constraints, knowing that the drivers of change will differ according to every context.

4. UNLOCKING THE POTENTIAL FOR TERRITORIAL DEVELOPMENT

In order to solve the African equation and to address the imperatives of SSA’s economic and demographic transitions, African countries will have to not only seize the opportunities of the international

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environment, but they will also have to tap the huge potential of their growing domestic markets and needs.

While the sub-continent was sparsely populated in the early 1960s with 220 million people, it can benefit now from a potential of 960 million inhabitants, which will grow by 1.3 billion people by 2050. This is the world’s fastest expansion and it means feeding 2.1 billion people in 35 years from now, supplying them with goods and services to improve living conditions, necessary human capital, and equipment and infrastructure to support these dynamics of change, together with investment in new energy and technology frontiers.

The large geographical scale of Africa, the diversity of its ecosystems and its natural resources endowment provide significant room for maneuver. However, the demographic changes underway and their consequences will directly impact upon the spatial organization of the continent. After decades of policy practice, almost ignoring spatial dynamics, this new context puts territorial development at front stage. And because most African countries are characterized by a very unbalanced territorial organization, the right governance of the existing assets, particularly natural resources (including land), will imply a sort of “territorial Reconquista”.

4.1 Understanding SSA’s spatial patterns

The spatial patterns play a critical role in the development process and their historical formation is key to understand the specificities of the “territorial fabric”, in Africa like everywhere else (see Berdegué et al., 2015, for Latin America). Putting sub-Saharan Africa into its continental perspective, Africa has long been under-populated, which has been an enduring obstacle to economic development. Population distribution is highly uneven, with a juxtaposition of ‘full’ and ‘empty’ areas; a legacy not only of geography but also of history, whether it be pre-colonial (areas depopulated through the slave trade, or with high densities reflecting the long-lasting testimony of former strong states) or colonial (with a shift toward coastal areas).

The current population distribution still reveals dense zones in the Great Lakes region, in the highlands of Ethiopia, Madagascar and southern Africa, and in the Sudanese savannahs, as well as on the coasts: the Mediterranean, the east coast, and the Gulf of Guinea, where the human settlements connect with the populated regions of the hinterland (from Nigeria to Burkina Faso).

European colonization in the second half of the 19th and the early 20th centuries deeply shaped SSA’s spatial organization. Rivalry for raw materials between European empires began before colonization itself and was formalized in the 1885 Treaty of Berlin (Wallerstein, 1996). It often divided existing entities and created new territories that were usually very socially and politically diverse. This colonization, based on simple exploitation (except for settler colonies, mainly in South Africa and Algeria) was spatially oriented, perpendicularly to the coast (with a “toothcombs” shape). Each territory built a port (for a long time just a wharf) that was often both the main town and a railhead to ship out local commodities. It was the start of current urban development.

Independence conditions in the early 1960s (with a few exceptions) accentuated the spatial arrangement of the colonial era. Each state tried to build or boost its national unity from what already existed, by beefing up the administrative and economic authorities from its own capital city, by expanding local equipment and services, and by creating a civil service. New national borders were strengthened, with political elites often playing nationalist games. As a result, some colonial-era infrastructure that was shared was progressively discarded, such as joint railway systems or education systems.

This political – and spatial – fragmentation was especially exacerbated by continuing the “rent system” (Magrin, 2013) based on extraction of natural resources (agriculture, forestry and mining), perpetuating the chief way SSA is included in the world economy, mainly exporting unprocessed raw materials with little or no added-value (Illife, 1995). Therefore, governments for long focused on controlling the rent, adopting the role of the “gatekeeper” – a historic feature of continent’s pre-colonial, colonial and

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18 This time sequence is important when comparing SSA to other regions. Latin America became independent in the early 19th century, and South and Southeast Asia just after the Second World War and in the 1950s. Only a few Caribbean and Pacific islands states became independent after Africa did.
“modern” states (Cooper, 2002): crossing national borders produces the rent through exports and imports control and taxation, and the port-capital is the system’s nerve center. Addiction to rents, and the power struggles it sets off, is an obstacle to change and prevents or seriously slows down domestic development.

Rent patterns have greatly increased spatial imbalances and concentration on capital cities and transit towns, and this historical spatial organization of African states has deeply shaped urbanization patterns. Cities were originally based on rent and administration rather than on independent local activity (Jedwab, 2012), and the “toothcombs” spatial organization progressively led to the aggregation of new industries and population in the country’s biggest city. At the continental level, it favored the development of millionaire cities. It results in a strong asymmetry of the urban system where the capital has more than a fifth of the national population and two-thirds of the combined urban population (e.g. in Senegal, Côte d’Ivoire, Gabon, Angola, and Togo) with a large gap to the country’s second city.

This uneven urbanization combined with demographic growth has, however, produced two types of urban dynamics. The first involves the gradual creation of metropolitan archipelagos (Dollfus, 1997; Veltz, 1996) resulting from the densification of population and transportation networks. This feature is emerging in the Gulf of Guinea countries, the Great Lakes region, the Ethiopian Highlands and the Nairobi–Kampala Corridor, with South Africa having engaged in this process earlier (Denis & Moriconi-Ebrard, 2012). The second urban dynamic is the bottom-up expansion of existing small agglomerations because of population growth, with large villages growing and becoming rural centers and then small towns due to their commercial, administrative or even religious functions. This happens especially in West and East Africa, where small towns of less than 50,000 people have grown enormously since the 1960s.

As a consequence of these two processes, intermediate-sized cities (from 50,000 to 500,000–1 million dwellers) appear as the weak and missing link of African urbanization (Imbernon, 2013). “Metropolization” tends to accentuate a vacuum process that is reinforced by the priority given by governments to larger cities, which concentrate major needs due to their size, negative externalities, and possible political protests. This impacts on migration patterns, with migrants completely bypassing the regional towns.

4.2 Territorial inequality, rural poverty and adaptation processes from the ground

From this review of the historical shaping of SSA’s spatial organization, it appears that the lack of infrastructure, equipment and services in regional centers prevent the development of clear urban functions and the possibility of territorial consolidation. Simultaneously, an even bigger lack of public investments at the lower level, in small towns, results in a major obstacle that limits a significant densification of urban–rural linkages, which is the very essence of a rural economic diversification capable of producing structural change.

This urban asymmetry and its consequences come with a strong territorial inequality in terms of income and poverty. Poor statistical systems result in a critical lack of information at the subcontinent level, and many countries lack the necessary data (and above all, panel data) required to gain a precise understanding of the existing situation. However, Multidimensional Poverty Index (MPI) calculations by UNDP provide a useful estimate of various types of territorial inequality (AfDB et al., 2015).

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19 According to Magrin (2013), the rent system can be expanded to public development aid and to remittances by migrants, even if in the latter case beneficiaries are not governments but local people who get an external resource they can entirely consume.

20 However, Africa still has fewer big cities than other continents – about 30 “millionaire” cities (those of more than a million inhabitants) for a continent of one billion people, while Latin America has 42 for only 400 million people.

21 The primacy index, which is the ratio between the first and the second city, is often 10 or more, as in Mali, Uganda and Ethiopia (20 in Liberia).

22 MPI is a composite indicator of poverty mixing poverty headcount and poverty intensity which is calculated from ten indicators related to health, education and standards of living, such as access to drinking water, sanitation and electricity. It ranges from 0 to 1 (the lowest and highest values). See Alkire et al. (2014).
Major disparities occur first between capital regions and other regions, but poorer countries – which are often landlocked countries – also display larger regional gaps between the most- and the less-favored region (e.g. in Ethiopia, Niger and Mali). These regional disparities overlap with the rural–urban income gap, which is a well-known feature in developing countries. Average aggregated MPI reaches 0.39 in rural areas, when it is only 0.11 in urban areas. This territorial inequality not only has major consequences in terms of national cohesion, and regional and national development, but it also impacts upon the household level: according to Shimeles and Nabassaga (2015), almost 40% of asset inequalities are related to spatial factors.

These results, even if partial, point the daunting situation of most rural areas which are lagging, and where the majority of the population lives under the poverty line and, often, under the extreme poverty line (IFAD, 2010). However, in these difficult contexts, rural populations try to adapt and to take full advantage of technical progresses in transportation systems and communications, particularly mobile phones, amplified by growing demographic densities that limit the situations of effective remoteness.

These changes result in three major patterns. First, in the evolution of migratory practices, which are no longer limited to long-term and seasonal migration. Shorter and temporary migrations develop, mainly when density increases. Second, this increased mobility changes family structures, lifestyles and livelihoods. Different household members may exert activities in different places – in the village, the neighboring village, the small town, the capital or even abroad – thereby diversifying their sources of income (Guetat Bernard, 1998; Francis, 2002; Tacoli, 2002; Mercandalli 2014). Such new practices generally do not disturb family cohesion, which can even be strengthened by complementing it (Bosc et al., 2015), creating a new kind of “archipelago” family economy already noted in rural Latin America (Quesnel & Del Rey, 2005). Living in multiple places produces new “functional spaces” that the assumptions of decision-makers often do not capture (Ma Mung, 1999; Cortes & Faret 2009). Third, this new mobility gradually strengthens the patterns of rural diversification and results in a new rural economy where new types of activities develop in addition to “traditional” on-farm activities.

As a result, there has been a deep reshaping of rural realities. The static categories of “rural” and “urban” – which were already facing the difficulty of variable definitions between countries – no longer capture the hybridity of those shifting relations between cities and the countryside (Agergaard et al., 2010; Berdegué & Proctor, 2014; Tacoli & Vorley, 2015) which suggests a “new rurality” in Africa (Losch et al., 2013).

There is a major paradox, however, because although rural areas are changing quickly, rural people stay poor. Among the keys to understanding are the characteristics of rural diversification in SSA, for which a broad literature exists. Except for a few isolated and sparsely populated regions, diversification is now the rule in rural Africa. Nevertheless, the effectiveness of the processes underway remains uncertain due to limited evidence (narrow results being often overemphasized).

Diversification patterns are most often a combination of four main categories of income that complement farm incomes, the overwhelming majority of rural households still being involved in farming activities: agricultural and non-agricultural wage labor, self-employment, and transfers. If wage labor is a limited option in rural Africa, transfers – mostly private transfers related to remittances from migrant family members – are often restricted in value because domestic migration, and sometimes migration to neighboring countries (migrations to rich OECD countries are scarce), provide low returns. Therefore, self-employment activities are the backbone of rural diversification and the most common source of off-farm income.

Two types of self-employment activities can be distinguished: (a) a “positive” diversification (generally a full-time activity), in which self-employment contributes significantly to household income, mostly accessible to better-off households able to make an initial investment in equipment; and (b) a “neutral” diversification, in which the poorest and most marginalized households develop coping or survival strategies by engaging in minor self-employment activities with very low returns (for example, petty trade). The latter could be considered a form of underemployment and do not represent a good option.

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23 MPI data show that 86% of the poor live in landlocked areas.
The analyses of diversification indicate a strong diversification–income relationship, i.e. between the share of non-farm income and total household income. Although a literature review shows conflicting empirical evidence, it appears that the inverted-U shape is quite common in SSA (Alobo Loison, 2015) which means that the middle-income households have a higher share of off-farm incomes than do the poorer and richer households, which are more specialized.

Due to the very low level of incomes in rural areas, most households in SSA are on the left side on the inverted-U: they focus on survival strategies, and food security is the major objective, requiring the full engagement of family labor time. This is an important result, pointing to two major issues. Firstly, policies have to reduce risks for rural households, being food insecurity and more broadly economic insecurity, through providing secured markets, lower transaction costs and improvements in agricultural productivity. Secondly, the low level of opportunities in rural areas – i.e. the countryside plus small towns and their hinterland – indicates that much has to be done in terms of public goods provision, services and infrastructure at the bottom and the “middle” of the urban system. Improving urbanization assets would unlock potential for diversification and facilitate rural households in their progress towards the right side of the inverted-U (Losch et al., 2012).

4.3 Which priorities for action?

The paradigm shift towards the adoption of a broad-based approach, articulating a multisectoral and place-based vision, is a necessary answer to the changing international environment and a prerequisite for mobilizing the full potential of SSA’s territorial resources. This does not, however, hinder the identification of the right policy options with sufficient leverage to facilitate and foster the process of structural transformation.

If it is necessary to escape the “silver bullet syndrome”, it is also an imperative to avoid the usual long shopping list of policy measures dealing with imperfect and missing markets, the provision of public goods and the introduction of risk-mitigation mechanisms. Because of financial and human resource constraints, choices have to be made in terms of prioritization, targeting and sequencing, and these choices are imperatively homemade because policies must be tailored to local circumstances. Based on the main arguments developed in this paper, it is possible to target three main interlinked priorities that are valid for most of the situations of SSA: they relate to strategy design, territorial development, and rural–urban linkages.

The first step for drafting adapted strategies is to reinvest in knowledge creation as an urgent priority, because SSA is confronted by a “statistical tragedy” (Devarajan, 2013; Jerven, 2013). General socioeconomic information is deficient and improved data are necessary to understand the dynamics of evolving economies and the increasing mobility of people, to appreciate the effective potential of countries and regions in terms of natural resources and other assets, and to engage in foresight thinking – a critical step for prioritization. Re-engaging in development strategies implies reinvesting in processes, at both the national and subnational levels, because consultation is a requirement to secure ownership – the determining factor of shared vision and commitment. It takes time, adequate planning, and a significant effort in capacity building to manage information systems, analyze results, and monitor progress.

Due to the prevalence of sectoral priorities, territorial development has remained marginal in SSA. Some countries, notably in West Africa, developed regional policies in the past, but with limited budgets and implementation capacity due to weak local governments. They were all abandoned from the 1980s due to the priority given to structural adjustment (Alvergne, 2008). Initiatives that are more recent have focused on specific instruments, like the special economic zones (SEZs) or the development corridors, with ambivalent results.25

25 SEZs can contribute to develop enclaves and corridors can create “tunnel effects”, vacuuming surrounding areas and excluding regions that lack strong competitive advantages (AfDB et al., 2015). They both strengthen spatial differentiation and territorial fragmentation between useful and connected areas and others (Ferguson, 2006).
A cornerstone for regional development is the implementation of sound regional diagnoses which facilitate the identification of binding constraints on local development and, most importantly, detect existing potential, which is a positive approach based on local assets, contrasting with the compensatory approach of old regional policies (OECD, 2009). In particular, the identification of specific resources is a critical step (Campagne & Pecqueur, 2014). Contrary to generic resources which are independent from the particularities of the place where they are located, these refer to specific local assets which must be “activated” through the direct involvement of local stakeholders and the definition of a common strategy. Well-known examples are the “geographical indications” which refer to the unique geographical origin of a product.

Finally, improving rural–urban linkages remains a cornerstone for structural transformation. Historically, these linkages were forged as a result of growth in rural demand for goods and services, stimulated by rising farm incomes, and this rural demand generated new productive activities that naturally concentrated in rural boroughs and small towns so as to benefit from economies of scale. As a consequence of globalization, which tends to favor long-distance over short-distance networks, easier access to imports has notably modified urbanization patterns over the last decades: cities (especially large cities) often resort to imports rather than making use of local economic resources (UNRISD, 2010). This process has been particularly active in SSA due to the asymmetry of the urban structure.

Therefore, strengthening the intermediate level of territorial development by promoting the economic vitality of small cities and regional towns — the “missing middle” (Christiaensen et al., 2014; UNCTAD, 2015) — seems to be an important step for fostering rural transformation in the context of globalization. Interventions in this area can offer win-win solutions that not only create better local market opportunities, they also improve food security and nutrition (Cistulli et al., 2014), facilitate access to services, strengthen communities, and contribute to the weaving together of a region’s economic and social fabric. In addition, they reduce the burdens of mega-urbanization (Paulais, 2012). This kind of rural–urban dynamic based on functional territories is more flexible and does not create such a stark contrast between urban and rural conditions; it allows for the possibility of working on both sides of the rural–urban divide and creates a strong basis for rural diversification, which is a major component of regional diversification and structural change.

REFERENCES


