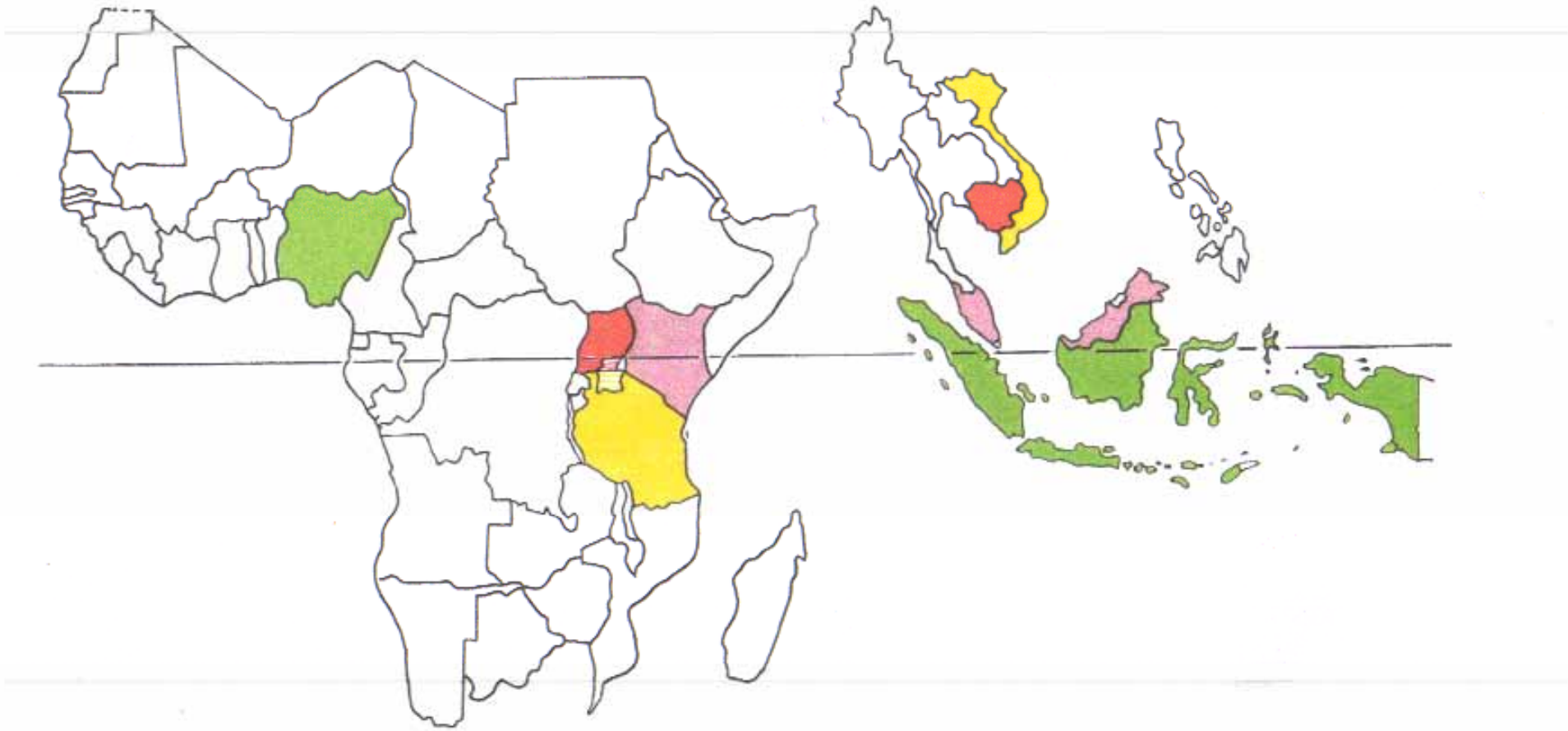


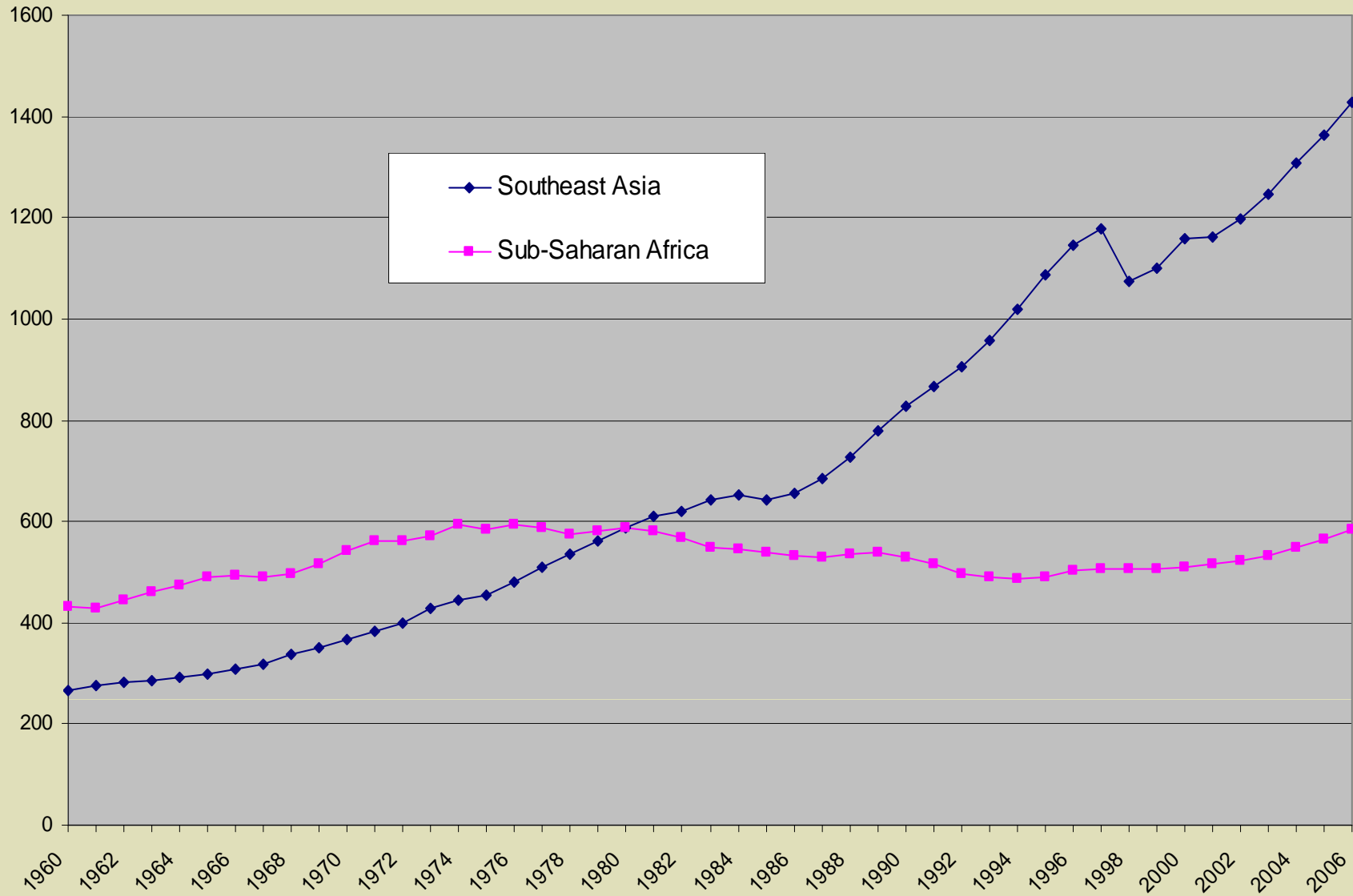
# **Is Africa at a developmental turning point?**

Clues from Southeast Asian history

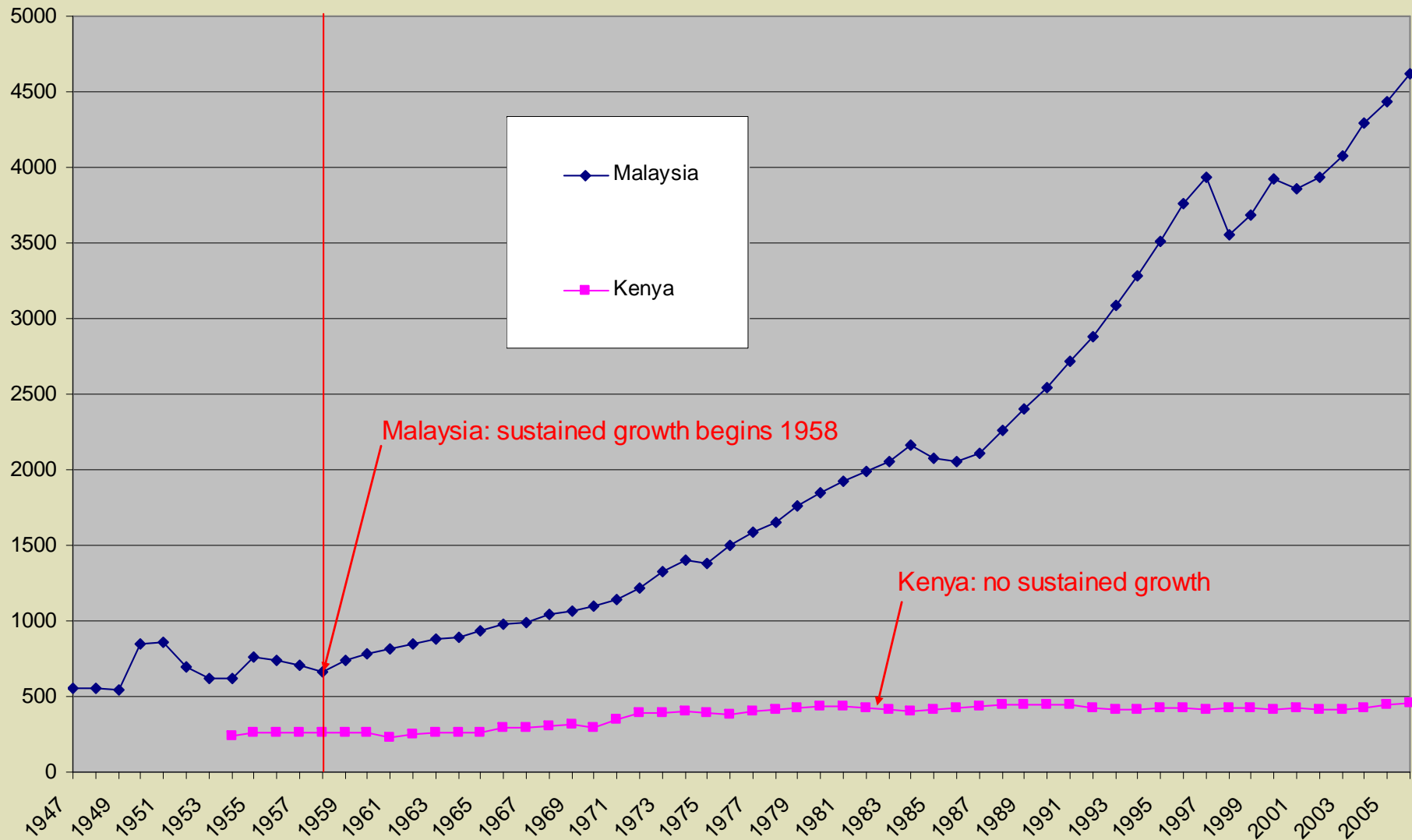
David Henley  
KITLV LEIDEN



**Southeast Asia and Sub-Saharan Africa: GDP per capita (constant 2000 USD), 1960-2006**

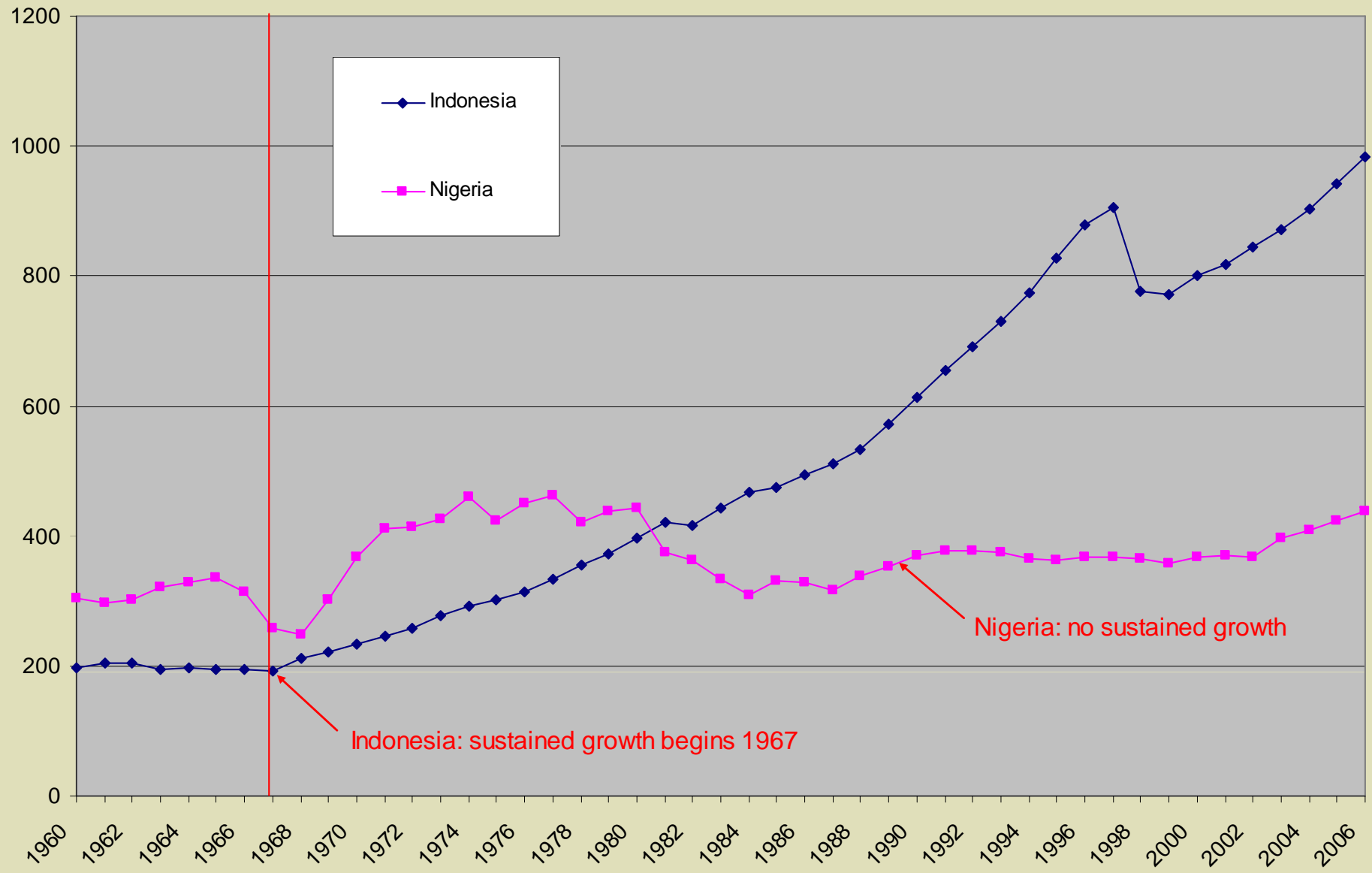


Per capita GDP (constant 2000 US\$), Malaysia and Kenya, 1947-2006

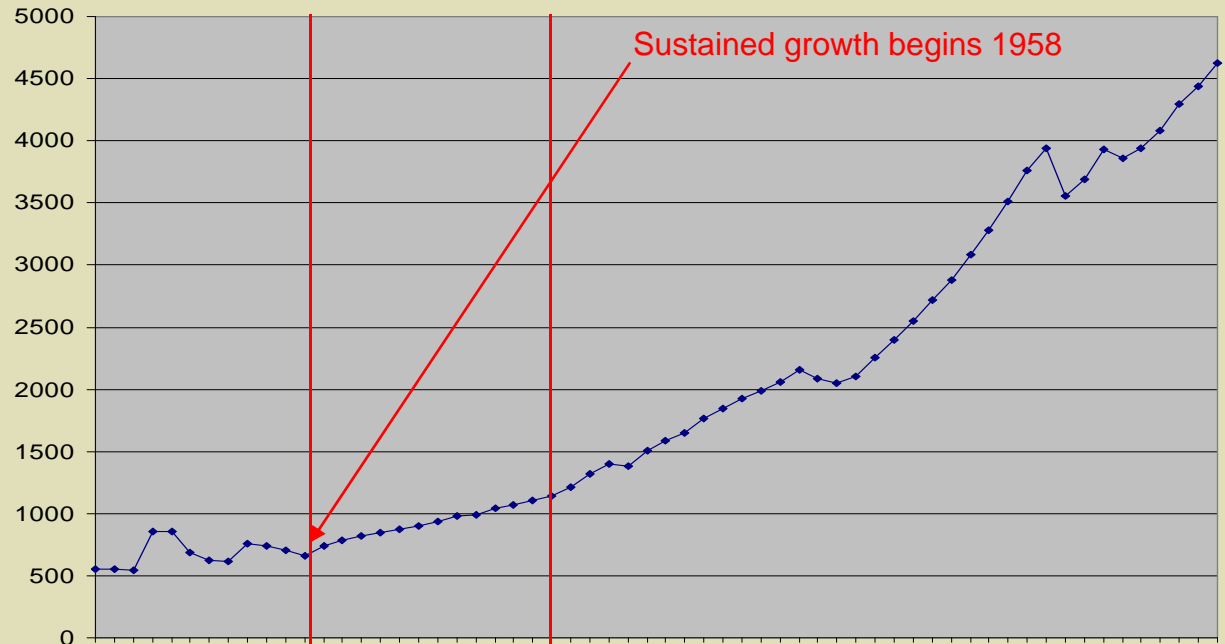


Sources: WDI Online (1960-2006); Lim Chong-Yah, *Economic development of modern Malaya* (1967):28 (Malaysia 1947-59); Edmund H. Leavy and others, *The economic development of Kenya* (1963):339, 341, 359 (Kenya 1954-59).

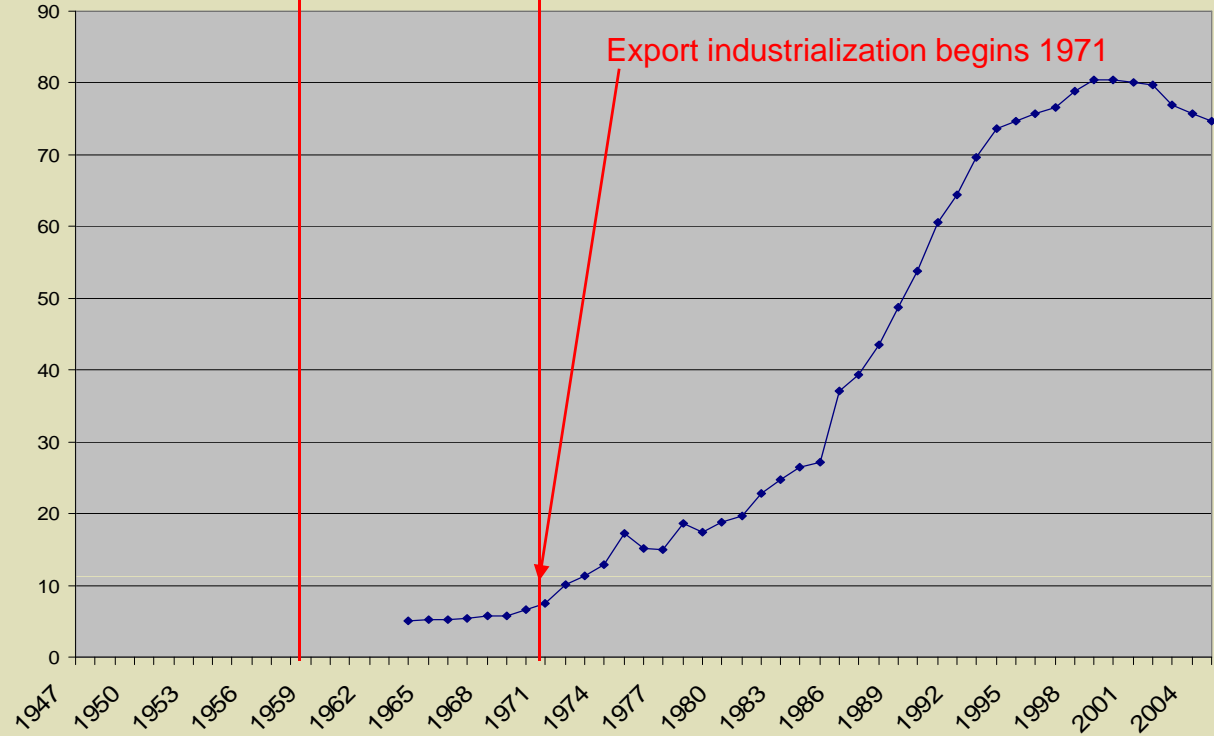
Indonesia and Nigeria: GDP per capita (constant 2000 USD), 1960-2006



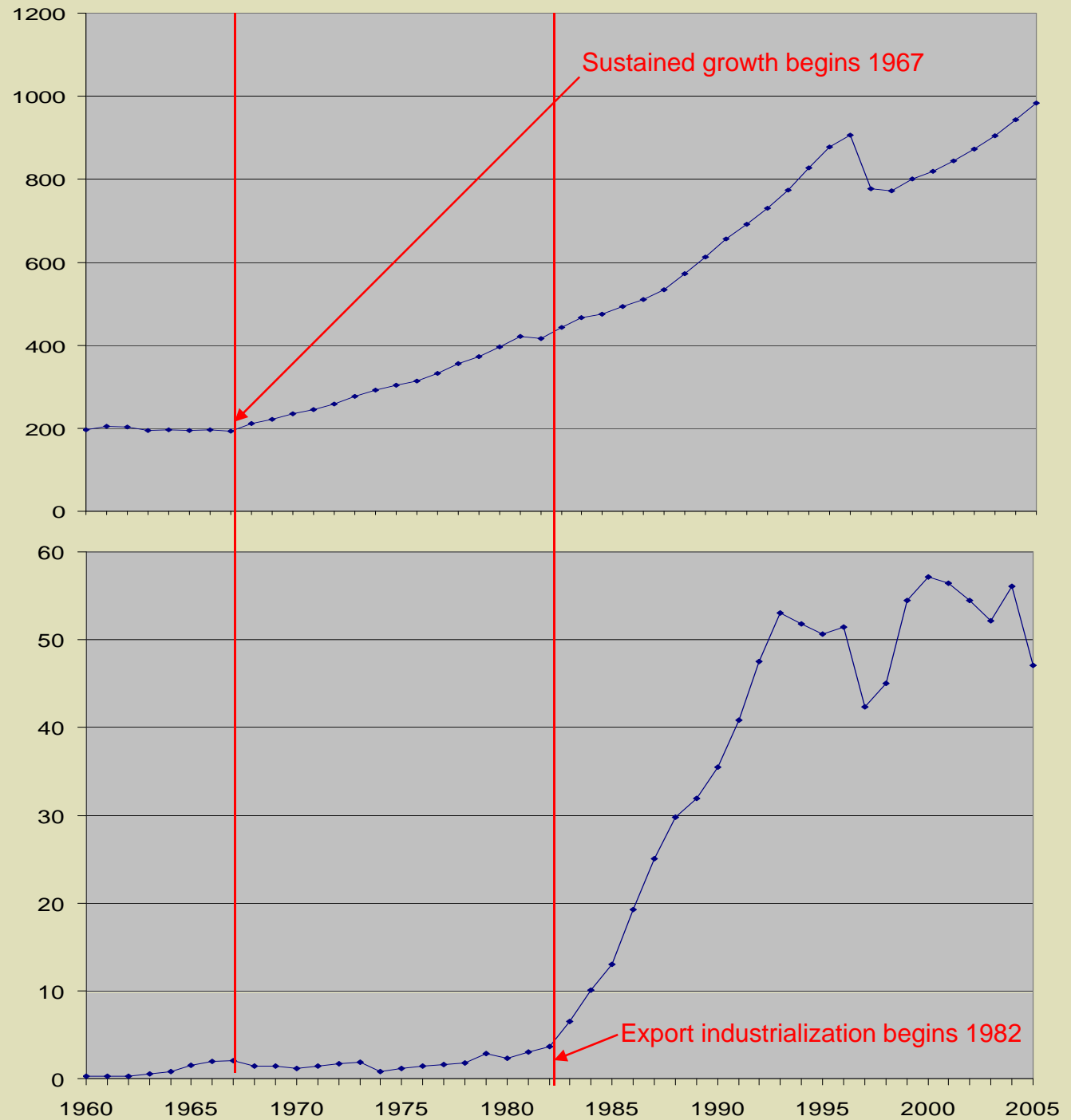
Malaysia:  
GDP per capita  
(constant 2000 US\$)  
1947-2005



Malaysia:  
manufactures exports  
(% of merchandise exports)  
1964-2005

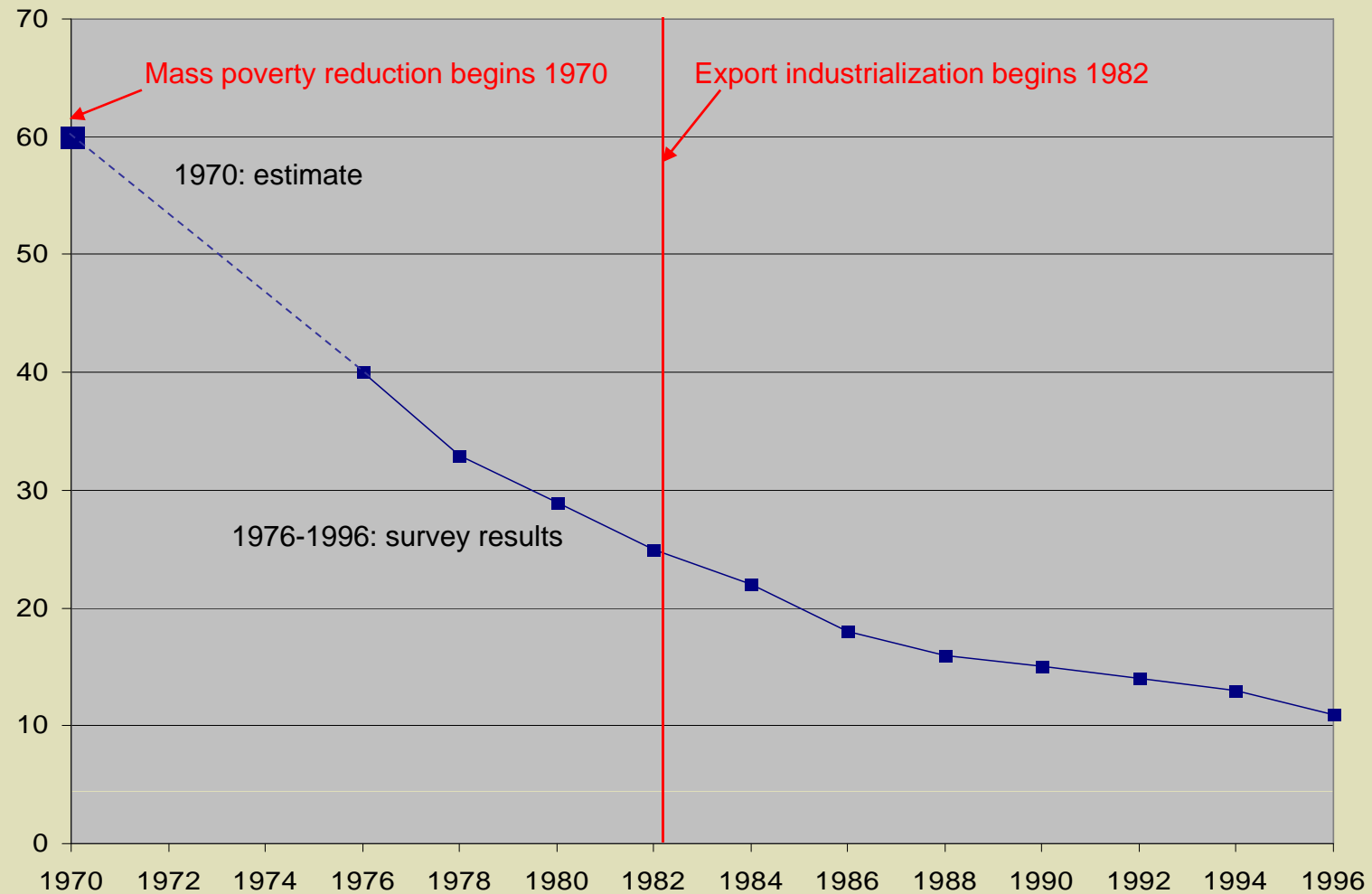


Indonesia:  
GDP per capita  
(constant 2000 US\$)  
1960-2005



Indonesia:  
manufactures exports  
(% of merchandise exports)  
1960-2005

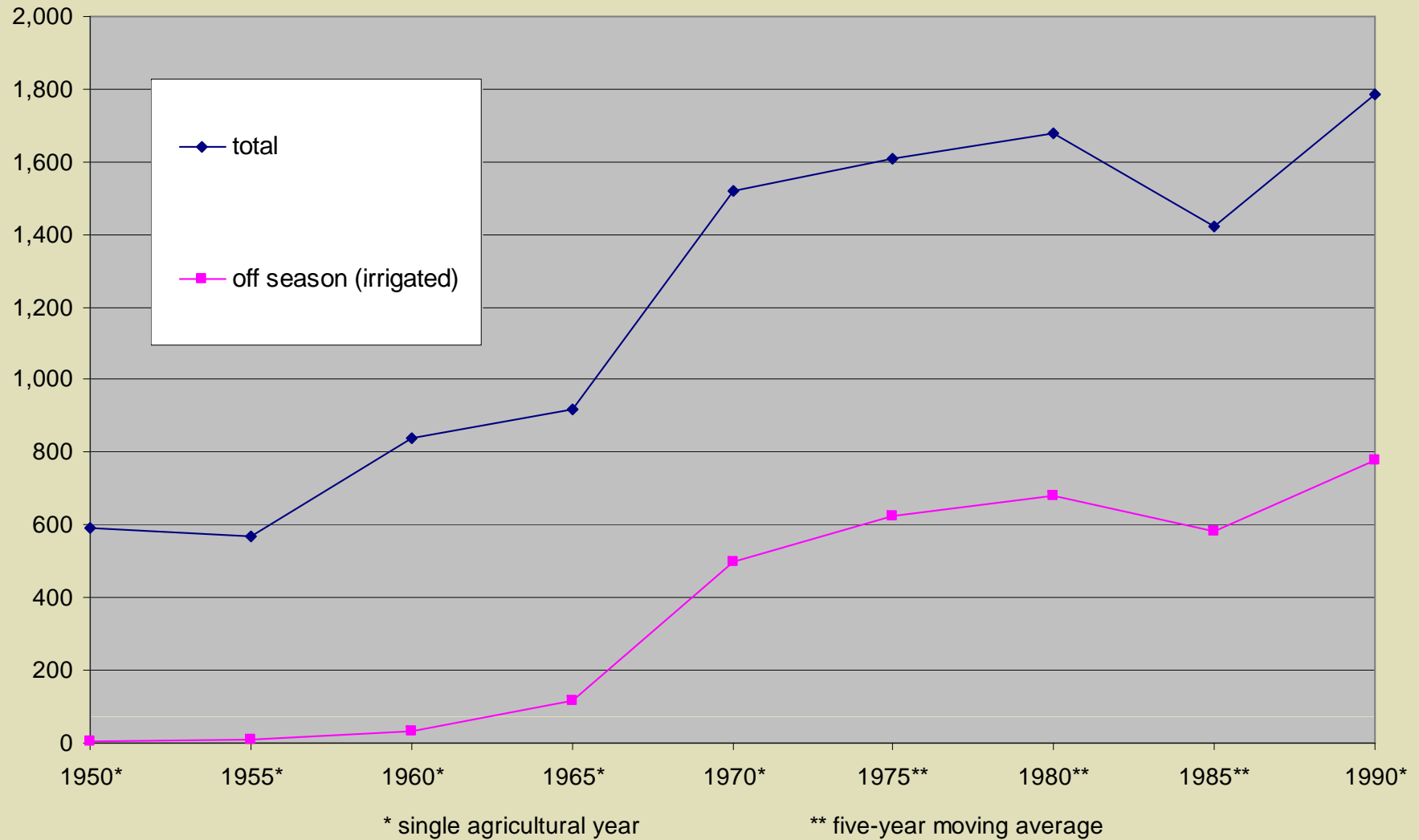
## Indonesia: percentage of population in poverty (according to national poverty line), 1970-1996



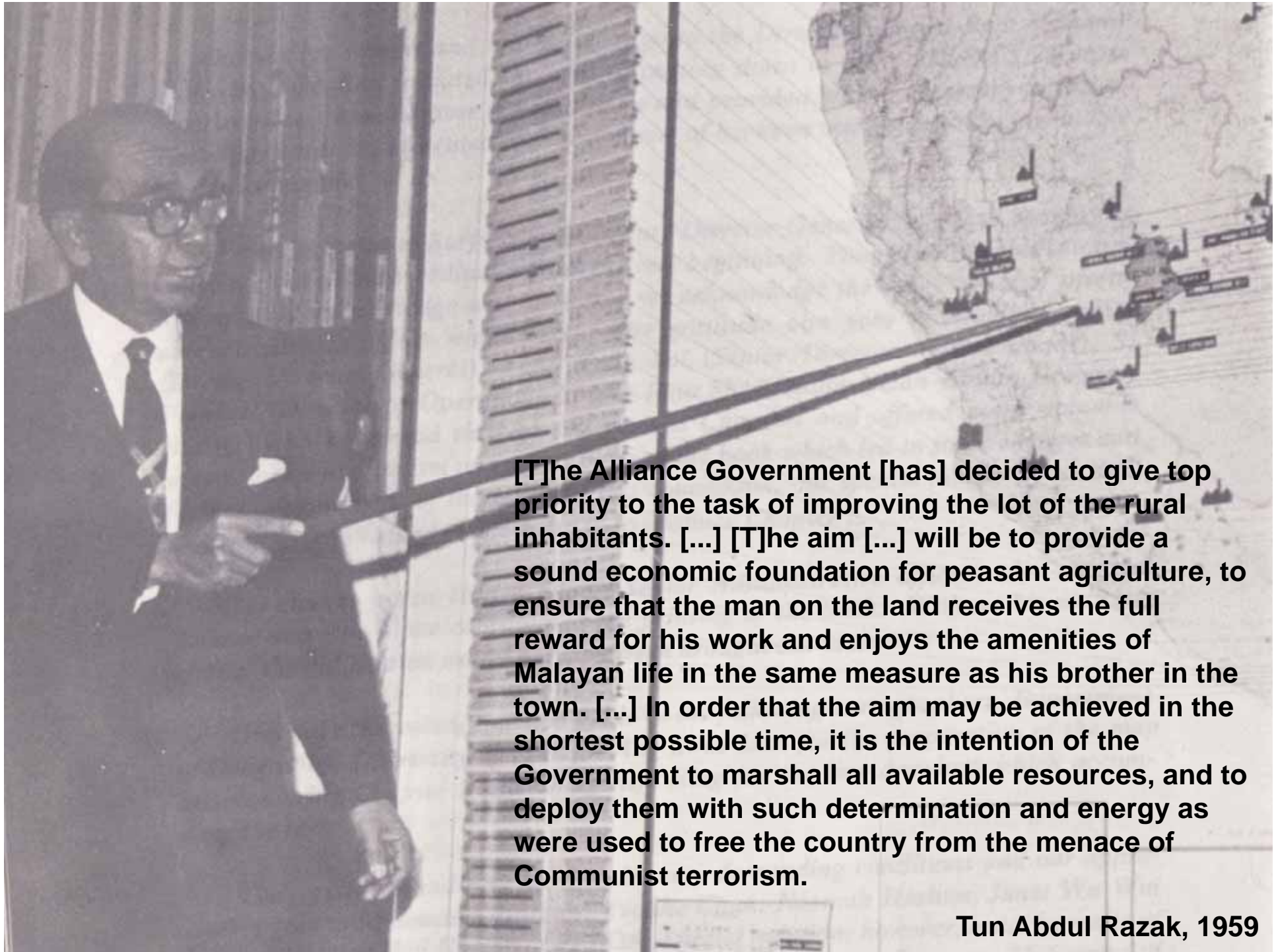
Source: BPS-Statistics Indonesia, Bappenas, and UNDP, *National human development report 2004; The economics of democracy: financing human development in Indonesia* (Jakarta, 2004), p.13



### Peninsular Malaysia: rice production (thousand tonnes unhusked), 1950-1990

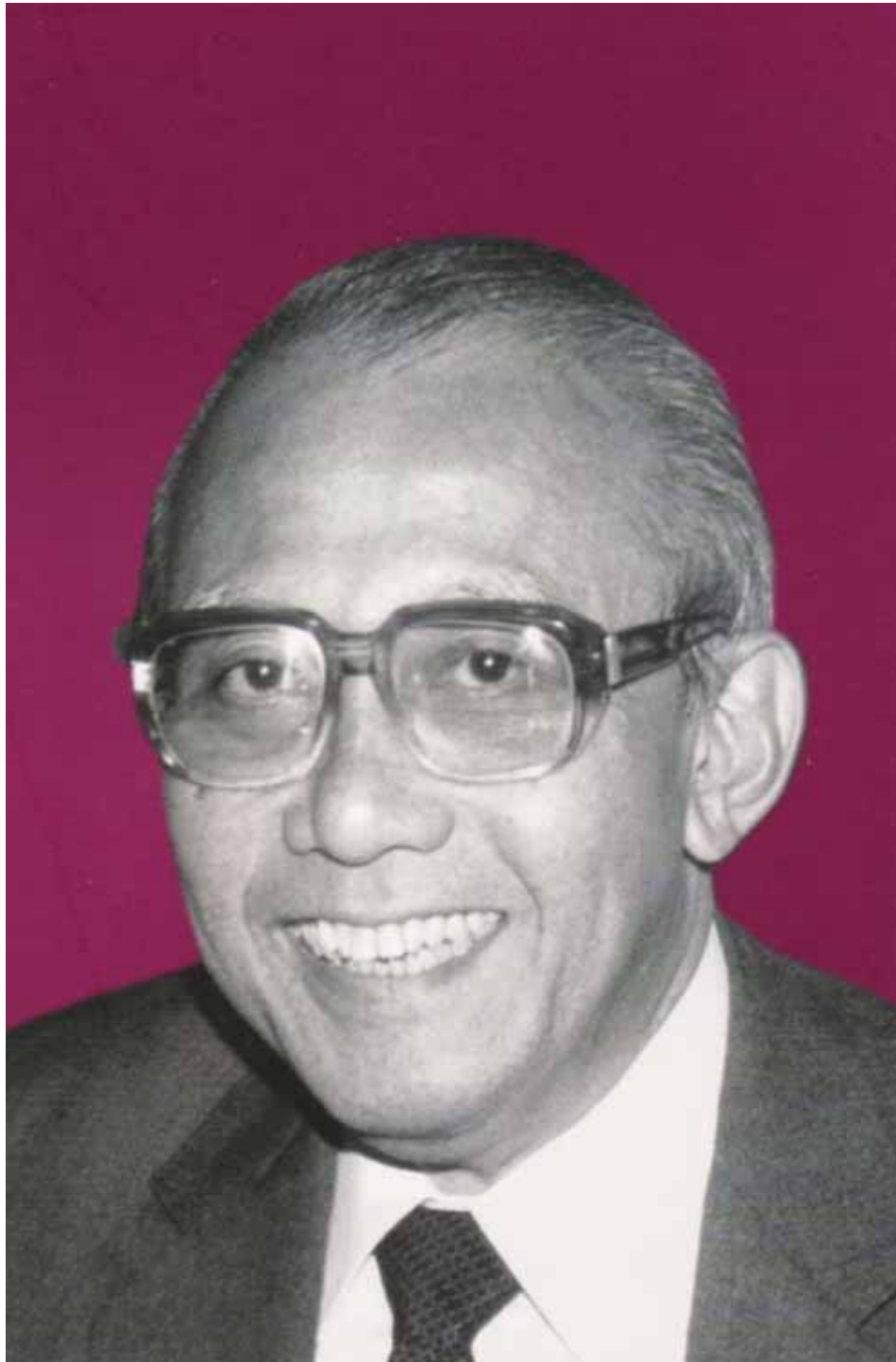


Source: P.P. Courtenay, The rice sector of peninsular Malaysia; A rural paradox (Sydney: Allen and Unwin, 1995), p. 154



**[T]he Alliance Government [has] decided to give top priority to the task of improving the lot of the rural inhabitants. [...] [T]he aim [...] will be to provide a sound economic foundation for peasant agriculture, to ensure that the man on the land receives the full reward for his work and enjoys the amenities of Malayan life in the same measure as his brother in the town. [...] In order that the aim may be achieved in the shortest possible time, it is the intention of the Government to marshall all available resources, and to deploy them with such determination and energy as were used to free the country from the menace of Communist terrorism.**

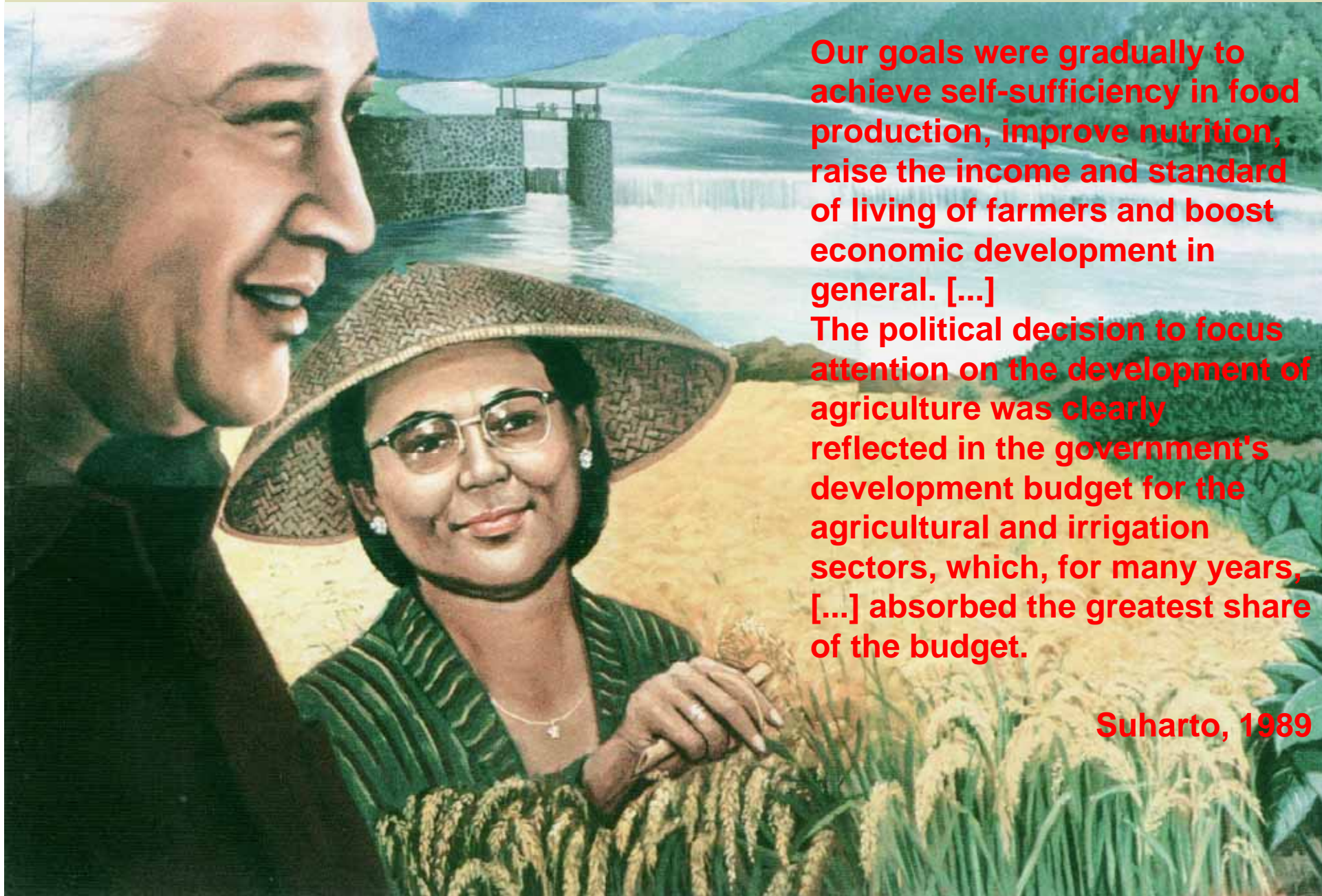
**Tun Abdul Razak, 1959**



The agricultural sector [...] is the central arena in which all efforts are concentrated and results expected. [...] Increased production in the agricultural food sector will have a major influence on the growth of the Indonesian economy. The price of food in the country can be further stabilized with a positive effect on general price stability. Only in a stable economy can rapid growth be anticipated. [...] Progress in the agricultural sector stimulates progress in other sectors. [...] The producers of agricultural products will earn more because of increased production. Usually they spend additional earnings for commodities not produced by agriculture, thus promoting the industrial sector [...]. The stabilization of food prices through increased food production will also stabilize wages. Thus the industrial sector can operate with a cost-pattern which is not too unstable. [...] Above all, agriculture has been selected because the greater part of the Indonesian people lives in this sector, working either as farmer producers or as farm laborers. Agricultural development increases the earnings of the majority of the Indonesian people and thus increases national income. It is clear that the choice of the agricultural sector for first priority is based on a broad strategy. The development of agricultural sector is expected to open up growth possibilities in other sectors so that an opportunity will be created to combat the backwardness of the Indonesian economy on many fronts.

Widjojo Nitisastro, 1969





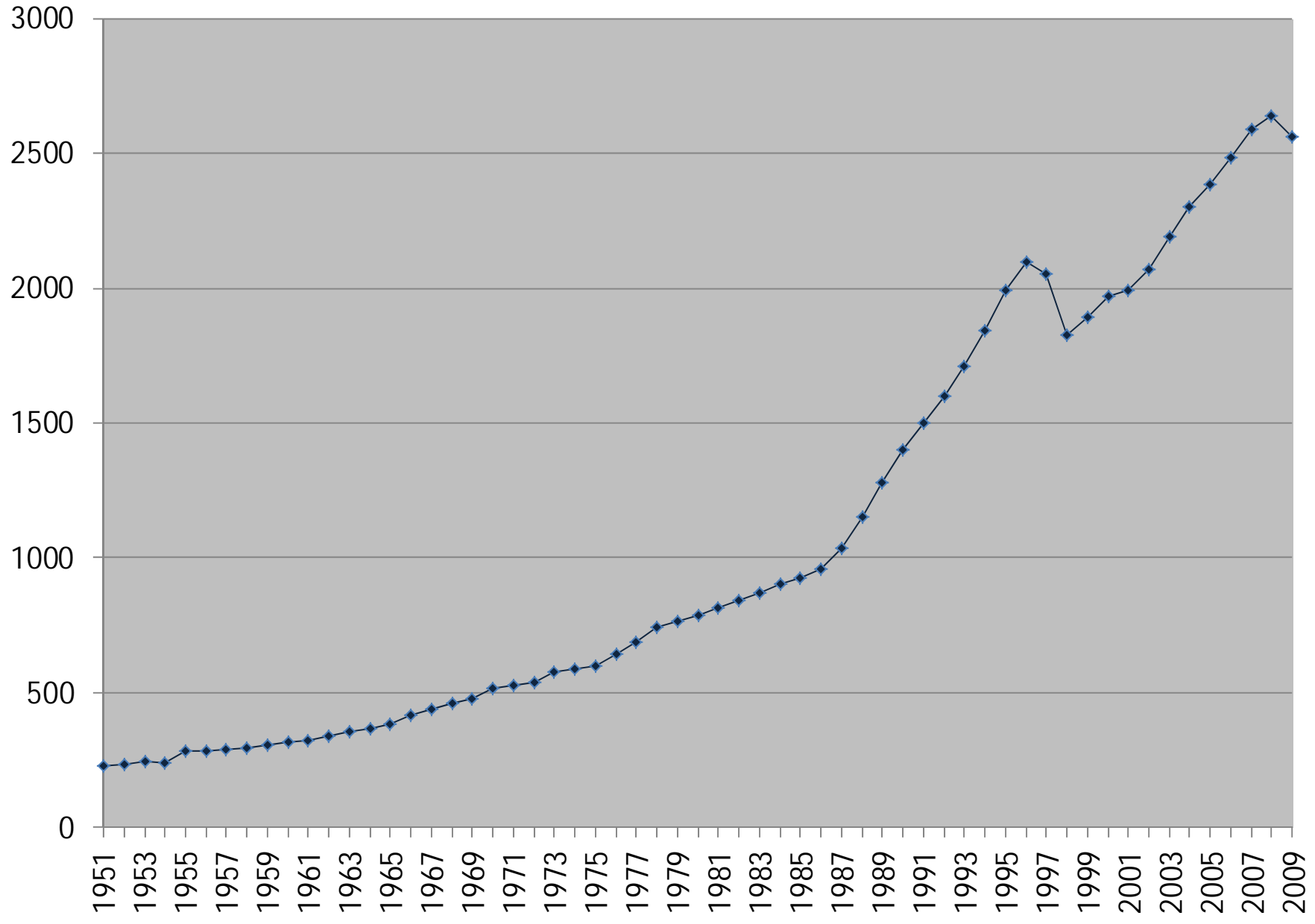
**Our goals were gradually to achieve self-sufficiency in food production, improve nutrition, raise the income and standard of living of farmers and boost economic development in general. [...]**

**The political decision to focus attention on the development of agriculture was clearly reflected in the government's development budget for the agricultural and irrigation sectors, which, for many years, [...] absorbed the greatest share of the budget.**

**Suharto, 1989**

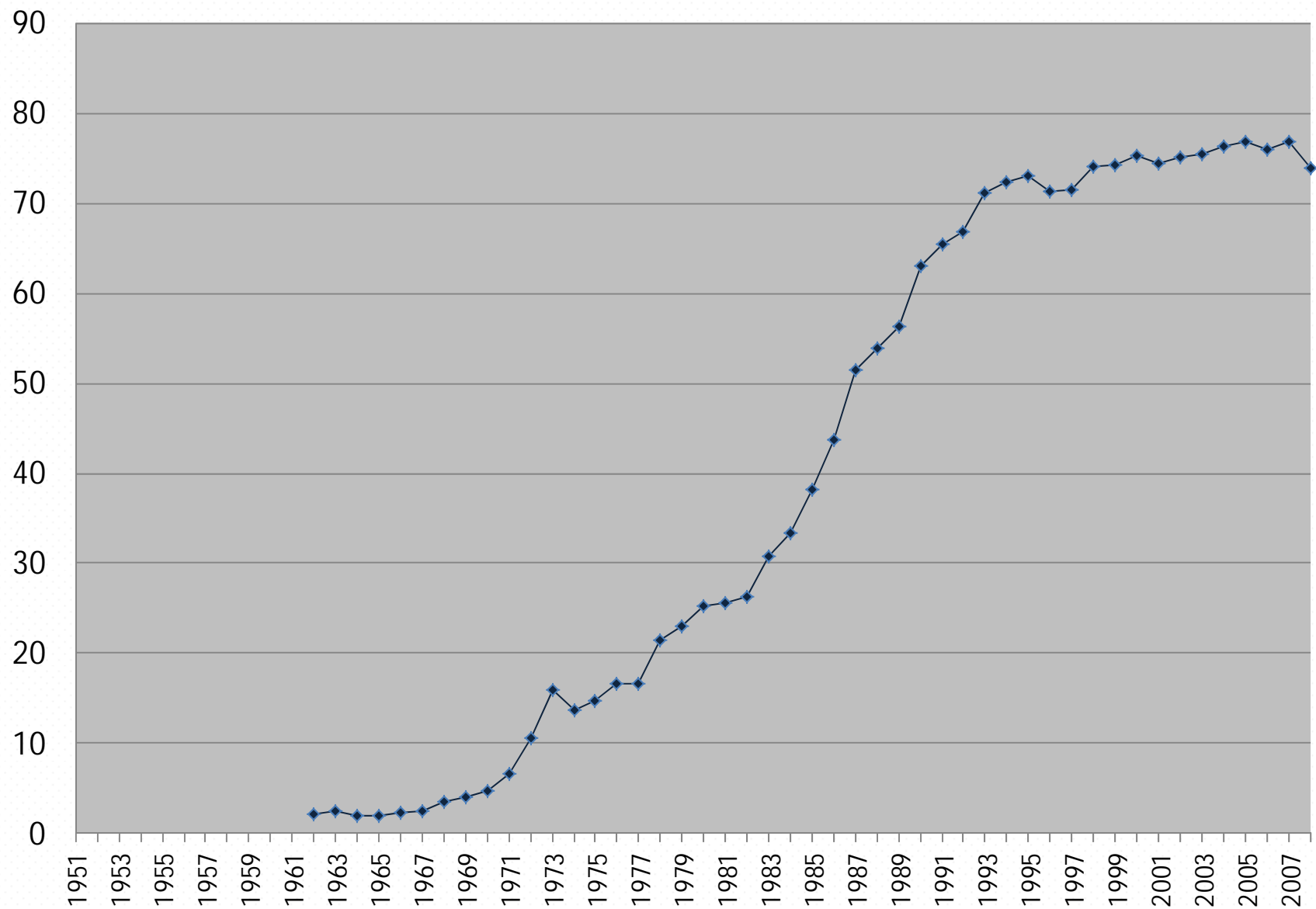


**Thailand: GDP per capita (constant 2000 US\$), 1951-2009**





**Thailand: manufactures exports (% of merchandise exports), 1960-2008**



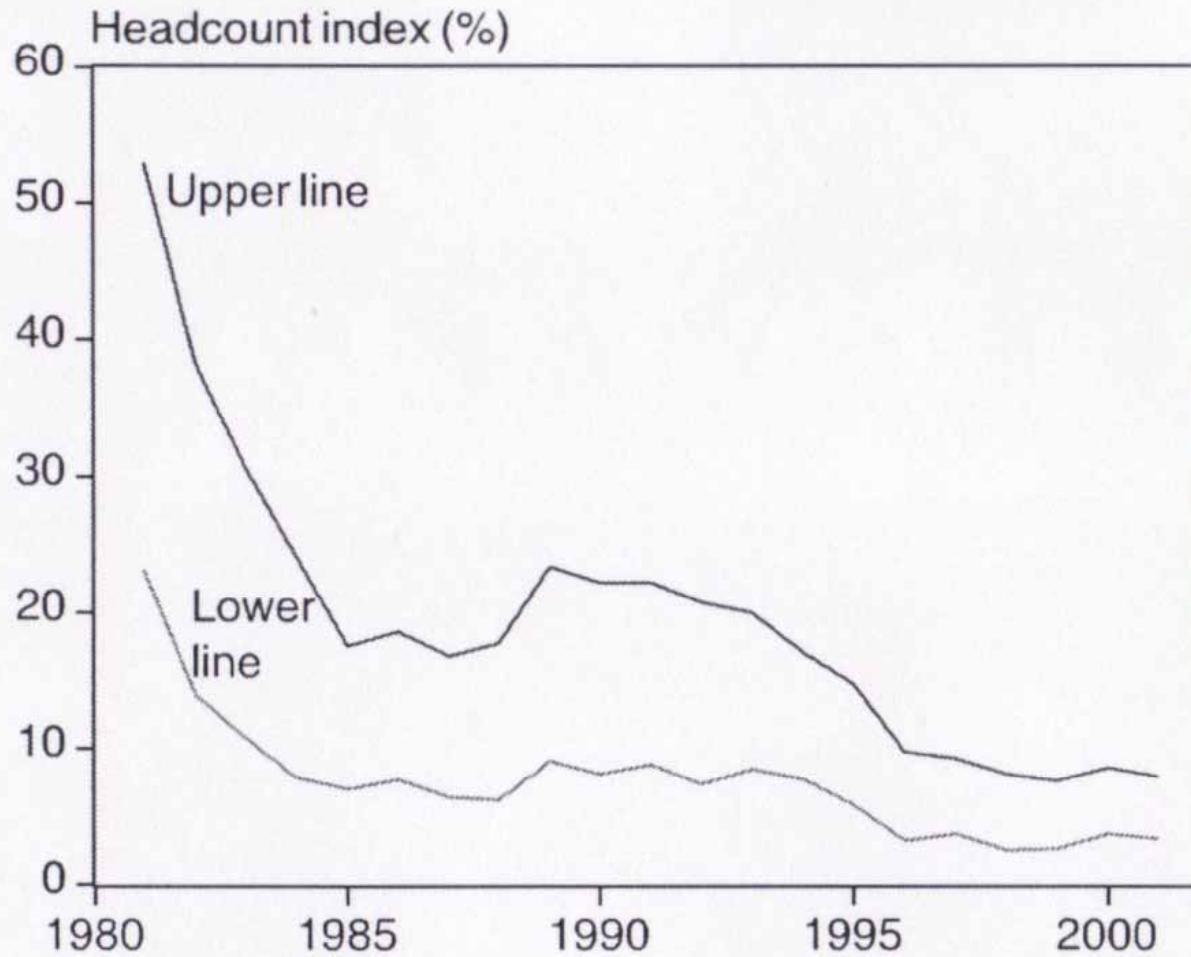


Fig. 1. National incidence of poverty in China 1981–2001.

Source: Martin Ravallion and Shaohua Chen, 2007, 'China's (uneven) progress against poverty', *Journal of Development Economics* 82:1-42, p. 11



**Figure 1: Poverty Incidence in India, 1960-2000**



Source: Gaurav Datt and Martin Ravallion, 2002, *Is India's economic growth leaving the poor behind?*  
(World Bank Policy Research Working Paper 2846)

**Sectoral composition of development spending (public investment) according to national development plans, Indonesia 1969-79 and Nigeria 2004-07**

	Indonesia 1969-74	Indonesia 1974-79	Nigeria 2004-07 (federal budget)
Agriculture and rural development	34.8	36.8	4.0
Transport and communications	21.7	15.8	14.0
Power	9.4	7.4	13.0
Health	4.0	3.7	10.0
Education	9.0	10.0	9.0
Other	21.1	26.3	50.0

Sources: *The First Five-Year Development Plan (1969/70-1973/74)* [Jakarta 1969], Vol. 1, p.41; *The Second Five-Year Development Plan (1974/75-1978/79)* [Jakarta 1974], Vol. 1, p.170; *NEEDS; National Economic Empowerment and Development Strategy* (Abuja 2004), p.112.

**Sectoral composition of development spending (public investment) according to national development plans, Malaysia 1961-70 and Kenya 2008-12**

	Malaysia 1961-65	Malaysia 1966-70	Kenya 2008-12
Agriculture and rural development	25.4	23.9	5.9
Transport and communications	23.4	16.5	43.2
Power	11.8	12.8	3.1
Health	6.7	4.2	0.4
Education	12.1	9.7	8.6
Other	20.6	32.9	38.8

Sources: *Second Five-Year Plan 1961-1965* (Kuala Lumpur 1961), pp. 29-30; *First Malaysia Plan 1966-1970* (Kuala Lumpur 1965), pp. 69-70; *First Medium Term Plan (2008-2012)*; *Kenya Vision 2030* (Nairobi 2008), pp. 144-201.

## Composition of total public spending, 1980 and 2005 (%)

	Africa		Asia	
	1980	2005	1980	2005
Agriculture	6.4	5.0	14.9	6.5
Education	12.2	17.9	13.8	17.9
Health	3.7	6.5	5.3	5.4
Transport and communication	6.3	3.7	11.7	4.5
Social security	5.7	5.6	1.9	8.7
Defense	14.6	8.1	17.6	7.9
Other	51.0	53.1	34.8	49.1

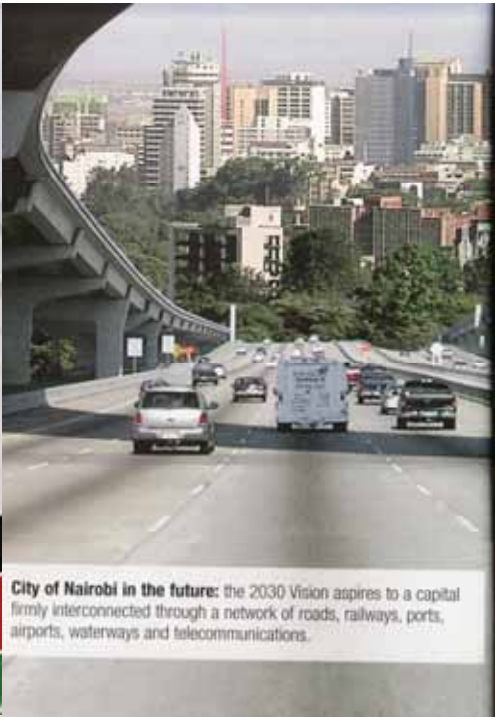
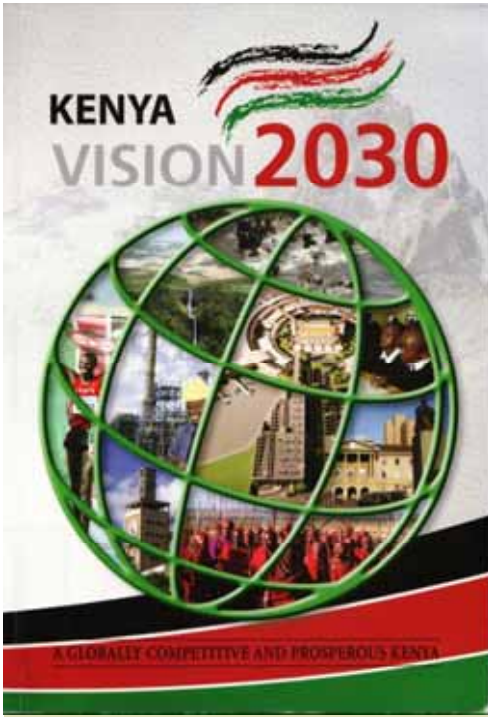
Source: Shenggen Fan (ed.), *Public expenditures, growth, and poverty: lessons from developing countries* (Baltimore: Johns Hopkins University Press, 2008), p. 25

**Sectoral composition of development spending (public investment) according to national development plans, Thailand 1961-71 and Ethiopia 2005-10**

	Thailand 1961-66	Thailand 1967-71	Ethiopia 2005-10
Agriculture and rural development	21.8	19.8	24.1
Transport and communications	28.6	29.7	30.6
Power	9.3	8.6	19.5
Health	5.1	4.5	6.8
Education	11.9	11.5	8.9
Other	23.3	25.9	10.1

Sources: *Evaluation of the First Six-Year Plan 1961-1966* (Bangkok 1967), p.13; *The Second National Economic and Social Development Plan (1967-1971)*, [Bangkok 1967], p.39; *Ethiopia: building on progress; A plan for accelerated and sustained development to end poverty (PASDEP)* (Addis Ababa 2006), p. 261.

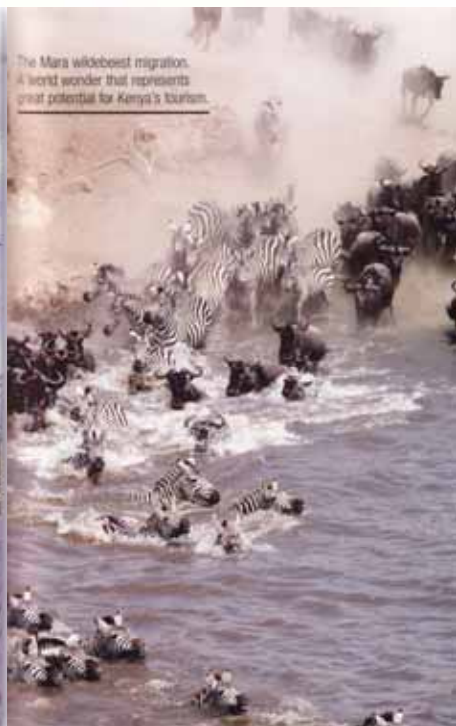
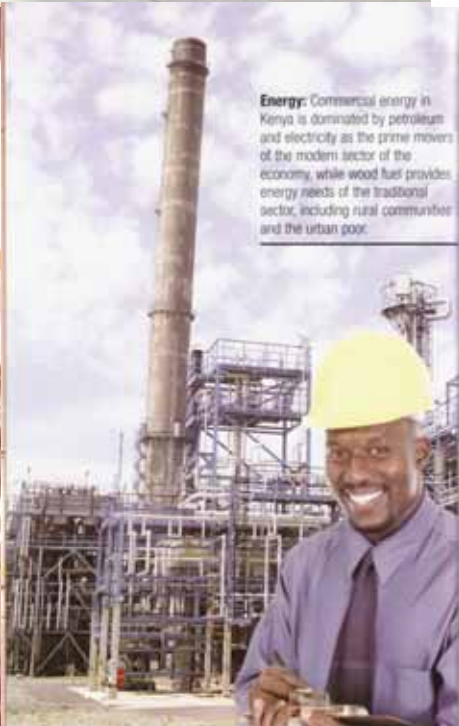
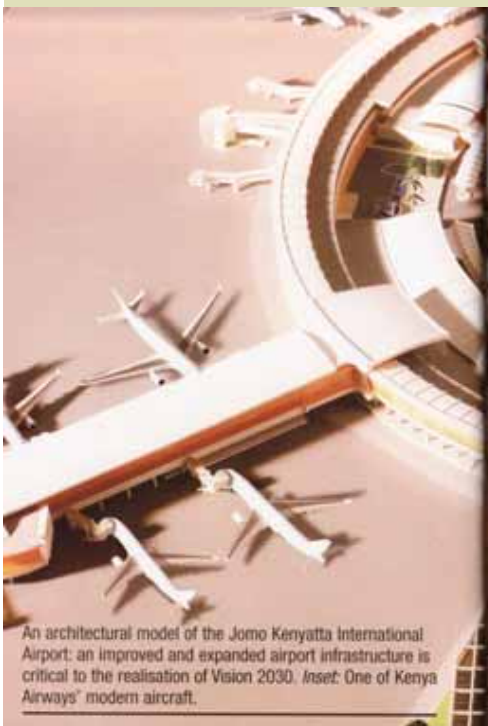




**City of Nairobi:** by 2030, integrated services transport infrastructure will allow efficient transport infrastructure and services across the road, air, rail and maritime transport link in the capital and beyond.

**Contact Information**  
 All enquiries relating to Kenya Vision 2030 should be directed to:

<p>The National Economic and Social Council of Kenya (NECK)          Office of the President, P.O. Box 30230, Nairobi, Kenya          Telephone: +254 20 274627 Fax: 20222          Email: <a href="mailto:neck@neck.go.ke">neck@neck.go.ke</a>          Website: <a href="http://www.neck.go.ke">www.neck.go.ke</a>          Physical Location: 4<sup>th</sup> Floor, Parliament International Conference Centre (ICC), Parliament Avenue, Nairobi.</p>	<p>The Permanent Secretary          Ministry of Planning and National Development          Treasury Building, P.O. Box 20000, Nairobi, Kenya          Tel: +254 20 272700 Fax: 201150          E-mail: <a href="mailto:ps@minipn.gov.ke">ps@minipn.gov.ke</a>          website: <a href="http://www.planning.go.ke">www.planning.go.ke</a></p>
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which will provide the primary producer with better value than at present when markets are heavily fragmented.



#### Flagship Projects for Wholesale and Retail

The flagship projects for 2012 are:

- Creation of at least 10 wholesale hubs and 1,000 – 1,500 PBCs (starting with a pilot project in Maragua, Central Province to be extended to other regions.)
- Building of at least 10 'Tier 1' retail markets (starting with a pilot project in Athi River);
- The building of one free trade port in Mombasa in order to "bring Dubai to Kenya". This port will serve eastern and central Africa.

#### 4. MANUFACTURING FOR THE REGIONAL MARKET

Kenya aims to become the provider of choice for basic manufactured goods in eastern and central Africa. This will be done through improved competitiveness in manufacturing in order to promote efficiencies, to be done in partnership with the Government. The goal for 2012 is to generate an additional Ksh 30 billion to GDP through reduction in imports (without resorting to restrictions) in key local industries; raising market share in the regional market from 7 % to 15%; and, attracting at least 10 large strategic investors in key agro-processing industries.

Specific strategies will involve: restructuring key local industries that use local raw materials but that have no competitive edge (for instance in sugar and paper manufacturing); exploiting opportunities in adding value to imports and to capture the "last step" of value addition (e.g. in metals and plastics). Kenya will also aim at strategically increasing the level of value addition in niche exports by additional processing of local agricultural products.

#### Flagship Projects for Manufacturing/ flagship projects for 2012 are:

The development of the concept, piloting, and establishment of at least 2 Special Economic Clusters (that is, related industries located together).

The development of the concept, piloting and creation of at least 5 Small and Medium Enterprise (SME) Industrial Parks.

#### 5. BUSINESS PROCESS OFF SHORING (BPO)

This is a new but promising sector to Kenya and especially to its young people. It involves providing business services via the internet to companies and organizations in the developed world, e.g. Britain, USA, Canada, etc. The 2030 vision for business process outsourcing is for Kenya to quickly become one of the top three BPO destinations in Africa. The goal for 2012 is to create at least 7,500 direct BPO jobs with an additional GDP contribution of Ksh 10 billion. This will be done by attracting at least 5 major leading IT suppliers, and at least 10 large multi-national corporation companies and global BPO players to Kenya. This will create an estimated additional 5,000 jobs. At least 5 large local players will be identified to become local champions through stand-alone operations or joint ventures. Kenya will therefore attract top international IT suppliers to create confidence in more investments thereby attracting leading Multi-National Companies and foreign companies with top BPO brands.

