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**Translation:**

Translate into **Arabic**:

As African nations gained independence during the 1960s, there was a strong desire to transform raw commodities and increase the value added of goods. Countries sought to create an integrated production structure, producing goods from start to finish, what they used to call in French “*les filières integrées*”. In my home country of Senegal, the government sought to produce clothing: they invested in cotton production, along with spinning, weaving, knitting, and dying facilities. They built a garment factory owned and managed by the public sector. They did likewise with groundnuts (what you call peanuts), a plentiful crop in Senegal. They built factories to transform the nuts into peanut oil.

To support these infant industries, governments employed highly protectionist policies, imposing high tariffs and other restrictions to trade. They sought to create a domestic private sector, however they did so by supporting individual firms.  This practice of “***picking winners***” created an elite of individuals well-connected to the political leadership.

To support these policies, governments created national development banks to finance state-owned enterprises, all of which was funded through heavy taxation of the agricultural sector. Government-created marketing boards paid prices to farmers that were below the export price, and the difference was used to finance these development activities.

Under this approach, the state played a central role in the economy, and government became one of the main employers. Even as public employment expanded, quality of public service provision remained low. These policies created major macroeconomic imbalances:  high inflation and deeply inefficient state-owned enterprises; governance was weak; corruption was common; and patronage was rampant.  In fact, when I returned to Senegal in April 2000 as Minister of Economy and Finance, I paid off the final installment of the consolidated debt linked to the Non-Performing Loans accumulated by those that were granted credits more than two decades earlier.  This was just one example of financial sector restructuring that I witnessed during that period of implementing structural reforms.

Yet, these policies did ***not*** lead to any significant transformation of African economies. They still depended largely on the export of unimproved commodities. What little manufacturing there was tended to be based on a strategy of “import substitution,” with limited exports and emphasis on producing low-value, low-technology goods.

For a time, high prices for exports of agricultural goods and oil sustained economic growth even in the context of these distortionary policies. But after a peak in economic growth in the mid-1970s, and the two oil-price shocks of 1973 and 1979, the realities of the global economy came to bear. Oil prices dropped dramatically in the 1980s, as did prices for other commodities. Combined with poor governance, per capita incomes in Africa declined consistently until the year 2000.

In the context of this economic decline, the so-called “dependency theory” fell out of vogue as its limitations became more evident and governments shifted their focus to markets and getting prices right. In the 1980s, the international financial institutions introduced ***structural adjustment programs***. Much has been written about these programs, with many critics and detractors. My intention is neither to defend nor pass judgment on them.

These programs were intended to privatize, deregulate, and reduce trade barriers; and to help governments achieve macro stability and introduce markets and market prices into the economies in which they were working. Reforms undertaken through these programs were an essential prerequisite to achieving sustained economic growth.  Many African economies did indeed undertake major fiscal and monetary reforms during this period. I witnessed the effects of these programs first-hand, earlier in my career, in the 1980s and early-1990s, as a senior advisor serving on the Monitoring Committee for Structural Adjustment in Senegal.  This technocratic approach was very much supported at the highest political level. In Senegal, the Structural Adjustment Unit was located at the Office of the President with vast institutional powers.  A tradition emerged at that time to appoint a “technocrat” as Minister of Economy and Finance, starting with Mamadou Touré, the former Head of the Africa Department at the IMF.

Yet, at that time, we focused so heavily on ***macro***economic stability that we paid less attention to the ***micro***economic dynamics of economic growth. In the process, we cut government funding across sectors, which ultimately meant fewer resources for health systems, and irrigation, among other priorities.

Over time, as macro stability has improved, many African countries have also strengthened democratic institutions. The political setting evolved as the role of institutions and their scrutiny. The political economy of economic reforms evolved significantly. In the world of economic development, the work of people like Douglass North became more prominent.  It was clear that ***institutions matter***and policymaking should reflect its centrality – in fact, it was the theme of the World Bank’s 2002 World Development Report. These institutions became the building blocks of the social contract between government and the governed; that it was impossible to separate the linkages between those institutions and the vested interests. So we began to understand the ***political economy of undertaking necessary reforms.***

Today, almost every country on the continent holds elections, as messy as they may sometimes be. On the whole, the continent is far freer than it was 25 years ago, and the results of the Nigerian presidential elections are another illustration that institutions are becoming stronger. The combination of economic and governance reforms has opened the way for this next phase of sustained economic ***growth*** as well as ***resilience***.