Policy challenges for growth in Africa and South Asia

The panel discussion was led by Asim Khwaja (Harvard and IGC) who outstandingly facilitated the exchange of policy experiences from Pakistan, Sierra Leone and Uganda shared by Abdul Hafeez Shaikh (Minister of Finance of Pakistan), Ijaz Nabi (IGC), Omotunde Johnson (IGC) and Louis Kasekende (Deputy Governor, Bank of Uganda).

The main goal of discussions was to share thoughts on how to get ideas, be them innovative per se or convening innovative implementations of old ideas, into policy spaces.

Dr Shaikh focused on the remarkable change that Pakistan has witnessed in the past 15 years resulting in both successes and some failures, for example the government’s determination to decentralise resources and authority from Islamabad to the provinces, and opening up in terms of business relationships with neighbouring countries, particularly with India.

Dr Shaikh believes that determinant factors in making sure that ideas do get translated into policy are: consensus among political actors, legal arrangements, institutional arrangements, and designing a set of incentives for implementation.

The Deputy Governor of the Bank of Uganda focused his discussion on positive and negative developments in Africa. In his view, during the past decade Africa has failed in a) promoting private sector efficiencies in labour-intensive industries, b) achieving modernisation and commercialisation of small holder agriculture, c) demographic transition, and d) economic governance.

On the other hand, some areas that Africa has definitely achieved a high degree of success are macroeconomic management and financial sector development.

According to Dr Kasekende, these areas have been relatively more successful due to the more limited political impact and the influence of external agents of change like the IMF, the BIS, etc.
In Dr Johnson’s view based on his long experience in advising governments on economic issues, ideas can be turned into policy if there is demand for ideas and the disseminator of ideas has a very clear understanding of the context and knows what steps to take for them to be implemented. He believes that Africa lags on implementation in general due to limited institutional and human capacity, lack of monitoring and evaluation mechanisms, and weaknesses in governance, rules, organisation and coordination.

According to Dr Nabi, the timing of ideas and dissemination also plays an important role in getting ideas into actions. He drew on an example from Pakistan. The private sector was in strong opposition of trade liberalisation in early 1990s, despite evidence showing a net benefit from trade.

Fifteen years later, the business world was the one to strongly demand trade liberalization, especially with India. Some of the potential factors in this paradigm shift were the fact that Pakistan’s economy was harmed by the long isolation from the international business community, that India’s own successful growth story would be an opportunity to help restore international relationships of Pakistan, and that the regions’ own growth potential would be a great opportunity for Pakistan to be the connector to three markets – China, East India, and Central Asia.

The discussion benefited highly from provocative questions from the moderator, Dr Khwaja, and the audience.