
SEED
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JEAN-CLAUDE BASTOS DE MORAIS

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SEED is published by Jean-Claude Bastos de Morais and the African Innovation Foundation (AIF). Jean-Claude is a Swiss-Angolan entrepreneur and innovation influencer with a deep interest in African socio-economic development. He founded the AIF in 2009 with the goal of unlocking African potential through harnessing needs-based innovation. The AIF's flagship programmes include the highly coveted Innovation Prize for Africa (IPA), the African Law Library (ALL) and the Social Impact Programme for Angola (SIPA).

He is also the Founder and Board Member of Quantum Global Group, an international group of companies focused on African development in the fields of corporate finance advisory, asset and private wealth management, real estate and investment consulting.

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INSIGHT 7B:

Midwifing economic transformation: Lessons from China's industrial transformation

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China is one of the most fascinating examples of dramatic economic transformation. It rose to become the second largest economy in the world through ambitious and innovative economic policies. These policies are applicable to Africa as well to achieve similar economic transformation.

University admissions in China are distributed in proportion to the most demanding skill requirements, while vocational skills training focuses on equipping students to fill skill gaps and needs in the country. This ensures students' suitability for employment on completion of training.

While over 50 percent of Africa's young population is illiterate, with little or no skills, the educated segment is also deemed lacking skills commiserate with labour market demands. African countries can thus learn from China by ensuring their curricula is biased toward specific skill requirements in their economies.

China promotes and protects its local brands. The Chinese understand that while consumption of foreign goods strengthens foreign currencies, consumption of local brands boosts production, exports and strengthens the local currency, leading to sustainable economic growth. The preference for imported goods by Africans poses a threat to the continent given the small nature of most African economies. This calls for a value reorientation for Africans to utilise home-grown brands, and invest in boosting indigenous manufacturing facilities.

China uses cheap and efficient labour while drawing on advanced technologies from America and Europe – as well as cheap raw materials from Africa – to manufacture finished products for export. Like China, Africa too can transfer skills, capital and technology from frontier economies, focussing on key sectors to enhance its global competiveness.

China successfully attracted investment and technology by establishing special economic zones (SEZ). The Shenzhen SEZ, for instance, has grown from manufacturing cheap toys to a high-tech centre.

Mauritius is a notable African success story, transforming from being a sugar-dependent economy to a regional hub for financial services. It has an active port for manufactured exports and a high human development country, open to export-oriented foreign direct investment (FDI) through promoting SEZs.

"AFRICAN COUNTRIES CAN LEARN FROM CHINA BY ENSURING THEIR CURRICULA ARE BIASED TOWARD THE SKILL REQUIREMENTS IN THEIR ECONOMIES"

In Africa, the vast majority of the poor live in rural areas, relying on agriculture to sustain livelihoods. Poverty reduction must therefore be driven by agriculture. Through an agriculture-centred development approach, and a staple food-led agricultural development policy, China has promoted high rates of agricultural growth, boosting farmer incomes, diversifying farming systems and creating an efficient market system. China is now able to feed itself off a relatively small land resource without any significant reliance on imports. Given its competitive advantage in land resources and favourable climate, African countries can transform their economies adopting similar models.

In China, state-owned enterprises (SOEs) in strategic sectors are key economy drivers. With its SOEs managed by the private sector, the Chinese government is realising profits to finance development projects instead of borrowing from international financial institutions. Conversely, most African countries with large natural and mineral resource deposits continue to entrust the management of their strategic resources to private firms.

Thus, African governments are reliant on tax revenues, meagre mining royalties and external borrowing to fund the development process. Taking a cue from China, African countries should run commercialised SOEs and reap rewards to further their development objectives.

Stamp from Togo featuring the former leader of China, Mao Zedong.


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