


Opinions

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Africa's Vision for Economic Transformation and Korea's Aspiration for Partnership



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Africa's recent remarkable economic performance offers renewed sense of optimism about the continent's development prospects and shifts Africa's position as a new engine, or an emerging pole of global growth. Despite its remarkable economic performance, however, Africa's growth has yet to be fully reconciled with the transformation for "shared prosperity." As a result, economic transformation has emerged as the central theme of the Africa Development Bank's (AfDB) policy agenda. Korea once faced similar situation to what Africa faces today. In the early 1960s, Korea was among the poorest nations in the world with a per capita income lower than that of Ethiopia and much less than that of Ghana. However, in a short period of time, Korea has successfully transformed itself from a poor agrarian

society to a manufacturing powerhouse and is currently about to undergo another economic transformation to address emerging problems. This economic transformation is being set forth by the current Korean government as a “creative economy.” As such, Korea’s developmental history and economic transformation suggest that there may be some invaluable assistance and lessons that can be shared with African countries.

According to the AfDB, “structural economic change is indispensable to achieve the desired progress of Africa and to bring prosperity to the continent’s population.” Such a transformative agenda must ensure a broadly shared and bottom-up development. These should include (i) Agricultural modernization and rural transformation (ii) Private sector development (iii) Skills and technology development and (iv) Human Resource Development.

- **Agricultural and Rural Development**

Considering that the agricultural sector is the most underdeveloped but dominant industry across most African countries engaging more than 70 percent of the population, the drive towards economic transformation needs to be inclusive of agricultural sector with improvements in technology, skills, and infrastructure among others. The fact that more than 70 percent of the continent’s population reside in rural areas indicates that rural development is inevitably connected to the survival of the African population and should be placed at the center of achieving economic transformation and broad-based development.

As proven by the history of official development assistance (ODA), Africa’s rural development is not an issue that can be addressed simply through foreign aid. It requires a strong will toward autonomous rural development, similar to what was experienced in the Saemaul Undong (New Village Movement) of Korea. The Saemaul Undong was launched as a rural development project in the early 1970s and it successfully eradicated poverty by mobilizing the full potential of rural Korean communities. It spearheaded the modernization of the country’s farming villages and contributed to economic development.

Recognizing that the Saemaul Undong can serve as a crucial means of ODA, the South Korean government has promoted similar projects in a number of developing nations including Africa. In her speech to a group of African ambassadors to Korea in April 2013, President Park Geun-hye also expressed her will to “contribute to the development of Africa by sharing the experiences of the Saemaul Undong.”

This rural development project has been widely recognized around the world as a successful model. Policy-makers and scholars in a number of developing countries including those from African countries have expressed a keen interest in benchmarking the project's success factors to establish strategies for developing their own rural communities. Furthermore, international organizations such as the World Bank and the United Nations have singled out the Saemaul Undong as a major contributor to the modernization of Korean rural communities and have widely recommended its introductory elements to developing countries.

- **Private sector development**

The private sector is a prime engine of sustainable and inclusive economic growth, transforming the economy of a nation. The key role played by the private sector in spurring economic development has long been a common knowledge. Private sector development has thus received increasing attention by policy-makers in the developing world and by the development community alike.

In recognition of this fact, the AfDB identified private sector development as one of its primary areas of support for economic transformation, establishing high standards in the areas of building skills and technology, strengthening the law and systems, improving access to finance, and the like. The AfDB's efforts to promote enterprise development are focused on the indigenous private sector which is composed of a myriad of micro, small and medium enterprises (SMEs) in Africa. SMEs—responsible for most of Africa's economic activity—are the fabric of the continent's economy and have enormous potential to make the private sector as a new engine of economic transformation.

Recognizing the important role of SMEs in the national economy as a platform for future industrial power, the Korean government actively implemented various measures to promote SMEs from the beginning of its industrialization development as early as in the 1960s. Such measures involved setting up bank support for SME financing; consulting assistance to enhance management skills; implementing policies to transform domestic-oriented SMEs into export-oriented SMEs; making legislations to develop industrial complexes for export industries; establishing centers for handicraft industries; and implementing policies to promote locality-specific industries. These measures led to a formation of an overwhelming number of private SMEs in Korea that became the backbone of the national economy employing 88 percent of the working population and producing 30 percent of total exports.

- **Technology development**

Transformation requires a labor force that has the right skills and capacities to tackle barriers to necessary changes. It is well-known that skills and technological capacity are crucial elements for economic development and transformation, but not surprisingly, Africa's technological profile is lagging far behind that of the rest of the world. Africa's technological capability does not show signs of upgrade and Africa depends heavily on traditional activities dominated by unskilled labor. Consequently, Africa's productivity growth remains poor although the existing manufacturing base is expected to erode and lose its market power in the global market as time progresses. Africa's low level of development is mainly due to the failure to transform its primary commodity-based economy into a manufacture-based one.

Korea is well positioned to share its experience of technological innovation with African countries. One of the defining features of Korea's technological innovation in the 1970s was the industrial workers, in particular, the craftsmen broadly known as "Industrial Warriors," who were trained under a systemic strategy of technological upgrades. The Korean government relied on two channels as a formal means of training the Industrial Warriors: technical high schools and in-plant vocational training, where training was focused on areas such as machine-assembly, metal plating, welding, electrical works and pipe laying. In some special cases, the Korean government provided almost everything from tuition fees to meals and accommodation as well as a guarantee for employment after graduation.

Technology, science, and innovation have been cited as some of the key factors behind Korea's economic success. This study will provide ideas of co-operation in upgrading technological capacities and technology frameworks at policy level and at institutional level. Korea is a good example of how a government-led vocational training strategy can be successful. Its training system for a skilled workforce has provided a skilled industrial workforce in accordance with its economic development plans and became one of the key driving forces behind Korea's economic miracle.

- **Human resource development**

Transformation requires attention to human resource development, which is a path to successful modernization. Human resource development is the process of accumulating the social capital in a society, a process which is crucial to economic, social and political development. Education is vital for enhancing the human capital necessary to implement a transfor-

mation agenda. A substantial proportion of Africa's population consists of youth and therefore improving Africa's human capital requires targeted efforts in unleashing the capacities of the youth. According to a report from the AfDB, the youth currently accounts for 18 percent of the African population and this share is expected to rise to 28 percent by 2040. Consequentially, one of the biggest challenges in Africa is a high youth unemployment rate. The recent "Arab Spring" experience of North Africa underscores the necessity and the importance of transforming Africa's economy, particularly for the youth.

In order to achieve smooth structural transformation, human development through education and training should be among the top priorities for African nations. Historically, it has been proven that development depends more on human resource development than on natural resources and population size. Korea's experience provides a clear example of how important human capital is in achieving development in all sectors and at all levels. This is why Korea's education policy has been one of the key areas that received much attention in the literature. Education and human resource development has certainly played a large role in Korea's dramatic transformation that is receiving great attention world-wide. 