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Book Reviews

Sy, Amadou (2018), *Africa through an Economic Lens*, Washington, DC: Brookings Institution Press, ISBN 978-0-8157-3473-4 (paperback), 978-0-8157-3473-1 (e-book), viii+280 pages

In *Africa through an Economic Lens*, Amadou Sy adds an economic perspective to the debate on development in Africa, which he argues is overwhelmingly centred around security risks, humanitarian aid, China's growing role on the continent, and resource extraction. While the book does provide a broader overview of the state of Africa's economies, the emphasis is on macroeconomic issues such as economic growth, external growth determinants, and the financing of development and infrastructure. Sy draws on research conducted during his time as director of the Brookings Institution's Africa Growth Initiative, which makes the book a rich collection of policy debates, relevant statistics, and applied research.

Sy first introduces the vision for Africa as a “prosperous and integrated continent” as outlined in the African Union's Agenda 2063, then critically revisits the “Africa rising” narrative. Average economic growth on the continent was high in the past decade, and some countries graduated from low-income status. However, in some cases this was achieved through the rebasing of their economies (i.e. updating the basket used to calculate GDP). In other words, sustainable structural transformation did not occur, and average economic growth has slowed in recent years. As Sy shows, a considerable share of this recent boom and bust cycle can be attributed to three external factors – namely, slowing economic growth in China, falling commodity prices, and increasing borrowing costs for African countries due to the end of expansive monetary policy in the US.

So what can African governments do to maintain the momentum of economic growth? Sy stresses the need to develop local debt markets to tackle the currency risks associated with dollar-denominated bonds. Acknowledging the difficulties and short-term trade-offs associated with commonly prescribed measures (allowing exchange rates to depreciate, diversifying economies and revenues, deep structural reforms), he points to intraregional trade and intensified ties with India as potential remedies.

The subsequent chapter, entitled “Sharing the benefits,” outlines how – in line with weak structural transformation and the lack of industrial development – recent job growth has not kept up with population growth, thus resulting in high shares of vulnerable employment and youth

unemployment. Sy then discusses whether piracy in Somalia could be considered a way of sharing the benefits through forced redistribution.

After this stocktaking exercise, Sy turns to the issue of financing Africa's development. He begins by recounting trends in infrastructure financing since 2000: a six-fold increase in external financing in general, the growing importance of private flows, especially for certain sectors such as telecommunication, the continued relevance of multilateral banks in other sectors, and the fact that domestic sources still account for the largest part of infrastructure finance. He then turns to blended finance, including new (and external) funding sources: with their vast resources and long-term orientation, institutional investors such as sovereign wealth funds or pension funds make obvious candidates for inclusion, and Islamic finance may also be well-suited to infrastructure projects due to its focus on real economic activity.

What follows then is a collection of brief glimpses into risks and opportunities, as identified by Sy, such as the resource curse, renewable energy, financial sector development, and the potential of big data. Next, Sy gives a detailed account of the United States' Africa policy, ranging from the treasury's global agenda and the US–Africa Leader's Summit and Business Forum to trade preferences and the promotion of direct investment. Other bilateral and multilateral partners are covered in less detail. Sy compares EU and US strategies, provides a brief overview of China's role in Africa with a focus on infrastructure financing and investments in agriculture, and looks at Japan's and India's relations with the continent.

Three things are worth noting about *Africa through an Economic Lens*. First, the varying amount of attention devoted to different aspects of Africa's economic growth clearly reflects the author's research focus and expertise, but results in a somewhat unbalanced account. A thorough, yet somewhat technical, discussion of the foreign exchange risks of sovereign bonds spans more than five pages, the same amount of space devoted to the vast topic of employment and jobless growth. Piracy in Somalia is a very interesting, but also specific case, and certainly not a general example of the effects of youth unemployment. Other important questions pertaining to inclusive growth and employment remain unaddressed: gender inequalities, quality education and training as determinants of employability, and sectoral differences in job growth, to name a few, are virtually absent from the discussion.

Second, some of the information is fairly old. Fortunately, that does not make Sy's analyses obsolete. For example, the brief section on China in Africa is based on information from 2014. Although it excludes more

recent milestones such as the USD 60 billion assistance pledge at the 2015 China–Africa summit, the questions asked are still relevant against the backdrop of the current debt sustainability debate and the most recent summit in September 2018.

Third, the book's clear focus on the US is both its major strength and a weakness. President Trump's Africa policy is clouded in uncertainty at best, and the administration has announced substantial cuts to the US foreign aid budget for 2017 and 2018. Against this backdrop, Sy's detailed account of US Africa policy under the Obama administration seems oddly outdated at first sight. However, the Obama presidency decisively shaped Africa policy, beyond US relations with the continent: its focus on leveraging private funds for infrastructure finance is echoed throughout the strategies and initiatives of other bilateral and multilateral partners. And while the US was late to the game when President Obama hosted the first-ever US–Africa Leader's Summit in 2014 (other major players had each held multiple similar summits by then), the mere gesture signified an increased interest in the African continent. Tellingly, the summit website at the White House currently redirects to a 404-error page, so it remains to be seen to what extent Obama's legacy will endure and when (or if) there will be a follow-up summit. Similarly, Sy's 2014 discussion of the merits of the US Ex-Im Bank and its role in facilitating US investment in African countries may seem outdated at first, but it will become ever more relevant in the current climate of misinformation and trade wars, as the bank's mandate needs to be reauthorised in 2019.

Overall, *Africa through an Economic Lens* is highly pertinent in light of current strategies and initiatives seeking to raise private funds for (infrastructure) finance, such as the G20 Compact with Africa. It is also highly valuable in that it combines current policy debates with first-hand insights from academic research and Sy's wealth of macroeconomic expertise, thereby bridging the gap between political offices and ivory towers. The book is thus a recommended read for academics, policymakers, and practitioners with an interest in the financing of Africa's development.

■ Tabea Lakemann