The previous chapters have measured the performance of African economies based on gross domestic product (GDP) and GDP per capita. While these indicators provide panoramic perspectives on the state of an economy, they do not shed much light on the quality of life and living conditions in a country. Thus, it often happens that a country’s GDP and GDP per capita may be growing at impressive rates, without a corresponding improvement in living conditions or quality of life.\footnote{1}

While economic growth is very desirable, it is not an end in itself. Growth usually, but not always, enables individuals, households, and the government to afford a bigger chunk of their wants. But economic growth can be an albatross, even paradoxical sometimes. In Egypt and Tunisia, growth in GDP per capita over a ten-year period apparently did not improve living conditions enough to prevent violent protests by unemployed youths. Neither did impressive growth rates in Botswana, South Africa, and Namibia in the late 1990s help stem the tragic upsurge in human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS) infection rates. Likewise, economic growth in Liberia and Sierra Leone was accompanied by outbreaks of the deadly Ebola disease in 2014.\footnote{2} In Nigeria, Africa’s most populous country, stellar economic growth has occurred in the midst of a large population of poor and unemployed people. As Fofack (2014, p.2) observes, standard measures of economic performance have been found to be negatively correlated with indicators of economic welfare and quality of life.

Much of the discussions of Africa’s economic renaissance have been on the region’s economic growth. But Africa’s economic performance ought to be assessed, not just in terms of growth, but also on the basis of “economic empowerment.” Economic empowerment is the ability of individuals to use their physical, natural, and mental capacities to generate life-sustaining income levels, without perpetual recourse to government assistance, donors, and the extended family. The notion of economic empowerment is analogous to the “capability” approach to development, which argues that the goal of economic development ought to be improvements in human lives through the expansion of the range of things an individual can be and do.
The appeal of economic empowerment is not just with regard to the welfare of the individual; it is also instrumental for efficient resource allocation. Economically disempowered individuals are more likely to make irrational or suboptimal economic choices with regard to the use of human, natural, and other resources. For instance, disempowered households in Africa are more likely to cut down trees for charcoal/firewood, poach endangered animals either for consumption or as a source of income, have higher fertility rates, give out their children as maids/servants, or engage in very risky behaviors like prostitution, drug trafficking, and illegal migration. Disempowered individuals often focus on short-term investments (such as consumption of nondurable goods), rather than long-term investments (such as education, health, real estate, and financial markets) that could extricate them from chronic poverty. Economically disempowered individuals are more susceptible to manipulation and deceit by politicians. Their votes can be bought very easily, and they can be cajoled or coerced to vote in ways that are inconsistent with their preferences. More ominously, economically disempowered youths in Africa are pawns in the hands of warlords and religious zealots, who recruit them to participate in senseless wars or engage in terrorism. While economic disempowerment may appear to be a “micro” problem, it often has long-term implications for the entire economy. This is why policymakers should be concerned about economic empowerment in the growth process.

This chapter focuses on three drivers of economic empowerment in Africa: formal and informal sectors, creative sector, and entrepreneurship. The goal is to explore the extent to which Africa’s growth performance has opened up opportunities for economic empowerment in these sectors.

Growth and formal employment in Africa: Employment and “decent work” are very important for social inclusion and poverty alleviation (Mutangadura and Eshetu, 2011, p.9). As pointed out in chapter 1, economic growth in Africa has resulted in the establishment of several tertiary institutions, producing graduates at rates never seen before in the region. In the past, the bureaucracy would simply expand to absorb graduates from tertiary institutions. Over time, the bureaucracy became unwieldy, inefficient, and unsustainable. Jobless growth in the past was more than compensated for by an expansion in public-sector jobs. With economic reform and fiscal constraints, however, the public sector’s role as a major employer in Africa has diminished significantly. Thus, growth in Africa needs to be more employment intensive, in order to compensate for shortfalls in public sector employment.

Another reason why the growth-employment nexus is very important in Africa is the inequality that arises in the growth process. While growth in Africa has enabled the emergence of a new middle class, as discussed in chapter 1, it has also created a class of chronically poor Africans. The World Bank notes that poverty and underemployment are related. An employment-generating growth process is essential for absorbing the class of chronically poor and unemployed people in the region. With more job opportunities