

The Impact of the New Structural Economic Framework on Economic Growth: Evidence from Selected Sub-Saharan African Economies



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The New Structural Economics (NSE) framework is a set of strategies, a combination of a market economic system and an initiative-taking industrial policy centered on a country's comparative advantage for achieving sustainable growth in developing countries. In contrast to Asian and Western economies, structural transition in most Sub-Saharan African economies, has been marked by a decline in agriculture sector shares of production and jobs, as well as a poor manufacturing (industrial) sector; thus, passing over the middle stage of the transition ladder industrialization into a service sector-dominated economy.

Objectives and Research Questions



We examine the effect of New Structural Economics (NSE) on economic growth and its relative economic impact in selected countries of the Sub-Saharan Africa. We investigate the efficacy of the NSE framework based on the question; if developing economies that use the framework as a policy intervention, perform better than the others or not?

Methods



For the analysis, we use panel data and employ the difference-in-difference (DID) approach to measure the relative economic performance differences between the economies. We choose two countries adopting the NSE strategies as a treatment group (Mauritius and Ethiopia) and two otherwise as a controlled group (Nigeria and Togo) over the period of 1990 to 2019.

Results



The key findings of this research suggest that the structural changes prove to be significant in finding opportunities in the industrialization process, and countries using the NSE framework outperform countries that do not use the NSE framework.

Policy Recommendations



The outcomes of this research highlight NSE policy implications for the economic growth in the Sub-Saharan Africa. The study findings suggest that the factor endowment of a country is important in the determining opportunities in industrialization process and countries that are using the framework of the NSE with a great percentage of certitude are performing better than the rest. The governments are assumed to facilitate industrial upgrading, to play the key role played at each stage of the development and the application of the New Structural Economics.

Key words



New structural economics; structural change; economic growth; Sub-Saharan Africa; DID.