DOCUMENTS

ACCELERATED DEVELOPMENT IN SUB-SAHARAN AFRICA: AN ASSESSMENT BY THE OAU, ECA AND ADB SECRETARIATS

(ECA Edited Version)

I INTRODUCTION

In July 1979, the Assembly of Heads of State and Government of the Organization of African Unity adopted the Monrovia Strategy for the Economic Development of Africa, on the recommendations of African Ministers responsible for economic development and planning. The recommendations of the Ministers were themselves based on proposals already worked out by sectoral conferences such as the Conference of African Ministers of Industry, the Conference of African Ministers of Trade and the Conference of African Ministers of Transport, Communications and Planning.

In order to devise a plan of action for the implementation of that Strategy, the Heads of State and Government held an extraordinary summit in Lagos, Nigeria, in April 1980, devoted exclusively to economic development problems of Africa and adopted the Lagos Plan of Action *(1)* for the Economic Development of Africa. The Plan was presented to the United Nations General Assembly at its eleventh special session in September 1980 and is now an integral part of the International Development Strategy for the Third United Nations Development Decade.

Concerned about the dim prospects projected for Sub-Saharan African countries in the 1980s and beyond, as presented in the World Development Report, 1979 *(2)*, the African Governors of the World Bank and the International Monetary Fund in September 1979 requested the World Bank to prepare «a special paper on the economic development problems of these countries and an appropriate programme for helping them». The response to that request is the report entitled «Accelerated Development in Sub-Saharan Africa: An Agenda for Action», *(3)* which was published in 1981.

Following the publications of the World Bank Report, a joint staff working group of the OAU, ECA and ADB secretariats, set up for the purpose of reviewing the report, prepared, in September 1981, a paper containing some preliminary reflections. The paper was presented to the meeting of the African Governors of the Bank. At that meeting, the Governors decided that further discussion of the report should be held in Africa and that a special meeting should be organized by ADB, ECA and OAU for that purpose.

The aim of this paper, which has been prepared by the resumed meeting of the joint secretariat working group in Addis Ababa in January 1982, is to assist in a better understanding of the goals, objectives and characteristics of the report in the light of the requirements of the Lagos Plan of Action.

Accordingly, the paper discusses the contrasting goals, objectives and characteristics of the two documents; examines the broad economic policy issues raised by the report, reviews the report's treatment of sectors; and concludes with a highlight of the findings of the group.

II. GOALS, OBJECTIVES AND CHARACTERISTICS

A./ THE LAGOS PLAN OF ACTION

The Lagos Plan of Action was adopted by African Heads of State and Government against the background of two decades of stagnation in output; worsening balance of payments brought about by deteriorating terms of trade; increasing payments for the import of high-level skills, capital goods, spare parts and equipment, raw material inputs, marketing, shipping and insurance services; widespread unemployment and mass poverty; and a painful realization that past policies are not viable and sustainable if the objectives of self-reliance, eradication of mass poverty, reduction of widespread unemployment, equitable distribution of the benefits of development and economic growth, sovereignty over natural resources and equitable participation in international decision-making processes are to be pursued and achieved.

The Plan is designed to restructure the economy of Africa, based on the twin principles of national and collective self-reliance and self-reliant and self-sustaining development. Restructuring implies not only the necessary change in the composition of goods and services by gradually increasing the shares of industrial products in the national and regional basket of goods and services but also internalizing the sources of the supply of producer goods (capital equipment, spare parts and machines and raw material inputs), high-level skills for natural resources exploration, evaluation and extraction, products and process design, industrial and other production organization and management, project identification, analysis and implementation, research and development, education and training, maketing, banking, shipping and financial services; changing the pattern of external trade, and changing the ownership of enterprises not only between the public and private sectors but also between indigenous and foreign ownership.

The principles of self-reliance and self-sustainment imply the increasing dependence of economic growth and development on internal demand stimuli and the gradual substitution of domestic for imported factor inputs. Collective self-reliance implies the pooling of resources manpower, markets, institutions, finance etc., – at the sub-regional, regional and other multinational levels for the purpose of effectively achieving those objectives enumerated above.

Within this framework, the Plan emphasizes the imperative need for the countries of the region individually and collectively to have a thorough knowledge of the natural resource base of their economies not only for the purpose of determining the industrial products which they can produce but also for designing appropriate strategies for the types of high-level skills which they can import in the short-run and must produce in the long run.

The Plan is based on an integrated approach which covers different economic and social activities and takes into account the interdependence of these activities. In this connexion, the Plan recognizes two leading production sectors – food and agriculture and industry. The industrial sector is designed to make possible the supply of the bulk of industrial inputs required for agricultural production, processing, storage and transportation. The food and agriculture programme (which includes forest products and industrial fibres) is designed to provide not only inputs into the processing industries but also markets for industrial products. And the industrial programme goes much further; it is intended to cover building materials and metal and engineering products which make heavy use of capital goods. Emphasis is also laid on the need to attack the present paradox of the African region with its enormous energy resources and its heavy dependence on energy imports, by developing science and technology and human resources relevant not only to the development of industry, agriculture, transport and communications but to the local evaluation, extraction and refining of natural resources which constitute the base of all production.

The Plan underscores the importance of involving all agents of development and change : private enterprises, public enterprises; trade unions; chambers of commerce, agriculture, industry and mines, etc.; universities and other institutions of learning and research in the process of development and growth.

The Plan recognizes the importance of regional economic co-operation and integration as necessary instruments for pursuing the objectives of national and collective self-reliance and accordingly spells out clearly the steps to be taken for strengthening economic co-operation and integration efforts.

While the importance of external assistance is recognized, the Heads of State and Government were convinced that «... outside contributions should only supplement our own efforts, they should not be the mainstay of our development» *(4)*.

In outlining and adopting the Lagos Plan of Action, member States were fortified by one important fact; that not one of today's developed countries developed by depending excessively on external sources for the supply of the strategic inputs into their processes of generating and sustaining development and economic growth. Indeed, the development and economic growth of these countries were based on the development of their national markets for the supply of factor inputs and production of final goods and services. The decision to export usually came later on. This approach has been adopted irrespective of political and ideological orientation.

B./ ACCELERATED DEVELOPMENT IN SUB-SAHARAN AFRICA: AN AGENDA FOR ACTION

The authors of the World Bank Report recognize the existence of the Lagos Plan of Action and claim to build on it. According to them the report «deals with short – to medium-term responses to Africa's current economic difficulties. It focusses on how growth can be accelerated and how the resources to achieve the longer-term objectives set by the African Governements can be generated, with the support of the international community» *(5)*. In short, the main objective of the report is to design a short – to medium-term strategy that will assist member States to generate the resources necessary to implement the goals and objectives of the Lagos Plan of Action.

The Strategy proposed is based on a diagnosis of the economic situation of sub-Saharan Africa as it has evolved over the past two decades. Basically, the findings are the following: slow over-all economic growth; sluggish agricultural performance coupled with rapid rates of population increase; balance of payments and fiscal crises, overextended public sector and scarcities of financial resources, skilled manpower and organizational capacities.

However, according to the World Bank, the picture is not uniformly bleak: vastly more Africans are in schools and most are living longer, roads, ports and new cities have been built and new industries developed; technical and managerial positions, formerly occupied by foreigners, are now held by Africans. In general, the authors agree that «for most African countries, and for a majority of the African population, the record is grim and it is no exaggeration to talk of crisis» *(6)*. Indeed, as they put it, «slow over-all economic growth, sluggish agricultural performance coupled with rapid rates of population increase, and balance of payments and fiscal crises – these are dramatic indicators of economic trouble» *(7)*.

As far as the causes of the present crises are concerned, the report identifies internal and external factors. Internal factors comprise constraints based on «structural» factors that evolved from historical circumstances or from the physical environment and they include underdeveloped human resources, the economic disruption that accompanied decolonization and post-colonial consolidation, climatic and geographic factors hostile to development and rapidly growing population. External factors consist of adverse trends in the international economy which include, particularly since 1974, «stagflation» in the industrialized countries, higher energy prices, the relatively slow growth of trade in primary products and adverse terms of trade especially for copper and iron ore. The authors conclude their analysis of sources of lagging growth by asserting that the internal «structural» problems and the external factors have been exacerbated by domestic policy inadequacies comprising trade and exchange-rate policies which have over-protected industry, held back agriculture and absorbed much administrative capacity; too little attention being paid to administrative constraints in mobilizing and managing resources for development, particularly since planning, decision-making and management capacities were weak; and a consistent bias against agriculture in price, tax, and exchange-rate policies.

Since the majority of Africans are engaged in agriculture and this sector has performed badly during the past two decades, the solution to African problems lies in prosperous agriculture. Therefore, the report contends that sub-Saharan Africa now needs to concentrate on agriculture with a view to increasing exports so as to earn the foreign exchange required for the implementation of the Lagos Plan of Action. Furthermore, the report offers a prescription: if sub-Saharan Africa is to change the present economic situation, it must concentrate on production, and agriculture is necessarily the centrepiece of any production – oriented strategy. The main elements of such a strategy are: concentration of resources on small holders, reform of incentive structures to ensure better prices; more open and competitive marketing system; and greater availability of consumer goods in some instances; a focus in the medium term on making existing programmes work better and on rehabilitation of existing infrastructure, small-scale irrigation, and rural roads; a major effort in research on crops and livestock; and expansion of pest control and related activities to reduce post-harvest losses.

The report also acknowledges that productive activities can take place in other sectors as well. Thus, the authors discuss energy, industry (manufacturing, utilities, construction), non-fuel minerals, and transport and communications. The importance of human resources is also discussed. However, they maintain that most of the activities in the other sectors are to be supportive of agriculture.

To implement the agriculture-based and export-oriented strategy, three major policy actions are recommended: more suitable trade and exchange-rate policies, increased efficiency of resources use in the public sector; and improvement in agricultural policies. Other aspects of the strategy include the reduction of size of the public sector and the encouragement of small-scale enterprises, co-operatives, and the promotion of the participation of foreign private capital.

Finally, the report maintains that the agricultural-based and export-oriented development strategy is an essential beginning to a process of long-term transformation, a prelude to industrialization, which in addition to rapid population, expanding urbanization, soil conservation, reforestation, fuelwood consumption and regional co-operation and integration is regarded as a longer-term issue.

C./ SOMME PRELIMINARY OBSERVATIONS

In their diagnostic analyses of the economic problems of Africa, there is no doubt that the two documents have a lot in common. However, while the Lagos Plan of Action sees external factors as having played a major role in producing the present unsatisfactory situation, the World Bank Report gives internal factors a greater role.

The World Bank claims that its strategy is designed to deal with short – to medium-term economic problems of sub-Saharan Africa as well as assist in generating resources Africa needs. It gives the impression that the Lagos Plan of Action is only a long-term strategy whose main objective is to create an African Economic Community by the year 2000. It is important to stress that, althrough the Lagos Plan of Action has as its ultimate aims the creation of an African Economic Community, such ultimate objective is based on a series of short – to medium-term activities.

The emphasis of the World Bank Report is on Africa continuing to feed external markets. As far as the Lagos Plan of Action is concerned, national and collective self-reliance and self-reliant and self-sustaining development and economic growth imply the development of national, subregional and regional markets.

While the World Bank Report identifies agriculture as the motor of all African countries, the Lagos Plan of Action recognizes that the motor of any country will depend on the content and nature of its natural resource endowment.

III. BROAD DEVELOPMENT ISSUES

A./ STRATEGIES OF GROWTH AND DEVELOPMENT

Two distinct strategies of growth and development seem to be outlined in the two documents under discussion. On the one hand is the agriculture-based and export-oriented strategy of the report of the World Bank, on the other is the internally-oriented and inter-sector-based strategy of development and economic growth which underlies the Lagos Plan of Action. The purpose of this part of the paper is to examine the assumptions, prescriptions and other characteristics of the two strategies in the light of the development problems which now confront African countries. And in this examination, of particular concern will be the capacity of the strategy proposed by the World Bank to assist in the implementation of the goals and objectives of the Lagos Plan of Action.

1. – Generation of Resources

To buttress their arguments and recommendations for an agriculture-based and export-oriented strategy, the authors of the World Bank report claim that the strategy «will help generate the resources Africa needs to consolidate its political and administrative forces, educate and improve the health of its people, and find out what will work and what will not. It will bring forth human talent now neglected and uncover physical resources not yet imagined. And it will open the way to a future whose shape we cannot yet see» *(8)*. Since one of the problems that have continued to preoccupy member States since the adoption of the Lagos Plan of Action is how to find 'resources' with which to implement it, this is a claim whose justification needs to be examined.

While the authors have talked a lot about the need to increase the efficiency of resource use in the public sector and the need to increase substantially external assistance to Africa with a view to implementing the strategy they have recommended, there is no place in the report where they have undertaken an explicit discussion of the direct relationship between the results of the proposed strategy if implemented and the achievement of the goals and objectives of the Lagos Plan of Action. The claim seems to be an assumption, but the basis of this assumption needs to be examined.

As a basis for this examination, it is important to discuss the concept of resources in the framework of the customary division into financial and non-financial resources. Financial resources comprise both foreign and domestic financial resources. Non-financial resources concern skilled manpower, entre-preneurial and organizational capability, institutions comprising enterprises (private and public), co-operatives, research institutions (research institutes, universities, etc..), support institutions such as agricultural extension and industrial estate services, and capital assets, spare parts and equipment as recognized also in the report.

a) Foreign exchange

In recommending that African countries should increase agricultural and primary commodity exports in order to earn foreign exchange, the authors of the World Bank Report worked on certain assumptions, which included the following:

(a) The markets for such commodities will always be available; and

(b) The prices to be paid for such commodities will increase to compensate for the inflation of the prices which they pay for manufactured goods, high-level skills, shipping, insurance, banking and consultancy services.

Assuming that the required increased productivity will be forthcoming (which is doubtful in view of the fact that what is recommended strongly is rain-fed agriculture and it is clear that very few results can be achieved through the application of technology particularly in the area of inputs), to assume that the markets will always be available is to ignore the low income elasticity of demand for primary commodities, the fact that developing countries have a falling share of slow-growing international trade in primary commodities *(9)*, the protective agricultural policies in the industrial countries and the competition of the countries of other developing areas and of Eastern Europe.

Similarly, to assume that the prices to be paid will always be rising to compensate for the inflationary tendencies of manufactured goods and labour services, especially when they are supplied under the imperfect market conditions which now prevail in the world, is to ignore the influence of substitutes through the production of synthetics and the occasional sale of stockpiles.

The upshot of the foregoing is that the expected foreign exchange earnings cannot be guaranteed unless assurances are obtained from the industrial countries and/or stabilization schemes are agreed and made more effective. However, in view of the problems with such schemes, notwithstanding the STABEX *(10)* and SYSMIN *(11)* schemes, it is difficult to see how such assurances can be obtained.

b) Domestic financial resources

In proposing all the measures enumerated in the report, the authors believe that financial resources can be released particularly from the public sector for use in the development of the other sectors. However, such a belief assumes that such savings can be converted into real resources which are probably to be imported. But as has already been said above, the agriculture-based and export-oriented strategy proposed cannot generate sufficient foreign exchange. And since the development of high-level skills and industrial capital and intermediate inputs is an issue for the future, there are no counterpart resources to be purchased with such savings.

c) Non-financial resources

The most intricate issue as far as the claim made for an agriculture-based and export-oriented strategy is concerned is the generation of non-financial resources. If the capital assets, spare parts and equipment are removed from the list of real resources mentioned above, it is clear that real resources mean high level skills. And to develop high-level skills, it is an elementary fact that specific tasks and products must be identified. In terms of the requirements of the Lagos Plan of Action, those tasks and products are not only to be found in the food and agriculture and public administration sectors, they are also to be found in the natural resources, industry, transport and communications, distribution, insurance and banking sectors.

The pertinent question is to what extent can an agriculture-based and export-oriented strategy release the relevant human talent and assist in the generation of such a range of skills? Similarly, to what extent can an agricultured-based and export-oriented strategy assist in developing the technology or technologies required for the different industrial products and processes which are required albeit over time if a country or group of countries are to achieve self-reliance and self-sustaining development? It is a well-known fact that agricultural commodities have a limited capacity to generate technologies and require little if any high-level skills. Moreover, since the strategy proposed is concerned only with the export of non-fuel minerals and small-scale enterprises, it is also clear that all these high-level skills and the technologies which the Lagos Plan of Action stress will not be generated during the period covered by the strategy.

Yet, the report stresses the need for human resources development. Hence, if a serious human resources development programme is mounted without identified links with the other sectors and their products and process, then there is likely to be a continuation of the present brain drain!

There is no doubt that the authors of the report are aware that the strategy they recommend would not generate the required resources and that is why they have strongly recommended increased external assistance. In the circumstances, the question is to what extent can the pursuit of this approach assist in solving the present problems of balance of payments, which have been brought about both by adverse terms of trade and by an import substitution strategy that depended on the importation of almost all the inputs required for the production of the goods being import-substituted? The simple answer to the foregoing questions is that the proposed strategy cannot assist African countries to implement the goals and objectives of the Lagos Plan of Action.

2./ *OTHER ISSUES RELATED TO EXTERNAL ORIENTATION*

a) Export-orientation and markets

In the foregoing it has been argued that external markets are not going to be available for the products of African countries. However, the issue should be pushed further. Assuming the markets were available, is a strategy encouraging external orientation and neglect of the domestic and regional markets by African countries not encouraging the mortgaging of Africa's future? In the world that is full of uncertainties and threats of various action, pursuing such a strategy could be suicidal.

The external orientation of the World Bank's strategy assumes that Africa's production should continue to be exchanged in the industrial countries of the North. It is in recognition of the uncertain situation in such markets that the Lagos Plan prescribes that African countries themselves should become users of their primary commodities for their own industrialization. Through the production of intermediate and finished capital and consumer goods, Africa hopes to make internal demand the principal stimuli for its outputs. In the World Bank Strategy, the markets of the North remain economically separated from Africa while in the strategy of the Lagos Plan, African markets are to be integrated. Another problem with the World Bank Strategy is that reforms for domestic policies are recommended to improve the individual export market in African countries, whereas no policy reforms are recommended for the overprotected external marketing process.

The discussion of export growth is limited by the assumption that greater export growth is desirable (based partly on the fact of rising current account deficits). But African countries at independence placed high priority on reducing the high dependence of their GDP on exports – 22 per cent in 1960, as against 7 per cent in low-income countries as a whole; 16 per cent in middle-income countries, and 12 per cent in industrialized countries -- (Statistical annex to the report, table 5). In order to reduce the exposure of their economies to the vagaries of international markets for raw materials, African countries attempted to diversify into other export crops and into processing of raw materials. The emphasis of the report on the failure of Africa to expand exports along with the expansion in world trade ignores these objectives and therefore does not attempt to reconcile them with the proposed solution of trying to increase export earnings. The report is probably correct that if African countries wish to expand export earnings, they can do so most efficiently (or least inefficiently) by concentrating on their traditional comparative advantage in raw materials – but it cannot be assumed that expansion of exports is a desired objective. In spite of the poor performance of African exports in the 1970s and rapid expansion elsewhere, the export share of GDP remains over twice as high (23 per cent) in Africa as in low-income countries as a whole (11 per cent) and higher than in middle-income and industrialized countries (20 per cent and 19 per cent, respectively). Thus, the old arguments about dependence on mono-crop, fluctuations in prices and declining long-run terms of trade come into play. In ignoring these, the emphasis of the report on stimulating export growth to lead GDP is disquietening.

The figures in the preceding paragraph show that African exports did grow as fast as GDP over the period 1960–1979, and that a substantial increase in the export share of GDP can hardly be expected given the already high ratio in the base year. Contrary to the report's conclusion that low growth in export volume is to blame for rising current account deficits, the failure to control import growth seems to be a more appropriate culprit in view of the desire to reduce foreign dependence and the high export/GDP ratio.

b) External resources and national income

While GNP figures have been used throughout the Report and the impression is given that reactivation of growth means increase in GNP, the strong recommendation for an increased inflow of expatriate personnel belies this impression. Thus, implicitly, the authors of the report are encouraging increases in GDP. On the other hand, the Lagos Plan is designed to increase the GNP of African countries through the development of scientific and technological and other manpower at all African levels.

c) Openness of the African economy

In their diagnosis of African economies, the authors describe them as extremely open. Yet, they have recommended intensified exports. Contrary to the report's implications of an export lag in the 1970s, the figures given in the statistical annex to the report, table 5, show that Africa is more dependent on exports of primary products than any other region and is «uncommonly open», as the report says.

In the conclusion, the implementation of either strategy requires a heavy cost in terms of money and human sacrifices. And the fate of Africa depends on which set of sacrifices Africa chooses. The Lagos Plan of Action, while appreciating the importance of foreign trade, foreign exchanges and foreign aid, recognizes the primacy of the substitution of internal for external stimuli to economic growth and development, and of the substitution of intra-African for extra-African supplies of raw materials and factor inputs. Accordingly, it calls for very high priority to be given to the development at the national, multinational and regional levels of know-how and institutional capabilities for the exploration, evaluation and management of natural resources, for the extraction of raw materials therefrom, and then for their combination and conversion into semi-finished and finished products to meet the needs of the African people. This order of priorities reflects the view that no implementation of the Lagos Plan of Action is possible without a considerable extention in the range as well as the quality of the present materials base of production designed for extra-Africa exports and without the vigorous promotion of intra-African trade in industrial raw materials. It goes further to stress the importance of establishing intersectoral and intrasectoral linkages at the national and multinational levels so that sectors and subsectors can exert mutually growth promoting pressures on each other.

B./ THE ROLE OF THE PUBLIC AND PRIVATE SECTORS IN ECONOMIC DEVELOPMENT

One of the striking features of the report is its advocacy of improvements in economic management policies with a view to increasing the tempo of economic development in sub-Saharan Africa. This focus is quite understandable. So is its concern implicit in many remarks and conclusions to ensure that resources for the public sector do not have an unacceptably severe adverse impact on development. However, there are several basic questions with respect to which the report's treatment is less than wholly satisfactory. They could be conventiently raised under the following headings.

1. – The Public Sector

There are a number of historical and practical reasons why the public sector is large (and most probably will continue to be large) in Africa. Historically, and especially during the post-War period, most developing countries (and African countries were no exception) have had the perception that rapid economic development could come only through a very strong intervention and leadership of the public sector. The indigenous private sector was rarely ever in a position to play an active role in development, especially in the modern sector. Skilled manpower was concentrated in the public sector, resources (meagre as they were) for projects were directly or indirectly dependent on government initiative; information (on technology, on markets, on financing, etc.) was largely more accessible to the government; and, finally the government was organized, but the indigenous private sector was not.

Resulting from this historical fact, and because of the paternalistic perception of government and leaders which tradition encouraged, the ordinary person looked to government to take initiative, to lead the way, to influence and sometimes even to act forcefully in the process. Therefore, the public sector was far ahead of the indigenous private sector in bringing about development, almost the reverse of the situation in many advanced market economies where the private sector set the pace for development.

Although changes have taken place in Africa over the last two decades, the situation portrayed above has not altered substantially, and for some time to come the public sector would probably remain large. If this assessment is accepted, it follows that a more practical goal of policy should aim at making public sector more efficient and more development-oriented rather than attempting to reduce its size.

Seen in this perspective, it is not at all certain that the report has approached the problem pragmatically. The focus is on the shortcomings of the public sector. No doubt many of these are valid, and no doubt some of the suggestions are well taken. But there is another side to the question. There are and have been, for example, cases where parastatal bodies have been efficiently managed and have made a meaningful contribution to development. The report should have given extensive treatment of these examples to provide a more pragmatic and balanced analysis of both successes and failures of such bodies.

The crux of the question is therefore not the problem of size, it is rather how efficiently public bodies are managed.

2. – The Private Sector

It may be true that the private sector in much of sub-Saharan Africa does not play as active a role as it could, even if one were to recognize its many problems. And to the extent that it could, development activity would no doubt proceed at a faster rate.

Once again, the treatment of the report on this issue is not balanced. References made in the report to the private sector extol its merits and its potentialities and the contribution it could make to growth.

In addition to the constraints on the private sector cited earlier, there are reasons why Governments in general are less fully supportive of private initiatives in many areas of development. In the context of development, the «profit motive» often tends not only to ignore but to go directly against the competition, there is the urge to capitalize on a «race opportunity» in an uncertain socio-political climate, and the feeling that this could be done without running the risk of sanctions or public knowledge as long as the necessary precautions are taken, etc.. Whatever the reasons, the damage (actual or potential) to wider socio-economic interests is often considerable.

Clearly, both the nature and size of private initiative are relevant fields of enquiry before advocating policies to encourage the private sector. This is a delicate area of public policy which a report like that of the World Bank should have covered. At any rate, ignoring it as the report had done can only lead to a false appreciation of the problem, or give rise to the feeling (however faint) that ideological inclinations might have inadvertently slipped through.

3. – The Role of Co-operatives

A major lacuna in the report is the role that co-operatives could play in accelerating the process of development. The extensive critique of the public sector and the lengthy analysis of the potential benefits that would result from a more active participation by the private sector should have suggested some degree of treatment of this important question. There have been marginal references made here and there but no suggestion is offered as to the potential results which could be obtained from a policy of encouraging co-operative activities in accelerating development.

C. TRADE AND EXCHANGE-RATE POLICY

The World Bank Report contends that «Trade and exchange-rate policy is at the heart of the failure to provide adequate incentives for agricultural production and for exports in much of Africa». *(12)* The argument is further reinforced by the seeming tendency of the policies to let «real official exchange rates become overvalued because of higher inflation at home than abroad» *(13)*.

In analysing the deterioration in the balance of payments deficits in Africa during the 1970s, the report makes a point that «external factors certainly played a part in this deterioration...» but that they «were not the chief factor behind the growing deficits» *(14)*. It goes on to suggest that «poor export performance was more significant» *(15)* in contributing to the slower growth.

The Report concludes that more and more African countries have moved towards a trade and exchange regime which, *inter alia*, accepts licensing of most imports, adoption of quotas against imports which compete with local production, protection for import substitution industry and priority allocation of essential imports. This form of trade and exchange regime is described by the report as being in danger of biasing the incentive system against agriculture and industrial development.

Export performance is, of course, itself dependent upon «external factors», and there are two crucial ways in which this dependence is manifested.

First, production for export, especially of agricultural commodities, very much depends on imported inputs, fertilizers, pesticides, fuel, spare parts for machinery and equipment and even occasionally improved seed varieties. To the extent that manufactured commodities are exported, they too would be affected by imports of semi-finished goods (e.g. cotton, chemicals fuel, machinery and equipment).

In addition to direct imports, exports very much depend on the availability of reasonable transport services in terms of capacity, cost, etc. These, in turn, affect the rate of return of the commodities traded and the effective rate of exchange of the domestic currency involved. The report does not demonstrate that these factors have played a major role in inhibiting the growth of African exports.

Second, world demand is one of the determinant factors for export performance. The report takes up this point under *«Export-production»* and, itself, demonstrates how important world demand has been for performances. It states, for example, that «sisal suffered a marked drop in response to shrinking world demand» *(16)*. For other commodities, the report suggests that relative prices during the period fell. If that is so, it follows that export performance was affected not only by domestic factors but also by an unfavourable external environment. Yet, this point seems not to have been observed in the earlier analysis of the external sector.

The crucial nature of the external sector has been the subject of debates and negotiations at many international meetings *(17)*. It is also a subject of the World Bank report as has been referred to above. However, by providing a catalogue of recommendations on the shortcomings of domestic policy management alone, the report fails to recognize the dependency element of trade and exchange-rate regimes adopted by African Governments. The report makes a valid observation that there is a common pattern of African currencies being overvalued *(18)*. But then, in accepting the cause and effect relationship of external factors, it avoids emphasizing the need for concerted international action to control and maintain as far as possible reasonable lower rates of inflation both at home and abroad. It is precisely (and probably this is the most important factor), the point that, unless global inflationary pressures are brought to a control, it would be practically difficult for African Governments, acting alone, to reduce substantially the effect of inflation on domestic currencies. Consequently, the most often recommended monetary measure of currency devalution, which the report also makes, may not necessarily be the sufficient condition for supporting a sound trade and exchange-rate policy.

At the centre of the argument provided by the report is the concern that the creation of effective structures of incentives on the one hand, and of efficient domestic markets on the other will promote exports. Both aspects are of course very important in the general framework of promoting rapid growth in agricultural production and industrial development as clearly stressed by the Lagos Plan of Action. What is rather surprising is the exclusive orientation of both aspects towards export production and external markets.

The general strategy for development and growth in Africa contained in the Lagos Plan of Action recognizes the importance of linking agriculture and industry for self-reliant requirements of the countries in the region. Governments, therefore, would adopt price and other incentive measures to reduce dependence on imports and encourage efficient production at home. In the short-run, the use of traditional measures of protection (such as import quotas, subsidies, export taxes etc.) may be effectively promoted. The effects of exchange-rate fluctuation could be minimized by reducing the dependence elements of the imported inputs.

The development of domestic markets will depend on the nature and scope of the regional integration process. By expanding the size of markets, production costs should be economized through large-scale operations. Given efficient transport and distribution outlets, market efficiencies should be greatly improved. In other words, potentials exist for both use of production incentives and the development of efficient markets in Africa – during the 1980s – without too much dependence on external markets. Agricultural production and others (mining, etc.) would form the basic source of raw materials to support industrial development and growth of the African region. The report could have looked into this strategy more carefully to bring out useful recommendations on how African trade and exchange-rate policy management could have been improved.

D./ LONGER-TERM ISSUES

The authors of the World Bank Report have selected as longer-term issues certain fundamental development issues such as population, urban growth, forest and soil conservation, land use and planning and regional economic co-operation and integration, which are also effectively dealth with in the Lagos Plan of Action. It is difficult to understand why these issues are regarded as longer-term. Since all development problems, like all human problems, require time to solve, it is wise to start planning for their solution now. This is why these issues are included in the Lagos Plan of Action and recommendations made for short-, medium- and long-term action.

1. – Population

The recommendations made by the authors about family planning and the need to aim at quality rather than quantity population are commendable but raise some questions. There are problems of low fertility in some parts of Africa and one would have expected the authors to review this type of situation and make appropriate recommendations. There are also problems of efficient use of human resources where minimum population considerations are concerned.

In connexion with population problems and the role of family planning, the authors recommend that «Governments should encourage widespread family-planning services and supplies, including availability of contraceptives at a very low price, *perhaps even free» (19)* (emphasis added). Comparing this with the strictures on the use of subsidies in the report, one must genuinely question the impression given in the report that efficiency must be interpreted in terms of revenue always covering costs. However, before resource use can be judged as efficient or not, consideration must be given to the objectives being pursued, whether they are economic, political or social.

2. – Urban Growth

If the number of African cities with over 500,000 population grew from 3 to 28 in two decades, then the problems of urban growth cannot be regarded as a longer-term issue. Indeed, all the accompanying problems of urban growth – excess demand on infrastructural facilities, transport congestion, shanty-towns, etc., are already here with us and action has to be initiated to deal with them. In this context, there is not much to disagree with the recommendations made by the authors. What is important is that town planning, including for satellite towns or what the authors call secondary centres, must be given the attention it deserves.

3. – Resource Planning (Soil Conservation, Reforestation and Fuel Wood)

In the context of resource planning, restricted in the report to soil conservation, reforestation and fuelwood supply, there is much to commend in what the authors of the report have recommended. There is no doubt that lack of attention to soil degradation and the wanton manner in which African forests are exploited represent consumption of capital and endanger future development potentials. The authors' recommendations on land-use planning, soil and water conservation, control of erosion, etc. are worth serious consideration by member States. The only problem with the report here, is that it regards these problems as of a longer-term nature. They are not.

4. – Regionalism

As far as this subject is concerned, there is no doubt that there is some ambivalence on the part of the report. Despite its explicit recognition of the importance of regional economic co-operation and ultimate integration to small States which have limited developmental alternatives and to the land-locked States for whose special problems they constitute long-run solutions, the report still regards these as belonging to the future. This is because the record thus far shows few successes.

Undoubtedly, the path to regional economic co-operation and ultimate integration is strewn with a lot of problems, obstacles and pitfalls. However, such problems, obstacles and pitfalls are not insuperable. As the authors are aware, regional economic co-operation and ultimate integration are the main instruments for achieving collective self-reliance, which the Heads of State and Government have identified in the Lagos Plan of Action.

Moreover, the Heads of State and Government recognized the problems involved and that was why they laid down the procedures to be adopted so that the objective of having an African Economic Community by the yea' 2000 can be achieved.

To say that member States should turn to regional economic co-operation only after they have established effective administrative machinery, developed a more productive monetized agriculture, created physical and social infrastructure, spread suitable education and accomplished other similar tasks at the national level is to ignore the fact that lack of economic co-operation activities particularly in the field of industry may delay and in some cases render impossible the attainment of such objectives at the national level. The fact that the authors have recommended intensification of efforts in joint planning and use of transport and communication links, energy resources and training institutions particularly in the fields of public administration and financial management and have deferred co-operation in the field of industries to the future can only be interpreted to mean that they deliberately want African countries to continue to pursue the bankrupt policies of exporting primary commodities. This cannot be. The necessary measures must be taken to push ahead with co-operation at the sub-regional, regional and other multinational levels and in all fields – industry, agriculture, transport and communications, etc. – in accordance with the goals, objectives and philosophy of the Lagos Plan of Action and the Final Act of Lagos.

The authors say that regional economic co-operation will require changes of substance, including strengthening transport links, reduction of monetary and commercial policies that inhibit and distort intra-regional trade, promotion of joint projects in industry, education, and research and regional institutions with adequate staff and budgets. These changes are already being made. No doubt there are problems such as inadequate staff and budgets for regional institutions, but such problems should not impede the move towards economic integration on the continent.

E./ THE ROLE OF EXTERNAL ASSISTANCE

The World Bank Report treats the subject of external assistance extensively, placing the reform of domestic policies in Africa at the heart of its consideration, and reiterates that with such reform the international community would commit itself to provide assistance «in ways more suitable to Africa's needs than in the past and in support of reform programmes defined by African Governments» *(20)*.

The report is encouraging in its call for increased aid to Africa, the commitment of the World Bank to accord priority in fund allocation to Africa (via IDA), and in its call for policy reforms on the part of donors. Given the preference for project lending (which the report considers to be «particularly relevant to Africa's needs»), there are useful suggestions in the report on flexibility in the design of these projects in response to Africa's realities. Some of these suggestions such as the financing of pilot projects, local costs, structural adjustment lending and lending for research are already being implemented.

Useful suggestions are also presented in the report on debt management, project design and management training and technical assistance.

However, between 1970 and 1979 average terms of borrowing for sub-Saharan Africa as shown in table 21 of the statistical annex to the report have been deteriorating.

The interest on total public debt more than doubled between 1970 and 1979 (from 3.7 per cent to 7.9 per cent), the same was true for the interest rate on total official debt, which rose from 2 per cent in 1970 to 4.1 per cent in 1979. On bilateral loans to sub-Saharan Africa, the rate rose from 1.3 per cent in 1970 to 4.8 per cent in 1979, an increase of more than 300 per cent. The lowest increase in interest rate was on total private debt; the rate which, as usual, was already very high, rose from 6.8 per cent in 1970 to 11.4 per cent in 1979, an increase of nearly 70 per cent. It was only on multilateral debt that there was an unsteady decrease in the rate of interest during the period. In fact, the rate actually rose in 1971 (5 per cent) and in 1975 (5.2 per cent) over the 1970 figure of 4.3 per cent. For all other years the rate wavered around 4 per cent other than in 1978 and 1979 when it dropped to 3.3 per cent and 3.4 per cent respectively.

The depressing trend observed above, taken from table 21 of the annex to the report, was equally true for maturity, grace period and grant element. The only exceptions were the grant element in multilateral debt, which rose marginally from 46.3 per cent to 48.9 per cent and the grace period on total private debt, which rose from its low figure of 1.6 to 3.2 years during the period.

On total public debt, maturity declined from 24.4 years in 1970 to 16.7 years in 1979, while on total official debt, the maturity dropped from 31.9 years to 24.9 years between 1970 and 1979. The drop in maturity on bilateral aid was 31.5 to 20.7 years during this period, and on multilateral aid, from 32.2 years to 28.8 years. On total private debt, maturity maintained its general level, swinging from 10 years in 1970 to 8.1 in 1972, 8.5 in 1975 and 9 years in 1979.

The principal conclusion to be drawn from these hardened terms of borrowing for sub-Saharan Africa is that they are a reflection of the scarcity of real resources, a fact which is supported by slow growth in gross disbursements of external loans to sub-Saharan Africa.

The Lagos Plan of Action recognizes the important contribution that external assistance can make towards Africa's socio-economic development, but states that as long as external aid is beyond the control of the beneficiaries, its long-term benefits would be limited. Furthermore, the Plan states that «these outside contributions should only supplement our own efforts; they should not be the mainstay of our development» *(21)*.

The report fails to recognize that a greater part of external assistance must be repaid, in foreign exchange, and that the cost of such repayment increases year after year, leading to debt accumulation. Table 18 of the annex to the report shows that total debt for sub-Saharan Africa increased substantially from 5,136.4 million dollars to 32,156.2 million between 1970 and 1979, while debt service increased from 447.9 million to 3,488.8 million dollars during the same period.

The reforms which are recommended in the report amount to a considerable pressure on recipients with too much emphasis on what they should do, in comparison with those addressed to donors. For instance, the problems of tied aid have not been examined in the report. Moreover, the effects which the recommended increases in external assistance will have on debt accumulation, have not been adequately addressed and there is no guarantee that the mechanical relationship between reform and increased assistance indicated in the report will work. In fact, it seems that a new conditionality is being introduced – «no reform, no aid increase». Even if there were an assurance of increased aid when reforms are effected, the combined impact of the cost of aid and such reforms would have adverse effects on African economies.

In addition, the causal link between aid increase and increase in *per capita* income has not been fully established in the report.

There is a contradiction between the report's recommendation that donors have special priority-setting responsibility in Africa *(22)* and the recognition that «the level and pattern of donor assistance to a country must be determined in the framework of programmes of action prepared by individual Governments» *(23)*. Obviously, it must be recognized that effective assistance will only be that which is based on the priorities set by the recipients. Furthermore, the implication that African countries will *a priori* need more expatriate personnel also contradicts the idea that individual Governments have the right to determine their programmes.

In view of the points made above, it is quite clear that the total effect of the recommendations addressed to African Governments could very well make Africa more dependent and less self-reliant.

IV. SECTORAL REVIEW

A./ AGRICULTURE

Like in most other chapters of the World Bank Report, the chapter on policies and priorities in agriculture is treated in isolation and is loosely linked to the simultaneous integrated development of other sectors. The report acknowledges that «agriculture is at the heart of African economies» and «is the single most important determinant of over-all economic growth». It goes on to acknowledge that «growth-oriented policies for this sector are crucial for improving over-all economic performance» *(24)*.

In the Lagos Plan of Action, African Governments have decided that their most immediate objective is an improvement in the food situation and laying of the foundation for the eventual achievement of self-sufficiency in food. They also recognize that «the development of agriculture, however, should not be considered in isolation, but integrated within the economic and social development processes» *(25)*.

The World Bank Report focusses on smallholder production; changing incentive structures; expanding agricultural research; and irrigated agriculture. This action agenda is meant to be the basis for success of the proposed export-oriented strategy. While the report does not underrate the importance of food production, it clearly advocates that «even if export crop output were to grow at the expense of food crop production, it is not necessarily bad *(26)*. The main argument in the report for an export-oriented agricultural policy is that it will generate resource, namely the badly needed foreign exchange. The problem with this kind of argument is that it presupposes the availability of markets for the export products and the capability of developing countries to compete with developed ones. Neither of these assumptions can be taken for granted.

The other issue related to producing for export at the expense of food crop production is that this is likely to perpetuate the situation in which African countries will continue to depend on 'food aid'. Interestingly enough, the report treats the subject of 'food aid' very lightly although it points out that «it now accounts for more than 20 per cent of total net cereals imports» *(27)*. It is indeed because Africa does not want to depend on external sources for its food supply that it has decided that the immediate objective should be to bring about quantitative and qualitative improvements in food production, with a view to replacing a sizable proportion of the products imported now.

Another problem with export-oriented strategy is that it discourages the effective development of food and agro-industries for domestic and regional markets.

The report further outlines the basic requirements for improvement of agricultural production in the region, by arguing strongly in favour of the smallholder sector. It bases its argument on the view that large-scale, government-operated estates «were beset with problems of management, over-employment of staff, underutilization of expensive machinery, and maintenance of equipment and infrastructure» *(28)*. The basic question here is whether one is to find a solution to these problems or simply give up and turn to the extreme alternative.

In order to assure markets for products of smallholders, the report also recommends that «Governments should also consider giving more room to agro-industrial enterprises (perhaps through concessions) whose external capital and technical know-how could be applied to plantations or irrigation crops as well as used in industrial processing» *(29)*. Nothing could be more at variance with the aspirations of African countries to make agriculture productive than to suggest that such aspirations should be based on the good-will of foreign capital and entrepreneurial resources.

The report elaborates on suggestions aimed at improving production and incentive structures, and makes some commendable recommendations in this regard. One glaring criticism that the report makes about African Governments is that they «have dual policy objectives in setting and regulating their prices. They want to provide adequate incentives for increasing food production, and they seek to protect the interests of consumers at the same time» *(30)*. The adoption of such a policy is not necessarily irrational because any developing country would be interested in both mechanisms to an appreciable degree.

The other aspect of this sector that the report treats quite extensively is that of research. The report analyses the present situation quite accurately and spells out a number of priorities that are to be undertaken in this sphere. It quite rightly underlines the need for testing and validating, under individual conditions, the improved technology developed by the existing regional and international research organizations. However, by the very nature of their differences in approach to priorities, the report is at variance with the Lagos Plan of Action when it comes to the short-term objectives. While the Lagos Plan of Action states that «agricultural research work should be geared to supporting the objective of food-self-sufficiency» and therefore intensified «in improvement of production and nutritional values of all food crops *(31)*, the World Bank Report asserts that «until results of intensified agricultural research are forthcoming», emphasis should be on a commercial lead crop while «projects based entirely on food crops should, during this interim period, be smaller and of a pilot nature» *(32)*.

B./ INDUSTRY

The Lagos Plan of Action recognizes that in order to attain self-sufficiency in food, building materials, clothing and energy, it is essential that a solid basis be established for self-reliant and self-sustained industrialization at the national, sub-regional and regional levels. Self-reliant industrialization consists of a pattern of industrial development that is consistent with Africa's natural resources, human needs and socio-economic potential. In the circumstances, emphasis is put on the on-the-spot processing of an increasingly large portion of the continent's raw materials and the development of intermediate and capital goods industries particularly those intended for use by other sectors and industries and infrastructure building, e.g. the production of machinery and equipment for agricultural development, transport and communications, energy generation and transmission. The Plan also recognizes the need to develop human and institutional capabilities and capacities to determine the transfer adaptation and development of technologies.

The World Bank Report gives a marginal role to industrial development and discusses it under «other productive sectors». It argues that industry has tended to be a burden on agriculture, making large claims on scarce foreign exchange and not generating the anticipated domestic savings and government revenue. It asserts that trade and exchange-rate policies have been biased against exports in favour of industries producing consumer goods for domestic markets and identifies certain constraints namely market size, population density, wages and productivity, management costs, and capital and infrastructure costs. It finally proposes some strategy options such as processing of raw materials for export, import substitution and manufacturing for export.

In assessing the recommendations contained in the World Bank Report, it is necessary to examine (i) the marginal role accorded to industry; (ii) the constraints on industry; and (iii) the relevance of the industrial options proposed. By according a marginal role to industry, the authors of the World Bank Report discuss this vital sector lightly. Their message to Africa is: industry has been burdensome; there are problems that cannot be overcome in the near future, and the best course of action open is to base the development strategy on a continued over-dependence on the export of basic raw materials.

The way the report overemphasizes what it identifies as 'constraints' can only be justified if one were to contend that African countries are to remain small fragmented units that lack an integrated and co-ordinated development plan. In discussing the market size 'constraint', for example, the report deliberately ingores the possibilities of regional integration as well as the integration of urban and rural markets, which would bring about greater utilization of indigenous raw materials. It further treats the population density 'constraint' in a generalized manner. The concern should rather be that of linking isolated and low density regions to the very high density populated area. As for the capital and infrastructure costs 'constraint', this is indeed what the African Governments are trying to fight through the utilization of raw material resources and the improvement of supporting infrastructure. Interestingly enough the report raises the issue of management costs as a constraint and recognizes that African industry relies heavily on expatriate management. Yet the report makes no provision for the systematic development of industrial manpower.

It is quite clear that the 'constraints' identified by the report are not insuperable and cannot prevent industrial development. They are among the issues Africa is determined to solve through the promotion of integrated economic and social development.

The report offers strategy options that advocate a type of industrialization whose pace would be determined by external factors, with the traditional international division of labour of exporting low-value added products and determined primarily by considerations of economy. The authors argue that most industrialization started on import substitution and Africa should set up many import substitution industries with a view to becoming exporters of manufactured products. The major weakness in this proposal is its failure to state what is to be substituted, in terms of required factor inputs and products, taking into account the failures of earlier attempts at import substitution, owing to that high import content in production which resulted in big claims on scarce foreign exchange.

In its treatment of the important subject of regional integration, the report attempts to highlight such 'obstacles' as transport and other links, distribution of industries, inability to compete and political disputes. Surely these are the 'obstacles' that by their very adoption of and commitment to the Lagos Plan of Action, African Governments are determined to remove.

A glaring omission on the part of the authors of the report is that no mention is made of the Industrial Development Decade for Africa, in spite of the fact that the entire international community has endorsed it by United Nations General Assembly Resolution A/35/66 (B).

C./ NON-FUEL MINERALS

The concern of the authors of the World Bank Report as far as non-fuel minerals are concerned is the exploitation of minerals for export. In this connexion, they have recommended that attention should focus on:

(a) Rehabilitation of existing projects;
(b) Increase in new investment;
(c) Increased activities in exploration.

In order not to raise the issue of deteriorating terms of trade, the authors have assured the reader that the mineral market will revive during the mid-1980s. Such an assurance is in sharp contrast to the fact that «although cyclical factors may push prices of some African exports up from their low levels of the recent past, mounting energy costs, slow growth in the industrial countries (which translates into diminished markets for the developing world), and reduced growth of international trade (factors that have plagued the global economy for the last half decade) will make renewed African growth difficult» *(33)*. Hence, there is still the problem of improving the external environment even if African countries are prepared to accept the harsh terms of the international mining companies which possess technical and marketing expertise and bear high risks.

The authors of the World Bank Report have paid little or no attention to Africa's quest for self-reliance and self-sustainment, and the use of national resources to develop basic industries as an important instrument for achieving such objectives is of little if any significance to them. In effect, what is being recommended is a continuation of past policies that have led Africa into a very serious dependent situation. The problem was and still is that the export of primary commodities to a geographically-confined area will eventually make their prices low and fluctuate, apart from the effect of the sale of stockpiles and of the availability of substitutes in terms of synthetics. There is no doubt that an acceptance of this strategy will worsen the present situation.

In order to begin the process of changing the present situation, the Lagos Plan of Action lays emphasis on industrialization based on the use of the abundant raw materials available on the continent for the production of fixed capital assets, spare parts and equipment, the costs of which, in addition to those of experts for the establishment and management of industrial enterprises, in the past have been in part responsible for Africa's balance-of-payments problems. The authors should have devoted an appreciable portion of their report to the possibilities of using some of the mineral wealth in the continent to produce at least some of the capital and intermediate goods which are now imported at exhorbitant costs. Instead of doing this, they have chosen to highlight what they call obstacles to industrialization and integration, the two main instruments which African States have chosen to overcome some of these so-called obstacles or constraints.

D./ ENERGY

The report cites the growing scarcity of fuelwood as the major energy of most of Africa. To realize the potential of Africa's energy resources, it recommends investment in reforestation, and exploration and development of other forms of energy. Given the strong adverse impact of soaring energy costs on African economies, the report proposes economic and engineering studies of small-scale, regional hydro-electric projects. Coal is considered as an item for export. Cost-effective technologies for exploiting solar and wind energy resources, it states, have not been developed sufficiently for economic use by African countries. Energy policy analysis and planning are deemed essential. Local planning units and regional planning measures are suggested to co-ordinate pricing, manufacturing, exploration and conservation goals.

The report explicitly recognizes the value of regional economic cooperation in this sector as perceived by the Lagos Plan of Action, but it confines energy planning responsibilities to individual countries without giving specific consideration to a regional planning and co-ordination unit as envisaged in the decision to create an Energy Commission. In respect of Africa's abundant coal reserves located in the southern African sub-region, the report refers to on-going exploration campaigns and anticipated exports to European markets, but gives no consideration to the processing of coal in Africa either as a substitute for fuelwood or as inputs into fledgling African industries.

The importance of the impending fuelwood crisis for the African population cannot be overemphasized. Nevertheless, coping with the budgetary and foreign exchange effects of rising commercial energy costs is an immediate priority for African Governments. The Report is inexplicably silent on the proposal for an energy affiliate to assist countries in developing national energy resources that are too modest to attract international private capital. Guidelines should have been given on how to initiate the eventual development of sun, wind, oil shale, tar sands and geothermal energy sources, all of which are abundant in Africa.

The important linkage between energy development and agricultural productivity is inadequately discussed in the report. Raising agricultural productivity requires increasing application of energy inputs, whether directly to fuel irrigation pumps and agricultural machinery or indirectly in the form of fertilizers. In addition, agricultural land will face increasing competition from fuelwood planted in response to the growing scarcity of wood and charcoal. National agricultural and energy planning must therefore be closely integrated, with special attention to adoption of technologies that are consistent with the objectives for both sectors and with national resource availability.

E./ TRANSPORT AND COMMUNICATIONS

There is no doubt that the authors of the World Bank Report have made use of the document on the United Nations Transport and Communications Decade in Africa, which has been incorporated in the Lagos Plan of Action. However, they have been very selective in doing so in order to stress their points of interest, namely efficient use of resources, agriculture, exports and small-scale enterprises. It might be that if the African Regional Food Plan had stressed export of cash crops and the programme for the Industrial Development Decade had been prepared before the World Bank Report was written, they would have received more favourable consideration.

The report fails to follow the ordering of priorities as provided for in the Global Strategy and the Lagos Plan of Action.

As far as emphasis on maintenance and the building up of capacity and capability not only for maintenance but also for project selection, analysis and implementation and management of transport and communications establishments are concerned, the views of the authors are in consonance with the requirements of the Lagos Plan of Action.

With respect to telecommunications, the report says that «highest priority should go to expanding domestic local and long-distance telecommunications networks, *to be complemented as soon as possible* by the upgrading and the expansion of intercountry facilities» *(34)* (emphasis added), It must be admitted that the phrase «long-distance telecommunications network» here is somewhat ambiguous since intra-African telecommunications networks can definitely be regarded as long-distance networks. However, in view of the orientation of the recommendations of the authors of the report towards exports, and the serious omission to discuss the importance of the Pan-African Telecommunications Network project, it is correct to assume that the authors are interested only in improvements in South-North long-distance telecommunications networks. In other words, the authors of the reports are not concerned that when people in neighbouring African countries want to talk to each other over the telephone, such calls have got to be routed through either Rome, Paris, London or Brussels. Such a recommendation ignores the burning desire of member States to break the colonial heritage of being near each other yet far away! It does not conform to the idea of creating economic communities, an important pillar of the objectives of the Lagos Plan of Action. The same attitude is reflected in the recommendation that the most urgently needed steps to improve intercountry transport are the wide range of «facilitation» measures and in the relish with which they approve that «the Global Strategy justifiably urges that higher priority be given to roads linking land-locked countries with the sea than to the designated Trans-African Highways» *(35)*

The report says that «transport costs weigh very heavily on the one-third of African countries which are land-locked» *(36)*. The main problem here is that the land-locked countries in common with other African countries still believe that markets mean overseas markets with the result that the greater part of the price paid for primary commodities is taken up by transport costs, middleman's income, shipping and insurance costs to the detriment of the farmer-producer. A new orientation is needed so that the land-locked countries can exploit the advantages of economic co-operation with their neighbours.

The report also gives the impression that African countries should not invest much in international air transport even though the authors have identified aviation and telecommunications as less capital-intensive modes of communication. Just as in the case of long-distance telecommunications networks, there is some ambiguity here in the use of the phrase «international air transport». But even if it has been used in respect of extra-African international air transport, the recommendation should be further examined. The fact is that the establishment of intercontinental air transport is one of the means of achieving self-reliance and of relieving African countries of some of their balance of payments problems especially if African countries pool their resources in this important sub-sector which provides great opportunities for joint project implementation.

While road networks, telecommunications, urban transport, railways, ports and shipping, intercountry transport and air transport are covered in the report, inland waterways and lakes are conspicuous by their absence. In view of the different capacities of the different modes of transport for transporting goods and people efficiently, one would have expected more emphasis on multimodal transport advantages and disadvantages, including those of inland waterways.

Over all, one should endorse the report's emphasis on institution building, infrastructural development and related training.

F./ HUMAN RESOURCES

Under the broad title of human resources, the report discusses three related subjects – education, training and health. In view of the importance of entrepreneurship as a human resource, in the present paper it is discussed in connexion with human resources development instead of under industrialization as in the World Bank Report.

1. – Education and Training

Because of the emphasis in the report on efficient use of resources in general and agriculture and exports in particular, the emphasis on education has been on cost reduction, especially in primary, secondary and university education, and training in certain key areas such as policy analysis, financial management and public administration.

In general, there is not much to disagree with in the recommendations. Indeed, one of the weaknesses of African economies is lack of management capability. Excessive costs also constitute a big constraint. However, when one realizes that the World Bank Report recommends an agriculture-based and export-oriented strategy with small-scale activities in the other productive sectors as supportive activities, one is bound to underscore the limited approach of the report to manpower development in Africa. In this connexion, it is important to note that the report stresses the need to avoid mismatches between the type of education offered and social demand.

As far as the Lagos Plan of Action is concerned, social demand in terms of skills covers the whole area of high-level skills not only in agriculture and exports but also in public administration, industry, research and development, natural resources, transport and communications, banking and insurance, etc., project identification, analysis, design and implementation; and design and management of production. Therefore, one would have expected concern to go beyond the problems of public administration and financial management, important as they are, and a serious discussion of the methods for imparting at very reasonable costs the skills for identifying, evaluating, extracting and developing natural resources for use in the industrial sector as well as the need to improve the content of the required education and the arrangements for imparting such skills just as the authors have proposed in the case of training public administration specialists, policy-oriented economists, accountants, budget analysts and auditors.

But apart from the omission of the discussion of the problems of high level manpower generally, one is particularly surprised that the authors have suggested concentration on general secondary school education instead of technical education on the ground that there is a greater demand for general secondary education than for technical education. In view of the bottleneck which intermediate level manpower has constituted for African development particularly in the critical area of maintenance of works and equipment (which the report recognizes in many places), one would have expected a very thorough treatment of the subject with appropriate recommendations. Moreover, the information given on the benefits from primary, secondary and university education in the report could have been extended into the area of technical education. In a developing economy, technical education, if given the right weight in a cost – benefit analysis, is likely to show more benefits than general education.

The report has recommended the use of external institutions as instruments for managerial and technical training. This recommendation ought to be carefully examined by member States. Otherwise the existing brain drain may get worse. In this connexion, the report's statement that «of course, much remains to be spelled out in this proposal, which has some obvious pitfalls but merits further exploration» *(37)* needs to be borne in mind whenever any project on training is discussed with the Bank and other donor agencies. In any case, the Lagos Plan of Action lays stress on training in Africa where the environment provides opportunities to see the main problems at first hand.

2. – Entrepreneurial Resources

In terms of shortage of skills, entrepreneurial ability is probably the scarcest as far as sub-Saharan African countries are concerned. Indeed, the scarcity of entrepreneurial ability has been the most single factor responsible for the domination of African economies by foreigners and this shortage is a common problem in all the sectors. Yet the authors of the World Bank Report were interested only in the need to encourage small-scale entrepreneurs in industry. Indigenous entrepreneurial ability must be developed in African countries.

3. – Health

In general, the report's concern with health as a component of human resources development is welcome. It is a well-known fact that the health facilities are still inadequate and are heavily concentrated in the urban areas. Hence, the need for efficiency in the use of resources and arrangements for making those that are well off to pay for some of the health services they get. The recommendations for a strategy for increasing access to primary health care, consolidating and upgrading health systems, research needs and water and sanitation are worth serious consideration by member States.

However, in view of the increasing awareness that so-called traditional medicine has a role to play in improving the health of Africans, one would have expected the authors of the report to discuss the place of traditional medicine and the role of the traditional doctor in the drive not only to make medical services available to an increasing portion of the population but also to reduce the costs of medical services. Similarly, in view of the importance of the programme of basic health for all by the year 2000, it would have been good if the authors had discussed the programme, its place and chances of success in the framework of health services in sub-Saharan Africa in the remaining part of this century.

V. CONCLUSIONS

The World Bank Report has undertaken an analysis of the current economic crisis in sub-Saharan Africa and made some recommendations for accelerating growth. It has identified areas for action some of which are well taken and others which have raised major issues of concern.

The following issues are important and merit attention: capacity to formulate and implement development policies, analyses and decision making; the generation and effective utilization of resources – human and capital domestic and foreign, the need for a realistic assessment of the role of the public sector in general and public enterprises, in particular, in the development process, rehabilitation of existing projects; and the development of capacity to maintain existing facilities and equipment. These suggestions are important not only in relation to the strategy recommended in the report but also in the context of achieving efficiency in resource allocation faster growth and accelerated development.

From the observations made in the preceding pages, it is clear that the goals, objectives and characteristics of the strategy contained in the report are in many ways inconsistent with those of the Lagos Plan of Action. The Lagos Plan of Action attaches importance to increases in production from *all* economic sectors, as well as the interrelationships among these sectors as a means of achieving faster growth and accelerated development. Such increases are to come about by the greater utilization of domestic factor inputs, with the objective of satisfying internal demand. This further means that unlike the World Bank Report, the concept of market in the Lagos Plan of Action focuses on the national, sub-regional and regional markets, not only the external markets.

In identifying slow export growth performance as being the principal source of poor economic performance in Africa, the authors of the Report grossly discount the controlling influence of unpredictable external factors.

It is uncertain that export proceeds from agricultural and mineral exports will be enough to cover current account deficits and external factor inputs needed in sub-Saharan African development process.

The author's view that *per capita* income will increase through expanded agricultural production and export is doubtful since a mere growth in GDP will not necessarily lead to increase in *per capita* income given the report's recognition that essential factor inputs are not developed in sub-Saharan Africa, and its failure to attach priority to their development.

The implication of the recommended approach is to make Africa more dependent on external markets for its agricultural and mineral products and for its essential factor inputs. This is contrary to the principles of self-reliant and self-sustaining development of the Lagos Plan of Action.

External assistance without reform, or vice versa, will naturally not be in the best interest of sub-Saharan Africa. Yet such assistance should not and could not be made conditional upon a specific set of reforms. It should be seen in the context of a general commitment by the sub-Saharan African countries to introduce relevant, practical, and effective measures to accelerate the pace of growth and development. It is very doubtful that even if African countries implement the recommended reforms and external aid and assistance are increased the combined effects will lead to accelerated development in these countries.

FOOTNOTES

1. Organization of African Unity, Lagos Plan of Action for the Economic Development of Africa, 1980–2000.
2. World Bank, World Development Report, 1979 (New York, Oxford University Press, 1979).
3. Accelerated Development in Sub-Saharan Africa: An Agenda for Action, the World Bank, Washington, D.C., 1981.
4. *Op. cit.*, para. 14 (iii).
5. *Op. cit.*, page 1.
6. *Ibid.*, page 2.
7. *Ibid.*, page 2.
8. *Ibid.*, page 7.
9. Although the authors have attributed the falling share of Africa in trade in primary commodity to inability of African countries to produce, at least in other places in the report, they have also admitted that demand in the industrial countries was also responsible.
10. System for the Stabilization of Export Earnings (introduced in Lome I and continued in Lome II).
11. System of Rehabilitation of Mineral Resources (introduced in Lome II convention).
12. *Op. cit.*, page 24.
13. *Ibid.*, page 24.
14. *Ibid.*, page 17.
15. *Ibid.*, page 17.
16. *Ibid.*, page 46.
17. UNCTAD, fifth session (Manila), Ottawa (1981), Cancun, 1981.
18. The report illustrates this view with results of a study carried out by the African Centre for Monetary Studies (Dakar, Senegal, 1979).
19. *Op. cit.*, page 14.
20. *Ibid.*, page 121.
21. *Op. cit.*, paragraph 14.
22. *Op. cit.*, page 34.
23. *Ibid.*, page 124–125.

24. *Ibid.*, page 45.
25. *Op. cit.*, paragraph 18.
26. *Op. cit.*, page 62.
27. *Ibid.*, page 48.
28. *Ibid.*, page 51.
29. *Ibid.*, page 52.
30. *Ibid.*, page 56.
31. *Op. cit.*, paragraph 37.
32. *Op. cit.*, page 75.
33. *Ibid.*, page 4.
34. *Ibid.*, page 108.
35. *Ibid.*, page 110. Although the report recommends immediate attention to be paid to facilitation measures, the development of the road and rail networks should be undertaken simultaneously with the implementation of these measures.
36. *Ibid.*, page 105.
37. *Ibid.*, page 87.

DECLARATION OF TRIPOLI ON THE WORLD BANK REPORT ENTITLED «ACCELERATED DEVELOPMENT IN SUB-SAHARAN AFRICA: AN AGENDA FOR ACTION»

We, the African Ministers responsible for economic development and planning, assembled in Tripoli for the eighth meeting of the Conference of Ministers of the Economic Commission for Africa and the seventeenth session of the Commission, having carefully examined the World Bank report entitled «Accelerated development in Sub-Saharan Africa: An Agenda for Action» in the light of the basic guidelines for the achievement of the objectives of self-reliant and self-sustaining development in our respective countries and in the African continent as a whole, conscious of the imperative need to reduce the present extreme dependence of our countries on the export of primary commodities and the import of almost all the strategic inputs required for promoting development and economic growth; and convinced that externally-oriented and primary-commodity-based strategies of development have hitherto not helped and cannot be expected to help our countries in the restructuring of their economies, in initiating the processes of internally-generated self-sustaining and reliant development and economic growth and in reducing progressively and finally eliminating the present burden of external debts.

We declare that the strategy recommended in the World Bank report, which emphasizes export orientation in general and primary commodity export in particular, regards industrialization and economic co-operation and integration in Africa as longer-term issues and completely disregards external factors as being major constraints on Africa's development and economic growth, and which adopts approaches, concepts and