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AFRICA'S DEVELOPMENT CHALLENGES AND THE INFORMATION AGE

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Introduction

Your Excellency the Prime Minister of Ethiopia,

The Secretary General of the Organization of African Unity,

The Executive Secretary of the Economic Commission for Africa and

UN Under Secretary General,

Distinguished Participants,

Ladies and Gentlemen

It is an honor to deliver the opening remarks to this unique Forum that brings together distinguished policy-makers, leading analysts and practitioners who, in the next few days, will examine, from various perspectives, *the Challenge to Africa of Globalization and the Information Age*. Clearly, information technology is becoming increasingly indispensable for the development of any society and our continent cannot afford to miss the unfolding opportunities presented by the ongoing information revolution. I am positive that this Forum, and the contributions that will be forthcoming from the distinguished participants, will mark a major milestone in our endeavors to speed up the entry of our countries into the information age. It is, therefore, appropriate, on this auspicious occasion to salute Mr. K.Y. Amoako, for his initiative in organizing this meeting, and for selecting a most timely and pertinent theme for the inaugural session of the African Development Forum.

In my brief remarks this evening, I would like to highlight the increasing relevance and effect of information technology in helping to address what has come to be called the most demanding challenge of our time - that of promoting sustainable economic growth and poverty reduction in Africa. I will complement this by providing a brief overview of the contribution of the African Development Bank Group to the integration of the region into the global information system.

Information Technology and Africa's Development

Your Excellency,
Ladies and Gentlemen,

For most of the 1980s and the first part of the 1990s, the decline in Africa's per capita income brought about widespread deterioration in socio-economic conditions. The second part of the present decade has seen an encouraging turn-around in economic performance with real output growth averaging about 4 per cent per annum between 1995 and 1998, compared with an average of 1.5 per cent during the first half of the decade. The improved aggregate performance is, however, still inadequate to meet the needs, and to realize the potentials, of the continent. Indeed, Africa would have to achieve sustained rates of economic growth well above twice that of the rate of population in order to arrest and reverse the spread of poverty, and thereby secure improvements in the standards of living of its peoples. The achievement of such sustained rates of growth constitutes one of the central challenges of African development at the present time. Given the high and growing role of information technology in increasing production and productivity, it is necessary to enquire how the power of such technology may be used in achieving sustained and poverty-reducing socio-economic growth in Africa.

Ladies and Gentlemen,

Information technology provides new ways of exchanging information, and transacting business. The world is rapidly moving towards knowledge-based economic structures and information societies which comprise networks of individuals, firms and countries linked electronically in an interdependent and interactive relationship. Consequently, the role of the traditional sources of comparative advantage - large labor force and abundant natural resources - in determining international competitiveness is diminishing. The comparative advantage gaining ascendancy is now man-made, based on knowledge and the application of information technology. As a result, information technology will increasingly determine the pace of economic growth and the level of human welfare.

What are the implications of this information revolution for the relative fortune of our countries? The pessimistic view is that the continent, arriving at the information age with the burden of a large development deficit, might well be left further behind. That is, as Africa incurs an increasing "information deficit" it will risk extra reduction in its ability to

compete internationally and, hence, in its ability to generate the resources necessary for accelerating growth and reducing poverty.

A more positive outlook views information technology as offering great hopes to leapfrog decades of development. In fields where Africa faces difficult obstacles, information technology holds a large potential as a rapid and relatively inexpensive means of surmounting them. By way of illustration, let us take the possibilities for human capital development. The education systems in many African countries suffer from serious shortcomings, including low teacher-student ratios; limited availability of instructional materials; and, poor quality of education. Many of these problems are related to inadequate funding and inefficient use of available resources. Information technology offers a range of low-cost possibilities. For instance, information technology could be used to promote distance education in Africa to help realize the objective of seeing every young child completing primary school.

Information technology could not only help Africa attain universal primary education, but it could also turn some of its disadvantages in this field into advantages. It is well known that Africa's population has the youngest age structure where children below the age of 15 years constitute about 45 percent of the population, compared with 30 percent for the rest of the world. It is also well known that children take quickly to computer knowledge the way they do to languages. Hence, introducing properly instructed computer education at the primary level, could turn Africa's high dependency ratio, which has always been viewed as a retarding load, into a source of socio-economic development.

Information technology has also the potential for connecting African educational institutions continent-wide, and linking them with international universities, hence, facilitating research and the exchange of ideas. Access to data and educational materials would also be simplified. A step forward in this direction is the establishment of the African Virtual University which is a satellite-based distance education project initiated by the World Bank in 1995.

In the area of health, African countries are presently encountering serious problems which information technology can help control and sometimes eradicate. It could facilitate the establishment of a decentralized decision support system and provide information on health profiles. It could also enhance health administration and management through the provision

of medical information systems that link health centers, delivery systems and medical transport to patients. In the fight against AIDS, for instance, computers can be used to centralize the storage of HIV test information, model group screening procedures that enable cost-effective mass AIDS testing; and preserve individual anonymity, encouraging, thereby, more people to conduct such tests.

These are only a few illustrations and Forum participants will, no doubt, have occasion to exchange at length and in depth a number of information technology applications that could help to address Africa's complex mix of development challenges. It must be underscored, however, that information technology is not a panacea in itself. It is rather a powerful tool that can bear results only if it is put into effective use. And to do this, African countries would have to overcome, as a matter of priority, a number of obstacles. Among such obstacles, the inadequate state of telecommunications services and the high cost of computers and software stand out.

Improving Access to Information Technology

Your Excellency,

Ladies and Gentlemen,

The prerequisite for the creation of an information-based economy is the existence of an efficient telecommunications infrastructure. The poor state of telecommunications in our continent is presently the main constraint on the accessibility of many African countries to the global information infrastructure. There are only about 2 main telephone lines per 100 persons in Africa, compared with 7 in Asia, 10 in Latin America and the Caribbean, 37 in Europe and 66 in the United States. Though most countries in Africa have established Internet links, access is mostly restricted to the major cities and it is quite expensive, mainly because of the inefficiency of telephone services. The monthly cost of an Internet account in Africa is, on average, estimated to be about seven times higher than that in North America.

Fortunately, as a result of the quantum jump in technology, the inadequate state of telecommunications in many of our countries can be transformed into an advantage, if properly managed. The fact that the telecommunications sector in Africa is lacking in both coverage and density means also that the continent is not burdened with extensive networks, built on obsolete technology. Countries with extensive networks built on pre-digital

technology, with little connectivity between broadcasting, wireless, and point-to-point communications, would require an evolutionary process to update their telecommunication technologies. In contrast, African countries can push to the cutting edge by ensuring that new infrastructure is based on the latest technology. The continent could, thus, leapfrog decades of development in telecommunications and information technology.

In the same vein, it is necessary to adopt new solutions for old problems. For instance, the problem of inadequate and expensive telephone services in rural areas and the severe limitation it imposes on access to the Internet can be surpassed by a combination of geo-stationary and low-Earth orbiting satellites which provide full-scale connectivity. Convenient turnkey satellite links, which perform such services, are now becoming increasingly affordable, and prices are expected to drop further. The possibilities ensuing from remote rural schools using a one-meter dish to access world libraries is a revolutionary phenomenon that is going to profoundly transform both the availability and quality of education.

Measures to expedite Africa's entry into the global information system must also address policy constraints on the development of information infrastructure. In the provision of telephone services, the regulatory frameworks would have to be reviewed, in order to break the monopoly of traditional operators so as to attract private investment. It is encouraging that some two-thirds of the countries in the continent have engaged the private sector in the provision of telecommunication services. This has mostly been in the provision of cellular services, which has led to notable increases in cellular subscribers. Private investment needs to be further encouraged to provide for its participation in telecommunication services which have been hitherto reserved to state-owned enterprises. The private sector, which is now playing an active role in Internet development, would be able to make greater strides if the legal and regulatory barriers to the use of information and telecommunication technologies are removed.

Ladies and Gentlemen,

The high cost of computers and software represents another serious impediment to Africa's access to the world of information technology. And though they are relatively high priced products, the designed capacity and capability of computers and softwares are not fully utilized by most users - even at top professional levels. Experts in the field suggest that bare-bone computers and stripped-down software - perfectly serviceable for Internet

connections, word processing, and graphics - can be built for a price which is many times lower than current prices. And one way to induce producers to comply with such requirements is "bulk-purchasing". Computer suppliers would be more inclined to meet required specifications at sharply reduced prices if there is a commitment to purchase large quantities.

The message from this is that, by virtue of their potential market size, African countries should not simply accept what is offered to them by the trends of the industry. They should rather play a collective and active role in influencing trends so that they respond to requirements on the ground. And this calls for systematic planning. For instance, a government that envisions the computerization of its various sectors, would need to draw plans detailing the quantities and qualities of computers required and their technical specifications. Using such a planning framework, the government can bargain to purchase, wholesale, the quantities of computers and software over the time horizon of the plan with the specification required and at reduced prices. A similar approach within regional economic groupings could be even more effective because of the larger purchases that might be made. There is thus a pressing need to devise clear national and regional long-term strategies and policies that promote the requisite enabling environment and cover the acquisition and development of information technology.

The Role of the African Development Bank Group

Your Excellency,
Ladies and Gentlemen,

Permit me to turn now to the role of the African Development Bank Group and its contribution to enhancing Africa's integration into the global information system. I should start by noting that we have recently formulated a new Vision predicated on making the Bank Group the leading development finance institution in Africa, which has, as its overriding objective, the support for poverty reduction and sustainable economic growth in African countries. Our endeavors to implement this Vision and efforts to develop Africa's capabilities in information technology are positively related and mutually re-enforcing in a number of ways.

First, information technology provides a wide range of applications which are capable of spurring substantial developments in all fields of Bank Group operations, including education, health, agriculture and rural development, transport, public utilities, private sector development, gender mainstreaming, environmental management and economic integration. More specifically, Bank Group project financing in telecommunications and electric power plays an important role in providing the infrastructure for information technology and, hence, facilitating greater integration of African countries into the global information system. As of June 1999, Bank Group cumulative commitment for the development of telecommunications and electric power amounted to over US$ 4.5 billion, or just over 13 percent of total cumulative commitment. Furthermore, Bank Group operations act as a catalyst to mobilize private capital as well as bilateral and multilateral development resources for investments in telecommunications and for the acquisition of information technology systems. For instance, studies financed by the Bank were instrumental in helping African countries launch the Regional African Satellite Communications System (RASCOM). RASCOM, which has 42 African countries as members, aims to improve telephone access of rural inhabitants by installing 456,000 fixed solar-power stations to raise the telephone density in rural areas to an average of one to 100 inhabitants. The project is expected to reduce the distance to the nearest phone in Africa ten-fold from 50 kilometers to 5 kilometers. And, in its advisory services, the Bank is supporting privatization measures, including assistance for the development of the requisite legal and regulatory frameworks necessary for effective privatization of public utilities.

Information technology also presents the Bank Group with an opportunity to reach and interact more effectively with its clients and stakeholders. We have, in the recent past, invested substantially in acquiring state-of-the-art technologies such as high performing workstations and computers, fiber optic cabling and up-to-date office hardware and software. The Bank has also installed its own telecommunications satellite which has substantially improved the quality and capacity of external telephone communications, as well as connectivity to Internet and e-mail services. These recent developments, which have strengthened our regional and worldwide links, will enhance the role of the Bank as a provider of advisory services and as a knowledge center.

Conclusion

Your Excellency the Prime Minister,
The Secretary General of the OAU,
The Executive Secretary of ECA,
Ladies and Gentlemen

Let me close by reiterating that we at the African Development Bank are optimistic about the opportunities provided by information technology for leapfrog strategies that could accelerate the development of Africa. To take advantage of the opportunities, African countries need, as a matter of priority, to upgrade their capabilities through the improvement of their telecommunication infrastructures and the acquisition of computer and computer-related equipment. Governments would need to facilitate connectivity to the global infrastructure by formulating the necessary laws and regulations. These desired improvements need to be pursued within the framework of comprehensive national or sub-regional plans to link African countries to each other and to the global information technology infrastructure. In support of these and other related objectives, a considerably strengthened African Development Bank Group stands ready behind African countries to provide project and program financing as well as technical assistance and advisory services.

I thank you for your kind attention.