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STRATEGY FOR ECONOMIC DEVELOPMENT IN AFRICA

Introduction

1. For three quarters of a century Africa was subjected to foreign influence which finally led to the continent being carved out into artificial areas because of deals and bargains made between the great European powers. The European governments, in the Berlin Act of 1885, recognized that possession of a colony implied, first of all, its actual occupation. The result was a rush to the hinterland from the coasts of Africa. In this race, to extend their colonial empires to the utmost, and also to curtail the zones of influence of other rival Powers, it was clearly to the advantage of the colonizing countries to have as many bases as possible from which to start out. This led to Africa being split up into a vast number of small territories, with strips running more or less perpendicular to the coast and penetrating as deeply as possible towards the wealthy (or supposedly wealthy) zones, and ignoring all previous ethnic, geographic, traditional, and other entities.
2. In each of these territories, the metropolitan countries applied the colonial pact — buying up whatever raw materials were available and keeping for itself a monopoly of manufactured imports. The transport network was built for the purpose of collecting primary commodities and conveying them to the ports, for export to world markets. The same ports were there to receive manufactured goods, which were then forwarded inland along the same lines of communication. Obviously there was no point, in these circumstances, in linking up the transport networks with those of the neighbouring territories. To tighten their grip on the colonized territories, the metropolitan countries also protected these markets by means of customs tariffs and legislation.
3. Developing Africa therefore includes some forty independent countries (half a dozen territories which are still colonized will probably become independent during the next few years). Almost three quarters of these forty countries have less than five million inhabitants. The economic importance of these mini-States is clearly insignificant. Some thirty of them have a gross domestic product less than one hundredth part of the GDP of France or Britain. Their domestic markets are tiny for the most part; by no means in keeping with the technological requirements of the modern world.
4. There were other equally critical factors: education was either inadequately developed or ill-designed to meet the needs of accelerated development and structural change of African economies; the machinery of government was poorly fitted in its personnel mix, its procedures and its philosophies to deal with rapid social and economic change especially on a planned basis.

5. Development strategy which appears most suitable for conditions in Africa should therefore be based on the following guiding principles:

- (a) Re-shaping the economic infrastructure so as to adapt them to suit the new independent status of the countries and the requirements of economic growth, with special reference to new potential patterns of trade and to overcoming the dualism in African national economies by developing effective social, economic and physical links between rural and urban communities;
- (b) Rectifying the extraordinarily small sizes of national markets through economic co-operation and integration;
- (c) Re-orientating and re-shaping socio-economic institutions in such a way as to facilitate the processes of innovation and modernization;
- (d) Providing an infrastructure designed to meet the requirements of self-sustaining development; this refers, in particular, to education, science, technology and management.

International Trade and Finance

6. A new plan of action for African countries in international trade and finance, following UNCTAD II, was drawn up by a joint ECA/OAU meeting in January 1969. African countries thus have a unified and agreed position on the strategy for development in trade and finance. This strategy is made up of the following elements:

Commodity policy

- (a) Commodity agreements and arrangements should form an essential part of the machinery of international economic policy within the Second United Nations Development Decade.
- (b) In view of the small share of Africa's exports of commodities covered by commodity agreements a substantial proportion of primary export products of interest to African countries should be covered by such agreements no later than 1973; a timetable should be established for the implementation of the resolutions and decisions of UNCTAD II.
- (c) In view of the fact that the provisions of individual agreements now are being considered on an ad hoc basis, with the ensuing risk that agreements for commodities in which Africa is particularly interested may not provide the means for an effective intervention, a General Agreement on Commodity arrangements should be concluded by the end of 1970 so that there might be uniform principles and models on which all commodity agreements could be based.

- (d) African countries should sponsor the necessary changes in the statutes and procedures of the international financial institutions so as to permit them to assume definite responsibility for the financing of buffer stock connected with commodity agreements.

Policy for manufactures and semi-manufactures

- (e) African countries should endeavour to increase the share of added value in their export products.
- (f) In view of the generally escalating rate of taxation by the developed countries on the value added in the processing industries of the developing countries, a principal objective of African countries should be to secure a reduction of the high effective tariffs on manufactures and semi-manufactures.
- (g) African countries, in co-operation with the other developing countries, should endeavour to get started a post-Kennedy Round of trade liberalization designed particularly to promote the trade of developing countries; to be based on unilateral tariff reductions by the advanced countries without reciprocal concessions on the part of African countries.
- (h) To overcome the disability of African enterprises to compete in the markets of the developed countries on account of their initial disadvantage in respect of a number of determinants of production costs — labour efficiency, cost of capital and managerial services, cost of transport, commercial services, etc. — African countries should assist fully in the endeavours of the developing countries to find the means for all developed countries to grant tariff preferences on a non-reciprocal and non-discriminatory basis to all manufactures and semi-manufactures, including processed and semi-processed agricultural products, exported by developing countries. African countries should simultaneously take steps to improve the quality and productivity of these determinants in order to reduce the length of their dependence on special arrangements and concessions as much as possible.
- (i) African countries should attempt to ensure that the general system of preferences will:
- (i) contain recognition of the fact that African countries will on the average take a longer time to benefit from the system and therefore will need preferential access to the markets of the developed countries for a longer time of the scheme should contribute to the achievement of its objective;

- (ii) include processed and semi-processed agricultural and primary products so as to be closely related to the present and foreseeable production capacities of African countries;
- (iii) provide for duty-free entry;
- (iv) enter into effect not later than early 1970.

Financing related to trade and development

- (j) African countries should work towards securing a commitment by the developed countries to:
 - (i) a timetable for the implementation of the aid volume target of one per cent of the GNP of economically advanced countries as accepted by UNCTAD II within the framework of the Second United Nations Development Decade;
 - (ii) firm deadlines for the implementation of the norms for terms and conditions of aid as set out in UNCTAD resolution 29 (II).
- (k) African countries should urge that agreement should be reached on the scheme for supplementary financing so as to enable it to enter into force from the start of the Second United Nations Development Decade.
- (l) Once African countries have established development plans with prospects of realization, international assistance for their implementation should be available on a secure basis and should be directed towards the implementation of the plan as a whole as well as towards individual projects within it.
- (m) African countries should support all measures to strengthen the international consultative machinery connected with the mobilization of external assistance so that the region as a whole, and especially the least developed among them, can obtain an adequate volume and share of such assistance.
- (n) African countries should concert their efforts with other developing countries to the end that a firm link should be established between the creation of new international liquidity assets and the provision of additional development finance; in general they should emphasize the legitimate interest of the developing countries in the re-structuring of the international monetary system and the role they should play in discussions of that subject.

Economic co-operation and regional integration

- (o) The policy of intra-African economic co-operation is one of the most important elements in the strategy of development of the African region during the Second United Nations Development Decade.
- (p) African countries should redouble their efforts to translate into specific measures, agreements and programmes their long-standing acceptance of the principle of economic co-operation, to be reflected in their national plans and policies of development.
- (q) In order to facilitate progress by African countries towards the achievement of closer economic co-operation, the United Nations should devote substantially more resources towards the technical study of possible fields and projects for co-operation, as a follow-up for the whole region of the recommendations of and experience gained through the joint ECA/CDPPP studies on the pattern and pace of development of the West and Eastern African sub-regions during the Second United Nations Development Decade.
- (r) African countries should, through the multi-national groupings they are planning to set up, seek to increase rapidly the volume of trade with each other through the granting of special privileges and preferences.
- (s) Although steps towards increased co-operation in African development are primarily for the African countries to take with the support of their regional institutions, African countries should endeavour to secure support for their efforts by the international community through:
 - (i) making available more technical assistance to regional and multi-national bodies in Africa;
 - (ii) adjusting the rules of international trade in favour of groups of co-operating countries;
 - (iii) applying financial assistance at strategic points to promote economic co-operation.

Trade promotion

- (t) Although traditional and institutional obstacles and trade policy barriers set limits to what is feasible at this stage in regard to trade expansion, careful and deliberate programmes of trade promotion, including the most modern export marketing techniques, should be adopted and implemented on the national as well as on the multi-national level to enable regional exporters to compete more successfully.
- (u) The United Nations group of agencies should provide enough manpower and financial resources to enable a programme of trade promotion in Africa, through the Regional Trade Promotion Centre in the ECA, to make a significant impact.

Trade with the Socialist countries of Eastern Europe

- (v) Socialist countries should be persuaded to set specific targets on the volume of their imports originating from African and other developing countries as an element in the strategy for the Second United Nations Development Decade.
- (w) Socialist countries should be requested to introduce clauses on price stabilization in the bilateral agreements they conclude with the developing countries to the effect that after a given trading period the accounts reflecting the exchanges could be adjusted so that the payment by the Socialist country would not be less than an agreed floor price irrespective of the prices at which individual contracts have actually been concluded during the course of the trading period.

Special measures in favour of the least developed among the developing countries

- (x) A realistic international development policy for the Second United Nations Development Decade cannot avoid giving serious consideration to the problems of the least developed among the developing countries.
- (y) In view of the global implications and importance of any programme in this field, African countries should mobilize support for the establishment by the Secretary-General of the United Nations of a Special United Nations Programme in favour of the least developed among the developing countries within the framework of the Second United Nations Development Decade; the programme should cover the various aspects of the development and trade of these countries.

The Second United Nations Development Decade

- (z) The Second United Nations Development Decade provides the opportunity for the most comprehensive new set of international decisions on matters of international trade and finance. If any realistic targets are to be set by the international community for the Decade with the aim of assisting developing countries to achieve rates of growth which are significantly higher than those that would occur in the absence of a concerted international policy, then certain clear conclusions can also be drawn concerning the international measures that are necessary to remove various constraints on the economic growth of developing countries. Among these constraints some of the most important relate to the foreign sector -- to the sufficiency of external resources which can be obtained through trade or through aid for the implementation of the developmental targets.

Transport

Problems

7. The most important problems with which the Commission proposes to deal in the next few years are:
- (a) the effect of the historical development of the existing transportation links which were designed to meet the needs of overseas trade and neither to integrate the national economies nor to serve long-term development on a multi-national basis;
 - (b) the lack of adequate numbers and quality of scientific, technological and managerial personnel for handling transport development programmes. This lack is strikingly reflected in the quality of planning and management of transport projects and systems;
 - (c) the rapid change in modern transportation technology which has to be taken into account if transport systems are to make substantial contributions to general development in a region in which population concentrations are widely dispersed.

The ECA Work Programme

8. The secretariat's work programme is therefore designed in the main to:
- (a) promote the development of transport links between countries where this is justified by projections of development and of trade among them;

- (b) examine the need for, and advise on, the integration of national markets, taking into account the role of national transport networks. This activity is tied up with a strategy for overcoming the dual nature of African economies and for an integrated approach to rural development;
- (c) undertake comparative cost studies of different modes of transport which could affect trade within and between countries and recommend modes which are most appropriate to present and foreseeable needs;
- (d) determine the region's quantitative and qualitative needs on manpower and transportation with a view to the adoption of policies, and the development of institutional facilities, to meet such needs;
- (e) promote the establishment of machinery at the national and multinational levels for the efficient planning and management of transport systems.

In this programme special attention is being given to the least developed and the land-locked countries.

9. Other subsidiary but important projects in the Commission's work programme include:

- (f) examination of the technological and economic problems of linking railway systems of different technical specifications;
- (g) continuing examination of the role of air transport not only in general economic development but in transcontinental movement of cargo;
- (h) studies of the prospects of local manufacture on a multinational basis of automotive components;
- (i) studies of the role of maritime transport in general, and coastal shipping in particular, in development.

Education, Science and Technology

The training problem

10. In 1950 developing Africa had some half-a-million students in secondary schools. There are now about five million and the figure for students in establishments of higher learning which was 70,000 in 1950 has risen to over 500,000 in 1969. During the same period, the number of pupils in primary schools has risen from 7.5 million to approximately 30 million.

From more elaborate figures it appears that there are secondary education facilities for roughly 24 per cent of primary school leavers. It is estimated that facilities for the vocational training of workers (included in the secondary education) will only absorb 3 per cent of primary school leavers. The problem then is how to provide appropriate training facilities for the nearly 75 per cent of primary school leavers to ensure their full participation in the economic life of their country.

The educational structure

11. Every country needs to build up a structure to include (a) primary school curricula with a strong bias towards rural sciences which will fit a large percentage of the pupils for profitable agricultural and ancillary activities in rural areas; (b) vocational training facilities to provide a variety of courses for semi-skilled and middle-grade workers; (c) teacher training institutions with programmes in science and technology to provide adequate teachers for primary and junior secondary and vocational schools; (d) expansion and restructuring of secondary school facilities to provide middle-level general and semi-professional personnel as well as teachers for schools; (e) universities with programmes for the training of research workers, technical and professional personnel, administrative and managerial staff as well as teachers for secondary schools, colleges of technology, teacher training colleges and higher institutions. In addition urgent attention must be given to the problem of ensuring greater relevance between the range of university subjects on offer and current or prospective development needs and to the organization and orientation of teaching to such needs.

Science and technology

12. Curricula need to be adjusted to the new circumstances that exist in Africa with emphasis on applied science and technology; a better scientific knowledge of Africa's mineral, agricultural, animal and other resources; and practical methods of utilizing these resources.

Education and development

13. For education and training efforts to effectively promote the accelerated transformation of Africa's economic and social situation, educational programmes must be designed to develop interest in the practical application of acquired knowledge and skills, especially among technical students. Education in general must be designed to cope with the changing values and aspirations of the people; it should foster attitudes favourable to change and innovation and create environmental sanctions that made development and change possible.

Industry

Industrial harmonization

14. Studies which have been carried out for the West and Eastern African sub-regions -- but which would have to be brought up to date -- and which are about to be completed for the North and Central African sub-regions, provide a broad picture of the possibilities of industrial development on the basis of sub-regional co-operation. The sectoral reports which form the basis of these studies have indicated certain specific projects in different branches of industry which, prima facie, hold out prospects of implementation.

15. Attention is now to be concentrated on picking out some of these projects and on taking them a stage further with a view to making them attractive enough to investors to look at and to undertake further investigations and negotiations with the governments concerned. ECA will take up additional field investigations, where necessary, to provide vital information on individual projects identified in the sectoral reports. The project approach to industrial development in Africa will thus be the main strategy of ECA in the immediate future.

Industrial promotion

16. Along with the identification of specific projects for detailed feasibility studies and implementation, effort will be made to build up the necessary institutional machinery to help in their promotion -- establishment of contacts with foreign investors and financial institutions, negotiation of agreements, etc. Organization of industrial promotion centres will receive special emphasis to this end.

17. To arouse the interest of investors in African development and to facilitate the task of industrial promotion, opportunities would be created for frequent contacts between investors and officials of African governments through meetings and discussions organized in co-operation with UNIDO and ADB and in co-operation with institutions like Business International.

18. As a complement, efforts will be made to identify, evaluate and organize domestic savings for investment in industrial development. Special attention will be paid to strengthening machinery for planning and implementing industrial development.

Small-scale industries

19. Simultaneously, primarily with the object of developing a class of African industrial entrepreneurs, promotion of small- and medium-scale industries is given high priority. It is felt that persons trained in the management and operation of such industries will gradually be able to enter the field of large-scale industry with confidence especially since an increasing range of small- and medium-scale industries represent forward and backward links with large-scale industries. To encourage the development of small-scale industries it is proposed to draw up a few model schemes, to organize training and research facilities on a modest basis to begin with and to identify projects and entrepreneurs. Formulation of appropriate policies and establishment of suitable institutions will also receive urgent attention.

Collaboration with UNIDO

20. The strategy, indicated above in brief, has been agreed with UNIDO, and will be pursued in collaboration with them.

Agriculture

21. The ninth session of the ECA approved an arrangement whereby the secretariat would implement a common programme with FAO. The following, therefore, constitute the principal areas of concentration as set out by the Director-General of FAO.

- (a) Work on high-yielding varieties of basic food crops,
- (b) Filling the protein gap,
- (c) A war on waste,
- (d) The mobilization of human resources for rural development,
- (e) Earning and saving foreign exchange.

Socio-economic structure

22. The Commission is concentrating on the following aspects of rural development and social modernization:

- (a) land tenure reform which involves consolidation of holdings, securing negotiable titles, guarantees for farm loans;
- (b) rural extension services covering home, farm credit and co-operatives;
- (c) physical planning including housing and urbanization;
- (d) demographic policy -- studies which will enable governments to plan for effective utilizations of their human resources and family planning and is investigating the meaning and applicability of integrated approaches to rural development.