

Enhancing India-Africa Cooperation in the Information Age

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Excellencies, Honourable Vohra, Director of the India International Centre,
Distinguished Ladies and Gentlemen,

Thank you very much for your warm welcome, and thank you Mr. Chairman for your very gracious introduction.

This is my first official visit to India on behalf of the Economic Commission for Africa - a visit long overdue, given the many ties that bind us. As countries of the South, we share similar histories of colonialism and struggle for independence. Indeed the great Mahtma Gandhi whetted his appetite for freedom in South Africa. In more recent times we have stood together in the battle to gain a more equal share of the world's trade and a voice in its fora. We are undertaking similar economic reforms and both our continents are engaged in the search for more open, responsive and accountable government.

While Africans were being shipped to the Americas as slaves, Indians were being shipped to east and southern Africa as indentured labour. And so there are also strong blood ties between our continents. All in all, there is a strong basis for cooperation between our continents that goes far beyond the edifying rhetoric of South-South cooperation.

In my short remarks today, I will brief you on Africa's development situation, discuss some of the key challenges and opportunities before Africa, and indicate some areas where I believe there can be mutual learning.

First, let me give you a snapshot of where Africa stands economically today.

After what came to be known as the "lost decade" of the eighties induced by falling commodity prices, debt, war and mismanagement, Africa is now in its fifth year of economic recovery with growth in GDP outstripping population growth for the first time in many years. But growth is not so strong as to assure the commonly agreed goal of reducing absolute poverty by half by the year 2015.

Africa's population continues to grow and is soon expected to exceed that of India. India has one billion people, compared to Africa's population of 700 million. But according to United Nations estimates, by the year 2050 India's population will maintain itself at about 1.5 billion people while Africa's population is expected to increase in size well into the next century when it is projected to plateau at over 2.5 billion. In other words, India's population will stabilize after 50 per cent growth in population; while, if current trends continue, Africa's will stabilize after growth of 350 per cent!

This makes for very different per capita income projections. Indeed, the

World Bank expects that the absolute poor will decline in India over the next generation but increase significantly in Africa. Income inequality in Africa is the highest of any region in the world. In Africa, those in the top 20 per cent receive nearly 10 times the income of those in the bottom 20 per cent. The comparative multiple for South Asia is 4.5 times.

Forty four per cent of our people live below locally defined poverty lines. Excluding North Africa, the figure is 51 per cent. In Sub-Saharan Africa the poverty line, on average, is defined as about 30 rupees per person per day.

Well-being is more accurate as a measure of poverty and in this area we have cause for particular worry. When the world's education ministers meet in Dakar in a few weeks, only for the second time in our generation, the assessments of educational systems in Africa will point to the need for substantial improvement if poverty is to be reduced.

In India, I am told, contraception has reduced population growth rate to 1.6 per cent annually and this could fall down to 1 per cent by 2010. In 1991 literacy in India was only 52 per cent, well below the level of many African countries. In less than a decade, literacy has shot up to 64 per cent, accompanied by a shrink in the urban-rural gap and male- female literacy gap. We would love to know how you did it!

Another challenge, cutting across all the other challenges is to properly assure equal opportunities and outcomes of development for girls and women. Here is another area where the experience of India, particularly in attempting to ensure gender equality at the local levels, is of great interest to us.

With regard to growth, Africa is struggling to obtain the necessary supply side response to the numerous macro-economic initiatives it has taken to propel us to the higher heights that we need to reach if we are to break out of the vicious poverty circle.

The most visible measure of long-term political and economic viability is often investment rates. To achieve the 8 per cent per annum growth rate needed if Africa is to halve poverty by 2015, investment rates would need to be about 45 per cent of GDP. Given that the average savings rate is about 15 per cent of GDP and with development assistance at 12 per cent of GDP, this leaves a financing gap of 18 per cent of GDP that needs to be covered on an annual basis.

It is shocking that 15 years after economic structural adjustment began, we should be looking solely to foreign aid to plug this gap rather than to internally generated domestic savings or indigenous private entrepreneurs. This is not just because of the debt overhang, though that is a contributory factor. Nor is it because Africa's incomes are so low as to preclude increases in domestic savings. Incomes in India are even lower. But domestic savings here have averaged 26 per cent of GDP between 1990 and 1999 – 11 per cent of GDP higher than Africa, where per capita incomes are 20 per cent higher! The accumulated loss of faith by Africans in the regimes that govern them is so profoundly and deeply rooted that Africans either prefer immediate consumption to savings; or are exporting their savings through capital flight. Africa has the highest rate of capital flight of any region in the world.

This links with the second indicator of long-term viability- the direction of talent, which is still outward-bound from Africa. According to the Association of African Universities, over 1000 African universities have watched their learning resources evaporate in recent years. As reported by the World Bank for the period 1990 to 1995, about 23,000 lecturers emigrated each year

from African universities to countries where conditions were more congenial. The vacancy rates in the academic units of African universities range from 34 to 50 per cent. Of the nearly 2,000 African PhD degree awardees in USA and Canadian universities between 1986 and 1996, less than 40 per cent returned to Africa.

Foreign Direct Investment (FDI) is another measure of confidence. The rate of return on FDI to Africa is 29 per cent, higher than in any other region of the world. Yet only 4 per cent of the total investment pouring into developing countries is going to Africa. By contrast India has been experiencing a boom in investment including repatriation of capital by Indians living abroad.

There is much we could learn from India on improving the African business environment for private sector investment, public-private partnership as well as strengthening capital markets. India has been especially successful at developing its small- and medium-scale enterprises; an area where we lag behind terribly in Africa; condemning would-be entrepreneurs to the fringes and so-called informal sector. Fundamentally, we need Africans to believe in Africa; like Indians are starting to believe in India.

Critical to this confidence in our future is the issue of governance. India is the world's largest democracy and has a proud record of regular elections. Many African countries have recently reverted from one party or military to multiparty systems of governments. On our continent, we are grappling more severely with strengthening the rule of law and the divisions of power between the legislative, executive and judiciary arms of governance; as well relations between citizens and state institutions.

Driven by our belief that a capable state is a pre-requisite for a capable economy, ECA conducts advisory services in this area to member states. And we have a center to promote civil society that, I believe, is unique in the UN System. Naturally, we are interested in best cases and lessons learned in promoting improvements in governance. Several aspects of India's governance, including systems of accountability for impact found in your Planning Commission, your policies of fostering civil society, and so much else, have attraction for study.

Perhaps nowhere has the rebirth of India been more profound than in the area of information technology - one that I see as key to jump starting Africa into the new millennium. One of my colleagues remembers a huge meeting here in New Delhi in 1969 when the late Vikram Sarabhai spoke of satellite delivery of national education. Apparently he was wearing a gold-coloured silk suit and he looked to my colleague like a god who had descended to earth to tell us of our future. And he did!

Sabeer Bhatia, another son of India, went on to invent Hotmail, the most popular form of Internet based e-mail, and sold it for US\$400 million to Microsoft! Over 700 ICT firms in Silicon Valley are owned by Indians - mostly graduates of Indian institutes of technology. India has one of the most vibrant, government-led national information and communication strategies. Your country has had considerable success in pulling back or making use of the diaspora. Indian ICT experts are a source of information on business opportunities for start-ups back home. Software production is a mantra to Indian excellence. India has also been aggressive in the development of language infrastructure through IT - an area of considerable interest to Africa, given its multiplicity of languages.

At ECA, we want to make sure that Africans are drivers and not passengers on the information highway. We played a central role in launching a continent-wide effort to accelerate the adoption of information systems, the

African Information Society Initiative (AIS), and house its secretariat. Our first African Development Forum of governmental, business, academic and civil society leaders last year was on information and communications. Seventeen concrete initiatives came from this Forum. We are active in promoting information and communications as one of the most hopeful ways of accelerating Africa's development.

Software production is a potential entry point for Africa into ICT production. Compared to hardware, it is less capital intensive, more labour intensive, and has a longer shelf life. While there is a limited pool of expertise in this area in Africa, Indian software houses face a large-scale migration of human resources. Nonetheless, there are opportunities for African IT companies to work with Indian counterparts in gaining skills, resources and new software development culture and quality. ECA, which now has a network of ICT experts within the African diaspora, would be especially interested in studying how India went about tapping this valuable human resource and fund of goodwill in India's case.

In a report prepared for the Millennium Assembly to take place in September, the United Nations Secretary-General has called for a new international voluntary corps - the United Nations Information Technology Service - to train groups in developing countries to use the Internet. Would it not be wonderful if this could become a real opportunity for South-South cooperation - for nations of the South to help each other - rather than for another one way flow of information and expertise from North to South?

At the G-77 Summit underway in Havana (10 to 14 April), a section in the draft final declaration offered by your Government on science and technology, demands that if the benefits of science and technology are "spread and are distributed equitably, between countries and within them, humanity will advance and social justice will be promoted as never before." The Summit's proposed Programme of Action has numerous provisions regarding South-South cooperation between scientific organizations and research institutions. We at ECA stand ready to serve as a bridge for such practical inter changes.

A final challenge, which in some ways encompasses and certainly impacts, upon several of the other challenges just mentioned, is globalization.

While Sub-Saharan Africa has a GDP comparable to that of India, it is a much smaller player in international trade and investment. Our capital markets are newer and do not cover a full range of functions. Our markets are smaller and are not yet well integrated.

The World Bank estimates that high tariffs, anti dumping regulations and technical barriers to trade in industrialized countries costs Sub-Saharan African countries US\$ 20 billion annually in lost exports. In other words, we lose more because of trade barriers than we gain because of aid.

Despite our different standing in the international economic system, we both face challenges from the largest players. The World Trade Organization is alone among the economic blocks in allowing one vote per country, but de facto we both find it hard to have our issues taken seriously by the great trading powers. If countries of the south fail to take a joint stance, will find ourselves ruled by the law of the jungle in which the only the fittest - those who have the unfair advantages of history - will survive. To quote Gandhi: "if cooperation is a duty, I hold that non cooperation also under certain conditions is equally a duty."

Your Government has put forward compelling positions in Havana that we

endorse. India is urging that the transparency and supervision demanded from the financial institutions of the south be equally demanded from the financial institutions of the north. Calling for restoration of confidence in the multilateral trading system, India is pressing for developed countries to fulfill their commitments regarding special and differential treatment for countries of the south; for strengthening the system of preferences extended to these countries; as well as preventing the spread of excessive liberalization to the exclusive benefit of the north.

As we contemplate collaboration between India and Africa, I must say that we look to India and I think you look to Africa in a way far more mature than in the past. Only a few years ago we in Africa were told that no matter what our problems, Asia had the answer. And maybe some in India felt that Africa had none of the answers.

Certainly there is much for us to admire in India. But the Asian economic crisis taught us that we needed to be discerning as to the real lessons of Asia's development. Similarly the recent unleashing of the economies in South Africa and Nigeria bespeak opportunities hard for anyone to ignore.

The UN Economic Commission for Africa is fortunate that it has a long-standing agreement with the Government of India to nurture and foster these common interests. Neither of us has used this agreement as much as we should have. I hope that this year and in the few years ahead, we can use the India-ECA agreement to pilot a number of relationships such as joint policy research; the exchange of personnel; holding policy dialogues on developing information technology and software industries; joint studies of common governance challenges; and collaboration on common positions in the international arena.

There is an African saying that if a little tree grows in the shade of a larger tree, it will die small. But if a little tree stands side by side with a larger tree, you have the start of a forest. Learning from this proverb, let us grow together.

Thank you again. I look forward to comments and to private discussions to come.