

South African Development Community Conference (SADC): Enhancing Productivity and Competitiveness: Positioning the SADC Region In the Global Marketplace

Statement by

**Dr. K. Y. Amoako, United Nations Under-Secretary-General and Executive Secretary,
Economic Commission for Africa**

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Mr. Chairman,
Your Excellencies...
Distinguished delegates,
Friends all,

Thank you, colleagues in SADC, for inviting me to address this distinguished gathering. Your gathering here, like so many events in the history of SADC, is timely and important and shows the fruit of so many past accomplishments of cooperation and leadership.

The economic progress in this area of the world is wonderful to see and it is the result not only of the dedicated efforts, discipline and commitments of so many working in the national context, it is also the result of great strides in economic and political cooperation you have made together in this sub-region. Not only are you now better prepared to further each other's growth through mutually beneficial action, you are better prepared to take advantage of the global market. Beyond this you are setting a tremendously important example to the rest of Africa of the benefits of sub-regional cooperation. And even beyond this, you are providing an African growth pole which through African trade and investment is helping other parts of Africa. In my remarks today I will stress the importance of preparing ourselves for more productive linkages with the global economy, but I want to be clear that the more we progress in creating firm links within Africa, the larger will be our opportunities for beneficial links outside of Africa. Larger markets, and better development within Africa will be the twin magnets to engage the global economy for mutual gain of enormous significance. So the stakes for Africa of what happens in this part of Africa are not to be under-estimated. You have the attention of public and private sector leaders throughout Africa and for very good reason.

We on this continent come to the global economic community with more opportunity than ever before because Africa is turning out to be more successful than ever before. The global community knows that Southern Africa is an evolving success story. Now it is just beginning to know that there are other success stories in Africa. Indeed, ECA's own research confirms that fully half of our countries are enjoying real economic growth in excess of population growth and that more than a third of these countries last year recorded growth of 6 percent and above. Among the faster growing countries economists are noting a sustained upward trend. The fruits of positive growth are appearing in those countries which are applying economic and political reform with determination. As you know, more and more countries in Africa are in the midst of these reforms. And, as this part of the continent knows best, the firmer economic and political progress are established, the more opportunities open up for linkages with the global economy.

There are lots of possible linkages. To a significant extent African capital markets are benefiting from portfolio investments, and that is to the good, particularly if we can retain these capital flows through continued good macro and industrial performance. But there are perhaps higher potential payoffs to seek and that is why there is such widespread interest in long-term direct investment, in technology transfer and in finding new markets, particularly for processed goods, finished goods and services. In other parts of the world there is discussion of new forms of financial linkages as the financial community seeks new ways to partner with states and civil society to foster social development. So, too, the just concluded Microcredit Summit in Washington, D.C. promises a major new international emphasis in helping the impoverished become economically viable. Financial engineering, every bit as important as traditional engineering, is showing us new opportunities at both the macro and micro levels.

But to take advantage of these more fundamental and generally private sector-led international linkages of finance, trade and technology arising from the global economy, requires a good deal of preparation. For the public sector new services need to be developed to encourage and assure strong linkages, while for the private sector there is a need to choose the linkages and to be prepared to fully engage.

In a sense, it is the opposite of Albert Einstein's problem when he was travelling on a train. The conductor came and asked for his ticket. The absent-minded Einstein began searching frantically through his briefcase, spreading its contents across a number of seats. The conductor assured him that it was not a big deal and that he was sure the great man had a ticket. Einstein responded: "Maybe for you it is not important, but if I don't find this ticket, how will I know where to get off"? Well, when we contemplate the global economy, the global information highway, the global technologies, for us the question is how do we know where to get on!

As in so many questions, SADC is showing the way for Africa. It is showing that working together is creating an attractive market. That even a large economy such as South Africa's is not sufficient for many investors. And that even if investments start within one economy, the prospect of future growth in the sub-region is an added attraction.

SADC has much to offer to other sub-regions in your success so far. You have shown that an enabling policy and institutional environment is critically important to unleash creativity. You have shown that governments willing to meet with the private sector to hear their concerns and to act on legitimate concerns yield dividends to their societies in numerous ways. You have shown that linking infrastructural development clearly opens the way to more investments. You are showing that increasing monetary cooperation removes a major roadblock to sub-regional trade. You and I know that Heaven has not yet come to earth...a glance at employment issues tells us that earth is still earth, but the progress is not to be denied. Already there are serious lessons for the other sub-regions to study. This is not esoteric study, for it is absolutely essential that the sub-regional organizations move together so that they can easily link together with policy coherence and evolve into the regional markets, the regional trade and the regional monetary cooperation which we have dreamed together in the Abuja Treaty.

In addition to the very significant lessons you can offer the rest of Africa, there are some quite important things we can do together. I want to particularly focus on capital market development, on informatics and on technology development.

The focus on capital markets was intensive when ECA gathered a number of institutions in June of last year to discuss Africa's investment opportunities. Hosted by the Government of Ghana, the event was co-sponsored by the African Business Roundtable, the Commission of the European Union, the Global Coalition for Africa, the Governments of Japan, China, Sweden, Korea and the United Kingdom, the UNDP, the World Bank and a number of private sector collaborators including CNN. The four day meeting drew numerous foreign investors from every continent, African business leaders and public policy makers including six Heads of State and Government. I am especially delighted to thank the President of Namibia, the Honourable Dr. Sam Nujoma, who is here today, for his participation and leadership in that important conference.

I think your own experience will resonate in the findings of the conference, the key ones of which were:

1. A new sense of partnership between government and the private sector is critical to establishing an investor-friendly environment. Consultations between governments and the private sector have been shown to enhance decision-making, strengthen government credibility and generate greater consensus;
2. Both the public and private sectors are needed in infrastructure development, since neither sector alone can provide the needed financial outlay for the huge tasks facing Africa. This is going to call for added creativity on both sides.
3. Foreign investors watch what we do. If we invest in our own economies then the chances are far

greater than they will, too.

4. Enhanced regional integration really is an attraction for added investment. The stakes are quite large if we can cooperate together;

5. Economic empowerment of women is a key to advancement and not only for women. Economies which engages both genders in activity and decision making at all levels are stronger markets and often result in consumer expenditure allocations which strengthen societies more.

6. Finally, foreign investment can be stimulated a lot through the work of external and internal partnerships by development funders, as well as by international and regional organizations.

I am very pleased to report that the conference launched an African Capital Markets Forum so that existing and proposed capital market managers in Africa from both the private and public sectors can meet with experts within the continent and elsewhere on ways to improve the efficiency and coordination of these markets. Needless to say to this sophisticated audience, we need to be working towards easing investments which cross national borders and in order to do so, capital market authorities must work in cooperation with each other. In this kind of work emphasis is needed not only on how to increase the quantity of capital market investment: we need to work on the quality of capital market investment. For example, in more sophisticated markets, there is far more potential to urge that capital markets develop markets not only for equities, but for debt instruments so that such possibilities as tax free bonds for social development.

Investments also can be stimulated through a lot more effective investment promotion services. Here, again, cooperation between the private and public sectors will help both sectors to be more effective. In such activities, I urge us all to help convey to the world outside of Africa the progress being made within this continent. We cannot let global media carry the day for surely there is more than Rwanda and Liberia and Zaire on this continent. Political leaders from this part of Africa have done much to show a far more enlightened image of the continent, but the ignorance we confront is so large that we all need must do our parts, too. For our part, ECA will be emphasizing the positive factors of Africa's development ... not to sugar coat our problems, but to give a far more balanced overall view of this continent.

This brings me directly to information systems, for ECA also is a very active part of propagating information about Africa to the world community. We are told that ECA's website is garnering some 100,000 hits a month from Internet users. I dearly hope that is not the result of one maniac calling us up constantly!

The informatics revolution is so promising that we must immerse ourselves in its possibilities. In the West they are saying that it is a terrible mistake to hire an information manager and not have top management intimately involved. They have noted that the possibilities are large for leapfrogging development, for finding new trade possibilities, for operating more efficiently, for selling goods, for learning from each other and the world. Top managers in the public and private sectors need to be aware not only must be aware of the potentials, they should be closely involved in deciding the policies on what information highway, but an active participant both taking from and giving information to the rapidly evolving global community.

Many of you know that due to meetings at this end of the continent as well as from meetings elsewhere on this continent, ECA has been asked to be the secretariat of the African Information Society Initiative. We are working to help all countries on the continent arrive at policies that open up Information systems, allow fair and low customs and user rates, and inculcate informatics as much as possible into development. We are but the regional secretariat for this critically important initiative. In terms of actual responsibilities, we all have a stake in seeing that this Initiative succeeds. Every nation on this continent must aggressively pick up of the pace of telecommunications investment, must assure that their peoples have as much access as possible to the Internet (through such ideas a town and village information centres functioning like the libraries of our youth), must link into trade opportunity systems, must take advantage of new regional and national systems to promote distance education, and must be sure that

our children have as much opportunity as possible to know how to navigate the information highway. I do not like to use the words that "we must" do these things, but in this case the word "must" is appropriate, for to do otherwise would be to postpone our own modernization as well as the chances for our children in the world ahead.

As we consider information systems, I particularly wish to emphasize the potentials of South-South cooperation. ECA is establishing a number of relationships with regional organizations and with national governments such as India to strengthen the opportunities for the private and public sectors in Africa to access trade information systems in Asia, Latin America and Eastern Europe, to have more effective knowledge of technology and management systems developed in developing countries outside Africa ... and, increasingly to share best practices within Africa.

We hope that substantially better information systems and South-South exchanges not only will help the private sector find new trade, investment and technology opportunities, but to help the public sector function better, too, through learning best practices in public administration ... such as how to better give priority to food security, environmental sustainability and population planning. In thinking about the public sector, we will also be looking for best practices in the promotion of investment to help African embassies perform a good deal better as promoters of opportunities for Africa's private sector.

Mr. Chairman,

Technology issues are right there with capital markets and informatics as central to our success if we are to be rising players in the global markets. Nothing makes me more worried than the growing gaps of technologic literacy, and science and technology wherewithal, as I look at Africa's future. No modern society, no firm, no public sector, no university can progress for long if it stints on research and development, and the applications therefrom. As in all else in Africa, there are both good and poor cases of managing science and technology policies. It is not ECA's business or desire to emphasize the failures. We will emphasize the good cases and help cooperating countries to devise better science and technology policies. You who head private firms have your part, too. Your own R&D programmes, your own training and your own informatics links are crucial not only to your future, but to all of us.

Better and more coordinated capital markets, better use of informatics, more deliberate management of science and technology ... these are all tasks for the new Africa, an Africa of joint cooperation of the public and private sector in which, for the private sector it will be the norm to do well and go good together.

In such tasks, I hope you will find ECA a useful partner. I want to underscore, ECA wants to learn from you for the benefit of the rest of Africa and we hope we can augment your excellent initiatives for your own benefit.

This leads me, in full admiration of private sector marketing, to tell you a little more about ECA. Since joining ECA a year and a half ago, we have been going through an intensive process of study and reform to re-engineer this unique asset to serve Africa better. UN leaders have said we are in the vanguard of UN reform, but we will not be satisfied until our reforms are completed and until the effectiveness of our whole range of services is high.

With the help of leading Africans from the public and private sectors we have set our course to focus far more tightly, to revamp each delivery system and each administrative system, to bring in a new management team and to wring out every possible efficiency. We will not be all things to all peoples, but we will be an integrator of the best thoughts we can find in Africa and on Africa; we will showcase the best thinkers in Africa from both the private and public sectors; we will network policy institutions; and we will be a far more influential disseminator of best practices and new policy challenges using every possible advantage of informatics and media.

As part of this thorough-going reform, we wish to align our subregional offices, which we will call Sub-Regional Development Centres, to work side-by-side with the subregional organizations so that we can

quickly disseminate elsewhere lessons learned and can quickly react to requests given to us to bolster service requests. There is no more important relationship which I desire than to work out a future synergy of forces between ECA and SADC. This might well be a case where one plus one will equal at least three.

So I come to you as an optimist for Africa: optimistic about our basic course, about the dividends I see which will accrue to state performance, the private sector and civil society as states become more democratic and as economies open; optimistic about the course of African enterprise which I see increasingly operating in cross-border arrangements; optimistic about our social future as we learn to live together and invest in our children; and optimistic that with insight and dedication we can become an increasingly active participant in the commercial, technologic and informatics trends which characterize much of world affairs today.

We face the future knowing that neither the nation state nor the official international system can stand in isolation. Thus we at ECA seek linkages with the non-profit and for-profit private sectors to make sure that challenges are faced with all possible strengths and that all possible benefits flow widely.

That is the new ECA, that is the spirit with which we come to SADC, and that is, if you will permit, the wave of Africa's future.

Mr. Chairman, Ladies and Gentlemen,

Thank you for the pleasure of being with you. I have come to share thoughts and to listen. I hope that you will permit me to be among you many more times in the years ahead.

And now, those of you who know me know that I cannot end without tapping our cultural roots with a proverb. This one is from Ethiopia where your ECA is based. It is this: "A too modest man goes hungry". So let us be bold and let us feast in the future.

Thank you.