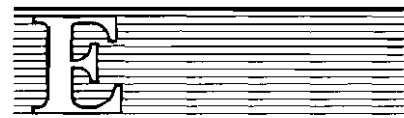




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ECONOMIC COMMISSION FOR AFRICA

Thirtieth session of the Commission/
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**Progress report on a framework agenda for
building and utilizing critical capacities in Africa**

I. INTRODUCTION

1. At its 1994 annual meeting, the ECA Conference of Ministers responsible for Economic and Social Development and Planning considered a preliminary report on "A Framework Agenda for building and utilizing critical capacities in Africa" (document E/ECA/CM.20/6). The initiative to focus on capacity building was borne out of the realization that the missing link and, therefore, the major reason for the generally observed failure in the efforts deployed during the past two decades to put Africa on the path of accelerated growth and sustainable development has been the lack of systematic action on building and enhancing the critical capacities needed to sustain growth and development. There is now consensus that building critical capacities, and putting them to work fully and efficiently are the sine qua non for the successful attainment of the objectives of the regionally agreed strategies, programmes and plans of action adopted during this period to reduce poverty in Africa and render the region more dynamic and ready to take its rightful place in the emerging competitive world of the twenty-first century. Capacity building is conceived in this regard in its interrelated and interlocking human, institutional and infrastructural dimensions. Action must be taken in each of these three areas simultaneously, reflecting the inter-dependencies and inter-linkages between the critical development issues and priorities facing African countries.

2. The preliminary report presented to the Conference of Ministers in 1994 identified eight areas of focus on which policy development and practical action could meaningfully concentrate within the context of the matrix of interrelationships provided by the triad of critical capacities - human, institutional and infrastructural. The eight priority areas thus identified were: critical capacities in support of good governance, human rights, political stability, peace and security in Africa; critical capacities for effective socio-economic policy analysis and management; building and fully utilizing human capacities; developing entrepreneurial capacities for public and private sector management; building and utilizing physical infrastructural capacities; capacities to exploit natural resources and diversify African economies into processing and manufacturing; strengthening capacities in support of food security and self-sufficiency; and, critical capacities for mobilization and efficient allocation of domestic and external financial resources.

3. The objective of the Economic Commission for Africa (ECA) initiative is to build a comprehensive consensus framework to serve as a basis for action on all the critical aspects of capacity building at country, subregional and regional levels. The Framework Agenda, therefore, will provide a mechanism for collaboration, coordination and harmonization, and for the monitoring of efforts by African member States, their intergovernmental organizations and development partners, including agencies of the United Nations system, towards African capacity building. The preliminary report outlined the conceptual context of capacity building in Africa and addressed the question why building critical capacities is important. It provided the preliminary findings of the secretariat on what should constitute the contents and thrust of policy development and measures for building and utilizing critical capacities in each of the eight priority areas. It also detailed the elements of a possible regional programme of technical cooperation for capacity building, and proposed measures for the monitoring and evaluation of the Framework Agenda.

4. By resolution 771 (XXIX), the Conference of Ministers at its meeting in 1994 endorsed the "Framework Agenda for Building and Utilizing Critical Capacities in Africa: A Preliminary Report". In the same resolution, the Conference of Ministers, among other things, requested the Executive Secretary to:

(a) Undertake further studies aimed at strengthening the Framework Agenda on the basis of which detailed programmes of action in capacity building at the national, subregional and regional levels may be designed for implementation in the short and medium term;

(b) Formulate a programme of support by Africa's development partners to reinforce and complement the efforts of member States in building and strengthening critical capacities for development in the medium and long term;

(c) Prepare a financing plan for the implementation of the first phase of the programme for the period 1995-2005 and to hold consultations with bilateral and multilateral donors and development finance institutions aimed at mobilizing resources; and

(d) Report to the next Conference of Ministers on actions taken in fulfilment of the mandates as set out in this resolution.

5. On the basis of this mandate, the secretariat undertook further work, consultations and reflection towards the finalization of the Framework Agenda. Further insights have been gained on several of the issues addressed in the preliminary report. These relate especially to the objectives and principles that should underlie capacity building in Africa; the issues that need to be addressed; and the elements of a realistic programme of action including the role of the major actors in its implementation. This progress report outlines steps taken towards the implementation of the Conference of Ministers resolution and presents the findings and conclusions emerging from the desk and field work undertaken so far. A tentative timetable for subsequent work towards the finalization of the framework document is also provided.

II. PROGRESS REPORT ON THE IMPLEMENTATION OF RESOLUTION 771 (XXIX)

6. Two categories of actions were envisaged in resolution 771 (XXIX) in regard to the finalization of the Framework Agenda. The first involves those that could be completed in the short term, such as strengthening the Framework Agenda on the basis of which detailed programmes of action in capacity building at the national, subregional and regional levels can be designed for implementation. The second category includes those that will be undertaken over the long term, such as establishing an appropriate mechanism to coordinate implementation of the programme of action in the Framework Agenda, undertaking consultations with bilateral and multilateral donors to finance the programme, and monitoring and evaluation of the programme. During the past year, the secretariat of the Commission began the implementation of the resolution by focusing on the short-term actions, which necessarily had to precede the long-term measures envisaged in the resolution.

7. Thus, missions were fielded to a number of member States to study country experiences in building critical capacities in specific areas. The field missions were undertaken to Ghana, Mauritius, Morocco, Nigeria and Zimbabwe. The choice of these countries was based on the awareness that much could be learned from this experience in capacity building in specific priority areas. It may be recalled that during the discussion on the Framework Agenda at the 1994 session of the Commission, some countries indicated their willingness to share their experience in capacity building in specific areas with other African countries, and invited ECA, in developing the Framework Agenda, to visit their countries to learn about their practices and policies.

8. The specific areas studied in each of these countries were as follows: Ghana (policy analytic and development capacity); Mauritius (human capacities development); Morocco (building and maintaining physical infrastructure); Nigeria (entrepreneurial capacity in the private sector); and Zimbabwe (capacities to exploit natural resources and diversify into processing and manufacturing; and strengthening capacities for food security and self-sufficiency). Country missions are yet to be fielded for two priority areas, namely good governance, political stability and security; and mobilization and efficient utilization of financial resources. These will be undertaken soon.

9. The lessons of experience in building capacities drawn from the country missions will result in a considerably improved Framework Agenda. For example, the country missions have provided perspectives on essential conditions for building and utilizing capacity in each priority area; pointed to particular policy actions to be undertaken at national level, regional organizations and external partners; and offered insights into the mix of policy measures for capacity building. These are summarized in the next section.

III. A FRAMEWORK AGENDA FOR BUILDING AND UTILIZING CRITICAL CAPACITIES IN AFRICA: SOME FURTHER FINDINGS AND CONCLUSIONS

10. The overall programme to build or strengthen critical capacities in Africa is inspired by the following objectives, which are to:

(a) Accelerate the continent's political, economic and social transformation, to be able to adjust smoothly to unpredictable shocks, reduce vulnerability to climate and other natural phenomena, and to better cope with the challenges of the twenty-first century world;

(b) Put the development process on a sustainable basis, in environmental as well as economic terms;

(c) Bring economic recovery to every African country and accelerate the rate of growth of output and national income; and

(d) Put the vital means to improve their welfare at the disposal of all Africans, with special attention to socio-economic constituencies that have for long been disadvantaged.

11. In order to achieve these objectives, it will be necessary to address a number of crucial issues the resolution of which holds the key to ending Africa's economic stagnation and its underdevelopment relative to other regions and to arrest the spread of poverty. Some of the issues and the principles which should underlie a programme of action include the need to:

(a) Establish a new division of responsibilities between the State (i.e., levels of government) and the private sector;

(b) Create and maintain a conducive policy environment and a hospitable political climate for sustained structural transformation, accelerated growth and sustainable development;

(c) Mobilize enormous amounts of resources from domestic savings and external sources to finance capacity building and utilization; and

(d) Strengthen regional economic integration as a vehicle for African countries to collectively attain competitiveness within the world economy. In this regard, the implementation of the Abuja Treaty should increasingly centre on promoting the emergence and growth of African enterprises; accelerating the opening of national markets to create an African market; and coordinating and harmonizing national policies at the regional level, especially in the area of competition policy and foreign direct investment (FDI).

12. These issues and principles are part of the new thrust of development policy of a growing number of African countries. The thrust is shifting away from excessive involvement of the State in the production, distribution, and commercial sectors and increasingly concentrating on creating conducive conditions for the private sector. National priorities are shifting away from running State-owned enterprises to investing in human development, basic infrastructure, opening domestic markets to competition, strengthening public finances, and providing stable incentives to encourage domestic savings and foreign direct investments. This thrust of development policy and national priorities will be reflected in the Framework Agenda.

13. In the following, some further findings and conclusions are presented in respect of each of the priority areas.

A. Priority area 1: Critical capacities in support of good governance, human rights, political stability, peace and security in Africa

14. Good governance, stability, security and peace are the keys to development. Experience in Africa and elsewhere has shown that wherever there have been prolonged civil strife or conflicts or an absence of good governance, socio-economic development has faltered. The task of restoring economic growth and accelerating development in Africa thus involves not only getting socio-economic development policies right but also creating a supportive political environment.

15. Broadly defined, a supportive political environment for development must be characterised by good governance, political stability and durable peace. Considerable consensus exists on the main components of each of these elements. There is, for example, consensus that the key components of good governance are effective and efficient public sector management, accountability, an effective legal framework, and transparency in public policy making. Political stability must be anchored on a democratic order buttressed by periodic elections, freedom of association, expression and religion, as well as protection of fundamental human rights. Social justice and rule-based political order mediated by an impartial and independent judiciary are the foundations of a durable peace.

16. In this context, capacity building needs for a conducive political environment centre around establishing and strengthening the processes and the institutions that foster good governance, political stability and peace. The specific mix of institutional devices and processes will vary among countries. Still, certain common or basic features can be identified. Popular participation in the national political and policy processes is an essential element in promoting the three components of a supportive political environment. This requires, at one level, providing a level playing field for political parties and interest groups through appropriate legislation that guarantees them freedom of action under the law. Also, effective popular participation in development also necessarily entails decentralization which not only ensures involvement of a broad spectrum of public views to bear on decision making, but also for authority on some activities to be delegated to the local level.

17. The institutional arrangements that are required for upholding public accountability, social justice and the rule of law have many features in common. These institutions must be free from political interference. A major task is to devise measures that insulate the key officials in the watchdog or public arbitration institutions from the corrosive influence of politics or the lure of corruption. Again, the specific measures may vary according to country contexts. Still there are some key features. Appointing persons of integrity and professional competence, as well as remunerating them adequately and giving them tenured appointments, are essential requirements for preserving the integrity of the holders of major offices of public trust.

18. There are additional requirements for promoting good governance and political stability. Prominent among these are that there should be consistency and predicability in applying laws and administrative regulations; there should be equality before the law; all citizens should be able to challenge administrative laws and policies that are perceived as harmful to their rights; and transparency in public policy should be reinforced by greater access by citizens to relevant information and data on government activities. Since this level of transparency and public responsiveness is predicated on the level of education, literacy and public awareness that has been attained in society, it then behooves governments to ensure that basic and civic education and literacy reach a broad spectrum of society.

19. Obviously, African countries are at different stages of adopting the policy and practical measures for fulfilling the requirements of the key dimensions of a supportive political environment. As some countries are more advanced than others in this effort, the specific actions which have to be taken will depend on progress already achieved along these directions in the country concerned. The list of issues raised below are illustrative and much will need to be done by African countries themselves.

B. Priority area 2: Critical capacities for effective socio-economic policy analysis and management

20. Weak or inadequate capacities for policy analysis and management are among the structural impediments to economic growth and accelerated development in Africa. This recognition has spurred not only national actions but also international initiatives for building policy analysis and management capacities in Africa. Individual countries are, therefore, at different stages in building capacities for policy analysis and management, with each country giving needed attention to perceived areas of importance.

21. Efforts in capacity building for policy analysis and management, in general, centre around three inter-related facets. These are production of needed skills for policy analysis and management (the human resource development dimension); strengthening the institutions for generating and consuming policy analysis and management (the institutional dimension); and facilitating the process of policy analysis and management (the enabling environment including infrastructural support dimension).

22. A primary task in building policy analysis and management capacity is producing a critical mass of professional people equipped with the necessary skills. Training in those disciplines directly related to policy analysis and management is the key to achieving this goal. The core disciplines are economics, statistics, sociology, public administration, business administration and political science. Much of the training required to produce skilled policy analysts and managers has to be in institutions of higher learning. As such, strengthening the relevant departments/faculties of universities is an important element in human resource development for policy analysis and management.

23. But universities are not the only centres for training in policy analysis and management. Increasingly, national institutes of public administration (NIPAs) are assuming major roles in training. In addition, donor-funded policy analysis and management centres are being established in various African countries.

24. Developing or strengthening the institutional structures for generating policy analysis is another essential component of building policy analytic and management capacity. Typically, many government ministries or departments have policy analysis units which undertake strategic planning and research for government policy makers. This is particularly true of "central guidance cluster" institutions/ministries of finance, planning, central bank and cabinet economic committee. However, where there is marked weakness or inadequacy of intra-departmental capacity for generating policy analysis, reliance on indigenous non-governmental institutions (NGOs) or even expatriate personnel has been significant.

25. Indeed, the growth of private or donor-funded semi-autonomous policy and management centres is a salutary trend in African countries. Sustaining this trend will contribute to strengthening the policy and analytic capacity in Africa, by enhancing the plurality of sources of policy advice.

26. Whether African countries are able to produce and retain the critical mass of skilled policy analysts and managers and sustain the institutional arrangements for generating policy analysis will depend crucially on an enabling policy environment. This will include good governance, political pluralism that allows competing views to flourish, rule of law and stable macro-economic environment.

27. Moreover, effective policy analysis and management requires a reliable and modern information infrastructure: reliable in terms of availability of necessary and up-to-date data, and modern in terms of equipment for storage, retrieval and dissemination. Very often, the information data base on which policy analysis and decisions are predicated lack all these characteristics.

28. Effective development management requires strong planning capabilities at the national and the local level; at the national level to ensure that an enabling environment and stable economic policies are in place,

and at the local (regional, district area council) level that planning capacities exist to underpin local democracy and people-centred development.

C. Priority area 3: Building and fully utilizing human capacities

29. Socio-economic development policy must be predicated on the fact that Africa's major development resource is her people and that development cannot be initiated and sustained without the capacities of the people being developed and properly utilized. To effectively build and utilize human capacities so that they are able to promote and sustain the socio-economic development process requires that literacy is spread widely in society; primary and post-primary education reach the entire population; access to food and health care is enjoyed by all; the people are able to participate in the production of goods and services and unemployment is kept to the minimum. There are ample opportunities for continuing and adult education and training. To meet these needs, African countries will have to make heavy investments in human capacity building.

30. The spread of literacy is important to enable people to respond to certain programmes and strategies that may have to be pursued by government towards the attainment of certain socio-economic development goals, such as primary and reproductive health; the acceptance of modern methods of production in agriculture; meeting the training and re-training needs of the workforce; participating fully and critically in political and socio-economic development, and in the process of formulation and prosecution of public policy.

31. Human capacity can only be built and strengthened if the education and training systems are themselves invested with the capacities necessary to produce a critical mass of people with the requisite skills, knowledge and attitudes that can be of use to society and the economy. This, therefore, requires access to primary, post-primary, secondary, post-secondary and tertiary education.

32. Primary education should be universal and free in order to ensure that, over time, the entire population becomes fully literate and numerate - two pre-conditions for effective skills training. Post-primary education should be a means of ensuring continuity with numeracy and literacy work for those who would not proceed to secondary education but could be made employable through pre-vocational training. Secondary education is important as a grounding for tertiary and higher education, as well as a major foundation for the preparation of middle-level manpower for the economy. Post-secondary education helps to channel people into specific occupations, trades and professions. Higher education is where the nation's scientific, technical and economic managers are produced.

33. For human capacities to be built and maintained, all children and youths must have primary and post-primary education. At least 60 per cent of the population must go through secondary education and a further 10 per cent through post-secondary and higher education. The quality of education should underpin these quantitative targets. Teaching and learning resources such as text and workbooks, libraries, equipment, reagents, etc., should be accessible to all, and the teaching staff should be well-trained, well-paid and highly motivated. Opportunities should also exist for the workforce to continuously upgrade its skills and knowledge through training and self-development. The quality of training should be buttressed by the high quality of trainers. This requires close supervision and monitoring to ensure competence and professionalism in training.

34. An intellectually disciplined, enlightened and literate population will, with greater ease, create more opportunities for employment to spread within the economy and for the salutary effects to be felt among a larger number of people. Employment levels will then remain high and productivity will increase, calling for higher levels of skill and more labour force training and increasingly specialized education programmes. The policy and institutional responses to these changes in the structure of the economy must be timely.

35. Policies and programmes must be in place for the empowerment and full utilization of the entire labour force, particularly women, who remain underutilized even though they constitute over 50 per cent of the population. These must be effected through sound and relevant education and training, preventive and reproductive health, and nutrition programmes. There must also be sufficient flexibility in the workplace to permit women to move in and out of the labour force to fulfil other social roles without compromising their rights as workers.

36. Health policy must be realistic and, structures and infrastructure must be strong, and pay equal attention to preventive as to curative health. Food policy should aim at least for food security, if not self-sufficiency, and a high nutritional status should be enjoyed by all. A well-trained cadre of health manpower covering all fields of health should be put in place. Health infrastructure should also be such as to ensure that all the primary health needs of the population are fully met. Government should provide the necessary incentives and encouragement for the private sector to participate fully in the provision of health care, although government must ensure that it holds primary responsibility in this regard.

37. The private sector must be stimulated to participate fully in the economy and generate jobs. Incentives must be provided for the expansion of large-, medium- and small-scale enterprises and employers encouraged to participate in meeting the training and skills development needs of the workforce, as well as in ensuring that the range of skills in the economy is significantly broadened.

38. The workforce, particularly in the public sector, has to be well motivated in terms of financial and material incentives. Wages, salaries and fringe benefits must be attractive and differentials between the public and the private sectors kept to the minimum, so as not to undermine the strength and efficiency of the public service.

39. While the public sector must take responsibility for the provision of the bulk of the services in education and health and for employment-generation programmes, the private sector must also be encouraged, through the appropriate fiscal and other incentives, to contribute to the provision of these services. Private sector participation should ultimately be much higher than that of the public sector.

40. Public policy and institutions should be oriented towards the development and strengthening of human capacities. Training should be regarded as the main catalyst in the creation of a dynamic and flexible workforce capable of responding to the changing needs of the economy and society at large. Therefore, training policy should be at the heart of public policy making with special provisions for the funding of training, perhaps through the creation of a training fund.

41. The majority of line ministries must carry responsibilities for some elements of the human resources planning, development and utilization function. The interface between these public institutions and the private sector must be strong and continuous. Fiscal policy must be responsive to the human capacity-building needs of the economy, and the management of resources must be efficient and cost-effective.

D. Priority area 4: Developing entrepreneurial capacities for
public and private sector management

42. Africa's ability to break out of its current economic crisis will depend to a great extent on its ability to harness the entrepreneurial potential visible in its streets, the market place and small- and medium-scale industries. The full realization of Africa's entrepreneurial potential would require creating an appropriate enabling policy environment for private sector development in general and entrepreneurship development in particular; developing appropriate entrepreneurship development programmes, the establishment of financial institutions that promote, encourage and nurture the development of small- and medium-scale enterprises and infrastructural and research support to entrepreneurs through industrial development centres, industrial estates and relevant research institutions.

43. Policies that remove the barriers to growth of entrepreneurship, that gradually enhance competitiveness of the small-scale entrepreneurs, institute interest and foreign exchange rate policies that are not destructive to the small- and medium-scale entrepreneurs, and control inflation are of paramount importance. Stable and predictable policies should be in place if entrepreneurship is to thrive in Africa.

44. The establishment of development banks that can extend credit to entrepreneurs, as well as assist them with counselling can contribute to boosting their capacity and improving their survival and growth. Banks with a specific mandate to assist small entrepreneurs in this way should be established.

45. African Governments should not only recognize the significant role entrepreneurs can play in the economy and extend the necessary financial support in terms of availing credits but should also encourage the bankers to be more supportive of entrepreneurs. Bank officers should be equipped with entrepreneurial appraisal and monitoring skills necessary to determine an individual's entrepreneurial and managerial capabilities and thereby reduce the risk of loan default. The banks should broaden their responsibilities to include the concept of counselling beyond their concern for loan recovery. While efforts to re-orient bankers should be intensified, governments should also provide for credit guarantee schemes so that the banks could be assured that recovery mechanisms are in place in the event of defaults.

46. Financial support alone would not be adequate to ensure the success of entrepreneurs. It is now recognized that entrepreneurship is a function of opportunities, technical and commercial skills, entrepreneurial spirit, finance, infrastructure and the overall environment within which the enterprises operate. Apart from the training required to upgrade the managerial, financial and marketing skills, entrepreneurs would also require extension services through the establishment of industrial development centres, industrial estates and business and technical incubators; assistance in product design and improvement, as well as assistance in the manufacturing or purchase of appropriate machinery capable of using local raw materials and the requisite research back up to enhance their capacity to produce.

47. Industrial centres are needed to provide guidance and counselling on investment opportunities for modern small-scale industries; preparation and appraisal of pre-investment proposals and feasibility studies; preparation of market studies and area economic surveys; functional consultancy services in production management, accounting, marketing etc; extension services in installation and commissioning of new factory plants; repairs and maintenance of equipment; in-plant technical assistance; etc.

48. Industrial estates make life easy for entrepreneurs setting up in business. The provision of ready-built factory shades that can be let for a fee enables the entrepreneur to consolidate his limited resources to procure urgently needed equipment. In addition to the factory sheds, the industrial estates provide electricity, water, warehouses, central purchasing and central repairs facilities. Such facilities through industrial estates could go a long way in reducing the overhead costs of entrepreneurs and this could be particularly useful in a high-cost environment where the cost of utilities and infrastructure can be prohibitive to the struggling first-time entrepreneur.

49. Technical incubators that provide a comprehensive range of common services, including incubator space, enterprise counselling, shared secretariat, start-up financing and assistance with product development and marketing could assist in enhancing the technical and managerial capacity of the entrepreneurs. Research centres providing information in the use of locally found raw materials, development of projects that would stimulate the local production of raw materials for use in the manufacturing sector, assisting with the development of appropriate technology for adoption by micro- and small-scale industries could provide useful services that would facilitate the operation of the entrepreneurs.

50. The key to the whole effort to promote and enhance entrepreneurial skills and culture in Africa is well-designed, well-organized and well-executed entrepreneurship development programmes (EDPs). The EDP trainer is the key to the success of the programme and every effort should be made to select a

competent trainer/motivator. Such trainers may not be readily available in the market, in which case they would have to be prepared for the task. The selection of would-be trainer/motivators with the right attitude becomes crucial for the success of the programmes. For EDPs to succeed, it is important to develop such trainer/motivators. Given the huge target population needing the training and the absence of adequate training facilities capable of meeting such needs, African countries could benefit from the "training of trainers approach" for its multiplier effect. The EDP has also to be given serious attention in the educational systems. The educational curriculum at all levels must try to incorporate EDP and foster the entrepreneurship spirit in future generations.

E. Priority area 5: Building and maintaining physical infrastructure

51. The provision of adequate infrastructure is one of the prerequisites for attaining sustainable economic development. The structure of the African economies dictates that a regional integrated systems approach be adopted for the development and better utilization of existing capacities of electrical power grids, natural gas pipelines, transport and communication networks, as well as river and lake basin development. While recognizing that capacity-building efforts will vary among countries, depending on unique national priorities and endowments, there is however general consensus as to what constitutes the key policy actions which are required for building development capacities. These are human resources, institutional development, policy reforms, regional cooperation and resource mobilization.

52. The policy measures which must be taken in the area of human resources development include emphasis on training at all levels so as to raise the technical capability of staff; better utilization of existing human resources (motivation of staff, better management, regular assessment, etc). The use of national institutions of higher learning, as well as regional institutions must be encouraged, to be supplemented by any technical assistance which might be available from Africa's external development partners.

53. In the area of institutional development, there is a need for a reassessment of existing institutional structures in particular countries, as some of them might not be suited to the prevailing social and economic needs. The role of government and the State must be revised as necessary so as to create a conducive environment for participatory development by all sectors of society. Specifically, the State must create a fair, transparent and stable policy environment through the appropriate legal and regulatory framework to support private involvement in the maintenance of the existing infrastructure and in the provision of new infrastructure services.

54. In order to ensure efficient, responsive delivery of infrastructure services, institutional development and policy reforms are required to achieve the following objectives:

(a) Infrastructure should be managed like a business, not a bureaucracy. Private sector involvement, for example in management under contract plans which is increasingly being adopted by the railways sector in Africa, is one alternative which is yielding good results in some countries. Similarly, port operations may be contracted out to private operators;

(b) Competition should be introduced through liberalization of specific sectors and reduction of monopoly conditions. The telecommunications sector is proving successful at this, partly because technological advances have virtually forced competition, such as satellite communications and cellular technology;

(c) Mechanisms should be established for consumer/user involvement in such infrastructure development activities as water supplies or irrigation systems. Alternatively, cost-based pricing of services is one mechanism for assessing consumer opinions on the level of services being provided.

55. In view of the current trend to global markets made up of regional trading blocs, Africa simply has no other alternative but to follow the path of regional cooperation. The signing of the Abuja Treaty

establishing the African Economic Community presupposes that the 53 disparate countries in Africa will be physically integrated by the provision of adequate and efficient infrastructure services. It is therefore essential that measures be taken to implement the various protocols and other arrangements which already exist in Africa, either at the subregional or at the regional level.

56. The final aspect which underlies the whole effort of capacity building is that of resources. The resources required to bring Africa's infrastructural capacities to levels which are needed to support sustainable economic development are enormous. It is evident that African Governments, which have in the past assumed the burden of the development of all economic sectors, will not be in any position to provide the necessary resources for this purpose. Therefore, public-private partnership must be developed in order to generate the necessary financing.

57. There are many lessons to learn in this regard from other developing regions and countries, notably South-east Asia and China. New approaches to financing infrastructure development include arrangements such as build-operate-transfer (BOT) in which private investors build and operate the infrastructure under franchise until they achieve the agreed upon investment returns and transfer the facility to the State; or joint venture arrangements between private and public partners; etc.

58. The following are possible modalities which should be given serious consideration by African countries for financing the development of infrastructure:

(a) Public ownership and public operation - the enterprise, such as a national airline carrier, must be run on an autonomous and commercial basis;

(b) Public ownership and private operation - such as contract plans and lease arrangements in railways, port operations and water supply;

(c) Private ownership and private operations - especially suitable in high technology and competitive operations such as telecommunications and power generation;

(d) Community and user provision of common services - suitable for small-scale infrastructure services such as feeder roads, community water supply and sanitation, and distribution canals for irrigation.

F. Priority area 6: Capacities to exploit natural resources and diversify African economies into processing and manufacturing

59. The objectives in this priority area of capacity building are: to satisfy basic and other consumer needs of Africa's fast-growing population; to create employment opportunities to absorb the growing urban labour force, including rural-to-urban migrants that the agricultural sector will increasingly be unable to absorb; to sustain the growth of family incomes and reduce the incidence of poverty; and to generate competitive exports to the rest of the world to pay for imports of consumer goods, production inputs and technology. In order to achieve these objectives, it is necessary to address the factors which have hindered the African industrialization process.

60. One of these factors is the over-dominant role of the State *vis à vis* the private sector. This has been exercised through arbitrary price controls and market regulation, as well as through direct take-overs and ownership of industrial enterprises. Governments have promoted an industrialization strategy based on import substitution rather than export-led growth, in spite of the small size and undifferentiated nature of the African economies. This has stifled the emergence of dynamic and efficient enterprises across the whole spectrum from micro and small enterprises to medium and large corporations, with a wide range of design and manufacturing expertise. And yet a large number of such enterprises are essential in the modern industrial economy where complex products are assembled from numerous precision-manufactured

components produced by specialized subcontractors. African countries have lost competitiveness within the global economy due to the over-protection of African enterprises from external competition. Africa's competitive position was also damaged by macro-economic policies that fuelled inflation; and national currency exchange rates remained fixed at increasingly unrealistic rates that penalized exporters and under-priced imports even of consumer goods that could be locally produced. The inhospitable policy environment plus persistent political instabilities and even conflicts in some countries repelled foreign investors. These conditions were also not conducive for the mobilization of private domestic savings and their investment in African industrial enterprises.

61. Countries have not developed adequate levels of industrial skills in their populations, due to low rates of enrolment at the secondary and tertiary levels of education, neglect of vocational training, and poor curricula that do not lay a solid basis for science and applied technology and an industrial culture. In order to build an industrial culture, the young need to be taught entrepreneurial and technical skills at the high school level. To this end, institutions of higher learning and vocational schools should increase their provision of work-study programmes so as to expose the young worker to real work situations. The private sector should participate more actively in enriching the curricula of institutions of higher learning, with practical problems in the manufacturing sector. More research and development (R&D) work is required in industry as well as in the institutions of higher learning and mechanisms should be put in place to commercialize research prototypes.

62. More should be done to lend support to the indigenous entrepreneurs and government-created small enterprise development services and credit guarantee companies. Commercial banks should be encouraged to set up small business units that underpin the financing of small-scale enterprises (SSEs)/small-scale industries (SSIs).

63. African countries' economic infrastructure (i.e., roads, railways, ports, airlines, telecommunications, energy supplies, water and sanitation) remain inadequate, inefficient or unreliable - another important factor which undermines their competitiveness within the global economy. Industrialization based on the full exploitation of Africa's comparative advantage in natural resources cannot be achieved without the development of reliable transport and telecommunication infrastructure linking such resources, often located in remote areas, to industrial facilities, and linking such facilities to domestic, regional and export markets for the sale of finished and semi-finished products. Nor is it possible to extract and process natural resources without abundant supplies of reasonably priced energy and water supplies.

64. African nascent industries have not only lacked strong forward and backward linkages to the continent's abundant natural resource base. They have also failed to develop strong linkages to the agricultural sector, based on the production of tools and implements, fertilisers, and other inputs to boost agricultural productivity, and adding value to agricultural output through processing and packaging. Also, backward and forward linkages between African industry and infrastructure have not been developed. It is these missed linkages that have caused the disarticulated nature of the African economy and the stunted nature of its industrial sector which, in most countries, contributes less than 15 per cent to the GDP.

65. The failure of African industrialisation based on the exploitation of its natural resources is also due to the persistence of physical restraints, tariff and non-tariff barriers between African countries. These continue to fracture the continent into a multiplicity of small non-viable national markets, and have prevented the growth of intra-African trade, opportunities for economies of scale, complementarities based on local comparative advantages, and the emergence of dynamic African enterprises that would compete in the modern world that is dominated by large trans-national corporations. Consequently, intra-African trade has stagnated in the order of 5 per cent of total trade while the loss in global competitiveness has resulted in Africa's share of global trade declining to the order of 2 per cent of the total volume of world trade.

G. Priority area 7: Capacity building for sustainable
food and agricultural production

66. Because the food and agricultural sector dominates most African economies in terms of contribution to GDP, employment and incomes, its growth and development are essential for the region's overall recovery, growth and transformation. The food and agriculture sector must grow enough food and raw materials for Africa's rising population and new industries; produce exports that will earn the foreign exchange needed to purchase essential machinery and equipment and service foreign debts; and, as productivity increases, release labour and capital for the development of other sectors. There are certain critical capacities that must be developed and/or better utilized if the heavy burden facing African agriculture is to be successfully overcome.

67. In Africa, publicly stated commitments to the support of farmers have often not been matched by the promised action. This has to change. The empowerment of the African farmer will be brought about through certain policy measures which will lead to improvements in his access to credit; production inputs such as seeds, fertilizer, and pesticides; means of production, such as land and skills; and markets.

68. In many African countries, there are insufficient highly trained managers, technical experts and economists needed to understand, plan, implement, monitor and modify food and agricultural policies on a continuing and sustainable basis. Even where such expertise exists, it is often inappropriately utilized. There is, therefore, a need to build and/or better utilize capacity for the analysis and formulation of sound agricultural policies, if national and regional agricultural goals are to be met.

69. Many African farmers are still using low-yielding agricultural technologies which contribute not only to low production but also to reduced labour productivity. There is a need for long-term public and private investments in agricultural research, as well as a systematic effort to introduce improved technologies from the global research system and to adapt them to local conditions.

70. To achieve its food and agriculture goals, national policies and strategies must be supported on a broad front by a set of institutions, both public and private, which provide economic and other services, which directly or indirectly influence the success of the farmers involved. These institutions must make and implement strategic decisions that influence the allocation of resources, regulate and stabilize socio-economic processes, adjudicate between competing interests, and convert public resources into common benefits. Public and private investments geared towards improvements of the performance of institutions involving marketing, credit, research, extension, and land reform are, therefore, critical.

71. Physical infrastructure provide services which are critical for the attainment of national and regional food and agriculture production goals. The contributions of physical infrastructure in reducing the cost of marketing food and agricultural products in Africa are obvious and well-known. Imperfections in rural labour markets can often be traced back, in most cases in Africa, to inadequate infrastructure. Appropriate investments in physical infrastructure, such as rural roads and dams will, therefore, deliver major benefits in food and agricultural production growth, poverty alleviation, and environmental sustainability, providing that these investments respond to the felt needs and constraints of the farmers.

72. Human resources development in the agricultural sector is fundamental to longer-term sustainable growth in food and agricultural production. This will become even more important in the future with the globalization of production and the increasing importance of human capital. Investments in rural health and education are, therefore, critical not only for sustainable increases in food and agricultural production but also for long-run sustainable reduction in poverty. To be effective, however, these investments must be allocated efficiently across activities, regions and ethnic groups. Furthermore, sensitivity to gender considerations is critical because the building of capacity among rural women through education and training

would have a positive impact on the welfare of other members of the household, particularly children, as well as on their long-term production and income-earning prospects.

H. Priority area 8: Capacities for the mobilization and efficient allocation of financial resources

73. The successful realization of the programme of action in the other seven priority areas of the proposed Framework Agenda is predicated on African countries being able to mobilize from domestic, as well as external sources, enormous amounts of financial resources on a sustained basis and to allocate these scarce resources efficiently to competing areas of capacity building. The issues which must be addressed are based on the following needs:

(a) To boost the supply of domestic savings: Policies should aim at sustained economic growth, employment generation, growth of family incomes, especially among the segments of the population submerged under poverty. Efficient and incorruptible national revenue authorities should be established. Effective mechanisms should be put in place to monitor public disbursement, increase accountability, plug leakages, and to ensure optimum selection of capacity-building programmes and projects, and their timely execution without cost over-runs;

(b) The need to boost the rate of capital investment in Africa: Governments must create political and economic conditions attractive to indigenous and foreign investors alike, without jeopardizing national sovereignty over strategic sectors and activities. The private sector should be encouraged to participate more in all sectors of the economy;

(c) The need to increase the efficiency of invested capital: To increase the efficiency of capital investment requires policy measures aimed at redressing the imbalance between the State and the private sector, removing market distortions, and creating an environment rich in lucrative opportunities. To recoup some of the resources invested in State-owned enterprises, while also promoting private sector growth, governments should accelerate the restructuring and privatization of non-strategic public enterprises;

(d) The need to correct the structural deficit on Africa's trade account with the rest of the world: This is rooted in the continued exclusive dependence on primary commodity exports with declining world market prices. African countries have to boost their competitiveness within the world economy. They must build capacities to be able to efficiently diversify their production base and export a range of manufactured goods to world markets on the basis of quality, prompt supply and competitive prices. These attributes are most easily achieved by facilitating the emergence and growth of African private enterprises, and by attracting foreign firms (including transnational corporations) to set up modern production facilities in Africa. The capacity of African enterprises to export must be encouraged through policy incentives. Another important policy measure is to give the financial market ample leeway to determine the exchange rate of national currencies, reflecting the scarcity value of external resources and thereby minimizing the bill for imports;

(e) The need to surmount the external debt problem and to manage future liabilities with prudence: The solution to the external debt problem is squarely in the hands of Africa's creditors. It is an area where external development partners can demonstrate their commitment to putting the continent back on the path of sustained growth. On their part, African countries must draw very important lessons from the old debt problem in setting a new approach to managing future external liabilities to finance growth: Scarce resources must be invested in the most productive opportunities available. Future external liabilities must be linked directly to increasing African countries' capacity to export to regional and world markets. External liabilities which involve a balanced sharing of risks with creditors (e.g., direct equity in African production facilities, or loans to African enterprises without public guarantees) should be favoured over the use of public debt instruments that impose 100 per cent obligation on the State. Institutional structures must be established to monitor and oversee all external obligations, seeing to it that external resources are used

to enhance economic capacity and competitiveness, minimising risk exposure and ensuring a sustainable debt service profile;

(f) The need to mobilize increased net transfer of external financial resources to Africa: Between 10 to 25 per cent of gross domestic investment for capacity building activities in Africa will need to be mobilized from external sources. This is in view of the problems enumerated above in mobilising domestic resources which will linger for a while, as well as the fact that technology transfers from the rest of the world will be an important component of African capacity building;

(g) Attracting external savings in Africa in the form of foreign direct investment and portfolio funds by institutional investors will require that competitiveness, rates of return, risk factors and volatility offered by African economies be put on a par or made even better than opportunities in the trade-dynamic regions of the world. African countries will have to build the confidence of external investors and credit markets, a most fragile asset even under the best of conditions. Given the low credit rating of most African countries, official development assistance (ODA) on grant and concessional terms from bilateral and multi-lateral sources will be crucial in the first five to ten years of launching the African capacity-building programme. During this period, too, public guarantees by Africa's bilateral and multilateral partners to external investors will be indispensable, to reassure them about the security of their assets from expropriation and a number of other risks. On Africa's part, however, governments will have to enter into iron-clad bilateral agreements or to accede to multilateral conventions governing the security and privileges of international investment;

(h) States will also need to set up competent investment promotion agencies to market Africa's investment potential, to supply all the information and data that prospective investors might request, to facilitate deals between indigenous entrepreneurs and their foreign counterparts, and to expedite the legal process of establishing investments (i.e., by offering "one-stop" services to investors);

(i) The need to develop healthy financial intermediaries and dynamic capital markets in Africa: A market-based economy and a strong private sector are inconceivable without dynamic intermediaries and capital markets. African Governments therefore should implement far-reaching policy measures to restructure their financial sectors, to end financial repression, and to rationalize restrictions on market entry and promote competition. They have to introduce non-inflationary market-based instruments to finance public borrowing. They have to encourage the emergence and growth of diverse financial institutions, to promote competition. This, however, requires an adequate legal and regulatory framework enforced by the relevant institutions to ensure prudent management of resources and to safeguard the interests of depositors, insurance policy holders, and investors.

IV. IMPLEMENTATION ISSUES AND TIMETABLE FOR THE FINALIZATION OF THE FRAMEWORK AGENDA

74. No matter how correct in identifying the strategic development goals of the member States, the Framework Agenda will remain a dead letter unless effective modalities for its implementation are adopted.

75. The implementation of the Framework Agenda must be seen in terms of action by specific partners at the national, regional and international levels. Naturally, the action that matters most is at the national level. True to the new political-economic orientation of development policy in Africa, the role of government will neither be exclusive nor directive. Rather, it will facilitate, mobilize and galvanize private sector partners (i.e., families, local communities, civic organizations and enterprises) to advance national development objectives by working in their own interests; manage the macro-economy competently; maintain a conducive policy environment and a hospitable political climate.

76. At the regional level, the implementation of the Framework Agenda will be in the domain of building and utilizing regional cooperation and economic integration. Cooperation will be essential in capacity building initiatives where economies of scale are vital, for instance, jointly creating facilities and institutions that individual countries could not afford to establish on an optimal scale. Duplication will be precluded, saving scarce resources to be deployed elsewhere. Small national markets will be integrated, creating a dynamic African market. African enterprises will be given wider space in which to grow, expand, diversify or specialize in niches, according to the development strategy that each may choose.

77. The partners at the regional level therefore are national governments; enterprises (both indigenous and foreign) operating in the African economic space; national civic organizations; and the people themselves. Regional economic communities and regional organizations, notably the Organization of African Unity (OAU), the African Development Bank (ADB) and the African Export-Import (AFREXIM) Bank and regional "centres of excellence", such as the Eastern and Southern African Management Institute (ESAMI), the African Regional Centre for Engineering, Design and Manufacturing (ARCEDEM) and the African Institute for Economic Development and Planning (IDEP) and other regional research, design and training institutions will all provide forums where national institutions can interact; mechanisms for harmonization and coordination of national policies and the removal of barriers; and ways to pool national resources to achieve common objectives. Indeed, there is a need for African countries to put more resources into strengthening the capacities of all these regional institutions.

78. Action at the international level is envisaged to be mostly supportive. This is as it should be: Africans bear the principal responsibility for developing the critical capacities on which their societies need to thrive in the competitive modern world. Development and critical capacities are not products that can merely be imported. Nevertheless, there is still a substantial role for external partners in complementing and supplementing the resources and efforts that Africans will bring to bear in their own development. An integral part of the external partners' contribution will be the transfer of development experiences (including technologies, managerial and analytical expertise, and how to avoid mistakes committed by others in the past), and working with the African people to adapt these experiences to local peculiarities in different parts of Africa.

79. External partners are envisaged to include all the members of the United Nations system, including the Bretton Woods institutions and the World Trade Organization. This system of multilateral organizations should be useful as value-neutral and objective conduits for the transfer of development experiences from the rest of the world to Africa. In addition, the Bretton Woods institutions and the funding agencies of the United Nations will be indispensable in mobilising external resources to finance Africa's capacity-building endeavours. External partners also include African States' bilateral partners, multilateral organizations, external NGOs and civic organizations with interests in Africa, foreign enterprises and institutional funds.

80. Indeed, over the past two decades, all the major agencies of the United Nations system, including the Bretton Woods institutions, have announced capacity building-related initiatives for Africa, particularly in the areas of human development, macro-economic policy, and food and agricultural production. These initiatives have often been implemented in individual countries in isolation without a coherent framework for coordination at the regional level. While development activities in one area impact on other areas, there have scarcely been attempts to bring work in disparate areas into a common and comprehensive framework gathering together the diverse multilateral agencies and their initiatives, coordinating and harmonizing them.

81. The Framework Agenda should offer African States, the agencies of the United Nations system and the Bretton Woods institutions, bilateral partners, local and external NGOs and civic organizations a comprehensive and coherent policy structure in which to implement development initiatives specific to the mandate and competence of each organization, within priorities of individual countries, and coordinated at the regional level.

82. Because the issues and actions encompassed by the Agenda are interconnected, the framework document must be a consensus document which has the fullest support of all concerned. It must be established on the basis of the widest possible consultations. It is, accordingly, envisaged that the draft of the final document will be reviewed by an ad hoc group of carefully selected experts and, subsequently, by an inter-agency meeting of representatives of relevant United Nations specialized agencies and organizations. The draft document will then be circulated to member States of the Commission for their views and further comments.

83. The following is the proposed timetable for these consultations and for the launching of the framework document.

End June 1995	In-house seminar on the Framework Agenda
End July 1995	Inter-Agency meeting to review the draft framework document
Early September	Meeting of an ad hoc group of African and non-African experts
October 1995	Circulation of the document to ECA member States for observations and comments
December 1995	Finalization of the framework document
January 1996	Official launching of the document

84. The Conference may wish to take note of this progress report and provide further guidance towards the finalization of the Framework Agenda.