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**A FRAMEWORK AGENDA
FOR BUILDING AND UTILISING CRITICAL CAPACITIES IN AFRICA**

A PRELIMINARY REPORT

**I. INTRODUCTION :
THE CHALLENGE OF AFRICA'S DEVELOPMENT**

1. The Lagos Plan of Action (LPA) and Final Act of Lagos, together mark an important turning point when the African leaders, in their analysis of Africa's position within the world economy and the region-wide economic and social crisis which had begun to emerge, and in their search for a viable development strategy, resolved to abandon the overly extroverted economic development pattern that was the legacy of many decades of colonial exploitation. The African countries asserted their determination to escape from a peripheral role in the international division of labour as suppliers of primary commodities and raw materials with minimal added value, a mode of production that appeared to hold uncertain prospects for rapid economic growth and accumulation within Africa. These problems have been exacerbated by inadequate social services and physical infrastructure, and the negative and far-reaching effects of rapid population growth (the highest in the world), very high rate of urbanization, and a plethora of institutions that have failed to meet their objectives. Any assessment of the challenge of Africa's development must recognize these obstacles as a basis for appraising Africa's current development problems and for approaching the complex and difficult task of putting the continent on the path of growth, and sustainable development.

2. A full appreciation of the magnitude of the development challenge which Africa faces in the 90s and into the twenty-first century must take into account recent trends in the global economy, particularly the technological, economic and geopolitical trends ushered by the new era of liberalization and global competition. Africa's present generation are facing a vastly changed world. What kind of external and domestic environment will Africa have to contend with and manage successfully in the next 25 years? In the next generation Africa will have to meet the following challenges: accelerating technological changes; new kinds of industrial organization, management, competition and trade; serious pressures on the world's ecological resources and on national eco-systems which in Africa are further compounded by rapid population growth.

3. To meet these formidable challenges successfully and be internationally competitive in the new global order, Africa not only needs vision, but good governance (including transparency, accountability and the rule of law), sound policies and relevant strategies. It also needs committed leadership, in the first place. In this regard, the "Strategic Objectives for Africa's

Economic Development in the 1990s^{1/} adopted by the nineteenth meeting of the Conference of Ministers and the twenty-eighth session of the Commission in 1993 examined the implications of the recent global trends mentioned above for Africa's development and what strategies Africa should implement first to adjust to the transition and second to achieve sustainable economic growth and development in the light of these emerging trends. An analysis of the emerging trends (including democracy, the environment, economic liberalization, population and economic integration) and their impact on the implementation of Africa's various development strategies and plans of action^{2/} was made and measures aimed at reversing Africa's economic decline were examined. That document also enumerated and analysed the new challenges facing Africa in the post-cold war era, in particular; a) the challenge of moving from "creeping marginalisation to full integration into a highly competitive global economy; b) how to plan and manage sustainable development, which was the subject of Chapter IX of the Lagos Plan of Action; c) the challenge of AIDS and its impact on the economy and society.

4. The challenges identified in this report are the same challenges analyzed in the strategic objectives document especially, the challenge of developing and utilizing critical capacities for human resource development; natural resource development and management; transport and communications; energy, science and technology; food and agriculture; and administrative decentralization. The only difference in this report is the added emphasis placed on the central role of policy analytical and development management capacity in the implementation of the overall development strategy, and in managing the development process in the 90s and beyond.

5. A broad consensus has emerged on the priorities of African development in the 90s. What is this consensus?

- economic growth is a necessary albeit not a sufficient condition to bring about improvements in human welfare;
- as people are both the means and the end of the development process, human resources development and capacity building are indispensable to the process;

^{1/} E/ECA/CM.19/4, 18 February 1993

^{2/} Paragraphs 47 - 71, Strategic Objectives for Africa's Economic Development in the 1990s E/ECA/CM.19/4, 18 February 1993

- economic reform and adjustment are continuous processes that are necessary for the creation of viable economic space;
- peace, good governance, stability and security are essential for development;
- ~~SUPPORT~~ ~~ALL THESE~~ policies aimed at growth are essential for poverty reduction;
- improved agricultural productivity and food self-sufficiency and security are essential, as are agricultural diversification and export-led growth;
- effective population policies are necessary for integrating population variables into the development process;
- empowering women to play a larger role is important and necessary for sustainable development;
- priority must be given to environmental issues, which must also be integrated into the development planning process.
- an enabling environment for individual effort and private enterprise is essential;
- regional economic integration is necessary for creating viable economic space and collective self reliance;
- external financing must be adequate and debt relief substantial as both are necessary for accelerated growth and poverty reduction.

6. The framework agenda for capacity building developed in this report is therefore a consensus framework to guide Governments and the ECA in developing a strategy of capacity building and utilization in Africa. This report recognizes that there are, at present, a plurality of capacity building initiatives in support of the development efforts of various African countries. ~~All these initiatives~~, of course, have incremental value in the overall effort to promote development and socio-economic transformation in Africa. The present report takes the view that capacity building for economic growth and sustainable development should be all-embracing, covering all areas that constitute priorities in Africa's development.

7. Thus, the approach advocated in this report emphasises building and utilizing capacities in selected priority areas of national development. The report recognizes that capacity building efforts in these priority areas will vary from one country to another even though consensus has now emerged as to what constitutes the key issues in the strategic agenda of Africa's development. What particular policy measures and actions a country decides to implement in the proposed framework agenda will crucially depend on its unique national circumstances including the relative importance which national governments have historically attached to each priority area, national traditions, and resource endowments.

8. This report is preliminary. It is intended to elicit the guidance of member states on what should constitute the main content and thrust of a medium- to long-term Framework Agenda for action on capacity building, which the Secretariat will submit to the Conference of Ministers in 1995. This report consists of four main parts besides the introduction. Part two addresses the question of **why** building critical capacities is important, and, in particular, the emphasis on the human, institutional and infrastructural dimensions of capacity building. Part three examines the policy issues and priorities and identifies **what** measures for action have to be taken for building and utilizing critical capacities in each of the eight priority areas. Part four details the elements of a technical co-operation programme for capacity building; while part five covers monitoring and evaluation of the proposed framework agenda.

II. CRITICAL CAPACITIES FOR AFRICA'S DEVELOPMENT

Critical Capacities for Self-Sustaining and Sustainable Development

9. The capacities that are critical within the over-all package of development capacities fall within three matrices -- **human, institutional, and infrastructural** -- which, as it were, are the three pillars of a system which cannot stand upright if even one pillar is weak or missing.

10. In general terms, the **human capacities** matrix is constituted of elements designed to enhance human welfare, security, and survival in a challenging or hostile environment, notably:

- (a) general knowledge, cognitive and analytical skills to understand and manage change;
- (b) production skills, and a good work ethic which are essential to harness available technology and capital not only to transform natural resources into goods and services, but also to develop better technology and accumulate more capital, thus increasing the productivity of all resources;
- (c) skills to build and manage institutions for the promotion of public and private initiative at national and local levels, and the preservation of group welfare and security;
- (d) political skills for popular participation (e.g., ability to organise, self-expression, capacity for self-governance, etc) in tandem with cognitive and analytical skills -- making it possible to participate in the decision-making processes which determine the course of the society's development and the distribution of benefits;
- (e) social skills (e.g., ability to communicate and transmit appropriate social attitudes and values, etc. which enhance individual welfare and security, and define the individual's relationship to society, including tolerance of ideas and beliefs;
- (f) physical and mental wellbeing necessary for the enjoyment of "life, liberty and the pursuit of happiness".

11. Similarly, **institutional capacities** must be created by the society to:

- (a) maintain and continuously strengthen its endowments of human capacities (i.e., human capital accumulation), as well as to facilitate the process of physical capital accumulation;
- (b) ensure that the social fabric and body politic retain their integrity in relation to both the external environment and the inevitable tensions, competition and social conflicts that are normal in civil society;
- (c) develop mechanisms and procedures to promote a healthy inter-play among various groups in society, needed in an open and democratic society;
- (d) create and maintain an enabling environment for economic and social development of the community;
- (e) enforce the rule of law, protect human rights, safeguard the social order and private property for the peace, concord and stability of the country; and
- (f) promote collective self-reliance at regional and sub-regional levels.

12. The purpose of **infrastructural capacities** is:

- (a) to facilitate the steady and efficient flow of resources from points of production to points where they are needed, whether as inputs at a stage in the production process or as final goods and services;
- (b) to promote physical integration providing the necessary framework for government, public administration, trade and commerce; and
- (c) to provide support to the production capacity.

Capacity Building and Structural Adjustment

13. The African Alternative Framework to Structural Adjustment Programmes for Socio-economic recovery and transformation (AAF-SAP) addressed the question of the linkage between the adjustment process and capacity building with perfect clarity:

"... it is essential to point out that all countries -- developed or developing - find it necessary to adjust from time to time to changing economic parameters and circumstances. What often constitutes the difference is not in regard to the need to adjust but in the capacity to adjust to changing economic circumstances. This, in turn, depends on the lee-ways and options open to the different countries in terms of the time scale of adjustment, their structural characteristics and long-term development objectives. It is in the light of these that the modus operandi of the

adjustment process are to be determined. What has become clear from the analysis ... is indeed not that the symptoms and serious indications of these problems, for example, balance of payments disequilibrium, fiscal imbalance, inflationary pressures and acute shortages of goods are to be wished away or left unattended, but that on the contrary, Africa has to adjust. But, in adjusting, it is imperative that it is the transformation of the structures that fundamentally serve to aggravate the African socio-economic situation that should be the focus of attention. As such, adjustment and transformation must be conceived and implemented as inextricably linked and intertwined processes such that progress will be made simultaneously on the two fronts."^{3/}

14. In fact, the major policy directions proposed by AAF-SAP, "within the context of strengthening and diversifying Africa's production capacity and the productivity of investment"^{4/}, listed five areas that credible adjustment programmes must address:

- (a) **Enhanced production and efficient resource use** : as long as resources were being utilised efficiently, it was not always necessary to balance the budget, even at the expense of suppressing production growth;
- (b) **Greater and more efficient domestic resource mobilisation** : the need to stop the numerous financial leakages -- fiscal, monetary, external payments, capital flight, etc -- in order to enhance resource mobilisation for investment and budgetary expansion;
- (c) **Improving human resource capacity** : budget deficit reduction must not be achieved at the expense of expenditures on education, health, and other social infrastructure, including law and order, which are the prerequisites of an enabling environment and the foundation for long term growth and development;
- (d) **Strengthening the scientific and technological base** : the medium- and long-term perspectives of structural transformation require an adequate scientific and technological base essential for transforming agricultural, mineral, forestry and aquatic raw materials into consumable goods for the domestic market as well as for export. Developing the capacity for science and technology in terms of appropriate policies, institutions, human and infrastructural capacities, is also essential for accelerated growth and for international competitiveness.
- (e) **Vertical and horizontal diversification** : to lessen vulnerability to a narrow range of products, and to be able to satisfy more of the domestic consumer needs through local production capacities.

^{3/} UNECA: ibid.; 1989; para. 94; p. 32.

^{4/} UNECA: ibid.; 1989; para. 97, pp. 33-34.

15. The debate on adjustment has undergone significant changes in the recent past, in particular with regard to Africa's particular conditions. The United Nations Secretary General's report on "Development and International Economic Cooperation - Economic Stabilization Programmes in Developing Countries" which was submitted to the 48th General Assembly, provides a balance sheet on adjustment and development.

16. The report recognizes that external conditions in the 1990s have been harshest for Africa, where heavy dependency on a few primary commodities coupled with the economic stagnation in Europe resulted in a huge reduction in demand for its commodities and large losses from worsening terms of trade. Africa had a stronger decline in terms of trade in 1992 than any other region of the developing world. This was due to the sluggish growth of world trade further exacerbated by the particularly slow growth in the European Economic Community which absorbed over half of African exports. Moreover, and in contrast to other regions, lower world interest rates did not have a large influence on the servicing of Africa's external debt, mostly concessional in nature and owed to official creditors. Arrears continued to increase. The combined effect of all these factors was that African countries had to cut imports more deeply and thus assume a much heavier burden in order to achieve some improvements in their balance of payments situation in connection with their adjustment programmes. The conclusions and recommendations of the Secretary General's report are that adjustment that creates the conditions for the resumption of economic growth depends on the extent to which programmes have been influenced by the peculiar constraints in the economy concerned as well as within the context of regional and inter-regional developments.

17. AAF-SAP's policy of **'adjustment with transformation'** argued the case for viewing adjustment as a continuous process but which should proceed concurrently with transformation. The current theme of **"building, strengthening and fully utilising critical capacities"** is therefore revisiting the Commission's long-standing pre-occupation and concerns in this area, with a view to updating the Commission's understanding and that of its member States regarding the dynamic linkages that exist between capacity building and the development process, the changing roles of the key partners in both processes, and the ways and means of setting the two in motion, in light of the structural changes that are taking place in the global economic system.

18. It is now generally accepted that adjustment is an on-going process that will continue well into the future. The concerns of structural adjustment programmes, e.g., fiscal rectitude, sound macro-economic policies, low inflation, increasing private sector participation, efficient markets, and minimum involvement of the government in the production side of the economy, will all continue to preoccupy countries the world over. Thus, capacity building, while its long-term nature is not contested, will have to respect African countries' concerns regarding these short-term adjustment objectives, goals and targets. In view of the changing role of the state from direct and dominant involvement in all major sectors of the socio-economy to a more selective direct role coupled with a new role as a catalyser of private sector initiatives, the role of the private sector in the building and utilisation of capacities, and the role of efficient markets in mobilising resources and channelling them to their most productive applications will definitely be crucial.

19. The role of the state should be strengthened in the domain of development policy, rehabilitation and maintenance of infrastructure and the social sector, the development of human capacities, particularly in devising appropriate education and

training systems. It will also be the duty of the state to establish modalities for mobilising the massive resources required to advance the process of capacity building. Governments' new role in the economy will also include shifting from controller to facilitator, regulator and provider of an enabling environment for economic development.

20. As the private sector increasingly shoulder the responsibility for the provision of critical capacities and services, innovative structures and modalities will have to be established to coordinate and give an over-all sense of new direction to the capacity-building and development processes. Flexible and pragmatic approaches to strategic planning and follow-up must be created in which the state, private sector agents, and labour will be intimately involved as equal partners in determining the medium-term development objectives, goals and priorities, as well as in the allocation of scarce resources.

21. Capacity building is the responsibility of the African people themselves and their governments. Three issues are of central importance here: ownership, commitment and resources. Without these, the sustainability of the effort will not be possible. Therefore, maximum resources must be generated within Africa. However, the mobilisation of the massive financial resources required to accelerate the pace of expansion, inter-country connection, and rehabilitation and maintenance of African infrastructures will demand innovative methods -- such as public bond issues collateralised by infrastructural assets, private-public partnerships, and 'build-operate-and-transfer' (BOT) arrangements for specific projects.

22. The most crucial factors for the successful mobilisation of resources for capacity-building through some of these innovative methods are two: whether adequate revenues can be raised from the projects in their operational life to give an attractive rate of return on investment, and guarantees from the state aimed at reducing undue investment risks. Proper pricing and appropriate regulation consistently administered are key to the first factor, while the credibility of the second factor is enhanced by political stability underpinned by consensus politics, sound macro and sectoral policies, and a highly professional and apolitical civil service operating within clear and stable guidelines. Considering the enormity of the resources required on a sustained basis over a period spanning 20-30 years, foreign direct investment (FDI) in capacity-building areas, as well as increased inflows of portfolio investments -- (as and when African securities markets are established and brought to a sufficient level of sophistication and competence) -- should be actively courted. This will entail the increased involvement of transnational corporations in Africa's development.

23. In the area of human capacity building, increased domestic resources from fiscal revenues, community self-help efforts, tuition fees, health insurance premia, etc, will still need to be supplemented by increased external resources in the form of official development assistance (ODA) if African countries are to meet even the minimum human capacity targets within the next 10-20 years.

Inter-linkages in Capacity Building

24. The matrix of critical capacities for development is an inter-connected structure of dynamic inter-dependencies and inter-linkages.

25. A listing of constituent capacities under each of will bring out the linkages and inter-dependencies between clusters of capacities. Capacities from other areas combine in specific qualitative and/or quantitative proportions to produce capacities in other areas. This is all reminiscent of Input-Output matrix theory as it is applied to multi-sectoral economic production systems, where it takes inputs of goods and services from other sectors in specific proportions to produce outputs from any specific sector. Similarly, from a qualitative point of view, an **interaction matrix** can be drawn up in the case of capacity building and utilisation. Such a matrix can summarise the input-output linkages and inter-dependencies between capacities in terms of the degree of importance of the contributions made or the influence exercised by specific capacities to other capacities.

26. Capacity interaction matrices in their qualitative or quantitative forms can be employed as a strategic planning tool in setting policies, devising programmes, and translating them into portfolios of projects for capacity building and socio-economic structural transformation. Furthermore, the concept of capacities interaction matrices provide a theoretical basis to the argument that capacity building should proceed in all areas simultaneously.

27. The linkages and inter-dependencies are therefore obvious. So are the implications flowing from this grid-like structure. This all goes to underline the importance of simultaneous action in all the critical areas.

III. A FRAMEWORK AGENDA FOR BUILDING AND UTILIZING CRITICAL CAPACITIES IN AFRICA

The Context of the Framework Agenda

28. The proposed framework agenda for building and utilizing capacities in Africa responds directly to the need to strengthen the efforts of African countries to achieve their strategic development objectives which have been articulated in their national development plans and in various regional programmes and international strategies for African development. The agenda assumes that African countries have, since independence, intensified efforts to build a number of capacities for development covering the entire spectrum of human, institutional and infrastructural dimensions.

29. However, it is also recognized that in spite of that effort much remains to be done. Indeed, in some cases, a combination of political instability, poor incentive structure and unfavourable economic conditions has hindered building or utilizing existing capacities. It is fully recognized that there are significant inter-country differences in capacity building and utilization in Africa. Therefore, the elements of the framework outlined in this section are indicative of what needs to be done; individual African countries will apply the components in accordance with their unique circumstances.

30. Further, the framework requires a clear national long-term vision within which it has to be implemented. In this respect, attention must be drawn to the need on the part of the African leadership at the national, subregional and regional levels, to be fully committed to specific goals and objectives which have to be pursued relentlessly. It is only through a full commitment to such objectives that the building and utilization of the requisite capacities will be sustainable. This is because, national, subregional and regional capacities are not ends in themselves: they are means to achieving well defined targets and objectives of national development.

31. Another important aspect to be considered in applying the proposed framework is the appropriate assessment of externalities that could be associated with the development of certain capacities in one or more of the eight priority areas identified in the framework. In each particular situation in a given country, the development of certain capacities in one priority area may have positive synergistic and/or spill over effects in the development of capacities in other priority areas. Therefore, national policy makers should avoid the tendency to apply the framework in the compartmentalized form in which it is proposed.

32. This agenda proposes measures for building new capacities and enhancing the utilization of these capacities in eight priority areas namely:

- 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 in Africa;
- Developing entrepreneurial capacities for public and private sector management;
- Building and utilizing physical infrastructural capacities in Africa;
- Capacities to exploit natural resources and diversify African economies into processing and manufacturing;
- Strengthening capacities in support of food security and self-sufficiency.
- Critical capacities for mobilization and efficient allocation of domestic and external financial resources;

33. These priority areas are derived from the various regional and internationally agreed programmes and strategies for Africa's development adopted in the last two decades. The indicative proposals for building and utilizing capacities will be organized under the eight main areas identified above. Within each area, two elements will be covered: (a) policy issues and priorities (b) measures for action.

Box 1: MAURITIUS: AN AFRICAN EXPERIENCE IN CAPACITY BUILDING

Mauritius has made significant strides in capacity building. The lessons from the Mauritian experience are six-fold and deserve careful study:

First, capacity is not built overnight; it takes decades of diligent and steady effort to produce it. The first development Bank in Mauritius was created in the 1830s; the chamber of commerce came into being in the 1850s; the nucleus of the educational system was created in the 1930s; only about 50 km. of roads have been built in the last ten years - the bulk of road infrastructure having been laid decades ago; there has been an active class of entrepreneurs for over one hundred years.

Second, leadership both in the legislative and in the executive arms of government must be committed to something other than their own interests and survival. Without an unswerving commitment to the wellbeing of society, legislation and policy will be formulated in vacuo or will lack the necessary zeal and commitment for their implementation.

Third, there must be a certain amount of faith in a cause. Education in Mauritius was long seen as a social good. And come good times and bad, no politician or public official ever dreamt of reducing the access of the people to it. Today that faith in education has paid dividends: a fully literate society has been able to initiate and internalize the development process. And when the import-substitution development strategy became an acknowledged failure, policy did not shift from industrialization to fisheries development or to mining. The Government stuck resolutely to its priority to develop the industrial sector. That consistency has also paid off today.

Fourth, the development institutions must be empowered to perform. The central bank, the various government ministries, the schools, colleges and university, must be given the wherewithal, both materially and morally to deliver on their mandates.

Fifth, the public itself, as well as the various interest groups, non-governmental organisations, and voluntary associations, must be in a position to respond to signals and incentives from government. The chambers of commerce and industry, the business and professional associations, the trade unions, and the entrepreneurs themselves, must all be enabled to respond to incentives and participate in the process of development.

Sixth, there must be democracy, commitment, public responsibility and accountability from the nation's leadership.

Above all, there are two vital pre-requisites for capacity, once acquired, to be retained: The first is never to be complacent. In spite of the impressive development gains in Mauritius, Government officials feel that more remains to be done. The policy is to make things better, and that is reflected in the numerous action plans and programmes in all the key sectors. The second is to constantly scan the environment with a view to capturing potential gains for the future. The long term development scenarios and strategies of Mauritius are important strategic planning tools for the attainment of international competitiveness in the new world order. This pro-active attitude to development is vital for capacity retention.

**Critical Capacities for Good Governance,
Political Stability, Peace and Security
Policy Issues and Priorities**

34. That good governance is an important pre-requisite for the realization of sustainable and equitable development is beyond dispute. The essence of good governance is that people are enabled to enjoy a certain number of freedoms: freedom to choose those who should lead them, freedom to hold beliefs and to express themselves on issues that affect their lives, freedom to associate with those they choose to, and freedom from arbitrary arrest and detention. These freedoms would then be buttressed by full respect for basic human rights as enshrined in the Universal Declaration on Human Rights.

35. Good governance is also one that promotes the politics of consent and consensus, of conviction and commitment and of compassion and accountability. It involves the people in the process by which social, economic and political policies are developed so as to fully take into account their interests and wishes. Good governance is in effect, the practice of a democracy that is characterized by the protection of the weak rather than the assertion and dominance of the strong, the respect of the rights of the minority rather than an imposition of the will of the majority, the tolerance and accommodation rather than the punishment of, difference, and a disposition of the leadership to serve rather than an urge for it to lead. Governance that is characterized by these attributes will ensure that the people are more easily provided the opportunities and the space to participate in, and benefit more from, the socio-economic development process.

36. The post-independence political dispensation in Africa has been characterized by systems of governance that have, by and large, been deficient in a number of these important characteristics. The deficiencies have compounded the region's problems of weak development capacity, in that the potentialities and the creative energies of the people have been hamstrung, through their diminished participation in all aspects of the development process on the continent. As stated in The African Charter for Popular Participation in Development,

"...the political context of socio-economic development has been characterized, in many instances, by an over-centralization of power and impediments to the effective participation of the overwhelming majority of the people in social, political and economic development. As a result, the motivation of the majority of the African people and their organisations to contribute their best to the development process, and to the betterment of their own

wellbeing as well as their say in national development has been severely constrained and curtailed and their collective and individual creativity has been undervalued and underutilized."^{5/}

37. The effects of Africa's deficiencies of governance have been manifested in the phenomenon of the brain drain, in the existence within the continent of 7 million refugees and 18 million internally-displaced persons^{6/}, in the painful process of transition to multi-party democracy, in an implosion of the State in countries such as Liberia and Somalia and in the surging conflicts in at least fifteen other African countries.

Measures for Action

If Africa is to attain sustainable development, the governments must institute policy measures consistent with good governance and reform. This includes the devolution or decentralization of power from the state to the people, to facilitate individual and community initiatives and the empowerment of people. There is no general or universal formula as to how this can be accomplished. It depends on the specific circumstances prevailing in each country. The emergence and nurturing of political parties, interest groups and the mass media which are capable of mobilizing and articulating popular opinions and demands on public policy; the implementation of programmes for rapid and sustainable growth with equity are essential conditions for the restoration of democracy, good governance and people centred development.

38. There is also the need to adopt policy measures aimed at fostering popular participation in government and development at the national and local levels; devise strategies and programmes for decentralization and installing democratic processes for decision making at all levels; and developing among African governments, closer regional and sub-regional cooperation with a view to evolving common positions on national and regional issues of democracy, peace and security. In particular, full support should be given to the recently established OAU mechanism for conflict resolution and management as well as to the recommendations of the 1991 Kampala Conference on Security, Stability, Development and Cooperation in Africa.

^{5/}UNECA, The African Charter for Popular Participation in Development, Addis Ababa, 1990, p. 17

^{6/} See OAU, Building Institutional Capacities for Conflict Prevention, Management and Resolution, Paper presented to the United Nations Economic Commission for Africa/Twentieth Meeting of the Conference of Ministers, Addis Ababa, 1994, p.

39. Finally, African governments, with the assistance of the international community, should urgently implement the African Charter on Human and People's Rights, the Convention on the Rights of the Child, the ILO Convention on Freedom of Association and Protection of the Right to Organize and the Convention on the Elimination of all Forms of Discrimination against Women.

BOX 2. EGYPT.

**LES ORIENTATIONS PERSPECTIVES POUR LA CONSTRUCTION DES
CAPACITES**

En Egypt, les orientations pour l'avenir se trouvent consignées dans les documents essentiels qui sont "les orientations à long terme de la période 1982-2002", le "Programme de réforme économique et d'ajustement structurel (ERSAP)" mis au point en 1990 avec l'appui du Fonds Monétaire International et de la Banque mondiale, le "Troisième plan quinquennal 1992-96", le "Plan annuel 1993-94". Le programme d'ajustement en cours marque une nouvelle étape, assortie de compléments et d'approfondissements, de la politique d'Infitah lancée en 1974.

Le programme ERSAP a trois objectifs principaux: la stabilisation pour restaurer les équilibres macro-économiques et réduire l'inflation; l'ajustement structurel pour stimuler la croissance à moyen et long terme; la libéralisation et la privatisation. Il est accompagné d'efforts pour minimiser les effets adverses pour les pauvres des réformes économiques. Dans le cadre de ces efforts, le Gouvernement a décidé de mettre en place un filet social et de promouvoir en priorité l'amélioration de l'éducation de base. Le projet "Social Fund" a 6 objectifs principaux: la fourniture des services municipaux essentiels; l'amélioration des services essentiels de transports publics; le développement communautaire; le développement de l'entreprise; la mobilité du travail; le développement institutionnel. Le projet "Basic education improvement" développe ses activités en direction des enfants, des femmes et des pauvres. Il vise le renforcement de l'efficacité et la qualité de l'enseignement, de la coordination des programmes, de la motivation et de la formation des professeurs, de l'accessibilité à l'enseignement.

Le plan 1992/93-1996/97 (juillet 1992), dont l'ERSAP est une composante essentielle, est considéré comme un tournant de la réforme économique vers l'économie de marché et la privatisation. Selon la déclaration introductive de son rapport général, il "vise à consolider la politique de réforme dans tous les domaines, particulièrement ceux de l'offre et de la demande ainsi qu'à mettre à jour les qualifications économiques et sociales du pays" et estime qu'"il est indispensable d'augmenter la production intérieure, d'améliorer sa qualité et d'avoir des coûts et des prix répondant aux standards internationaux". Les programmes prioritaires du Plan sont ceux de la recherche scientifique et de la technologie, du développement de l'agriculture et de l'industrie, de la mère et de l'enfant, de l'éducation et de l'environnement. D'après le rapport général du Plan, les axes les plus importants du Plan sont l'élévation de l'efficacité économique, la meilleure allocation et utilisation des ressources disponibles, l'approfondissement de la dimension régionale du développement et de la participation populaire.

**Building and Utilizing
Policy-Analytic and Development Management Capacity**

above:

Policy Issues and Priorities

public pol

40. The recognition that low supply of, and low and variable demand for, policy analysis are a constraint on Africa's economic development has spurred not only national actions but also several international initiatives for building policy analytic and management capacities in Africa. As policy reforms are intensified in a number of African countries, demand for policy analysis and the development of institutional capacity will grow.

41. There are three distinct but closely related facets of building capacity for socio-economic policy analysis and management. These are *production* of the required skills for policy analysis and management, *generation* of policy analysis and *consumption or end-use* of policy analysis.

42. The main institutional sources for generating policy analysis in Africa are central economic management agencies of government, universities, private sector associations, regional/sub-regional institutions, and non-governmental organizations. The dominant roles in policy analysis and economic management in African countries are played by what may be called the 'central guidance cluster agencies'. These agencies, which design and implement development policies, coordinate macro-economic actions and allocate resources for development, are the main source for generating and using policy analysis. Policy analysis and management requires a supporting information infrastructure, which operates most effectively in countries which have adopted national information policies to aid the development process.

43. Priorities for capacity building and utilization in policy analysis and management capacity should, therefore, involve institutional, human resources and information infrastructure development. Priorities in institutional capacity building will include enhancing socio-economic capacity in policy analysis and public policy making; strengthening capacity for strategic planning and management; improving the institutional capacities of the public sector; entrepreneurship development and popular participation; expanding technical capacities for resource mobilization and financial management; promoting improved institutional capacity for good governance; strengthening capacity of local government institutions; and building capacity to manage regionally agreed strategies for development and integration.

44. With regard to priorities for human resource development in capacity building for policy analysis and development management, the following are relevant:

- Universities, institutes of public administration and research centres should be encouraged to launch or strengthen training programmes relevant to developing skills in policy analysis and management. More specifically, African universities should strengthen training courses in economics, public administration, finance, international economics and business administration to enable them to graduate adequate numbers of well-trained economists and business and financial managers. Interactions between these institutions and the private and public sectors should be strengthened. Emphasis should be on upgrading these national institutions instead of building new ones and attracting high-quality academics to run them and providing the necessary incentives to attract and retain their services.
- There should be greater emphasis on training in policy analysis and management in the public service, covering both pre-service and in-service training, especially for newly recruited civil servants, mid-career and senior officials, and managers of state owned enterprises, and linking training with the specific skills required for the formulation, implementation, monitoring and review of national development policies.
- Strengthening the resource mobilization capacity of African governments would also require the continuous upgrading of skills through on-going development management training of staff in the fiscal departments to enable them to keep abreast with innovations in public financial management.

45. With regard to development of information infrastructure, it is essential that policy analysis and competent management decisions be underpinned by a good information infrastructure. This includes both data and information systems management.

Measures for Action

46. An actionable agenda for building and utilizing capacity in policy analysis and management recognizes some current realities. These are that:

- National actions and international initiatives are being implemented to foster policy analytic and management capacity in Africa.
- The African Capacity Building Foundation (ACBF) has begun an important initiative in supporting capacity building for socio-economic policy analysis and management in some African countries.
- Existing capacities at national and regional levels are rapidly eroding. Thus, the measures for strengthening policy analytic and management capacity detailed below should be adopted by countries, and tailored to their specific needs circumstances and priorities:
 - (i) Given the time it takes to develop the skills in policy analysis in particular and public policy making in general, priority should be accorded to the strengthening of agencies with primary responsibility for the development of these skills. Policy analysis units should be established in these agencies, and existing resources at universities and similar research institutions should be used to strengthen these units as well as provide appropriate training, in this regard universities. In this regard, university departments of economics, management, public administration, political science, statistics etc. should be further strengthened to produce well trained graduates in policy analysis courses.
 - (ii) Sub-regional and regional organizations such as ESAMI, CAFRAD and IDEP should be encouraged to develop programmes in policy analysis where senior officials from different African countries could be trained. This could serve as an interim measure until national training institutions are in a position to develop fully fledged courses. Given the competing demands for the limited resources of these schools, it is necessary to examine the merits of having such courses offered at regional or sub-regional training centres in the light of their cost-effectiveness.
 - (iii) An enabling environment for good governance should be nurtured by instituting mechanisms to promote transparency and accountability. Institutions that enforce compliance and accountability should be strengthened through the provision of adequate resources and training programmes aimed at upgrading the skills of personnel to adequately prepare them for the task.

(iv)

In order to provide the essential information infrastructure for policy analysis and development in Africa, countries should commit themselves to the management of information as a resource for development, through the adoption of national information policies, including informatics, and the establishment of national centres or data bases for the co-ordination of information required for development planning and management. The establishment of a committee responsible for the coordination of acquisitions of computer hardware and software will help this process. An inventory of such acquisitions should be established to facilitate coordination in the development of databases at the country level.

**Box 3: Challenges of Capacity Building in Post Conflict
Situation:
the Case of Mozambique**

The problems of capacity in Mozambique are defined by problems of governance, political stability, democracy, security, executive management etc. Only when the security situation is made to improve, the war ended and multi-party democracy instituted, will the basis have been laid for Mozambique to accelerate the process of capacity building for development. This process will perforce need to focus on the following critical capacities:

- Capacity to provide an environment that will be re-assuring and enabling enough to encourage all groups in society - farmers and rural dwellers, modern sector entrepreneurs, informal sector operators, women, foreign investors, etc. - to fully participate in the production of goods and services in the economy.
- Capacity to pursue a consistent policy of human resources development by investing massively in all levels of the education and health systems of the country, and to forge a policy framework that would ensure the full utilization of the country's human resources.
- Capacity to generate and utilize domestic resources - -- financial, material and human --- to support development on a sustained and sustainable basis.
- Capacity to rationalize and re-invigorate public development institutions so that they enable, rather than frustrate the attainment of the nations development goals.
- Capacity to transform the present civil service into a highly efficient, task-oriented, developmental arm of government.

Box 3: Challenges of Capacity Building

These must of necessity, constitute Mozambique's post-war priority development agenda, which it must doggedly pursue in the medium-to-long term, and which deserve the full support of the development community. But they are also typical of concerns of other countries emerging from the ravages of conflict.

Building and Fully Utilizing Human Capacities

Policy Issues and Priorities

47. Human resources are the wealth of a nation. Although machinery and finance are important, it is people that make economies grow. Development experience confirms this, and it is in human resources that Africa will need to make the biggest strides if it is to break out of poverty and become more competitive. Therefore, African countries need to invest more, and more effectively, in human resources development.

48. The spread of literacy and basic education in society is a necessary condition for socio-economic development to be internalized. General education pays for itself in the long run. It may seem immediately irrelevant to specific jobs, but it improves receptivity to knowledge and the capacity to learn, thereby improving the cost-effectiveness of later training. Secondary and higher education are particularly important. In fact in their absence development will equally not take root.

49. In Africa^{7/}, access to education at all levels continues to be limited in spite of the laudable and dedicated efforts which African countries have made in this regard, particularly during the first two decades after independence. This is evident when compared to the declining growth rates in gross enrolment at all levels since the early 1980s. Between 1965 and 1970, total enrolments in Africa grew at an average annual rate of 5.6 per cent. Between 1970 and 1980, this rate rose to an impressive 8 per cent. However, between 1980 and 1991, the rate of increase plummeted to 2.8 per cent.

50. Given that the primary school-age population is increasing at an average annual rate of 3.3 per cent, a 2.2 per cent increase in enrolment will definitely not help African countries meet their objective of universal primary education by the year 2000 or even by 2010. On the other hand, the adult literacy rate of less than 50 per cent in Africa is the lowest in the world. In 1990, the adult literacy rate of males was 61 per cent and that of females 41 per cent for sub-Saharan Africa, compared with 86 per cent and 67 per cent respectively in East Asia and the

^{7/} The data in this paragraph and the next four are taken from: UNESCO, "Statistical Yearbook, 1985", Paris: UNESCO, 1986, Table 2.2.; UNESCO, "Statistical Yearbook, 1993" Paris: UNESCO, 1994, P. Table 2.2.; UNICEF, "The State of the World's Children 1994", New York: UNICEF, 1994, p. 82.; and UNESCO, "Statistical Yearbook, 1991".

Pacific; and 87 per cent and 83 per cent respectively for Latin America and the Caribbean.

51. Although enrolments at the tertiary level increased tremendously in relative and in absolute terms - from 21,000 in 1960 to 437,000 in 1982 and over half a million by 1993 - this is still very small for Africa's population of 644 million people as well as for the continent's development needs. It is therefore not surprising that the number of scientists and engineers per million inhabitants as well as the number of people engaged in scientific and technological R&D in Africa are the lowest in the world. In 1985, Africa's stock of scientists and engineers was only 3,451 per million inhabitants compared with 8263 for developing countries as a group; 11,686 for Asia; and 9,745 and 11,759 per million inhabitants respectively for Latin America and the Caribbean.

52. Efficiency in the utilization of human capacity is manifested in high employment levels. In Africa, imbalances in the utilization of human resources provide the strongest evidence to show extreme weaknesses in human capacity.

53. While the labour force is growing at an annual rate of 3 per cent, employment growth is estimated at no more than 2.4 per cent per annum. Open unemployment which has increased from a low of 7.7 per cent in 1978 to 22.8 per cent in 1990 is now, therefore, projected to reach 30 per cent by the year 2000 if present trends continue.^{8/} Africa's education systems should be more responsive to the needs of the labour market. Also efforts should be intensified to improve the policy environment for significantly expanding opportunities for employment.

54. Poor pay and other working conditions in Africa have resulted in the increased migration of skilled workers and managers from the African economy to Western Europe and North America - the so-called brain-drain. It is estimated that 100,000 foreign technical advisors are working in Africa, today Paradoxically this is equivalent to the estimated number of African experts working in Europe and North America.

55. The brain-drain has led to an erosion of capacity which African countries can ill afford. Already many countries are faced with heavy loss of capacity in their public services, particularly in government and educational institutions. Concerted efforts must be made to address this important contributor to capacity loss in Africa.

56. The major human capacity development priorities in Africa would include: eradicating illiteracy and spreading primary and basic education; increasing access to secondary and higher education; reforming curricula in order to increase the relevance of education to Africa's development; improving the health and nutritional status of the population; providing adequate housing and sanitation facilities; upgrading and maintaining basic infrastructural facilities for building and strengthening the human capacities; building the appropriate institutional framework for strengthening the policy-making, implementation, coordination and monitoring functions for human development; and creating and sustaining productive employment and income generation. Each of these components can also contribute to the objective of alleviating poverty.

Measures for Action

57. Policy measures to strengthen human capacity development are organized around three headings listed below.

(a) Education and Human Resources Development

- make education and training relevant to national needs and a changing world through appropriate curriculum reforms;
- increase the quality of education through an improvement of teaching/learning resources, relevance of research, and better pupil/teacher ratios;
- strengthen and more effectively utilize existing science, technology and research institutions; and
- adopt explicit population policies to ensure that population growth rates are compatible with the goals of national economic and social development.

(b) Employment, Manpower and Incomes

- develop the skills and create an environment conducive to entrepreneurship development;
- take measures to motivate and retain skilled and trained manpower to strengthen and effectively utilize indigenous capacities;
- take measures to improve access, especially of women, to land, credit and related production inputs.

Policy Measures and Actions to promote and Strengthen Private Sector Entrepreneurial Capacity

60. The authorities should accord very high priority to the establishment of a stable macro economic framework, particularly in the areas of exchange rate and interest policy to ensure business confidence and eliminate distortions. Equally important, actions should be taken to improve public infrastructure, including energy, transport, communications and water supply.

61. In the financial sector, which is vital for the growth and survival of business enterprises, the efficiency and scope of the sector should be strengthened through the improvement of financial intermediation capacities in order to effectively mobilize and channel resources to meet the needs of investors and entrepreneurs. In this regard, central banks, the key agency responsible for developing a sound financial structure, should concentrate, in addition to a strong regulatory role, on developing a well-integrated and sound financial structure (financial institutions instruments and interest rates) through innovative actions as: widening the geographical and functional scope of the banking system; linking specialized financial institutions like Development Finance Corporations (DFCs) with the banking system; promoting social security institutions; linking the banking system and informal credit markets on the one hand and between the banking system and agencies providing technical, managerial and entrepreneurial advice to small enterprises.

62. The commercial banks, which are usually urban biased and oriented towards financing large industry and trade, should increase their efforts to mobilize potential saving in rural and semi-urban areas and develop financial instruments that are attractive to the household sector, having regard to the potential saving of this sector. Sector banks, Development Finance Institutions (DFIs) and Non-Bank Financial Intermediaries (NBFIs) and capital markets also have important roles to play in promoting and strengthening private sector entrepreneurial capacity.

63. It is also vitally important that the authorities establish an appropriate legal, tax and regulatory framework to facilitate entry, enterprises, and encourage, promote or create institutions essential for the efficiency and productivity of the private sector: chambers of commerce and industry, industrial estates, Export Processing Zones (EPZs), business and industrial extension services, development banks and facilities for venture capital and leasing.

- take measures to increase labour productivity and incomes.

(c) Literacy and Basic Education

- Broaden access to education and training through formal and non-formal programmes with the aim of attaining universal primary and secondary school enrolment, the former in the next two decades;
- improve access of girls to education and training with the aim of attaining parity with boys over the same period.

Developing Entrepreneurial Capacity in the Private and Public Sector:

Policy issues and Priorities

58. The priorities of enterprise development should be to increase the rate of formation and entry of new private enterprises; increase the rate of private capital formation, facilitate the transformation of small enterprises into medium and large enterprises, and increase capital and labour productivity and re-investment. As the pursuit of sound policies and good governance are essential for successful capacity building, the government should also provide a stable macro economic and political framework and generally pursue market-friendly policies. Experience in Africa has shown that uncoordinated policies and institutions can lead to duplication of efforts in providing assistance to the private sector. Therefore, the quality of government interventions in support of entrepreneurship development should be enhanced, particularly in the area of trade, tax and financial policies. Information flows to the private sector and regular consultations between government and the business should also be improved through mechanisms as the local chamber of commerce and industry and interest groups like trade and manufacturers' associations;

59. A major policy issue in enterprise development concerns the development of indigenous technological capacities to facilitate technology transfer and assimilation. For this reason, it is essential for the government to pursue appropriate technology, education and training policies to enhance national technological capacities in large, medium and small scale enterprises. Finally, as a matter of policy, entrepreneurial capacity should not only be developed at the national, but also at subregional and regional levels, and in partnership with Africa's external partners in development. The promotion of entrepreneurial capacities among women should also be accorded high priority.

64. Government assistance should also be provided to develop and strengthen skills (including accounting qualifications and standards) required for senior and middle management in the private sector, and strengthen indigenous enterprises through programmes such as export credit guarantees, export insurance schemes and other appropriate incentives, as well as subcontracting opportunities, to enable them to better compete against foreign competitors.

65. A common deficiency in enterprise development is poor communications between government and the business community. To overcome this barrier, therefore, and encourage business confidence, government should establish a mechanism for regular government/business consultations. This will also improve coordination and the flow of information to the business community.

66. In the medium term, governments should encourage the establishment of securities markets plus accompanying prudential regulations and supervision namely: accounting policies and standards, financial information disclosure, laws governing financial transactions, and legal procedures for enforcement these are essential for transparency and the creation of a level playing field, providing efficient and ethical market standards, and the protection of both credit providers and equity investors. To this end, securities exchange boards and judicial institutions should be created to enforce compliance and settle disputes.

Policy Measures and Actions to Promote Entrepreneurial Capacity in the Public Sector

67. Although privatization has achieved an irreversible momentum in most African countries, there will still be a role for public sector. In this regard, the important consideration is the efficiency of the public enterprises remaining in the public domain after privatization or divestiture. In particular great attention should be paid to promoting greater autonomy and accountability as a basis for improving performance and profitability.

68. To avoid ambiguity and to clarify objectives, there should be a clearer definition of public enterprise objectives, particularly financial objectives, as is being done in the context of public enterprise reform, the principal instrument being performance contracts or contract plans. In this regard, it is essential that where government requires public enterprises to provide non-financial services, that these be clearly stated in the performance contract and payment made in full for such services. As part of the effort to improve the efficiency of public enterprises, private sector financial management practices, should be introduced into public enterprise management. Action should also be taken to remedy the

unsatisfactory situation as regards management training and the introduction of performance - related compensation schemes. Moreover supervisory bodies such as Public Enterprises Boards, National Investment Boards etc. should be established in the general context of public enterprise reform, privatization or divestiture programmes, to monitor and evaluate performance.

69. As part of the administrative reform programme, improvement of the competence of African civil services should include improvement of their efficiency and sensitivity to the needs of the business community in particular, civil service training should include comprehension of business methods and concepts.

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BOX 4.

LA REFORME DE L'ENSEIGNEMENT EN TUNISIE

Depuis l'indépendance, la Tunisie a fait un gros effort dans le domaine de l'éducation. Le taux de scolarisation réelle est aujourd'hui de plus de 90 %. Depuis 1989, il y a eu une profonde réforme du secteur éducatif. Cette réforme s'est intéressée à la qualité de l'enseignement, à l'augmentation de l'accès aux cycles moyen, secondaire et supérieur ainsi qu'à l'adaptation de l'enseignement aux besoins de l'économie. Incontestablement cette réforme, en particulier dans le primaire, mérite l'attention des autres pays africains.

La loi de Juillet 1991 précise le contenu de l'enseignement fondamental de 9 ans dont la mise en oeuvre progressive se fera jusqu'en 1998. La scolarité est devenue obligatoire de 6 à 16 ans. Des caractéristiques importantes de la réforme de l'enseignement sont la révision des programmes et l'amélioration de la formation des enseignants. La révision des programmes du primaire a été faite (plus de 240 livres ont été revus) pour les adapter aux besoins de la Tunisie moderne, pour que les messages transmis aux enfants soient rationnels et porteurs des valeurs de la famille et de la société tunisiennes, pour montrer l'égalité de l'homme et de la femme, pour enseigner les principes de la démocratie et de l'esprit civique. Un accès plus large à l'enseignement moyen est recherché à travers la suppression du concours d'entrée en première année moyenne.

Depuis 1990, les enseignements secondaire et supérieur sont en réforme. L'enseignement secondaire commence par un tronc commun de 2 ans suivi par l'éclatement en 5 filières (techniques, sciences, mathématiques, lettres, économie). L'enseignement professionnel court a été supprimé. L'enseignement technique commence dorénavant dans le secondaire après les 2 ans de tronc commun. Des ISET (instituts supérieurs d'enseignement technique) sont en cours de mise en place; ils comporteront dans leur conseil d'administration une représentation du monde économique public et privé.

L'enseignement supérieur compte aujourd'hui 6 universités et 86 établissements. Il s'agit d'accueillir un nombre croissant rapidement d'étudiants et d'assurer l'adéquation entre les besoins de l'économie et la formation dispensée. L'opinion des autorités est que de bons diplômes permettent de lutter contre le chômage des diplômés. La qualité de l'enseignement, menacée par les effectifs nombreux, est une préoccupation constante; la présence d'étudiants à l'étranger ainsi que les échanges d'enseignants contribuent fortement à sa sauvegarde.

En liaison avec les problèmes grandissants de financement de l'enseignement, mais aussi les politiques de libéralisation en cours, davantage de place est donnée à l'enseignement privé qui reste cependant encore peu présent dans les différents ordres d'enseignement.

Developing Capacities for Building and Maintaining Physical Infrastructure

Policy Issues and Priorities

70. It is a truism that Africa's development requires the support of an efficient physical infrastructure: transport (roads, railways, maritime shipping, ports, and harbours, air transport, multimodal transport); communications (posts, broadcasting, telecommunication and computer information networks); energy (firewood, geothermal, oil, natural gas, hydro-potential, solar and wind); water (irrigation, sanitation, industrial and human and animal consumption). In the recent past, all the four areas of infrastructural capacities have witnessed a reduction in levels of gross investment and maintenance expenditure. The overall result is that the rate of capacity utilisation of existing infrastructure is very low. There are therefore infrastructural capacities which can be brought into immediate use with some investment in rehabilitation. But even with a full programme of rehabilitation, there is need for establishing new capacities.

71. The importance of physical infrastructure in national and regional development cannot be overemphasized. Efficient and well maintained infrastructure facilitates the efficiency of the national economy, and of markets in particular. If well planned, carefully programmed and targeted, efficiently priced and operated infrastructural systems can play an important role in poverty reduction, in increasing the equitable distribution of economic opportunities, reducing rural/urban migration pressures, as well as minimizing pressures on the environment, particularly in the urban areas, including secondary towns. Efficient infrastructures also enhance national competitiveness in the global economy. At the regional level, inter-connection of infrastructures is a necessary condition for integration of national markets and industries to facilitate intra-African trade.

72. While rehabilitation and more efficient utilisation of existing infrastructural capacities is essential, it will be important to build new capacities to sustain a faster rate of growth and development of infrastructure in Africa. In this regard, it must be emphasized that African governments should now realise that building and utilising new physical infrastructures cannot be achieved through massive investments alone. There will be need for: a) policy changes, b) continuous investment in human resources development and c) strengthening institutional capacities on a continuous basis. The Second United Nations Transport and Communications Decade represents an important framework for building and utilising physical infrastructure in the area of transport and communications.

Transport

73. The transport sector must provide freight services and mobility for a growing and rapidly expanding urban population. Rapid urbanization will give rise to a much higher demand for transport services. Poor performance of the sector stifles production and over burdens the economy. In many African countries the sector is characterized by: high unit costs and low quality of services in terms of speed, reliability and inter-modal integration; deteriorating physical infrastructure; and low utilization of assets, weak institutions and restrictive regulations.

. Roads

74. Road transport in Africa accounts for over 80 per cent of all freight and passenger movements. The industry is essentially private and has shown great dynamism and resilience. However, its operating costs are high and capacity utilization is low. The transport sector, particularly road, is key to releasing the potential for increased production and incomes in Africa. Thus the objectives for the sector are: (i) efficiency; and (ii) sustainability:

75. There are a number of considerations that should be taken into account in road development: first, without a dependable road system, there can be no supply response to support renewed growth and improved incomes for the rural poor. Second, road maintenance, is above all a matter of policies, especially in the areas of: planning, programming and budgeting, where trade-offs must be made between construction and rehabilitation and the availability of funds; operational efficiency, where there should be less reliance on departmental force account and increased contracting out to the private sector; Institutional reform and human resources development in which autonomy, accountability and incentives are the key objectives. Third, to tackle the massive backlog of road rehabilitation (estimated at 10 to 30 per cent of GDP or 0.8 per cent of regional GNP, or US\$1.15 billion a year over the next 12 years) and build up road maintenance capacity, African governments need to develop comprehensive programmes.

76. Institutional weaknesses and restrictive policies and regulations have contributed significantly to the deterioration of Africa's roads. The key policy issues in the road sector are: fragmentation of planning, financing and budgeting; operational efficiency; and institutional reform and human resource development.

... Railways:

77. In the longer term, African ports...
78. The performance of the majority of African railways has declined sharply in the last decade because of a combination of competition from roads; prolonged economic downturn; government interference and poor or indifferent management. Poor railways make only a marginal contribution to transport services and are a heavy burden on many African treasuries. The rate of utilization of Africa's railway network is low (less than 25 per cent for rolling stock and under 50 per cent for the central workshops), and must be improved by addressing the following constraints: lack of interconnection of the various railway systems; poor investment planning resulting in over-capacity creation; lack of co-operation among countries, leading to duplication of facilities; poor management of available resources, including maintenance of equipment; poor facilitation at borders.

. Maritime Shipping, Ports and Multimodal Transport

78. Maritime shipping has a utilization capacity of only 58 per cent. For shipyard and repair facilities, the utilization rate is less than 50 per cent. Ports also have excess capacities. African ports are generally in a less critical situation than railways: their monopoly status and their access to foreign exchange have guaranteed their financial solvency. Efficiency and the quality of services could, however, be significantly improved. Rehabilitation is needed in some ports but, in most cases, investment will be required in upgrading intermodal container handling facilities and communication systems to meet international standards for distribution logistics. Governments should consider broadening private sector involvement with special reference to multi-modal facilities. Protection of the marine environment will also be an important objective of port and marine facilities.

79. In the longer term, African ports will need to adjust to the emergence of regional hub and feeder services. In this regard, the primary decision concerning regional centres will be made by shipping lines. Port management strategies should concentrate on foreign trade efficiency rather than seeking a central transfer role through capacity upgrading. In summary, the urgent measures for the better and fuller utilization of existing capacities are: consideration of privatization of ports or selected port operations for better management and more efficient operations; increased sub-regional cooperation for better utilization of multimodal transport; signing of relevant conventions related to container repair and maintenance; and implementation of ECA guidelines for the repair and maintenance of containers.

Air Transport

80. Air Transport utilization rates are also low whether in terms of air craft fleet or for air port and aerodrome facilities. Generally, this transport mode is mostly plagued by problems of managerial inefficiency. Therefore, the structural reorganization of African air transport should be given high priority as the present system of small, poorly co-ordinated national airlines is inefficient. The structural constraints of thin markets and small size can only be addressed through regional co-operation. The Yamoussoukro Declaration of 1988 provides an appropriate framework for gradual integration through joint services and leasing. Clearly this will not by itself obviate the need to reform national airlines through cost reductions and tighter management. The plan of action recently proposed for the Southern African Development Community (SADC) countries illustrates the potential benefits of leasing combined with structural reorganization. Also, the serious problems faced by African carriers on all important routes to Europe as a result of regulatory changes concerning noise limits and liberalization of traffic rights, call for a regional approach.

(b) Communications

81. The telecommunications sector has the anomaly of a low rate of utilization of installed capacity accompanied by a high level of unmet demand. The capacity of Pan African Telecommunications network (PANAFTEL) has not yet been fully utilized. National exchanges and transit centres operate at an average of 50 per cent while registered demand is twice the installed capacity. Because of this anomaly, the following measures call for: better balancing of investment in the telecommunications sector i.e. more digital technologies; better maintenance of installed equipment; and improving regional electronic networking.

Informatics and Development

82. Informatics is already affecting many areas of human activity in business, education and in the organization of their personal affairs. Information capabilities are making important contributions to: the cost and quality of production of goods; the marketing of goods; administration; planning; research and development; location of economic activity; and the provision of services.

83. It is clear that as the potential of informatics grows daily, and business communities in Africa and other developing areas see themselves as being disadvantaged compared with their counterparts elsewhere, there will be a strong interest in these countries in realizing some of the potential in more flexible ways.

(c) Energy

84. Africa is endowed with rich energy resources. Estimates of its energy resources include: 300 Gigawatt hours of hydropower; 250 Gigawatt hours equivalent of proven natural gas and known petroleum reserves which are equivalent to 120 years of supply at the present rate of Africa's petroleum product consumption. The energy potential in Africa is not fully exploited. Yet the installed capacity to produce energy is not sufficient. For oil, much of the refinery capacity is inadequate, obsolete or unsuitable for satisfying the required products. Natural gas demand is constrained by inadequate production and distribution infrastructure such that only 46 percent of gas produced is utilised commercially. Firewood which supplies 70-85 percent of Africa's energy needs is produced on small local scale and its exploitation is showing signs of straining the environment in many African countries. Thus, rehabilitation strategies and priorities are required as follows: energy conservation; forest resource management and substitution policies; increasing efficiency in the supply and utilisation of different energy sources; better balance in energy supply between the rural and urban areas; increased interconnections of electricity grids among countries and between subregions;

85. Although much has been done to develop human and physical resources in the energy sector, the institutional framework is inadequate to meet the challenge of the 90s. By "institutional framework" is meant: public utilities, civil service and the regulatory and incentive systems that help create the business environment. After decades of efforts, governments and lending institutions with exceptions, have not fully succeeded in establishing strong and effective institutions that can develop and supply energy reliably and cost-effectively.

(d) Water Supply and Sanitation

86. Water is one of the physical infrastructure whose installed capacity is largely utilised, although there are cases of abandoned schemes especially for irrigation and over-designed projects particularly in the case of dams. The areas which require attention for more efficient utilisation of existing water capacities include: designing central coordinating mechanisms for water resource utilisation; control of waste/effluent discharges; and strengthening subregional policies and strategies especially in respect of the development of trans-boundary river and lake basins (Chad, Gambia, Senegal, Niger, Nile and Kagera).

Measures for Action

87. The following measures are recommended for the development of physical infrastructural capacities in Africa. While UNTACDA II provides a broad consensus framework for the transport infrastructure, it must be supplemented by a number of national policy changes such as: incentives to increase domestic savings; better management of domestic resources from users of the infrastructures including user charges; encouragement of the private sector to participate in some areas of infrastructural capacity building; and effective regional cooperation to integrate the different infrastructural capacities more efficiently.

Human Resources and Institutional Development

88. To ensure the strengthening of existing and new infrastructural capacities, appropriate human resources are a prerequisite. In this area, the following specific elements have to be addressed: training that is in line with national manpower development plans, including the upgrading of subregional institutions to technical centres with the capacity to train specialists and instructors; and focusing on corporate management issues and reducing government red tape and interference.

Policy and Institutional Reforms

~~that~~
Specific actions in this area should be taken to: restructure the existing governmental and state owned enterprises (SOES) to achieve a separation between the regulatory function of government and the operational activities of autonomous companies; encourage small and medium-scale facilities; and strengthen planning and programming in relevant sectoral ministries.

Domestic Resources

90. The important issues in improving the mobilisation of domestic resources for infrastructural development are: user charges for infrastructure services that cover economic costs for the services with margins for maintenance; ensuring economic profitability of infrastructural services and facilities; efficient management in all the enterprises involved in infrastructural development; and control of public expenditures in the sector.

The mobilization of local resources should be given priority to meet the needs of the UNTACDA II. The re-organization of direct and indirect taxation, cost recovery for the use of infrastructure in the search for the prices and their billing,

are the focal points of institutional reforms enabling countries to reduce their dependence on external resources.

External Resources

92. Africa's vast natural resources are underexploited. Thus, while in terms of natural resource endowments, Africa has a comparative advantage over other regions, it is the least industrialized region in the world. Overall, the rate of utilisation of natural resources is low and production facilities for metals, chemicals, engineering products and those for the processing of reserves of flora and fauna are inadequate. To compound the situation, such facilities exist in a limited number of countries and their capacity utilisation is only in the range of 30-50 percent. Yet, Africa's imports of related products are increasing.

91. To support the development of infrastructural capacities external resource mobilisation should be targeted at: multilateral development agencies; bilateral donors; and South-South cooperation.

Regional Co-operation for Infrastructure Development

Creating an adequate, well integrated and functioning regional physical infrastructural network requires close co-operation between neighbouring countries in a sub-region and between the various sub-regions. Such co-operation would also provide economies of scale which are essential for the development of critical capacities such as training and local manufacture of inputs and equipment. Actions in the following areas are recommended:

(i) Facilitation of flow of traffic, goods, persons, information and services through harmonization and standardization of rules, regulations, procedures, equipment and facilities. In this regard, member States are required to ratify and implement the various instruments and protocols for inter-state facilitation within the framework of the Abuja Treaty.

(ii) Technical co-operation in many aspects including formation of joint ventures, training facilities, research and development institutes, manufacture of equipment, exchange of information, sharing of experts.

Capacities to Exploit Natural Resources and Diversify African Economies into Processing and Manufacturing

Policy Issues and Priorities

92. Africa's vast natural resources are underexploited. Thus, while in terms of natural resource endowments, Africa has a comparative advantage over other regions, it is the least industrialized region in the world. Overall, the rate of utilisation of natural resources is low and production facilities for metals, chemicals, engineering products and those for the processing of reserves of flora and fauna are inadequate. To compound the situation, such facilities exist in a limited number of countries and their capacity utilisation is only in the range of 30-50 percent. Yet, Africa's imports of related products are increasing.

93. Given the very low capacity utilisation rates of manufacturing industries that process Africa's natural resources, and in view of the high demand, evidenced by rising imports, African countries should, as a first step, ensure a fuller utilisation of existing capacities. In this regard, the following priorities and measures are important and urgent: definition and implementation of policies of selective rehabilitation of industries that link natural resources to manufacturing; formulation of rehabilitation policies that will make it attractive for the indigenous entrepreneurs and foreign capital to invest in resource-based industries; and since restructuring and rehabilitation can only be successful if government pursues the right policies and creates an enabling environment, an appropriate monetary and fiscal stance is necessary.

Measures for Action

94. The main components that will constitute a package for building and efficiently utilising capacities to exploit natural resources are basically three: human resources, appropriate institutional capacities and financial resources. The relevant priorities and actions required in each of these components are outlined below.

Human Capacities for Industrial Production Sectors

95. Human capacities that will transform natural resources into final products are at the core of any industrialisation strategy. In this respect the following dimensions of human resources development are of fundamental importance: giving attention to science and technology at all levels of human resources development ie at the primary, secondary and tertiary levels; focus on generating skills for processing of agricultural products, transforming raw materials and upgrading existing products; training in technical and managerial fields to create sufficient skills that can sustain a momentum for economic change in general and industrial restructuring in particular; better utilisation of trained personnel, especially in the science and technology fields, including finding innovative ways to reverse Africa's brain drain; and development of industrial culture both in terms of the supply of and demand for the products of industrialisation.

Institutional Capacities for Industry

96. Africa's industrialisation has been hampered by the lack or inadequacy of institutional capacities. A strategy that aims at ensuring better industrial capacities to exploit the region's natural resources must therefore address a number institutional issues: First, building of appropriate institutions that will

support the private sector and facilitate its ability to identify opportunities and share information among entrepreneurs. Second, strengthening of institutions responsible for manpower training as well as industrial and technological research, the government having first undertaken an assessment of currently available human and technological resources. Government should also encourage private investment in skills upgrading through appropriately designed apprenticeship systems and skill certification systems. In this context, national institutions of scientific and industrial research should focus their efforts in disseminating technology, product and foreign competitor information; assist specific industrial sub-sectors in developing modernization plans and developing inter and intra-industry linkages; in selecting plant and machinery and in identifying and adopting new technologies. Third, encouraging the formation of financial institutions that can adequately support industrial entrepreneurs. Fourth, setting-up specific institutions to link the primary raw material base with the manufacturing sector.

The mobilisation of resources for industrial development

97. The nature and magnitude of private sector participation that is envisaged for the resuscitation of industrialisation in Africa makes it impossible to attempt to estimate resource requirements. What is attempted here is an indication of what actions will be necessary to ensure the generation of resources for the strengthening and building of capacities for the exploitation of Africa's natural resources and the diversification of the African economies. These include: increasing the domestic saving rate to ensure an adequate financial base for the private sector; attracting foreign direct investment (FDI); pooling resources for the establishment of multinational projects for the joint exploitation of natural resources in areas like energy and mineral processing.

Strengthening Capacities in Support of Food Security and Self-sufficiency

Policy Issues and Priorities

98. More than 200 million people in Africa are food insecure due to inadequate productivity to utilize the assets they have, or inadequate incomes to buy food. The most affected group of these food insecure people in Africa are the victims of famine from drought, natural disasters and internal wars.

99. Food security, though interpreted in many ways, may be defined as access by all people to enough food for an active and healthy life. Conversely, food insecurity refers to the lack of access to sufficient food and can be either chronic or transitory. Chronic food insecurity has to do with a

continuously inadequate diet resulting from a lack of resources to produce or acquire food. The overall outlook for food security and food sufficiency in Africa is bleak. An average annual population growth of 3 per cent per annum cannot be sustained by an annual average rate of growth of 1.8 per cent in food production.

~~annually action is required to~~
100. Many of the strategies for food and agricultural development in Africa have failed to meet their objectives principally because of inadequate capacities for implementation of their key aspects, although inadequate commitment and lack of resources have also contributed to the failure. In particular, it is now agreed that inadequate human, institutional, and infrastructural capacities have contributed in no small measure to the lack of food security in the region. Therefore, if the objectives of food security and food self-sufficiency are to be attained, human, institutional and infrastructural capacities must be strengthened. The capacity of institutions to function effectively in support of food security objectives must be ensured. Adequate private and public infrastructural capacities are needed to deliver efficiently the necessary services (extension, credit, technological packages, and other inputs) to the millions of farm-families who must produce if national, sub-regional and/or regional security is to be attained.

Measures for Action

101. An integrated approach to the building and/or strengthening of human capacities in support of food security and self-sufficiency in Africa should be anchored on: the creation of a macro-economic environment conducive to the enhancement of productivity and promotion of gainful employment, both on-farm and off-farm in the rural areas; access to adequate health and decent sanitation and nutrition; access to basic education, literacy and vocational training; and the promotion and application of appropriate scientific research and technological capabilities in the food sector, through extension and demonstration and encouraging farmer response and participation.

102. For Africa to achieve food security and self sufficiency ~~ie, achieve food production growth of at least 4 per cent per annum~~, action is required to accelerate economic growth, particularly of agriculture and food production, which will lead to poverty reduction.

103. Actions should promote full "access by all people at all times to ensure enough food for an active and healthy life". These actions include; a) special projects aimed at raising the income of the food insecure and dampening food price fluctuations; b) strengthening the institutional capacities of African governments to manage food security and self sufficiency

programmes; c) increasing the effectiveness of food aid e.g. targeted food interventions and improving management of emergency food situations in the short term, but decrease dependence on it over the long term; d) improving market efficiency and increasing access to food through stable sources of income; e) providing essential social services and safety nets; f) encouraging adaptive farm research and boost yields of food crops.

104. The food security and self-sufficiency efforts of the region should be reinforced by governments ensuring that the institutions responsible for research, extension, credit and non-formal education services are well managed, staffed and adequately funded. Efficient and accountable co-operatives owned by the farmers are essential to the modernization and productivity of agriculture. Additionally, at the institutional level, farmers' associations, especially young farmers clubs, and the institution of field trials and open days should be encouraged as important events in the calendar of successful farming.

Capacities for the Mobilisation and Efficient Allocation of Financial Resources

The Policy Issues and Priorities

105. The policy issues which have been identified in this priority area are: (i) depressed levels of domestic savings and investment; (ii) too low efficiency of capital resulting in too low rates of return on investment; (iii) a structural imbalance of trade; (iv) the external debt burden; (v) large internal public debt which threatens the soundness of the African financial sector; and (vii) the stunted development of financial intermediation capacities.

106. The rates of gross domestic investment (GDI) and gross domestic savings (GDS) in proportion to the gross national product have remained at low levels relative to other developing regions of the world. Since 1980, the African GDI rate has averaged only about 20 percent of gross domestic product (GDP), and only about 15 percent in the sub-Saharan countries. The African GDS rate, on its part, has averaged only about 18 percent of gross national product (GNP), and only about 13 percent in the sub-Saharan countries. By contrast, the fast-growing economies of China, the Asia-Pacific rim, and the Association of South-East Asian Nations (ASEAN) grouping of countries have maintained savings and investment rates in the range of 30-40 percent over the same period.

107. The low rates of domestic investment are the result of poor rates of public, private sector, and foreign direct investment, while the low rates of domestic savings are the result of chronic

dis-saving in the public sector, and low savings rates by private sector enterprises and by households. The poor rate of public investment and public sector dis-saving have been due to African countries' high recurrent public consumption expenditures, loss-making public enterprises that were sustained by state subsidies, poor controls on spending, corruption within the public sector, and rather low levels of fiscal revenue collection in proportion to the GDP, relative to countries in other regions of the world.

108. In the private sector, the low savings rates of enterprises have been because of low profitability resulting from poor management capabilities, the high costs of doing business due to poor infrastructures, insecurity of property, ineffectual legal frameworks that do not offer efficient recourse for the enforcement of contractual obligations, high levels of losses to pilferage by employees, and weak demand due to declining personal incomes. In the rural areas, where the bulk of the population lives, the low savings rates of households are due to the continued predominance of the subsistence mode of production and exchange, the continued low level of integration of the rural economy into the monetised national economy, and the low level of cash incomes of households. In the urban areas, on the other hand, the high levels of unemployment and the low profitability of informal sector activities leave little surplus to be saved.

109. Moreover, underpinning the persistence of these structural factors, the financial intermediation infrastructure for effective mobilisation of resources and their efficient allocation continue to be underdeveloped in most of the African countries. The range of institutions as well as the menu of financial instruments and services which they offer are limited. At the same time their operational methods are too costly, bureaucratic, and baffling to the potential clientele with only low levels of functional literacy.

110. Compounding the low rates of domestic investment is the low efficiency of capital, due to the rather poor quality of investments, which results in low rates of return on invested scarce resources. This has manifested itself in the very low rates of utilisation of installed capacity in the African countries, in addition to excessive delays and cost over-runs before completing capital projects and bringing them into full use. Indeed, some industrial projects have gobbled up hundreds of millions of dollars and yet failed to reach their completion stages and full stream production. The poor quality of African investments is linked to the inefficiencies of the public enterprises; failure to develop the private sector, especially small to medium-scale enterprises; poor priorities in the national development strategies; distortions created by macro and micro economic policies; and the extent to which direct intervention by the state, often arbitrary, has supplanted

markets in the allocation of scarce investible resources. Acute shortages of foreign currency due to poor external trade performance has also had a negative effect.

111. The African countries also suffer from an intractable structural imbalance in their external trade. This is due to the slow progress towards the diversification of their production and export bases away from total dependence on primary commodities towards processed goods and manufactures with more added value; and their declining competitiveness within the global economy, which has resulted in the loss of market share of some exports previously dominated by African countries. Consequently, Africa's terms of trade have fallen steeply since 1980. In order to check the deficit on the trade account, imports have had to be severely compressed, resulting in the contraction and stagnation of African economic output over the last decade and a half. In general, Africa is not in a position to benefit from the on-going export boom which has been an engine of growth for the fast-growing economies in other regions of the world. In fact, it is widely accepted that the sub-Saharan African countries are likely to be net losers in the global trade regime in post-Uruguay Round of GATT era.

112. As a consequence of the chronic trade deficits as well as the poor development policies and poor management of scarce external resources in the past, African countries are weighed down by a heavy external debt burden. On the internal front, decades of dis-saving by the state and its sponsored public enterprises has resulted in massive internal public and public-guaranteed debt on the books of national banks and private sector suppliers of goods and services. In some countries, government employees have had to go for months without pay, which has sapped morale and created socio-political tensions. With the net worth of African financial institutions severely reduced by large amounts of non-performing assets, enterprises threatened with bankruptcy by bad debts owed by the state, and government workers unable to pay their family bills, in a number of countries, the financial system has been under severe strains.

113. The domination of the public sector over the African financial sector; the monopolistic structure of financial institutions, segmented along specific lines of business; the predominance of short-term financing especially in favour of external trade activities; the failure to spread to the rural areas (where the bulk of the African people live) and to operate there profitably by tailoring financial instruments and services to the cultural and economic circumstances actually prevailing in Africa; and the failure to develop strong and quasi-independent central banks with credible capacities to exercise supervisory and regulatory powers over the financial sector institutions -- all these factors have resulted in the under-

development of financial intermediation capacities for the mobilisation of domestic savings and their efficient allocation to productive uses.

114. The vacuum left unfilled by formal sector financial institutions has been partially filled by informal sector financial arrangements, such as susu collection in West Africa, and the iqqub and iddir in rural areas and the informal sector in Ethiopia, as well as different forms of informal savings and credit associations and welfare arrangements in other countries. Money lenders charging as high as 100 percent interest rates over short repayment periods abound every where, to whom people are forced to resort when they cannot obtain zero-interest loans from relatives and friends. Informal sector financial arrangements are clearly inefficient, offer no guarantee of protection to savers beyond personal trust based on reputation, offer negative real rates of return to savers while borrowers may be charged exorbitant real interest rates. However, the fact that they continue to thrive indicates that they have certain attributes which formal sector institutions must adapt and adopt in order to be more successful in the African rural and informal sector economies. On the other hand, informal sector financial markets, especially those handling large numbers of clients and large volumes of money, should be brought under appropriate levels of regulation and supervision while keeping paper-work to a minimum.

Policy Measures and Actions

115. Economic structural reforms currently being implemented in most African countries and aimed at removing distortions, increasing the role of the private sector, streamlining public enterprises and privatising some of them are aimed at boosting efficiency and competitiveness of the African economies and, if they are successful, will result in a boost to the rates of return on investment.

116. Financial sector reforms, particularly, which are being implemented in a number of countries, aimed at removing financial repression and strengthening the financial sector institutional base, should result in increased incentives for private savings, a more sound financial sector institutional base for more effective intermediation between savers and investors, with a more efficient allocation of scarce financial resources. In this regard, one of the most important reform measures will be the strengthening of African central banks with the restoration of their quasi-independent status as the leading advisor to the state in the formulation and execution of monetary policy, and as the regulatory and supervisory institution over other financial sector institutions.

117. Commitment to these reforms should therefore be intensified. Countries should increasingly exert their "ownership" function over the formulation of policies to advance structural reforms, even though multilateral financial institutions, particularly the Bretton Woods institutions will continue to exercise influence over the pace and direction of reforms by virtue of their financial backing of the reforms and the fact that their "certificate of approval" carries weight with external sources of finance. The success of these reforms, however, will depend on the extent to which they are politically acceptable to the bulk of the African people. To this end, care should be taken to ensure a fair sharing of the burden and benefits of adjustments, to cushion the most vulnerable segments of the population, and to sequence adjustment measures such that there are some tangible near-term pay-offs to encourage the population's acquiescence to further stages of reform.

118. On the issue of external debt, there is not much that African countries can do individually to reduce their obligations. It is in the power of the external creditors to significantly reduce these countries' clearly unserviceable debt, and steps should be taken which go well beyond the Enhanced Toronto Terms which are currently being applied. Private sector creditors should also be encouraged to offer substantial reductions on African debt, to reschedule it on more concessional terms, and to swap sizeable amounts of it into equity holdings or into tax-deductible contributions for nature preservation, social development in African countries, etc.

119. Capacity building and the resumption of sustained economic growth and development in Africa, however, will require access to substantial amounts of new external credit over the decades. Therefore, Africa's external partners should stand ready to extend increased bilateral assistance in the form of grants, concessional and non-concessional lending, multilateral credits, as well as guarantees covering private credits from commercial and investment banks and other financial markets. In return for this financial assistance, of course, African countries will need to demonstrate firm commitment to the spreading and deepening of their structural reforms. Above all, African countries, will ensure that the policy mistakes and administrative practices that led to the tripling of their external debt burden in the span of less than 15 years will not be repeated. To this end, they will build up more effective institutional and human capacities for the prudent management of all aspects external debt -- to ensure that external resources are contracted only for projects that offer rates of return that are high enough and which strengthen the country's production and export base; to keep the costs of credit as well as exposures to various risks to a minimum, and to ensure a sustainable aggregate debt service profile that will not precipitate national liquidity crises in the future.

IV. ELEMENTS OF A PROGRAMME OF TECHNICAL COOPERATION FOR CAPACITY BUILDING IN AFRICA

120. It is certain that actions from diverse quarters will be required to see to the implementation of all the measures needed to begin and sustain the process of development capacity building. ECA and the other partners in Africa's development will have to work individually and collectively, to ensure that all contributions to the attainment of this objective are mutually re-enforcing and supportive within the framework of this programme.

121. No programme of this magnitude and importance in Africa's development can succeed without strong support and coordination of actions at the national sub-regional and regional levels. At the latter two levels, ECA, in collaboration with other partners, will catalyze actions to ensure that the interventions by various agencies are fully coordinated towards the effective implementation of this programme.

122. It will, therefore, be necessary to formulate a programme of support to be executed by Africa's development partners to reinforce the efforts of African governments in building critical capacity for development. This programme will constitute the main thrust of ECA's priority action measures in the Africa region in the medium to long term. It will, in a way, represent ECA's own programme of technical assistance to African countries, and will provide the context for concerted inter-agency action in support of Africa's development. Within it, a new agenda aimed at strengthening partnership or cooperation in development with African countries will be defined and may comprise the following elements.

Building a Consensus for Action

123. It is therefore recommended that a mechanism be established to coordinate the activities at all levels and to implement the regional component of the programme as identified in the individual sector programmes. In this regard, the UNECA secretariat will work in close collaboration with all the relevant African inter-governmental and non-governmental organizations and institutions as well as UN agencies and international financial institutions in order to assist African countries implement the programme. The existing mechanisms for regional co-ordination among the agencies of U.N. system, in Africa on one hand, and the joint Secretariat of the three major regional institutions on the other hand, will be used for this purpose.

124. A major step towards the implementation of the action programmes is the sensitization of all partners at national, subregional, regional and international levels, to the necessity for concerted efforts to building critical capacities in Africa. However, past experiences in regional action programmes, of which there have been many, have shown that sensitization of all partners in itself may be a necessary but certainly not a sufficient condition for success. Therefore, subsequent steps for concrete action would be required. These should include the involvement of regional partners, and in particular, UNECA, to assist the countries and regional organizations in the actual implementation of the required actions.

125. The building of development capacity is a dynamic process which calls for constant monitoring, assessment and evaluation. It is clear that the need will arise for the different elements of capacity to be closely monitored with a view to ensuring that their evolution and performance do not take the region's development endeavours off track. Also, for policy analysis purposes, it would be important to ensure that knowledge of the interplay among the factors that make for development capacity is constantly deepened through a continuous programme of research and study. This programme should be carried out in a structured manner within the United Nations agencies, by the integration and development IGOs in Africa as well as within national, sub-regional and regional institutions of higher learning.

126. The details and financial costs of this programme will have to work out negotiate with all actors concerned. The preliminary outline of the programme of technical cooperation, showing the policy measures, required action, expected outcome and relationships with other measures, is presented in the tables that follow.

REGIONAL ACTION PROGRAMME OF TECHNICAL COOPERATION IN
CAPACITY BUILDING AND UTILIZATION IN AFRICA

POLICY MEASURES	REQUIRED ACTION	EXPECTED OUTCOME	RELATIONSHIP WITH OTHER POLICY MEASURES
1. <u>Building Consensus Framework for Action</u>	<ul style="list-style-type: none"> • Preparation of draft action programme at regional level • Dissemination of approved programme in selected African countries through workshops, seminars attachments, etc. • Preparation of specific national action programmes for implementation • Establishment of a mechanism for monitoring implementation 	<ul style="list-style-type: none"> - Regional agenda for capacity building and utilization approval by the Conference of Ministers - Broader awareness of all national-level actors in the programme - National action programmes adopted 	Prerequisite for overall success of programme requires joint efforts among UNECA, OAU, RECS, relevant UN agencies and financial institutions in assisting African countries adopt and implement the various aspects of the programme

POLICY MEASURES	REQUIRED ACTION	EXPECTED OUTCOME	RELATIONSHIP WITH OTHER POLICY MEASURES
1. <u>Human Resource Development</u>			Utilization of indigenous human resources
2.1 Education and Training	<ul style="list-style-type: none"> Regular assessment of training needs for sustainable development and dissemination of findings to member States (UNECA) Upgrade capacity of regional training institutions (e.g. ESAMI, ARCEDEM, IDEP, ARCT, CAFRAD, AFRALTI, etc.) to become centres of Excellence More investment in education, health and nutrition programmes Revival of the Training and Fellowships Programme for Africa at UNECA 	<ul style="list-style-type: none"> Establishment of effective training programmes in Africa national and sub-regional/regional institutions (e.g. in science and technology; management; entrepreneurship; etc.) Orientation of education to socio-economic development needs of society, i.e production of human resources suitable to Africa's development needs Higher literacy rates attained in African countries More healthy and productive society More use of technology 	<ul style="list-style-type: none"> Policy and institution reforms Mobilization of domestic resources Participation of indigenous entrepreneurs in development Technical assistance Regional Cooperation

POLICY MEASURES	REQUIRED ACTION	EXPECTED OUTCOME	RELATIONSHIP WITH OTHER POLICY MEASURES
2.2 Utilization of indigenous human resources	<ul style="list-style-type: none"> Develop human resource management programmes and assist interested countries implement them (these should include incentive policies career development and generally enabling work environment) Develop programmes for bringing back expatriate Africans from developed countries 	<ul style="list-style-type: none"> Countries implement human resource policies that promote utilization of indigenous experts (e.g. domestic consultants and contractors) such as transparent career development and incentive programmes. Reduced brain-drain in Africa and return of skilled manpower to Africa Reduced over-reliance on foreign technical assistance More efficient public sector management African human capacity developed 	<ul style="list-style-type: none"> Training Policy and institutional reforms Mobilization resources Participation indigenous public/private sector and entrepreneurs Technical assistance

POLICY MEASURES	REQUIRED ACTION	EXPECTED OUTCOME	RELATIONSHIP WITH OTHER POLICY MEASURES
<u>Policy and Institutional Reforms</u>	<ul style="list-style-type: none"> Develop the necessary policy and regulatory framework and disseminate findings to assist interested countries implement sectoral programmes Reform of public institutions (education, health, employment government, etc.) 	<ul style="list-style-type: none"> Clear and consistent policy and regulatory frameworks for development established in many African countries. On-going sectoral programmes implemented in many countries (e.g. Road maintenance Initiative; Human Resource and Institutional Development Programme; Food Security; etc). Domestic resources mobilized Foreign Direct Investment increased Better operations and management of public and private enterprises 	<ul style="list-style-type: none"> Training Utilization of indigenous capacity Mobilization of domestic and foreign resources Technical assistance Technical cooperation

POLICY MEASURES	REQUIRED ACTION	EXPECTED OUTCOME	RELATIONSHIP WITH OTHER POLICY MEASURES
<p>4. <u>Mobilization of Domestic Resources</u></p> <p>4.1 Cost-sharing in development</p>	<p>Undertake studies and develop programmes for introduction of equitable cost sharing mechanisms sharing mechanisms (e.g. user charges, surcharges on service, taxation, etc) and organize dissemination work shops for interested countries</p>	<p>Mechanisms set up in several countries for cost-sharing for provision of development facilities (e.g. education, health, infrastructure services etc.)</p>	<p>Increased efficiency of resource use</p> <p>Popular participation in development activities</p> <p>Policy institutional reform</p>
<p>4.2 Increased efficiency of resource use</p>	<p>Develop models for efficient resource management in key economic sectors (e.g. infrastructure operations)</p> <p>Reduce public spending in non-production (e.g. military sectors)</p>	<p>Approved models for resource management established in various operations resulting in better utilization of resources in all development activities</p> <p>Public resources redeployed to education, health, food and nutrition, etc.</p>	<p>Promote indigenous entrepreneurship</p> <p>Training</p> <p>Policy institutional reform</p>

POLICY MEASURES	REQUIRED ACTION	EXPECTED OUTCOME	RELATIONSHIP WITH OTHER POLICY MEASURES
<p>4.3 Participation of Indigenous Public, Private Sector and Entrepreneurs in development</p>	<ul style="list-style-type: none"> • Establish financial intermediation mechanisms for public investment in development (e.g. AFREXIM Bank and stock markets; rural savings banks, etc.) • Establish investment banks with clear regulations and laws for entrepreneurs • Conduct education programmes for policy-makers, planners, entrepreneurs, labour leaders, industrialists (IDEP, CAFRAD, ACARTSOD, etc). • Develop cooperation with external partners, private and governmental. Promote political stability (e.g. OAU Conflict Resolution Organ) • Establish fora for consultation between governments and entrepreneurs (Chambers of Commerce) 	<ul style="list-style-type: none"> - Public investment in public/private enterprises and increased financing resources - Increased domestic savings - Sound industrial base for development - Faster socio-economic development - Popular participation in development including women - Increased South-South cooperation promotes transfer of technology - Joint ventures established - Improved cooperation among all key actors in development 	<ul style="list-style-type: none"> • Promotion of Foreign Direct Investment • Utilization of indigenous human resources • Training • Mobilization of domestic resources • Regional cooperation

POLICY MEASURES	REQUIRED ACTION	EXPECTED OUTCOME	RELATIONSHIP WITH OTHER POLICY MEASURES
<p>5. <u>Mobilization of External Resources</u></p> <p>5.1 Promotion of Foreign Direct Investment (FDI)</p>	<ul style="list-style-type: none"> Prepare models for required regulations and disseminate to interested countries Develop models for valuation of public enterprises and disseminate to interested countries Establish conducive socio economic environment to attract FDI (peace, security, stability) 	<ul style="list-style-type: none"> Countries establish clear regulatory environment and attract FDI Countries establish clear procedures for privatization of public enterprises which protects public wealth Capital flight from Africa reversed 	<ul style="list-style-type: none"> Institutional reforms Promotion of indigenous entrepreneurs Mobilization of domestic resources Regional cooperation

POLICY MEASURES	REQUIRED ACTION	EXPECTED OUTCOME	RELATIONSHIP WITH OTHER POLICY MEASURES
5.2 Loans from Development Bank	<ul style="list-style-type: none"> Assist countries prepare projects that meet standards required by the Banks Review NPIP with countries to ensure inclusion of key projects Establish quick disbursement programmes in order to reduce backlog of undisbursed funds Negotiate debt reduction Review SAPs 	<ul style="list-style-type: none"> NPIP consistent with agreed priority for regional development More resources available for development activities 	<ul style="list-style-type: none"> Technical Assistance Indigenous entrepreneurs Technical cooperation Mobilization of domestic resources Private sector participation

POLICY MEASURES	REQUIRED ACTION	EXPECTED OUTCOME	RELATIONSHIP WITH OTHER POLICY MEASURE
<p>6. <u>Use of financial and Technical Assistance (TA)</u></p>	<ul style="list-style-type: none"> Revise TA arrangements to enhance development of Africa's capacity Develop directory of African experts in the key areas of development 	<ul style="list-style-type: none"> Use of experts from Africa whenever possible for implementing TA projects Use of national consultants and contractors to implement TA projects Transfer of know-how to Africa 	<ul style="list-style-type: none"> Training Use of indigenous human resources Institutional reform Domestic resource mobilization Foreign direct investment Regional cooperation

POLICY MEASURES	REQUIRED ACTION	EXPECTED OUTCOME	RELATIONSHIP WITH OTHER POLICY MEASURES
<p>7. <u>Regional Cooperation</u></p> <p>7.1 Facilitation of Inter-country flow of goods information and persons</p>	<ul style="list-style-type: none"> • Set up regional forum for discussion of facilitation issues • Prepare training programmes on the use of existing African/international instruments for facilitation 	<ul style="list-style-type: none"> - National facilitation committees formulate facilitation policies and oversee their implementation - Adoption, ratification and implementation of relevant existing African/international instruments for facilitation 	<ul style="list-style-type: none"> • Technical cooperation • Implementation of regional projects and programmes • Training • Policy and institutional reforms • Private sector entrepreneurship • Promotion of FDI

POLICY OPTION/ PROBLEM AREA	REQUIRED ACTION	EXPECTED OUTCOME	RELATIONSHIP WITH OTHER POLICY OPTIONS/ PROBLEM AREAS
7.2 Technical Cooperation	<ul style="list-style-type: none"> Identification of key training needs, industries, skills, potential for joint ventures for the development of key sectors of the African economy Facilitate exchange of information through regional institutions (such as UNECA/ PADIS Implementation of the Inter-African Convention Establishing the African Technical Cooperation Programme 	<ul style="list-style-type: none"> National components of protocols of Abuja Treaty implemented in all countries Key regional programmes and projects implemented (e.g. RASCOM) More co-operation among African countries 	<ul style="list-style-type: none"> Training Policy and Institutional reforms Technical assistance Implementation of regional projects
7.3 Implementation of Regional Projects and Programmes	<ul style="list-style-type: none"> Preparation and dissemination of information on key regional programmes and projects (Abuja Treaty, RASCOM, Yamoussoukrou Declaration on New African Air Transport Industry, etc.) 	<ul style="list-style-type: none"> Regional programmes and projects implemented 	<ul style="list-style-type: none"> Technical cooperation Mobilization of resources Participation of private sector entrepreneurs Utilization of indigenous human resources

V. THE MONITORING AND EVALUATION OF THE FRAMEWORK AGENDA

127. The region-wide framework agenda for building and utilizing critical capacities in Africa has been conceived as a new development platform for dealing with specific African conditions, and is therefore different from strictly economic approaches to programmes and projects.

~~128. It should be noted that the nature and scope of the issues addressed attempt to encompass the interrelationship of multiple aspects and factors of socio-economic dynamics in a holistic way.~~
128. It should be noted that the nature and scope of the issues addressed attempt to encompass the interrelationship of multiple aspects and factors of socio-economic dynamics in a holistic way. The emphasis of monitoring and evaluation should therefore be shifted from strict economic indicators of programme performance to knowledge and appraisal of the additional factors sustaining institutions and allied capacity building programmes, and ultimately to issues of policy and governance as these relate to human resources and the development of institutional capacity.

129. This approach which calls for analysis of qualitative changes to existing development structures raises the question of how best to ensure "ownership" of the programme by the nationals from inception and design stage to evaluation, as the issue of "ownership" is fundamental to the sustainability of the programme.

130. To be successful, in view of the acute scarcity of resources compared to the vast demands, the capacity-building process will have to be planned strategically, owned by the nationals, coordinated during the implementation phase, in view of the multiplicity of autonomous agents that are involved. Effective monitoring and will also be required, in case there is need to modify plans in light of new or unforeseen developments, and evaluated at the completion of specific phases. High quality and reliable assessments, both quantitative and qualitative, are important inputs into each of these stages of the process. Inventory of skills and assessments of the status quo from which capacity building must commence are also important at the planning stage. To gauge progress and formulate follow-up actions, assessments are needed at periodic intervals as work proceeds and at the completion of specific phases of the programme.

131. Where particular capacities are amenable to quantitative assessment, a composite of indicators can be identified which can be gauged from time to time to measure the pace of progress in ~~attaining capacity building and utilisation targets.~~ Even where capacities are not easily amenable to quantitative assessment, as in the case of institutions, there are still some quantitative indicators that can be used as good proxies for the degree of

success in attaining specific qualitative objectives. For example, the input of resources compared to the quality and quantity of human resources produced can be used to assess the efficiency, effectiveness, and competence with which educational institutions or health infrastructures as a group or as isolated facilities fulfil their essential functions. In the case of educational institutions, the quality of human resources itself can be gauged by a composite of quantitative indicators, such as measures of cognitive achievement (e.g., examination pass rates, level of functional literacy and numeracy imparted, etc), employability of school leavers and graduates, etc. In the case of health institutions, indicators such as morbidity and mortality rates, fertility rates, life expectancy at birth, etc, can be gauged and monitored. A thorough assessment of institutional performance requires an array of characteristic and objective elements to be assessed. However, the quantitative measures thus obtained should not be taken as absolute, as if each told the complete story. Rather, all indicators should be taken as an ensemble, because each datum reveals a different dimension or angle of institutional performance. An over-all assessment is, in the end, a judgemental one -- hopefully, well-informed and objective -- based on how the different pieces of data relate to one another.

132. The importance of involving people in the development process has now been recognized as a fundamental prerequisite for sustainable development and for evaluating the developmental impact of the programme. Based on these premises, the present framework calls for intensified efforts to bring together the different actors in order to establish operational linkages between all strata of the institutions involved in society, avoid fragmentation and mobilize public support for the programme.

133. It is obvious that the modalities envisaged for setting in motion such a region wide process for implementing the present framework agenda will require well integrated mechanisms to regularly assess progress and, in consultation with the participating country, make adjustments as and when the need arises. In this context, monitoring and evaluation will proceed concurrently with the development of evaluative capacity in three distinct but complementary levels namely the national, subregional and regional levels.

134. There is already an extensive network of existing mechanisms in place at the levels indicated above which should be fully mobilized with a view to integrating the objectives of the framework agenda and follow-up of its implementation, beginning with the country level. This is a complex task which will require

considerable strengthening of capacities to facilitate continuous assessment and appraisal.

135. The country assessments, for which governments have primary responsibility, will to a large extent depend on the governments commitment of the framework agenda. It is equally important for the success of the programme that at country-level an independent evaluative capacity should be developed where it does not exist, or strengthened if already exists, as part of the planning machinery or central personnel management agency.

136. In this regard, existing evaluation capacities, particularly in the context of national programming exercises including mobilization of resources will be fully tapped. Governments should, therefore, actively consider appropriate organizational arrangements in connection with these evaluation exercises. In addition, national planning and/or development agencies, so essential for the successful outcome of the programme, would have to ensure that current activities are not only consistent with the proposed capacity building programme but also are closely aligned with the framework agenda. One possibility in this regard would be the combination of UN-NADAF monitoring networks with the present framework agenda.

137. At the subregional level, existing structures and mechanisms to facilitate coordination with national programmes should be fully utilized. In this regard, the MULPOCs in cooperation with the IGOs and sub-regional economic groupings would be ideal focal points. The programme meetings organized by the MULPOCs on an annual basis should provide with a forum for substantive review of progress at the country level with particular focus on required linkages between the countries in the various subregions.

138. By virtue of its mandate and terms of reference, the ECA is responsible for overall co-ordination, monitoring and evaluation of the programmes at the country, sub-regional and regional levels. The existing intergovernmental machineries established by ECA in support of its programme of work are the most comprehensive regional framework within which overall monitoring and evaluation of the framework agenda should be carried out. The main organ around which monitoring and evaluation should evolve is ECA's Conference of Ministers which is called upon to translate into action the proposed framework agenda at the country level and regularly report on progress achieved. The overall region-wide assessment of national and subregional activities would be made on the basis of an annual progress report to be submitted by the secretariat to ECA's Conference of Ministers for consideration.

The annual progress report would be based on the secretariat's ongoing assessments at both the country and subregional levels in the context of a specific technical cooperation programme on the implementation of the framework agenda.

139. The central role of ECA in all phases of the implementation of the framework agenda, including monitoring and evaluation, should reflect the organization's leadership role at the regional level as well as the necessary division of labour with the partners involved. From the foregoing, it is clear that there would be no need to create new structures, since the existing national, sub-regional and regional frameworks can be strengthened in the context of ECA's central co-ordinating role in the region. In this connection, the establishment of a regional administrative co-ordination committee under the leadership of ECA, as recommended by the Secretary-General, is expected to significantly contribute to the impact of the proposed framework agenda.

The annual progress reports would