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N K SINGH

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from the ringside

Why Africa is racing against time

Cape Town: I am in the southern most part of the vast African continent to participate in the regional hearings of Sub-Saharan Africa for the Global Commission on International Migration (GCIM), of which I am a member. This Commission has adopted the somewhat unorthodox procedure of regional interactions in different continents, given the varied nature of demographic profile, developed imperatives and immigration policies.

Appreciation of regional perspective is valuable in differentiating action to meet regional imperatives. South Africa hardly mirrors the complex challenges of Africa's economic and social development. Last week's Budget presented to the South African Parliament suggests a sound economy with a high per capita income, a sustained GDP growth of around 3%, modest inflation and healthy external account. Its medium-term challenges relate to further trade reforms by lowering tariff, re-energising the stalled privatisation programme, creating gainful employment even while imparting flexibility to labour market rigidities and defusing social tension through a credible black economic empowerment programme. A strategy to make a deep dent on the HIV-AIDS problem is critical for overall demographic balance for sustaining the size of the labour force and improving investor perceptions.

The problems of Sub-Saharan Africa are however more serious. Despite progress in several African countries over the past years, with 13 of the 47 Sub-Saharan African countries averaging greater than 5% growth for the seven-year period between 1995-2002, this region remains the world's foremost developmental challenge. Endemic weaknesses from continued ethnic and civil strife, weakness of institutions, vulnerability of exports and the deep shadow of HIV-AIDS pandemic makes coherent development difficult.

According to the World Bank's publication, Africa Development Indicators, 2004, the economic growth for the region as a whole somewhat slowed down and foreign direct investment (FDI) of $8.9 billion still represents a meagre 0.6% of world's total FDI. While net aid to Africa has risen over the past few years, on a per capita basis, it was only $27 in 2003, far below its 1992 mark of $40. The Sub-Saharan Africa is the only region in the world where the number of people living in extreme poverty has doubled from 164 million in 1981 to 340 million in 2003; 32 of its 47 countries are among the world's 48 poorest nations. With about 11% of the world's population, Africa accounts for just 1% of global GDP. In fact, according to the World Bank, the GDP per African has fallen by 13% compared with 1991 and the continent remains on the margin of globalisation with its share of world's exports declining from 3.5% in 1970 to just 1.4% at the end of 2002.

The world is beginning to wake up to the challenges of failed States and failed development paradigms which Africa represents. At the recent World Economic

Forum conference in Davos, a key focus was on Africa. The panel discussion comprising of Tony Blair, Bill Clinton, Bill Gates, Bono, President Mbeki of South Africa and President of Nigeria focused on Africa's developmental challenges. The initiative of the UK Government, arising out of the recommendations of the Africa Commission, proposed initiatives on debt-forgiveness, dramatic enhancement in Overseas Development Assistance (ODA) coupled with improved governance.

The recent report of Jeffrey D. Sachs entitled ''Investing in Development: A Practical Plan to Achieve the Millennium Development Goals'' makes a compelling case both for enhanced aid commitment as well as some early harvest through much smaller investment. For instance, the death of 200,000 children each month from malaria can be fully reversed by just $2-3 billion a year, costing $2 per person in the developed world. In the long run, developed countries must adhere to promised aid levels of 0.7% of their GDP instead of current 0.25%; the main defaulters USA and Japan need accelerated action.

The Millennium Development Goals (MDG) for Africa can be achieved by a combination of short-term action even with limited resources which have multiplier effects, particularly in the health sector for malaria and HIV-AIDS while long-term aid commitments are necessary for a coherent development strategy. The World Bank's new strategy is based on a strategic framework in three critical areas of improving governance, promoting human resource development, enhancing competitiveness and improving the effectiveness of the external assistance.

There can be little doubt that the short-term early harvest measures mentioned in the Sachs report is critical for Africa's demographic balance and having enough able-bodied men to execute the major developmental challenges that lie ahead. On the broader issues of enhanced assistance, the effectiveness of aid is inextricably linked with ending conflicts, improving institutions and the quality of governance.

The New Partnership for Africa Development (NPAD) adopted in July 2001 by African leaders is a commitment at the highest level to good governance. Apart from tangible economic measures, it includes a number of initiatives, particularly an African Peer Review Mechanism to promote good governance and increased accountability with enhanced focus on conflict resolution and prevention and programmes in human development.

A lot depends on the efficacy of this mechanism both to persuade the world to commit more resources as well as ensuring sustainable tangible outcomes to put Africa back on a growth track for realising a strategy entitled ''Can Africa claim the 21st Century''?

Does Africa's development record have any lessons for India? I would particularly mention two. First, the obvious one that coherent economic development needs all-inclusive growth and policies which mitigate against ethnic and civil strife. Second, while adequacy of resources is critical for both infrastructure and social development, this is no substitute for ''good governance''. Large parts of India which have fallen below the average national indicators suffered from poor governance. In our democratic framework with a federal polity, improved governance is not an automatic outcome of periodic elections. This is so in Africa as well.

India has no counterpart of a Peer Group mechanism nor can such an institution be mechanically replicated in our context. However, the National Development Council (NDC) comprising of all States and the Union Territories is an important link mechanism which in the past has been primarily used to adopt or review Five Year Plans. There is scope for enhancing its role by investing it as a body or its sub-group as a monitoring mechanism which covers governance issues, enabling States which have lagged behind to be nudged into adopting a more beneficial course of action. There is scope for re-inventing the role of the National Development Council as we increasingly focus on expenditure outcomes moving away from activity to achievement. This is one broad lesson we can draw from Africa's travails.

There are strong economic and moral compulsions for overall global peace and stability, and we must hold Africa's hands in its hour of profound need. Indeed, Africa is racing against time.

*Write to **nksingh@expressindia.com***