

The Challenges and Promises of Africa

The theme of the Round Table-The Challenges and Promises of Africa- automatically begs two questions. First, is Africa well-poised to take up and overcome the challenges which are standing in the way of her development. And second, Is Africa in a position to take advantage of the opportunities that would enable the Continent to move along the path of progress and sustainable development? Judging by the general perception the outside world has of Africa, the answer to these questions seems to be in the negative.

For one thing, with the emergence of market economies, the world economy has entered a new phase of transition. The international economic order is taking a new direction characterized by free trade and globalization. With the numerous trading blocks around the world, we are gradually moving towards full liberalization. This transformation will certainly create new dynamics of production and will open up new vistas for further economic and trade development. Yet, it is noted that despite the general call for level playing fields in all economic activities, Africa, which face numerous constraints, has to operate under stiff competitive conditions. The net result is that although the African continent is a land blessed with an array of natural resources, the majority of African countries have still a very

low per capita income and their development is still at an early stage. Besides, it is common knowledge that Africa's external debt grew worse in the latter part of the last century. On the other hand, Foreign Direct Investment to Africa has not increased significantly and has even declined in certain cases.

Africa is a well of yet untapped wealth, a continent of untold potential. The resources necessary to exploit advantageously the wealth and the potential of the continent are, however, lacking. Africa needs an honest chance to participate in this great shift of the World Economy. Indeed, opportunities exist in Africa for gainful investment.

It is unfortunate that, besides oil, which makes up for nearly 80 % of the total investments in Africa, the other sectors of the economy do not seem to attract investors. In such conditions, how can we expect the African continent to be assured of a meaningful take-off as well as the revitalization of investment and the sustainment of a high growth rate.

To my mind, four sectors which require immediate and adequate attention are: Agriculture, Water, Education and Health. Given the paramount importance of Agriculture in the African context, the development of water infrastructure should rank high among priorities. Adequate water supply for domestic and irrigation purposes will certainly

contribute to improve the health situation, enhance the production of food crops by small farmers and, by the same token alleviate the problem of hunger. Likewise, the creation of additional and new road infrastructure will undoubtedly help to facilitate a more regular and timely flow of goods while ensuring good returns to those involve in such development works, just as investment in education will help the youth to acquire the necessary skills to cope with the new situation in an expanding economy in diverse fields.

Investors, it is said, tend to fight shy of Africa because of the presence of pockets of instability and insecurity within the continent. Certainly Africa does not hold the monopoly for such problems or others linked with a lack of good governance or the absence of strict adherence to democratic principles. There are several instances of countries not belonging to the African continent, where similar conditions prevail, but which nonetheless do attract foreign investment which enable them to move along the path of progress and development.

The investment-friendly environment of Mauritius, coupled with its social harmony and political stability, has certainly been a decisive factor in its overall development. However, if we have succeeded in accomplishing what many have qualified as an “Economic miracle”, it is because we had

used our sugar production to diversify the base of our economy which, today, rests, apart from sugar itself, on the pillars of the Industrial Free Zones (mostly textile products), Tourism, the Financial Services and, until recently, the IT sector.

Another factor which played in our favour was the fact that we simply rejected IMF proposals to the effect that we should curtail expenditure on Education and Health. This has enabled us to have an educated and versatile labour force which can easily adapt itself to new techniques of production.

I believe that if African countries, in view of the low prices of many primary products like cotton or cocoa on the world market, were to be assisted by the International community through some form of support, for an initial period of, say, five years, to produced goods in which they have been traditionally good through the right expertise, they would eventually be in a position to stand on their own feet and later broaden the base of their economies.

These are some of the observations I wished to make today in the hope that they will pave the way for a more in-depth discussions on the subject.