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Africa reinvents its economy

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Horizon 2060 Initiative

Africa takes control of its destiny



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Preamble

Africa Horizon 2060 initiative

Since independences era, Africa has not been truly mastering its destiny. She finds herself, during the cold war, shuttled between two political antagonistic blocks, and then in some cases, quasi under supervision and in the obligation to conform herself to political and economic doctrines imposed by foreign countries. Today she is marginalized in the international field both at economic and political level. Lacking to find in their country or in the continent prospects that fit their aspirations, many young people, especially highly skilled ones, are fleeing the continent, depriving Africa from most needed talents and creativities.

But Africa is at a turning point of its social, political and economic history. Despite a contrasted picture in state and societies building, reminding the long walk to perform and achieve the continent economic, political and social emergence, Africa has numerous assets needed to respond to its populations expectations and then count more for something in the world. Democracy is consolidating irrevocably, strengthened by decentralization processes and by civil societies who are contributing strongly to better states governance; huge natural resources reserves are still not exploited; rapid population growth is making it a future market; regional integration processes are contributing to identify good governance requirements and common markets identification; international economic relations evolution, with new economic powers apparition, is expanding the continent trading margins inside world markets and then opening opportunities to revisit worldwide relations regulation.

A contribution for a truly independent Africa at the 2060 horizon

To turn these assets into effective success factors, Africa needs a joint upsurge, to stop “sleeping in others mat”, as well said by famous historian Joseph Ki Zerbo. Obviously, around the world, modern nations building and development strategies definition did take a long time. And Africa must undergo the same process. But, far from being a continent of desperation, she holds an ardent youth and cultural and intellectual resources that enable her to emerge in the 21st century with her own world vision, her own governance conception and her own development itinerary.

Using the celebration of independences fiftieth anniversary in many African countries as an opportunity, the Alliance for Governance in Africa Rebuilding(ARGA) judged it necessary to go beyond festivities and governments track records; and initiate a reflection on the continent future, by inviting all actors, Africans and non Africans, convinced that Africa can take her destiny in hand, to join the initiative aiming to design the lines of a new political, economic, social and cultural prospective enabling to put the continent on the road to emergence, to build a project for the next fifty years, so that the independences symbolic centennial be celebrated in a true independence.

The Africa Horizon 2060 initiative is thus managed through a series of four conferences lead on the following themes, judged as critical for Africa future:

- Africa reinventing its governance (Praia, Cap Vert-2012)
- Africa reinventing its economy (Rabat, Morocco-2014)
- Africa renegotiating its place in the world (2015)
- A project for 2060(Addis-Ababa, Ethiopia, 2015)

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Africa invests its economy

Introduction

Africa is definitely the continent of paradoxes! Indeed the most endowed with natural resources on the planet, the continent hosts the poorest populations in the world. Data are stating that over a 25 years period, poverty did decelerate considerably in the world excepted in sub-Saharan Africa where the number of poor people is growing continually. It is the only region in the globe where, in terms of percentage, poverty is in a static situation¹. Worst still, it is growing in absolute terms. Today, 562 millions of Africans in Sub Sahara are living with less than 2 dollars a day.

This paradox is explained basically in the continent postcolonial evolution. Since the 60s Africa is continually accumulating counter-performances in terms of development. The economic and social assessment of the first fifty years of independence is globally a disaster for most of African countries. Since 2000 however, the continent is experiencing a relatively strong growth which is still hiding dreadful social realities, basic fragilities and also obvious vulnerabilities regarding infrastructures and energy. As underlined by UNECA in the 2013 report, this growth was not translated into economic diversification, or by enormous jobs creation, much less into a wide social development. In short, this is confirming the chaotic path of African development.

At the economic level, investment ratios have been always lower than the world mean. Even worse, they have been reduced drastically in the 80s while the first two decades of independence were characterized by proactive policies with relatively huge investment efforts. Of course, the growth curve has followed the investment levels and has literally collapsed in the 80s and 90s. However, even though the 2000 era did show economic recovery, one should notice the continent lagging behind Asia regions; above all one should also deplore the economic growth social breakaway. Today with the second stronger growth mean, Africa has an income per inhabitant six times lower than the rest of world².

Africa economic up and downs do contrast with its huge potential, particularly with its natural and demographic resources. Natural resources are subject to bad governance, internal tension and exacerbated concurrence between non African actors while demographic resources, especially young people are the first categories impacted by emigration waves. Above all, economic outcomes are not, until now, able to bring qualitative and substantial changes in African populations living conditions.

In social terms, African economies impacts on Africans well-being are mitigated. Indeed, in a half century, mortality rate has been cut to half in the continent. However, Africans do have the highest mortality rate in the world. Infant-juvenile mortality rate is at an alarming level: among a thousand children born in Africa, 180 died before their fifth birthday, versus 7 in the OECD and 51 south-East Asia. Life expectancy has increased from 45 to 54 between 1965 and 2010 in Subsaharan Africa. In 2010, the continent has a gap of 19 years of life expectancy vis-à-vis worldwide mean. OECD populations are living a half a century more than those in Subsaharan Africa. As far as education at the secondary level is concerned, the rate has been quadrupled in 50 years in the continent,

¹150% in 2005 compared with 51% in 1981, with a peak of 58% in 1996

²In particular with regard to south-east Asia and the Pacific, whose average rates were nonetheless comparable to those of Africa in the 1960's.

to reach however only 40% in 2011 versus 70% worldwide, 80% and 90% respectively in South-East Asia and Latin America and Caribbean.

In short, the half century economic and social assessment of this half-century is globally below the continent potential. There is an obvious discrepancy with the continent challenges, experiencing the fastest demographic growth worldwide, with 7 to 10 millions of new job seekers every year.

Africa is being a fertile sole for endemic poverty which is creating despair and self-denial among African populations. Unlike the rest of humanity who is thinking in good faith that Africa is "the world future", Africans continue to desert the continent sometimes at the cost of their lives and dignity, convinced that "the future is "somewhere else".

Having said that, is Africa being condemned to living in underdevelopment? Is Africa going to be only a simple natural resources reserve whose control and looting will oppose powerful countries, which will, in some circumstances, lean on Africans themselves? Will African wealth be irremediably doomed to be captured and monopolized by a privileged minority, without benefiting at all to the whole population? Do we have to accept this illusory fate?

It is usual to explain African socio-economic misery through the continent systematic depletion for foreign interests. The truth is Africans do share significant responsibilities in the continent situation. It is up to them, therefore to retake the initiative for the continent social and economic renaissance.

In this regard, African successful stories do exist and could be used as levers for African development renewal and relaunching. South Africa economic power, Botswana economic and democratic model especially with resources and mineral rents dedicated to social progress, the Rwanda spectacular economic and social rebuilding in a short period after the genocide, Morocco economic smartness and tremendous progress which positioning the Kingdom as a center of excellence and a core for Europe and Africa development, the Tunisian economic dynamism -despite the ongoing political and economic crisis experienced by the country-, hydrocarbons chemical and industrial valorization in Algeria are so many trajectories which are indicating the African possible and can inspire a continent often tainted by a lack of confidence, pessimism and abandonment.

Such experiences which are so far from being exhaustive do prove that Africa structural crisis paradigm is no more relevant in explaining the continent ongoing dynamics. These experiences are highlighting the fact that beside of the official Africa in crisis, the extroverted one, there is an Africa emerging which is building itself through many state rebuilding/reconstruction spaces, economy, society at its micro and macro level. This provides full sense to innovative initiatives in terms of territories economic development dynamics, local development, entrepreneurship, Small and Medium Enterprises, communities...

Essentially, it is the African economy foundation that is questioned. Holders of disastrous models of natural resources exploitation, extroverted and strongly relying on a worldwide conjuncture upon which the continent has no grip, set on disincarnated calculation method that is not taking into account some huge hubs where wealth is created, in addition African economic dynamic are too partitioned, driven through short-term approaches and without much added values for populations. Therefore, the growth related recent statistics should not nourish any illusions regarding these economic dynamics quality and hide then the imperative need to reconstruct sustainable, strong

and endogenous African economies, an African neo-economy aiming to serve the people needs.

The 2013 conference is undertaking to revisit the African economies foundation. It has the ambition to lay the need for Africa to reinvent its economy. Based on concrete experiences, African reflections and the best of international trajectories regarding economic systems evolution, the conference is searching to define an African conception of sustainable development. **It is no more about limiting ourselves to imitate the western model of development. This one, based on exploiting energy and natural resources coming from all over the world, is not extendable worldwide and sustainable for itself. It should experience a profound change.** Africa should not miss this new historical opportunity.

To reinvent the African economy and achieve its adequate insertion in the world, and beyond the need to back politics and economic management by governance values and principles, the conference will address 15 propositions gathered in 5 workshops.

Workshop 1: Build / Reinforce a Vision and the strategic, political and the intellectual capacities required to rebuild a dynamic African economy

Replicating models from elsewhere has only resulted in failure in Africa, and it has led African attempts to escape underdevelopment to an impasse. The structural adjustment programmes of the 80's and 90's, intended to get economies in crisis back on track, have in the end snuffed out all attempts at development. What the Continent needs now is to define an African idea and approach to sustainable development. This approach must be anchored in its own values and principles of governance. It must also be built on African realities and put African interests first, while integrating teachings from its own past and lessons learned from the development trajectories of the rest of the world--which today seem to have attained their limits.

To achieve this goal, Africa is now faced with the challenge of constructing and implementing an autonomous and original way of thinking about its own development, while also contributing to the development of all humanity. This will require restoring and strengthening African leadership—particularly in the political, economic and social spheres—and shaping another type of African, a State focused on development and strategy, an entrepreneurial and competitive private sector, a competent managerial elite, a dynamic civil society and territories with projects that are integrated from the local to the continental levels.

Thus integrated communities and endogenous research networks must be constructed, and people must be educated, trained and mobilised to provide high-quality human resources to serve African societies, economies and sustainable development.

Proposal 1: Build integrated communities and endogenous research networks focusing on African economies and societies

Africa's poverty is fundamentally associated with a lack of endogenous reflection on African development and suitable ways of participating in the world economy. Seen in this light, the African crisis is first of all a crisis of the 'pre-formatted' African elites, the State and development partners who believe in a certain 'duped modernity' based on a technico-industrial and commercial rational. This modernity harms large portions of the population and destabilises their world view; it also fails to show its coherence and suitability to African realities. To prosper, African development strategies should be built on a different notion of the economy that is capable of taking into account the realities and basic values of African societies, as well as non-commercial and non-monetary factors in economic dynamics.

We must restore Africans' confidence and capacity to construct solutions capable of meeting the continent's development challenges. To achieve this goal, public and private institutions and endogenous research networks must be created --and existing ones reinforced -- at all levels: *local, national, sub-regional and continental*. Knowledge, know-how and technologies focused on African needs and anchored in the realities of African society must subsequently be showcased, protected and encouraged.

Above and beyond a re-conceptualisation of African development, this endogenous research community should endeavour to rethink the African economy's analysis tools, instruments and information systems to connect research more closely to real dynamics

and thus strengthen the rational and scientific foundations of public decisions and private sector choices.

Proposal 2: Train and mobilise high-quality human resources to serve the continent's economy and development

Africa is immensely rich, but Africans are dramatically poor. This fact demonstrates that people are the most important development resource. Still colonised in their heads, and fascinated by models developed elsewhere for other realities, Africans continue to perpetuate educational and training institutions and systems that are entirely unsuited to their interests and needs. Because of this, Africa has since the outset produced and maintained an 'un-rooted' intelligentsia, a 'cosmetic intellectual elite' that has encouraged poor governance and been incapable of nurturing and inseminating the continent's development potential. Nor has this elite been able to respond to populations' legitimate aspirations, comfortable as they are in their collusion with foreign interests, and lacking the strength to pull themselves up to the rank of full-fledge actor in globalisation.

To profit from its natural resources and develop successfully, Africa must first recover full and complete sovereignty over its human resources, particularly by carrying out bold reforms to adapt education, training and research systems to the realities and needs of the African economy and African societies. Seen in this light, the citizenship crisis invites us to rethink education: as a basis for collective values encouraging the development of each individual in a spirit of respect for the meaning and goals of life in society, and as the ethical and political foundation of a "common commitment to life in common". The structure and malfunctions of African economies, for their part, surely oblige us to raise and strengthen the access to and quality of scientific and technical education associated with the challenges and opportunities for development in Africa. Consequently, education must be reinvented so that it provides a solid foundation for a new type of African, as well as integrated training systems that are based on excellence and are at the service of African societies.

Workshop 2: Recover sovereignty over all natural resources and put them at the service of sustainable African economies

Africa's economic and social situation tends to support the thesis of "the curse of natural resources": the presence of such riches and raw materials has indeed led more often to wars, illicit individual enrichment, pillaging and irreversible damage to the physical and social environment than to prosperity for the population as a whole. In reality, the continent's enormous natural potential has been coveted and taken over by foreign companies and interests, with the active complicity of a privileged minority in power.

The dominant growth model in Africa is the rent-based economy: exports of unrefined and unprocessed agricultural and mineral resources provide the largest share of producing countries' financial revenues. The rent-based model uses resources rather than creating them, so in areas where industrialisation is weak, growth models are naturally dominated by rent-based economies focusing on all types of natural resources available.

African economies are consequently extroverted, and while they are integrated in the world economy, it is in a peripheral fashion and in ways that only make the continent poorer. This situation alone is enough to explain African economies' lack of articulation and the non-integration of productive sectors, and above all their vulnerability in the face of the aleas and fluctuations of the worldwide economy.

The perversion of economic dynamics in Africa makes the construction of viable African economies, capable of growing and benefiting African populations, absolutely imperative. Yet experience has shown that economic prosperity gained "by the sweat of one's brow" is the only viable and sustainable form, first of all because it leads to the development of competencies, learning, know-how and institutions that perpetuate this prosperity, and secondly because it guarantees that the fruits of economic prosperity are fairly divided.

Thus suitable rules for the governance of natural resources must be stated, strategic sectors such as agriculture and industry must be encouraged to play their role in development, and special attention must be paid to land and water resources as well as the development of agri-food sectors.

Proposal 3: Adapt governance of natural resources, in particular by stating new rules

Because of their environmental impact and non-renewable nature, natural resources are not an ordinary economic asset. They are a factor endowment, a gift from nature not dependent on man's effort or merit. In this they are different from consumer goods, which can be produced in great numbers through the productive combination of factors. So unlike ordinary economic assets, which can be infinitely multiplied with the development of techniques and know-how, natural resources are finite in quantity.

These specific characteristics of natural resources should lead to the establishment of specific regimes of governance that demand justice in the distribution of profits from resources, raise the issue of their exploitation by 'indigenous' companies and include local communities in their exploitation, in terms of both protection of resources and the environment and learning for the future. To set up these regimes of governance, we must call upon the support of African and international public opinion—which is increasingly

appalled by the practices of unscrupulous economic operators—and require traceability of all the natural resources that are exploited, as well as knowledge of how they are used.

Consequently, with a dual concern for sustainability and fair trade, the exploitation of Africa's abundant natural resources should be subject to a body of commonly agreed rules, defined and controlled by Africa with the support of the international community.

Proposal 4: Adapt the regime of governance of land rights to the realities and needs of African society

Africa has often been depicted as a sparsely populated continent with abundant land resources. Yet truly arable land is becoming scarcer at a time when famines and food crises have become endemic, and are threatening social peace and political stability as they did during the 'hunger riots' of the past decade. Africa is the last of the world's continents to experience a true demographic explosion, along with a notorious undervaluation of all types of land. It is the only continent to wallow in the replication of foreign institutions and standards, thus undermining traditional land regulation mechanisms³, which were characterised by the subtlety and diversity of the usage rights that agricultural societies attributed to this basic asset.

Traditional and modern land management regimes are often juxtaposed and in contradiction. Conflicts between farmers and herders have increased in number and intensity in many regions of Africa and are sometimes the cause of bloodshed. More recently, Africa's political and economic weakness have made it tempting prey for non-African countries and foreign companies anxious to acquire large swaths of land to develop immediately, and thus meet the needs of their own economies and geo-strategic positions. This phenomenon has reawakened the spectre of a 'recolonisation of Africa'. Finally, in a number of African countries, competition between rich and poor for the control of increasingly scarce land is the economic substratum of social conflicts.

The governance and securing of land resources is thus a major component of governance in Africa, and a true challenge to the development of the continent and the food security of its populations. It is urgently necessary to list the governance regimes best suited to urban and rural land rights management, in particular by examining a set of innovative approaches that could combine the pertinence of customary law with the requirements of modern law.

Proposal 5: Encourage integrated and equitable management of water and coastal areas

In Africa as elsewhere, water is a valuable asset that is growing rarer as a result of increasing consumption and the various threats weighing on it. For African populations, particularly in rural areas, gaining access to this natural resource can also be a real problem. Agriculture, the strategic foundation of African development, requires a timely and sufficient supply of water, dependent as it is on rainfall.

Coastal areas and African ocean fronts also present problems: overfishing, damage to the environment and competition between small-scale fishermen, who are the source of the livelihood of entire sectors of the population, and industrial fishing fleets from other countries, that provide the State with foreign currency.

3 It is significant that the last Nobel prize for economics was awarded to Mrs. Osborn for her work on land rights management, which showed that traditional management mechanisms were superior to the privatisation mechanisms recommended by international institutions.

Yet humanity has a vast amount of experience in managing water, both in Africa and the rest of the world, because water management is practically at the origin of governance and of the State. To understand this, one need only look at ancient Egypt. Everyone in the world talks about “integrated water management” but most of the time, in Africa and elsewhere, it remains just a slogan. There are, in fact, many difficulties to be overcome.

Water is another natural asset that calls for a special, tailored regime of governance. The various levels of governance—from the village or neighbourhood to the cross-border river basin—must be well-articulated and the various administrations that manage *infrastructure, water treatment, use, hygiene or health aspects, education, etc.* must be capable of cooperating. There must also be just and efficient mechanisms for distributing the use of water *between herders and farmers, cities and rural areas, agriculture and household use, economic needs and the needs of everyday life, etc.*

Good water management is impossible without the input and cooperation of the various types of users; good management of coastal ecosystems is impossible without the participation of fishing communities. Yet this entire rich and complex system of water governance has too often been shunted aside in the name of dogmatic principles such as privatisation of public water supply services and the reduction of water to a simple economic asset. Water management should be based on the dual principle of social justice and efficiency. So it is important to provide an opportunity to look carefully at the experiences that have come closest to this integrated and equitable system of water management, and identify a number of shared principles.

Proposal 6: Support the creation of agri-food sectors

The African economy will come alive and provide pertinent responses to African aspirations if the strategic sectors of agriculture and industry are connected in view of developing agri-food sectors. Food security, agricultural policy, the regulation of production, international trade...these are all important questions for Africa. The development of agri-food sectors is a major political challenge and a stepping stone towards a virtuous, green and life-giving African. The continent has a strong potential for economic and social autonomy, but the agri-food sector suffers from both a lack of vision and other factors such as too little equipment, insufficient quality management, problems with financing and insufficient training.

Africa talks a lot about sustainable development, but is not giving itself the resources needed to make the slogan a reality. One main problem is the very organisation of the rent-based economy. Resolutely turned to the exterior, this economy favours the export of raw materials and, increasingly, the implantation of foreign countries with no thought for economic, social and environmental considerations.

So supporting the development of agri-food sectors is a prerequisite to sustainable development in Africa. Only sustainable sectors—those that use energy and raw materials economically, provide for the equitable distribution of the added value produced by the entire chain of production, and respect the environment during all phases of production and economic exchange—will allow us to construct sustainable societies. Consequently, Africa owes it to itself to conceptualise and construct sustainable sectors; to examine African agricultural policies, the impact of international trade and changes in preferential regimes with Western countries, and to lay down the major guidelines for sustainable agri-food sectors.

Workshop 3: Rethink industrialisation and the company in the continent's development strategy

To gear up economically, Africa must use its presently under-valued⁴ agricultural and mineral potential as a launching pad to take off industrially, while at the same time inventing new paths for industrialisation that take into account the failed attempts of the first years of independence⁵.

Industrial development is an imperative for at least three reasons. First of all, the rent-economy generates little money and no benefit for populations. It is a major factor in the chronic poverty of African societies. Secondly, up until now the abundance of natural resources has not been decisive in helping Africa escape its marginal position in the current phase of globalisation and global economic integration. Finally, contemporary models of industrialisation and prevailing market conceptions contribute to injustices surrounding public goods, threaten the planet by encouraging pillage of natural resources and lead only to greater poverty and misery for the majority of people.

Given this situation, it is certainly important to promote industry and the company in Africa. It is even more important to develop a vision, codes of conduct and regulation and management means that can address the current challenge facing African societies: to gain a place at the table in a globalised world and a voice—expressing its own values and cultures—to which the world listens.

Redefining the role of the public sector in rebuilding the African economy—in particular to guarantee both the significant creation of riches and their equitable and forward-looking distribution—and developing new ways of regulating the balance between the private sector and society, between private property and public goods, between private and public spaces and between Africa and the rest of the world are complex and extremely urgent tasks. This is one of the key issues of economic governance in Africa.

Proposal 7: Encourage growth-producing, environment-friendly industrialisation at the service of humanity

Current reflections on the future of Africa and its place in the world focus on both the processes of marginalisation that result from current means of participation in the world economy, and the need to put an end to these processes. While this is a legitimate concern, we must first and most strongly insist on the endemic poverty of African populations and the urgency of providing a durable response. The main challenge consists, finally, in moving from a state in which Africa is seen by foreign powers and companies as simply a reservoir of natural resources to a state in which Africa is seen as a creator of added value thanks to sustained production on the part of the public and private sectors and various organisations on the continent. The industrialisation process provides an opportunity to make this economic leap from one state to the other.

In this enterprise, the continent must pay attention to new ideas about the public sector as an economic agent—an engine driving territorially-balanced and socially-inclusive growth—yet also remember the irreplaceable role of African private initiative in endogenous development. Africa must also pay close attention to the complementary role of the market and governance. Over the centuries the market has become the dominant

4 90% of the continent's raw materials are exported in their raw state.

5 Industrialising industries, import-substitution...

force in modern societies, and it greatly influences other fields such as ethics, politics, society and culture. Scientific and technical progress have significantly accelerated this change, to the point that societies and instances in charge of the regulations required to “live together” and “live with our planet” are increasingly powerless to play their roles.

To have a place and a voice, Africa must invent or discover an industrialisation process supported by modes of governance that are appropriate and effective with regard to 21st century challenges. These new modes of governance will be judged by their compatibility with collective management of shared resources and goods serving the public interest and by how effective they are in regulating relations between man and his environment, satisfying immaterial needs, and encouraging the exchange of shareable goods inside the continent and with the rest of the planet.

Proposal 8: Encourage a management and company culture suited to the realities and needs of Africa

There can be no economic development in general or industrial development in particular without the existence of an “entrepreneurial class” whose members are familiar with the most advanced managerial practices, who are capable of recognising opportunities, optimising the use of resources and talent, taking their place in the production of national riches and jockeying to a favourable position in the sea of international competitors. The performance of economic entities, be they public or private, is not the result of abstract, universally recognised management principles alone. Rather, their performance is largely dependent on efforts undertaken to develop and use the continent’s human resources.

So no matter what the status of the economic actor—*public, private or cooperative entity*—its management is not based simply on abstract international rules applicable to all situations, as the so-called ‘science of management’ might sometimes lead us to believe. Management of the special community of people involved in the same economic entity is not unlike the way in which the rest of society manages itself.

So what needs to be done, is to identify existing resources in this field in African education, from primary schools to universities, to determine whether or not, above and beyond the diversity of African societies, there can be an African model of management, and to define a strategy for developing the spirit of initiative and entrepreneurial fibre.

Proposal 9: Redefine the rules of partnership with foreign companies

Foreign companies are ubiquitous in Africa. Their presence has sometimes boosted growth but it has never had any significant impact on development. On the contrary, following a sort of predatory logic, foreign companies have often taken over natural resources, despoiled African societies, exploited workers, and—in the end—made Africa poorer. They have been a major cause of the perversion of African economic dynamics, developing *modus operandi* that contribute to the de-structuring of African economies, erode the social foundations of growth, cause an outflow of currency and weaken the local private sector and the State.

At the very least, this overwhelming presence of foreign companies has not provided an opportunity for Africa to acquire more quickly the technological knowledge, know-how, capital and international trade networks that it so sorely lacks.

It is true that views on foreign companies’ role in development vary widely. International experience has shown that there is no blanket response to this issue. It all depends on

how foreign companies and capital are used, and consequently on the vision and partnership rules that link them to Africa.

Among many examples of development, let's consider the two most important in the world: China has developed at dizzying speed by exponentially increasing its exports with the initial support of partnerships with foreign companies. India, for its part, is developing more slowly but mainly with the support of Indian companies. Which of these two approaches is suitable for Africa? Is there a specifically African way? The question merits reflection.

In any case, Africa should not—and cannot—turn its back on cooperation with foreign companies. New rules must, however, be defined so that: foreign companies act in the common interest, the partnership provides balanced advantages to all concerned, and—above all—is consistent with the imperative to reinvent the African economy.

Workshop 4: Encourage new views and approaches to the development of territories and economies

In truth, Africa has never succeeded—*perhaps because it has never really tried*—to define a development project, in particular an economic development project, freely inspired by Africa itself in terms of meaning and direction, and based on Africa's own capacities. As a result, the continent has got itself into a vicious cycle of economic dependence that each day increases its marginalisation—and thus its poverty.

One of the consequences of this 'exogeneity' has been that local territories, and thus local economies, have not been taken into account in development scenarios. Up until now, the role of the local territory in post-colonial States has varied widely, depending on the category of actor. The fact is that local territories' economic potential and the riches they can generate have not been thought out, organised at the base level and linked at all levels to encourage economic development in Africa.

The few local development initiatives that exist are shut off from each other, introverted and weak because the territory is viewed only as an administrative unit and not as a social construct and full-fledged economic actor. So the local economy, even when it has a dynamic informal sector, focuses on individual survival rather than collective development. This approach has attained and demonstrated its limits.

The time has come to make the territory more visible, guarantee its legal emancipation through decentralisation and position it as a major development actor. It is important today that territories be given their proper place in inspiring and implementing development in Africa on the basis of an economic model of sustainable development, i.e. one that is endogenous, inclusive and integrated. Such an option calls for the development of all local potential and resources with intelligent collective projects focusing on suitable knowledge and know-how. These projects are collective because they are negotiated between and appropriated by all the categories of actors, and articulated at the territorial, local and continental levels.

Amongst other requirements, such a vision necessitates the construction of viable, sustainable territorial economies that encourage national and African development, along with a new view of currencies and energy as vectors of territorial development. It also mandates that the dynamism of local economies be founded on the development of the

popular economy, and finally that the territory be used as a matrix for the provision of services and the best practices that facilitate their delivery.

Proposal 10: Build viable, sustainable territorial economies that encourage national and African development

This perspective calls for full development of the spatial support and anchoring point of all the potential and all types of resources that make up the territory, which should be the 'basic building block' on which the continent defines its development vision, decides on strategy, mobilises resources and procures most of the means required to carry out its project of economic and social modernity. It makes the territory the fundamental pillar of governance in Africa and introduces the paradigm of endogenous development.

The genesis of the development of rich and emerging countries clearly shows that they were able to develop their 'true being' and real advantages because they opted for endogenous development. These successful experiments have shown that development paths are necessarily delimited by the principles of rootedness and openness. These principles show in turn the dialectical links between 'endogenous', 'territory' and 'development'.

Fundamentally, one of the continent's keys to success is its consciousness of and commitment to defining the meaning and direction of its development project on the basis of its endogenous realities and in particular its 'capacity to develop itself' (potential) and its 'capacity for development' (immediately available resources and the strategy that leads to the fulfilment of its potential). At the same time, it should set up interdependencies with the outside world in the framework of fruitful, just and selective relations. Africa must open up—*globalisation demands it*—by encouraging forms of cooperation and partnership that are based on balanced interests and equity. If African States are to *envision and implement development*, endogeneity must necessarily be their conceptual and operational tool, for "African development will be endogenous or it will not be at all"⁶.

To engineer and coordinate policies and interventions on the territorial level, States—and *the continent*—must first collectively agree on the place and role of the territory in their modernity project—and *more precisely on the economic development model they desire and define by and for themselves*. This engineering and coordination also requires the harmonious and pertinent articulation of actors, resources and the environment at the various territorial levels. As a result, new practical modes must be invented to link and harmonise visions and interventions within territories and also between the various territorial levels. The main question is simply how to come together, unite energies and pool resources in the territory—and *between territories*—to attain shared development objectives, and in particular shared economic development objectives.

Proposal 11: Develop / strengthen innovative modes of financing territorial development

Poverty is multidimensional in Africa, but it is particularly important to look at monetary poverty. Populations still find it difficult to access the financing they need to activate or acquire knowledge and know-how. At the same time, the development of promising

6 Joseph Ki Zerbo, *La natte des autres : pour un développement endogène en Afrique* (Other people's mats: a plea for endogenous development in Africa), CODESRIA 1992

economic activities, and the resulting increase in revenues, is absolutely necessary if populations are to at last enjoy decent living conditions.

Money is a real stumbling block to this development because conventional financing systems are simply inaccessible to most economic actors and potential entrepreneurs. Moreover, conventional modes of financing development have in the past been the source of even more problems for Africa. Debt and official development assistance have unknowingly set a trap in which Africa now finds itself captive: the trap of dependency and its corollary, the vicious circle of poverty.

Yet financial resources are essential in starting up the territorial development process. Their consistency is necessarily linked to the role of the territory, and consequently to the amplitude of its ambitions. To encourage local economic development, for example, a policy to provide territories with structuring equipment must be set up, along with support for investments and for the creation and consolidation of a private sector firmly rooted in the territory. It is also important to support and encourage productivity in the various sectors and the exploitation of resources, as well as people or organisations with projects. All these steps are likely to be blocked by conventional financing systems. Finally, work and the circulation of goods must be encouraged on the level of communities smaller than States.

This is why we now need to invent—or *consolidate*—innovative modes for financing territorial development, such as local currencies, micro-finance, a social or solidarity-based economy to take on the enormous long-term investment needs without compromising the development of territories' potential or related economic activities.

Proposal 12: Develop the popular economy to make local economies more dynamic

The popular economy highlights certain dimensions unique to the crises in Southern countries, and in particular Latin America and Africa: precarious condition of populations, a sluggish modern sector, deficient public services, lack of competitiveness in the public sector, mixed results of development strategies, economic extroversion, dependence on the outside world, urbanisation without development, etc.

In Africa this multiform crisis demonstrates the obsolescence of the regulation modes that have hitherto guided development options. It indicates the gap that exists between the reference framework of public institutions and societal choices supported by populations. The crisis has, however, helped liberate a public space formerly dominated by an all-powerful State, and has encouraged other actors to affirm themselves, in particular social actors involved in various initiatives to improve their living conditions.

These emancipating initiatives have shown that the popular economy, deployed from inside communities, is a promising dynamic that can complement an official economy entirely subjugated to market logic. The popular economy helps improve living conditions of local populations and reduces poverty through a multitude of revenue-generating micro-activities. In doing so, it demonstrates an endogenous appropriation of the economy that is certainly not new, but whose rediscovery demonstrates, at one and the same time, a response to the apathy of the modern and formal sector, the disconnection between official standards and popular practices, and the uncontrollable proliferation of the informal sector. The popular economy turns the territory into a social construct.

In such a framework, the popular economy cannot be assimilated with a major contemporary innovation, nor with the simple survival of traditional practices. It constitutes, in fact, an economic production mode that is perfectly mastered by traditional African society. It is one place for the reconstruction of an 'African modernity' that has broken with the extroverted practices of public institutions, local elites and donors. As such, it must integrate new reflections on community and territorial development. So the gap between the popular economy's contribution to the revitalisation of struggling communities and territories and its current socio-political marginalisation must be reduced.

Proposal 13: Encourage the provision of services with the territory as a matrix and best practices to facilitate their delivery

In Africa, fifty years after many countries won their independence, we are forced to admit that the supply of public services is still characterised by chronic insufficiencies, and that social and territorial imbalances continue to grow. The inefficiency and inadequacy of current modes of regulating the offer of basic public services is a very serious issue at present. Yet the major challenge of development is the well-being of populations; one response to this challenge would be governments' capacity to provide populations with basic public services in sufficient quantities and of acceptable quality.

The crisis in governance—*which is at the heart of underdevelopment in Africa*—is a determining factor in the crisis in public services. Thus it is illusory to imagine that change in the way public services are delivered to populations can be produced simply by expert intervention, changes in organisational charts and procedures or administrative face-lifts. On the contrary, changes must be grounded, among other factors, in the meaning and end of public action, the intelligibility of collective appropriation of public services, the respective roles of the various actors, interdependencies to be assumed and articulations to be constructed. In short, these much-needed changes require that we look closely at the governance of public services.

Thus to respond to the aspirations of all populations, we need to develop true territorial projects to structure the visions, resources and cooperative actions of actors on all levels—*international, regional, national and local*.

Setting up territorial projects based on the notion of joint interest and active involvement of all actors would allow us to move beyond lines of division that often seem like 'borders'. In addition, inhabitants would as a group appropriate the territory and public service dynamically, as it became apparent to them through actions carried out in keeping with the Yaoundé principles.

Workshop 5: Build an endogenous architecture and financial systems at the service of financing African development

The issue of socio-economic development in Africa runs up against the troubling question of financing. The African continent suffers from a chronic insufficiency of financial resources to guarantee its long-term development. This penury of capital is largely a result of the structural weaknesses of African economies, in particular their dependence on exports of basic mining and agricultural products and their penalising mode of insertion in the world economy—a mode that considerably reduces their capacity to accumulate wealth and that, in addition, has not even increased or improved foreign

direct investment (FDI). The efforts that many African countries have made in the past few years to improve governance, macro-economic stability and the business climate have not been sufficient to attract FDI to productive sectors, as has happened in China and other emerging countries.

It is time for Africa to free itself from near-exclusive dependency on outside aid and foreign capital, which are currently the main source of development financing. The time has come to move towards a more balanced schema of development financing, one that includes endogenous types of financing. The goal is to provide stable and sufficient financing for the diversification of African economies, because this is the only way to trigger an Afro-centric process of capital accumulation and provide durable financing for African development. Such a reorientation will, of course, require changes in the institutional framework and the financial and banking systems. This paradigm shift in the vision of development and its financing is more than a technical issue. It is part of a framework of major changes in African societies.

Proposal 14: Strengthen endogenous capacities to finance development

Africa must assume full responsibility for its development through the optimal use of internal and external resources to implement its development priorities and expedite its escape from the 'outside aid' trap. This will require in-depth reform of the African financial and banking sectors and the emergence of financial intermediation capable of efficiently attracting and attributing capital flows.

The wide-scale availability of endogenous financial resources is imperative if the continent is to free itself from outside aid and its controversial effects. So what we must do is focus on a development financing system that is mainly centred on greater mobilisation of public revenues, currencies reserves, the savings of the diaspora, bank liquidities, etc. Optimal mobilisation of interior revenues is the principal tool for 'endogenising' development financing in Africa. As a result, the fiscal system must be thoroughly reformed, illegal transfers of capital must be stopped, savings encouraged and the banking system modernised...

At the same time, the continent must be made more attractive to virtuous international financial flows. Alongside efforts to strengthen endogenous financing capacities, we must also attract more foreign capital associated with a real transfer of technology; capital with little impact on foreign debt and capable of opening up export markets for manufactured products, which benefit infra-regional and South-South trade, particularly as a result of traditional development borders being erased by the new opportunities offered by emerging countries.

With this in mind, it is important to initiate reforms to incite the diaspora to invest in the continent's development, improve the business environment and capacities to manage private capital and, finally, further develop financial intermediation to generate substantial domestic and institutional savings.

As for public aid to development, whose downward trend has coincided with a crisis of legitimacy, it is above all important that it play its role in leveraging the mobilisation of private resources.

Proposal 15: Widen populations' financial inclusion and increase their access to suitable financial services

Africa must improve its populations' access to financial services provided by conventional financial institutions; these should include diversified products that are affordable and suited to the population's needs in terms of improving socio-economic conditions and support for projects. Financial inclusion is, in fact, a key factor because it contributes to the autonomy of individuals and the transformation of the most disadvantaged populations' living conditions. It also makes an essential contribution to strong and inclusive growth. Financial exclusion, on the other hand, reduces a country's potential for growth and further impoverishes its population.

Micro-finance is already a vector of financial inclusion in Africa. We must go one step further! To this end, it is important to rethink the design and operating mode of commercial banks in order to enlarge the panoply of services provided, bring services closer to rural zones, make the conditions for obtaining credit more flexible and develop products better suited to the needs of the majority of the population, which moves on the edges of the formal economy.

Financial institutions must work harder to make their services more accessible to women, young people and workers in general, particularly in rural areas. The responsibility to include populations does not lie with the financial and banking system alone. It is also indispensable to encourage financial culture and eliminate the socio-cultural and monetary obstacles to making the economy more bank-oriented. By doing so, socially poor but economically active African populations will have greater access to formal banking and financial services.

The Conference preparation

It is based on two points:

The selection of participants

Participants selection is based on two criteria: legitimacy and representativeness. If legitimacy is based upon reputation (experience, skills, contributions to project definition and implementation...), representativeness will be achieved through all Africa regions and socio-professional categories attendance.

In this way, at a territorial level, Africa is broken into six sub-regions (the five regions corresponding to sub-regional institutions and the sixth to the African community living outside the continent) and each sub-region should be represented. Participants of each sub-region must also meet one socioprofessional criteria by their belonging to one the 13 following categories:

- Government and public institutions (government employees, army, local employees) ;
- private sector ;
- Scholars, universities and think Tanks;
- Religious and traditional leaders ;
- rural producers (farmers, livestock actors) ;
- Media, communicators and cultural actors ;
- Young people ;
- Women ;
- Professional organizations ;
- local elected representatives ;
- Organizations dedicated to integration;
- political parties;
- Development actors (NGO, Cooperation for development partners...).

Thematic files

A thematic file, analyzing and summarizing all contributions is created for each proposition to be debated, gathered in 5 workshops, by following three steps. The first one is to rely on ARGA resources-website which is making available texts gathered since a decade. The second step will be to enrich this database with documents and contributions coming from each of the six regions. Finally selected participants are committed, before the meeting, to also bring their contribution by answering to three questions, for the thematic they will address:

- what are the major issues related to this theme?
- what are most significant experiences?
- what are the participant propositions?

As collection will proceed, contributions and other documents will be put online per workshop. Contribution forms and documents summaries will be available in French, English and Arabic.

Conference proceedings

Proceedings

Each conference will be held for four days organized as following:

Day 1

- First day morning : official opening and plenary sharing of the Africa Horizon 2060 Initiative : Conference objectives and methodology
- Afternoon : thematic workshops opening

Day 2

- Continuation of workshops

Day 3

- Free morning : cultural visit
- Afternoon : restitution and workshop propositions and conclusions validation

Day 4

- restitution in plenary
- Official closing

Interpreters will be sought for both plenaries and workshops: French, English, Arabic

Reporting on work done in workshops

To systematize the work done in each workshop and manage reporting, Desmodo software and inverted cards will be used to identify five to seven key questions and propositions that did emerge for each chapter.

An editing group will be responsible for final drafts of the summary proposals that come out of the conference.

A complete report in Arabic, English and French will be put online and send to all participants.