NEPAD OR THE CHALLENGE TO CATCH UP

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NEPAD takes up the United Nations initiatives put in place on The necessity and the possibility of a homogeneous North South cooperation between African countries and those of the OECD, i.e. between the centres and the less competitive and most vulnerable part of the system. In this way it differentiates itself from the earlier African Action Plans and notably from the Lagos Action Plan. To succeed in its bet, it does not claim to increase directly the revenues and consumption of goods by a certain number of vital services which this text summarizes in two broad categories; physical infrastructure and human resources. Concentrating its efforts on these strategic sectors would effectively bring about technical dynamism, political and economical homogeneity to such a point whereby that the African economies would be as competitive as those of the members of the OECD and the basic ideals of democracy would stabilise on it. Is this an illusion or a credible project?

Although the theories of unequal development, for which polarization is inherent to the capitalist system since its creation is questioned, our aim is not to oppose the current theories but to question the reality. For the last 30 years, members of the OECD led by the USA are against a reorganization of the world economic system which could be based on the principals of a polycentric world guided by the philosophy's of humanistic co-development. They are against autonomous capitalistic development in all third world countries, including resort to violence. They have at their disposal WTO and NATO to emphasize their views.

The crucial question is: why would the political and the economical stake holders of these countries favor the emergence of capitalism in Africa? NEPAD should see to it that OECD encourages pragmatism founded on mixed economy in Africa and denounce the integration of market economy and that STN be ready to invest massively in Africa by transferring technological know-how to enable it to be a real competitor to the centres, that the African states work towards achieving a true regional panafricanism; that OECD renounce the imposition by the WTO the unilateral opening and economic liberalization to the countries in the southern countries, that members of OECD cancel debts to African countries. Nothing shows that the formation of capitalism centres in Africa is the order of the day at the OECD. What we bring to your attention in this text reminding you the fundamental aims of NEPAD are: Africa economic stagnation and interruption of state development. Lastly we will show that the new partnership registers itself in the new phase of structural adjustment.

I. Development according to NEPAD

The history of the world capitalist economy shows that at the end of the 18th century a rapture occurred: it separated fully industrialized economies capable of surmounting accumulation crises to pass over to economic recovery stages and the others, of which some are in Africa, are unable to cross over this line.

In the former economies, the domestic demands of “strategic products" apart from natural domestic products is satisfied by local production thanks to the dynamism demonstrated by the national enterprises. The financing of the activities, notably the strategic sectors, is assured by the national plan thanks to a credit system articulated on a banking system at the service of the real economy in such a way that the local currency is at the same time a foreign exchange earner. This makes the economy not to face the problems of balance of payments. Since the 2nd world war, external relationships with countries with a central based economy ware founded on two different principles: partnership and colonial treaty. The former is geared towards a conflict management by negotiations and not by resort to force as was the case before. The latter has the role of managing the effects of unequal development. Today these countries enjoy parliamentary democracy, protect civil and political rights, which enables development of the civil society.

NEPAD claims to remove Africa from this multisecular idea. Thanks to speedy development in political democratization with massive support of the member countries of the OECD and notably members of the G7. With this came the merger between. Millenium for African Partnership (MAP) and the Omega Plan. The leadership of the former is maintained by Thabo Mbeki who takes up the concept of African renaissance in a more political perspective rather than a cultural one. The latter is headed by Abdoulaye Wade who presents it as an economic structure of the NEPAD.

1. Requirements of political democracy

“Africans must”, says T. Mbeki[1], “once and for all get rid of the idea that peace, democracy and respect of human rights are a reserve of the west. Societies are not only in economic competition but also competing in fundamental issues and political regimes”. He defines African renaissance as an appropriation of peace by Africans in cooperation with developed capitalist countries.

[1] Thabo Mbeki, Vice President. Statement at the African Renaissance Conference. Johannesburg, 28/09/1998

Civil peace is an essential condition for the implementations of NEPAD. The differences between countries have to be resolved by peaceful means. Accordingly to T. Mbeki Africa must participate in legitimate democratic competition, whose main criteria is development of civil society through which individuals and organized groups demonstrate freely that they are responsible for their destinies. Individuals, women and urban workers seeking self determination, have to be recognized and encouraged, as well as multi party democracy. Their power is a real guarantee to fundament freedom. It is this power which allows debates on funds, guarantee's free and fair elections for the choosing of political leaders who enjoy legal and legitimate capacities for the settlement of social conflicts by peaceful means.

Democratization assumes a state of rights, a competent and integral administration. It not only concerns itself with political requirements but with the conditions of a lasting social and economic development. As per the theory of catching up, the ideal democracy is almost there in the developed countries. However, a point of concern is that the rate of abstention from voting is escalating.

2. The strategy of economic development

For NEPAD, marginalization, which is synonymous to lack of competitive strength and pauperization, constitutes scandals since Africa displays important assets to exploit in the framework of the new partnership with member countries of OECD.

It is a question of:

i. Underground riches in petrol and other mineral products, its climate and its soils which are tropical agricultural products.
ii. Its contribution to the global climatical equilibrium.
iii. Its reserves for wildlife which is among the most important in the world.
iv. It's cultural riches. The colonial and postcolonial powers did not fully exploit these advantages to such an extent that they did not prioritize the training of entrepreneurs in middle class and at management level , aggravating circumstances, these policies brought about an irresponsible indebtedness due to bad governance. in the 1970's The NEPAD initiators consider that SAPS (structural adjustment programs) were meant to liberalize the economies in post colonial periods and to put in place favourable conditions for competitive market economies. They are only being blamed for having neglected the social dimensions. Like the World Bank, they attribute their failure to corrupt, incompetent and dictatorial African leaders.

NEPAD projects an annual GDP growth of 7% for 15yrs in the whole content. This figure is arbitrary and only estimates investment expenditures accordingly to a very simple method[2]. However, the most important is how to choose the strategic sectors namely

1. Physical infrastructure comprising of IT and communication, transport energy, reclamation.
2. Human Resources comprising of education and cultural development of competence reversing the trend of brain drain- improving health standards.
3. Poverty eradication.
4. Agriculture.
5. Environment.

The realization of infrastructure is a primary objective since "Africa is doted with the same basic infrastructures as is the case in developed countries. It would be better in line with putting more emphasis in improving productivity in order to compete internationally." The concerned infrastructures are listed- "Roads, airports, ports, Railway lines, navigable channels (waterways) installation of telecommunication equipment. Infrastructure is essential parameter for economic growth. That is why we have to find means of putting Africa at the same level with developed countries in terms of accumulation.[3]"

Agriculture is not a major concern. When it is touched on, it shares the same fate with the environment of being accompanied by neither an action plan nor a proposal from the partnership. This is not due to it being forgotten but probably due to complete domination by forces opposed to the formulation of concrete proposals in their sectors. The World Bank as it can be seen on page 33 supports the agricultural sector in Africa. "For some time now, the bilateral financial donors and multilateral institutions pay little attention to the agricultural sector, and to rural areas where for instance70% of the poor live. For example the World Bank budget shows that lending to the agricultural sector went up to 30% in 1978 but declined to 12% in 1996 and 7% in 2000.

Industrialization formally a concern of the Lagos Action Plan was not touched on. It is only dealt with through technological transfer. In the field of patents, the W.T.O s guidelines on this matter are recommended. Social progress, which is today synonymous to protection against social risks is not of paramount importance and for this reason competitiveness is the key word[4].

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[2] In the past, World bank proposed scenario with three variations; it wasn't the best
[3] NEPAD, Oct. 2000, p.20
[4] idem, p. 45

It is through charity to eradication of poverty and diseases like AIDS that the social question is addressed. On the same breath the question of gender is evaded. It is more so unacceptable that African states signed international conventions, notably those of ILO on this matter.

The question of poverty was over emphasized mainly due to pressure from international institutions which otherwise demand that national programs evaluate the situation and after their implementation assess their impact on poverty reduction and related initiatives and work with World Bank, the I.M.F, A.D.B and the U.N institutions. This emphasis by World Bank does not mean that it is for the policy of poverty eradication, but shows it is concerned with instruments of poverty management.

The bigger amount of annual financial resources estimated at 12% of African G.D.P amounting to $64 billions will come from outside for short and medium term plans[5], assistance will come from reduction of debts.(PDA) and for long term plans assistance will come from investments by multinational societies. NEPAD is not asking for debt cancellation, on the contrary, it is asking African countries to follow the economic mechanisms set up by (PAS) and negotiate within the framework of Paris and London clubs. It does not allude on the debate on compensation and does not raise the problem of audit in order to establish case by case the respective responsibilities of the debtors and creditors in the indebtedness crisis. In order to attract external investors, NEPAD insists on the necessity of reducing the risks of civil war or inter state conflicts. It urges states to protect private property, respect contracts and to prioritize the development of national and sub-regional financial markets.

Domestic financial resources originate "Logically and principally from receipts from exploitation of natural resources. It is simply enough to increase V.A.T on agro-based industries, to enrich mines so as to develop the production of goods thanks to a strategy of economic diversification based on sectorial links."[6] For this reason, agriculture and transformations of mineral resources don't touch on in the chapter on financial resources. Despite the decease in terms of trade inherent at the systematic over production of basic products and over exploitation of agriculturists and other categories of workers NEPAD adheres to a method of economic growth based on specialization in agriculture and minerals. This option brings about more of an economic reproduction draft than a strategy of catching up as proposed by the members of the OECD.

[5] idem, p. 37
[6] idem, p. 41

In total the emphasis put on infrastructure reflects a big part of the problems facing West Africa for two seasons: it is a region where a feeling of a common destiny is felt by the population. The level of infrastructure development in terms of transport is low as compared to that of Southern Africa and would be felt more since the number of landlocked countries remain high.

II. Economic stagnation

The catastrophic assessment of the PAS was largely based on non-competitiveness of products in the world market and also in terms of increase in poverty. Agricultural crisis is the major cause of increase of poverty in Africa and marginalization in the world economy. All credible development projects should propose alternatives ;we have dealt with this issue in several publications. The increase in integration in the world market goes with marginalization. In 1990 the ratio of trade between regions as compared to GDP was 45.6% in Africa against 15.5% for Asia, 23.7% for Latin America,13.2% for North America and 12.8% for European Union. Between 1970 and 2000 exports in Africa dropped from 4.5% to 2.2% (2.1% in 1990) and that of direct foreign investments dropped from 5% to 1% (1.1% in 1990). This means that marginalisation goes hand in hand with increase integration.

1. Increase in marginalisation and financial dependence

In the framework of PAS, various programs on reforms opened P.M.A economies to foreign investors, guaranteed property and repatriations of profits disestablished trade unions e.t.c to such as extent that a recent survey on factors which would have a negative impact on investments, 10% of enterprises mentioned statutory and legislative power.[7] However in P.M.A it is generally impossible for a state and enterprise to get long term loans from international banks or issue bonds, and they can only get short term loans, which are costly and guaranteed by export products. In affirming that the first resort to credit borrowing and to public aid in development has to succeed that of influx of private investors, NEPAD believes that Africa is capable of removing this constraint. This hope is based on the argument of increase in output but it is important to understand why Africa attracts such little capitals.

[7] idem, p.83

Capital outputs

The rate of capital outputs of STN setups in African and in a general way in less developed countries are higher than those attained in developed countries. It fixes levels of capital outputs at 15% in the triad countries but attains ambiguously high rate in the LDCs. In Africa (except South Africa) the capital output are as follows:[8]

Year	African mean	Some examples
1995	31%	Mozambique 68%
1996	25 %	Guinée Conakry 264% Mozambique 40%)
1997	20%	Angola 26%, Mozambique 29%, Niger 300%
1998	14%	Burkina Faso 50%, Niger 73 %, Sierra Leone 33% (Countries ravaged by war)

African modes of integration in world financial flow of funds

In trying to determine the place of a country or of a region within the STN network (a place which not only determines its capacity to attract capital but also to prepare them towards their localities and ideal sectors) we use the ratio of direct foreign investments in the formation of fixed capital. For some countries, the ratio of import to exports is equal as it is the case in the triad; for African countries it is only imports inflow and their weights in investment is heavily felt.

[8] CNUCED, les pays les moins avancés; Rapport 2000. Aide, flux et endettement extérieur, le défi du financement de développement dans les PMA

IDE : entrées en % de la formation brute du capital fixe 1988-1998						
Country	**1988-1993**	**1994**	**1995**	**1996**	**1997**	**1998**
World	4,1	4,6	5,4	4,9	7,5	11,1
P. C. D.						
Import	4,0	3,5	4,5	4,8	6,2	10,9
Export	5,6	5,9	6,7	7,2	9,2	14,8
E.U.						
Import	5,8	5,5	6,9	6,5	8,3	15,3
Export	8,0	8,6	9,6	11,0	14,5	26,2
Japan						
Sorties	3,2	1,3	1,5	1,7	2,2	2,4
North America						
Import	5,2	4,7	5,6	7,1	8,2	13,2
Export	4,7	7,3	8,6	7,4	8,5	11,3
Thailand	5,4	2,3	2,8	3,2	7,8	25,1
South Korea						
Import	1,0	0,7	0,8	1,2	1,8	5,5
Export	1,0	1,6	1,8	2,2	1,9	9,1
Taiwan						
Import	2,9	2,3	2,4	3,2	3,4	0,4
Export	9,5	0,7	1,2	1,2	0,8	0,5
South Africa						
Import	0,1	1,8	5,2	3,5	15,8	2,5
Export	2,3	6,0	10,4	4,2	9,7	7,8
Africa	4,9	8,7	6,7	7,6	8,9	8,8
Northern Africa	3,1	5,9	3,0	2,8	5,3	4,6
Southern Africa	8,1	13,0	11,9	14,5	13,8	14,7
Egypt						
Import	4,4	11,9	5,2	5,1	6,1	6,1
Liberia						
Import	201,4	11,1	21,1	17,1	15,1	16,1
Export	119,8	85,6	- 96,6	- 432,8	1035	
Cameroon						
Import	-0,7	- 0,9	0,6	2,5	3,1	3,1
Côte d'Ivoire	7,5	14,3	20,9	22,4	29,6	15,7
Nigeria	20,3	50,5	23,9	35,4	25,2	12,7
Angola	19,9	13,7	51,2	31,2	23,1	73,8

Source : World Bank: RDM 2000 taking to account, foreign investments and those investments done by the STN.

The UNCTAD report[9] enables us to demonstrate in the present phase of capitalism two categories of integration in the private production funding. The central method has two variations (1 and 2) while the outer method has four (3-6).

[9] CNUCED, *World investment report 2000*.

1. The Euroamerican method, is founded on mergers and on mutual agreements between states with a strong integration of productive financial systems. The domination of the STN translates itself by a sort of equilibrium between imports and exports.

2. The Japanese method imitated by Korea and Taiwan. In this method, the capital globalization is comparatively limited at fixed capital formation. In Japan foreign investment as compared to FBCF is negligible. In exports it is lower to 3%.

3. The method of the so called emerging but fragile states (Thailand for example) where direct foreign investment plays a decisive role in the system of production. Implicitly these countries think that the STN concerns itself with development problems and not only profits.

4. South African method: South Africa is an exporter of capital, but mainly in three sectors namely: Agriculture, telecommunications and food processing industries. Most capital is destined towards sub-Saharan Africa and to the centre. Exportation in reality refers to a kind of uncertainty concerning the stability of the country on a long-term basis.

5 & 6: Methods of the higher fourth world countries which have at their disposal production apparatus less performing and dependent and those of lower fourth world countries which have a very elementary production structure and is dominated by some export products and in particular by petroleum.

It is important that net flow of capital come from the central methods towards the outer methods from where profits flow back. NEPAD assumes that countries of the last two groups can have attractive policies to enable them compete with other groups. For example having the appropriate fiscal policies.

Inefficiency of trade weapon in investment attraction

In the systematic competition an essential role of the fiscal policy is to attract direct investment to embrace high standards of savings and interior investments.

Respecting the regulation of WTO implies first the adoption of VAT as the only direct form of tax, then to implement same rates irrespective of the nationality of the enterprises and origin of the product and lastly to commit themselves to the lifting up of these rates only on temporary. Consequently, direct imposition can not serve in an attraction policy of the IDE.

In return, the state enjoys in principle a very important freeway in fixing a taxation scale on household and enterprise revenue. It is possible for the state to make use of this revenue in the construction of comparative advantages. In an economy faced with free capital circulation constraints taxation and the high income bracket on which it relies. According to the data on the table below, the countries at the center are more competitive than African countries

in the rate of maximum taxation. Income bracket put under this tax is advantageous to developed countries. In the U.S.A one requires an annual income of $280,000 in order to pay maximum tax while in Ivory Coast it requires an annual revenue of $15,000. It is therefore easier for an investor to invest in the U.S than in Africa, in other words Africa cannot count on a good fiscal policy to attract direct foreign investment or even to retain the savings of the rich.

Income Brackets Subject to the Higher Rate of Taxation (W.B. 1998)			
Countries	**Societies 1998 %**	**Individual 1989 Earning Over ($)**	
U.S.	35	40	280 000
Germany	30	53	67 000
Sweden	28	31	27 200
China	30	45	12 000
South Korea	28	40	57 000
Brazil	15		20 000
Mexico	34	35	26 000
Egypt	40	33	14 000
Morocco	35	44	62 000
Senegal	35	50	14 400
Ivory Coast	35	40	15 400
Nigeria	28	29	14 400
Cameroon	35		
South Africa	35	45	20 500
Zimbabwe	38	40	3 500
Russia	35	35	8 600

Source : World Bank RDM 2000 p 290

Contrary to what NEPAD assumes, African countries leave loosing in the fiscal competition in situation of free/income circulation the rich declare their wealth where the fiscal tax system is more favorable. Countries which have world recognized stock exchange pump their capitals in countries which are devoid of these stock exchange.

Multinationals enterprises invest according to very complex strategies.

The domination of STNs in the triad

The STNs are the major players in socio-economic globalization and instigators of macro-economic policies and reforms that aim to marginalize the role played by countries other than those of their headquarters. They hold the key to private international investment.

External direct investment (EDI) comes in two forms, investment for the creation of business and investment by merger or acquisition. This conceptual distinction does not flawless statistical translation but is very useful. Moreover the effects are comparable in the long term. The CNUCED gives us the best statistical information on this matter, especially in the World investment report 2000. This report recapitulates the 1990 decade on the accelerated financing of the world economy; the emphasis being put on cross border investments through mergers and acquisitions. The report counted 63000 STNs and 690 000 subsidiaries, without taking into account arrangements within the context of networks. Fifteen developed countries had 400 000 of them in 1999 compared to only 7000 inn1980. They held almost a fifth of the capital stock, 16% in 1999 compared to 5%in 1980.

Mergers and acquisitions represent about 80% of transactions in the financial sector. Financing of transaction is guaranteed by traditional bank loans, floating of shares to the public, exchange of shares and lastly through debt. Acquisitions or mergers can be on a majority or a minority (10 to 49%). The acquisition merger mechanism is an essential factor of globalization in the formation of a productive world system. Internal acquisitions and cross border transactions have risen by 42% per year between 1980 and 1999, that is from 100 $ billion to 720$ billion. Since the year 2000 their annual value have gone beyond a trillion and their part in the GDP has risen from 0.3% to 8%.

Some important remarks, which are often passed in silence, need to be made here. Firstly the efficiency of this capital has been long in being visible; whereas it's part in the net composition of the fixed world-wide capital (2% in 1980 to 14% in 1999) has risen by 12 points, that of the corresponding GDP has only risen by 5 points. Moreover, on a world scale STNs only employ 6 million people out of an active population of 3.7 billion people (1.6 0/00!). These enormous companies in some cases hold real political powers in the centres and on the periphery. Furthermore they play a direct role in the elaboration of WTO texts and in this way hope to place business law above State laws.

For a country that does not have an STN, opting for external financing which is essentially private is to assume that STNs do not only obey geostrategic injunctions in the

context of maximizing profit in the short, medium or long term, but that they integrate preoccupations which arise from co-development on a world-wide scale. That is utopian.

To attract long-term STN investments today, it is necessary to have a large internal market with a high growth rate (such as China) or have human resources that are competent, not very politically aware and relatively cheap. In that case production should be geared towards exporting of components rather than that of finished products. Of course, unless it concerns raw products, it is necessary to meet objective and subjective security conditions; objective when the State can give credible legal guarantees founded on it's history, the ideology of it's leaders and it's most influential opposition, the quality of it's relations with the United States and the regional environment; subjective when the investors have a positive image of countries. NEPAD expects that direct foreign investment will create conditions for a competitive offer; to put it plainly, that it finances the setting up of infrastructures and training. NEPAD does not really raise the issue of enlarging internal markets because it does not put agricultural development problems and the improvement of the level of life in rural areas at the centre of it's strategy.

2. Infrastructure and education

The desire to bring up the problem in real terms and not in monetary terms opens the perspectives on the basis of economy as well as capitalism. Democratic debates can benefit from questions on the choice of sector based economy, disorientation and also on the question of geographical distribution since infrastractural distribution in the territories is a major stake holder. However, here we are contented to take the measure of the distance which separates African countries from OECD countries since more than twenty years ago in a number of sectors as put forward or as alleged by NEPAD.

The enrolment rate in primary schools in certain African countries is nearly 100%. This is the case in Algeria (94%), in Egypt (93%) in Ghana (90%) in Cameroon (98%). Rates of 80% are common, but the quality of education is generally very low in the rural areas and in working class urban areas. The rates remain surprisingly low in certain countries like Senegal (58%) or Mali (28%), Morocco (74%). On average, in OCDE countries, children between the age of 10 and 20 years are in Secondary school, and 97% in South Korea. Between 1980 and 1996, the number of schooling years discounted increased from 13 to 15 for boys and from 13 to 16 for girls in France or in the United States are from 12 to 15 and from 11 to 14 and South Korea.

North African country provided the World Bank with information on the last points[10]. In sub-Saharan Africa, only 2% of Boys of the relevant age enrolled for higher education, is compared to 58% in South Korea; This country has an equal number of scientists and engineers as Germany where income per capital there is three times lower.

In developed capitalist countries compulsory education until the age of 15 years for girls and boys is the rule. Compulsory means free in public schools and subsidies in private schools. Todate, African states have not instituted this practice and its Northern partners have never made it a condition for disbursement of aid. Let us compare the evolution of electricity consumption in KWh per inhabitant during the PAS to those of the OECD in general and of South Korea. Between 1980 and 1996, consumption of electricity has reduced in sub-Saharan Africa from 444 to 439 kwh, whereas it has increased from 5783 kwh to 8121 in the OECD countries. The comparison of the evolution of sub-Saharan consumption with those of the OECD countries is a revelation of the African catastrophy. In 1980, consumption in Southern Africa was three times greater than that of Korea; today it hardly represents 83.5%. In all the other African Countries where it was already very low, it has further reduced.

As far as communications is concerned, in 1997, there were 552 telephone lines, 188 mobile phones and 296 computers for every 1000 inhabitants in OECD countries, as well as 470 (internet users) for every 10,000 inhabitants. In sub-Saharan Africa, the figures were 16,31.6 and 9.64 respectively. It is certain that the demands of new technologies consumption is high in Africa but it is also high in the centres.

Degradation of Transport infrastructures

Road transport is by far the most important within Africa. Rail transport, Air and Water transport are secondary. For example,, the number of air travelers in 1996 was only 16 million for the whole of Sub-Saharan African (of which 7 million was for South Africa,220,000-Nigeria, 780,000-Kenya,362,000-Cameroon, 155,000-Senegal and 654,000-Zimbambwe) against 36 million in South Korea (two thirds of the country's population).

Road transport makes up 90% of long-distance transportation in Africa[11]. Yet total road network is only two million KMS of which 27.6% is made of asphalt of an average density of 6.84Km per 100Km; We have on average only 2.71Km of roads for 10,000Km2.

[10] World Bank - Work Development Report 2000 table 6
[11] UNTACDA Second united transport and communication decade in Africa, Evaluation report 2001 p.2

For about twenty years, a process of degradation established itself and was manifested by increasing difficulties in internal, regional and world trade. The cost of transport and communication are on average the highest in the world. African cities devote around 15 to 20% of their budget on transport network. The City dweller can spend 4 hours in a day between his/her home and his/her place of work and spend 18% of his/her revenue on transport. (In Senegal, transport allowance corresponds to a third of the minimum legal salary). The cost of freight is more than 70% higher than those of East Asia. They may reach 5 to 6 times of those of South Asia.[12].

For some land-locked African countries, the cost of transportation can represent up to 55.5% of the price of exportation of their products. This absolute degradation weighs down on the competitive capacity of these countries.

How do we explain this insufficiency and this degradation? The UNCTAD report following that of the OECD, find the African countries solely responsible for this degradation: "during the past years, African Countries have made effort to develop their infrastructures and ensure their maintenance. But, lack of an appropriate policy and due to institutional problems, the growth and efficiency of the sector have suffered. The majority of policies adopted to regulate and develop infrastructure and services in African to work do not allow the creation of a favourable environment for the participation of the private sector" The responsibility of local authorities is undeniable and the private sector must play an important role. In early 80"s reforms were necessary but not under the form imposed by PAS. Th evolution of physical infrastructures in an under-equipped country depends mainly on the rate of investments and on the percentage of public expenditure devoted to creation of capital in the GDP. Twenty years ago, with 24%, the rate of investment in Sub-Saharan African represented ¾ of the Southern Asia. Today it represents only half of it (18 against 36).

It is lower than that of India which increased from 20 to 23%. At the same time public expenditure on investment has reduced. It is only in Egypt, Morocco, Ethiopia, and Cameroon that it exceeds 5% of the GDP.

[12] idem, p. 6

Reduction in Investment expenditure since PAS in some African countries with more than 30 million inhabitants 1978-1979 and 1999				
Country	**Gross local investment in % of GDP**		**Investment expenditure by the Central administration in % GDP**	
	1978-1979	**1997**	**1978-1979**	**1998**
South Africa	20,8	15,7	3,0	1,3
Kenya	23,2	15,3	5,9	3,4
Tanzania		18		
Ethiopia	21	14,5		0,3
D.R.C.	16,4	8	2,4	6,6
Nigeria	22,9	10,6	10,8	
Egypt	28	19	10,8	6,6
Algeria	39	27		
Marocco	24	22	10,3	7,2
South Africa	20,8	15,7	3,0	1,3

Source : World Bank – World Development Report 2000 and Worldwide Coalition for Africa

In total, after more than two decades of neoliberalism, the problems of infrastructure, education bequeathed from colonisation and politics of big post-colonial plans have not been solved. The main reason is that PAS is instituting more than one opposition the double effect of the impossibility of ensuring a coherent policy and of the devaluation of the civil service, countries are no longer able to construct their states.

III. State Weakness

In the centres the states are efficient in such a way that they rely on the/upper class for managing neoliberal capital in a pragmatic manner. NEPADs project of catching up assumes that the African countries constitution be as efficient as those of the centres. Since the application of SAPS, the tendency has been the opposite. The concern is whether NEPAD can reverse the trend.

1. A kind of structural weakness

The state plays a pivotal role in the organization of all modern policies. It is efficient if it has at its disposal an administration which applies a secular and systematic approach in the analysis of the problems and visions of the leading classes. The main goal of freedom movements was to create states capable of speeding up efforts of appropriating modernity in social and economic sector. They were unable to

attain this goal for various reasons. The putting in place of institutions for learning and management of micro-economy by the new-elites (few in the beginning)- had hardly started when the two crisis occurred. The internal crisis in the post colonial model which had exhausted its expansion potential and provoked budget deficits and financial mismanagement without major external aid: and general crisis of capital expansion in the centres and disorganisation of the monetary system brought about by unilateral decision of the US to abandon the Bretton Woods Institutions based on fixed exchange rate but adjustable and on this note left it up to the states to control movement of capital. In addition to this there was the open option of private banks to lend to Southern Countries. The effect of world and regional economic crisis was therefore felt. But the main reason is due to an economic structure incapable of generating financial resources to what is at stake and to have a growing public sector which is efficient and corrupt free. Some countries had attempted to enlarge and consolidate the base of public funds as compared to industrialisation, by pumping agricultural profits and impoverishing the peasants or by using income from petroleum, but all the same no country had at its disposal a sufficiently performing economic base to enable it to avoid to fall in the trap of indebtedness.

2. Interruption of state development due to debts

The world Bank, the IMF under the SAPs, frame work did not give aid to African states to develop in the same line with countries of the west. On the contrary these institutions designed a model of market economy and where they assumed only two essential rules. Having budget policies geared towards price stabilisation and to get profits from peasants and also incomes from mining and petroleum in order to ensure servicing of the debts. Development was no more a goal but a rhetoric. The Mexican crisis in 1982 serves to justify the increase of development problems to those of the stabilisation of the whole system. It is true that the increase in the dollar rate set by the American administration in 1980s played an important role in the debt crisis and countries exporting petroleum did not escape this crisis for they had borrowed a lot (they had not foreseen the price fall as from 1986). In a very short time, under the double effect of the impossibility of assuring a coherent policy and the devaluation public sector, countries were unable to develop.

Nothing has so much reduced the effort to construct states than negotiations to spread out the debts of the Paris Club or London Club or to obtain from the IMF and the World Bank adjustment facilities. (SAF see table below). The most publicised initiative is the so called heavily indebted poor countries. (HIPC) which is of an inextricable complexity in its implementation. One of the conditions for benefiting from this initiative is to have a precise and detailed programme on the fight against poverty, where as it is only seen in the LDC more than in other countries, the reduction of poverty is possible through global development and not by acts of charity. "In spite of thorough reforms obtained within the framework of debt management, the rate of foreign indebtedness of several LDC increased during the 90's and according to the calculations of the World Bank, 28 LDC remain indebted despite the effects of previous mechanisms of the HIPC initiative."[13]

Number of re-spreading of debts 1980-1998			
Country	**Frequency**	**Country**	**Frequency**
Togo, Niger	18	Tanzania, Guinea, Mozambique	10
Madagascar	16	Mali, Liberia, Benin Equatorial Guinea, Guinea Bissau	8
Uganda, Central African Republic	14	Malawi, Chad, Sudan, Burkina Faso	6
Sierra Leone Mauritania DRC	12	Ethiopia, Somalia	4

Source : UNCTAD,LDC,2000 P.141

Today, the disorganization is obvious in the most of the LDC where every country 30 to 50 official bilateral or Multilateral aid organizations participate in several hundreds of projects. On top of these, we need to add hundreds of foreign NGO's and organizations who have their own modalities of intervention, objectives and very divers strategies. The UNCTAD report specify that most of the flow of reported official aid is accounted for in the budget of the remote country, generally in the section development expenditure, but that their scope largely avoids its insistence on decision and it is neither centralized nor coherent. It concludes that aid organizations have major influence on the conception and execution of projects. The civil sector is demoralized by the insufficiency of wages and salaries and the possibilities of better remunerations in projects initiated by international Institutions and NGOs. The departure of competent managers and technicians is incompatible with the improvement of efficiency of action by public powers. The SAPS have increased this movement and have brought about the of the State. This devaluation denotes at the same time the domination of the American model of relations between administration, technocrats and universities as compared to the European

[13] CNUCED PMA 2000, p.137

model inherited from colonialization. This first one can only function well in countries where there is need for expertise. In the absence of this anchorage, Americanization would be practical. Let us not forget that in sub-Saharan Africa hardly 2% of the youth aged between 18 and 26 years get higher education compared to more than 50% in South Korea where the proportion of engineering students is high.[14]

3. The Consequences

As the State is losing its leaders in Africa, those from the centers carry on to make their structures to regulate their economies[15] The western economy is always mixed, however it is in a different aspect. A form of regulation replaces another[16].

1. The neo-liberal State competes with market players. The protections of the national economy continue despite speeches about opening markets and free market. The United States, the European Union and Japan have certainly open their market and the competition is reel in each country and sub-region. However, the support to big firms or to sectors in difficulty continues openly in the United States or more delicately in Europe and Japan. The United States has not abolished any of its protectionism laws; each one question the free market by subvention and monopoly on certain orders. The protectionism is systematically practiced against southern countries and labor immigrations laws are ever more harsh…

Central State catalyses the organization of finance markets so that banks can continue to centralize savings and direct it towards investors, firms or households that want to purchase housing. Prophylactics laws are put in place in order to discourage frauds and irresponsible

[14] idem p. 181

[15] B. Founou, le Consensus de Washington révisé ; Alternatives sud, vol VI, 1999

[16] Pierre Legendre reminds in Le Monde of October 23rd, 2001 that as a normative structure, the modern State has preceded the naissance of capitalism. It started in Western Europe in the 13th century, when Christianity took over the historical legacy of the Roman law, which was 500 years old. The center State has never stopped playing a key role, precisely for the purpose of keeping the society self-centered. It is that State that made it possible to have the globalization called mercantilist but in fact state run. It became a major historical player when Machiavel showed that it could run without referring to paranormal, to morality, but only to State cause. That conception of the State didn't exist in Africa in the XVIth century, not even in Muslim North Africa. Certainly the emergency of modern States in Africa was completely incompatible with the slave trade, that why the attempt by the King of Congo to copy the Portuguese State was already a failure before he had even started. The slave trade helped at least only some high classes scattered on the coastal region and the political bodies which were brought up by that situation were unable to shape the hinterland with that model in creation of the modern state whose impact she was receiving. In that aspect, the slave trade is crime against humanity not only because of it's inhumanity (acts against human rights), but also because it was forcefully forbidding the imitation of Western politically. In Western Europe the mercantilist period was the naissance of States with more permanent boundaries than those of the post roman empires and with a size of population that was more suitable to the first industrial revolution. In fact, it would have been impossible to have such kind of revolution without the intervention of the State in the management of the new social relations, the protection of the markets, the invention of national technologies, the colonial imperialism (access to markets and protection or resources), et the use of armed forces.

behavior towards risks. The State ensures that there is a structural competition. Therefore it is no longer a free market directed by the principle of an auto-controlled market.

The State continues to lead a reel morel or less successful policy of economical stability. In case of a severe financial crash threat, the cooperation between states and multilateral is called upon.

The privileged instrument is a budget austerity. Euro members' states have to contain their budged deficit at 3% of their GNP from 2003.

The State stimulates development research in order to ensure that the country is present in the domain of new technologies. Its ambition is that its universities, its research institutes and its STN contribute to the making of new products and new organization or production procedures. Arms market and security products are enormous and in increase. In order to face the investment in space, for example, European Union members' states have since a long time ago put in place projects financed by the State.

2. The central state is obliged to have social policies. Between 1980 and 1997, the share of central state expenses has been above a third of GDP in main countries from the center, and has been in 1997 10 marks higher than those of 1980 (except in USA). Of course a great deal has gone to the infrastructures and research but the countries have continued to support agriculture and industries. On the contrary, in the outskirts of the Fourth World that share has seriously reduced, except in South Africa[17]. But that exception is explained by the capacity to join forces of the social movements who were able to force the augmentation of everyday expenditures after the end of the apartheid.

	Share of the center state expenditures expressed in percentage of GDP in western countries					
Year	**United States**	**Japan**	**France**	**Italy**	**Spain**	**Great Britain**
1980	22	37	28,2	40	25,4	38,2
1997	21,7	35	38,5	47,9	36,8	40,7

	Share of the center state expenditures expressed in percentage of GDP in Africa			
Year	**Egypt**	**Cameroon**	**Nigeria**	**South Africa**
1980	50,3	15,7	43,3	22,1
1997	34,3	12,5	32,3	33,8

[17] World Bank, RDM 2000

Between 1985 and 1997 social transfers, approximately expressed by ratio of subventions and other transfers on total expenses of center administrations, had a tendency to rise in western countries and decline in the Fourth World. In 1985 they were generally above 50% in the western, included between 50 and 30% in semi-industrial countries, and below 20% in the outskirts of the Fourth World. With the auto-regulation of the first group and with withdrawal of Fourth World State, the gap has expanded in 1997. While the ratio increased in western countries, it remained the same or decreased in Africa, apart from South Africa.[18]

	Ratio of subventions and other transfers compared to total expenses of central administrations on GDP				
Year	**United States**	**France**	**Germany**	**United Kingdom**	**Spain**
1985	49	64	50	55	55
1997	60	65	58	56	65

	Ratio of subventions and other transfers compared to total expenses of central administrations on GDP					
Year	**Egypt**	**Marocco**	**Cameroon**	**Kenya**	**Tunisia**	**South Africa**
1985	31	15	14	18	20	31
1997	25	12	13	18	20	48

One has to notice that subventions to agricultural, more or less disguised play an important role in the policy of subventions in the developed countries. On the contrary, up to now in most of African countries agriculture has to give subventions to productive and non-productive expenses, while there is a need of an agriculture policy inspired from the European PAC.

3. Since the promoters of NEPAD plan to catch on an economical plan with OECD countries, they have to build countries that can assume similar social and political functions, instead of talking of strategic functions. In fact, they're just concerned about good governance as defined by investors, while we need a governance concept, which imply the building of a state that has a broad social basis and sufficient capacity to simultaneously speed up economical development and fair redistribution of resources and revenues.

[18] The numbers are extracted from World Bank, RDM 2000.

IV. New partnership or new structural adjustment phase

The NEPAD states that "an essential dimension of responsibility that the Africans consider as the continent fate is the need to negotiate new relations with their development partnerships".

The cooperation between a group of developed countries and a group of underdeveloped countries should be judged according to the nature of their objectives and the functional mechanisms in place. The objectives might point to the management of an unequal development or in the contrary question it. In the first case, the mechanisms are asymmetrical. In the second, they progressively become symmetrical; it appears then mutual adjustment relations. As the NEPAD has an ambition of catching the developed countries, it should negotiate with OECD countries a relationship leading to a symmetrical cooperation. What is the NEPAD really asking? Does it have a negotiation structure? What is the response of OECD countries?

1. Requests of NEPAD

The Executive Committee (or director) a established a list of questions to negotiate with his partners from developed countries and multilateral institutions[19]. They generally cover the following issues:

- The institutionalism of preventive mechanisms and the management of conflicts in Africa. In fact a just peace is a necessity not only for investment but also for the civilization.
- The public funding of the program. The Committee asks that the initiative of decreasing the debts applied to PPTE be widen to countries with intermediary revenues; to reverse the tendency to reduce the public funding to the development (aid comes in complementing the reduction of debts to fight against poverty); and to take concrete steps towards international strategies in areas of education and health; supporting the reforms of multilateral financial institutions in order to better tackle and better resolve African economical problems.
- International market. The Committee asks the opening of developed countries markets. Through bilateral and multilateral initiatives in the OMC framework, and the preference

[19] www.nepad.org. *Establishing a new relationship with industrialized countries and multilateral organizations*

to African long terms products, it also asks the application of OECD internal norms to products exported to Africa.

- Incitement of direct private foreign investment. It asks the industrialized countries to create insurance systems that would reduce the risks premiums, ensure that the World Bank and other organizations financing development participate as investors to key infrastructures projects so that it can facilitate and encourage the private sector.
- Technical assistance. The Committee asks a technical assistance in order to speed the work on action programs to strengthen planning capabilities, management, accounting and auditing; and the setting up of management infrastructures.

What NEPAD is planning to request from its partners enters in the line of symmetrical cooperation, since at no time the problems of co-development and support to building center capitalisms in Africa will be raised. Does it not totally stick to the neo-liberal globalization by adhering to the OMC framework, while almost all studies show that Africa is not competitive enough to take advantage of it? Under the pressure of social movements acting on a global scale, the NEPAD has wished-for a special dispensation for some pharmaceutical products and expressed its will to ask the industrialized countries not only to fight the corruption practiced by the multilateral, their banks and sometimes themselves, but also to commit to return the money to Africa. However they don't commit themselves to fight corruption there.

2. Organization of NEPAD

In order to implement its program, the NEPAD relies on fourth organs: the Meeting of Heads of States and Governments of OAU, the Executive Committee of 15 Heads of States, the Follow up Committee of five founding members countries and the Secretariat. The task of the Executive Committee is to identify strategic questions, to put in place mechanisms for a follow-up of the objectives agreed upon by mutual agreement, assess the carrying out of decisions, assess the scale of implementation of programs and suggest useful adjustments. Lets note that the NEPAD does not have an organ authorized to conduct any kind of negotiation. The impression is that the Committee doesn't function properly. Globally the Forums are unprepared.

The NEPAD is rather confused when it comes to economical integration programs and Pan-Africanism. It mixes markets integration with projects regionalization without ever suggesting the creation of trans-nationals and multiple states African societies in areas where there are heavy investments and low direct profitability, such as in the transport infrastructures, production and electricity energy transport, telecommunications, public health, environment protection, building of research potentials… Nowhere is it suggested to regionalize in order to

create a protected space for industrialization. However, it is suggested to institutionalize the participation of the G7 to important decisions. At the Abuja summit held in October 2001, the Heads of States discussed a proposition by the European Union to have a permanent representation in the new organization[20]. At the Dakar Conference on the financing of NEPAD, the investors, mostly the STN, have decided "to institute a structure of international coordination in order to enhance the collaboration with NEPAD Executive Committee and promote other actions in favor of that important initiative[21]". In those conditions to state, as does the NEPAD, that "African leaders consider negotiating better terms in the multilateral framework of OMC" does not refer to any specific policy of building a fair relationship. Added to that there is no reference at all to the necessarily reestablishment of the south-south solidarity and specifically Afro-Asian. Without that solidarity, the African exception will always serve the purpose of forbidding the creation of south front[22].

3. Position of OECD countries

The OECD position that largely reflects the United States views has, in fact preceded the creation of the NEPAD and has in part inspired it. That position was defined in the report on cooperation[23]. According to that report, the 21st century will be distinguished by a new cooperation from which unilateral interference from the colonial and postcolonial period will be banned: it is the key concept of Partnership. But instead of reducing the hinders of conditionality of the structural adjustment era, the OECD reinforce them and in reality suggest a framework which allows members states an interference which surpass the economy and even the social to include the politics. Indeed, one of the major conditions is that the state establish partnerships relations with the civil society, the private sector, the NGO and of course the OECD countries who all have an equally right to decide the development needs and the setting up of programs[24]. The OECD does not consider any other kind of cooperation than that of unequal management of development. According to that report, the NEPAD is not qualified to negotiate since it is unable to impose OECD conditions on its members. Moreover in the OMC framework, only free exchange zones and common markets are recognized; but the OECD countries don't form an economical integration zone, nor those of the NEPAD. In consequence

[20] *Le Soleil*, Dakar 24/10/01.
[21] Le Soleil, 17/04/02
[22] *Le Temps*, Geneva November 18, 01. The Head of the Suisse delegation at the ministerial Conference of the OMC declared on the matter of intellectual property:" I am personally going to meet with African delegates and explain to them our positions. The difficulty is that individually they support us but as a group they change their minds."
[23] OCDE, Development Cooperation, February 2000, ch.5, "Partnership and cooperation", Internet.
[24] The European Union has adopted the OECD position since Cotonou I (2000) and its political message is clear: the external support is meant for "ACP partnership that are ready to help themselves". Officially the EU base it partnership on performance. Karin de Jong thinks he has to help governments to come closer to their citizen so that they can put pressure in order to improve public affairs management, resources distribution et the obligation to accountable. (Jean Bossuyt, Karin de Jong, Note sur la gestion politique du développement, No 8, 1997. Les critères de performance dans la future coopérationon ACP UE, p.1)

a partnership of the form of EU-ACP is impossible. What remains is holding of forums, where principal economical actors meet, international financial institutions, private banks, the STN, private sector and African States.

The African Heads of States give the impression to consider their relationship with OECD countries in a inter states framework while actual rules of the game favor firms relationship. The problem being, that beyond the state, there is not enough firm of a respectable size neither in the banking sector, nor in the industries or transport; and the privatization doesn't resolve the problem of structural weakness of the local middle class. One of the functions of those forums is therefore to make African people believe that they have integrated the neo-liberal globalization.

In fact the term new partnership of the NEPAD is not different from that of OECD that remains in the continuance of the colonial pact. If a systematic critic, and a significant social mobilization don't develop, the NEPAD will be a renewed PAS.

Conclusion

We have made a critical reading of NEPAD without always being convinced that it was a worthy exercise. It the modern development pattern, or rather the growth by the current approach attributes in general to market mechanisms and to the competition between enterprises bank creditors, the main book in the evolution of productivity and technics which produce optimum distribution of income without state invention.

It is perfectly incapable of integrating the social dimension. This clearly explains why it is not touched on in this text. The frame work theory which had been designed for auto centre countries is been known to the whole world through neoliberalism which assumed a free trade and free circulation of capital, (but not that of human beings). Add value to their hypothesis on the global ladder. By observation NEPAD does not adhere to neoliberal integration. The supporters of NEPAD are aware of the inequality among participants in the market, but it attributes this mainly to difference in levels of infrastructure and education. The less favoured countries, in this case African Countries have in priority try to make good this gap. It is from this diagnosis and from this strategy that differences will multiply. NEPAD proposed to give priority to those sectors which do not borrow from capitalist profits and at the same time to make them be financed by the STN which abide by the rules of profit and of

geopolicy in OECD, at a global level. In these conditions it is no wonder that NEPAD is building up an eye-deceiver partnership, which is actually an indigenous version of overindebtness management.