

*Full Length Research Paper*

# The impact of globalization on African countries economic development

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The term globalization captures the attention of everyone and especially economic development researchers. However, despite the prior prosperity promises of globalization and the benefits of an information accessing society, the afterwards benefits have not been universal and global inequality has increased instead. Some studies show that globalization has widened the gap between rich and poor countries in its relentless progression while others are unclear about its effect. Although the idea of globalization had gradually been developed since the Second World War, its impact gained momentum in the early 1990s; Africa has not been spared from the implications of this phenomenon. We used the KOF Globalization Index with a special bias on African countries. The purpose of this article is to examine the progressive position of Africa in the global economy and highlight key sustainable approaches which African countries can adopt as economic development priorities as it fits into a globalized economy. However, the losses could be higher for African countries or less depending on its approach. African governments' policies should be designed systematically so as to balance between its current low economic status, its political teething problems and the pressures to catch up and fit into the inevitable globalization trends. This would minimize the economic marginalization of Africa and increase its utilization of its raw materials and human resources.

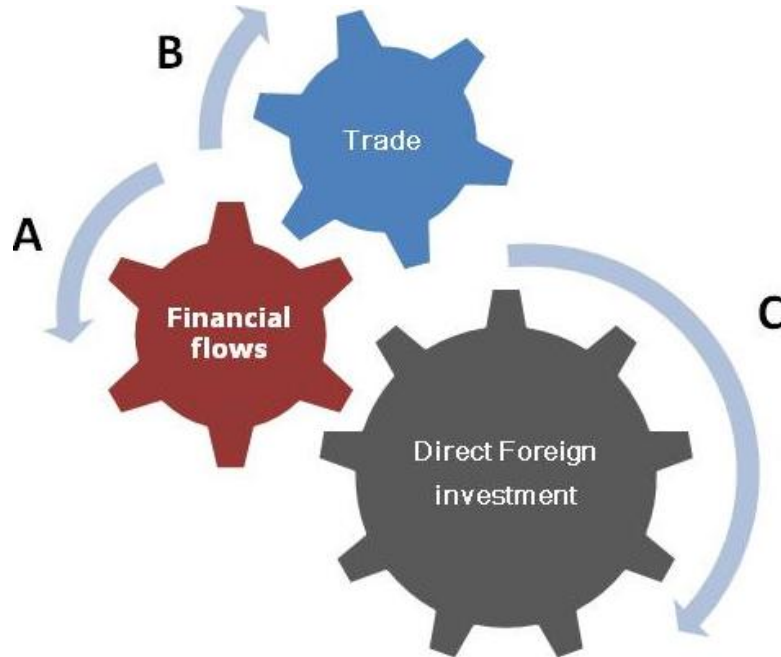
**Key words:** African countries, globalization, economic development, information technology.

## INTRODUCTION

The term globalization is certainly not new and has received major attention especially in the last few decades. It is on record that globalization is taking place at a faster pace (Dreher et al., 2008). The benefits of African countries of this phenomenon are not enormous because of their specific problems in all of the area of development. Globalization refers to the growing integration of economies and societies around the world.

Globalization of the economy includes the growing of internationalization of trade, capital investment, finance, business and the technology of production (Wade, 1996). The dynamics of globalization occur not only in the economic sphere but are also tangible and perceptible in the areas of communications and transportation. Indeed it is as easy to observe and quantify the vast flow of capital, goods and services around the world as in observing the distribution of images and ideas across national borders through antenna dishes and television set. How turmoil in the Tokyo stock market, for example, affects those of New York and London illustrates how it has become usual to attend the functioning of the global economy

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**Figure 1.** An illustration of the drives which characterize globalization showing how they are influenced by intensification of relations across country boundaries (B), liberalizations of economies (C) and the crucial role of information technology (A) in facilitating direct foreign investments, financial flows and trade amongst economic blocks.

(James, 1993). However, increased trade has not always been held in perfect harmony in all of the continents especially in Africa.

### **Relationship between evolution of societies and crisis**

The economic history of the world teaches us that the evolution of societies, particularly for economic reasons, always induced crises, whose resolution has often found an end only through the appointment of conflicts of all kinds, and by the use of coercion or submission. The relations of domination have been established in a systematic manner, like what the great economic powers are now trying to impose on through a more peaceful way, but whose effects can lead to implications where violence can be a constant feature. Nowadays, new ways of domination are instrumented, whose innovation consists in the economic strangulation of the least developed, particularly of the African countries. The same causes produce the same effects regardless of the evolution of people. It is possible and even "inescapable" to obtain solutions with respect to reducing inequality about economic development between countries. The consciousness of the masses continues to progress. It is not certain that those, who are still denied of a fair share in the distribution of the fruits of global growth, are much longer willing to passively suffer immoderate increases in

the development gap between rich and poor as in this case those of Africa which continue to grow; although some studies are uncertain about the globalization effect on the gap between the poor and the rich (Sapkota, 2009).

### **African countries influence on international institutions**

Globalization is multidimensional (JRC/OECD, 2008) and affects all spheres of economic, cultural, environmental and social-up to relations between states and nations from the five continents. It includes an intensification of cross-national cultural, economic, political, social and technological interactions. This links eventually may establish transnational structures and a global integration of various cultural, economic, environmental, political and social processes on scales which are at the level of global, supranational, national, regional and local (Rennen and Martens, 2003). It is mainly characterized by the intensification of relations across borders, facilitated by liberalization and rapid progress of information technology in the areas of trade, financial flows and Foreign Direct Investment (Figure 1). All these have contributed to make the further development and preservation of internal stability and external tasks difficult as well as delicate (Islam, 1999; Aninat, 2002). African countries, like other developing countries, have to

participate in international exchanges. But this integration requires active participation of policy makers and considerate negotiations in international institutions.

Unfortunately most, African countries play a too weak role within international institutions, even when critical aspects of their own development are at stake. This self marginalization of African countries in these institutions reflects the weakness of their weight internationally. Indeed, despite the many efforts of some African leaders after independence and prerogatives afforded by globalization, Africa has been unable to extricate itself through. Africa seems to be the least developed continent in the world, as evidenced by the low per capita income of many countries that compose it. The lack of infrastructure, particularly in the telecommunications sector, makes it difficult to establish links with the outside world and within Africa itself; Africa's technology sector is not innovative and spends little on research and development (RD) and has investment in extractive industries than in the service sector.

This present article analyzes the position of Africa in the global economy after identifying the essential characteristics of this mechanism; the effect of Structural Adjustment Programs (SAPs) which are designed to promote the opening of Africa to global markets and liberalization; the marginalization of Africa (in terms of trade, investment including Foreign Direct Investment, information technology); factors that influence integration of Africa in international markets and particularly the effect of globalization on poverty and employment in Africa. Secondly this article leads to suggest corrective actions appropriate for the African reality, animated by the wish to significantly improve the lives of African people which are driven and burdened largely by population growth.

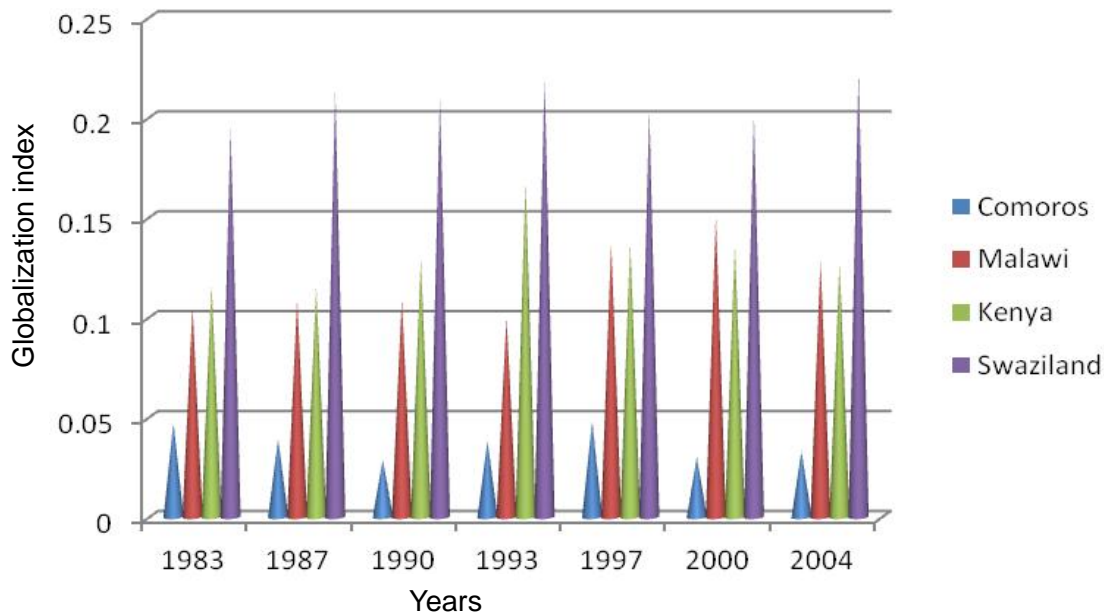
## THE INTEGRATIVE DEFINITION OF GLOBALIZATION

The world has witnessed increased interdependence in the last two decades, thanks to globalization. The main driving forces of this process are technology in the service sector, economic policies and trade competitions. It has subordinated domestic economies to global market conditions and practices. However, it seems that the developed nations are the beneficiaries of the strategies globalization to a certain degrees as their share of world trade and finance have been expanded at the expense of developing countries in general and in particularly of African countries. Thus, the process exacerbates inequality between the world's regions and poverty in the developing world. There are several reasons which explain why Africa has not benefited from these opportunities. The main factors may be due to monocultural export, inability to attract increased foreign investments and huge indebtedness. But, the potential for globalization can be domesticated in the African countries

through diversification of exports, debt reduction and expanded development cooperation with other countries is still possible. African countries also need to be strengthened as a bulwark against the dictates of foreign capitals. All this accomplished, Africa could join the League of Nations enjoying the benefits of globalization.

The world is fast becoming a global village, a metaphor that is often invoked to depict global interdependence and the increasing interaction among and the integration of economic activities of human societies around the world (Ajayi, 2001). In concrete terms, globalization is the intensification of cross-border trade and increased financial and Foreign Direct Investment flows among nations, promoted by rapid advances in and liberalization of communication and information technology (Islam, 1999; Aninat, 2002).

According to Omar Kabbaj President African Development Bank, with respect to Africa's economic performance in 2004, the report notes that it improved markedly. The region's GDP growth rate reached an average of 5.1 from 4.4% in 2003, resulting in a per capita GDP growth of 2.8%. This is the highest GDP growth rate recorded for the continent since 1996, and considerably above the average of 3.7% for the previous five years. It is also noteworthy that this is the first time in over two decades that the Africa continent has recorded growth rates exceeding 4% per annum for two consecutive years. As was the case in the past, growth in 2004 exhibited a considerable variation across individual countries, although the trend, overall, was quite positive. Some 20 countries achieved GDP growth rates exceeding 5% and 14 others recorded growth rates of between 3 and 5%. Only three countries witnessed negative growth rates, compared with six in the preceding year. Several factors, both external and internal, contributed to this strong overall economic performance. Externally, Africa's terms of trade improved considerably by 6.7%: largely due the rise in oil prices and the further strengthening of the prices of major non-fuel commodities, particularly metals. For comprehensive analysis, one can refer to (Figure 2) shows some results from calculations of the Economic Globalization Index (EGI) for countries in Africa (Lockwood and Redoano, 2005). Examples are given for the countries which sufficient data were available to compute the index between 1983 and 2004. Some countries entered the series during this period and others due to adequate data. There were also significant country omissions, such as Ghana, Tanzania, Uganda, Madagascar, Burundi and Ethiopia, some of whose figures could prominently have influenced the empirical and analytical work on globalization and poverty in African countries. Viewing and comparing the outcomes for 2004, the results show that Swaziland is the most globalized African country, closely followed by Angola, and that Comoros is the least globalized. According to Lockwood and Redoano's calculations, almost half of the 25 countries for which



**Figure 2.** A comparative trend of globalization index of the best (Swaziland) and the worst (Comoro) economies in Africa against the economic giant of East Africa (Kenya) and Malawi which has become recently food sufficient. Source: Lockwood and Redoano (2005).

estimates exist were less globalized in 2004 than they were in 2000. Some countries appear to show signs of steady globalization (South Africa, Cameroon), some show a downward trend (Liberia), some show U-shaped tendencies (Côte d'Ivoire) and others are inverse U-shaped (Zimbabwe, Nigeria).

### Structural adjustment and liberalization in Africa

Structural adjustments are a response to the financial crisis of debts notably known by African countries. They consist of “conditional ties under which loans are first intended to complete the public finances”, and result in “a series of reforms aimed at finding the major macro-economic and financial equilibriums, and place the economy on a sustainable path of growth” (Hugon and Pagès, 1998). As a result of continuing difficulties, most African countries were forced to seek support from the Bretton Woods institutions, which have concocted the term “Structural Adjustment Programs” (SAPs). These programs involve removing all the “distortions” opposing the market and thus leave the field open to the forces of supply and demand (Lawrence Egulu). However, a prior, adjustment is not a new phenomenon. Indeed, it is only a return to aid the balances of payments which were performed in the 1960s. The only difference is that this aid is now conditioned by a set of structural adjustments which must be met by economies of the South” (William, 1994). The description of the mechanisms of realization of these programs reveals the deep level of involvement of the World Bank and International Monetary Fund in the

conduct and governance of African debt. In most indebted African countries, governments are developing under the supervision and control of institutions of Washington, a “political framework document which such institutions directly countersign to mark its binding.

A structural adjustment is often divided into two distinct phases: the first is the short term macroeconomic stabilization, including devaluation, price liberalization and fiscal austerity and the second being that the implementation of a number of more fundamental structural reforms as indicated by Chossoudovsky (Ki-Khuabi, 2006). Almost all African countries have implemented economic reforms in the form of the SAPs. These economic reforms are clearly related to the phenomena of globalization. The example of the liberalization of trade may be a structural reform which, in many cases, open new trade markets while intensifying competition. But globalization can exacerbate this competition. It is difficult to distinguish between impacts that are attributable of SAPs from those that come from globalization. We shall focus on the prominent facts of SAPs and globalization to highlight some of the most important relationships.

African states have imposed SAPs to end the economic crisis caused by various exogenous and endogenous factors. Some of the external factors are: increases in oil prices, the deteriorating terms of trade, droughts, wars and political upheavals. Internal factors include inadequate policies such as the overvaluation of the currency, which has hurt exports, import subsidies and distortions in the structure of factor prices, which are slowing global growth. The omnipresence of the public sector is as a result of cumbersome and inefficient civil service and of

government intervention in the direct production of goods and services through a myriad of public companies in deficit. This has led to large budget deficits and has caused high inflation.

The closed policy of import substitution, supported by the widespread use of tariff barriers and quotas to protect uncompetitive manufacturing, has stifled any kind of innovative response to global competition. Excessive regulation of prices was imposed to better cope with market forces and a corrupt bureaucracy has favored the issuance of permits rather than relying on market forces to allocate resources efficiently. These policies have fueled the race for rents and discouraged agricultural production. Governments improperly running inefficient tax systems have disproportionately used credit (issuing treasury bonds), and have fixed interest rates and credit control. The liberalization of financial services has not helped the fragile financial institutions gain expertise. Foreign banks have doubts about their investment in those countries which are now available to them. The insolvency of banks and virtually non-existent infrastructures has delayed the establishment of an efficient financial system. The SAPs have resulted in developing countries, especially in Africa having an increase in inequality and poverty. The imposition by the World Bank and International Monetary Fund of market mechanisms has particularly resulted in a reduction of state intervention both internally and externally in Africa. Thus, in the health sector for example, curative and preventive cares are crumbling, infrastructure, working conditions and salaries are degrading. A similar approach prevails in the field of education where schools are closing, teachers are laid off, and education is virtually being privatized. In short, the World Bank requires African states to compensate for the lack of grant funds through partial, or even full, privatization of essential social services, thus implying the *de facto* exclusion of large sectors of the population unable to pay the various fees related to health services and education (Ki-Khuabi, 2006). The negative policies adopted in economic reform programs are the bases of the poor performance of the manufacturing sector. Thus, the devaluation of currency has pushed up import costs and, by extension, costs of production.

Trade liberalization has exacerbated problems of domestic industries. Inexpensive commodities imported from technically advanced developing countries, particularly South-Eastern Asia, quickly invaded the African markets (Bagachwa et al., 1995; UNIDO, 1996). The trade associations of Ghana, Nigeria and Zambia reported dumping and unfair competition. In some cases, reforms abroad have forced small and large companies to engage in excessive competition, thus reducing their profit margins and sales volume. In others, these reforms have led to the closure of factories, especially in small-scale, less competitive, producing industries such as soap, footwear, textiles and Sablon pieces of cloth-

dyeing. If trade liberalization has fostered trade, it has discouraged investment in productive activities in the long term. Thus, import liberalization has improved the supply and helped small businesses and informal sector enterprises to have access to raw materials, tools and spare parts: particularly in the case of small retailers, tailors and food companies and woodworking. The ability of African governments to manage their economy has deteriorated since the implementation of economic reforms in many countries; past policies have undermined the ability of the private sector to offset the reduced role of government in the economy. Where the private sector is strong, it is dominated by ethnic minorities, Asians in East Africa and whites in South Africa or by subsidiaries of transnational corporations. It is not clear whether the international links created by the private non-indigenous will foster the national economy. The indigenous private sector in African countries can improve its performance given that the governments want to play an active role in developing national capacities, streamline the public sector and promote cooperation between public and private sectors.

Factors such as the country's situation before the implementation of reforms, intensity and sustainability of those reforms, the pace, resources and capital inputs in addition to national resources are important preliminary analysis factors indicating the reaction of African countries to SAPs. The SAPs are for many the case problems in African countries. These phenomena have led to outflow phenomena to numerous constraints of the tax, the extension of the informal sector, lower yields of customs revenue due to the proliferation of fraud. The beneficiary states have become dependent, which led to their political responsibility. In addition, key sectors of the economic have been neglected in favor of the restoration of public finances. Hence the many problems faced by industrial and agricultural sectors.

### **Marginalization of Africa**

Globalization has facilitated the opening up of unexpected possibilities for individuals, groups and countries. Literacy, school attendance, infant mortality and life expectancy are examples of human indicators that have been much improved in recent decades. In countries with low income and middle-income, life expectancy has increased from 46 in 1960 to 63 in 1990 although recently this has been influenced by HIV/AIDS; the infant mortality rate, meanwhile, fell during the same period, from 149 to 71 per 1,000 live births: the literacy rate for adults rose from 46 to 65% and finally, the real GDP per capita rose from \$ 950 to \$ 2,170 (UNDP, 1993). Globalization has proved particularly beneficial to Asia but not Africa for the global production for profit and for owners of capital and highly advanced skills.

Furthermore, as indicated earlier globalization has

been more beneficial to industrialized countries and some developing countries than poor countries. In April 2000, at the South Summit, the Cuban President Fidel Castro used a metaphor to describe the current reality of globalization for the immense majority of people. According to him, globalization is an objective reality underlining the fact that we are all aboard the same ship, signifying the planet we live on. However, he said, "passengers travel in ways that greatly vary". According to him, a small minority of people travel in luxurious cabins, all equipped with Internet, cell phones and access to global networks of communication equipment. They have an alimentary plan which is nutritious, abundant and balanced, with a provision of portable water. They have access to modern medical care and culture. Instead, says he, the vast sad majority of passengers are traveling in conditions resembling that of the terrible slave trade conditions from Africa to the Americas during our colonial past. He continued by stating that 85% of passengers on the ship are piled helplessly in its repulsive and dirty holds, where what they know most is hunger and disease. Obviously that kind of ship carries on too much injustice not to sink and it follows a route so irrational and meaningless that it cannot call at any port. In conclusion he send a warning tone, thusly that this vessel seems be destined to hit an iceberg. Then he soberly stated that, "should this occur, we will all sink with it". Nevertheless, economic restructuring, liberalization, technological change and fierce competition that have accompanied globalization as those in employment have contributed to impoverishment, inequality, work insecurity, weakened institutions and systems of social support and the erosion of identity and established values. Globalization has been unfavorable to most of Africa and countless regions of the planet in terms of employment, as well as countries that have no assets or whose skill base is not stable and adaptable.

Declining share of Africa in world trade, investment and technology of information constitute the major signs of weakness in its integration. According to the study of the (World Bank, 1996b) on global economic prospects of developing countries, integration of these countries into the global economy in recent years has been done very unevenly. Integration has been much slower especially in the Middle East and especially in Africa. The African continent is most marked by marginalization. However the SAPs have not effectively helped Africa to integrate the global economy.

The African continent's share in international trade is small and continues to decline, its market is facing the export of primary products and import of non-primary. Thus, the part that the continent held between 1960 and 1965 ranging between 4.1 and 4.9% and fluctuated to around 4.4% during the 70s had dropped to reach 2 or 3% in the 90s. Its share of world exports rose from 4.7% in 1975 to 2% in 1990, while the market share held by the least developed countries declined even more

pronouncedly, from 0.6% to 0.2% (UNIDO, 1993). According to the World Bank (1993c, 1995c, 1996e), between 1980 and 1994, the contribution of exports to GDP has slightly increased in many countries of Africa, but decreased in others, notably in Algeria, Congo, Nigeria, Togo, Uganda and Zambia. Similarly, exports have recorded negative growth in Côte d'Ivoire, Nigeria, Tanzania and Zambia during the 80s, as well as Algeria, Cameroon, Côte d'Ivoire, Mauritius and Togo in the 90s. Mauritius was the only African country to record export growth exceeding 10% in the 1980s. The market share of manufactured exports of African countries is thin, with the exception of Kenya, Mauritius, Senegal, Tunisia and Zimbabwe. The market share of Zimbabwe's exports has remained constant between 1980 and 1993. Finally, exports of machinery have been very low in many countries of Africa except in Cameroon, Kenya and Tunisia. This very small market share suggests that Africa is lagging behind and cannot compete with the rest of the world like United States, Asia, and Europe. The rate of productivity growth and innovation and technological progress has been much lower in Africa than elsewhere. The changes recorded in the sub-regions are not good indicators of the overall situation. In general, export growth was faster in Southern Africa in the 90s and the contribution of manufacturing to GDP tends to be higher than in other parts of Africa. Since independence the structure of commodities remained substantially the same, as shown by indices of concentration and diversification for the years 1970 and 1990 UNCTD (1984/1991). The dependence on primary commodities remains.

However, the change in the nature of exports, such as increased exports of manufactured goods can promote technological progress, dynamic comparative advantage and increase productivity. Prices for commodities soared and, according to forecasts, some upward pressure will be felt in coming years. Because of supply problems, some African countries would benefit from rising prices of commodities and will therefore make every effort to increase their export volume and thus their income. However, African countries must use these additional revenues to increase their production capacity and international competitiveness. Africa should also diversify its economy, particularly exports, because the high price of commodities will perhaps not always be maintained. With the liberalization of international trade and increased interdependence of national economies, African countries can expect that the competition is fierce in the field of exports of manufactured goods and primary products. If they do not react, their global market shares will continue to erode the benefit of other countries, even in traditional export sectors such as cocoa, oil palm and coffee. Diversification of production and exports being a business on a medium and long term, African countries should also be more competitive in the traditional export sectors.

They will have to adopt macroeconomic and sector

policies, including the establishment of competitive exchange rates and measures to reduce domestic production costs, improve their competitiveness in the non-price factors such as marketing, particularly assisted by the highway information, which is discussed below. The marginalization of African countries is reflected by their low share of commerce (2% only) (Mohamed, 2001). Preferential trade agreements concluded with the European Union or under the General Agreement on Tariffs and Trade (GATT) through the Lomé Convention are being questioned. It is likely that the implementation of the agreements of the Uruguay Round will gradually eliminate these preferential agreements. Although an estimated \$213 billion was gained as a result of trade negotiations of the Uruguay Round, in Africa, excluding Egypt and Libya, could lose \$ 2.6 billion per year (Martin and Winters, 1995).

During the 1960s, the volume of exportations from African countries had increased by an average of 6% per annum. However, since 1973, the volume stationary at the beginning declined significantly in most countries at an average 0.7% per year according to report WTO (2003). Despite the considerable increase of volume of world exports, the share of Africa has unceasingly been declining. The part that was 3% in 1990 became only 1.7% in 2001, in which almost all is relative to commodity and raw materials. This loss of market share is associated with the decline in imports of these products in world trade. And this, despite the changes in tariffs which have become more favorable with the application of the tariff advantages granted by the EU under the Lomé Convention (1976-1981-1988-1990) and the generalized system of preferences on main markets. The loss of market share costs \$70 billion per year in Africa since the late 60s. For the proper functioning of their economies, most African countries need to import goods that they cannot sufficiently, or not always, produce. African countries import from the North technology (capital goods, machine tools etc), cereals and some basic foods (milk, meat, etc). Imports of cereals, which were all at a low in 1960 (only 1 million tons after year) rose to more than 10 million tons on a consumption of 60 million tons in 1997. The dependence of Africa on the outside for most of its food has increased so rapidly and dramatically. Most imports of energy products are extracted from Africa, exported and then re-imported after transformation at a much higher price. However imports from Africa have collapsed, the relatively large deficits in current account balances not being able to be funded by capital inflows according to Report WTO (2003). In fact, the global movements of goods, services, direct investment and financial concern especially in North America, Europe and Japan. The group of least developed countries accounted for only 0.1% inflow of investment globally and 0.7% inflow of investment in all developing countries. Africa has been particularly neglected (OECD, 1992).

In order to examine some features of globalization

trends in Africa relative to other global regions, in Table 1 we show some summary data on performance in Sub-Saharan Africa (SSA) in respect of trade openness, alongside evidence on economic growth, over the period 1980 to 2004. Estimates are shown for 5-year periods for each of regions (low and middle-income countries) where comparable data are available. Clearly, such selectivity over periods of time can be problematic because we may miss events and macro features of individual years. However, this span covers the period when many African countries embarked on economic reform programmes, and it includes the decade or so of their aftermath. Turning first to the evidence on trade openness, following Sachs and Warner (1995) we use a measure of trade intensity, that is, imports plus exports relative to GDP (measured in current US\$). Three important issues about measuring trade intensity should be noted. First, *ceteris paribus*, one would expect the ratio to decline with income, so if a ratio for a region is based on country ratios weighted by GDP, then this is likely to be lower than an equivalent ratio using (equal) country weights. Second, if trade and GDP are valued at public-private partnership (PPP) units, then the ratios are also likely to be lower (as GDP in PPP prices for low-income countries are higher than in current dollars, while trade values would remain the same). Table 1 is therefore based on average trade intensity measured in current US dollars. Third, the ratio is likely to be affected by country or region-specific effects, which has led some researchers to control for these factors before making comparisons across regions. The first panel of Table 1 shows the expected general trend towards greater openness over the two decades across all global regions between 1980 and 2004, based on GDP weights. The trend is not uniform, either across regions or over time, and this is an important feature. At first sight, openness in Sub-Saharan Africa is higher than other regions in almost all years shown, but this is potentially misleading because of region-specific factors (IMF, 2005).

## INVESTMENT IN AFRICA

Foreign investment might serve to close "idea gaps" between developing and developed countries (Romer, 1993). According to World Bank estimates, least developed countries require infrastructure investment equivalent to about 7% of their GDP annually (Akyüz and Gore, 1996). The lame performance and the manufacturing base of small-scale concern the exportations which we have previously seen is consistent with the low investment rates in sub-Saharan Africa. World investment of African countries is about 1% according to Mohamed (2001). The private and public investment remained modest, even in African countries where reforms were more successful. Expressed as a percentage of GDP, investment has declined significantly from the 70s into

**Table 1.** Global comparisons of trade openness and growth.

<b>Trade openness<sup>1</sup>: (X+M)/GDP</b>	<b>1980 - 1884</b>	<b>1985 - 1989</b>	<b>1990 - 1994</b>	<b>1995 - 1999</b>	<b>2000 - 2004</b>
Sub-Saharan Africa	55.4	53.0	54.8	60.1	65.3
Latin America and Caribbean	27.3	29.2	32.0	39.3	43.4
South Asia	19.2	17.8	22.4	27.5	32.5
East Asia	29.2	36.6	50.7	59.8	73.9
E Europe and Central Asia	na	na	59.1	67.3	73.9
Middle East and North Africa	57.6	41.5	59.7	54.0	56.9
World total	37.9	36.6	38.8	43.9	48.5
Sub-Saharan Africa (with country weights) <sup>2</sup>	69.3	65.3	68.6	70.4	75.7
<b>Growth of GDP per capita (average annual)<sup>3</sup></b>					
Sub-Saharan Africa	-1.2	-0.2	-2	0.8	1.5
Latin America and Caribbean	-0.8	0.3	1.7	0.9	0.8
South Asia	3.2	3.6	2.8	4.0	3.7
East Asia	5.7	6.2	7.7	5.4	6.5
E Europe and Central Asia	na	na	-5.4	1.6	5.3
Middle East and North Africa	0.7	-1.2	1.8	1.7	2.5
World total	0.5	2.0	0.8	1.7	1.6

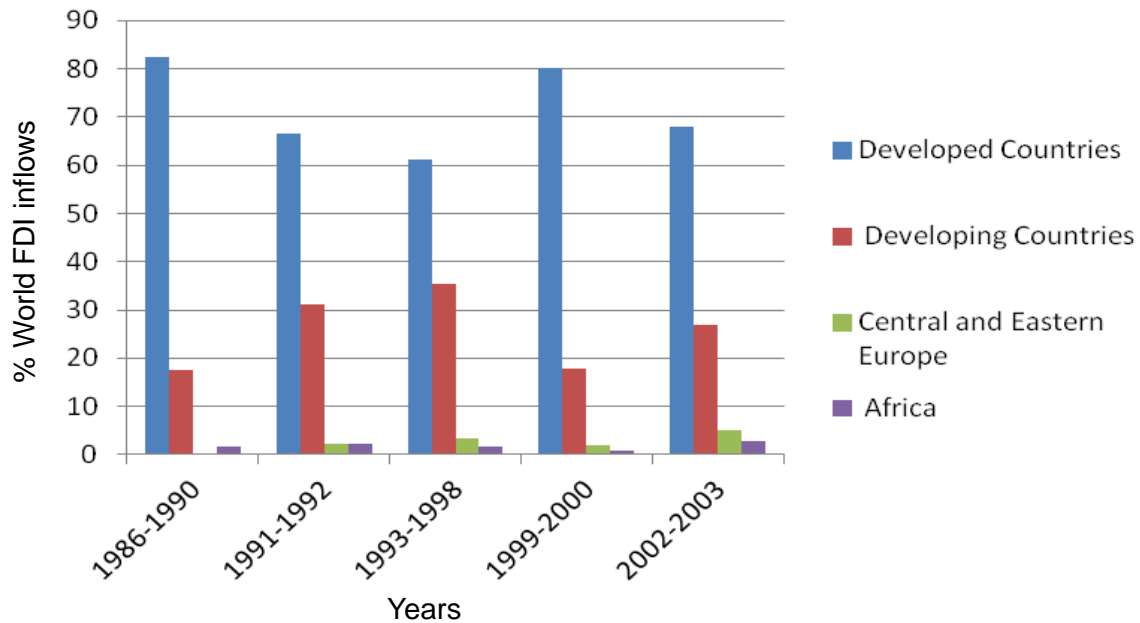
Note: na = not available; Sources: 1). World Bank (2005) (calculated from current US\$ estimates); 2). Own calculates based on World Bank (2005); 3). Average annual % (World Bank, 2005).

the 90s, from about 26% to just over 16% according to IFC (1995). The drying up of funds from abroad in the early 80s contributed to the decline in investment. The decrease in gross domestic investment reflect a declining savings rate: gross public savings has declined by 2% on average per year. In most cases, public investment in infrastructure and social sector dropped during implementation of economic reforms. The institutions of science and technology, telecommunications, energy production and education have all been faced with reductions in investment. The credibility of the policies of African governments and sustainability of economic reforms are essential to attract investment in sectors growth and by extension for medium and long term. Development partners and International Financial Institutions (IFIs) have made credible African states in implementing economic reforms. Investors seek macro-economic stability. The selective investments and debt relief would be welcome to the macroeconomic stability in the trade policies imposed by International Financial Institutions. Despite the liberalization of policies governing the investment in many countries, African countries are marginalized in the case of Foreign Direct Investment (World Bank, 1996a). The bulk of FDI in Africa is concentrated in a small number of countries with natural resources, especially oil. South Africa could not succeed in attracting much Foreign Direct Investment (FDI). Essentially, the resources that this region receives from the outside are loans made by government, Foreign Direct Investment (FDI) amounting to only 12% of the total granted in 1993 (UNCTAD, 1995a, 1995b). If we

disregard the recent surge of FDI in Angola and Nigeria, the region as a whole has suffered setbacks in regard to FDI in 1994. In recent years, the International Finance Corporation (IFC) has established several programs, including the African Project Development Facility and the African Enterprise Facility. However, investments of International Finance Corporation (IFC) were only about \$600,000 in 1994, compared to an average of 12.3 million elsewhere. In 1994, the share of investment from International Finance Corporation (IFC) in sub-Saharan Africa has been halved compared to the 70 and 80s (Helleiner, 1996). The share of FDI held by Africa as a proportion of the total amount granted to developing countries rose by 11% between 1986 and 1990 to 6% between 1991 and 1993 and 4% in 1994. The net inflow of resources has declined so much in Africa, from \$24.1 billion in 1992 to \$19 billion in 1993. One can largely attribute this decline to the reduction of financial aid programs bilateral. The reduction of official programs of financial assistance to growth and development has not been offset by an increased flow of private capital, or by higher export revenues. This reduction has caused a decline in imports, as the case in 1993 (Bhalla, 1998).

The globalization of financial flows is after summation, like that of trade. Financial flows to low-income countries especially most African countries are virtually non-existent and, even if the flow of private finance to developing countries at average income has increased more, the official development aid is stagnant. Almost all financial flows for countries of the Organization for Economic Cooperation and Development (OECD), and





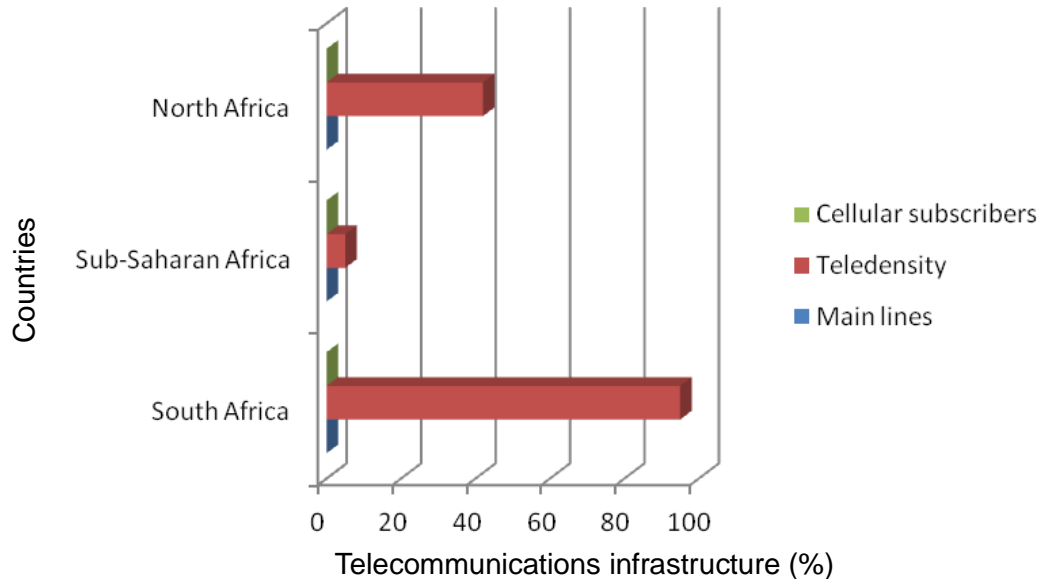
**Figure 3.** The comparative low distribution of the World FDI inflows for Africa from 1986 to 2003 (%). Source: World Investment Report, UNCTAD, 2002 and 2004.

part of the foreign investment are directed towards a small group of developing countries, including China and countries of Latin America and East Asia. A study by the World Bank (1996b) on prospects for global economies of developing countries, integration of these countries into the global economy in recent years has performed unevenly. In general it is Africa which is most impacted by marginalization. Thus, a recent article on this subject concludes that Africa is currently more marginalized in the global economy than at any time during the last fifty years and its contribution to world trade, investment and production declined to the point of achieving negligible proportions (Collier, 1995). In fact, the global movements of goods, services and direct financial investment concern especially North America, Europe and Japan. The group of least developed countries accounted for only 0.1% of investment revenues globally and 0.7% of investment revenues in all developing countries. Africa has been neglected in particular (OECD, 1992). Africa has never been a major recipient of FDI flows. On an annual average basis, the region's share of global FDI inflows was 1.8% in the period 1986 to 1990 and 0.8% in the period of 1999 to 2000. A slight improvement was observed in the 2001 when inflows to the region rose from US\$ 9 billion in 2000 US\$ 19 billion in 2001, increasing the region's share of global FDI to 2.3%. It should be noted however that this increase was largely due to two unusual cross-border Mergers and Acquisitions in South Africa and Morocco. FDI inflows to the regional fell by 40% in 2002 but grew by 28% in 2003. However, on an annual average basis, the share of Africa in global FDI inflows rose to 2.5 over the period 2002 to 2003. Although this represents an improvement, it should

be noted that this figure is 24.5% points below the average share for developing countries over the same period (Figure 3). Hence, in a globalized era, developing countries have to attract foreign investors; however, in order to attract more foreign direct investment (FDI) and reap the benefits that accrue from FDI, many governments in Africa have in recent years have improved their countries' attractiveness by expanding trade and liberalizing their investment framework. This is expected to gradually increase employment, higher wages, increased worker productivity, technology transfer and economic growth generally. Some countries have identified particular sectors which shall drive them to higher development; Kenya has at least thirteen in its vision 2030. Rwanda also considers former neglected sectors like tourism as a dynamic economic sector of achieving the attractiveness and competitiveness (Nkurayija, 2011).

### Information technology in Africa

Satellites and the adoption of the Internet have greatly accelerated the speed of cultural, economic and informational data transmission on the world stage. However, as can be seen in trade and investment, large poor areas of Africa are ignored. The global forces do not affect those countries that practice subsistence agriculture nor suffer from the turbulence effects of globalization. In the technology sector in Africa, investment in research development, for example, is very low and constantly decreasing. Only 0.33% of African GDP was invested in this area in 1970 against 0.29% in 1990 (UNESCO



**Figure 4.** The comparison of telecommunications infrastructure between South Africa with others countries in Africa. (Source: ITU, 1996).

Statistical Yearbook, various years, UNCTAD, 1994). With the exception of South Africa, spending by African countries in respect of telecommunications equipment accounted for in 1986 is 0.7% of spending in the world. In addition, only a few countries have invested in this sector: Algeria, Libya, Kenya, Zimbabwe, Nigeria, Morocco, Ivory Coast and Tunisia. The low GDP and growth in most African countries according to World Bank (1995c, 1996e) explain the age of telecommunications infrastructure and low levels of teledensity. The African telecommunications network grows slowly compared to international standards. South Africa is the only country with a good telecommunications system. If we compare the telecommunications infrastructure in South Africa to the rest of Africa, we realized that the most striking indicator is the teledensity. For example, in South Africa, it is 9.5 main lines per 100 people, while in the rest of sub-Saharan Africa, it is only 0.5 (Figure 4). About 33% of main lines in Africa have nearly 84% of all cellular subscribers are in South Africa although this is rapidly changing. There was a superiority of the infrastructure of North Africa compared to that of Sub-Saharan Africa concerning main lines and teledensity. In contrast, North Africa has far fewer cellular phone subscribers. Serious problems also arise with the lack of software available in local languages, even in South Africa, a country relatively advanced compared to the rest of Africa. Some countries have tried to adapt computers to their local language. In Ethiopia, for example, research to exploit the full potential of computers and extend the use of technology information to all sectors of the economic development has been conducted in the national language. The access to information technology is related to the purchase of electricity, among other things, as well as education and

the acquisition of computer skills. Economically disadvantaged groups are less likely to be able to purchase computer equipment. Given that women are underrepresented in the education system, they were probably less likely to access this technology. Moreover, the use of symbols, images, sounds and language belonging to a given culture may make the information highway eminently "exclusionary" (Marcelle, 1996). In Africa, automation in factories and computerization in the industry are not very common, which prevents companies to compete internationally. Most African countries rely on imports in the sector of information technology, including computer-controlled machine tools, used primarily in the sector of industry. The local manufacture of hardware is almost absent in most of African countries. Government policies have also hindered the spread of computers in the past. Thus, between 1974 and to 1980, Tanzania banned the import of computers on the pretext that they were luxuries. Some countries refused to connect to the information highway because of unwanted information that is conveyed.

A country can thus voluntarily deprive itself of the advantages derived from new technologies (Ramani, 1996). The agreements of the Uruguay Round were formalized and universalized the intellectual property rights (Correa, 1996). For developing countries, particularly for African countries these agreements resulted in more costly access to existing programs because it will be difficult to engage in piracy. It is obvious that there is piracy in many African countries, although there are no precise data on this subject. Pirated software (including disks) is available at lower prices. Moreover, once the software is patented, it will be difficult to have access to ideas, concepts and techniques underlying the design,

which is a major obstacle for the integration of Africa into the semiconductors industry.

### **Electronic networking in Africa**

Despite these constraints, more than half of African countries have some email services with access points to the Internet. However, the infrastructure is outdated and affordable access to electronic communications is limited largely to the capital. By 1996, only Mauritius, Senegal and South Africa provided these services outside their capital (Jensen, 1996). In South Africa, five organizations operate communications networks and all want to expand into the rest of Africa. Telkom SA Limited dominates the market with its 3.7 million main lines in use. Eskom, national electricity company, has its own telecommunications network and cooperates with several African countries. Transtel is the telecommunications subsidiary of Transnet, a state corporation of South Africa, which works in the field of railways and transport. Transtel wants to expand and connect all of its operations in Africa by satellite. South Africa has two competitors in cellular phones, MTN and Vodacom. Membership fees to the Internet vary considerably among different sub-regions of Africa. For example, in Austral Africa, the cost is \$10 to \$100 per month, representing a sum large enough relative to income per capita in most African countries. This means that even if computers are available, internet access will likely be limited to very few people (Jensen, 1996). In Zambia, the University of Zambia has a very modern communications named Zamnet. So the University with this system provides significant services to the Zambian community and others. The business and professional community in Zambia can be accessed from the University through that system. Some agencies have begun to benefit from the network. The non-trade organizations such as non-governmental institutions in the sectors of health and education and the UN Organizations began receiving toll-free email services which such system offers them. The network Zamnet offers other services such as Web browsing, access to the new network, transfer files, downloading information from the Zamnet database (the example of a user who wants information concerning tourist services and hotels in Zambia, may easily obtain it from the Zamnet database). This system is equally used by banks that use it for the declaration forms for imports. It is a network of rapid communication with the Bank of Zambia and the Ministry of Finance. In addition this network allows rose flower producers to better follow the evolution of European markets. With more than 600 subscribers, Zamnet services are more concentrated in Lusaka and on the copper belt. Also in Zambia, there is Telecom 2000, a potential business source wanting to improve the communication equipment in the farming communities especially in remote areas, has faced enormous problems such as lack of telephone lines, number of

Internet links and especially the lack of public awareness regarding the computer which have limited expansion or growth. Kenya also offers Internet services. According to the most recent data, companies including Airtel, Safaricom, Yu, Orange, and others in Nairobi are offering services for email and Internet for the country.

### **Regional cooperation in Africa**

Optic cables are also being laid to transform the electronic communication in Africa. Among these are the East African Internet Association (EAIA) regional grouping that anticipates providing services in collaboration with members of Kenya, Tanzania, Rwanda, Burundi, South Sudan and Uganda, the Trade Information Network (TINET) that are interested in commercial databases and linkages with local issues as part of the Common Market for Eastern and Southern Africa (COMESA), and the system of automatic data processing customs (ASYCUDA), which specializes in the treatment of information customs of member countries. Another example of regional cooperation in Africa is the provision of digital link in the program-phased development of Botswana. This program is a link with the outside world via Namibia, South Africa, Zambia and Zimbabwe. Through regional cooperation it is possible to combine resources and perform research and development (R&D). Besides, the exchange of national experiences allows local solutions to be found for the local problems. We can conclude that there are timid initiatives for the implementation of electronic networks in Africa.

### **Factors affecting integration of Africa**

According to Mohamed and Kenton, (1999), it is unlikely that globalization enables the development of Africa, and especially with the following reasons: i) Low income and resources of Africa; ii) World prices and demand for African crops (the main sources of foreign exchange) fell in the 60s. Moreover, competition from capital-intensive agriculture in Asia and Latin America has further aggravated the plight of African farmers; iii) African countries with average incomes firstly derive their wealth from mineral exports, which tend to primarily benefit transnational corporations and developed countries that turn these raw materials into consumer goods. Ironically, they sell these products to developing countries by making lavish profits; iv) A majority of Africans live in rural areas where the economic cycle depends on an unpredictable weather). The population increase, which goes hand in hand with very limited job opportunities, results in a rapid growth of labor without land and which survives on the fringes of the economy; vi) This trend also feeds migratory flows towards middle-income countries like South Africa; vii) Despite the call for an African rebirth, the world's capitals find only very limited

opportunities to bring new investments to the mainland, which is due to the political instability and the negative image that markets have; viii) In the information age, Africa is in a very poor position to provide international competition because the continent suffers from a lack of new technologies and of appropriate offers for educational matters. Thus, the authors concluded that the prognosis is that the development of Africa and the dynamics of global capitalism, or globalization in general, are not converging and will not be in the foreseeable future.

Several factors have contributed to the marginalization of Africa in the globalization process. Collier (1995) identified four factors contributing to the marginalization of Africa: i) The lack of reforms, ii) The scale of production and markets, iii) Environmental risks, iv) Weak constraints.

Regarding the first factor, he argues that even if the reforms nowadays have substantially narrowed the gap between the economic incentives for African countries and elsewhere, they have been totally eliminated. Regarding the second factor, he argues that Africa has a long tradition of production and small-scale markets and that this continent has limited human resources. In addition, a major barrier to Africa's integration into world markets lies in the fact that private agents have the impression that it is riskier to invest in Africa than Asia for example. African countries are at the mercy of upheavals caused by frequent changes in policies. Finally, the mechanisms of coercion are indirectly responsible for this insecurity. The weakness of the army means that government policies may be changed without notice; due to the weakness of the central bank, macroeconomic policy can be radically changed; deficiencies in audits can result in sudden tax changes. The weakness of imposition mechanisms also contributes directly to the marginalization of Africa: the poor performances of accounting services show a rudimentary financial system, often offering credit only for trade. The marginalization of Africa in the investment sector is largely explained by the mediocre quality of infrastructure support and political instability. It is generally believed that a country can succeed in attracting Foreign Direct Investment (FDI) by adopting incentive measures, which specializes a favorable national regulatory framework. The positive macroeconomic indicators also allow for a better assessment of the magnitude of investments. A very important reminding factor is the colonization. The colonization of Africa by Belgium, France, Germany, Portugal and the United Kingdom constitutes an obstacle for Africa to achieve international competitiveness. African countries have established very restricted economic links with their respective colonist homelands rather than with other countries of the world and Africa. However, recent studies have established that freedom to trade internationally has a robust positive effect on within-country income inequality and that there are significant positive effects

from the deregulation and social globalization (Bergh and Nilsson, 2010). The African colonies were deprived of adequate infrastructure, and populations were living in very miserable conditions. These people had no access to education, portable water, health care, etc. After independence, many African leaders have tried to erase the traces of their colonial heritage by adopting isolationist policies in the manufacturing sector. However, this protectionism was not such a good initiative and did not really promote the development of national competencies necessary for African countries to manage global competition. Another factor that contributes to the marginalization of Africa in the global economy is the exodus or brain drain. Between 1960 and 1975, approximately 1,800 highly skilled Africans leave every year. This number increased to 4,000 from 1975 to 1984, 12,000 per year in 1990 and currently 23,000. This represents, for Africa about one third of human resources at this level was reported last year by Mr. ROSSI, representing the International Organization for Migration (IOM), indicating that these numbers do not include students who do not return to their country after their training.

#### **EFFECTS OF GLOBALIZATION ON GROWTH, INCOMES AND EMPLOYMENT IN AFRICA**

The phenomenon of globalization has impact on growth, income and employment in most developing countries especially in Africa. It was expected that globalization would cause a great increase in production and indirectly lead to development. This means that globalization would lead to an increase in production followed by social welfare. Instead, it has benefited the rich and further widened inequalities between industrialized and poor countries. The problems of unemployment and poverty have not been eradicated in African countries during the era of globalization. In this regard we focused on some African countries in the 1980s and 1990s and also part of 2000s in terms of growth and effects of poverty and unemployment on globalization. According to the World Bank (1995c, 1996e), Growth rates were higher in the 70s than during subsequent periods in Algeria, Côte d'Ivoire, Kenya, Lesotho, Malawi, Mauritius, Nigeria, Togo and Tunisia. Moreover, they have progressed over the 80s and 90s in Benin, Ghana and Mauritania. In the case of Tanzania, the rate of growth remained relatively stable during this period. For a long time there was no longer hope for Africa as regards to economic performance: in both absolute and relative terms, the growth rate of GDP per capita in Africa has remained low compared to other developing regions. All sub-regions of Africa after the 60s have lost their cruising speed in the year of growth. Since the 70s, virtually all sub-regions of Africa have consistently recorded growth rates above the rate of GDP growth. The overall growth rate of GDP of African

countries has declined from 3.6% between 1970 and 1980 to 2.5% between 1980 and 1990 and 1.7% between 1990 and 1994 according to African Development Bank (1995). This decline was more pronounced in the Maghreb countries and net exporters of oil. The growth in the Maghreb is an example. This growth, which was nearly 4% in the 70s, went to 1.4% between 1990 and 1994. Cornia et al. (1992) argue that the traditional adjustment policies, applied on a large scale in Africa during the 80s, did not contribute to the achievement of long-term development, which the persistent macro-economic imbalances hampered on and for which there was given a too excessive emphasis on demand management rather than supply management. The issue of poverty alleviation is not very encouraging either (World Bank, 1990).

World Bank (2002) report shows that since 1980s a number of developing countries, encompassing about 3 billion people and including China, Hungary, Mexico (the new globalizers), shifted their exports from primary commodities to manufactured goods and services. However, countries covering about 2 billion people—particularly in sub-Saharan Africa, the Middle East, and some countries of the former Soviet Union have been unable to integrate into the world economy. According to Milanovic (2003), some of these economies have contracted, leading to a further widening of the income gap between globalizers and non-globalizers.

Cases of extreme poverty in Africa are more found in rural areas than in urban, even the cost of living is significantly higher in urban than rural. Malnutrition, lack of education, reduced life expectancy, poor housing and disease are problems that are also felt more in rural than city. Despite their obvious desires to make a proper distribution of wealth of the nation, many African governments were not able to reduce income inequalities. In the mid-70s these inequalities, which were very important, could not be obtained appropriate solutions to be eliminated, but they have changed aspect. Stabilization of policies in the 80s, which aimed to reduce the income gap between rural and urban, were unsuccessful: the gap in incomes in both urban and rural areas, have widened (Cornia et al., 1992). The current trends in income distribution in Africa are hardly encouraging according to statistics. With the income of the fifth of the best paid population and the fifth lowest-paid in some African countries where data are available. In Kenya, Tunisia and Uganda, for the highest paid segments incomes rose between 70s and 80s, while the situation remained stable or the situation improved slightly for the portion of the population less well remunerated (World Bank, 1996d). In the 1980s, many African countries experienced a decline or stabilization in the rate of employment growth (ILO-JASPA, 1995). Amongst the causes of the problem of shortage of jobs in African countries, one major key is the existence of an abundance of labor, but unemployed, except for the modern sector. The loss of jobs in this

sector and the depression that acted heavily on the rural economy have discouraged migration, which suggests that in rural areas rampant unemployment is visibly raging. The urban informal sector provided opportunities for the unemployed in urban and rural regions, but this sector is also being saturated. It generates only extremely unproductive jobs and of low pay, that is, survival jobs.

As regards to real wages, the curve is downward sloping. Wages in the manufacturing area fell in the 80s in 12 countries (where data was available) to 15 (ILO, 1995a). For example, the minimum wage has fallen from 72% in Zaire between 1984 and 1988, 30% in Niger between 1980 and 1987 to at least 25% in Nigeria between 1986 and 1990 (Jespersion, 1992). The decrease in real wages has not favored the creation of jobs over the 80s. Instead, the growth rate of formal jobs grew by 2.8% between 1975 and 1980 to 1% in the 90s (ILO-JASPA, 1989). The SAPs, which were discussed earlier, resulted in a decrease in employment in the Public Service during the 80s. Employment in the private sector has also decreased due to a downturn in the manufacturing sector, affected by the liberalization of imports. Wage employment in the manufacturing sector declined at an estimated rate of 0.5% per year in the 80s (ILO, 1995a).

During the 2000s, growth accelerated in Africa, but problems still remained. In World Development Indicators (WDI, 2006), the data presented showed a remarkable recovery in Sub-Saharan Africa since 2000. Twenty of the forty-eight countries of the region recorded a growth rate above 5% in 2004. The recent surge in oil exports and soaring prices for this product have pushed the growth rate of oil producing countries like Angola, Nigeria, Sudan and Chad. In addition, fifteen non-oil producers have a median growth rate of 5.3% since 1995, which bodies well for their potential long-term growth. The WDI confirm the findings of the Global Monitoring Report 2006 that the reduction of poverty is linked with the pursuit of sound policies, well-targeted aid, better governance and good investment climate. Despite the recent recovery in sub-Saharan Africa, the poverty rate in the region is likely to remain, as in 2002, the highest in the world that year, more than 300 million Africans, or 44% of the continent's population, had less than one dollar a day to survive, against 139 million people in 1981. The situation in Africa is very different from what can be observed in East Asia where the number of extremely poor fell from 580 million to no more than 12% of the population (World Bank, 2006). According to current projections, the rate of poverty in Africa will always be above 38% in 2015—a level much higher than the 22.3% target under the Millennium Development Goals. African countries which have been plagued by conflict and political instability, such as Côte d'Ivoire and Eritrea, or those who have not benefited from the boom in commodities, such as Niger and Central African Republic, have registered growth

rates below 2%. Under the combined effect of slow growth, particularly in those countries, and rates of regional population growth of 2.5%, the average increase in income per capita does not exceed 1.6% since 2000 (World Bank, 2006). That, after a period of 20 years during which the situation has deteriorated, is nevertheless a positive result. The income per capita in Africa has increased at the same pace, even faster than in high income economies during the last four years and faster than in Latin America for six of the last ten years.

The disparities starting to emerge between the economic performances of various African countries are striking. As in other regions, some countries perform well, while others lag behind as pointed out by John Page, Chief Economist of the World Bank Sub-Saharan Africa Region. We therefore hope that the Millennium Development Goals can be achieved by more than a dozen African countries for many other countries, it remains highly unlikely. Economic growth does not create necessary employment. The biennial study showed that for every percentage point of additional GDP growth, overall employment grew by only 0.30% between 1999 and 2003, a decrease of 0.38% compared to the period 1995 to 1999. While more jobs are actually created in economies dominated by agriculture, as in sub-Saharan Africa, many jobs are in the informal economy with low productivity rates and not providing enough revenues for workers to pull themselves, from their families, from poverty. For example the number of workers living on less than a dollar a day increased to 28 million in sub-Saharan Africa between 1994 and 2004 (ILO/05/48). Wage inequalities increased. The 4th edition of Key Indicators of Labor Market (KILM) shows that between 1990 and 2000, wages have generally risen faster in highly skilled occupations than those in unskilled positions. In 2009, the recession in the global economy cuts one by one the engines of growth in Africa. Sub-Saharan Africa still escapes recession (Stéphane Alby, Jean-Loïc Guïèze). Unlike other developing regions, including Eastern Europe and Latin America, Saharan Africa as a whole continued to post strong economic performance in 2008 and would escape the recession in 2009. However after eight years of sustained economic growth (6.5% per year on average between 2002 and 2007, the highest rate for over thirty years, and 5.5% in 2009, leading to a decline in income per capita the first time in ten years. Since 2001, the average growth rate of region remained above 5%. This is an apparent improvement that masks the problems of economic diversification. Note that structural reforms (privatization, transparency of public funds, consolidation of the banking system, sustainable management of natural resources, etc) during the 2000s are an instrument available to authorities to strengthen the growth potential of national economies. Despite progress in some sectors and some countries of Africa, these reforms have generally leveled off in 2006. And this happened despite the general consensus on the need to improve the business climate to encourage local and

foreign investors, and to position favorably most African countries in globalization. Similarly, despite some progress, the integration process and regional convergence remains insufficient.

The World Bank has done a number of studies on the relationship between globalization and poverty, income disparities and income growth. Its report *Globalization, Growth and Poverty: Building an Inclusive World Economy* shows that 24 developing countries (three billion people) over the past two decades achieved higher growth in incomes, longer life expectancy and better schooling. They enjoyed 5% growth in per capita income, compared to 2% in less open developed countries, and a decline in poverty. Most showed significant increases in their trade to GDP ratio. Other countries, mainly in sub-Saharan Africa, the Middle East and former Soviet Union (2 billion persons), have neither increased their integration with the world economy nor increased their trade to GDP ratio. Poverty reduction was uneven; the poverty rate was halved in East Asia and a modest 4% reduction was achieved in South Asia, but rates were essentially flat in Latin America, sub-Saharan and North Africa, and the Middle East.

In summary, globalization is good for growth. On average, countries that globalized more experienced higher growth rates. This is especially true for actual economic integration and African countries, the absence of restrictions on trade and capital. There is although evidence that cross border information flows promotes growth. The accusation that poverty prevails because of globalization is therefore not valid. To the contrary, those countries with the lowest growth rates are those who did not globalize. Countries like Rwanda or Zimbabwe, for example, insulated themselves from the world economy. They have poor institutions which repress growth and promote poverty. Globalization has been associated with rising world income. Many countries and people have benefited from this, but some countries and people have been left out. Amongst the latter are many least developed countries, especially African countries and a relatively large share of the population of the least developed countries. Many African countries have been marginalized in the world economy although they have undertaken far-reaching economic reforms. Poverty reduction may be achieved through either the creation of productive employment opportunities for the poor or through different types of transfer payments in cash (for example, payment of welfare) or in kind (for example, provision of complimentary social services) to the poor. While these two approaches to poverty reduction might be considered contradictory, they are in fact complementary.

## GLOBAL VISION AND RECOMMENDATIONS

We have some reservations about the incentive systems, including zones, since drawing a conclusion of their

limited contribution to development. Their production being mainly for export, investments are made according to external demands and not from needs or objectives of local economic development, which we cannot, in a sustainable manner, hope to build ephemeral consumption needs. We must also admit that these tools, except for the creation of jobs, have contributed nothing to the development of local economies. Often however social systems are completely absent, even while the egalitarian or humanitarian concerns are not obstacles to boosting the economic sector. But above all, these tools do not generate surplus value for directly benefiting the states to develop needed structures and facilities, thus allowing them to economically advance. This highlights how much the perverse effect of these systems is disadvantageous. Through this some recommendations can be formulated to African Governments.

### **Implementation of real institutional and political reforms**

Often the untimely interventions of International Financial Institutions have led these states in directions of economic policy over which they have no control, while globalization also alters the social and political structures of societies. Reforming these systems is hence pressing. To reorient their activities based on the transformation of raw materials or local production, would be a first lever to begin to reverse the trend. This will facilitate integration of the local economy and enable them to globally intervene more effectively in the setting of prices. The troubles also take from a difficult environment: political stability, often precarious and corollary from the slow progress of democracy; deficiencies in governance particularly in the legal, tax and state law fields; very low level of infrastructure; weak consideration in the forecasting field and few specialized business institutions. The implementation of real institutional and political reforms, and especially of true legal means to guarantee their application, is essential to build competitive productive capacities, only capable of giving Africa its deserving place within the global economy. Africa holds huge reserves of raw materials: it is potentially rich and yet it is anomalous that this continent is the least developed. The absence or weak of infrastructure in all areas including the area of communication makes it difficult to establish links with the outside world. Proficiency in information technology and communications is now a key factor in promoting development. African countries must make some efforts in that way. Small and medium businesses need information because they do not know the global markets. It is necessary to create or increase the required level of real structures of information for innovation, which would promote greater entrepreneurship.

The regional organizations should be treated as tools for facilitating the integration of African countries into the global economy by improving the access of African

producers to regional markets. They must neither be limited to protest nor set oneself up as protectionist fortresses against globalization, but to develop programs and strategies to further strengthen regional cohesion. Using the example of (Gordon, 1995) demonstrates how regions can increase their skills margin and their potential for creation of regional wealth through the linkages between local networks of innovation and the increasing research global alliances with characteristic development of multinational corporations.

### **Financial institutions in Africa**

Nowadays the cost of capital is high and access to credit is often problematic. The areas of micro credit and micro finance are often completely neglected by the traditional banking sector in Africa. Those means are to be provided to influence International Financial Institutions, forcing them to engage their thinking on the subject, and to take concrete decisions which will promote real development in this sector which will improve access to credit. Generally Africa has a network of interactive banking, but more focused on the role of managing deposits than on encouraging private initiative and thus investment. Therefore the sector that mainly suffers from this trend is that of small and medium enterprises. We must improve in this area, so that the benefit from these positive experiences lead Africa to micro-finance development to build a system of savings for investment by encouraging private initiatives to create profit-generating activities. However, studies have shown that a lot of the present day foreign capital inflow to a country is short term and speculative and not long term. Recent studies and analysis have shown that that Africa's financial instability was particularly severe as from the nineties. However, the instability was more pronounced in the case of portfolio investments than in foreign direct investments because of the longer-term relationship established by the latter (Mougani, 2012). Hence, such speculative "hot money" may be harmful to a country since it flows in and out rapidly and has the potential of destabilizing the economy. For example, Malaysia attracted a great deal of foreign investment and, like Chile, had regulations, which curbed rapid withdrawal, but this is not an easy process (Mapuva, 2010). This will doubly be hard for developing countries in Africa to regulate.

### **Partners in development**

Helping Africa today is to put it in front of its responsibilities, allowing it to go beyond the ethnic frame so that each country's population becomes inclusive to that of the nation. This may seem a priori trivial, but it is precisely because the developed countries have long been established into genuine nations, later evolving into nation-states, allowing for the creation and consolidation

of structure, from which they could create a dynamic development momentum around large designs or great goals. The implications are major to determine the priorities and raise the general enthusiasm for the implementation of projects. Helping Africa today is to enable Africa to imagine and build its development, based on the regional and sub-regional facts beyond even the completely obsolete borders that are the legacy of decolonization. It would therefore create conditions to enable each of its residents to support his or her own development, sharing a very pertinent point that "one does not develop by others but one has to develop himself" as pointed out by Professor Joseph Ki-Zerbo. Helping Africa is being able to create conditions for the youth to obtain prospects ensuring his development on the very land he was born, and not only through the mirage of emigration which is more often than not only a decoy. This contributes to further weakening of its potential since very often the candidates are most enterprising and dynamic young people but who cannot find on their motherland the way forward because of barriers and obstacles that have been mentioned before.

## **NGOS AND AFRICAN PEOPLE**

Let us look at the important role and position that nongovernmental organizations (NGOs) play with their people with many talents and good will. We have explained the massive failure of states, including their primary missions. There is no single unaffected area of operation of structures, particularly in education and health. In drawing this conclusion, we believe that the developments of Africa will undergo their first phase from their massive intervention so long the sites are numerous. States cannot do everything. This perspective offers another advantage that is probably the best asset in development that of conscious participation of stakeholders in the evaluation of their situations and to develop solutions to reduce the harm gnawing of Africa (poverty, source of all evils). In so doing, the resources allocated are likely to be well spent, because among the immense needs, choices must be prioritized, and their spending streamlined. We meet today the term "sustainable development" in any speech or any publication dealing with the situation of poor countries. But in contrast, virtually none of the action that is taken worries of the duration or creation of the conditions such that once the project ends, the people can themselves continue them. In summary they are now able to take charge. NGOs must heavily contribute to the personal development of African citizens, making men and women become aware that their development is in their hands alone. Nobody can do that for them. This is the only way to success and it is in such a way that Africa has the opportunity to ensure itself of its development. We cannot build the happiness of mankind against their freewill,

much less against their goodwill. The NOGs must from now have the courage to engage alongside Africa on the difficult path of making its people more aware, and therefore ensure their training. Otherwise Africa runs the risk of suffering future serious disappointments. African people should know and must firstly have the idea that African development will come by them through courage, determination and abnegation to work hard. They have to build Africa by themselves.

## **Conclusions**

Has globalization been uneven process? The answer is not. This is because not all places enjoy equally the benefits that come along with globalization. Some of the burdens that have recently been are increased cross-border crime, terrorist threat, environmental degradation, climatic change, spread of diseases and erosion of cultural identity. These burdens are related with globalization process. Africa is beautiful but deserves better than only the beauty of its nature. It is yet a land of paradox: in all likelihood it is the cradle of humanity but halted on the road to its evolution. If the people of Africa feel, rightly, that rich countries have a duty towards them, they have to share the obligation to raise the quality of their services for the implementation of its development. In this case, we have also tried to identify the effects of globalization on the marginalization of Africa. It was shown that Africa is not so integrated into the global economy with the latter not following its conditions, and how this vast African continent may, one way or another, be able to participate in this globalization process. The marginalization of Africa in global economy manifests when one considers the steady decline in its global market share, in investment and information technology. This can be explained by historical factors, as well as the policies adopted and the quality of socioeconomic infrastructure. In many African countries, economic reforms adopted in the 80s and 90s show some variation in the relationships and interactions in the globalization process. The Structural Adjustment Programs have not all produced the same results and their overall effects are not known. African countries should adopt the SAPs in accordance with the economic climate, social, cultural and political for their economic development without constraints. Indicators show that these reforms can promote the integration of Africa into the global economy. Africa has many advantages such as human factors: materials not to be argued to within the margins of globalization. Policies and strategies related to macro-economic stability, investment and trade regimes as well as transport infrastructure and communications can especially be of African help for countries to integrate into the global economy. All the SAPs adopted by African countries do not have the same results and one does not know yet their overall effects. However indicators showed



that reforms can facilitate the integration of Africa in global economy. African governments should also formulate national policies in the field of Information Technology and Communication (ITCs) that will enable their countries to enjoy economic and social benefits of information technology. Africa is unlikely to improve its competitiveness on the global scale without the widespread use of economic and social advantages of information technology. We must encourage the private sector to use information technology in production systems. In this sense, import duties on computers are systematically eliminated or reduced with the aim of making them more accessible or affordable. Computers are still quite expensive in almost all African countries because of import duties and costs related to value added and especially to the sales tax. Further research should seek the position which Africa must take into the global economy from its development objectives in the medium and long term. We will try to create opportunities and occasions for African countries to facilitate the efficient use of information technology and thus generate greater interdependence and greater integration into the global economy. As written by Gore (1992) thanks to modern technology, history as known now is in an accelerated mode. For his part Dore (1996) considers that technological changes have contributed more for globalization to promote competition and transform the character of our societies.

Certainly Africa has as any region of the whole world potentials, despite lagging in development which - a priori - tends to provide proof to the contrary. Firstly we will place the human factor without which nothing is possible. Africa is a reservoir in approximation of 900 million individuals in which youth is the majority, and already is benefiting from its population. The wealth of any nation is first and foremost its human potential. In this sense Africa is well endowed, but it remains to use a great deal of efforts to bring the youth of these countries to the required level by the economic stakes of the new era. This human potential should be well educated, well trained, and should know more about the new technologies and above all be well equipped for the economic integration of Africa into the global economy. As at now, only a few elites enjoy a high level of training often acquired in other countries than on the mainland, but it is insufficient in light of the immense needs of Africa. Along with its human wealth, Africa is also rich in a large quantity of raw commodities (gold, diamonds, phosphate, limestone, clinker etc). Africa must strive, in this area, local processing of products to cease exports of raw materials. This has the double benefit of improving the employment and growth situation, and can weigh more on the earnings of those commodities. It is a challenge faced by African economies which have enormous natural resources at their disposal. In this particular domain, the New Partnership for Africa's Development (NEPAD), to establish its credibility, as well

as other international organizations which have adopted the States, must direct its efforts to engage the thinking of African economies in the process of globalization.

Investments are rare in Africa, but those who are brave enough to come are not disappointed. Under the risk of continuing to see delays in its development, Africa must reverse this trend. One way to achieve this is to encourage exports and local investment, increase revenues and strengthen national capacities. But the current incentive schemes such as export processing zones have also shown their limits. The system of incentives for Foreign Direct Investment should be reconsidered. The concessions granted to companies on general taxation (customs duties and taxation of benefits) are not the only worthy arguments to make. It should, for instance, allow the use of Foreign Direct Investment for enhancing productivity and improving competitiveness. To validly benefit of globalization, countries of Africa must also seek to strengthen competitiveness and export capacity of their enterprises. The economic fabrics of different countries are mainly formed by a network of small and medium enterprises. This sector must be strengthened mainly to provide economies of production capacity worthy of the name, and make changes that will enable African countries to integrate into globalization. Often the investments are made on unproductive sectors, and despite the implementation of liberal policies, states must take their responsibilities in defining priorities either from functional needs, or in regards to opportunities offered. This can lead in some cases to specialization. The bedrock of globalization is the integration and their interaction of national economies. African countries must seize the chance given to developing countries, many relocations carried on by the North. African countries must strive to take market shares that they can hold. Because later on, even China, which is currently enjoying an economic boom unprecedented in the history of modern Industrialization, will be forced in its turn to make relocations after reaching a certain level of development. Africa today offers this possibility, especially in the hinterland adjacent to major ports of the continent that often attract the more qualified workforce and have the infrastructure to the industrial plants. African countries should invest in niche products that meet their needs or those of their region. Offering services in the field communication is still far from being commensurate with the needs, notably with regards to the performance in networking equipment. Being informed and to communicate is the capacity to be open to the world, sharing with others. We stressed that the African population were overwhelmingly rural. And yet with a minimal investment, it is possible to quickly develop a large area of agricultural production and food industry, on one hand with food-producing crops which alone can generate the requisite amount African people need, but also with other export products that can generate profitable surplus production. Therefore Africa can offer its own contribution to the global economy.

Globalization is a phenomenon of integration, always and inevitably time will come when a major readjustment will be made in the distribution of the fruits of global growth from a global perspective, even if we do not know when. It is in this movement that we must now register the actions of African peoples to assert a fair allocation of their share. Africa should benefit from globalization. As everyone knows, we are entering WTO; our goal is to use globalization for us to enlarge ourselves (Zeng, 2007).

## Recommendations

The emergence of Africa economic development forums in the year 2009 marks an historic opportunity for African leaders both in the public and private sectors to join hand in the process of shaping the African agenda to meet the challenges of this period of globalization and the emerging information economy.

To be integrated in this phenomenon of globalization, African countries can try to move at the same time. However the problem really is this, even with the African Union we know that trying to move 54 countries forward at the same time will not be easy. African countries have to be compacted enough in order to talk about infrastructural development, a gas pipeline connection, road network, linking energy through a great system, building block will be the regional economic communities, thinking about of a common currency. In other words African countries have to put their efforts together in order to benefit from this globalization. They have to deal with the issue of movement of goods and people, talking of common passport, talking of community citizenship. African countries can talk about Central Bank and Investment Bank. But these are easy and once we have these at regional community levels, five of them (the case of ECOWAS), it will be easier to bring five into one, rather than bringing 54 into one at one go. In Africa more than ever before regionalism has found new relevance and has become the core of our recommitment to growth, partnership and development. The goal of African Leaders, must to reflect, discuss and strategize on how, in an interdependent world, to improve on a set of issues (poverty, religion and reconciliation, combating climate change and strengthening governance institutions) in order not to be marginalized in term of global economy.

Good governance remains, in some respect, the most critical ingredient for eliminating poverty, instability, violence, and development. With governance you can be assured of accountability, respect for the rule of law and human rights, transparency, sensitivity to the flight of the disadvantaged, and the deepening and consolidation of democracy; political and social reconciliation within and between the communities, constituencies and nations become possible. New voices get onto the political landscape even as new leaders, ideas, and contestations emerge to strengthen democratic conduct. Inclusion

tolerance, accommodation and social justice become values that shape and guide relationships in society.

African countries must all join hands and mobilize the necessary good-will and resources to humanize globalization, give it a human face, and let it reflect and respect our cultures and values. African Leaders must continue, in their personal and official capacities, to work with all organizations to promote and interdependent and peaceful world. African countries must live in and interdependent world. A world that ought to be characterized by shared values, mutual respect, concern for the weak and less endowed, peace, harmony, love and collective pursuit of the common good. In reality, these values ought not to be affected negatively by race, gender, ethnicity, religion, location, even politics. Today's world has been badly polluted by interests and values that seek to undermine the essence of our place and roles on earth. Hence all the suspicions, poverty, wars, disputes, and divisions.

It is not too late for African leaders to reorder their priorities, rediscover their values, refocus their priorities, and reorganize their communities in this era of globalization. It is not too late for African leaders to work together to transcend the limitations of class, gender, race, ethnicity or other primordial sentiments. Even in Africa and all over the world several organizations and communities exist that shows the possibility of transcending such limitations, real, or invented.

African leaders still face a lot of challenges like desertification, fragile governments, conflicts, economic dislocations, institutional fragility, severe environmental stress, access to basic human needs, HIV/AIDS, gender inequality, building and nurturing new leaderships, re-evaluating their educational systems for relevance in a changing global division of labour and power, and responding effectively to globalization. African leaders have to put in their utmost best through internal reform programs, war on corruption, regional economic communities, a reformed, refocused and repositioned African Union, and the New Partnerships for Africa's Development (NEPAD). At this point it must be the African leaders hope that their development partners will continue to work with them to engage these challenges.

All over Africa, national governments must continue to reorganize the local government as a fundamental level of government at which the momentum to sustain national development and growth can be created. In essence, local governments in Africa must be expected to serve as the mechanism for harnessing local resources, develop local initiatives in order to meet essential local demands and needs, and provide the playground through which the teeming populace could participate in the affairs of the country or the continent. As governments seek to deepen democracy, increase their capacity to deliver services and care for citizens, effective and efficient local governance structures must to be established as meaningful participatory mechanisms

and accountability instruments at the level closest to the people. For African countries, the promotion and integration of local people into the main stream of activities of development are very important and essential to success and sustainability. These involve the recognition of the various peculiarities and their accommodation into decision making processes. In this era of global economy or global integration, local government must be the agency for harnessing the potential contribution of indigenous people and their institutions to development. The indigenous people and their skills and relevant values must be brought into the main stream of growth and development.

In this phenomenon of globalization, it is important and essential for African leaders to pay special attention to personal services like caring for the community's poor, the aged, the handicapped, and orphans. In several countries like in African countries where such services are paid for by the national government, it is local governments that must execute them. Thereby underscoring the power, relevance and potential of local governments to promote integration as well as upgrade community life. In Africa, this is one sure way to promote confidence in government and its leaders, build popular participation, and ensure peace and stability.

Finally, in African countries and especially in this era of globalization, local governments can only remain critical to sustainable development when they are efficient, welled, and effective, focused and dedicated the values transparency, accountability, inclusion, fair competition, equity, social justice and good governance. A corrupt and badly run local government is just as useless to the people as a bad government and any level in society. A bad leader cannot run a good local government system. It is therefore critical that the mobilization of the people, the strengthening of civil society, and the strengthening of oversight and democratic institutions must be seen as central to the good governance and local government system. To integrate the global economy African countries must try to find solutions for their peculiarities problems and faced the challenges, African leaders must adopt the good behaviour and promote good government and local governments.

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