SOUTHERN AFRICA: RETROSPECT AND PROSPECT

Southern Africa over 1986-1990 regained a forward economic and social momentum as a region if not in all countries. Output per capita rose - slowly, true, but in contrast to either the sub-regions 1980-1985 record or the 1986-1990 out-turns both of the rest of Sub-Saharan Africa and of South Africa. Food production recovered fully from the 1980-1985 drought cycle and for the region as a whole, moved into surplus.

The crises - direct and indirect - of South Africa's wars of aggression and occupation of Namibia (over $60,000 million GDP loss and of the order of 1,500,000 human lives lost) began to be overcome as internal resistance and external military defeat forced RSA to shift course. The only two large dynamic economic cooperation groups in SSA - SADCC (Southern African Development Coordination Conference) and PTA (Preferential Trade Area for Eastern and Southern Africa) - both moved ahead. Economic and social strategy and policy adjustments both showed more domestic initiative in several cases and, in those cases performed rather better than the standard structural adjustment model.

The closing of the decade was a time for modest hope and for belief the worst was past. It was also a time to reflect on one lesson - innovatory ways of pursuing objectives often made a considerable difference. And on its analogue - cooperating partners with some money but not enough to dominate, clear new ideas and focused priorities, technical capacity and an ability to innovate, could play catalytic roles out of proportion to their size.

Two international bodies in particular sought (whether self-conscious of it or not) that role - UNICEF and the ADB. "Children On The Front Line" focused attention on the human/economic costs of apartheid aggression and on emergency action to limit the human disaster. "Adjustment With A Human Face" forced review of people as the ends of and main means to development whatever the macroeconomic strategy. The World Bank's evolution from the 1981 Berg Report to 1989 "Long Term Perspective Study" and 1990 World Development Report on (overcoming) "Poverty" reflect that influence as do several of Southern Africa's national adjustment/transformation programmes.

The ADB seemed better placed than UNICEF to play a leading catalytic role. It was and is African and probably has the largest agglomeration of expert African applied economic analysts and researchers in the world. Its basic programme history and experience was closer to overall economic strategy than was that of pre-1980 UNICEF. Policy analysis and exploration of innovatory approaches was an ADB priority.

But the 1980s results in Southern Africa have yet to bear out the promise. ADB (and especially ADF) have provided useful secondary financial flows. Some work on relating lending to food aid and poverty reduction has begun. But ADB has rarely innovated. Rather it has followed up (rather mechanically) World Bank explorations/innovations with a one to five year lag. The quest for respectability, fund raising and being seen to have safe hands has - to date - checked the urge to explore new roads with their higher risks of failure as well as greater chances of breakthroughs. ADB has not sought to give flesh to the Economic Commission for Africa's "Transformation Alternative"; to articulate a conceptualization notably thin on applied analysis leading to policy priorities at operational level so it could be seen what it really offered different from or complementary to the late 1980s Model World Bank policy modelling. Similarly the ADB has not taken the lead in formulating the specific cases for and means to massive external debt write-off in, e.g. Tanzania and Mozambique to complement more general World Bank advocacy.

Useful, the ADB has been, but an innovator and a catalyst it has yet to be. And that is what Southern Africa needs today.

Interlude

South Africa is rejoining Africa. That has implications and opens possibilities but not the facile optimism of locomotive fairy tales. South Africa's economy has been sinking for a dozen years. Now, given its explosive inequitable inequality, heritage of faulty policy, febrile attempts at 1981 not 1991 World Bank adjustment models and necessary concentration on political transformation via reconciliation (a costly road) it is in danger of going into free fall.

Both Southern and South Africa face what has been called "the Apocalypse Drought". Symbolically for over 200 miles the great Limpopo River has turned to cracked, dry mud flats - for the first time in over a century.

This year's crisis is staying alive - famine, unlike drought, is man made and can be humanly overcome. But the ADB and its Southern African members need to look beyond this crisis to the basic challenges of the 1990s and especially to those which are both crucial and not effectively top of anyone else's agenda. These include:

1. Drought. Institutional capacity and resource mobilisation links for early response. Using resources to reduce future vulnerability (e.g. via systematic drought relief employment relative to tree cover, contours, water supplies.)

2. Regionalism based on production validated by trade in a context of creating enabling climates and infrastructures for enterprises. No one disagrees but the applied contextual work beyond particular projects (e.g. Cahora Basa/Zimbabwe power link) is limited.

3. Export strategy articulation. Regionalism is not enough. More traditional raw exports will, on balance, reduce import capacity (as it has done dramatically for cocoa!). What is needed is not general theory but nuts and bolts identifications of product (new or further processed) 'lists' by country - a modified East Asian approach. And then merchant bank type promotion to domestic and external enterprises.

4. Employment (including productive self-employment) to economise on imported capital goods and to reflate demand to justify enterprise investment. How? Who? What human investment and infrastructure are needed? Again there is a gap between ILO (and World Bank) particular projects and general theorising - a programmatic gap of the kind a hardheaded investment banker should be well placed to fill.

5. Rehabilitation. Emergency survival relief is a known "humanitarian", "short term" aid area. Stabilisation and long term development are known too. But not so rehabilitation, livelihood and market rehabilitation after disaster. Yet for 15,000,000 war, 5,000,000 drought without war and 5,000,000 prolonged economic marginalisation affected Southern and 25,000,000 apartheid grossly marginalised South Africans, that is the link without which emergency survival goes on forever with no chance of proceeding to development. UNICEF in the 1989 and - especially 1992 - Children On The Front Line tried to

conceptualize and begin to articulate it. Now a banker's input is needed.

These are Southern Africa's challenges - and opportunities. But they are also ADB's. It has the staff, the reputation for sobriety and rationality and the funds to innovate selectively. Will it in the 1990s? If not it will remain a useful planet in the World Bank constellation. If so it can become a leader in capacity building catalysing national and sub-regional action as well as paving roads for the big financial battalions of the Bank/bilateral group and - perhaps - of the international enterprise sector. The choice remains open. It needs, this time, to be made explicitly after canvassing potential costs and gains.

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