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Механізми та інструменти для реалізації стратегії сталого розвитку для африканських країн

У статті розглянуті основні завдання для реалізації стратегії сталого розвитку для африканських країн. Встановлено, що найбільша проблема для їхніх економік полягає в економічній деіндустріалізації. Враховуючи проблеми та особливості економічних процесів і менталітету народів у цих країнах, у статті пропонується кілька тез про механізми та інструменти для реалізації цієї стратегії, а також деякі думки щодо економічних відносин українських підприємців з африканськими.

Ключові слова: стратегія розвитку, деіндустріалізація, внутрішній попит, інвестиції, глобальні ланцюги створення вартості, структурна трансформація, ключові сектори.

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Механизмы и инструменты для реализации стратегии устойчивого развития для африканских стран

В статье рассмотрены основные задачи для реализации стратегии устойчивого развития для африканских стран. Установлено, что самая большая проблема для их экономик состоит в экономической деиндустриализации. Учитывая проблемы и особенности экономических процессов, а также менталитет народов в этих странах, в статье предлагаются несколько тезисов о механизмах и инструментах для реализации этой стратегии, а также некоторые мысли относительно экономических отношений украинских предпринимателей с африканскими.

Ключевые слова: стратегия развития, деиндустриализация, внутренний спрос, инвестиции, глобальные цепочки создания стоимости, структурная трансформация, ключевые сектора.

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Mechanisms and instruments for realizing sustainable development strategy for African countries

The article consider the main tasks for realizing sustainable development strategy for African countries. It is revealed that the biggest problem for their economies consists of economic deindustrialization. In consideration of the problems and peculiarities of the economic processes and the people's mentality in these countries, article proposes several theses about mechanisms and instruments to realize this strategy and some ideas concerning economic relations between Ukrainian and African enterprises.

Keywords: development strategy, deindustrialization, domestic demand, investment, global value chains (GVC), structural transformation, key sectors.

Problem formulation. The manufacturing industry in African countries is still not being developed. Moreover – since the 1990's there has been a tendency towards economic deindustrialization in these economies. In addition, their productivity is low compared to the global average. These factors have led to overreliance on growth of economic activity in the informal sector and to strong dependence on the world market price for exports, which still mainly consist of raw materials. Thus, it is clear that African countries need to undertake major structural transformations of their economies, especially in the industrial sector, emphasizing effective and efficient production lines. These structural reforms need to be effective and must result in an increase of productivity in their main economic sectors: agriculture and manufacturing industry, which should result in the growth of their added value.

Analysis of recent research and publications. The development strategy for African countries is rather specific issues covered in the analytical reports of the organizations that embody relevant projects on the African continent [1, 3, 6–8]. The main experts involved in these studies are specialists for economic development of developing countries, in particular McMillan M.S., Rodrik D., Fischer–Kowalski M. [4, 5]. We consider, that issues for practical realization of the development strategy in African countries are not well described, that cause necessitates of their further examination.

Purpose of the article – to define the main mechanisms and instruments to implement sustainable development strategy for African countries.

Presentation of the main research. The UNCTAD «Trade and Development Report, 2013» argues that new

growth strategies should seek to increase domestic demand and investment [1, p. XIII]. This argument is supported since it is considered that only by transforming «...markets for each other's goods and services...» [1, p. XII] can the living standards of populations in countries implementing these strategies be raised.

The report further suggests that «...a key determinant of their ability ...(domestic demand and demand expectations of potential investors).. to strengthen the productive capacity is the availability of long-term finance at an affordable cost and a competitive exchange rate...» [1, p. IX]. It is submitted that this viewpoint is not relevant for developing countries, which can be evidenced when we consider historical examples. Although the Marshall Plan had a positive result for economic development in European countries during 1950–60's, it is easy to argue that similar development projects (oriented for long-term foreign investment) throughout the 1970–80's had negative results for the growth of debt in developing countries, especially in Africa. This can be explained through the difference in prevailing political and economic cultures and mentality in developed and developing countries. This negative experience should not be repeated. The problem regarding the lack of finance for economic development in African countries should be solved structurally. Domestic small and medium-sized enterprises, being the main base for economic growth, should rely on micro credits. Big enterprises and states, as they work on realizing major projects for economic growth, should cooperate with TNCs in the form of global value chains (GVC), in which organised modern global production. Generally the role of the state should be the development of the private sector.

In considering micro credits, the microfinance concepts of Muhammad Yunus are considered particularly relevant. The concept centred around providing finance for development purposes, but through using loans which were too small to qualify as traditional bank loans. In 2006 M. Yunus and Grameen Bank, founded in 2006, received the Nobel Peace Prize «...for their efforts through microcredit to create economic and social development from below...» [2]. The annual growth income of the farms which used Grameen Bank's loans, was circa 18%.

Besides that in the UNCTAD Report «Economic Development in Africa 2012» it is pointed out that «the two key drivers of structural transformation are investment and technology» [3, p. 77]. This is correct, especially in Africa where the investment will be only useful if conducted in a comprehensive manner, bringing new technology to the region that will help to increase productivity [4]. Furthermore, it is necessary to diversify production which should lead to an improvement in the employment market, social stability, food supply and the broader environment [5]. To realize all of these tasks, state efforts should focus on restructuring the economy to drive the development of manufacturing industry.

Therefore, to encourage investment and new technology come to Africa, it is necessary to create incentives, which should be targeted at the foreign investors as well as at their African partners. In this field the state should play a very important role, because it must implement incentives motivating economic actors to use new technologies.

These incentives could have different forms, for example: exemption from certain taxes or specific financial bonuses. Financial bonuses could be financed by newly-created funds

with the support of appropriate international institutes, such as the World Bank or certain regional banks. The appropriate kind of incentive for a specific country would depend on the specialization and specific characteristics of its economy. The funding of bonuses in the agricultural sector could be underwritten (partly or fully) by profits from commodity trade.

At present, profits «are spent mostly on urban goods and services» [3, p. 3]. Therefore the state should motivate investors to invest in depressed areas and important economic sectors in order to drive development.

New technologies will come to Africa in the framework of GVC. This means that African enterprises should cooperate or even merge with foreign companies. The terms of trade present a key factor for this. They should be revised within the framework of the Doha Development Round, because in the case of joint production it is necessary to change the requirements of the end product. These requirements should be simplified, which is especially important for developing countries.

In the case of joint production the financial liberalization in African countries should not be over-ambitious [6, p. 22]. With regard to incentives, GVC, which have the potential to bring new technologies to African countries, should be targeted at key sectors.

In order to achieve higher effectiveness, production in the framework of GVC in Africa should be organized at the regional level, according to the production specialization of African countries that require integration.

Export processing zones (EPZs) have become significant GVC hubs which offer tangible benefits to TNCs and suppliers in GVCs [7, p. XI]. It is further suggested that higher efficiency could be achieved if EPZs were to be created at the regional level on the border of members of regional units (similar to the model of Euroregions in Europe – or cross-border regions) and also in the depressed areas to help improve development conditions.

Furthermore African countries should use existing regional integration units to improve the legal framework for regional trade and investment. To do so, these countries should simplify trade service, which in Africa is on a very low level, and sign bilateral agreements of double taxation avoidance between members of regional units.

A very important aspect for the development of intra-regional trade is the access to information regarding producers and production quality for the better choice of commodities [3, p. 85–86]. Production in Africa, especially agricultural, is known for a lack of market information [8, p. 133]. It is suggested that this problem could be resolved by creating a database of producers and suppliers, so that it would be easier for them to find each other. Such databases should be structured according to production specialization and should include some service supply of information about production quality.

In order to organize effective GVC, state regulation of TNC activity is required to prevent their economy becoming the target of financial speculation. Generally, African states should open their markets step by step, so that their economies will be ready for global competition. There are already negative examples from the past, where the opening of markets led to bad results for African economies: deindustrialization and labor force flowing from the formal to the informal sector [6, p. 17–18].

So, it should be the state's responsibility to monitor that TNCs fulfil their role positively within the national economy as follows:

- to supply investment and new technologies which are «two key drivers of structural transformation» [3, p. 77]. New technology is very important for solving the problem of deindustrialization in Africa which became evident since the 1990's [3, p. 2–3];
- to create new workplaces that will help to improve social conditions;
- to develop infrastructure and transport connections not only for GVC but which also benefit the wider population.

Another very important aspect for African economies lies in the organization and management of their enterprises, especially in agriculture. Farms are mostly small-sized and are family-run, and as result have very slow economic activity. With this approach, they cannot meet the conditions for the «creation of a dynamic and development-focused private sector» (as described in the UNCTAD Report «Economic Development in Africa 2012»), which «should be at the heart of policies to promote sustainable structural transformation by a developmental State» [3, p. 82]. Here we have to point out that African states need to develop their legislation and «institutions that harness private ownership» [3, p. 82] but it is also necessary to teach African managers to organize, to manage and to control the activity of their enterprises.

In consideration of above mentioned Ukrainian enterprises to enter the African markets should develop cooperation with African enterprises relying on the incentives of African governments. So, it should be cooperation with enterprises which are working in the key sectors of their economies: agriculture, manufacturing and also mining, in the depressed regions, bringing new technology.

Conclusion

The manufacturing industry in African countries is still not being developed. Since the 1990's there has been a tendency towards economic deindustrialization in these economies. Their productivity is low compared to the global average. It is clear that African countries need to undertake major structural transformations of their economies, especially in the industrial sector. These structural reforms need to be effective and must result in an increase of productivity in their main economic sectors: agriculture and manufacturing industry, which should result in the growth of their added value.

Domestic small and medium-sized enterprises should rely on micro credits. Big enterprises and states, as they work on realizing major projects for economic growth, should cooperate with TNCs in the form of GVC, in which organised modern global production. Generally the role of the state should be the development of the private sector.

To encourage investment and new technology come to Africa, it is necessary to create incentives, which should be targeted

at the foreign investors as well as at their African partners. In this field the state should play a very important role, because it must implement incentives motivating economic actors to use new technologies. Therefore the state should motivate investors to invest in depressed areas and important economic sectors in order to drive development.

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