Towards achieving sustainable economic development in Africa: a case of SADC region with a focus on South Africa and Namibia

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Abstract

Africa is rich with natural resources such as gold, diamond, iron, copper, petroleum, uranium, salt and platinum. However, the continent is still faced with major interconnected bottlenecks such as poverty, inequality, marginalisation, and lack of sustainable economic development. The continent is still confronted with the task of turning grand words into deeds. There are key set of pillars that may hamper or promote the achievement of sustainable development goals in Africa. Equity is what brings them together. The question is not whether they can be achieved simultaneously, but rather than none can be achieved without the other. African Market integration, intra- African trade, Financial Inclusion, Development of agricultural sector / agro processing, Education and skills development can be viewed as catalysts for dynamic and inclusive growth. Considering this, many people would be encouraged to engage in more economic activities.

This study serves to highlight fundamentals which are central to sustainable economic development in African continent, with special emphasis on the Southern African Development Communities (SADC) region, focusing on Namibia and South Africa. The paper aims to highlight and analyse the importance of the above mentioned components for development of African economies and communities. The impact of these key factors on African countries and their citizens is discussed. The paper relies on both current primary and secondary sources. It aims to advance the knowledge of sustainable economic development by discussing and analysing key factors that promote the achievement of sustainable development in SADC region.

Introduction

Africa has the potential to be the continent of the future. Its rich natural resources are in high demand, and have prompted significant growth and trade with other parts of the world. Most importantly; there is a marked spirit and enthusiasm of ingenuity, entrepreneurship and innovation. Through hard work in the political and economic spheres, people are more able to create a new image for themselves. There are a set of crucial factors that can bring positive changes; increase in accountable and democratic governments, the end of debt crisis, the use of new technologies, new generations of leaders and more sensible economic policies. The paper proceeds as follows; firstly the paper explores the potential drivers of sustainable development in SADC region, and secondly the paper discusses the role of the state in promoting sustainable economic development in SADC region with a focus on South Africa and Namibia.

1. Sustainable economic development: exploring the drivers in the SADC region

Southern African Development Community (SADC) was formed in 1980, and its central objective was to mobilise and co-ordinate development assistance, facilitate regional co-operation by way of joint development projects, particularly in infrastructure and to reduce dependence on the then apartheid South Africa (Kanyenze, Kondo and Martens, 2006:62). Towards the end of the 1980s, there emerged the desire to move beyond co-operation to far-reaching regional integration. After four years of preparation since its formation, the heads of state in the region signed a declaration and treaty establishing SADC. The declaration and treaty was signed in Windhoek, Namibia in 1992 (Kanyenze, Kondo and Martens, 2006:62).

The main objectives of the SADC, as outline in the 1992 treaty were to; promote development, reduce poverty, and promote economic growth through regional integration; mobilise regional and international private and public resources for the development of the region; promote common political values and institutions which are democratic, legitimate and effective; and consolidate, defend and maintain democracy, peace, security and stability (Kanyenze, Kondo and Martens, 2006:62). The treaty emphasised a deeper form of regional integration based on trade integration and sectorial co-operation and co-ordination to address infrastructure and capacity constraints (Kanyenze, Kondo and Martens, 2006:62). Namibia and South Africa joined SADC in the 1990 and 1994 respectively implying that the project of liberating the whole region from minority rule had now been achieved. These countries adopted a market-driven policy, a shift from state-led development.

Sustainable development is a concept that is defined in various ways globally and it remains one of the most discussed topics in different platforms. The concept of sustainable development has been very popular in theory however, there has not been much consensus on what should be sustained (Redclit, 1993; Sachs, 1999, and Satterthwaite, 1996).Regardless of the debates there appears to be a mutual understanding on the importance of sustainability (Beatley & Manning: 1998). As it may it remains a grey area how the concept can be translated from theory to practice. The World Bank has brought forward three fundamentals to sustainable development which is economic, social and environmental and believes that when the objectives of these fundamentals are addressed equally during decision making process then sustainable development can take place (World Bank Group, 1998).

These have been most difficult concepts to come into full existence regardless of their importance for the wellbeing. The paper argues that it is through economic progress, equitable prosperity and opportunity, health and productive environment that livelihood can be improved. These are fundamentals for sustainable development and are interconnected. It further argues that failure to uphold these fundamentals is detrimental to the wellbeing of humans. These important aspects for people have not been addressed and are lacking in many communities where the poor reside. Among many definitions such as Jabareen's definition where he identifies SD as injunction not to satisfy ourselves by impoverishing our successors leaves a lot of questions (Jabareen;2008).One of those being how can tastes and preferences of the future generation be predicted ? It remains a question to be addressed on whether we are living on the sustainable century that has been predicted by authors such as Elkington (1997, p.18).The question around sustainability remains real and multifaceted, not only for Africa but for the whole world.

Social Sustainability

A country, family or organization is known to be part of a social system which ensures indefinite social wellbeing of people. Low poverty and inequality levels, high education rates, justice and improved economic wellbeing are an indication of a well-functioning socially sustainable system. Basiago (1999) referred to sustainability as a system of social organization that alleviates poverty. In Africa and South Africa to be specific there is a reason to be concern about high inequality and poverty, unstable economic wellbeing of citizens and education crisis. These indicate that the nation is socially destabilized. Even if the other pillars would be sustained, there will remain a void if the country is socially unsustainable. The pillars of sustainable development cannot be treated differently however; they should be viewed as a collection of interconnected systems.

Equity for sustainability

Literature on sustainability indicates two forms of equity which is intergenerational and intergenerational. Intergenerational equity addresses justice in distribution of resources the present generation and future generation however intergenerational equity addresses fairness in distribution of resources between competing interests at the present time. This supports the notion that addresses sustainability as the "Development that meets the needs of the present generation without compromising the ability of future generation" (WCED, 1987:43). This is a globally used definition of sustainable development. Solow argues that this is not the best way in terms of policy as this generation can’t impute future tastes that do not exist. He also argues that the current generation will also make mistakes on imputation technological innovation that will be taking place.

Solow further states that the sustainability the society would love to experience is through distributional equity. On this notion it can be argued that inability to improve the living standards of this generation is an indication that the future generation would not be able get what the current generation has failed to attain. This therefore means it is vital that there be equal economic opportunity, distributional equity welfare, social needs to be met for improved standard of life. When these are achieved for this generation then there is hope for the future generation.

Environmental Challenges

Environment sustainability

A number of authors have presented a paradox on defining SD. The Brundtland report deemphasized environment and highlighted human needs can be realized through development. This paradox requires alleviation and moderation. Authors such as Kothari (1990) have labelled sustainability as an "empty term" due to inability of development not to destroy the wealth of nature. Inability of the environment on supporting environmental quality makes the concept of environmental sustainability to be vague. There is a need to reconcile this paradox and address dialectical relations between development and sustainability (Jabareen: 2004).

Rusko and Prochazkova (2011) regard the environment as "a system of systems that, from the viewpoint of human existence and development is part of the superior system of systems, the human system. One of the goals of sustainable development is to sustain such a system together with the economy and social concerns through decision making (Emas 2015). Furthermore, the regions of the surface and atmosphere of the earth include human system which is made of social and economic system. This therefore means these concepts cannot be treated separately. It should be noted that people within a system have a social contract to maximize their welfare. This therefore means environmental sustainability should take precedence if people want to maximize utility through the economic system. Environmental instability indicates that the environment will not have enough capacity to carry the goods delivered by the social system for human utility and the economic system will produce less.

Developing countries have given much attention on the economics of sustainable development rather than the interdependence between long- term stability of the environment, economics and social sustainability. In general most developing countries are known to be negatively affected by pollution. Not enough has been done to eliminate this problem for the benefit of the current and future generations. It remains vital that policies should be adopted to protect the environment and natural resource which its current and future development depends on (Emas, 2015).There is a room that requires compromise which respects the needs of humans and the environment. Furthermore, conserving resources for future generations is one of the important components of sustainable development. It can be argued that the current needs of the people in other countries have been met with compromise of the future generation meeting its needs. This has taken place through policies that are politically motivated however appear to be bad for environment.

It should be pointed out that policies such as fuel subsidies are an environmental policy that was introduced in some developing countries to encourage substitution of firewood and biomass (CPPA, 2012), so it appeared as a way forward. It can be argued that fuel subsidies in a number of developing countries have come to increase this negative effect from an environmental point of view. This assertion is supported by Pierce (2003) who points out that there is so much waste in energy consumption and subsidies have come to add force to this waste. One might say introduction of subsidies has not only worked against environmentalist in developing countries but it has counteracted international efforts to mitigate dangerous climate. The major concern due to this policy is the environmental costs in the long run.

Pierce (2003) and Koplow (2009) have highlighted a point that these subsidies impede investment on new cleaner technology and lock in existing technology. This therefore implies that developing countries remain with that old form of technology which contributes in perpetuating pollution. This is against what the early theorist stood for, which is to develop policies that protect the environment while promoting innovation. Porter's theory also spoke volumes on environmental policies as a way that encourages introduction of new technologies and reduce production waste which affects the environment

A number of studies have been conducted to look at possible emission reduction that could be achieved from removing fossil- fuel subsidies. The work of Larsen and Shah (1992) found out that world carbon emissions could be reduced by between 5% and 9%. On the other hand the IEA's World Energy Outlook (2010) showed that complete removal of fossil- fuel consumption subsidies would reduce CO_2 emissions by 5.8 % by 2020. Furthermore, Koplow and Dernbach (2001) made estimates for nine countries by looking at the possible outcomes of subsidy reform, their results ranged from 0.2% to 8% in 2010. A joint research work by IEA, OPEC, OECD and the World Bank (2010) had an estimate that global greenhouse gas emissions by 2050 would be 10% lower than it is now if fossil fuel subsidies were phased out. The results estimated by different authors in different countries during different periods show similar results in favour of fossil fuel subsidy removal.

Indeed if so much damage is caused on the environment, one wonders why subsidies fuel while the poor can actually be made better off through mechanisms that will not harm environment and that will not lead to government deficit. In simple words one would note that the government subsidizes the very same activity that results to dangerous climate. With the above mentioned subsidies one would suggest that a way forward to this policy issue would be to tax fuel and not subsidize. Pigou (1920) concurs with this view by proposing a tax on those activities that produce negative externalities at a rate equal to those external costs. Furthermore, authors such as Porter and van der Linde (1999) theorized that “pollution is a sign of inefficient resource use. Therefore, win-win opportunity for the environment and economy can be captured through improvements which reduce pollution in production process”. With the on-going unfavourable findings on the role of subsidies to the environment it is still not clear what makes this policy to be very dominant in developing countries. It is vital that the environmental contamination is reduced and there is protection of environment.

Financial services as vehicle of Economic progress

Economic progress is one of the ways that improves people's livelihoods. It is through usage of financial services that the poor can improve their lives mostly in rural communities. Through usage of financial services there would be no imbalance on social equity and environmental protection which what sustainable development is promoting.

It remains important that people in the SADEC region, mostly in rural areas have access and usage of affordable and quality financial services. It is through usage of financial services in most rural areas of the SADEC region that poverty and inequality can be reduced. This does not only have microeconomic benefits through improved lives but also has macroeconomic benefits through promotion of economic growth. In the SADEC region access to financial services has not been complemented by usage. Access has been given prominence however it is usage of financial services that uplifts the lives of people. Policy makers have been pleased with the first phase (access) and have not measured usage. It can be found that most countries in the SADEC region women make more than 50 % of the population however they are excluded from the financial services.

Harris (2000) states that through sustainable development the needs of today are met without any compromise of the future generation to meet their own needs. It can be argued that the three fundamentals of sustainable development have not been achieved by all people in South Africa. Furthermore, it is through multidiscipline that these objectives may be attained. The country has had political transformation from the apartheid and there have been developments which have given good prospects for the citizens however the opportunities and services created are not equally distributed. This creates difficulties on determining failure or success of the services distributed to citizens due to inability to reach all citizens.

2. The promotion of sustainable economic development and the role of the governments in SADC region

A paper also highlights that achieving sustainable development is not inevitable and governments in the SADC region are not powerless to bring about sustainable development. A number of governments, in recent as well as more distant history, including South Africa and Namibia, for example, have shown they can promote sustainable development by taking clear steps. Unfortunately; many other governments are failing to make use of the tools available to them to effectively promote sustainable economic development. Unless they take concerted action now, they will fail to make sustainable economic development progress that benefits everyone in society (Oxfam, 2017). For example, there are political economic changes associated with independence, liberation and democracy in the SADC region. Since the attainment of independence, liberation, and democracy, the state, which is dominated by black people as majority, has political power which centred on the predominant ownership and control of the means of administration and coercion. The means of administration owns by the state is the state bureaucracy and the security service (the army and the police) (Walt, 2015: 39-42).

Furthermore, the states in the SADC region participate in the economy, and they have taken charge of some of the sectors of the economy often through the creation of state-owned-entities (SOEs) or parastatals. State-owned enterprises are defined as legal independent bodies partially or wholly owned by the government. They perform specific functions and operate in accordance with a particular government legislations (Coleman, 2015:287-288, Wendy Ovens & Associates, 2013; 4). SOEs are now important stakeholders and contributors toward supporting and promoting sustainable economic growth and development. For example, in South Africa, SOEs such as Eskom, Telkom, Passenger Rail Agency of South Africa (PRASA) and Portnet have the potential to provide highly important structuring elements which may influence sustainable economic development patterns within the countries such as transportation networks, bulk infrastructure, energy and ICT infrastructure (Wendy Ovens & Associates, 2013:6).

Some of the parastatals operate on a profit basis and they have the potential to help in improving sustainable economic development in their respective countries. In South Africa, the state owns big corporations such as Eskom, South African Airways (SAA), Denel (weapon industry), the universities, and the South African broadcasting corporation (SABC) (Walt, 2015:39-42).The state in also owns banks such as Industrial Development Corporation (IDC) which is set up to promote economic growth and industrial development and the Land bank of South Africa. The Land bank is mandated to provide financial services to farming sector and agri-business. Land Bank is also expected to work effectively to transform the agricultural sector in South Africa by providing sustainable financing to emerging farmers as well as facilitating partnerships with established commercial farmers for technical support and the transfer of skills. It is from this perspective that the South African state is better positions to promote sustainable economic development.

In Namibia, the state owns major corporations such as the Namibian post & telecommunications, Air Namibia, the diamond mining and trading companies and universities. The state also owns banks such as the development bank of Namibia, Agribank, and the Bank of Namibia. Development Bank of Namibia is investing in capital, economic and human growth. Agribank of Namibia which is mandates to advance money to persons or financial intermediaries to promote agriculture and activities related to agriculture in Namibia (Charmaine, 2017). These SOEs have a transformative or developmental role to play, as well as in providing critical services for community development.

There are systems in place meant to promote sustainable development. Such systems are there to be run by the government who are very much aware about sustainable economic development. Therefore, the state has to be at the centre in making sure that these systems work towards achieving sustainable economic development. In Africa, efforts to set Africa on a steady and sustainable development path have been made. Such efforts include African Union's (AU) 50 years development plan and Agenda 2063, However, these initiatives are, to some extent, not well implemented because of lack of good governance and political will (Gruzd and Turianskyl, 2015:1-7).

For example, in May 2013, in Addis Ababa, Ethiopia, African leaders came together to put together an agenda called "The African Union's agenda 2063". On that day, the African leaders were celebrating the African Union 50th anniversary. According to the plan, African leaders made a commitment to accelerate growth, development and prosperity on the continent going forward to 2063. In terms of the plan, the implementation should prioritise the following; namely; the mobilisation of people and their ownership of continental programmes, and there must be a principle of self-reliance, with Africa financing its own development. It also recognises the importance of capable, inclusive and accountable states and institutions. It also emphasises the role of regional economic communities as building blocks for continental unity, while governments, institutions and the citizens must be accountable.

Governance reforms in SADC have been rather slow, complex, and inefficient and difficult to implement. In fact, the discourse on good governance and democracy has been fading. These concepts were prominent throughout the 1990s and 2000s, but the past decade has seen the focus shift economic development. Where economic development has happened, it has happened at the expense of human rights and personal freedoms. For African countries to have a sustainable development, is seems pretty clear that it needs good governance. Without it, corruption will continue to thrive; maladministration will continue to be more pervasive. As such citizens, will continue to not have access to essential services (Gruzd and Turianskyl, 2015; 1-7). Mismanagement of SOEs is a major problem, and it has a dramatic impact on the economy.

Conclusion

SADC countries have a vital role to play to promote sustainable economic development. Most states in SADC region have the resources and administrative capacity to drive sustainable economic development. Furthermore, systems that are in place need prompt implementation and administration. Many SADC states are failing to promote sustainable development because of mismanagement of tools available to them. Good governance and accountability are lacking.

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