Current Path

The Lagos Plan of Action and Structural Adjustment

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In recent history, development efforts in and for Africa have evolved through various phases, reflecting shifts in global economic policies, governance models and the continent's own aspirations. In the early post-independence era, many African countries sought rapid progress and adopted state-led development models, focusing on early industrialisation, infrastructure development and the nationalisation of key industries. These efforts were influenced by the prevailing economic ideologies of the time and the need to assert economic sovereignty after colonial rule.

However, by the 1970s, little had come of these efforts. Instead, Africa had hosted numerous proxy wars sponsored by the opposing sides of the Cold War and former colonial overlords and had also suffered from the oil and debt crises. Southern Africa and the Horn were particularly challenged: Portugal still retained its various colonies, such as Angola and Mozambique, and Namibia was under the control of apartheid South Africa, which, in alliance with Rhodesia (today Zimbabwe) violently resisted efforts at majority rule. The continent was seriously affected by the proxy war that pitted the former Union of Soviet Socialist Republics, China and their allies against the US, UK and others from the West.

The Horn of Africa also played a significant role in the Cold War, becoming a proxy battleground for the United States and the Soviet Union during the Ogaden War (1977-1978) and the Ethiopian Civil War (1974-1991). The conflicts fueled ethnic tensions and exacerbated existing conflicts, as did the support provided to Western, Soviet and Chinese allies in Africa.

In an effort to regain agency in the face of externally imposed constraints on economic and political development, African countries agreed in 1980 to implement the Lagos Plan of Action. By and large, the intention was to establish a self-reliant regional African economy, with greater independence from the global economy and ultimately to establish an African Economic Community.

The Plan required a commitment to regional cooperation, the appetite for which disappeared shortly after it was adopted. At a 1991 meeting of African Ministers of Trade at the UN's Economic Commission for Africa (UNECA), the participants noted that African governments had largely failed to incorporate the plan into their national development frameworks and that it lacked effective monitoring and follow-up mechanisms for its implementation. Similarly, regional schemes aligned with the plan found little success, as the various Regional Economic Communities (RECs) all lacked the supranational authority to monitor or enforce compliance with the plan or related instruments.

The Lagos Plan of Action was arguably a pan-Africanist response to the economic problems of Africa, with the underlying assumption that Africa's economic problems arose primarily from the structure of the international economic system. Independence from this system was thus the answer. Instead, the view from organisations such as the World Bank and the International Monetary Fund (IMF) was that Africa's economic problems arose primarily from the internal structures of their economies, particularly ineffective and corrupt governance structures. This would subsequently inform the Bretton Woods Institutions' conceptualisation of their Structural Adjustment Programmes (SAPs) in the wake of Africa's debt crises in the early 1980s.

Accordingly, the World Bank and the IMF—the two global financial institutions mandated to respond to under-development—created loan packages for highly indebted poor countries that required them to reduce spending on health and education in favour of debt repayment and the liberalisation of the economy through privatisation and other means.

These measures were not new. The World Bank and the IMF had been attaching conditionalities to their loans since the early 1950s, and their policy prescriptions inevitably closely aligned with the free-market economics dominant in the US, where their secretariats are located and who is the largest contributor to both.

In return for budget and balance of payments support, the Bank and the Fund required African governments to adhere to an agreed set of policy reforms to achieve macroeconomic stability. Perhaps the most significant impact of these SAPs was the demand for the devaluation of many of Africa's overvalued currencies to more reasonable levels. But it also included other requirements, such as capital account liberalisation, which subsequently facilitated illicit financial flows and easy entry for multinational companies with little or no requirements for local knowledge transfers.

The negative impact of the curbs on government expenditure in key sectors such as health and education, their impact on poverty and their lack of focus on agriculture would resonate for many years and earn both institutions the enduring enmity of many Africans in what has been described as an effective 'race to the bottom'. The associated reforms painfully impacted large populations in the recipient countries and offered African leaders, activists and academics a ready target in externalising the reasons for slow development.

The conditionalities, generally known as the Washington Consensus, put an effective end to national industrial policies that countries as diverse as Ethiopia, Ghana, Kenya, Mauritius, Mozambique, Nigeria, Senegal and Tanzania had tried to implement, albeit with limited success. Consequently, industrialisation as a development option for Africa was replaced by trade liberalisation, deregulation, the free market and a small state.

The Washington Consensus shifted the development framework away from the state as the main engine and instigator of growth to a reliance on markets and the private sector for resource allocation. The state's role subsequently became limited to policymaking and regulatory functions, based on many African states' inability, in the view of the Bank and the Fund, to effectively deliver public goods and to limit the abuse of funds.

Whereas development elsewhere had been facilitated through an active role for the state, including clear industrial policy, the corruption of and mismanagement by African governments now presented the continent with an impossible situation. It had to develop without the guiding hand of the government and dependent on the benefits of trade liberalisation at an early stage of development. The inevitable results—lack of industrialisation, poor growth and unequal development—soon became clear.

Unable to rapidly improve productivity and with a fast-growing and youthful population, per capita average income levels in Africa peaked in 1980 and subsequently declined until 1994 as trade shocks and economic crises took their toll. The percentage of people living in poverty in Africa followed suit and steadily increased.

As these initiatives unfolded, the United Nations Secretary-General, Javier Pérez de Cuéllar, appointed the World Commission on Environment and Development in 1983, also known as the Brundtland Commission, named after its chairwoman, Gro Harlem Brundtland, the Prime Minister of Norway. The purpose was to chart and agree on a common sustainable development pathway at a time of deep pessimism about the environment and Africa's development prospects. Its report, titled 'Our Common Future', which was released in October 1987, popularised the notion of 'sustainable development' by establishing a clear relationship between economic growth, the environment and social equality. It eventually led to the 1992 Earth Summit in Rio de Janeiro, Brazil.

The Brundtland Report and the broader context within which the debates around poverty occurred also had a wider impact. Among other things, it led to deep introspection by the World Bank and the IMF about the effectiveness of their SAPs.

The impact of the Brundtland Report and the Earth Summit continues to resonate several decades later, first with the eight MDGs, adopted at the UN Millennium Summit in 2000, and more recently with the Sustainable Development Goals 2030, adopted by the UN General Assembly in 2015.

In the meanwhile, the rolling economic crises in the 1980s and a reliance on tariffs for a good part of government revenue spurred intra-Africa trade protectionism. Furthermore, the SAPs provided African governments with easier access to finance than the more abstract and difficult-to-realise benefits of continental cooperation offered by the plan while undercutting its 'collective self-reliance' intentions.

Between 1980 and 1990, Africa lost considerable ground—in development terms, it was actually moving backwards. The average income per person decreased by about 12% and declined by a further 2% in the early 1990s.

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Dr Jakkie Cilliers is the ISS's founder and former executive director. He currently serves as chair of the ISS Board of Trustees and head of the African Futures and Innovation (AFI) programme at the Pretoria oce of the Institute. His 2017 best-seller Fate of the Nation addresses South Africa's futures from political, economic and social perspectives. His three most recent books, Africa First! Igniting a Growth Revolution (March 2020), The Future of Africa: Challenges and Opportunities (April 2021), and Africa Tomorrow: Pathways to Prosperity (June 2022) take a rigorous look at the continent as a whole.

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