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**AFRICA'S DEVELOPMENT AGENDA IN THE
1990s AND BEYOND:
THE ROLE OF AFRICA'S PARTNERS**

**ADDRESS TO THE COMMITTEE
ON DEVELOPMENT POLICY OF THE BUNDESTAG**

By

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(Bonn, 20 March, 1991)

Mr. Chairman,
Honourable Members of Parliament,
Ladies and Gentlemen,

I would like at the outset to express my sincere thanks and appreciation for this invitation to appear before your Committee. It is a great honour for me to address the Honourable Members of this first Parliament representing the unified Germany and to deliberate with you on the social and economic situation in Africa.

This opportunity, I am certain, will result in increasing our understanding for mutual concerns as well as for the specific challenges which each of us is facing. I hope, it will also eventually lead to concrete manifestations of solidarity which testify to the fact that the world is, indeed, one. To this end, I shall hope to contribute not only by analyzing Africa's present condition, but also by sketching out the principal factors which could bring about genuine development on the continent. In this context, I will also suggest possible initiatives on your part which could promote and assist in bringing about significant change.

Mr. Chairman,

Ten years after the adoption of the **Lagos Plan of Action (LPA)** and after almost five years of the **United Nations Programme of Action for African Economic Recovery and Development 1986-1990 (UN-PAAERD)**, the characterization of the eighties as a "lost decade" has become a commonplace. A sad but, unfortunately, accurate description. With all major socio-economic indicators on a significant and sometimes precipitous downward trend, the vast majority of the African people is worse off today than in 1980. As the rate of growth of the regional output fell, per capita income

has continued to decline unabatedly, making Africa the only continent where such retrogression has taken place. Capital formation, export growth and earnings have equally declined; deficits in the balance of payments and inflation rates have accelerated; while the debt and debt-servicing burdens have reached unmanageable levels.

The economic decline has had a devastating impact on the living conditions of millions of Africans. The basic social services, especially education, health and housing, have seen massive erosion. Per capita private consumption has fallen by one fifth; unemployment has reached crisis proportions where over 13 million in the formal wage sector are unemployed and another 95 million are underemployed; and real wages declined by a quarter.

At the end of the eighties, it was estimated that over a quarter of the African population has been undernourished or malnourished - and the current acute famine and draught crisis in Africa, particularly in Ethiopia, Liberia, Sudan, Mozambique, Angola and other Sahelian countries, have added a further dramatic dimension. Some 10,000 children die in Africa every day from preventable causes. These causes are linked to malnutrition and the non-availability of elementary health care. In spite of decades of efforts to expand educational opportunities, the absolute number of illiterate people is much larger now than it was at independence. Almost three out of four Africans are afflicted by poverty today. A final measure of socio-economic decay and retrogression on the African continent is that the number of countries classified as Least Developed Countries (LDCs) rose to 29 in 1990, out of a total of 44.

Why has this happened in spite of all initiatives? and what lessons should be drawn for Africa in the 1990s and beyond?

Mr. Chairman,

In describing the African economies, few would challenge the assessment that the lack of structural transformation and the pervasive low levels of productivity are the underlying causes of Africa's underdevelopment and persistent economic crises. No doubt, a host of endogenous and exogenous factors - acting sometimes in isolation, often in synergy - have also contributed to the crisis. Dominant among the endogenous factors are structural imbalances, evident in the great disparities in urban and rural development and in income distribution; rapid population growth; the inadequacy and/or misdirection of human and financial resources; poor economic management; inappropriate economic policies; political instability; and the prevalence of social values, attitudes and practices detrimental to development. You are well aware of the most serious exogenous factors: the formidable constraints resulting from the intertwining of a heavy debt burden, diminished export earnings and declining real resource flows during much of the eighties - amounting to negative overall resources flows to Africa.

Thus, unless the fundamental structural problems and bottlenecks are dealt with in a decisive manner, the African economies will continue to remain in a perpetual state of crisis.

The strategies, policies and programmes that were directed in the 1970s, and more vigorously pursued since the beginning of the 1980s, to revitalize the African economies have failed to address this fundamental problems and have, unfortunately, been preoccupied with their outward symptoms. Some 35 African countries came to adopt IMF and World Bank-supported Structural Adjustment Programmes (SAPs) which are primarily concerned with achieving fiscal and financial balance. The hold of SAPs

became absolute as the badly needed financial resources and debt-relief measures from bilateral sources as well have been made contingent upon compliance with SAPs.

Mr. Chairman,

The decade of the 1980s amply demonstrated that policy reforms aimed merely at improving financial balances and external equilibrium cannot succeed in bringing about sustained growth and development, and least of all structural transformation.

One authoritative assessment after another by independent scholars, organizations of the United Nations system, the United Nations General Assembly, international conferences and even the European community have been pointing to the defective nature and undesirable impacts of SAPs.

The advocates of SAPs have been at pains to prove that countries with approved and sustained SAPs are performing better economically than those without such programmes. However, evidence is mounting to the effect that economic performance has not rebounded in any sustained manner as a result of these programmes and that main economic indicators have actually worsened following the adoption of SAPs. Even some of the studies of the World Bank itself testify to this fact.

Much worse has been the social impact of SAPs as documented by many quarters. One need only recall here the conclusions of the International Conference in the Human Dimension of Africa's Economic Recovery and Development, UNICEF's studies and the UN General Assembly at the Mid-term review of the UN Programme of Action for African Economic Recovery and

Development, 1986-1990 (UN-PAAERD). This has led the UN General Assembly to conclude:

"The implementation of structural adjustment programmes has given rise to general concerns, such as human, social and political consequences, as well as long-term financing needs for Africa's economic recovery and development efforts. ... Structural adjustment programmes should be designed in such a way as to mitigate their adverse socio-economic effects, ensure that the human dimension is integrated in them, further improve the wellbeing of the poor and disadvantaged in African societies, notably through redirecting social and developmental expenditure, and make short-term structural adjustment measures compatible with and built into long-term structural transformation" (General Assembly Document A/RES/43/27, pp. 13 and 16).

Mr. Chairman,

Have these recommendations of the UN General Assembly inspired a fundamental reorientation of SAPs in Africa? Some may offer a hesitant and a cautious yes. Yet, our experience on ground suggests that the answer is an emphatic No! The Social Dimension of Adjustment Programmes, (SDA), which were to be part of the response, remain add-ons, hardly capable of affecting the macro framework of SAPs. Questions have also been raised as to whether significant new and additional resources are being mobilized or whether participating agencies have merely relabeled already existing social programmes. Doubts are also being expressed as to whether domestic as well as external resources are being used optimally as newly introduced SDA-components have often not fully taken into account already existing national efforts.

Despite modifications in the periphery, the concern is growing that the unswerving imposition of SAPs throughout the 1990s would reduce Africa to a level of marginality from which there will be no recovery. The decade of the 1990s must not be allowed to slip by as yet another "lost decade". This is more so since the challenges which Africa is going to face in the 1990s are likely to be more formidable. There has already been telling signs that unless attitudes are deliberately made to change, Africa is likely to face increased political isolation and economic marginalization.

Mr. Chairman,

Africa of the 1990s must move away from SAPs - to embrace and genuinely implement economic policies that would tackle the root causes of underdevelopment, to pursue vigorously strategies of sustained and sustainable development and, at the same time, also deal with short-term problems that arise along the developmental path. Africa, thus, needs a policy of "adjustment with transformation".

This is indeed the whole essence of the **"African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation"** (AAF-SAP) which was endorsed by the African Ministers of Finance and Planning and the African Heads of State and Government in 1989 as an alternative to the IMF/IBRD sponsored SAPs and commended by UN General Assembly in 1989 as a basis for discussion in the design of reform programmes of African countries.

It is not my intention here to dwell at length on the specifics of AAF-SAP. I merely wish to emphasize that, unlike conventional adjustment programmes, which on the whole prescribe a set of policy measures that more

or less all adjusting African countries are supposed to follow, AAF-SAP is a broad and flexible framework within which governments can design their own national "adjustment with transformation" programmes. It calls for the internalization of the impulses of growth; the democratization of the development process; and for making the people the lead actors of development. All this is to ensure that growth and development will be sustained and sustainable and also human-centred. We have also prepared a document elaborating the policy instruments of AAF-SAP which should assist ECA member States to prepare sound adjustment with transformation strategies and allow them to assume prime responsibility for determining their policy orientation.

At the heart of AAF-SAP is the true participation of people in development. The 1990s must be the years in which the people's enormous resourcefulness and creativity must be unleashed; where social and economic justice must be the norm; and, where political and economic accountability by the government towards the governed must become pervasive. Permit me to quote from my Opening Statement at the International Conference on Popular Participation in Development the following for it is a conviction I deeply believe in:

"It will continue to ring hollow every time we say that people are Africa's greatest resource if we cannot create the environment that will enable them to unleash their energies and creativity, and if we persistently fail to mobilize them in the task of economic and social reconstruction. The democratization of the development process - by which we mean the empowerment of the people, their involvement in decision-making, in implementation and monitoring processes - is a conditio sine qua non for socio-economic recovery and transformation". ("Putting the People First", Opening Statement, Arusha 1990, p.3)"

I have repeatedly expressed my hope that a broad consensus could be built around AAF-SAP. No matter how African countries are convinced and willing to implement AAF-SAP, national programmes based on AAF-SAP cannot succeed without the support of Africa's bilateral and multi-lateral donors. If Bretton Woods institutions were to insist on the implementation of SAPs in the 1990s and if the major Western powers were to continue to bless and back this up, in spite of overwhelming evidence of the inadequacy of these programmes and the need for an alternative to them, then AAF-SAP will remain as a dead viable economic agenda as have been the Lagos Plan of Action (LPA) and UN-PAAERD.

Mr. Chairman,

Aside from the support for AAF-SAP, urgent action will need to be taken to improve the external environment. The adverse external environment with which Africa has had to contend - as mainly manifested in the inter-linked problems of declining export earnings, mounting debt and debt-servicing obligations and inadequate and stagnating external net real resource flows - has played a major role in aggravating Africa's economic crisis. Economic reforms and efforts to achieve growth and development cannot be sustained indefinitely in the face of an adverse external environment.

Throughout the decade of the 1980s, a number of initiatives have been taken by Africa's bilateral and multi-lateral partners to ease the debt and foreign exchange crunch of African countries. While those efforts do deserve commendation, they need to be rectified in many respects.

Increasingly, there has - with the prodding of the World Bank and IMF - been a practice on the part of the donor community to tie enhanced or new

levels of resource flows and debt-relief measures to the conditionality of adherence by the recipient African countries to SAPs that are supported by the World Bank and IMF.

These developments have contributed to the further entrenchment of SAPs, questionable as they are, and have also eliminated many African countries - which could have otherwise qualified for support - from benefiting from debt reduction initiatives and additional resource flows. Therefore, an important agenda for the 1990s is the de-linking of debt-relief and resource flow availability from the conditionality of SAPs. While there is a need for "accountability", "accountability" should not be misconstrued for "SAPs" conditionality. Donors and African countries could agree to mutually alternative modalities and criteria for performance by both sides.

Furthermore, a lasting solution for Africa's debt problem must be found. The magnitude of debt cancellation must be significantly expanded to cover all ODA debt and export credits as well. Unless a drastic reduction in the stock of debt as well as debt-service payments is achieved, the debt problem will continue to frustrate development efforts.

Thirdly, imaginative solutions need to be found for the problem of Africa's multi-lateral debt. For the fifth year running, reverse flows from Africa to the IMF have continued, while Africa's indebtedness and debt payments to the World Bank have soared.

Mr. Chairman,

A process of sustained and sustainable growth and development - which is human-centred, self-reliant and participatory in nature - must be

purposefully started in Africa without further delay. In essence, the decade of the 1990s must be the decade in which "adjustment with transformation" and not "stabilization and adjustment" should become the pervasive development orientation. The responsibility for bringing about this transition rests, first and foremost, with the African governments and people themselves. It must, however, be said with equal emphasis that unless the international community is willing to support this strategy and unless the international environment is made conducive to and receptive of the efforts of Africa, the continent's socio-economic revival will remain forever illusive.

It is my earnest hope that influential committees, such as Yours, will see the merit and, indeed, the inevitability of the African approach and help to change attitudes, both at the bilateral and multi-lateral levels, so that international support can be galvanized around Africa's own development agenda.

Thank you for your kind attention.