

END-OF-YEAR STATEMENT

BY

**MR. ISSA B.Y. DIALLO
UNITED NATIONS ASSISTANT SECRETARY-GENERAL
AND ACTING EXECUTIVE SECRETARY OF
ECA**

**THE ECONOMIC SITUATION AND THE CHANGES TAKING PLACE
IN AFRICA AND THE WORLD: 1991 - 1992**

**ADDIS ABABA
12 DECEMBER 1991**

Your Excellencies,

Your Excellency the Representative of the Transitional Government of Ethiopia

Distinguished Ambassadors and

Heads of Diplomatic Missions in Addis Ababa,

Distinguished Representative of the Secretary-General of the Organization of African Unity

Distinguished Heads of African Regional Organizations, United Nations Specialized Agencies and Non-Governmental Organizations

Representatives of the Media,

Ladies and Gentlemen,

My Dear Colleagues,

It is for me a very great pleasure to welcome you to Africa Hall and to thank you for honouring the invitation to this first **End-Of-Year** statement I am making as Acting Executive Secretary of ECA, a job that Secretary-General Javier Perez de Cuellar has done the honour of entrusting to me. On this happy occasion, my statement comes only days after that delivered on 3 December 1991 by H.E. Mr. Boutros Ghali, the new United Nations Secretary-General who clearly set out in his statement the main policies he would be pursuing in terms of peace, economic development, improving the efficiency of the Organization, and human rights in a democratic society. Obviously, the thrust of our own action will follow those lines.

Your presence in such numbers on this occasion gives my colleagues and myself genuine satisfaction. It confirms, once again, the commitment of each of you personally and the Governments or Organizations you represent to continue working with ECA in the service of Africa.

I would also like to avail myself of this opportunity to thank the host country for the unfailing support that it continues to provide to ECA, thus enabling it, among other things, to do its work under good conditions. I have no doubt that such support will be intensified in order to provide the Commission and its staff, the best possible conditions to do their work.

I would finally like to express my deep satisfaction and pride in pursuing the work of three illustrious leaders of the Economic Commission for Africa, namely, Mr. Meki Abbas of the Sudan, Mr. Robert Gardiner of Ghana and Mr. Adebayo Adedeji of Nigeria. Each of them has contributed to making what ECA has become today as an essential tool for promoting economic cooperation and development

in Africa and an important player with many bilateral and multi-lateral development partners. Without any doubt, the heritage of my predecessors represents an important source of inspiration to me.

Your Excellencies,

Ladies and Gentlemen,

As you well know, this End-of-Year Statement has traditionally been devoted to a preliminary review of the economic and social conditions in Africa during the current year, and a forecast for the subsequent year. This is one fundamental aspect of the terms of reference of the Commission. We have also been witness, in 1991, to the important changes taking place in Africa, in its relations with development partners and in the world in general. These are, doubtless, new developments that ECA must analyse in order to be able to determine the role that it could and should play in forging or strengthening a new partnership between the international community and Africa in support of the efforts being made to contain the crisis that the continent has been experiencing since the early 1980s. For this reason, I would also like to reflect with you on these developments and on their implications for the work of the Commission.

I. PRELIMINARY ASSESSMENT OF AFRICAN ECONOMIC PERFORMANCE
IN 1991 AND FORECAST FOR 1992

A. ECONOMIC SITUATION IN 1991

The closing year has been particularly rich in upheavals having important long-term implications to which I shall refer later in greater detail. But they have also had short-term repercussions which have greatly influenced economic conditions in the world in general and in Africa in particular. First of all, while the world economy is undergoing a recession with no end yet in sight, historic changes have occurred in the Eastern European countries and deeply modified the economic relations of those countries with Africa. In Africa itself, despite the fortunate ending of some sub-regional conflicts, civil strife or its impact, continue to affect countries in the Horn of Africa, Mozambique, Angola and Liberia, to cite only those examples. In addition to that, many African countries are experiencing turmoil as a result of what we would like to see as a transition to democracy despite the alarming economic and social situations it is creating.

In spite of the hard times, we expect this year a slight economic recovery after the poor performance of 1990. Indeed, 1990 was marked by at times disastrous drought as in the Sudan which was hit by a famine comparable in gravity to that of 1984 - 1985. The

result was a mediocre performance of the agricultural sector. Similarly, African economies suffered from the fall-out of the Gulf Crisis, particularly from the very steep rise in the price of crude oil during the second half of the year. These two factors led, in 1990, to a regional GDP growth of only 2.6 per cent which is less than the annual rate of population growth. For 1991, we foresee a 3.3 per cent growth rate which, though obviously insufficient given the needs of our region, will nevertheless enable us to avoid a drop in per capita GDP which was only \$US540 in 1990 at current prices. This average conceals very wide disparities since some of the countries, particularly the least developed, of which 29 out of 42 world-wide are in Africa, have annual per capita incomes not exceeding \$US200.

Among the factors contributing to this relatively favourable situation in 1991 was, primarily, the price of oil which, for crude, was about 20 dollars per barrel, a price lower than the 1990 average of US\$40 per barrel recorded late in September 1990 at the height of the Gulf Crisis. African oil-exporting countries which account for more than 58 per cent of regional GDP, did not therefore fare as well as they did in 1990. However, the additional income which they accumulated in the second half of last year has only this year had its full effect. If it also considered that oil production has, in fact, increased by 328 million tons at a rate of 4.8 per cent, the growth of the oil-exporting countries should be in the neighbourhood of what it was last year and even higher for some of them. The growth rate of those countries can therefore be estimated at nearly 4 per cent in 1991 as compared to 3.7 per cent in 1990.

Cheaper oil, by nearly 18 per cent in 1991, can only benefit African countries the majority of which are oil-importing. With a lighter oil bill, some of these countries have been able to increase their imports of intermediate and capital goods and used them to grow more rapidly.

Because of good rainfall, the 1991 farming season has been far better than that of 1990. This applies at least to the Maghreb, West and Central Africa since weather conditions were less favourable in parts of Southern Africa. FAO estimates regional cereal production at 86.9 million tons in 1991 as compared to 76.5 million last year which means a high growth rate of nearly 14 per cent. The weather is, luckily, not the only explanation for this performance. Indeed, the agricultural support policies instituted in a large number of African countries since the mid-1980s have played a crucial role particularly following the adoption by the OAU of Africa's Priority Programme for Economic Recovery and the General Assembly of the United Nations Programme of Action for African Economic Recovery and Development. Such a situation is far from being the general rule. Indeed, where Governments have procrastinated and been too timid with reforms, performance has been far less commendable.

Although agricultural production is higher than in 1990, this, unfortunately, does not mean that the food situation has fared as well. Since harvests are still being gathered in, food supplies are still showing the effects of last year's shortages. Food requirements are estimated at 5.3 million tons and the situation remains particularly critical in countries of the Horn of Africa where nine million persons are affected by famine in Ethiopia, about the same number in the Sudan and 4.5 million people in Somalia. Because of the hostilities in Liberia, rice production has only been one third of the normal output and only one third of the food aid promised has actually been distributed. In Mozambique, 1.9 million people are threatened by famine following the poor harvest. In Angola, the urban population depends on food imports and, in Zaire, the townships are already experiencing severe shortages as a result of the unrest of recent months.

The economic situation in 1991 was also influenced by structural adjustment programmes. While the results of these programmes have generally been favourable in agriculture, things are far less clear in the other sectors, particularly in industry. Since this sector is, in many countries, under State control, it is obvious industrial enterprises will need time to adapt to the conditions created by privatisation and to be managed under market conditions. What is more, the staff lay-offs that such programmes entail for industrial enterprises have had tragic social consequences. However, although the results of the reforms are not yet apparent, the industrial sector should record a better performance this year given the improvement in raw material supply. In fact, the manufacturing sector should record a growth rate of 4 per cent in 1991 as compared to the mere 1.6 per cent of 1990.

As indicated in national budget estimates for 1991, the general trend was to reduce deficits particularly by rationalizing public spending. In most cases, these measures were taken within the context of structural adjustment programmes. This is not necessarily a bad thing considering the enormous waste of resources that the region has experienced in the past decade. Care should be taken, however, that it does not affect certain essential public investment, particularly for the building of infra-structural, health and educational facilities. Having said that, I must stress that, in many cases, it is more important to rehabilitate existing structures and use them optimally than to build new production facilities.

On the external front, the recovery of industrialized economies is taking time as evidenced by the erratic movements of prices on the major stock exchanges, particularly that of New York. According to recent forecasts from the Department of International Economic and Social Affairs (DIESA) at United Nations Headquarters in New York, the growth rate of industrialized market economies would be only one per cent in 1991 while in the Eastern European

countries and the USSR, the decline in production would continue by as much as 13 per cent of marketable output as compared to 6 per cent in 1990. This pattern has naturally been reflected in a fresh decline in the demand for and prices of commodities. In September 1991, IMF commodity price indices (excluding petroleum) had fallen nearly 5 per cent below the 1990 average.

The fall in demand for non-oil commodities produced by the region has led to a very low increase in exports which increased by barely 2 per cent as compared to the more than 15 per cent growth of 1990 which was about \$US76 billion. Imports are reported to have stagnated this year.

Service revenues, especially from tourism which is an important sector in many countries, particularly in North Africa and East Africa, have yet to regain their level before the Gulf war. Similarly, remittances which amounted to several billion dollars from Sudanese and Egyptian nationals working in the Gulf countries have been declining very significantly.

Because of these developments, the current account deficit decreased sharply to \$US5.3 billion in 1990 from an amount estimated at \$US12 billion in 1989. The figure seems to have remained the same in 1991 and may even have decreased slightly. In the absence of precise figures, reference might be made to the total reserve holdings of the region which, according to IMF statistics, increased significantly to 2.4 billion SDRs in late August 1991.

External resource flows which are considerable for African countries, as everyone knows, unfortunately, hardly contributed to the expected recovery in 1991. There is an almost general stagnation in private investment due, undoubtedly, to debt repayment problems. Private banks, in particular, have reduced their lending. Official bilateral and multilateral assistance now accounts for the bulk of resource flows. According to the latest OECD figures, net inflows of external resources, which in 1990 had been \$US32 billion or about 10 per cent of the regional GDP, had apparently not increased in 1991. Indeed, OECD countries, which are the major partners of the region, are faced with an emergency situation in Eastern Europe and the Soviet Union. Moreover, with the persistent recession in some OECD countries, the volume of world savings has been woefully insufficient.

As in past years, the issue of Africa's external indebtedness has been, in 1991, at the centre of concern in the African countries. The fact is that the percentage increase in the total stock of Africa's debt should be slightly higher than that of last year. According to ECA's preliminary estimates, this should be about 3 per cent as compared to the 2.5 per cent of last year. In 1991, the total debt of Africa was about \$US280 billion. In fact, the debt reduction or debt relief measures taken by creditor

countries on the basis of the commitments made at the Toronto Summit of the seven most-industrialized countries, have been more than offset by the accumulation of payment arrears and related interest. In other words, nothing much has changed about the situation and the external debt as a whole accounts for 91 per cent of gross national product in 1991 as compared to 102.2 per cent in 1990 while debt servicing, which accounted for about 30 per cent of export earnings in 1990, now exceeds 50 per cent in several African countries.

In 1991, Africa's external debt structure is not much different from what it was in 1990. There has been a stagnation of commercial debt because a larger number of African countries have become insolvent and are no longer eligible for private borrowing. Official bilateral and multi-lateral debt has grown by about 3.6 per cent in spite of relief measures because several countries were in no position to honour debt servicing obligations. Moreover, since such the relief was granted exclusively by the creditor countries, the share of multi-lateral debt in total public debt has substantially increased in 1991. According to the estimates of the African Development Bank, debt service payments to multi-lateral institutions exceed 50 per cent of new disbursements.

Obviously, as I indicated earlier, encouraging initiatives have been taken to lighten the burden of Africa's external debt. Of particular note are the measures adopted during the Toronto Summit of the Group of Seven concerning non-concessional debt and the improvement proposed within the context of the Trinidad and Tobago initiative whereby concessional lending would be particularly targeted at low income countries. All that notwithstanding, these measures will not have the desired long-term effect. The conditions of eligibility are often complex and apply to only a relatively limited number of countries. What is more, they do not cover multi-lateral lending operations. Therefore, as I had occasion to state on the United Nations Day on Africa's External Debt which I organized jointly with Rev. Dr. Sullivan, President of the First Summit of Africans and African-Americans on 28 October 1991 in New York, a new approach must be adopted within the context of a new partnership and I shall be coming back to that shortly.

On account of these domestic and external developments and as I said in my introduction, the GDP growth rate for Africa as a whole in 1991 can be estimated at 3.3 per cent. Even allowing for the fact that some of this information is provisional and should be subsequently revised, the growth rate will, at worst, only be very slightly less than 3 per cent. The oil-exporting countries have benefitted most from this situation owing to the multiplier effect of their accumulated revenue during the past year and their growth rate should be about 4 per cent. For the non-oil-exporting countries, the significant improvement in the agricultural sector should bring with it a GDP growth of about 2.1 per cent, as against

less than one per cent in 1990.

Coming to the subregions, the North African subregion should experience a growth rate of 3.4 per cent, because most of its countries are oil-exporting. In sub-Saharan Africa, the gross domestic product is expected to rise by 2.2 per cent after the poor 0.4 per cent recorded in 1990. If Nigeria whose GDP is expected to rise 4.5 per cent is excluded, sub-Saharan African countries would have a GDP growth of 2.3 per cent. Among these, the mineral-exporting countries would have only a very slight rise in their GDP, estimated at only 1.7 per cent, doubtless because of the difficulties faced by Zaire and, to a lesser extent, Zambia. Still in sub-Saharan Africa, the exporters of tropical beverages, would hardly experience any significant improvement in 1991 with their GDP growth of less than one per cent.

The GDP of Central Africa is expected to rise slightly by about 2.5 per cent as against 2 per cent in 1990. This is due, firstly, to the difficulties experienced by Zaire and, secondly, to the problems of two oil-exporting countries of the subregion, namely, Cameroon and the Congo. The GDP of East Africa is also expected to experience a degree of recovery of about 2.4 per cent, as against only one per cent in 1991. Finally, West Africa's GDP is expected to rise by 3.7 per cent, due mainly to the excellent performance expected from Nigeria.

B. PROSPECTS FOR 1992

What then are the prospects for 1992? Generally, no major changes should be expected in the trend patterns I have just outlined. Growth can be expected to continue at the same rate as in 1991, that is, 3 per cent per annum, which would mean maintaining if not slightly improving the per capita income level in contrast to the 1980s. The region may well have entered into a phase of gradual recovery, mainly due to the on-going reforms, but also, most hopefully, as a result of a more solid partnership between Africa and its main development partners.

In 1992, the agricultural sector should continue to bear the fruits of the on-going reforms. In the other sectors, growth will be slower since the reform process itself is far from being completed. The social consequences of the income, employment and social services reforms and even of those reforms designed to enable Governments to adequately pursue development planning will continue to raise considerable obstacles. It is encouraging, in this regard, to note that both the IMF and the World Bank in their support of structural reforms are giving priority to the dual objective of economic growth with poverty reduction, particularly through the creation of income generating employment for the most disadvantaged strata of society.

This shift in the orientation of structural adjustment programmes could only make it easier to proceed with the necessary reforms of properly-designed liberalization drawing on the various experiences accumulated by African countries over the past 30 years. Such reforms, with support from the international community, should lead to such productivity gains as would place African countries on the road to sustained growth. This, however, can only be done gradually.

While welcoming the new partnership which seems to taking shape between Africa and the rest of the world, sight should not be lost of the fact that the international environment will continue to be difficult in 1992. World economic recovery is still not in sight since DIESA has forecasted a world growth rate of only 1.5 per cent for 1992. Even for the industrialized countries, excluding Eastern Europe and the USSR, the growth forecast exceeds that of 1990 (at about 2.5 per cent), the demand for raw materials will not be sufficient to provide a significant stimulus to African countries. It would appear that in 1992 higher prices of crude oil should be expected as a result of reduced supply resulting from a decline in Soviet exports and difficulties in securing supplies from Kuwait and Iraq. Obviously, African oil-exporting countries will certainly benefit from this increase in prices but it may slow down the growth of the oil-importing countries of the region.

Investment should continue to grow following the recovery trend observed in since 1989, but the debt service burden will continue to weigh heavily on the current account and the foreign aid difficulty points to serious financing problems. In addition to the declining trend of net external resource inflows, donor countries and agencies have clearly indicated that certain countries will find it more difficult in 1992 to secure access to foreign aid should they not embark on or fail to follow through with democratic reforms. What is more, African countries could find themselves all the more marginalized as the funding requirements of the Eastern European countries continue to gain the ascendancy. The relatively substantial facilities accorded to Poland with regard to its external debt bear testimony to this trend.

Just as for Eastern European countries, external resource inflows to Africa must be increased substantially, not only in the form of debt-relief measures but more particularly in the form of investment. Similarly, African Governments should mobilize more of their own resources and pursue such policies would create conditions under which producer, household and business initiatives can flourish.

II. AFRICA AND THE CHANGES TAKING PLACE

A. THE DISAPPOINTMENTS AND THE CHALLENGES

Statistics on economic performance of this fading year and projections for the next which I have just presented cannot accurately capture the magnitude of change taking place in African countries, especially on the political front. Africa, is today, in the midst of a dramatic, evolutionary change -- a change which reflects the fact that, on the whole, the hopes awakened by the achievement of independence in the early 1960s, have not been fulfilled. This disappointment explains the move towards more democratic systems of governance which involve the people more effectively in the development process and in the management of their affairs. Transparency and accountability should become the hallmarks of decision-making and government.

The leaders of these new systems of government have an extremely important role to play not only in crafting new constitutions and regulations, but more especially in restoring and rebuilding the vital social services and basic infrastructure necessary for their growing societies. These are the major challenges they have to face. Therefore they should have all our support because we are convinced that the political transformation which they embody underpins the socio-economic transformation that ECA is trying to promote. Beyond the Governments, ECA's support should also be extended to non-governmental organizations, professional bodies, women, youth and entrepreneurs whose outreach and influence is becoming increasingly felt. This is one of Africa and ECA's major challenges for the 1990s.

While ECA must encourage pluralism, it must be careful not to foster divisions which would impede economic and social progress. Accordingly, in close cooperation with the Organization of African Unity and the African Development Bank, ECA is supporting the efforts of African countries to strengthen their cooperation and promote economic integration. In other words, democracy and pluralism on the one hand, and the search for unity and national reconciliation on the other hand, are necessary and intimately-related conditions for the socio-economic transformation and sustained growth of Africa. The changes taking place in South Africa to usher in democratic and multi-racial society; the peaceful democratic changes in Cape Verde, Benin, the Congo, Niger and Zambia; the programmes of peaceful transition currently being conducted in many African countries; the end of many fratricidal conflict in Africa; and the decision of the OAU Assembly of Heads of State and Government to set up an African Economic Community whose Treaty was signed on 3 June 1991 in Abuja, capital of the Federal Republic of Nigeria, should all be seen in this light.

Put together all these events orchestrated in Africa and not only do you see the outlines of real progress in Africa, but also the proof that we need not give way to what has been termed Afro-pessimism. By standing fast with those who are optimistic about Africa's development prospects given the potential and dynamism of its people, African Governments will be doing themselves a service by encouraging and sustaining the changes taking place. One essential aspect of this commitment is the promotion of popular participation in development through the implementation, in particular, of the Charter prepared at Arusha in 1990, endorsed by the ECA Conference of Ministers and subsequently by the OAU Assembly of Heads of State and Government. The overriding objective is to do our utmost gradually to eradicate poverty from the region and, thereby, strengthen the democratic process as we create the conditions for sustained growth and long-term development.

Your Excellencies,

Ladies and Gentlemen

ECA is not a political force. It has neither the power nor the mandate to make economic policies for its member States. However, working with sister organizations, especially the Organization of African Unity and the African Development Bank, ECA must endeavor to promote economic policies and programmes which directly contribute to economic recovery and, more particularly, to raising the living standards of African people. This is particularly important today in view of the changes that have taken place not only in Africa but also in the international economic environment.

At the same time, ECA should intensify its efforts for strengthening intra-Africa cooperation with a view to achieving the economic integration of the region. It is gratifying to note that African Governments are becoming increasingly convinced that only such a process can engender the growth needed to meet the essential needs of Africans in every sphere. In this regard, Africa is at a crucial turning point in its history with the establishment of the African Economic Community by its Heads of State and Government. ECA was associated with OAU and ADB in the work preparatory to the signing of the Treaty. We stand even more ready to make the Community a reality. Together, we shall make every effort to assist the sub-regional economic cooperation institutions that form the building blocks of the Community so that they can achieve the integration of their respective subregions. ECA should realign its own operations, particularly within the MULPOCs, in order to facilitate sub-regional cooperation by helping to promote integration activities and projects.

The political will undergirding the establishment of the Community should equally be demonstrated by member States in

increased support and greater use of ECA-sponsored institutions that cover nearly all areas of activity, in particular natural resources development, science and technology, training and development planning. On its part, ECA will examine, after consulting at length with member States, the ways and means of making these institutions as useful as possible, including how best they can be rationalized.

There is, however, one issue that deserves particular emphasis. This is the primary responsibility of African countries to demonstrate their political commitment to economic cooperation by financing integration projects, particularly by building the necessary infrastructure. Only then could external resources be invested in such projects on a cost-effective basis.

B. NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT.

Your Excellencies,

Ladies and Gentlemen,

This brings me to an issue of capital importance, namely the new partnership that Africa must endeavour to forge with the outsideworld, bi-lateral and multi-lateral funding agencies and also with private investors and non-governmental organizations. It cannot be denied that the critical economic situation facing Africa since the early 1980s has not received all the required attention from the international community. The evaluation of the United Nations Programme of Action for African Economic Recovery and Development recently conducted by the General Assembly clearly demonstrates this. It is true that Africa obtains a relatively substantial amount of development assistance from bilateral and multilateral donors, international NGOs and from private foundations. Compared to Africa's development needs, however, the external financial resources pale into insignificance -- a situation compounded by the huge losses that Africa has incurred as a result of the deteriorating terms of trade and the problem of debt servicing. If the financial assistance to Africa has fallen short of requirements, can this be due to the fact that we have really over-estimated what can be expected from Africa's partners abroad or have we become overly dependent on external assistance?

Without pretending to have the right answers to these questions, one can make a few observations about the nature of the relationships that have subsisted between Africa and its development partners over the years. It would seem that Africa did not take the full measure of the human, financial and material resources that it must itself mobilize to address the challenges of survival and growth in the past three decades, particularly the last since the Lagos Plan of Action was adopted. Africa has

counted mostly on aid coming from its development partners. With people increasingly becoming more vocal about such essential needs as gainful employment, health, education and shelter, it has become clear today that any significant progress in Africa must come principally from Africans in the first place. And this means that we must mobilize our own human and financial resources with far more efficiency and conviction than we have done in the past to formulate a development strategy based principally on the optimum use of our own resources.

The second observation that I would like to make here is the woeful lack of coordination, by African countries, of the various types of aid that they receive from their development partners. To use a well-known expression, we appear to have too many doctors for the same patient and therefore receive too many types of treatment. Being killed by kindness is death nevertheless. It is surely time for Africa to rationalize all the aid it receives and to think out with the donors the ways in which development assistance could be considerably improved. For instance, an average of more than \$US4 billion a year is spent on technical assistance involving in excess of 80,000 foreign experts while there are 70,000 equally qualified Africans living abroad now. Africa must endeavour, and ECA will do its best in this regard, to design, with its partners, new ways of providing technical assistance which involves far more of the resources available locally. Such an approach would also contribute to strengthening intra-African technical cooperation which will be far less costly to finance and should therefore be more attractive to donors.

At the multi-lateral level, the World Bank and International Monetary Fund remain and will remain major development partners of Africa. I say they are and will remain so particularly because bi-lateral assistance is often linked to the adoption of structural adjustment programmes which constitute the domain of World Bank and IMF intervention. Generally, such intervention is necessitated by exchange rate imbalances, unremunerative agricultural prices, substantial budget deficit, overly high public spending on salaries and so on. No one can say that such imbalances make for harmonious growth and development but it is equally recognized that the systematic and inflexible application of structural adjustment measures have very often had adverse social consequences without always delivering the economic growth expected.

But even saying these things, we must own up to our own deficiencies in the administration of public resources. The fact is that ECA has thoroughly analysed this issue in the African Alternative Framework to Structural Adjustment Programmes (AAF-SAP) which proposes such measures as the substantial reduction of military expenditure and other non-productive public spending. ECA and the World Bank had some differences about the subject. Over time, however, the common ground between the two institutions and among Africa's development partners has become much wider.

Among the areas of agreement are Africa's recognition of the need to embark on more substantial structural adjustment in the 1990s than it did in the past decade. This includes the need to mobilize and optimally use resources and to institute effective and accountable governance. There is also the shared feeling that short-term adjustment measures must be embedded in long-term transformation; Africa's development must be human-centred; and that economic cooperation and integration are vital to Africa's socio-economic development and transformation.

Given such a consensus, African Governments should make sure that structural adjustment does not neglect the human factor. This is the requirement to which all Africa's bi-lateral, multi-lateral and NGO partners subscribe. They must also ensure that a viable and credible adjustment process includes strong growth components. It is gratifying to note in this regard that in its future programmes, the World Bank is giving priority to poverty eradication through the fostering of growth based on the creation of remunerative jobs particularly for the most disadvantaged strata of society. The Global Coalition for Africa could be an appropriate forum for promoting such programmes and ECA stands ready to cooperate in this effort.

Your Excellencies,

Ladies and Gentlemen

I would now like to consider briefly the external debt crisis in Africa. On this subject, we need to state clearly that Africa respects its commitment to creditor countries, organizations and institutions. Indeed, Africa wants to continue benefitting from the international credit system and is not so much refusing to honour its debt servicing obligation as demonstrating that it does not have the means to do so. Indeed, the dwindling of export earnings and the continuing deterioration in the terms of trade have combined with the adjustment difficulties in most of the of African countries concerned to make it difficult, if not actually impossible, to regularly service the debt despite repeated rescheduling exercises conducted at the Paris Club and elsewhere.

A new approach, both more imaginative and bolder, is needed. One that starts by the shared concern that Africa be able to recover at least the momentum in economic growth it lost when the debt crisis arose more than a decade ago. One that does not seek the unrealistic elimination of debt, but the reduction of debt to the point where Africa can honour its obligations and significant new lending can take place. For this to happen, Africa needs substantial investment on a scale comparable to the 1946 Marshall Plan for Western Europe in 1946 or what the Economic Commission for Europe has recently advocated for the countries of Eastern Europe. ECA will work in this direction particularly by:

- Identifying where the most creativity in international finance has been achieved in Africa and elsewhere, making those experiences known and proposing solutions based on them;
- Tackling with ADB and other development partners the thorny problem of capital flight, so that we devise the right set of policies to attract this money back for investment;
- Cooperating with appropriate organizations in the preparation of official debt cancellation plans for African least developed countries, particularly under the structural adjustment programmes just outlined;
- Cooperating with the African Development Bank in the formulation of measures for lightening the burden of commercial debt for low and middle-income African countries;
- Drawing attention to situations where the major creditors of Africa are becoming net recipients of African resources, with a view to finding appropriate solutions.

It should be emphasized that these proposals tally with those made recently by H.E. General Ibrahim Babangida, current Chairman of OAU and President of the Federal Republic of Nigeria, when addressing the current session of the United Nations General Assembly. He invited the international community, in effect, to embark on a new partnership with Africa and to find a lasting solution to the problem of Africa's debt and development financing as the continent engages in serious democratization and structural adjustment. It should be possible, within this spirit, to organize henceforth the assistance of the World Bank and the IMF, setting social, economic and financial objectives that can be quantified both in the short term and the long term.

For this to happen, it would be necessary to win the debt holders over to engaging in better organized and more productive discussions than have taken place in the past. ECA is prepared to assist in this endeavour so that we can report next year on the progress made in this area.

III. ECA: ORGANIZING FOR THE CHANGES AND CHALLENGES

Your Excellencies

Ladies and Gentlemen,

I would like to end by informing you about our own efforts, in ECA, to adapt the secretariat to the changes that we have briefly considered and to the new partnership emerging between Africa and the international community. ECA is at a cross-roads. The environment in which it has been evolving, has itself changed considerably over the years. In order to stay on top of these changes, I commissioned a Task Force to review ECA's mission, its operating environment, its programme priorities and its management. The composition of the Task Force was such that it could carry out its assignment while keeping various perceptions in view: those of ECA member States, of other members of the United Nations system, of African regional organizations and non-governmental organizations. In order to enable the Task Force to do its work in a relatively short time, its members were provided with technical information papers prepared by the secretariat. Along with that, the Task Force was, as and where needed, able to secure from the officials of various ECA Divisions every clarification required.

The report of the Task Force has just been made available to me and without going into the details of its conclusions, I can already say that the serious and objective work that it has done enables me to chart out the main thrust of the work that the Commission will be doing:

(a) We shall work more resolutely to help our member States to strengthen their cooperation in all areas so as to build up the African Economic Community and thereby ensure that this time Africa will make it to its rendez-vous with history in the twenty-first century as major economic blocs emerge around the world;

(b) We shall work more closely with OAU, the African Development Bank, the subregional organizations, United Nations bodies and in particular the Bretton Woods institutions in order to help ensure that the economic programmes of member States deliver the expected results;

(c) We shall avoid dissipating our resources by focusing more pointedly on concrete actions that we shall endeavour to carry out effectively, making sure that our efforts converge with those of member State, strengthen them and make a perceptible impact;

(d) We shall endeavour to improve the quality of our products by ensuring that our meetings, seminars and workshops become fewer and aim at concrete and measurable results; contributing to a better information of the world about Africa's needs and better preparation of Africa for international negotiations by improving the quality rather than the quantity of our research and publications; and

(e) We shall endeavour to manage optimally the resources placed at our disposal, using the essential criteria of competence, efficiency and the actual impact that our programme activities have

on Africa's economic and social development.

All this is aimed at making ECA a credible instrument for cooperation with the international community in the service of Africa. And these policy shifts will be demanding upon the staff of ECA, which include some excellent people devoted to the ideals of the United Nations. Together, we should give a new thrust to the work of this cherished Commission in order to meet the challenges before us. I am convinced that such a redoubling of efforts by ECA staff will stimulate cooperation with member States and bring the best of their experts to join hands with us in the task of regional development. This how we shall fulfill the dream, long nurtured since its inception, of making ECA an essential forum, by dint of serious thinking and action, for economic and social development in Africa.

IV. CONCLUSION

Your Excellencies,

Ladies and Gentlemen,

To conclude, let me say once again that we are living at a time when and in a place where the dizzying pace of events pose so many challenges to people around the globe. The efforts made here and there, in all the regions, to meet those challenges should both inspire and encourage us. Events and the resolute action taken to cope with them engender hope if we have the courage and presence of mind. I trust that in acting out our solidarity, the Governments and organizations that you represent, on the one hand, and ECA, on the other, will be able to effectively help African countries to meet the challenges of the 1990s. Only one thing is needful; the common resolve to forge ahead and to meet the challenges with all the power of our faith and conviction.

I thank you.

ANNEX

GDP GROWTH IN AFRICA, 1988-1991

(PERCENTAGE)

	1988	1989	1990	1991
Developing Africa	2.1	3.3	2.6	3.3
North Africa	0.9	2.7	3.2	3.4
Sub-Saharan Africa	2.8	3.9	1.9	3.1
Oil Exporting Countries	0.9	3.1	3.7	3.9
Non-Oil Exporting Countries	4.3	3.4	0.7	2.1
Least Developed Countries	3.4	5.2	-0.2	2.5