



34202

UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL

Distr.
GENERAL

E/CN.14/632/Summary
15 December 1974

Original: ENGLISH

ECONOMIC COMMISSION FOR AFRICA

SURVEY OF ECONOMIC AND SOCIAL CONDITIONS IN AFRICA, 1974

Summary

MID-TERM REVIEW AND APPRAISAL OF PROGRESS IN IMPLEMENTING
THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE SECOND
UNITED NATIONS DEVELOPMENT DECADE

TABLE OF CONTENTS

	<u>Page</u>
A. Introduction - - - - -	1
B. General Objectives and Targets of the International Development Strategy - - - - -	2
C. The World Scene - - - - -	3
1. The international situation and international monetary developments - - - - -	3
2. The oil situation and the financing problem - - -	5
3. Development assistance flows and the resource needs of developing African countries - - - - -	5
4. External debts and additional capital requirements -	6
D. Current Economic Developments and Policies in the Countries of the ECA Region - - - - -	7
1. Commodities and Africa's economic performance - -	7
2. Growth investment and domestic savings - - - -	9
3. Agriculture - - - - -	10
4. Industry - - - - -	13
5. Money supply and inflation - - - - -	14
6. Public finance - - - - -	15
7. External trade and payments - - - - -	15
(a) Trade developments - - - - -	15
(b) Balance of payments - - - - -	17
8. Invisibles, including shipping, insurance and other services - - - - -	17
9. Commercial policies - - - - -	18
(a) Trade with developed-market economies - - -	18
(b) Trade with the Socialist countries of Eastern Europe - - - - -	18
10. Economic co-operation and regional integration - -	19
11. Special measures in favour of the least developed and land-locked countries - - - - -	19
12. Transfer of technology - - - - -	20
E. Social Development in the Countries of the ECA Region -	20
F. The Drought Conditions in Africa, 1972 to 1974 - - -	26

A. Introduction

1. This document is a summary of the mid-term review and appraisal of social and economic performance in ECA member countries during the Second United Nations Development Decade. It begins with an introduction and information on the International Development Strategy which constitutes Chapters I and II of the full appraisal report; the summary also contains some material such as on the drought-stricken countries of Africa which is not in the review and appraisal.
2. General Assembly resolution 2626(XXV) of October 1970 calls for a biennial review and appraisal of progress in implementing the International Development Strategy for the Second United Nations Development Decade. The Economic Commission for Africa also adopted resolutions 187(IX), 218(X) and 238(XI) declaring Africa's Strategy for Development in the 1970s as part of this global International Development Strategy and outlining the major issues and measures which require special attention within the context of the economic, social and institutional development of Africa during the 1970s.
3. The Commission emphasized the need to keep under systematic scrutiny the progress towards achieving the goals and objectives of the Decade. It requested the Executive Secretary to initiate consultations with regional bodies and other United Nations organizations with a view to the establishment of an appraisal and evaluation machinery. In compliance with the resolutions of the General Assembly and the Commission, the ECA secretariat prepared the first biennial review of African performance (E/CN.14/600), of which the Economic and Social Council took note at its fifty-fifth session. The first overall review and appraisal of progress made in implementing the International Development Strategy culminated in the adoption by the General Assembly of resolution 3176(XXVIII).
4. The General Assembly adopted also resolution 3178(XXVIII), which provided for the preparation of the mid-term review and appraisal which is scheduled for consideration in 1975. In this resolution, the General Assembly requested the regional commissions to continue and intensify their efforts towards preparing the regional mid-term appraisal of major economic and social developments since the launching of the Second United Nations Development Decade. By resolution 1911(LVII), the Economic and Social Council also requested all organizations and agencies of the United Nations system to keep in mind General Assembly resolutions 3201(S-VI) and 3202(S-VI) of May 1974 adopting a Declaration and Programme of Action on the Establishment of a New International Economic Order when conducting the mid-term review and appraisal of the International Development Strategy.
5. The problem of adequate data for the preparation of the mid-term appraisal is still only partially resolved, as the response of Governments of the region to the Secretary-General's note verbale in connexion with the second of the biennial or mid-term inquiries into the implementation of the International Development Strategy has not been very encouraging. Participants at the fifth session of the Conference of African Planners pointed out that many national agencies failed to carry out the national mid-term review and appraisal partly because they lacked personnel and partly because most of the current development plans had not been formulated within the framework of the International Development Strategy. In these circumstances, it appears that, while review at the national level could be facilitated by devising a standardized and simplified format for progress reporting, the shortage of the necessary personnel to undertake the work would remain a serious limiting factor.

6. The Survey of Economic and Social Conditions in Africa, which will be devoted to the biennial regional review and appraisal every other year, may therefore continue to be prepared in the absence of national reviews by Governments. In Part I of the present Survey an attempt has been made to present a regional mid-term (or second biennial) review, while Part II is devoted to brief reviews of the current economic developments and policies in the member countries of the Commission.

B. General Objectives and Targets of the International Development Strategy

7. The International Development Strategy for the Second United Nations Development Decade, based on joint and concentrated action by developing and developed countries in all spheres of economic and social life was launched in 1971 in order to ensure a minimum standard of living consistent with human dignity.

8. The preamble of the Strategy for the Second Decade stressed that the success of international development efforts would largely depend on an improvement in the general international situation and on co-operative efforts of a scale commensurate with the problems encountered since partial solutions would not suffice. While responsibility for the development of developing countries rested primarily with themselves, their efforts would not be sufficient to enable them to achieve the desired development goals unless they were assisted by developed countries through increased financial resources and more favourable commercial policies.

9. Several goals and objectives were set out in the Strategy including an average annual rate of growth in the gross product of at least 6 per cent, or 3.5 per cent per head in developing countries with the possibility of attaining a higher rate in the second half of the Decade to be specified on the basis of a comprehensive mid-term review. This overall growth implied an average annual expansion of 4 per cent in agricultural output and 8 per cent in manufacturing output. The attainment of the overall growth target required a 0.5 percentage point rise annually in the ratio of gross domestic savings to the gross product so that this ratio would rise to around 20 per cent by 1980. It also required a somewhat less than 7 per cent rise in imports and somewhat higher than 7 per cent increase in exports at constant prices.

10. The goals and objectives also included a more equitable distribution of income and wealth for promoting both social justice and efficiency of production, substantially raising the level of employment, achieving a greater degree of income security, improving and expanding facilities for education, health, nutrition, housing and social welfare, in addition to efforts to safeguard the environment.

11. A number of policy measures were specified in the Strategy. In the field of international trade they included the conclusion of international agreements on a certain number of commodities, the strengthening and renewing of existing commodity agreements, pre-financing of buffer stocks, setting of general principles on pricing policy for use as guidelines for actions on individual commodities. No new tariff and non-tariff barriers would be raised by developed countries, nor would the existing ones be increased against imports of primary products from developing countries. The object was to improve the access of developing countries to world markets and to help them to expand and diversify their export trade. Also among the policy measures were the establishment of generalized, non-discriminatory, non-reciprocal preferential treatment of exports of developing countries and the progressive relaxation and elimination of non-tariff barriers on imports of manufactures and semi-manufactures from such countries.

12. Developing countries undertook to increase their efforts for export promotion and for regional and subregional integration among themselves.

13. In the field of resource mobilization for development, developing countries bore the main responsibility for financing their economic and social development and for that purpose would adopt vigorous measures for a fuller mobilization of their domestic financial resources and for ensuring the most effective use of available resources; they would pursue sound fiscal and monetary policies, remove institutional and administrative obstacles, improve the efficiency of public enterprises and mobilize private savings.

14. Developed countries on their part agreed that each economically advanced country should endeavour to provide by 1972 annually to developing countries financial resources transfers in terms of actual disbursements of a minimum net amount of one per cent of its gross national product at market prices. The net amount of official development assistance should reach at least 0.7 per cent of the gross national product at market prices by the middle of the Decade. In addition, developed countries members of the Development Assistance Committee (DAC) agreed to do their best to reach, before the end of December 1971, the norms set out in the Supplement to the 1965 Recommendation on Financial Terms and Conditions adopted by DAC on 12 February 1969 designed to soften the terms and conditions of assistance to developing countries. Financial assistance would, in principle, be untied and on a long-term and continuing basis, aimed exclusively at promoting the economic and social progress of developing countries without detriment to national sovereignty. Arrangements for forecasting and forestalling debt crises were stressed, as was the need to increase the resources of multilateral institutions and for developing countries to encourage the inflow of foreign private capital and its effective use.

15. The Strategy contained provisions relating to invisibles, including shipping, special measures in favour of the least developed and land-locked developing countries (including the signing of the Convention of Transit Trade of Land-locked States) and adequate financial and technical assistance to develop transport and communications infrastructure, science and technology, human development, expansion and diversification of production and plan formulation and implementation.

16. Provisions were also made in the Strategy for a systematic review of progress at the national, regional and international levels destined to assess efforts made towards achieving the objectives of the Decade and to identify shortfalls and the factors which accounted for them and to recommend positive measures, including new goals and policies as were shown to be necessary.

C. The World Scene

1. The international situation and international monetary developments

17. The rate of growth of real GNP and the volume of trade of the developed market economies decelerated in 1970 as compared with the last year of the 1960s but from the end of 1971 the trend was reversed and in 1972 world output in real terms expanded by about 5.5 per cent. The uptrend continued throughout 1973 with production growing by about 6 per cent.

18. Since the end of 1973, however, the world economy as a whole has been moving towards a downturn which has continued throughout 1974. For seven major OECD countries the forecasts for 1974 made in July 1974 were that the growth in the GNP would be only 0.5 per cent compared with 6.5 per cent in 1973 and 5.8 per cent in 1972. The growth cycle which took place in all developed countries at the same time has been particularly pronounced since 1971 and the high growth rate achieved up to 1973 was followed by a substantial deceleration in 1974 which is projected to continue in 1975. Serious problems have been encountered in 1973 and 1974. World inflation has accelerated particularly in 1974 aggravated by the sharp increase in the price of oil. The acute inflation levels of 1974 in the face of an economic slowdown have necessitated a careful choice of anti-inflationary measures to avoid serious unemployment.

19. The large swing from surplus to deficit on current account from 1973 to 1974 in the OECD countries as a whole has resulted from the combination of the general boom in commodity prices including oil and the inability of oil exporting countries to spend all their higher earnings. The overall balance of payments of the OECD countries, however, is being contained by the oil-producing countries maintaining their surplus funds in the OECD area. The commodity price boom appears to have come to an end in the second quarter of 1974 and many more African developing countries have had to face up to the prospect of a large increase in the cost of imports while their earnings from exports are reduced.

20. As a result of the increase in economic activities, the volume of world trade expanded at post-war record rates in 1973. The combined import volume of the OECD countries increased by 13 per cent and their export volume expanded by 15 per cent in the same year. However, after two good years in 1972 and 1973 the serious economic slowdown of 1974 which will continue into 1975 is likely to result in increased unemployment and a sharp decline in world trade with serious implications for the export trade of developing African countries.

21. The inflation and the unfavourable current account balance of payments of a number of developed countries led to a series of currency crises in the years 1971 to 1973. The fixed exchange rate system instituted by the Bretton Woods Agreement of 1944 ended in August 1971. This was followed by frequent parity changes and the currencies of a number of countries have floated. The United States dollar has been devalued twice, the first time as a result of the Smithsonian Agreement of December 1971 and the second time in February 1973. This led to several parity changes for major currencies and African countries reacted in various ways. Many followed European countries and appreciated their currencies in terms of the US dollar but there were also a number which devalued along with the dollar or with the pound sterling.

22. The IMF committee of Twenty established to restore stability and to introduce reform in the international monetary system found it impossible to agree on a fully reformed system and the members issued their final communique in June 1974. Various interim measures were proposed including a temporary oil facility to meet the emerging situation. The Committee recognized that the primary responsibility to combat inflation rested with the national Governments. It also felt that more co-operation within the world community was urgently needed to ensure appropriate financing to meet deteriorating balance of payments positions without undue resort to adjustment policies that could restrict international trade and development.

23. It is worth noting that African countries' exports measured in national currencies rose quite substantially in 1973 even though the currencies of many countries had been appreciated against the US dollar. This is to a large extent attributable to the economic upswing prevalent in the developed countries. The higher par values of most African currencies in terms of the dollar would suggest that the current downturn in the advanced countries could bring a sharp fall in non-petroleum exports from Africa while the slowdown in imports is likely to be slight.

2. The oil situation and the financing problem

24. Between September 1973 and January 1974, the posted price of crude oil rose almost four times. Because of the higher prices, estimated oil revenue accruing to oil-producing countries in 1974 is likely to reach \$US 90 billion against \$US 30 billion in 1973. The oil bill for the major oil-consuming developed countries will increase by \$US 50 billion while the cost of oil price increases will amount to \$US 5.4 billion for all developing countries and \$US 1.0 billion for ECA member States which are not oil producers.

25. The additional costs of imports due to world inflation will greatly increase the financial requirements of many developing countries and early solutions must be found to ease the burden particularly on the non-oil-producing developing countries.

26. Several possible solutions are currently being canvassed. For developing African countries, over and above the provision of balance of payments assistance of \$US 200 million, proposals being discussed include the creation of an Arab Bank for Industrial and Agricultural Development in Africa and the widening of existing Arab Funds to provide financial facilities to African and other developing countries.

3. Development assistance flows and the resource needs of developing African countries

27. Net official development assistance to developing countries increased by 1 per cent in real terms in 1972 and fell by 6 per cent in 1973. The share of official development assistance in the GNP of the DAC countries fell from 0.35 per cent in 1971, to 0.34 per cent in 1972 and 0.30 per cent in 1973. This is substantially less than the target of 0.70 per cent set for 1975 in the International Development Strategy for the Second United Nations Development Decade. In 1972 the net flow of aid from DAC countries was \$US 7 billion less than the target of 1 per cent of their GNP.

28. Africa's share in total net flow of resources from DAC countries and multilateral agencies fell from 20.9 per cent in 1970 to 18.3 per cent in 1972. This fall coupled with the rise in prices would suggest that the net flow of total resources to Africa in real terms has decreased substantially. This decrease has serious implications since Africa has 16 out of the 25 least-developed countries in the world and its need for net inflows of resources has increased dramatically due to world inflation and the substantial rise in import prices. The crucial need for foreign resources hinges on the fact that economic growth can be enhanced by the conversion of domestic production saved from consumption into capital goods which can only be achieved through the import of capital goods using foreign exchange acquired from exports or external aid.

4. External debts and additional capital requirements

29. In 1971, about 79 per cent of the \$US 80 billion total disbursed debts of all world developing countries was due to DAC countries and 12 per cent to multilateral agencies. Of the total, about one-third was in the form of export credits. Between 1960-1971 developing African countries received \$US 12.3 billion in the form of grants and their total reported outstanding debts amounted to \$US 12.1 billion at the end of 1971. Africa received a higher share of resource transfers in the form of grants than other developing countries. On a per capita basis, however, Africa's least developed countries are receiving less in the way of grants and total resource flows than other developing countries. The debt service burden is assuming serious dimensions being already higher than 10 per cent of exports in a number of countries.

30. The IBRD has made projections of the additional capital required by developing countries to enable them to achieve modest growth rates in the remaining years of the 1970s in the light of the large increases in energy prices, the current high prices of many other primary commodities, increased costs of manufactured imports, supply shortages and higher prices of imported development inputs, world inflationary tendencies and the possibility of an economic slowdown in the developed countries. The projections suggest that the developing countries as a group, after reducing reserves and drawing on the IMF, will require about \$US 2.6 billion of additional external resources in 1974 and about \$US 6.8 billion in 1975. Of these amounts, \$US 0.8 billion in 1974 and \$US 2.1 billion in 1975, are needed for countries for whom only concessional terms are appropriate. During the years 1976 to 1980, the developing countries will require some \$US 10-12 billion per year in external resources above the amounts previously projected. Given the time lag between commitments and disbursements it is warned that these additional resources should be mobilized as soon as possible if the hopes of millions of people in the developing countries are not to be shattered for the rest of this decade.

31. The IBRD study further forecasts that the expected slowing of economic growth in the industrial countries will reduce growth rates in developing countries from the 6 per cent projected in 1973 to 4.9 per cent under the high variant projections or to a mere 1.9 per cent under the low variant projections. This suggests that targets set in the International Development Strategy for resource transfers to developing countries are no longer valid and that there is clearly need for a new strategy.

32. The IBRD study is of great importance for suggesting future policies. It shows the need for the developed countries to tackle their balance of payments problems not only in the light of their own interests but that of developing countries as well. A deterioration in the long-term development of the developed countries will worsen even more the grave economic problems confronting developing countries.

33. While the international situation thus indicates the need for considerable improvement in the volume, quality, terms and conditions of development assistance, it should be noted that enormous funds are available in oil-producing countries seeking investment in fixed capital formation. African countries can attract some of this capital through the preparation of sound and bankable projects.

D. Current Economic Developments and Policies in the Countries of the ECA Region

1. Commodities and Africa's economic performance

34. The external trade and economic performance of countries in the African region are influenced very greatly by the situation of the world market for a limited number of commodities which are the basis of their continued economic well-being. The share of the twenty most important agricultural and mineral commodities in the export trade of the ECA member States was 80 per cent in 1973 and the proportion was probably higher in 1974. These twenty commodities earned \$US 15.2 billion in 1973 and the total GDP of the countries concerned was in the region of \$US 70 billion. When the prices of these export commodities are good and output is satisfactory, then Governments in the region have buoyant revenues, their external payments are much easier to balance and their economies have good prospects for realistic growth. When the reverse applies, then many economic problems are created.

35. In 1971 there was no increase in the average price of Africa's major export commodities measured in US dollars over the level of 1970 and if petroleum is excluded, there was actually a fall in prices of about 9 per cent. For 1972, the situation was better with an overall rise in prices of 10 per cent which without petroleum, was 5 per cent. There was a very sharp increase in prices in 1973 and the level was 45 per cent higher than in 1972; it was even higher when petroleum is excluded. The year 1974 was a very favourable one for the petroleum exporting countries but for the non-oil producing countries, there was a deterioration in the terms of trade, since the rise in export prices of about 23 per cent was below the increase in import prices resulting from inflation in the countries of supply.

36. The commodity price boom in 1973 was related to the high level of demand by the developed countries in a period of difficult supply situation. The imbalance in world market situation sparked off high price increases for many commodities of interest to developing African countries particularly in the second half of the year. This movement continued in 1974 but in the second quarter of the year, the movement was reversed as it became apparent that the world economic cycle had already passed its peak and was moving towards recession. In November 1974 various index numbers of commodity prices had begun to show lower levels than a year earlier although in the first half of 1974, these same index numbers had been at record levels. For Africa's major commodities, only cocoa, petroleum, phosphate rock, sisal, sugar, tea and tin were at significantly higher price levels in the last quarter of 1974 than in the same period of 1973; for many of the remaining commodities there had been some very sharp price falls.

37. With continuing stagnation forecast in the developing countries for the first half of 1975 the outlook for Africa's major export commodities in 1975 is not very bright. Even if growth were to be resumed in the developed world in the second half of 1975, it will probably take some time before this finds reflection in increased demand leading to increased prices for Africa's exports. In any event the commodity price boom of 1973/74 appears to have brought in its train, attempts to increase supplies in various directions and it may take some time before excess demand begins to reappear to set off another round of commodity price increases.

38. The Programme of Action on the Establishment of a New International Economic Order has as its first heading, the fundamental problems of raw materials and primary commodities as related to trade and development. The importance of such commodities in Africa's external trade and GDP has been referred to above but there are in fact, some 50 to 60 commodities of interest to African countries and of these, there are 25 in which ECA member States are responsible for more than 10 per cent of total world trade. Most of these 25 commodities are included in the list of 20 making up the most important exports. The movement of prices of these commodities from 1970 to 1974 is reflected in table 1 which shows that there have been substantial variations in prices over this four-year period. There is considerable scope for the achievement of worthwhile commodity agreements which would help to stabilize prices at levels satisfactory to both consumers and producers and which would assist the developing countries of Africa to achieve realistic growth rates.

Table 1: Price index numbers of major commodities in Developing Africa's exports, 1970 to 1974 - Price index (1970 = 100) (based on US dollars)

Commodity	1970	1971	1972	1973		1974
Citrus fruit	100.0	124.8	134.2	141.0		...
Cocoa	100.0	72.5	94.4	187.2	to Sept.	285.3
Coffee	100.0	89.2	99.8	120.9	to Sept.	136.1
Copper	100.0	76.5	75.7	126.0	to Sept.	161.9
Cotton	100.0	101.8	104.7	153.7	to July	253.3
Diamonds	100.0	102.0	119.0	150.0		...
Groundnuts	100.0	110.5	111.3	171.6	to Aug.	242.3
Groundnut oil	100.0	118.0	112.7	144.5	to July	284.4
Iron ore	100.0	106.0	112.2	118.4		...
Lead	100.0	83.2	99.3	141.4	to Sept.	200.6
Manganese ore	100.0	98.1	105.4	105.4		...
Petroleum	100.0	115.0	129.5	178.7	to Aug.	569.1
Phosphates	100.0	101.1	107.8	117.0	to June	350.0
Rubber	100.0	80.8	85.5	182.8	to Aug.	203.3
Sisal	100.0	114.8	157.2	334.2	to May	645.5
Sugar	100.0	109.8	134.9	157.0	to July	322.1
Tea	100.0	96.3	96.3	97.7	to Aug.	125.6
Timber	100.0	94.8	101.4	201.5		...
Tin	100.0	95.1	102.5	131.1	to Aug.	227.6
Zinc	100.0	96.3	134.9	157.0	to July	322.1
Weighted average	100.0	100.3	110.6	161.1		356.0 ^{a/}
Weighted average excluding petroleum	100.0	91.3	96.6	146.1		201.3 ^{a/}

Sources: IMF, International Financial Statistics, October 1974; country publications, ECA secretariat.

^{a/} Part of year only, the average for the year would be lower.

2. Growth investment and domestic savings

39. During the period 1970-1973, ECA member States achieved an average annual rate of growth of their GDP of 4.6 per cent. The region thus failed to reach the target growth rate of 6 per cent set in the International Development Strategy and the related target of 3.5 per cent per capita which allows for a population growth rate of 2.5 per cent a year. This was in contrast to the experience of all developing countries in the world which as a group managed to slightly exceed the target growth rate with a growth rate of 6.1 per cent a year.

40. The overall growth rate of 4.6 per cent a year for developing countries in Africa is an average of the very wide divergencies in the growth rates for individual countries. The frequency distributions given in table 2 show that 1971 was a relatively favourable year with 15 out of 41 countries exceeding the 6 per cent target growth rate but in 1972 and 1973 there were 13 countries in each year in this category. For the period 1970 to 1973 there were only 11 countries which managed to exceed the target growth rate and a further 9 which had annual growth rates of 4.1 to 6 per cent. By contrast 4 countries had negative growth rates between 1970 and 1973 and in 6 others the annual increase was 2 per cent or less.

41. Amongst the four subregions of Africa, North Africa and East Africa did somewhat better than Central and West Africa in the period 1970 to 1973 with 4 out of 6 countries in North Africa and 7 out of 12 in East Africa achieving a rate of growth of more than 4 per cent a year.

42. Adverse climatic conditions which resulted in poor performance in agriculture in many countries is an important factor behind the relatively modest overall rate of growth achieved in the region. The general lag in agricultural production is indeed regrettable for a Continent with enormous land areas and one of the highest land/man ratios in the world. It is imperative that priority be given to intensified land utilization and increased productivity. This is necessary not only because of the continuing trend of supply shortages on world market but because it is a definitive way of increasing employment through better factor mix, achieving better income distribution and eradicating mass poverty in Africa.

43. In spite of its low per capita income level compared with Latin America and Eastern Asia, Africa's performance in gross national savings was better than the other two regions. The average rate of gross national savings in Africa rose from 17.3 per cent of the GNP in 1970 to 18.8 per cent in 1972. The latter figure was 0.7 percentage points higher than the level for developing countries taken together.

44. The rate of investment as a proportion of the GDP in Africa increased from 19.8 per cent in 1970 to 22.0 per cent in 1972 and probably increased further in 1973. This level, based on past experience, should have been near that required to generate a growth rate of the GDP of over 6 per cent a year but the poor performance of agriculture in 1972 and 1973 due to the weather conditions made this target growth rate impossible to reach.

45. The share of fixed capital formation in the GDP in Africa is higher than that of the developing countries as a group and it is increasing at constant prices at about 7 per cent a year. To achieve a future growth rate of the GDP of 6 per cent however, fixed capital formation should grow at 8 to 9 per cent a year.

Table 2: GDP growth rates at constant prices in ECA member States, 1970-1973

Subregion		Nega- tive	Number of countries having growth rate of:			
			0.1 to 2.0%	2.1 to 4.0%	4.1 to 6%	6.1% or over
North Africa	1971	1	-	1	1	3
	1972	1	1	1	1	2
	1973	-	1	3	-	2
	1970-73	-	1	1	2	2
West Africa	1971	3	-	3	3	5
	1972	3	2	3	2	4
	1973	4	1	3	3	3
	1970-73	2	2	5	2	3
Central Africa	1971	1	3	1	3	1
	1972	2	3	3	1	-
	1973	1	1	2	2	3
	1970-73	2	-	3	2	2
East Africa	1971	1	-	3	2	6
	1972	2	-	3	-	7
	1973	1	1	4	1	5
	1970-73	-	3	2	3	4
Total	1971	6	3	8	9	15
	1972	8	6	10	4	13
	1973	6	4	12	6	13
	1970-73	4	6	11	9	11

Source: ECA Statistical Division estimates.

3. Agriculture

46. Agricultural production in Africa was adversely affected by events which dominated the 1972-1974 period and which have probably rendered the 4 per cent annual growth rate envisaged for the sector during the Second Development Decade almost impossible to achieve.

47. Bad weather was widespread in many of the world's developing countries in 1971 and became more unfavourable in 1972. World food production fell in 1972 for the first time since World War II resulting in grave food shortages which were reflected in an increase by one-fifth or about 24 million tons, in world grain imports in that year. Disaster was averted only by a massive reduction of stocks particularly in the United States. More favourable weather brought about a better harvest in 1973. However, the moderate increases in 1973 occurred mainly in the USSR and some exporting countries. Thus, because of extremely low opening stocks, the world food situation remained grave in 1973. Favourable weather in much of 1974 makes the outlook for production for the year generally good but some countries have had problems with some of their crops.

48. In Africa the food supply situation has in recent years been aggravated by a number of constraining factors. In addition to bad weather, there have been certain ecological changes such as the advance of the desert into the Sahelian zone. It has also been difficult to effect widespread adoption of available technology to improve African agriculture. Rapid population growth has also been upsetting the food supply/demand balance in the region.

49. Available information indicates that total agricultural production in developing African countries increased by 3 per cent in 1971 and by a mere 1 per cent in 1972 but declined by 2 per cent in 1973. Production per capita recorded zero growth in 1971, a 2 per cent decline in 1972 and another decline of 4 to 5 per cent in 1973. Total production in 1973 was only 2 per cent higher than in 1970, and on a per capita basis output was about 6 per cent lower. Food production per capita fell by 7 per cent between 1970 and 1973.

50. In terms of the contribution of agriculture (including livestock, forestry and fishing) to the GDP, the average rate of growth for the region in the period 1970-1973 was just over 1 per cent per annum, which was much below the target for the Decade. No subregion had a satisfactory result with average growth rates ranging from 2 per cent in East Africa, to 1 per cent in both North and Central Africa.

51. The production of Africa's major staple food crops which include wheat, barley, rice, maize, sorghum, millets, potatoes, sweet potatoes, yams and cassava rose throughout the 1960s and into 1971 and 1972. General setbacks affected the production of most of these commodities in 1973. In that year cereal production in ECA member countries fell to 45.2 million tons from 51.2 million in 1972. The largest decline occurred in barley and small grains. There were lesser declines in wheat, rice and maize output. The output of roots and tubers rose from 63.9 million tons in 1970 to 68.6 million tons in 1973 having reached a peak of 69.6 million tons in 1971.

52. Sugar is produced mainly under irrigation or in areas with sufficient and reliable rainfall and its output rose in all three years to 1973 to reach 2.9 million tons compared with 2.4 million tons in 1970. Several projects are now being implemented in the region. Tea production has also increased rapidly but it is still a relatively small crop.

53. The production of other major crops was unsatisfactory during the period 1970-1973. Among the export crops, the output of cocoa in 1973 was 14 per cent less than in 1970 because of generally poor weather. Coffee production figures show stagnant or falling output. Tobacco and cotton production has been stagnant so far this decade while extremely low prices held back the output of rubber and sisal up to 1972 but with improvement in prices the result for 1973 was much better.

54. The output of livestock products in the 1970s has also been unsatisfactory so far. Livestock products were thought to have increased at a rate of 4 per cent per year during the First Development Decade. This rate decelerated to 2 per cent per annum in 1971 and 1972 and to a 5 per cent decline in 1973 reflecting the adverse effects of the drought in the Sahelian region.

55. Inland fish catches were significantly affected in important regions such as the Niger River and Lake Chad by the prolonged drought. Several countries are now improving their equipment and technology in order to increase ocean fish catches in the future.

56. Increasing attention is being given to reafforestation and forest regeneration. There is also a progressive shift to the local processing of forest products. The export of wood and timber has increased at an average rate of 5-8 per cent per annum.

57. Agricultural production in Africa faces many problems and constraints which are more basic than the recent climatic failures and reflect the gap between the present state of knowledge and its effective use in the region. The constraints needing urgent attention include the inadequacy of investment in physical infrastructure, the lack of suitable technical knowledge and modern inputs for use by peasant farmers and for optimising land use patterns, weak institutional infrastructure for mobilizing rural resources, the lack of economic incentives for increased farm production, the failure to implement agrarian reforms, aimed at achieving social justice and higher levels of employment and the delay in building up the machinery necessary for the effective implementation of development plans.

58. Aggregate food demand in Africa is expected to increase at a relatively high rate due to increases in population and per capita income. The recent disappointing performance, coupled with the multitude of constraints facing agricultural development indicates that there will continue to be much reliance on food imports. This happening at a time of world scarcities, would suggest that the next few years will indeed be difficult ones. The data available on nutrient intake reveal a very unsatisfactory situation in 1971 in one quarter of the countries in the region and below normal intake in another quarter of the countries. The position worsened in 1972 and 1973.

59. Most African countries have embarked on programmes for self sufficiency in food-stuffs so as to reduce the need for food imports. It should be noted, however, that agricultural production patterns and development are primarily determined by the factor mix, in particular of land, labour and fertilizers, the proportion of investment and development resources devoted to the sector and by the types of organizations, pricing policies, and the emphasis put on individual crops. There is need for planners to give attention to food-producing sectors. The development of peasant food production in particular calls for urgent attention during the current grave food situation.

60. As for total agricultural production the experience of the region in recent years was an unhappy one. The weather was unfavourable for African agriculture in the years 1972 and 1973 and as a result there were 12 countries out of 37 with negative growth rates in this sector between 1970 and 1973 while in 7 others the average growth was less than 2 per cent a year. Only 9 countries managed to exceed the target growth rate of 4 per cent a year.

61. The year 1974 may prove to be a little kinder as the Sahelian zone countries have had their first nearly normal rainy season in three years and elsewhere in Africa there are reports of above average or normal crops. However, even if the year is a good one, it is only likely to restore the production levels lost in the years 1972 and 1973. The production levels in 1972 and 1973 were so low in the drought areas that emergency food aid will have to be continued until food reserves have been built up again to reasonable levels.

4. Industry

62. Manufacturing industry in ECA member countries expanded at an average annual rate of 7.2 per cent between 1970 and 1973 and did not quite achieve the growth target of 8 per cent set in the Strategy. Achievement levels varied widely between individual countries. In 18 countries actual growth rates exceeded the target, and six additional countries achieved annual growth rates of 5 to 7 per cent. In a further 15 countries the results were disappointing as the rates of increase remained below 5 per cent.
63. There is some evidence that countries with higher incomes per head were able more easily to achieve the target growth rate for manufacturing product. The impact of the poor agricultural seasons in individual countries in 1972 and 1973 is also readily seen in low growth rates in manufacturing industry. The latter point is fairly easily understood when it is realized that a significant proportion of the industry in Developing Africa is involved in processing agricultural products.
64. The World Bank qualifies a non-industrial country as one in which manufacturing contributes less than 20 per cent of the value added of the commodity producing sectors. Against this definition 26 out of 42 ECA member countries in 1970-1973 were non-industrial countries. Of the remaining 16 countries some have begun to move into the more complicated manufacturing process with the aim of substituting imports of intermediate goods and some relatively simple capital goods with local products. There is also an important sector producing exportable manufactures in such countries. However, in general, manufacturing industry in developing African countries is still basically oriented to import substitution of consumer goods and processed agricultural products rather than production for export.
65. Available information for a few African countries indicates that in the early 1970s manufacturing as compared with other commodity producing sectors (agriculture, mining and quarrying, construction, electricity, gas and water) had a relatively high share in total investment. Investment can be assisted by realistic codes of investment which provide the necessary tax incentives especially if supported by measures for mobilizing domestic savings. However, countries still face the problem of financing individual projects and the situation for multinational projects remains difficult.
66. The impact of industrialization on employment in Africa has varied between countries depending to some extent on the policies which have been pursued. Employment in manufacturing industry has been growing rapidly in some countries but fairly modestly in many others. Given the existing technology which is largely imported from the developed countries the capacity of manufacturing to absorb labour directly must not be exaggerated although it can help to generate employment in other economic sectors. Research into appropriate factor combination, may however facilitate a more rapid increase in industrial employment in the future.
67. The mining sector has not experienced much growth since 1970 and the production figures of the more important minerals for ECA member countries show that crude petroleum output fell from 289.9 million tons in 1970 to 281.9 million tons in 1973, that gold production was reduced from 29.5 to 26.8 million kilogrammes between 1970 and 1972 and that the tin content of the ore produced fell from 16,200 to 15,100 tons from 1970 to 1973. Most other minerals recorded increases with particularly significant rises in the production of copper from 1,093,000 to 1,233,000 tons and phosphate rock from 19.8 to 25.5 million tons. However, the weight of crude petroleum in the total output of minerals would mean that the sector as a whole recorded little in the way of an overall increase between 1970 and 1973.

68. For the ten countries in which mining is most significant the overall growth rate in the contribution of this sector to the GDP was 4.5 per cent a year from 1970 to 1973 but in five countries the contribution actually fell and it was only the high growth rate achieved in Nigeria (24.7 per cent a year) which enabled an overall growth rate to be achieved.

69. Export earnings from nine main minerals - petroleum, copper, iron ore, diamonds, phosphates, manganese ore, zinc, tin and lead were valued at approximately \$US 11.1 billion in 1973 and represented 58 per cent of the total export receipts of ECA member countries. While the direct contribution to the GDP from the mining sector was comparatively small (12 per cent of the total for all member States in 1973), its importance in the external sector is very great and its foreign exchange earning is crucial for Africa's continued development. Further, domestic processing of local mineral ores in African countries is dependent on the availability of cheap sources of energy.

70. Electricity output is a useful indicator of the development of industry as a whole and of the spread of the urban areas as it is still mainly in these areas that electricity is used for lighting, heating furnaces and motive power in factories. Electricity generation in Africa continues to develop in pace with its industrialization.

71. For the ECA member States, taken as a group, electricity production increased at an annual rate of 10.6 per cent between 1970 and 1973 and particularly significant growth rates were achieved in Liberia, Nigeria and Zambia. In Zambia the high growth rate of 54 per cent a year was due to the entry into service of the Kafue hydro-electric scheme largely replacing supplies which previously came from the Kariba system on the Zambezi River. Another recent development of significance was the scheme whereby Ghana's Volta River Project has started to supply Togo and Dahomey.

72. The use of fuel oil in thermal power stations is widespread in Africa but the large price increases since 1973 have substantially raised production costs. One direct result of this price rise is that there is now even more interest in harnessing the water power resources of the region and a start has also been made in the direction of developing nuclear power stations.

5. Money supply and inflation

73. There have been accelerating rates of inflation in most African countries in the period 1970 to 1974. Some significant part of this inflation has been imported. The level of exports of developing countries is a function of the GNP of the developed countries and since import capacity is directly linked to export earnings, developing countries are affected by the cyclical fluctuations and general price inflation in developed countries. Imported inflation cannot be avoided in an open economy but developing countries would be advised to make use of sound fiscal and monetary policies to contain their rates of inflation at levels below those of developed countries so as to improve their competitiveness in export markets.

74. Unfortunately this has not always been the case in recent years. Thus while in OECD countries consumer prices increased by 4.7 per cent in 1972, 7.7 per cent in 1973, and significantly higher in 1974, some 60 per cent of ECA member countries had higher rates of increase of consumer prices in these years. Between March 1973 and March 1974 the rise in consumer prices was more than 15 per cent in 12 out of 23 African countries for which there are data. Food prices are a major constituent of

the consumer price index and generally food has increased in price at a faster rate than the general index. The lower wage groups in any community spend far more of their income on foodstuffs than do the higher income groups, so the impact of the accelerating inflation in Africa has been felt most by those least able to afford it. The social tensions resulting from large rises in consumer prices have been accentuated in many countries.

75. Rapid expansion in money supply contributed greatly to the rise in domestic prices in many African countries. In the period 1970 to 1973 the average annual rates of increase in money supply in most countries was often 2 to 3 times as high as the rate of increase in total output at constant prices. The prime cause of the expansion of money supply was the expansion of bank credit to both public and private sectors coupled in a number of countries with a substantial increase in foreign assets held by the banking system.

6. Public finance

76. Between 1970 and 1973, nearly half of the African countries for which data are available recorded annual growth rates of current Government revenue of more than 10 per cent. This was made possible by the general buoyancy of revenue due to the increases in current incomes in money terms and to higher duty collection from exports and imports. Improved systems of tax collection also helped in a number of countries while there was a particularly rapid increase in mineral revenues in such countries as Botswana, Gabon, Libyan Arab Republic and Nigeria.

77. The bulk of total resources available to Government is being devoted to current expenditure whose growth in a number of countries in recent years has outstripped the growth of current revenue. However, there are also a significant number of countries in which an increasing proportion of total resources has been channelled to capital expenditure.

78. Growth rates of Government capital expenditure of more than 25 per cent a year between 1970 and 1973 were recorded in 16 out of 35 countries; while in 18 out of 39 countries the annual growth rate of current expenditure was 10 to 20 per cent and in only two others was it above 20 per cent. There has been a general tendency to hold down the increase of current expenditure in order to release more resources for capital projects. However, the growth rates in current expenditure have been rather high due to increases in prices and wages, debt servicing payments and more socially orientated expenditure. Vigorous control of current expenditure particularly on defence and administration is still needed in many countries so as to release more funds for expenditure on fixed capital formation.

7. External trade and payments

(a) Trade developments

79. During the period 1970-1973 total exports from ECA member countries measured in national currencies rose at an average annual rate of 12.5 per cent and imports at 13.8 per cent. These rates are higher than the average annual growth rates of 10.8 per cent for exports and 11.3 per cent for imports measured in SDRs but lower than the growth rates of 17.6 per cent for exports and 18.2 per cent for imports measured in United States dollars. These rates of increase are the aggregate results of the various ways in which the external sectors of African economies reacted to the dollar devaluations and increases in market demand during the period.

80. While impressive, the trade performance of developing African countries was more modest than the achievements of other developing regions. As noted earlier, the excellent export performance of the developing world as a whole, including Africa from 1970 to 1973, was due mainly to the upsurge in economic activity in the developed countries and the resulting boom in world commodity prices. The rapid export expansion in Africa has been offset in many countries by an equally rapid rise in import values partly because of the increased need for imports of machinery and transport equipment and partly because of inflation in developed countries. In 1973, 23 countries had balance of trade deficits as against 25 in 1970. Traditional trade surplus countries like the Libyan Arab Republic, Ivory Coast, Liberia, Nigeria, Uganda and Zambia, however, maintained trade surpluses throughout the period under review.

81. The prices of Africa's major export commodities measured by a weighted index and in current United States dollars rose by about 10 per cent in 1972 and by 45 per cent in 1973. The upward movement continued into the middle of 1974 but thereafter falls were recorded for many commodities.

82. The rise in petroleum prices, more than any other commodity has strongly influenced the upward movement of the aggregate export price index during the period. A further rise in petroleum prices in 1974 will have expanded its already large share in total African exports even further. However, only six countries among ECA member countries are significant petroleum exporters and have benefited from the rise in its price. For other countries of the region there has been an equally sharp rise in the price of imported fuel in 1974. The share of mineral fuels in total imports is expected to reach more than 10 per cent in 1974 compared with only 5.3 per cent in 1972.

83. Developed market economies remained Developing Africa's major trading partners although their share in Africa's exports declined from 81.7 per cent to 77.3 per cent during 1970-1973 while their share in Africa's imports increased from 76.6 per cent in 1970 to 78.6 per cent in 1972. Developing market economies accounted for 10.1 per cent of Africa's exports and 13.5 per cent of imports in 1970 and 12.5 per cent of exports in 1973 and 12.5 per cent of imports in 1972. The Socialist economies increased their share of the region's exports from 7.3 per cent to 8.6 per cent between 1970 and 1973 but the share in total imports fell to 8.9 per cent from 9.9 per cent.

84. Only 5 to 6 per cent of the recorded trade of developing African countries is between them. Of the total recorded value of intra-African trade, 32.7 per cent was in manufactured products in 1972, and 18.7 per cent in mineral fuels including petroleum. A significant additional amount of trade, mainly in live animals, fish products and smuggled goods, goes on between African countries but this is not recorded.

85. Available trade statistics for the first half of 1974 suggest that petroleum exports will feature prominently in the exports of ECA member countries in that year. Earnings from petroleum exports may rise to \$US 25 billion in 1974 compared with \$US 8.3 billion in 1973. Assuming no change in volume and an average increase of 23 per cent in prices in 1974, earnings from non-petroleum exports will be about \$US 13.4 billion against \$US 10.9 billion in 1973. The prices of Africa's major import items have risen sharply since 1973. If the same quantity is imported in 1974, it may cost about \$US 23.3 billion against \$US 16.3 billion in 1973.

86. However, while the overall external trade situation of ECA member countries, taken as a group, will show a very sharp improvement in 1974, the position of the non-oil producing states will worsen quite drastically. It has been estimated that while the six oil-producing states will have a trade surplus of \$US 15 billion, in 1974 the other 35 member countries of the region will have a trade deficit in the region of \$US 2 billion compared with a position of approximate balance in 1973. In many countries there will be a very real problem in financing their deficit.

(b) Balance of payments

87. Developing African countries as a group recorded an overall surplus of \$US 1 billion in their basic balance of payments in both 1970 and 1971 largely as a result of capital inflows. Non-oil producing African countries as a group recorded a basic deficit of \$US 0.2 billion in 1971, a small surplus of \$US 0.3 billion in 1972 and another surplus of \$US 0.2 billion in 1973. For these countries, there was a current deficit throughout the period attributable mainly to service payments. Indications for 1974 suggest a worsening of the overall situation for the non-oil producing countries but a substantial improvement in the basic position of the major oil producers.

88. Out of the 24 countries for which data are available for 1970 to 1972, 13 improved their basic balance of payments position while the basic position deteriorated in the other 11. In 1972, 14 countries had a positive basic balance while in 10 there was a negative balance. In 1973, out of the 14 countries for which there are data, 11 had a positive basic balance.

89. There is evidence of a general improvement in the external reserve position of many countries up to 1973. This improvement is unlikely to have continued into 1974 since as a result of the larger increase in the value of imports than in exports of the non-oil producers, foreign reserves were probably run down to bridge the payments gap.

8. Invisibles, including shipping, insurance and other services

90. The balance of payments statistics show that the developing countries of Africa make large net payments on invisibles, i.e. for services provided by other countries. The need to make such payments offsets the surplus or increases the deficit on the visible trade account. The most effective means of moving away from such dependence on the services of other regions of the world is for the countries of Africa to continue to build up their own services.

91. Until the early 1960s carrying service between Tropical Africa and other parts of the world, was undertaken by alien vessels except in the case of Liberia where such vessels were registered and were therefore considered national and African. Since then many countries have made and are still making attempts to secure the shipping services which carry their principal exports and imports. UNCTAD II supported this endeavour and insisted that developing countries should attempt to carry at least 40 per cent of their freight in their national vessels. Insurance, too, has a similar history; such services continue to grow rapidly and groups of African countries are now making arrangements for re-insurance services. There is obviously room for attention to be given by developing countries to the intensification of their efforts in all areas of invisibles - maritime and air transport, insurance and re-insurance and export credit financing. Tourism as a foreign exchange earner must also continue to be promoted. There is need, however, to study carefully the financial and foreign exchange implications of such ventures which involve so many intermediaries and complex lines of relations.

9. Commercial policies

(a) Trade with developed-market economies

92. The International Development Strategy requires that in the early years of the 1970s international agreements should be concluded on issues affecting commodities of export interest to developing countries such as prices, access to markets, diversification, research and development and marketing. Unfortunately, progress made in this area so far in the 1970s leaves much to be desired. Five formal international agreements existed separately on tin, sugar, coffee, wheat, and olive oil at the time the International Development Strategy was launched. Of these, only the agreement on tin still remains a durable instrument of market stabilization. The others have since run into difficulties and have become inoperative for various reasons. Only one new agreement - that on cocoa - has been successfully concluded since the strategy was launched, but this agreement is not yet in operation.

93. The obstacles that have stood in the way of progress in international commodity agreements in the recent period underline two important factors, namely: the interdependence of trade, finance and monetary matters and the political will to negotiate realistically. The first factor underscores the significance of the suggestion made by African countries that a high-level standing committee of the Trade and Development Board of UNCTAD be set up to study, review and formulate recommendations on matters of particular interest to developing countries. The second factor concerning the will to negotiate emphasizes the advantage of regional and subregional groupings as instruments for international bargaining and the need for developing countries to make greater use of them.

94. With respect to trade in manufactures, the International Development Strategy recommends that the developed market economies should facilitate the entry into their markets of manufactured and semi-manufactured products of export interest to developing countries. The developed countries are further required to establish generalized, non-discriminatory, non-reciprocal preferential treatment for exports of developing countries into their markets. Although manufactures constitute a small proportion of the export trade of African countries to the developed market economies at the present time, the implementation of these provisions would greatly benefit their export diversification efforts and provide a basis for expanded trade.

95. Several improvements have taken place in the Generalized System of Preferences which represent the main instrument by which developed countries either individually or through regional economic groups are implementing the commercial provisions of the Strategy. The schemes have had a favourable impact on the export trade of several developing countries. Most of the schemes, however, need to be expanded to include more products of export interest to developing countries. They also need to be cleared of several uncertainties inherent in them which have been used to hold back trade liberalization.

(b) Trade with the Socialist countries of Eastern Europe

96. Trade between African countries and the socialist countries of Eastern Europe in the 1960s represented a small proportion of the total trade of the two groups of countries. The pattern has not changed much during the first years of the 1970s. There has in fact been a deceleration in the rate of growth of trade between the two groups of countries in the early years of this decade. The bulk of the trade is with North African countries which because of geographical proximity and better transportation links, have established well-developed frameworks for trade and economic co-operation with the socialist countries of Eastern Europe.

97. In the Socialist countries trade is handled by State trading enterprises of large size whose activities are based on the long-term requirements of national development plans and hence on consistent supplies and fixed prices. Recently, however, there has been a move towards greater decentralization of the decision-making process and measures have been taken to promote closer relationships between producers and foreign buyers, and between final users and exporters from abroad. State trading enterprises are also becoming more cost-conscious, and a higher degree of international specialization is being pursued while consumer demand is now orientated to more sophisticated products.

98. These reforms accord well with the trading system of most African countries and should lead to closer trade ties between the two groups of countries. However, they are likely to promote the exports of Socialist countries into Africa and African countries should therefore make matching efforts to improve their inroads into the markets of the Socialist countries. For this, Developing African countries will need to establish more viable export promotion organizations, mount vigorous export promotion missions to the Socialist countries and identify their import requirements.

10. Economic co-operation and regional integration

99. The importance of economic co-operation and integration is widely recognized in the African region. By 1973, eight formal multipurpose economic groupings were operating in the region. In addition there were several specialized institutions that were concerned with specific economic sectors. Co-operation efforts have largely been directed at achieving greater trade liberalization. Some progress has also been made in the expansion of productive capacity and in the promotion of common marketing policies. It is to be noted, however, that recorded intra-African trade still accounts for no more than 6 per cent of the external trade of the region.

100. Bilateral trade agreements are being increasingly resorted to as a means of expanding intra-African trade while co-operation in payments and monetary matters is being fostered by the Association of African Central Banks. Several existing economic groupings have expanded their integration efforts to cover a wider range of fields and co-operation in the implementation of limited objectives such as river basin developments. One of the most crucial problems facing regional economic groupings in the region has continued to be the question of equitable distribution of costs and benefits from inter-country projects particularly in the field of industry.

11. Special measures in favour of the least developed and land-locked countries

101. During the period 1970-1973 the 16 countries in Africa designated as least developed, as a group, achieved a rate of growth of GDP of only 4 per cent. This growth rate of 4 per cent was below the average achieved for all ECA member countries as a group (4.6 per cent) and illustrates the basic failure to move many of the least developed countries from their relative poverty in the early years of this decade. There were two conspicuous successes, however, in Botswana and Malawi; in the first case due, among other factors, to mineral development and in the second case due to a very effective agricultural development policy.

102. In 1972, the amount of net loans and grants received by the least-developed African countries from member countries of the Development Assistance Committee and from multilateral sources reached \$US 670.55 million or \$US 6.1 per head. This compares unfavourably with \$US 9.8 per head for Africa as a whole for the same year. There is, however, evidence that the flow of resources to the least-developed African countries from developed countries is increasing.

103. Probably the real difficulty in the least-developed countries is the overwhelming importance of agriculture in their economies. Special measures to transform agriculture are now increasingly needed in these countries but much more strenuous attempts must also be made to diversify their economies.

104. The problems of transit, utilization of port facilities and the allocation of tax revenues are the most prominent among the difficulties facing land-locked countries. Projects being implemented at present should go part of the way towards solving some of these problems.

12. Transfer of technology

105. There is a clear need for measures to bring about a meaningful and effective transfer of technology to the developing countries. In Africa, the transfer of technology should go beyond the present concentration on the transfer of patents and privately-owned technology and encompass, much more realistically, technology for small and medium-scale industries, and production of mass market goods and technology for the development of agriculture, food production, storage and preservation.

106. Some progress has been made in the region in the development of the various requisites for effecting a meaningful transfer of technology such as the education and training of technical personnel and the building of relevant institutional facilities for research, experiment and the dissemination of information. It is encouraging to note that research institutes for trials in processing local raw materials, particularly food and wood product industries, are being established in several countries. Attempts are also being made to develop specialized agriculture implements and machinery. In some countries, foundries and workshops have been established to assist in producing replacements and spare parts for imported machinery. Any efforts to develop such local production should go some way to prolong the working life of expensive machinery and also help conserve scarce foreign exchange.

E. Social Development in the Countries of the ECA Region

107. As the ultimate purpose of development is to provide all inhabitants with increasing opportunities for a better life, the International Development Strategy stresses the need to expand employment, widen and improve facilities for education, health, nutrition, housing and social welfare and safeguard the environment in an integrated and unified approach. These should be viewed against the background of the problems of population growth, unemployment, underemployment, low productivity, income distribution and mass poverty.

108. The total population of Africa in 1974 was about 400 million. ECA member countries accounted for 355 million of this. The population is currently estimated to be growing at between 2.6 to 2.8 per cent per annum. The annual rate of growth is expected to increase to 3.0 per cent in the next two decades, implying a doubling of the

population and the labour force by the end of the century. In the absence of accelerated economic growth in all sectors and appropriate policy measures to rectify the present large imbalances between supply and demand for labour, social tensions will mount and mass poverty will encompass a rising proportion of the African population.

109. The birth rate in Africa which is now around 47 per thousand is expected to fall by the end of the century, to 38 per thousand, a level of decline which is far less than that anticipated in other developing regions. On the other hand, because of the continued expansion of social services and better control of infectious and endemic diseases, a substantial fall is expected in the death rate from its present level of around 21 per thousand to about 13 per thousand by the year 2,000.

110. The improvement in life expectancy registered since 1960 should continue over the next 10 years bringing about a further gain of 5 to 6 years to the present level of 42 years in West and Central Africa and 50 years in North Africa. However, with the proportion of children under age 15 becoming greater and that of the working age groups becoming proportionately smaller, there will be additional strain on educational and social facilities.

111. The rising population trends also imply an increase in unemployment over the next decade with only a portion of the labour force finding wage employment and a consequent drift into less productive occupations. As a long-term measure, population policy may succeed in limiting the entrants to the labour force and reduce somewhat the child dependency ratio. Basic health improvements should reduce mortality but, traditional high fertility is likely to continue for some time until education, the emancipation of women and higher levels of living, promote a transition to lower levels of child-bearing.

112. A review of the levels and trends of employment, in the developing countries of Africa is hampered by the lack of reasonably accurate statistics but there is no doubt that unemployment and underemployment are serious problems in the region. An objective public economic policy during the next two or three decades should be the expansion of employment at a substantial rate. At present this is obviously not happening in most countries. The significant numbers of unemployed people in both urban and rural areas testifies to the fact that employment creation is Africa's most important challenge.

113. Although there has been some increase in the numbers of persons employed in the modern economy in recent years and particularly in the manufacturing industry and services, the level of wage employment is still very low in most ECA member countries; only eight countries out of 26 measured had more than 20 per cent of their labour force in wage employment in 1970. Between 1970 and 1972, the growth rate of wage employment in 12 African countries for which there are data averaged 11.6 per cent over the two-year period but even in these countries, less than 20 per cent of their total labour force were engaged in wage employment in 1972. In these 12 countries out of an increase in the labour force of 1.4 million between 1970 and 1972 more than half would have been unemployed or underemployed. When the increasing proportion of better educated persons unable to obtain wage employment is taken into consideration, the waste of resources becomes a grave problem.

114. The large-scale migration of labour from the rural to the urban areas is not only a reflection of the dimension of the unemployment problem but also an indication of the relatively large income differentials existing between urban and rural areas. In many countries, the ratio of wages in agriculture to those in manufacturing is no higher than 40 per cent, and the ratio of earnings from self-employment in agriculture to wages in all sectors is probably even less. The income differentials are even more in favour of urban areas if real wages are considered since cheaper foodstuffs in the rural areas are offset by the higher cost of manufactures which because of high transport charges, are more expensive in rural than urban areas. What is more, the effect of government subsidies on imported foodstuffs to stabilize the cost of living and wages in urban areas now widely practised in the region, dampens rural incomes, discourages production and helps increase differentials in standards of living.

115. The growing awareness of the unemployment problem in the developing countries of Africa shows that the ILO comprehensive employment missions are timely. Already they have produced helpful suggestions for Kenya and Sudan and are planning to visit several other countries. In formulating an active employment policy it should be noted that productive employment is a function not only of economic growth, but also of the pattern of development and specific policy measures taken to promote employment.

116. An employment strategy needs to be planned as part of a comprehensive development strategy if only because the causes of unemployment can always be traced to factors that affect the economy as a whole. In general the problem of unemployment stems from various imbalances particularly those between growth of the labour force, urban population and education on the one hand, and the overall growth of the economy on the other, and also between job expectations and the structure of incomes and job opportunities. These internal imbalances are aggravated by external forces such as the restrictions imposed by developed countries on imports from developing countries. Efforts to correct these imbalances in developing countries must concentrate on such key areas as population growth, choice of technology, income distribution, education and the labour market, international trade and the institutional aspects of public administration. The creation of employment opportunities in rural areas is of paramount importance in an employment strategy.

117. In most African countries the average growth rate of the GDP actually achieved in recent years was not enough to cope with the mounting problems of low productivity and malnutrition. Mass poverty and rural stagnation continue to be a conspicuous fact of life in much of Developing Africa but efforts are being directed towards human welfare and the promotion of desirable changes in institutions and social structures. The problem of rural development is being tackled in a number of developing African countries in a more realistic manner while some limited success has also been achieved in other social sectors. The strategy for integrated rural development now emphasizes an approach in which such crucial factors as agricultural institutions, mass media and education, rural health and nutrition, science and technology and community development are also covered in one embracing programme.

118. In the field of nutrition during the period of 1969-71, only 13 countries among the ECA member States met the minimum kilo-calory energy needs and in 10 others, the level of intake was less than 90 per cent. Protein supplies were also below the averages required in most of the countries concerned. One inference which can be drawn is that malnutrition, the victims of which are usually children and expectant and

lactating mothers, is widespread in the region. On a reasonably optimistic forecast, the production of food within the region which may only grow at about 2.5 per cent a year, cannot meet the demand for food which may grow by 3.8 per cent a year due to the increase in population and in per capita income. It is, therefore, difficult to see much prospect of any increase in nutrition standards unless food production can be substantially increased.

119. The health of the African population has however continued to show some improvement during the 1970s. There has been greater public health-consciousness and attention reflected in the control of infectious diseases and epidemics and the provision of more health services and personnel. The improvement in health services has resulted in the changing demographic pattern and growth already referred to. In the field of health services and personnel the doctor/population ratio in developing countries of Africa improved from 20,000 persons per doctor in 1968 to 17,500 per doctor in 1972. Bed availability improved slightly from 720 persons to 710 persons per bed and the number of nurses also increased. The emphasis on increasing medical personnel is the right priority at the present time but there are still very wide differences in the distribution of doctors and hospital beds. Much of the improvement in health services noted in the first years of the 1970s has continued to favour the urban at the expense of the rural areas, and it is hoped that the distributional deficiencies will be corrected in the future.

120. There has been a rapid expansion of education and training. The school enrolment ratios rose substantially during the 1960s and there was a continuation of this trend in the first years of the 1970s. In 1970, about half the ECA member States had attained a gross enrolment ratio of 50 per cent for primary education but there were still several large countries with low enrolment ratios. In secondary education, there were 14 countries or one-third of the total number of ECA member States with ratios in excess of 10 per cent. The average annual growth rates of enrolments in 30 countries between 1970 and 1972 were 10.1 per cent for primary education, 9.5 per cent for secondary education and 15.0 per cent for post secondary education. The data available for 14 countries also suggest that there were further significant increases in 1973.

121. Pupil/teacher ratios vary widely between African countries. The range is from 30 to 50 or more pupils per teacher in primary education and 19 to 28 students per teacher in secondary education. In post secondary education, ratios of 12 to 20 students per lecturer are common. The position in post primary education is much better than in primary education and it is likely that the need to keep pupil/teacher ratios at realistic levels has placed an effective brake on the expansion of post primary education.

122. A major issue affecting education is what the educational system can do for the vast majority who drop out during primary or secondary education while at the same time, retaining the preparatory functions for those who would go on to the post secondary level. Connected with this is the element of vocational training that can be injected into these primary and secondary levels in order to improve the training of drop outs for the kind of jobs they are expected to do, particularly in the field of agriculture. The second relates to the matching of the type of education and training which is provided with job opportunities available in order to avoid the structural unemployment whereby the educated refuse to take up available jobs at levels below those to which they believe their education entitles them. The third problem is how to obtain the maximum benefits for the society as a whole from the limited funds available for education and training and thereby raise the efficiency of the labour force within the economy.

123. The problem of the educated unemployed youth who constitute a rising proportion of job seekers in developing African countries, reflects a defect of the current educational system. Most African countries had been attempting to expand education at the secondary and post secondary levels, the aim being to train middle level cadres for whom secondary education is indispensable and also to provide opportunities for the professionals, in the liberal arts category. It is however proving more difficult to plan for the creation of a body of technicians and technocrats since for these, expensive vocational training institutes as well as veterinary, medical and engineering schools are needed. Attempts in the past to establish such institutions on an inter-country basis have not been very successful, but with growth in numbers and the need for more specialization, centres of excellence supported by groups of countries are likely to emerge. It is now recognized that the liberal arts type of education has failed to equip new entrants to the labour force adequately. It has tended to encourage aspirations and attitudes which were frustrated and it has led to the unemployment of a rising ratio of educated youth. The rapid rate of expansion of post secondary education at the cost of other goals such as universal literacy, has also resulted in many children being by-passed by an educational system which is biased towards the production of an elite.

124. Remedial measures such as changes in school curricula to incorporate material which is relevant to future occupations and in the method of selecting students for higher education, as well as putting greater emphasis upon on-the-job training and part-time extension of skills are being attempted in a number of African countries. The structure of incentives which has been heavily weighted in favour of white collar jobs in urban areas is also being changed.

125. The urban areas have been growing at a rate faster than total population in virtually all countries of Africa. Estimates place the growth rate of urban population at around 5.3 per cent a year. By 1970, 21 per cent of the region's total population was living in urban areas and there was a much higher rate of urbanization in North African countries. The continuation of present growth rates will mean that 26 per cent of the population of ECA member countries will live in urban areas in 1980.

126. In the face of the high rates of urbanization efforts to create housing units in the urban areas have fallen behind the demand. Reliable data are not yet available but overcrowding and mushrooming of unhealthy inferior dwellings visible on the outskirts of most African cities point to the emergence of substantial slum communities.

127. Residential construction using Western building methods is expensive and research into cheaper habitable types of dwelling has not yet succeeded in reducing the costs to the level of the rental capacity of the ordinary worker. A number of countries have now begun to experiment with site and service schemes to overcome this difficulty with varying degrees of success.

128. In most African countries there is some form of social security based on indigenous traditional practices. The modern schemes which cover old age, invalidity, death and work injury only apply to a fairly small sector of the population, i.e., those in the better types of wage employment and government service. For the bulk of Africa's population therefore social security continues to be provided largely by the extended family system, the limitations of which are being increasingly recognized.

129. In some communities there already exist rudimentary forms of mutual aid and provident systems whose roots are embedded in the tradition and social organization of the people. Original research is needed to facilitate the use of these systems as a basis for more meaningful schemes of social security embracing the population as a whole.

130. African countries have also shown an interest in improving the human environment. However, so far only a limited number of African countries have established national machineries for the protection of the environment. In these countries decisions have been made to tackle some of the pressing environmental problems including soil degradation and desertification and to improve sanitation and public health. Measures have been applied to reduce pollution in coastal waters and in mining and industrial centres. There is also a continuing campaign against such endemic diseases as malaria and trypanosomiasis.

131. More generally a number of countries have decided to protect existing national parks and create new ones in order to preserve wild life. North African countries are working in collaboration with their Mediterranean neighbours to combat sea pollution in the area. A start has been made on a study of industrial pollution and a system is being formulated to monitor inroads of pollutive industries in the region.

132. The dualism in the economy and way of life of African communities has also been of great concern to African countries, and the development of transportation has therefore been regarded as a means of eliminating the isolation of many rural areas from modern economic and social activities. The development of transport that has so far taken place has been concentrated in urban areas, or on links with industrial and modern agricultural centres and with the major ports. Available data suggest an average growth rate of 5 per cent a year in transport services between 1970 and 1972, the major growth points being air and road transport.

133. There is a two-pronged approach to road transport development in the region. Internally each country is building a network of farm-to-market roads; externally the African Highways Bureau is promoting road systems for each of the subregions by providing links between principal highways. The outlines are sufficiently clear that we can now foresee a regional road system with subsections for the whole of Africa emerging. Of course, the speed of realization depends on the efforts of individual national states and the technical and financial co-operation of industrial countries. To link road development to trade and other economic activities, a combined transport system is being created which will include transit services as well as the efficient management of ports and harbours.

134. The telecommunications network initiated by ECA to replace or co-ordinate the fragmentary systems established by the metropolitan powers, has reached the financing and construction stage under the joint auspices of OAU, ITU, ADB and ECA. The problem being examined now concerns the orderly installation and utilization of satellites for research and educational purposes.

135. There are no data to help determine the correlation between the spread of information media particularly by newspapers on the one hand and the expansion of the monetized market and the impact of economic development generally on the other. It is reasonable to assume that some of the increasing economic activity in rural areas has been due to information of market conditions, new agricultural production and processing techniques and awareness of new job opportunities. Most African countries

have expanded their radio and telecommunications networks even though the coverage is restrictive but these instruments as media of formal and informal education are making an impact on the thinking and attitudes of the population especially young persons who aspire to better standards of life. In a number of countries the government media have established programmes for the announcement of food prices. There is obviously a need for a survey of media facilities to be taken in order to determine what role they are playing and can play more effectively in African economic development.

F. The Drought Conditions in Africa, 1972 to 1974

136. In the Declaration and Programme of Action of a New International Economic Order there are headings which call for special consideration to be given to the least-developed, land-locked and island countries and to countries most affected by economic crises and natural calamities.

137. In the period 1972 to 1974 the Sahelian Zone countries of West Africa and eleven provinces in Ethiopia experienced severe drought conditions which caused extensive disruption of economic life, and the deaths of many thousands of people. Most of the countries concerned are also classed as least-developed.

138. The Sudano-Sahelian area has been subject to periodic droughts over a very long period. The present spell of poor rainfall began as early as 1968. There was relatively sparse and poorly distributed rainfall in 1970 and 1971 but the rainfall was so inadequate in 1972 that the Niger and Senegal Rivers failed to flood for the first time in over 60 years. The water table in the area declined quite dramatically and a large number of wells dried up while in others, the flow of water was considerably reduced.

139. Furthermore, the effect of the drought on vegetation was cumulative. Trees and plants did not receive enough moisture during the rainy seasons, while the sparse pastures were turned into semi-desert. The practice of nomadic herdsmen in need of fodder resorting to tree-cutting has had a further damaging effect on the ecological environment in the whole area.

140. Livestock suffered most in the drought periods. The surviving herds were driven to the south in search of pastures and water thus creating pressure in areas which could not support additional livestock. There was also the danger of spreading endemic animal diseases. The herds have been decimated by the drought conditions but the reports are too uncertain to be able to make an overall assessment with any accuracy. Suffice to say it will be a long time before the total holdings can be built up to previous levels.

141. Crop damage has been substantial and equally widespread, as the entire areas' grain, cotton and groundnut production has been dramatically reduced, as shown in the following FAO production estimates (see table 3).

Table 3: Estimated production of cereals, cotton lint and groundnuts in the Sahelian zone, 1971-1973

<u>Cereals</u>	<u>1971</u>	<u>1972</u> (in thousand tons)	<u>1973</u>
Chad	693	407	389
Mali	1,154	794	764
Mauritania	80	54	34
Niger	880	766	613
Senegal	729	510	491
Upper Volta	881	887	831
Total	<u>4,417</u>	<u>3,413</u>	<u>3,122</u>
Index 1971 = 100	100.0	77.4	70.5
<u>Cotton lint</u>			
Chad	41.0	38.4	27.0
Mali	25.0	26.0	16.0
Niger	3.1	1.9	2.5
Senegal	8.0	8.0	7.0
Upper Volta	<u>10.0</u>	<u>12.0</u>	<u>15.3</u>
Total	<u>87.1</u>	<u>86.3</u>	<u>67.8</u>
<u>Groundnuts in shell</u>			
Chad	75	45	50
Mali	152	150	100
Niger	180	150	100
Senegal	960	540	760
Upper Volta	<u>66</u>	<u>60</u>	<u>63</u>
Total	<u>1,433</u>	<u>945</u>	<u>1,073</u>

Source: FAO Production Yearbook 1973.

142. Such large-scale crop failures and livestock losses have necessitated relief operations on an immense scale. By late 1972 it became obvious that effective organization of relief work was beyond the limited resources of the most affected countries and in March 1973, the representatives of the six countries (Chad, Mali, Mauritania, Niger, Senegal and Upper Volta) met in Ouagadougou. A Permanent Inter-State Committee was set up and the international community was alerted. In the same year, Nigeria, with its greater domestic resources, launched its own internal relief operations, including a long-term investment programme to assist its badly hit northern provinces.

143. The relief operations in Ethiopia were more belated and there were serious fatalities before the scale of the aid operations was sufficient.

144. A large part of the emergency food supply for the Sahelian countries has been provided by donor countries channelled mainly through the Food and Agriculture Organization which has set up a special office for relief operations in the region. Relief supplies of animal feed, vaccines, seeds, and well-deepening equipment have also been forthcoming.

145. However, serious problems were encountered in transporting the available supplies from the coastal ports. In the period November 1973 to October 1974 1.13 million tons of food grains were made available to the Sahelian Zone countries which was slightly less than the loss of production between 1971 and 1973. The transport services were not adequate for the carriage of this large tonnage and the problem became especially acute for less accessible regions in the land-locked countries in the centre of the area.

146. Although the 1974 rains have been much more nearly normal, relief operations are continuing in an effort to rehabilitate the farming population and to implement medium-term programmes in the region and lay the foundations for more long-term work to reduce the impact of future drought years.

147. To restore the ecological balance in the region and to stop the Sahara Desert from spreading further southward, a long-term programme of water conservation, re-forestation, disease control and resettlement is essential. This necessitates larger external aid than what is so far forthcoming. Indeed, the countries of the Sahelian Zone and Ethiopia deserve to be identified among the countries most affected by economic crises and natural calamities under the Declaration and Programme of Action of a New International Economic Order.

148. Man's neglect has meant that the droughts that occur periodically in these areas have had a more severe impact on crops, livestock and people than might have been the case. The encroachment into marginally productive areas has reduced the grass and shrub cover, while indiscriminate felling of trees without replacement has also caused damage. Little action has been taken to date to make the regions concerned more resilient to climatic failures. The 1972-1973 drought years have served to remind man that nature must be treated with caution. The mistakes of the past must now be rectified and heavy capital expenditure, based mainly on an inflow of foreign resources over a period of 15 to 20 years is necessary if a serious attempt is to be made to restore the situation.

149. However, any strategy for the development of the region should aim at reducing the direct dependence on rainfall. Development expenditure should go into the opening-up of large areas of land with high economic potential which are at present infested by endemic diseases like river blindness. This would involve the exploitation of underground water, the extension of irrigation networks, the building of dams and systematic reforestation. It is in this perspective that the activities of the Organization for the Development of the Senegal River (OMVS) and the Liptako-Gourma project have to be evaluated.

150. The scheme for the full replacement of all the lost livestock would have to be considered in the light of available water supplies as overstocking has been a primary cause of the scale of the disaster that has occurred. To the extent that the replacement of lost livestock is economically and socially desirable, it should proceed in line with the development of water resources and programmes of resettlement which are based on long-term realities.