

STATEMENT BY THE EXECUTIVE SECRETARY, MR. ADEBAYO ADEDEJI,  
AT THE EIGHTEENTH MEETING OF THE EXECUTIVE COMMITTEE  
(KHARTOUM, 1 TO 4 MAY 1978)  
INTRODUCING THE SURVEY OF ECONOMIC AND SOCIAL CONDITIONS  
IN AFRICA, 1976-1977

Mr. Chairman,  
Distinguished Delegates,  
Ladies and Gentlemen,

We are now approaching the end of the Second United Nations Development Decade, and we should therefore take stock of the achievements and failures of both the international community and our own countries in implementing the International Development Strategy. In doing so we shall inevitably have to identify the constraints and the major development issues which are likely to face us in the decade to come. Then, and perhaps only then, can we frame a more appropriate strategy for the third United Nations Development Decade.

Obviously, in a statement such as this, this wide topic cannot be covered as deeply as one would have wished. I shall therefore concentrate in this statement on a brief review of the development trends in the ECA region in recent years in particular, since the world recession which began late in 1974, and on identifying some of the major development issues facing us. I would also wish to discuss in some detail a major development issue namely, education and employment in the African context.

You have in front of you the Survey of Economic and Social Conditions in Africa, 1976-1977. Although the Survey was prepared according to schedule, we were unable to circulate it six weeks in advance of this session because of circumstances beyond our control. I must apologize for this unfortunate event. Over and above the usual review of economic and social developments in the ECA region and in individual member countries in 1976 and 1977, the Survey devotes particular attention to education and employment in Africa, reviewing in depth the existing education and employment problems plus the solutions attempted in a number of case studies of reforms in nine African countries: Algeria, Botswana, Egypt, Ethiopia, Kenya, Mali, Senegal, The United Republic of Tanzania and Zambia.

Let me now review in brief the economic and social developments in the ECA region since 1974, when the world recession began. Some time ago, in my statement at the thirteenth session of the Commission, held in Kinshasa from 24 February to 3 March 1977, I discussed long-term development trends since 1960 in some detail, and I need not repeat what I said then.

I must, at the outset, state in all frankness that the economic and social situation in many African developing countries is alarming. It is discomfiting to note that after nearly two decades of independence and concerted efforts in socio-economic development we are far from finding solutions to the problems of mass poverty and meeting basic needs. The number of people below the poverty line is increasing. Unemployment among educated young people is rising. If these trends continue in the 1980s, Africa will be faced with a social explosion having serious repercussions. The more we delay in finding solutions, the more intricate will our task become, especially if we take into account the present large rates of growth in population and the labour force.

In saying this, I am not unaware of the efforts made since 1974 by a number of ECA member countries which, faced with high import costs, lower export proceeds, a decline in the terms of trade and a consequent serious deterioration in the balance of payments and budgetary position, which depend on revenue from export and import duties, resorted to a series of stabilization programmes and adjustment processes to cope with the situation and to curb inflation. In addition, some efforts were made to stimulate agricultural output and restructure investment. However, in spite of these efforts the achievements were marginal. The average annual rate of inflation is still over 10 per cent, which is high compared with the experience of the developed world and is eroding our ability to export. In countries where the shortfalls in export proceeds and import capacity were large, policies of adjustment in the form of monetary and fiscal measures, though sometimes harsh, proved to be less successful, and the growth momentum was disrupted. In countries where the fall in export proceeds and import capacity was not substantial, the growth momentum recovered some of its previous thrust, assisted by larger inflows of foreign aid. Among these countries are the exporters of coffee, tea, cocoa, tobacco and cotton. A large number of countries resorted to deficit financing from the banking system, as a result of growth in government revenue lagging behind expenditure. However, the efforts made

to curb government spending through wage restraint and reduction in subsidies for cost-of-living stabilization are beginning to have some impact. Unfortunately, the reduction in government expenditure had to be widened further to include reductions in both development expenditure and expenditure on social infrastructure. This affected those below the poverty line directly or indirectly and, coupled with the high rates of inflation, had unfavourable effects on the standard of living of the poor masses. In addition, the reduction of government expenditure on fixed capital formation will have an unfavourable impact on future growth and employment prospects.

On the whole, Africa's recovery from the 1974 recession has been only marginal, and not every country has been able to show gains in per capita GDP.

In developing Africa as a whole, GDP at constant factor cost is estimated to have increased by 4.9 per cent in 1976 and by 4.6 per cent in 1977, and by only 3.9 per cent yearly on the average between 1974 and 1977.

These statistics, however, conceal the true picture of the growth record of a number of individual African countries. A substantial part of the increase in income was generated in the relatively prosperous oil-exporting African countries. While the oil exporters attained a real growth rate of 8.6 per cent in 1976 and 8.0 per cent in 1977, the other developing African countries with a per capita GDP of over \$US 300 achieved real growth rates of 6.8 per cent and 5.6 per cent respectively. On the other hand, the 30 African countries with a per capita GDP below \$US 200 at 1970 prices attained a real growth rate of barely 1 per cent in the course of 1976 and about 2 or 3 per cent in 1977. The average during the years 1974-1977 was around 1.3 per cent yearly, implying an actual decline of 1.4 per cent yearly on a per capita basis!

Nor does the disparity in income growth end here. It bites further into the 18 least developed countries in Africa, which have had a disappointing record linked with frustration and disillusionment. Overall their GDP grew at a rate of 2.5 per cent a year between 1970 and 1977, a decline of about 0.5 per cent in per capita terms although between 1974 and 1977 the rate accelerated to 3.5 per cent yearly. Of the 18 least developed countries 7 had a negative per capita growth rate between 1970 and 1977, 6 were accredited with positive growth rates and only 2 attained satisfactory growth rates.

The share of gross capital formation in GDP in developing Africa as a whole rose from 20.5 per cent in 1973 to 26.9 per cent in 1976. On the other hand, the share of domestic savings rose from 21.2 per cent in 1973 to 24.9 per cent in 1976. Here again a substantial part of the progress was made in the relatively prosperous oil-exporting African countries.

Perhaps in no other field of development endeavour has the growth record of developing Africa been as disappointing as in the agricultural sector. Between 1970 and 1977, the growth rate in agricultural output averaged barely 1.2 per cent a year, approximately half the rate of population growth. The fact that the agricultural sector is not growing at anywhere near the 4 per cent rate required to cope with population growth and the rise in per capita income suggests that the majority of African countries will have to resort to massive imports of food to meet part of the shortfall in domestic production. This, in turn, means that they will have to leave an important part of their basic needs unsatisfied. I need not emphasize the implication of this serious lag in agricultural output on the balance of payments and on the task of eradicating mass poverty in most African countries.

In my statement to the Conference of the Association for the Advancement of Agricultural Sciences in Africa, held at the University of Ibadan between 10 and 15 April 1978, I gave an account of the seriousness of the problem of food shortages in developing Africa. At the risk of being repetitious, I would like to reiterate some of the points I made then. Between 1972 and 1974, only six countries consistently produced dietary energy supplies above minimum requirements; in 24 countries, containing 75 per cent of the population of developing Africa, the nutritional situation has deteriorated and there were sharp falls in as many as 18 countries, including Ethiopia, Kenya, Nigeria, Rwanda, Uganda, the United Republic of Tanzania and Zaire as well as the Sahelian countries. A study carried out by FAO in 1977 shows that 44 per cent of African soils are subject to drought, which is almost twice the world average. It is even stated that 55 per cent of the area of Africa is already affected or likely to be affected by desertification, as against only 4 per cent in Asia and 1 per cent in Latin America. Another feature of African agriculture is that the continent used by far the smallest quantity of fertilizers. Out of 84 million metric tons of

plant nutrients consumed world wide in 1973/74, only  $1\frac{1}{2}$  million were used in Africa. The other developing continents of Latin America and Asia consumed respectively 3 and 8 times more than Africa. Almost 90 per cent of all increases in agricultural production during the 1960s were achieved through expansion of cultivated areas, and only 10 per cent through increases in yields per unit of land as such. Agricultural research, agricultural credit, extension networks, supply of agricultural inputs and agricultural marketing services were all geared primarily to export crops. Few countries have built up a comprehensive and useful picture of their soil, water and plant resources, and few have knowledge of local climates and their patterns of variation. What little research is carried out in these areas is haphazard and dependant on the choice of researchers rather than on a solidly based structure of research, experiment, application and feedback related to planned priorities in agricultural development in general as distinct from export crops in particular.

It is true that agricultural output was seriously affected in some African countries by the drought that prevailed between 1973 and 1977. However, the lag in agricultural output emanated partly from the fact that in a number of African countries the short-term and long-term goals of agricultural production have not been effectively integrated in the framework of development planning. What is more, the financial and political commitment needed to step up investment and to undertake comprehensive land reform - including not only land redistribution and land reclamation, but also provision of credit, fertilizers, propagated new seeds and improved water supplies in the agricultural sector - has tended to bypass growth in food production, which accounts for about 70 per cent of the basic needs basket and without which such needs cannot be met.

---

This is also regrettable from the employment point of view. The existing farm management surveys in most developing countries point to the fact that productivity per unit of land is higher on small ~~side~~ than on big farms simply because labour intensity is larger on the small farms. Taking into consideration the substantial underemployment and unemployment in many developing countries, as a result of which the opportunity cost of labour is low, a proper factor mix in agriculture could lead to higher average and marginal productivity of both labour and land. In areas where fertile land is abundant and labour is scarce, this policy may not be relevant. However, generally speaking it is in the field of agriculture that there is hope for expanding future employment; you will remember that the ratio between output and labour in manufacturing is rising or, in other words, less labour is being used in producing each unit of manufacturing output. I shall have something to add in this respect when I tackle ~~the basic needs strategy~~ <sup>the problems</sup> and education and employment in Africa.

In manufacturing, real value added rose by 0.6 per cent in 1974, 1.9 per cent in 1975, 5.1 per cent in 1976 and perhaps as much again in 1977. The average annual growth rate between 1974 and 1977 stood at the meagre rate of 3.2 per cent, which is far below the 8 per cent target laid down in the International Development Strategy for the Second United Nations Development Decade, to say nothing of the Lima target of about 12 per cent yearly needed to increase Africa's share in world manufacturing from the present 0.5 per cent to 2.0 per cent by the year 2000. Here again, there have been wide disparities in performance among different African income group countries. As contributing factors to the lag in the growth of manufacturing, I would like to pin-point the low rates of investment, ageing machinery, foreign exchange constraints, lack of qualified manpower, weak external markets and the disruption of some regional co-operation arrangements.

As regards external trade, the volume of exports and imports for the region as a whole rose by 12 per cent and 7 per cent respectively in 1976. Also in 1976, the terms of trade improved by 7 per cent, but the gain was greater for the oil exporters than for the other developing African countries.

In the course of 1976, the major oil-exporting African countries recorded a surplus of about \$US 942 million for goods and services, while the other developing African countries had a substantial deficit of \$US 7.2 billion on goods and services. Fortunately, the net inflow of aid and capital was more than sufficient to compensate for the over-all deficit on goods and services.

The total external public debt, including undisbursed commitments, for 38 developing African countries rose to \$US 37.8 billion by the end of 1975. It may have exceeded \$US 45 billion by the end of 1977. These levels are historically unprecedented, and the servicing of a debt of this magnitude has forced the least developed and land-locked countries as well as the low-income group to cut back on their development programmes to levels that are inconsistent with minimum development objectives.

The flow of bilateral official development aid and aid on concessional terms from multilateral agencies to developing Africa increased from \$US 3.2 billion in 1974 to \$US 4.2 billion in 1975, but non-concessional capital rose from \$US 2.0 billion to \$US 5.0 billion during the same period. The flow of concessional assistance from DAC member countries in 1976 rose to \$US 4.2 billion, while non-concessional aid declined to \$US 4.7 billion. On the other hand, concessional assistance disbursements from OPEC countries to African countries totalled \$US 2.2 billion in 1974, but declined to \$US 1.5 billion in 1976.

Since a significant proportion of this official and concessional assistance is being utilized to service the mounting burden of external debt, the development prospects of the least developed countries are becoming increasingly bleak. For the region as a whole, debt service payments rose by more than 30 per cent in the course of 1976. And the ratio of external debt service payments to merchandise exports rose from 7.9 per cent in 1975 to 8.9 per cent in 1976, and is likely to have increased further in 1977.

From the above, it is not difficult to discern that a number of African countries are caught in a trap from which they cannot easily escape. Indeed, it was the recognition of this fact that prompted the holding of the seventh special session of the General Assembly, the fourth session of UNCTAD in Nairobi and the Conference on International Economic Co-operation held in Paris. Yet after two years of lengthy discussions, the search for a workable new international economic order has not yielded any significant progress.

Let me now turn to some of the major policy issues which arise from the development experience of the present decade.

It has become increasingly clear by now that neither GDP nor the agricultural and industrial sectors are growing anywhere near the target laid down in the Strategy for the Second United Nations Development Decade. Even in those countries that have achieved satisfactory GDP growth rates, the fruits of growth have not been extended to the less privileged and the poor among the African population. It is for this reason that there is urgent need to re-examine and integrate the diverse components of our development experience in the past two decades. In particular, African countries must devise institutional and policy frameworks to attack mass poverty, unemployment, illiteracy and the widening disparities of income distribution.

More than in any other developing areas, African countries will have to make sustained efforts to raise agricultural and manufacturing output. The poor performance in the agricultural sector which has been, for the most part, a consequence of inadequate agricultural and structural policies, including land reform in the widest sense of the term, must cause renewed concern at all levels of development planning and policy formulation so that massive imports of food, with their attendant effects on the balance of payments, can be alleviated and expansion and diversification of exports in the economies of a number of African countries achieved.

As for the manufacturing sector, most of the industrial impetus still comes from the import substitution strategy, mainly in light manufactures. However, the small internal markets of most African countries have curtailed the expansion potential of the industrial sector. This, of course, emphasizes the necessity to give greater momentum to integration schemes and other forms of regional co-operation.



The above arduous development task will naturally entail the formulation of a viable and workable strategy. And for a strategy to be workable, there must be commitment, not only to the goals, but also to the basic elements in the strategy. It is hoped, therefore, that in the coming decade there will be greater refinement in strategy formulation so as to achieve basic development goals.

While it is clear that the governments of African countries have to redirect their own efforts to achieve self-reliance and self-sustained growth, through regional co-operation among themselves, the international community could considerably assist in the efforts to increase the growth momentum of the developing countries. It is essential to find new ways and means of turning the present all-pervasive economic dependence into a self-adjusting economic independence so that the development of the African countries is not a function of growth or recession in the developed countries, but rather an autonomous and integral element of their own systems. Hence, fundamental rethinking as to the adequacy of present and future economic relationships between the developed and developing countries will have to be undertaken. In this respect, if we are to benefit in full from such efforts we need a new domestic economic order for self-reliance and self-generated growth, supplemented by a new regional economic order. We need to undertake a thorough appraisal of the various alternative approaches to development in terms of their relevance to African needs, and see if we cannot begin at least to identify some of the main elements of an African approach or approaches. This we hope to attempt in Algiers early next year as the papers before you indicate.

This leads me to the introduction of a major development issue facing African countries, which is discussed in detail in the second half of part I of the Survey of Economic and Social Conditions in Africa, 1976-77. This is the complex and intricate problem of education and employment in Africa.

During the early 1950s there was a sharp fall in infant and child mortality in many developing African countries. Twenty years later, this trend has been followed by a substantial expansion in the number of entrants to the labour force.

9/11

In addition, as a result of great expansion of the formal educational system there has also been a change in the composition of the labour force - educated young people now constitute the largest part of the labour force. In contrast, growth rates in employment opportunities are very low, mainly because of the fall in man/output ratios in manufacturing; slow growth rates in fixed capital formation in agricultural production; plus the ~~also~~ deleterious effects of the present patterns of land ownership, which tend to dampen down employment opportunities in agriculture. As a result of these developments a number of imbalances have arisen between the growth of the labour force, urban population and education and the over-all growth of the economy. There are also imbalances between job expectations, structure of incomes and job opportunities, and imbalances in the factor mix because of distortions in factor and product prices. In such circumstances it becomes urgent to reform the educational system to make more relevant to job opportunities and to make certain amount of basic education available to all, especially if we remember that the resources available for education are limited and that countries have to maximise the benefits from these limited resources so as to increase the expertise and productivity of the labour force as a whole.

Neglect of the link between educational developments and labour market demand is seen once again in the failure of country after country in Africa to complement curriculum reform with examination reform. Indeed to reform a curriculum without simultaneously reforming examinations which test knowledge and understanding of that curriculum will doom that reform to failure and create cynicism among both teachers and students. It is, however, very depressing to see instances of examination reform trail years behind curriculum reform and to see entire educational systems overturned with hardly a reference to changes in teacher training.

Another feature of current educational developments in Africa is that between 1961 and 1976, secondary and higher education grew faster than primary education. The concomitant sharp expansion in educational expenditure make it unlikely that universal primary education can be achieved throughout Africa by 1980. It is for this reason, among others, that an increasing number of African countries have decided that continued growth in secondary and tertiary education must somehow

education. This basic need for education must be given high priority by African governments.

In order to achieve universal primary education, some fundamental cost-saving approaches must be considered: double-shift teaching, major changes in teachers' salaries and the abolition of primary and secondary boarding schools. Even with such policies, major expansion of primary education in many African countries will have to come at the expense of growth in secondary and higher education. This last target is being achieved in some countries by quantitative restrictions on entry into secondary and higher educational institutions; in others by the "vocationalization" of the secondary school curriculum; and in still others by the provision of a large number of part-time technical institutes that may serve as alternatives to full-time university courses.

Now, as regards the problem of educated unemployment and underemployment in Africa, the basic need is to achieve a high GDP growth rate and to adopt at the same time appropriate employment policies. Indeed, the solution of the employment problems of educated people in Africa requires the effective loosening of the much too close ties between education and paid jobs.

In short, what is suggested is a comprehensive strategy that simultaneously attacks the quantitative structure of the educational pyramid and the qualitative content of schooling, including reform of curricula, examinations, teacher training, the recruitment and promotion practices of the labour market and the structure of wages and salaries of educated people. Examination of the differences in school enrolment of boys and girls and the attitude of the formal sector labour market towards the employment of males and females with formal education as against those without should also form elements in the educational reform. It must be stressed in this connexion that education should be considered as a continuous process incorporating formal education at school, part-time studies, vocational training and training on the job.

No doubt the question of education and employment is among the most fundamental in deciding the way of life for many of Africa's people. In meeting the universal demand for education, African governments have to create conditions whereby the school leaver has relevant training and education and is able to meet at least some part of the aspirations raised by his education. As long as employers

11

continue to use the level of education attained, irrelevant as it may be to the job opportunity, as the main criterion, for hiring recruits into first jobs, and as long as existing income differentials between the highest-paid and lowest-paid jobs in the occupational hierarchy remain, the phenomenon of unemployment and underemployment among the educated in Africa is unlikely to be more than marginally affected by even major changes in the qualitative aspects of education.

I sincerely hope that you will give serious consideration to the Survey in front of you, and that it will be of help to member governments of ECA in the search for appropriate solutions to the various economic and social problems facing this continent.