

THE AFRICAN ECONOMY AT THE CROSSROADS

Statement by Professor Adebayo Adedeji

United Nations Under-Secretary-General

and

Executive Secretary

of the

Economic Commission for Africa

at the

formal opening of the twenty-first session of the Commission and

twelfth meeting of the Conference of Ministers held

at Yaounde, Cameroon, from 17 to 21 April 1986

Yaounde, 18 April 1986

Your Excellency Paul Biya, President of the Republic of Cameroon,  
Mr Chairman,  
Honourable Ministers,  
Distinguished Secretary-General of the Organization of African Unity,  
Distinguished Delegates and Observers,  
Your Excellencies the Ambassadors,  
Representatives of the United Nations and specialized agencies,  
Representatives of regional and subregional organizations,

It is, indeed, a great honour and privilege for me to participate at this solemn official opening of the twenty-first session of the Economic Commission for Africa and twelfth meeting of its Conference of Ministers. Since the second of this month, the secretariat of ECA has moved virtually en masse from its headquarters in Addis Ababa to Yaounde, capital of the Republic of Cameroon - thanks to the generosity of the Government, at whose invitation this session is being held here in Yaounde, and to the people of Cameroon who have received us with open and brotherly arms for which this great country is well reputed. Between 2 April and now, five separate intergovernmental meetings have been successfully held here in Yaounde in preparation for this Conference of Ministers which His Excellency the President formally declared open a few minutes ago.

The experts of African Ministries of Finance and Central Banks met from 2 to 4 April to consider the draft charter of the proposed African Monetary Fund and the preparations for the proposed international conference on Africa's external debt. The Africa Regional Co-ordinating Committee on the Integration of Women in Development process also held its annual meeting on the same days to review and appraise the United Nations Decade on the integration of women which ended last year and to map out actions and programmes that have to be taken by Africa women, their Governments and the Economic Commission for Africa in furtherance of the objectives to mobilize and fully utilize the tremendous resources available in our female population for the development of our continent.

The third preparatory meeting which has since taken place is that of the Ministers of the 26 African least developed countries. This ministerial conference of African least developed countries, which ended only yesterday, is one of the most important organs of the Commission. Since 1980, it has taken place annually just before the session of the Commission itself. It is, in turn, preceded by the meeting of the intergovernmental committee of experts of these countries.

It will be recalled that at the end of the Paris Conference in 1981, the international community committed itself to a Substantial New Programme of Action for the least developed countries (SNPA). These annual meetings

of our ministers from the 26 African least developed countries provide the forum for the review and appraisal of the implementation of the Substantial New Programme of Action as far as Africa is concerned. This year's meeting has been particularly important because it is the first get-together of the ministers after the Mid-term Review of the Programme which took place in Geneva last autumn.

The Regional Technical Advisory Committee on ECA's Pan-African Documentation and Information System (PADIS) has also held its meeting to consider the outcome of the evaluation of PADIS which was jointly undertaken by UNDP, ADB, IDRC and ECA and to formulate strategies and programmes for further development of the project during the next five years. Finally, the Technical Preparatory Committee of the Whole (TEPCOW), which has the responsibility for preparing the annual session of the Commission, concluded its meeting, which began on 7 April, on 14 April.

Not only is each of these meetings held since 2 April unique in its concerns for specific aspects of the development of our continent, but also collectively, and together with the sectoral ministerial meetings and the MULPOC meetings, they constitute the basis for submitting in an integrated and co-ordinated manner all major issues in the field of economic and social development to the annual session of the Commission. This is a task that TEPCOW performs admirably. For this year's session, the Committee is submitting in addition to a comprehensive report, some 26 draft resolutions for approval.

Mr. Chairman,

All our meetings have been successfully held during the past two weeks because of the extremely congenial atmosphere which has been provided by our host Government - the Government of the Republic of Cameroon - and the excellent facilities, particularly this extremely beautiful and functional Palais des Congres, which have been put at our disposal. For all these and for the friendliness of the people of Cameroon, I wish to express to you, Mr. President, on behalf of my colleagues in the ECA secretariat and myself and indeed on behalf of all the member States of the Commission, our profound gratitude and appreciation.

The fact that your Government, Mr. President, has gone to all this trouble and expense is a singular demonstration of its total commitment to Africa's economic co-operation, integration and unity. We have even more reasons than these to be thankful to your Government; for here, in Yaounde, are located two of our very important institutions - the Institut de formation et de recherche demographiques (IFORD) and the Multinational Programming and Operational Centre (MULPOC) for Central Africa - which over the years have consistently and unceasingly enjoyed your Government's material and political

support. On all the occasions that I have visited your country and have had the privilege of an audience with Your Excellency, I have been greatly impressed by the personal interest which you have shown in the activities of these institutions. I have no doubt that this interest will be sustained in the years ahead. We thank you and your Government most sincerely.

Mr. Chairman,  
Honourable Ministers,  
Distinguished Delegates,  
Your Excellencies,  
Ladies and Gentlemen,

Only three weeks ago - to be precise from 28 to 30 March - African Ministers of Economic Planning and Development convened at the first extraordinary session of the Commission ever to be held during the 28 years of the Commission's existence. The purpose of the session was to enable the Commission to consider Africa's submission to the special session of the United Nations General Assembly on Africa's economic and social crisis before it was submitted to the OAU Council of Ministers which also met in extraordinary session on 30 and 31 March 1986.

The fact that both the OAU and ECA Ministerial Councils had to meet in extraordinary sessions, and the fact that a special session of the United Nations General Assembly is convening next month, upon the request of our Heads of State and Government, on Africa's economic crisis, should make all of us ponder. Without mincing words, all these developments reflect the profound crisis that has gripped our social and economic structures a crisis which threatens the very survival of millions of our people and worse still the very survival of our respective member States as sovereign and independent nations.

The dramatic events of the past three years - the drought-induced emergency situation in a large number of African countries from 1983 to 1985 with the attendant famine, malnutrition and loss of lives, and the international publicity which it brought in its trail - have deepened the apprehension of many people, particularly members of the international community, about the unenviable future of the African economies. Indeed, even before the crisis had come to a head, many economic prognostications about Africa have seen nothing but continuing deterioration.

With the African economies typified by a vicious interaction between excruciating poverty and abysmally low levels of productivity, in an environment marked by serious deficiencies in basic economic and social infrastructures, by persistent poor performance of the dominant agricultural sector, by the heavy dependence of domestic production on imports of factor inputs, by the

failure to diversify and the absence of domestic linkages, and by the paralysis of multiple and persistent debilitating crises, this gloomy view of Africa's development perspective is far from being surprising. Indeed, it appears at first sight rather inevitable.

All the major economic and social indicators support this pervasive gloom and despair. Gross domestic product at constant prices grew at an average annual growth rate of 1.0 per cent during the period 1980 and 1984. In the face of an annual average population growth rate of about 3.0 per cent, GDP per capita at constant prices declined annually at an average rate of 1.9 per cent during the same period. For many years, particularly since 1980, African countries have experienced serious problems of stagnation of exports not only in terms of declining prices but also, and more particularly, in terms of lower quantities exported - a situation which has been aggravated both by recession in the world economy in the 1980s and by production failures, which have been intensified by persistent drought and an accelerating process of desertification.

The rapidly escalating magnitude of Africa's external debt and debt servicing obligations have exercised major debilitating effects on the economies of the continent. Between 1974 and 1985, Africa's external debt grew by more than sevenfold to reach over \$US 175 billion and debt service ratios have soared so fast and have become so unmanageable that there have been no less than 32 debt reschedulings in a period of less than three years. The gap between debt servicing capacity, on the one hand and servicing obligations on the other, has approached the 50 per cent mark in many countries and if total debt servicing obligations including arrears are taken into account, this ratio would exceed 100 per cent in many countries. The gravity of Africa's debt burden is such that unless immediate remedial measures are taken, many countries in the continent will face immediate economic collapse particularly as the expiration of grace periods associated with recent debt restructuring is expected to rouse total debt service payments from the annual average of \$US 4.3 billion in 1980-1982 to annual average of between \$US 14.6 billion and \$US 24.5 billion in the period 1986-1990.

In the circumstances, it is not surprising that there has been a steady decline in investment in the region. In non-oil exporting countries, investment has either fallen or, at best, stagnated since 1980. Consequently, these countries have been forced to cut their expenditure. And in recent years even the oil-producing countries have come to experience severe declines in investment - both public and private. Associated with the fall of investment is the steep drop in imports of goods and services. These are estimated to have declined by as much as 18 per cent between 1981 and 1984 and by a further 1.5 per cent in 1985. Inevitably, this has affected the supply of imported

raw materials, imported factor inputs, spare parts and components. Is it any wonder that capacity underutilization in the manufacturing sector has become a widespread phenomenon, to the extent that in several countries installed plants are producing at far below 50 per cent of feasible economic production capacity?

Since the food and agriculture sector constitutes the heart of the African economies - the provider of activities for the transport, distribution and industry sectors and hence the sector that should animate general employment and thus guarantee markets for the products of other sectors as well as being the leading foreign exchange earner for many African countries and the bulwark of government revenue, its revitalization must be given topmost attention by our Governments and people. For, at the heart of Africa's continued underdevelopment lie our failures to achieve a significant structural transformation and the necessary economic diversification that are required to move the continent away from inherited colonial economic structures. The principal reason for this failure is the pervasiveness of structural disequilibria in the agricultural sector which, even now, is characterized by subsistence production, antiquated technology, by a pervasive dualistic and fragmented economic system, with cleavages between the export enclaves and the subsistence sector, between the rural sector and the parasitic urban areas, and between industry and agriculture. The agricultural sector, and indeed the whole African economy, are characterized by a pervasive low level of productivity. Our major challenge in the years ahead is, therefore, to achieve a major and sustained structural transformation of that sector as well as the supportive sectors and to raise the general level of productivity.

Africa's Priority Programme for Economic Recovery, 1986-1990 adopted in July 1985 by our Heads of State and Government provides the basis for facing the future and meeting its challenges. Deriving as it does from the Lagos Plan of Action and the Final Act of Lagos, the Priority Programme is sharply focused, time-bound and highly selective in its objectives and targets. There is no doubt that its adoption represents Africa's collective determination to make a frontal attack on the problems of economic rehabilitation, reconstruction, recovery and development. Our capacity to translate this determination into operational terms at national, subregional and continental levels, and to pursue with single-minded purpose their implementation, will be practical manifestation of the degree of our seriousness.

Mr. Chairman,

There can be no doubt about the fact that the African economies are today at the crossroads. Perhaps the most significant and peculiar attribute of being at the crossroads is that one is forced to make a deliberate and calculated decision as to the turning which one should make. Being at a crossroads provides one not only with a staging post for introspection, general

reappraisal and crucial decision-making as to desirable or imperative change in direction, but also with an urgent necessity to make a choice and pursue that choice to its logical conclusion. In other words, having adopted the Priority Programme we must answer the question what do we do with it? Where do we go from here? Just as people at crossroads are confronted with conflicting choices, our Governments and people are now confronted with a number of hard choices. We could toy with the Priority Programme and face the subsequently dire economic and political consequences or we could pursue faithfully its full implementation at all levels and thus lay the foundation for a dignified future for our people.

And our choice must be made now, today and not tomorrow. For Africa this year, 1986, is a fateful year. It is our year with destiny for three principal reasons. Firstly, 1986 marks the beginning of the second half of the first decade of the adoption of the Lagos Plan of Action. As already indicated, the first half of the decade has been typified by setbacks and frustrations arising not only from our own inactions and inertia but also from the futile efforts and attempts in certain quarters outside Africa to derail us from our main course, by designing for and presenting to us alternative plans and strategies.

Secondly, the year 1986 is the first year of the implementation of the Priority Programme. It is the year that we must show how resolute we are in ensuring that under no circumstances will we allow ourselves to be cajoled or shaken away from our commitment to its full implementation. Thirdly and finally, 1986 is the year that Africa has convened the assembly of the international community to present its case for support and understanding and for solidarity and assistance.

Therefore, it is in this year, 1986, that African Governments and people must put into action the following six commitments. Firstly, they must in deed and in fact give the highest priority, in their rehabilitation and recovery programme, to the rural sector in general and to agricultural development in particular. Secondly, they must continue to make genuine efforts to improve the management of their economies, to rationalize their public investment policies and promote the most efficient utilization of resources. Thirdly, they must accept to impose greater sacrifices on themselves by adopting appropriate austerity measures, so as to achieve greater mobilization of domestic resources. Fourthly, our Governments must continue the process of undertaking essential policy reforms, difficult and painful as they are. Indeed, Africa must demonstrate in every practical way, its recognition of the need to bear the burden of its development. It must convince the sceptical and increasingly cynical world of its commitment and determination by tightening its belt and putting in place appropriate austerity measures as well as by accepting the self-discipline required to achieve an economic turn-round.

As far as the international community is concerned, Africa should receive in return, first and foremost, its full commitment to the full implementation of the Priority Programme. This will require that the international community should reorder their assistance and co-operation programmes to ensure their consistence and complementarity with Africa's Priority Programme. Secondly, the international community must accept to improve the environment, and structures for international co-operation with Africa so as to achieve a shift from project support to programme support, and from ad hoc short-term assistance to medium-term support. Thirdly, there is an urgent need to bring about an improvement in the external environment including the adoption of policies in the rest of the world that are conducive to growth rather than contraction of the world economy; elimination of protectionism through, inter alia, the removal of barriers, especially non-tariff measures, that restrict the entry of African products to specific important markets; refraining from agricultural and trade policies which will have a detrimental impact on Africa's export and diversification programmes; and, creating and strengthening structures that aim at effectively reducing the instabilities in the prices and earnings of African commodity exports.

Finally, the international community will need to take urgent measures to alleviate the debt burden of African countries. Given the acuteness of Africa's debt problem, it is necessary for the international community to support a package of measures that will free African countries from the present excruciating debt burden. As already indicated, the annual debt service obligations will be in the range of \$US 14.6 billion to \$US 24.5 billion annually during the next five years. This will be in addition to the gap between the cost of implementing the Priority Programme and the quantum of domestic resources which Africa will mobilize to finance it. While the former is estimated at about \$US 128.0 billion, the latter - i.e., domestic resources to be mobilized - is estimated at about \$US 82.6 billion - thus leaving a gap of approximately \$US 45.5 billion for the whole period 1986-1990, i.e., an annual average of \$US 9.1 billion. It is certainly beyond the means of our fragile economies to continue to service its excruciating debt burden. It is also beyond its capacity to finance fully the implementation of the Priority Programme. The task of Africa's economic recovery cannot be performed single-handedly. Nor can it be delayed without serious consequences to African and world peace and stability. It is therefore important that the international community must not only help Africa but must also act quickly by providing the resources required to relieve Africa of its excruciating debt service burden and by meeting the investment gap required to implement the Priority Programme.

Your Excellency the President,  
Mr. Chairman,  
Honourable Ministers,  
Distinguished Delegates,

From what I have said so far, it should have become crystal clear in which direction Africa should move and which role the international community can be expected to play in enabling Africa to move along the desired path.

I sincerely hope that next month's special session of the General Assembly will turn out to be such a "special session" that this and future generations of the African people will remember it as the one during which the world joined hands with Africa to get the continent out of the quagmire of poverty. I also equally sincerely hope that 1986 will come to be regarded as the turning point in Africa's economic development, as the year when the African people finding themselves at the economic crossroad, took the path of honour and integrity to will an economic future of recovery and growth for themselves.

I thank you for your kind attention and wish your session every success.