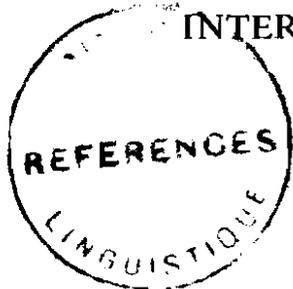


THE AFRICAN ECONOMIC AND SOCIAL CRISIS:
AN AGENDA FOR ACTION BY AFRICA AND THE
INTERNATIONAL COMMUNITY



by

Adebayo Adedeji

Secretary-General's Special Representative
on Africa's Social and Economic Crisis and
Executive Secretary of the Economic
Commission for Africa

*Text of statements delivered during the General Debate and the
Special Debate on the Critical Economic Situation in Africa at the
1984 Second Regular Session of the Economic and Social Council
of the United Nations.*

10 and 12 July 1984
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Excerpts from the statement delivered on 10 July 1984 during ECOSOC General Discussion of international economic and social policy, including regional and sectoral developments

Mr. President,
Distinguished Delegates,
Your Excellencies,
Ladies and Gentlemen,

Since the second half of the 1970s, we, in ECA, have been very worried that the economic and social conditions in Africa are deteriorating fast and have argued that unless measures were taken to reverse this trend, through a new mix of policy initiatives, better economic management and a favourable international economic environment, the fragile economies of Africa would face a very serious threat in the 1980s. This is the raison d'etre of the Monrovia Strategy for the economic development of Africa adopted by African countries in July 1979 and of the Lagos Plan of Action, including the Final Act of Lagos, formulated for the implementation of the Strategy, adopted by our Heads of State and Government in April 1980.

As you will recall, the ECA played a decisive and leading role in the preparation of both documents and therefore in the effort to re-orientate African development strategy. However, we had hoped that, particularly during the 1980s, the African economies will not be subject to constant shocks by natural disasters, and unfavourable climatic conditions as this will interrupt the pursuit of the goals of the Monrovia strategy and the Lagos Plan of Action. Unfortunately, this is exactly what has happened to Africa since 1980.

Consequently, Africa has, since 1980, been going from one economic and social crisis to another, which in the last year has become so grave as to threaten the very survival of the continent. In fact, as you all know, it was the gravity of the situation that made the distinguished Secretary-General of the United Nations to take some initiatives on the African economic and social crisis, including alerting the international community and calling for its support and assistance. In addition, the distinguished Secretary-General visited in January/February 1984 some of the affected countries to see things for himself.

In this connexion, it is also comforting that this world assembly, dedicated to the continuous examination of world economic, social and humanitarian situation with a view to recommending appropriate measures, decided at its second plenary meeting held last February, to give priority consideration, during this its second regular session of 1984, to the critical situation in Africa. Your Council has since decided to set aside 12 to 17 July for the consideration of this issue.

Therefore, in my statement today, I shall confine myself to two things. First, I shall provide you with an analysis of the performance of the African economy and the major economic parameters since your 1983 Second Regular Session. And, secondly, I shall report the main highlights of the 19th Session of the Commission and 10th Meeting of the Conference of Ministers which, as is to be expected, was dominated by the critical economic and social situation in Africa. That session took place at the ECA headquarters from 24 to 28 May 1984. Since I am going to address your august assembly at some length in my capacity as the Special Representative of the Secretary-General on Africa's social and economic crisis during the debate on this issue, I hope that what I am going to say today will provide you with some background information to the debate as well as wet your appetite for that debate.

* * *

The present critical economic and social situation is an intensification of what has been happening since the late 1970s and the beginning of the present decade. In fact, I cannot remember any year, particularly since 1980, that I have not, in my statement to your august body, spoken of either the worsening or the deepening economic and social crisis in Africa. Unfortunately, each succeeding year has been worse than the preceding one. In general, the economic crisis in Africa is characterized by a persistent drop in the rate of growth of overall output of goods and services over the years. The rate of growth of output has been decreasing steadily since 1980. It fell from 1.3 per cent in 1980 to zero in 1982 and -0.1 per cent in 1983. This overall downward trend was aggravated by the slack in the oil markets, but non-oil exporters, and particularly the least developed African countries, were no less seriously affected.

The overall performance is, of course, a reflection of the performance in the different sectors. Agricultural production increased by only 1.1 per cent in 1981 compared to 1980; by 3.4 per cent in 1982 compared to 1981; and, by a mere 0.4 per cent in 1983 compared to 1982. In effect, the average growth rate, between 1980 and 1983, was 2.1 per cent. Similarly, food production increased by only 1.0 per cent in 1981 compared to 1980; 3.7 per cent in 1982 compared to 1981; and, by 0.2 per cent in 1983 compared to 1982. The overall increase between 1980 and 1983 was 2.1 per cent. When these pitiable growth rates are set against the very persistently high growth rate of population of about 3 per cent per annum, the per capita growth rates of food production of -2.0 per cent between 1980 and 1981, 0.6 per cent between 1981 and 1982 and -2.9 per cent between 1982 and 1983 and of -0.9 per cent between 1980 and 1983 eloquently explains why Africa is today faced with a major food crisis.

The performance of the manufacturing sector was not particularly better either. While the call

for the achievement of the Lima target requires that African manufactures grow at about 9 per cent per annum, manufacturing industry in developing Africa grew at 3.6 per cent per annum between 1980 and 1981, 3.7 per cent between 1981 and 1982, and by the disastrous figure of 0.4 per cent between 1982 and 1983. This virtual stagnation between 1982 and 1983 is not surprising since the different manufacturing industries depend on the agricultural sector and on imports for their inputs for while the food and agriculture sector had performed very badly, the world recession coupled with stringent policies in the development countries had adversely affected foreign exchange earnings and the capacity of the African States to pay for imported factor inputs and raw materials.

The impact of this poor overall performance on exports and imports, on investment and savings and on domestic demand have been disastrous. Thus, at 1980 prices, exports grew at a negative rate of -2.4 per cent between 1981 and 1982 although it recovered slightly in 1983 and grew by 2.9 per cent. While imports, increased slightly between 1980 and 1981, they fell between 1981 and 1982 by 6.1 per cent and remained almost the same between 1982 and 1983. Although domestic demand increased between 1980 and 1981, it consistently decreased thereafter by -2.3 and -0.1 per cent in 1982 and 1983 respectively. Investment rose slightly between 1980 and 1981 but dropped consistently thereafter. As far as aggregate savings were concerned, there was a consistent downward trend from 1981 to 1983.

In general, while domestic policies cannot be exempt from blame for this poor performance, the effects of the severe world recession in 1982 and 1983 on the productive capacity of the countries of the region and their consequent inability to earn the required foreign exchange to purchase raw materials and imported factor inputs, the rising interest rates which have compounded the debt problem, the

decline, in real terms, of official development assistance and net capital inflows, and, the generally still weak commodity markets have played havoc with the development efforts of the countries of the region. In effect, the capacity of African countries to cope with their problems was dangerously undermined by hostile external economic factors.

When the effects of the inimical drought which has intensified in Africa in the last two years are added to the economic crisis, the overall social burden can easily be imagined. At least 150 million people have been adversely affected; twenty-four countries have been declared as food-aid dependent; the water levels of the rivers have become so low that agriculture, power generation and transportation have been adversely affected; and, unemployment and malnutrition have intensified.

* * *

It was against this deteriorating economic and social conditions and an extremely unfavourable economic balance sheet that the Economic Commission for Africa has pursued its activities during the last year. Consequently, most of the meetings of the subsidiary bodies of the Commission that took place during the last year concentrated on the different aspects of the crisis. Thus, the meeting of the Joint Conference of African Planners, Statisticians and Demographers, which was held early in the year, not only reviewed the overall economic and social situation in the continent but also determined activities in the areas of short-term forecasting and perspective studies for dealing with the African critical economic and social crisis.

Similarly, the Conference of African Ministers of Transport, Communications and Planning at its fourth meeting held in Conakry, Guinea, in February 1984 reviewed the implementation of the programme for the first phase (1980-1983) of the United Nations Transport and Communications Decade in Africa and approved the programme for the second phase (1984-1988) of the Decade.

The Ministers of Industry also met early in the year. The focus of the Ministers at their seventh meeting held in March 1984 was the United Nations Industrial Development Decade for Africa, particularly the implementation phase covering the period 1985-1990 which would be devoted to the implementation of specific projects both at the national and multinational levels.

As far as population matters were concerned, a regional meeting, preparatory to the Mexico Conference, was also held early in the year. In accordance with the general orientation of the activities of the Commission, these population matters were considered within the framework of the relationship between overall development and population. As a result, the meeting adopted the Kilimanjaro Programme of Action on Population and Self-reliant Development, which contains recommendations for action on the various aspects of population.

The fourth meeting of the Conference of Ministers of the Least Developed African countries took place shortly before the nineteenth session of the Commission and tenth meeting of the Conference of Ministers responsible for economic development and planning. Naturally, the discussions at the meeting reflected the continuing concern of the peoples of the Least Developed African Countries for the worsening economic and social crisis of which they are all victims. In this connexion, the largely unimplemented Substantial New Programme of Action for the Least Developed Countries, the bulk of which is in Africa, was thoroughly reviewed and discussed. In the end, the Ministers reiterated their confidence in the importance of the SNPA for the solution or amelioration of their problems and renewed their call on the international community to implement it.

One other meeting which was held in the region during the period under review and which was particularly important for the Least Developed

and other African countries was the regional meeting on the International Youth Year at which a regional plan of action on youth was adopted.

The African Regional Co-ordinating Committee on the Integration of Women in Development also held its fifth meeting at which, among other things, the arrangements for holding the Regional Intergovernmental Preparatory Meeting to review and appraise the achievements of the United Nations Decade for Women: Equality, Development and Peace to be held at Arusha, United Republic of Tanzania in September 1984 were approved.

The results of all these meetings and others which I have not mentioned were fed into the tenth meeting of the Conference of Ministers and nineteenth session of the Commission which took place at the Commission's Headquarters from 24 to 28 May 1984.

The tenth meeting of the Conference of Ministers and nineteenth session of the Commission took as its theme the critical economic and social situation in Africa both to acknowledge the initiative of the Secretary-General of the United Nations and to associate itself with your august body's important decision to give priority consideration to the deepening economic and social crisis in Africa.

The discussion of the theme by the ministers and other high level officials was centred around two aspects of the situation: the emergency, and the short, medium and long-term, and left no doubt that those charged with the difficult task of steering the individual and collective ships of African economies were conscious of the gravity of the situation and of the responsibility of African countries themselves for ensuring that the ships are put on even keels. At the same time, however, in common with the Secretary-General of the United Nations, they were also conscious of the imperative need for external assistance with respect to the

two aspects of the problem. Hence, the added importance of the decision of your organ to give priority consideration to the subject at this session.

In reviewing the emergency situation, the Ministers naturally examined, among others, the survey of economic and social conditions in Africa in 1982 and 1983 and part of 1984; the report of the Secretary-General on the critical social and economic situation in Africa; reports on the critical situation of food and agriculture in Africa; the report of the scientific roundtable on the climatic situation and drought in Africa, organized in response to your 1983 resolution on the subject; and, a preliminary report on Africa's external indebtedness and its impact on the current economic crisis. The preliminary report on Africa's external indebtedness has now been completed by the African Ministers of Finance at their meeting on the subject, held from 18 to 20 June 1984 and the Addis Ababa Declaration on Africa's External Indebtedness, which was the outcome of that meeting now constitutes Annex I to the Special Memorandum by the ECA Conference of Ministers on Africa's Economic and Social Crisis which the Conference has submitted to you for consideration. This will be the focus of my statement during the special debate on the African crisis.

* * *

Although I have, in this statement, briefly described the economic and social condition, of Africa since, I am quite sure that I have not said anything which is not already well known to you. Indeed, it is your recognition of the gravity of the situation that has made you decide to give priority consideration to it during this annual session of your Council. Africa's 500 million people are anxiously awaiting the outcome of your deliberations and of your response to the ECA Special Memorandum.

That we are confronted in Africa with a serious and rapid deterioration of its economies may have become accepted by the international community. But we, in Africa know that we are in a more serious crisis because what we seem to be witnessing today is the falling apart of the fragile economies of Africa and their undermining to their very foundations. Their collapse daily becomes an inevitability, a matter of time. Unless this downward trend is halted and subsequently reversed as speedily as possible, Africa will suffer from, and the world will witness, an unparalleled catastrophe.

Will the international community simply sit by and watch the African tragedy unfold itself? Or is there a will to join hands with Africa to turn the present despair into hope? Will the international community continue to make mere symbolic gestures while millions of Africans starve to death or at best are crippled by malnutrition and children die by their hundreds of thousands every year?

Will Africa itself, its leaders and people, resign themselves to being, in perpetuity, the economic underdog of the international community? Or is Africa still capable of pulling itself by its own bootstraps by breaking the vicious circle which now engulfs and strangles it? And will the international community - the industrialized market economies, the socialist economies of Eastern Europe and Asia and the rest of the Third World - rally round Africa in this hour of its need? Or will the international community simply continue to see Africa in terms of commercial, strategic, ideological or political interests?

I submit that these are the questions which have to be answered and answered urgently. I sincerely hope that during the forthcoming debate in this Council on the African social and economic crisis, positive answers will emerge in response to these questions.

I thank you for your attention.

II

Statement delivered on 12 July 1984 at the opening of the Special Debate on Critical Economic Situation in Africa

Mr. President,
Distinguished Delegates,
Your Excellencies,
Ladies and Gentlemen,

A number of documents have been submitted in order to assist ECOSOC in its special debate on the critical economic situation in Africa. Some of these, although drafted in response to earlier resolutions of this Council and the General Assembly, are nevertheless relevant to the theme of this special debate while other documents have been specially prepared for the purpose of the debate on the Africa crisis. First and foremost is the Secretary-General's report entitled The critical social and economic situation in Africa (E/1984/68) which analyses the emergency situation currently prevailing in Africa as well as the medium and long term structural adjustment problems of the continent.

Secondly, there is the Special Memorandum by the ECA Conference of Ministers on Africa's Economic and Social Crisis (E/1984/110) adopted by the 19th Session of the Commission for presentation to ECOSOC to assist it in its deliberations. Like the Secretary-General's Report, the Special Memorandum starts with an analysis of the nature and causes of the crisis after which the ECA Conference of Ministers puts forward concrete proposals as to how to deal with the crisis. The measures proposed are in three parts - emergency requirements, short- and medium-term measures, and long-term structural adjustment requirements.

The third document (E/1984/110) is really part of the Special Memorandum. This is the Addis Ababa Declaration on Africa's External Indebtedness which is to be annexed to the Special Memorandum as Annex I. The Reason why the Addis Ababa Declaration on Africa's External Indebtedness has been drafted separately is that the Conference of African Ministers of Finance only took place from 18 to 20 June 1984 - three weeks after the ECA session.

The fourth document, which has been prepared by me in my capacity as the Secretary-General's Special Representative, is an addendum to the Report of the Secretary-General on the Critical Social and Economic Situation in Africa (E/1984/68/Add.1). It is an update on selected issues of the emergency situation in food-aid-dependent countries. This report will provide ECOSOC with an update of the emergency situation as it affects the 24 drought-affected and food-aid-dependent countries and the international community's response thereto. It is a first attempt to provide comprehensive information on nine critical emergency areas, namely: food supply, water, transport, storage and distribution, population displacement, health, nutrition, livestock, income-generating relief prospects and energy.

The Addendum also reviews the preparedness of the countries concerned in coping with emergency situations. The preparation of this Addendum has been the collaborative effort of many United Nations specialized agencies, organizations and organs through my Nairobi temporary office, and I must express my most sincere appreciation to UNDP, UNCTAD, WFP, UNDRO, UNEP, UNICEF, IBRD, WHO, ILO and FAO. These, together with ECA, have been most directly involved in all the aspects of monitoring the emergency situation. I must also add that without the full co-operation of the United Nations Resident Co-ordinators and, above all, of the governments of the countries concerned, this document could not have been prepared.

This having been said, it is necessary to emphasize that this Addendum, being based on a rapidly evolving situation will need to be updated as and when necessary. It should also be noted that the financial information provided in each emergency area, both as to the critical needs and the response of the donor community thereto, is only indicative of the order of magnitude since not all the information available has been quantified in terms of financial requirements.

The fifth document which has been made available to ECOSOC, though not a new one, is very important because it addresses itself to the long-term development of Africa. This is the Commission's Silver Jubilee perspective study entitled ECA and Africa's Development 1983-2008 which was published in April 1983. Indeed, we in ECA believe that no realistic discussion of Africa's economic crisis can take place without due and full account being taken of this study.

The other documents which have been prepared for this special debate on African social and economic crisis include the following:

- (i) Situation of food and agriculture in Africa (E/1984/97);
- (ii) Special measures for the social and economic development of Africa in the 1980s (E/1984/107);
- (iii) Implementation of the Industrial Development Decade for Africa (E/1984/108);
- (iv) Implementation of the programme for the Transport and Communications Decade in Africa (E/1984/98 and E/1984/99);
- (v) Outcome of the Round-table on the Climatic Situation and Drought in Africa (E/1984/109); and

- (vi) Implementation of the medium-term and long-term recovery and rehabilitation programme in the Sudano-Sahelian region (E/1984/58).

* * *

In reviewing the African economic crisis, it is highly important to appreciate that the emergency, short-, medium- and long-term implications and ramifications are not only interrelated but are very closely intertwined. Any measures to be taken, whether at national, regional or international level must ensure internal consistency between the different requirements, be they for short, medium or long term or for emergency purposes. Otherwise, we may be compounding the problems posed by the crisis.

Indeed, as far back as April 1981, at the seventh meeting of the ECA Conference of Ministers when the Commission considered the paper which had been submitted by the ECA secretariat and which was entitled Africa's Rapidly Escalating Crisis - Proposals for a Short-Term Immediate Programme for Survival (E/CN.14 CONF./81/01 of 2 January 1981), the linkages between emergency programmes and short-, medium- and long-term structural adjustment programmes were emphasized. What was stated in that paper is as valid today as it was in 1981. The report stated, inter alia, "that Africa ... faces a critical economic crisis and challenge, more immediate in its intensity and compelling in terms of urgent demand for solutions," and ... "the measures proposed in the emergency programme of action in the critical areas of food and drought, energy, and balance of payments disequilibria (are) not in any way meant to replace or be substitutes for the Lagos Plan of Action or the international development strategy for the Third United Nations Development Decade. Indeed, they are envisaged to clear the ground and lay the necessary foundations for the successful implementation of both". If I may suggest, we must

always bear these linkages in mind in all our discussions and in our actions.

Underlying the current crisis is Africa's underdevelopment and economic backwardness, its failure to achieve a clear break from its colonial dependent economic inheritance with a production structure heavily dominated by export-oriented agriculture and with a small industrial base, fractured and only minimally linked with the region's natural resource base, with mining output being predominantly for export and with the most open and exposed economy in the world. As is well known, external trade constitutes the single major stimulus to spur internal socio-economic progress in spite of the narrowness of export commodities and the dramatic price shifts.

The economic and social transformation of Africa, which started in the 1960s after the achievement of political independence by most African countries, is not only coming to a halt but is gradually reversing. Throughout the 1970s, Africa, particularly sub-Saharan Africa, experienced a deterioration in all major economic and social indicators. The GDP grew at an average annual rate of only 3 per cent between 1970 and 1980. Since then, this rate has persistently fallen every year and is presently negative. On the other hand, population has been rising consistently at about 3 per cent per annum. Consequently, per capita income is currently below its 1970 level. Today, 26 out of Africa's 50 independent countries have been classified by the United Nations as least developed countries among the developing countries. The Special Memorandum by African Ministers states succinctly that: "Africa's economic and social crisis has not developed all of a sudden in so far as it has existed since the mid-1970s as a result of the cumulative impact of a number of adverse factors, both internal and external.

This downward trend in economic performance has reached crisis proportions through (i) the widespread, severe and persistent drought; (ii) the rapidly deteriorating international economic environment; and, (iii) the heavy burden of Africa's external debt. These three factors have interacted to (quoting from the Special Memorandum) "produce a crisis of development ... and also to create economic and social problems of unprecedented proportions whose solution is beyond the ability of African countries, for many of whom the issue is that of sheer survival".

The Special Memorandum has put forward specific proposals and recommendations for the consideration of ECOSOC, and must be read together with the Addendum where we have an updated assessment of critical needs and domestic and international responses to the emergency situation.

Without repeating the recommendations relating to each of these areas indicated in the Special Memorandum and the information provided in the Addendum. I should like to summarize some of the most salient features of the present crisis in Africa. Because of the severe drought which has negatively affected agricultural production in a large number of countries, in 1982 and 1983, food was, and remains the most critical aspect of the crisis.

The FAO/WFP Special Task Force, established in 1983, estimated the food deficit for 1983/84 for the 24 food-aid-dependent countries at about 5.4 million tons, of which 3 million tons are required as food aid.

It is encouraging to note that the donor community has responded very generously to various appeals with pledges amounting to over 2.0 million tons as at 31 May 1984 and from the information which has recently become available, this figure has now increased to 2,514,900 tons as at 30 June

1984. However, there still remains a gap of 400,000 tons, mainly cereals, for which pledges are urgently needed. Moreover, because of foreign exchange shortages in most of the affected countries, actual commercial imports as at 30 June 1984 amount to only about 75 per cent of normal commercial imports and there remains a gap of 580,000 tons which the affected countries should import using their own resources.

The delivery of food aid remains a serious problem since more than 1 million tons of pledged food aid are still to be delivered. Given the difficulties relating to the transportation and distribution of food and other items to affected population groups, it is essential that the donor community take urgent measures so that undelivered pledges be urgently provided, especially before roads become impassable by rains which have, fortunately, started adequately in some areas of West Africa.

While highly commendable efforts have been made by multilateral donors and by non-governmental organizations in meeting the food requirements of the affected African countries, the situation remains serious not only in view of food aid and commercial import gaps referred to earlier, but also because of poor harvest prospects for 1984/85 in Eastern and Southern Africa where the deficit resulting from recent crop failures is estimated to be about 2.6 million tons, of which 1.35 million tons are required as food aid. As for West Africa, where adequate rainfall is now reported for some areas, it is too early to make any reliable assessment of crop prospects. From most of the 24 food-aid-dependent countries deteriorating health conditions and severe malnutrition are reported. UNICEF and the World Health Organization with the financial support of the donor community especially the non-governmental organizations have been very active in providing relief. However, there are still import-

ant urgent needs amounting to about \$US60 million for the implementation of emergency health projects such as the control of transmissible diseases, the provision of medicines and vaccines, and for carrying out supplementary feeding programmes for more than 1.5 million severely malnourished children.

Transportation of food, and relief supplies, remains a major bottleneck in the current emergency situation, especially in nine land-locked, food-aid-dependent countries and in large countries with inadequate transport infrastructure. While donor countries and non-governmental organizations have provided substantial assistance in the form of trucks, cash subsidies, fuel and spare parts, some countries will still need budgetary support estimated at about \$US60.4 million, in order to enable them to distribute relief supplies in time.

The current drought has also brought about critical water shortages which, together with a drastic reduction of available pasture, continue to pose a serious threat to livestock in a large number of countries.

Bilateral donors as well as relevant United Nations Organizations, especially UNDP, UNICEF, FAO, WHO and UNDRO have provided substantial assistance in digging wells, drilling boreholes, providing water tanks and trucks and implementing small irrigation schemes. However, it is estimated that about \$US30 million are still required for the implementation of emergency water programmes especially in rural areas. For livestock, it has recently been estimated that, taking into account ongoing assistance, about \$US13.0 million are needed urgently for the animal sector.

There are other important aspects of the current crises such as the problem of population displacements in search of food and water, as well as the need to formulate and implement income-generating projects in the rural sector for both agricultural and non-agricultural activities. This

is an area in which ILO, WFP and non-governmental organizations have been very active. Such projects are very necessary as they generate gainful employment which enables the affected population to buy the food they require, which is an important step towards genuine self-reliance. Moreover, measures to encourage alternative types of rural employment or off-season employment on farms, are essential elements in reducing urban migration. There is, finally, the problem of energy shortage which has forced some countries to drastically reduce essential productive activities and basic services due to foreign exchange constraints to import petroleum products.

* * *

An equally important issue is the preparedness of affected countries to cope with future crises. The seven areas identified have received the endorsement of the ECA Conference of Ministers but without assistance of the international community they cannot be fully realized.

The areas which require assistance include the strengthening of national structures and mechanisms; the organization of seminars for officials dealing with relief and rehabilitation operations at all levels; the establishment of effective national Early Warning Systems which would ensure that the crisis is not dealt with ex-post as it has been the case in many countries on the part of both the government and the international community; and, the setting up of effective co-ordination machinery among donors and between host Governments and the donor community so that the response capacity of the latter is enhanced. Also requiring urgent attention is the provision of farm inputs to enable rehabilitation of agriculture should rainfall be adequate again. Substantial resources have already been made available by the donor community, in the form of seeds, fertilizers, pesticides, hand tools and plant protection material.

Additional needs in Sahelian and Southern African countries are estimated by FAO at about \$US43.0 million.

To sum up, Mr. Chairman, it has to be emphasized that the emergency situation in African countries, which reached alarming proportions a few months ago, is still serious in spite of the positive response of the international community so far. As may be concluded from the above brief review, the available preliminary information, incomplete as it is, has allowed the identification of urgent needs, totaling \$US225 million, which does not take into account:

- the monetary values of projected food aid;
- costs arising from population displacements for at least seven countries, of which two have reported so far;
- the forced switch from hydro-electric to thermal power;

all of which represent very large amounts. I, therefore, estimate the total of emergency and preparedness requirements at \$US1 billion.

* * *

We now come to the short- and medium-term measures required for rehabilitation, reconstruction and revitalization of the African economies - particularly the 34 drought affected countries. The ECA Special Memorandum devoted some fifteen paragraphs to this subject, proposing concrete measures which African Governments themselves must take at national and at sub regional and regional levels as well as measures from the international community.

The rehabilitation, reconstruction and revitalization measures will have to focus on three major sectors - food and agriculture, industry and

infrastructure. Such measures must tackle not just the symptoms of the crisis but also its root causes if they are to be consistent with long-term policy objectives. In this connection, one cannot sufficiently stress the crucial role of domestic policy reforms for accelerating the process of rehabilitating, reconstructing and revitalizing the African economies. At this juncture, the point must be made that neither the essential development objectives nor the policy issues which need to be addressed to achieve these objectives are in dispute. A consensus has long emerged among the member States of ECA as to what these measures should be. The Lagos Plan of Action and the Final Act of Lagos and their subsequent interpretation and elaboration by ECA have made that abundantly clear.

A similar consensus has emerged among major international organizations, such as the World Bank, EEC, ECA and ADB as to what actions need to be taken nationally, regionally and internationally to achieve the objectives of the Lagos Plan of Action and the Final Act of Lagos. **Let us move** therefore towards the full and early implementation of these actions.

The Special Memorandum and the Addis Ababa Declaration on Africa's External Indebtedness, have identified nine areas for international economic co-operation with Africa in order to cope with the crisis. These are:

- (i) improvement of export earnings;
- (ii) increased flow of resources to Africa, including increase in multilateral concessional financing arrangements;
- (iii) improvement in international monetary arrangements;
- (iv) debt relief programmes;

- (v) increased balance of payments support;
- (vi) measures against rising interest rates;
- (vii) enhancement of the effectiveness of multi-lateral assistance;
- (viii) alleviation of external debt through fair trade practices; and,
- (ix) industrial redeployment for crisis management.

In order to restore growth and to enable African countries to rely essentially on their own resources, it is essential to devise special short-term measures which will ensure that their export earnings are stabilized at remunerative levels. As you are aware export prices of some commodities have dropped by as much as 20 to 47 per cent since 1980.

In this connection, the implementation of the Integrated Programme of Commodities, especially the entry into operation of the Common Fund as well as the early conclusion of new commodity agreements, are an important element in the realization of this objective. So also is the removal of tariff and non-tariff barriers against African agricultural products in the industrialized countries; as such protectionist actions have contributed significantly to the stagnation in the volume of the region's exports between 1981 and 1983.

Even after Africa has been enabled to generate its own resources through the adoption of the measures just proposed, it will still require massive external support in order to be in a position to cope with the Herculean tasks of rehabilitating, reconstruction and revitalizing its disintegrating economies, and the Special Memorandum proposes some concrete measures which include (i) increased flow of concessionary resources to the African IDCs

especially those which are most seriously affected by natural calamities; (ii) the increase by the World Bank of its allocation of resources to Africa to cope with the current external debt crisis. To this end, it is urged that Structural Adjustment Lending (SAL) should be expanded to constitute a major lending programme and should be spread over a longer period; (iii) the substantial increase by the World Bank of IDA lending to Africa for the implementation of the Bank's Special Action Programme for Sub-Saharan Africa; (iv) the completion, as soon as possible, of the negotiations for supplementary funding of at least \$3 billion for the Seventh IDA replenishment and the taking into account of the current economic crisis in Africa in the allocation of existing and new IDA resources; (v) the increase in Africa's share of Special Drawing Rights (SDRs) to meet the current economic crisis; (vi) the full implementation of the Substantial New Programme of Action (SNPA) for African LDCs especially for the transfer by 1985 of 0.15 per cent of GNP of developed countries' ODA to LDCs; (vii) the early replenishment of IFAD and the substantial allocation thereof to Africa; (viii) restoring and maintaining of the Indicative Planning Figures (IPFs) of the third UNDP programming cycle at the previous levels; (ix) liberalization of IMF conditionalities, including facilitation of access to other IMF windows, such as the cereal windows; (x) the establishment of a link between SDRs and the development needs of Africa; (xi) the restructuring of their lending programmes and policies as well as their aid disbursement procedures by the World Bank, regional development banks and other multilateral financial institutions; and (xii) the implementation by donor countries concerned of the agreed target of 0.7 per cent of their GNP as ODA flows to developing countries.

In the Special Memorandum the ECA Conference of Ministers has proposed that the Secretary-General should consider the establishment of a high-powered commission to evaluate multilateral

and bilateral assistance in Africa with a view to improving the effectiveness of the former and its complementarity with the latter. Such a Commission would also look into the important questions of aid co-ordination, modalities and delivery to African Governments.

On external debt, a number of proposals aimed at reducing the debt burdens of African countries have been put forward. In this connection, I must appeal to all the distinguished members of ECOSOC to study most carefully The Addis Ababa Declaration on Africa's External Indebtedness which was adopted by the African Ministers of Finance and which has put forward for the first time Africa's collective viewpoints on this very important issue. It must be noted that although this debt crisis is more dramatic in other third world regions, the debt burden in Africa has grown more rapidly than in any other region, with debt service ratio rising from 10.7 per cent in 1980 to 22.4 per cent in 1983, on the average.

The increasing debt burden has now spread to all exporting countries which no longer have surplus funds and, equally unfortunately, no particular attention has been paid to the case of many African countries whose poverty has prevented them from obtaining more loans. For instance, in its latest publication entitled "Sub-Saharan Africa: Progress Report on Development Prospects and Programme", which was published in 1983, the World Bank has indicated that only nine African countries can currently borrow exclusively on its terms while four others can borrow only on the basis of a blend of IBRD and IDA funds. Increasing numbers of African countries have had to accept harsh terms in order to restructure their public and private debts. The intervention of the international financial institutions has often been confined to short-term impact of the crisis without contributing to long-term solutions.

It is these factors that have made the African Ministers of Finance propose inter alia in their Addis Ababa Declaration on Africa's External Indebtedness a number of special debt relief measures which are very pertinent to your deliberations such as:

- (i) full implementation of UNCTAD resolution 165 (S-IX) on a non-discriminatory basis;
- (ii) debt reorganization schemes providing at least a 5-year period for consolidating debt service and allowing no less than 15 years for the repayment of the consolidated debt;
- (iii) a moratorium for at least 3-5 years on debt servicing;
- (iv) a reasonable ceiling on debt service ratio; and
- (v) fairer and more far-reaching multilateral arrangements for reorganizing African countries' debt servicing obligations.

Also, increased balance-of-payments support is necessary to assist African countries in their rehabilitation, reconstruction and revitalization effort, as well as less insistence on the adoption of harsh austerity measures and systematic devaluation by African Governments as such measures more often than not exacerbate rather than ameliorate the African crisis. In the words of the Addis Ababa Declaration on Africa's External Indebtedness "external stability cannot be allowed to take precedence over social welfare, any more than economic stability can be bought at the price of political destabilization".

In other respects if development objectives are not to be jeopardized, an agreement would have to be reached on setting a ceiling on interest rates

and consideration given to the possibility of converting accumulated arrears of interest payments, especially those which have resulted from recent increases in the levels of interest rates into grants as a way of assisting Africa to rehabilitate its devastated economies.

With regard to the alleviation of external debt through fair trade practices, the Addis Ababa Declaration on Africa's External Indebtedness urges that repayments of foreign debt by African countries should be linked to their export earnings. In this connection, it urges industrialized countries to remove protectionist barriers against African exports and that when African countries incur debts by buying costly equipment from industrialized countries in order to produce and supply goods to the lending countries under contract, loan repayments should be conditional on such industrialized countries honouring their contractual purchasing obligations.

Finally, the Special Memorandum puts forward specific proposals for revitalizing Africa's ailing manufacturing industry and enhancing its capacity to contribute effectively to the rehabilitation, reconstruction and revitalization of the continent's economies and in particular the agricultural sector.

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This brings me to long-term structural adjustment issues. As I said at the beginning of this statement, the long-term challenge which faces Africa is to transform its economies from its present dependent status to a fully self-reliant and self-sustaining one so that Africa can emerge as a true and effective partner of the international economy. In this connection, there is no viable alternative to the single purpose pursuit of the objectives of the Lagos Plan of Action and the Final Act of Lagos. And for it to accomplish this task in the face of its rapidly increasing population, it needs the acceptance by the entire international

community that its continued economic backwardness constitutes a danger to world peace and stability.

That is why it is essential that the international community accepts the agenda for action which I have outlined in this statement. This is why it is most important that the international community respond positively, magnanimously and speedily to the various proposals put forward by the ECA Conference of Ministers in order to resolve the present economic and social crisis that is crippling the continent. And, finally, this is why it is important that the African Governments must continue with their efforts to institute fundamental domestic policy reforms and accelerate the process of structural change for achieving the Lagos Plan of Action objectives. But for them to be able to do this successfully, they, more than ever before need the full support of the member States of the Organization for Economic Co-operation and Development (OECD), of the member States of the Council for Mutual Economic Assistance (CMEA) and of all the developing countries of the Third World, as well as that of multilateral and bilateral institutions. I am convinced that given the necessary support, Africa is capable, in the not-too-distant future to move from an economically crisis-ridden continent into an economically dynamic one to the enrichment of mankind. It is within the means of the international community to help African Governments to turn Africa's present despair into hope.

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