WHAT PROSPECTS FOR AFRICAN ECONOMIC RECOVERY?

By
Adebayo Adedeji

UNITED NATIONS
Economic Commission for Africa

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**Introductory Note**

The African economic crisis has been the subject of much discussion both within the continent and at the international level. From differing perspectives, the crisis had been analysed and an array of measures and actions proposed for dealing with it, both in terms of recovery in the short run and development in the long run. Africa took the lead in July 1985 when the twenty-first ordinary session of the Assembly of Heads of State and Government of the Organization of African Unity (OAU) adopted *Africa's Priority Programme for Economic Recovery, 1986-1990* (APPER).

At the request of African Governments, the United Nations General Assembly convened a Special Session on the Critical Economic Situation in Africa from 27 May to 1 June 1986, the first-ever special session to consider the economic situation of a specific region. After comprehensive discussions of the economic situation in Africa and long negotiations, the General Assembly adopted the *United Nations Programme of Action for African Economic Recovery and Development, 1986-1990* (UN-PAAERD). This programme recorded the commitment of the international community to supplement the initiatives being undertaken by African States to foster recovery and it spelt out concrete actions to be taken towards this end.

At the bilateral level, developed countries, either individually or in the forms of regional groupings have, similarly, assessed the performance of African economies and identified steps to be taken to further the process of recovery.

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What has become of all these activities? Are the commitments entered into, whether by Africans themselves or by the international community, being honoured? And what actually is the situation on the ground - is there any discernible evidence of a turning point? From the vantage point of chief executive of the United Nations Economic Commission for Africa (ECA), Professor Adedeji has in the course of almost two dozen speeches delivered in 1988 examined recent developments related to these and similar questions. Four of these statements are included in this collection. All of them were delivered to different audiences - the international media and diplomatic corps based in Addis Ababa, the ECA Conference of Ministers of Planning and Development and its Technical Preparatory Committee of the Whole, and the Council of Ministers of the OAU.

Students of African economic development, decision-makers concerned about the current situation and trends, and the general public, will find in these statements a frank and incisive analysis of where things now stand and policy prescriptions and actions for the future.
CHAPTER 1


Statement made
before the Corps Diplomatique and
the International Community

4 January 1988
Addis Ababa, Ethiopia
A. Introduction

The year 1987 was a most disappointing year for Africa. Contrary to our expectations overall economic performance was very poor. In spite of the restructuring process and wide-ranging reforms that have been initiated and pursued in most of our member States and the untiring efforts at policy adjustments, the region's economy has not significantly improved in 1987, due to the unabating negative influence of exogenous factors and constraints on African economic performance. With the continuing sluggish performance in overall output and the high levels of unemployment and population growth, there were hardly any improvements to be expected in the incomes of the majority of the African population. Indeed, output per head fell further in 1987, decreasing by about 1.5 per cent following the annual average decline of about 3.4 per cent that has taken place since 1980. This reduction in income, coupled with the decline in the availability of essential goods and services in most of our countries, has meant that overall living standards have continued to deteriorate.

During 1987, the African countries and Governments demonstrated, more than ever before, their continued commitment to APPER and the UN-PAAERD, and their determination to pursue vigorously and relentlessly most of the required policy measures and actions. Unfortunately, the response of the international community was grossly inadequate, leaving one to wonder what has become of the many expressions of international solidarity on which the UN-PAAERD was predicated. Two years have now
passed since the adoption of APPER and yet the rays of hope for an imminent economic turnaround are far from being discernible.

Notwithstanding the overall poor economic performance in the region in 1987, however, some countries have decidedly done very well, a further confirmation of my observation last year that the African economy has changed for the better at least in one important respect, from one of uniform disaster to one that is increasingly and distinctly marginally better, at least for some countries. However, unlike last year when as many as 30 countries achieved an overall growth rate in output of over 3 per cent and 13 of these had overall growth rates of 5 per cent and above, a smaller number of countries - 23 in all - achieved positive growth rates of 3 per cent and above in 1987. Other positive developments include the mild recovery in overall commodity prices, with the commodity price index for the region rising by about 19 per cent in contrast to the fall of about 44 per cent in 1986, although such prices, on average, represented no more than 57 per cent of their 1980 levels. The firming up of oil prices accounted, however, for most of the gain in commodity prices, and although it has been some source of relief to the hard-hit oil economies of the region, the real gains in dollar terms have been heavily compromised and eroded by the dollar slide against other leading international currencies. Indeed, the over-supply of oil coupled with the quota restrictions of OPEC have negatively affected the volume of production of major oil producers in Africa.

On the negative side, there has been a rapid and unexpected deterioration in overall food production on the continent in 1987. For instance, cereal production is estimated to have fallen by about 10 per cent, leading to forecasts of increased food-aid requirements.
for 1987-1988. Indeed, but for accumulated stocks, and tubers and root crops which, because of their greater resistance to weather variations, are usually available in many countries as a bulwark in times of cereal harvest failures, the aggregate food position on the continent would have been significantly worse in 1987. This is in sharp contrast to the situation in 1986 when, for a handful of countries, the real problem was how to dispose of exceptional food surpluses internally. This year, a disturbing aspect of the food situation in some parts of the region is the potential lack of supply even from countries that normally provide a surplus. As it is, drought has returned once again in full force in a number of African countries, especially in Eastern and Southern Africa, emphasizing the extreme vulnerability of the region to the scourge of climatic failures - a situation made worse by the fact that some of the affected countries are also stricken by civil strife, and have thus had their agriculture labour under the yoke of a double paralysis. In addition, the cumulative external debt of Africa was on the increase in 1987, with a growing number of countries either outrightly unable to service their debts or maintain any tolerable level of imports without recourse to the IMF, the World Bank or accumulation in payment of arrears. By now, the generality of African Governments and the creditor banks also, I believe, have become extremely fatigued with complex and seemingly endless process of renewed debt rescheduling negotiations. So serious is the debt and debt-servicing problem in Africa, particularly in the face of dwindling export earnings and stagnant ODA, that African Heads of State and Government held an extraordinary summit meeting of OAU in November/December 1987 on Africa's external indebtedness.

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In the face of the unbearable debt burden and the decline in credit-worthiness that the countries of the region have had to face in 1987, the level of capital inflow remained depressed for most of the year with little promises of improvement even in the near future, in view of the likely impact of the recent stock market crash in decreasing the lending capacity of the international market. In addition, there can be little doubt that the current crisis in the world's currency and stock markets has added further uncertainty to Africa's immediate economic prospects.

B. Economic performance in 1987

1. Overall performance

Available information indicate that the region's output grew only by 1.5 per cent in 1987 which, compared to 1986, represents a modest improvement but decidedly falls short of our forecasts and expectations which were far from being over-optimistic. With the concrete steps towards economic reforms and adjustment in many of our countries in 1987 and the substantial improvements in weather conditions in 1986, it had been hoped that the improved agricultural performance will continue and that a growth rate of at least 2 per cent in overall output would be achieved. It has now turned out that we might have been rather sanguine about prospects for the year. Both the improvements in the oil market and a 'mini-boom' in the prices of some export commodities like copper contributed to some favourable changes in the terms of trade. But this was more than offset by the poor performance of other major commodities. Most importantly, agriculture, the number one priority sector, did not perform too well. Certainly,
the marginal improvement in overall output from the 1.2 per cent in 1986 is not what will take the African economy up the hill of economic stagnation into the recovery slope.

The declining trend in aggregate consumption continued in 1987, with private and public spending both sharing in the decline. Aggregate investment also declined, with the huge budgetary and external deficits bringing down the rate of capital formation to negative levels.

This global picture does not necessarily, of course, capture or reveal the divergence or variability in performance among countries and between the subregions in a continent as vast or diverse as ours. Despite the deterioration or slow growth in aggregate output in the vast and overwhelming majority of countries, growth is expected to reach or exceed 5 per cent in a few number of countries such as Botswana, Egypt, Kenya, Mauritius, the Niger, Rwanda, the Sudan and Uganda. Among the oil producers, countries such as the Congo, Cameroon and Gabon, because of the lag in their fiscal systems, have had to endure during the year the full contractionary impact of the 1986 lower oil prices, while for others, especially the larger ones such as Nigeria, the improvements in government fiscal operations in 1987 have been far from sufficient to push up growth or enhance it beyond the levels attained in 1986. The remaining non-oil producing countries have generally stagnated or declined in 1987. At the subregional level, aggregate growth rate was highest in North Africa, at about 2.5 per cent, followed by East Africa with 2.2 per cent, but overall output declines of
1.5 and 1.2 per cent respectively were recorded in West and Central Africa.

2. Sectoral trends

In spite of positive measures taken by many African countries in the food and agricultural sector, the sector did not, unfortunately, grow by more than 1.0 per cent in 1987, compared to the growth rates of 3 per cent achieved in 1986 and 2.5 per cent in 1985. The unwelcome result, for some parts of the continent, is renewed deterioration in the food supply situation and a rise in food deficits and food-aid dependence. Both total and per capita food production were on the decline in 1987.

From information available at the ECA secretariat, the overall harvest in the West African subregion is down from that of 1986 while cereals production prospects have been mixed for the Sahelian countries. The unusually prolonged rains have benefitted late planting of crops in several countries along the Gulf of Guinea, but the same rains severely hampered harvesting operations and delayed land preparation for the second maize crops in countries such as Benin, Côte d'Ivoire, Togo and Nigeria where cereal crops were already adversely affected earlier in the year by late and below-normal rains. Whereas the overall crop prospects have been favourable in such Sahelian countries as Mauritania, Cape Verde, the Gambia, Guinea-Bissau and Senegal, harvest prospects have, in contrast, been unfavourable in the Niger, Mali, Burkina Faso and Chad due mainly to late, inadequate and poorly distributed rains. In the Central African subregion, harvests have been generally satisfactory except in the Central African Republic whereas harvests...
are expected to be poor in Southern Africa, due to prolonged dry
spells, with almost complete crop failures reported in some areas
of Malawi, Zambia, Botswana and Zimbabwe. The picture in North
Africa is also mixed, with Egypt and Algeria recording increased
output of cereals while Morocco has suffered a sharp decline in
cereals production, mainly due to bad spring rains. The unfavourable
weather has also adversely affected millet cultivation in the northern
part of the Sudan. In Eastern Africa, good grain harvests are
recorded or expected in the United Republic of Tanzania and Kenya
but there is serious concern about Ethiopia where, despite widespread
rainfall in August, the overall harvest is expected to be well below
average and severe crop failures are now almost certain to take
place in several areas, particularly in the north. Inadequate and
irregular rains have also been a problem in some parts of the Sudan
and Uganda.

Added to the overall deterioration in food and agricultural
production in 1987 as a result of adverse weather conditions is
the pressure that continued to be imposed by refugees and civil
strife. For this reason, the food supply situation has remained
precarious in countries such as Angola, Mozambique, the Sudan
and Ethiopia, all of which continue to face famine and therefore
require, in varying degrees, increased food aid. Indeed, the food-
aid requirements of Mozambique were of emergency proportions
and necessitated the convening of a special donor Conference on
24 March 1987 by the Secretary-General of the United Nations.
The Government of Angola declared a state of emergency on account
of the gravity of the food situation while in Ethiopia food-aid
requirements are not estimated to be substantially higher than
those of 1984/85, at the height of the Great African Drought
Disaster.
Manufacturing growth continued to be constrained in 1987 by lack of the foreign exchange required to import necessary factor inputs. Capacity utilization, which improved significantly with the 1986 recovery in the agricultural sector and the substantial increase in the availability of agricultural raw materials to the agro-industries, did not record significant strides in 1987. Perhaps the most positive development during the year is the industrial restructuring that has been taking place in many countries with emphasis on small-scale enterprises as well as on the role of the private sector.

Developments in the mining sector as a whole have been greatly influenced in 1987, as it was in previous years, by the developments in the world market for mineral products and by the structural limitations of the non-fuel subsector. Largely because of the adherence of the OPEC group to its quota agreement and partly because of the reduction in carry-over stocks in the industrial countries of the West, oil prices have firmed up and have more or less remained stable at around OPEC's reference price of $18 a barrel. Total oil production in the region, however, dropped by about 5 per cent in 1987 to around 230 million tons. This was a reflection of the fall in the production of the four African OPEC members by 9.7 per cent to about 150 million tons as non-OPEC members have continued to raise their share to about 35 per cent of total regional oil production.

In addition to oil, the prices of almost all major non-fuel mineral products have posted some noticeable increases although, with the exception of manganese and iron ore, all have remained below three-quarters of their 1980 levels. For instance, metal prices increased by about 12.6 per cent in 1987 although they are
only still some 74 per cent of their 1980 levels. The prices of minerals such as silver and tin have remained barely above one-third of their 1980 levels even with their rising by about 1.2 per cent in 1987. The only major African minerals which showed considerable promise are copper, gold and diamonds, whose prices rose by 13.7, 18.2 and 15 per cent respectively in 1987. However, because of production difficulties, regional copper output fell by about 3 per cent, depriving, in particular, such leading African copper exporters as Zaire and Zambia of the full advantage and benefits of the bullish market situation. In Zambia, for instance, scarcity of foreign exchange has greatly impaired imports of equipment and other vital production inputs necessary for increased output. However, the boom in copper price is believed to be only temporary as the mineral is forecast by most experts to move into an over-supply situation in 1988 when prices are expected to fall sharply by up to 20 per cent of their 1987 levels. Gold is perhaps the only major mineral commodity produced by the region in a great number of countries, albeit in small quantities, which seems to be holding firm in the international market, due in part to the current uncertainty engulfing the world money and stock markets. In fact, even before this development, a number of countries in the region had opened up new mines and exploratory results have been generally encouraging for mining low-cost gold in many of them.

Year-to-year price and demand fluctuations aside, the long-standing structural limitations of the non-fuel subsector are becoming an increasing source of concern as sources of new investable funds have started to dry-up and rehabilitation efforts handicapped by lack of domestic expertise and poor infrastructure. These difficulties
make the adjustment process in the mineral-dependent countries of Africa even more difficult and painful.

3. The external sector

Trade flows do not appear to have changed much in 1987. Despite the rise in oil and metal prices, the countervailing effects of lower outputs and the tumble of coffee, cocoa and tea prices were such that aggregate value of exports fell in 1987 and are estimated provisionally at only $US 45 billion, which is less than 1986 export values by 5.7 per cent, and by as much as 29.7 per cent less than the 1985 export values. Among oil producers, only Angola and Egypt have managed to substantially raise their production levels. Even with the decrease in oil production, however, the oil revenues of African OPEC members rose by about 16.2 per cent in 1987 while those of the non-OPEC members increased by about 35 per cent.

With aggregate African export values down in 1987 and imports remaining virtually unchanged, at $US 53.2 billion, the balance of merchandise trade ended in deficit. The pressure would have, in fact, been greater but for the adoption of import restriction policies in virtually all African countries. It is too early to judge or to be certain about the overall effects of the observed trends on the balance of payments but available information suggests that the current account deficit has widened rather than improved in 1987.

Africa's debt and debt-servicing obligations also continued to grow in 1987, marking out the debt crisis as the single most
critical factor of the region's prevailing social and economic crisis. The huge total debt of the region now stands at more than $US 200 billion with its debt-servicing obligations of about $25 billion per annum. The debt burden continues to exercise a tremendously negative impact on the availability of resources for economic development on the continent. Despite some noticeable recovery in the market prices for a few commodities of interest to the African countries, the substantial decline in the demand for primary commodities in the traditional markets of the developed countries continued to be a devastating factor aggravating the debt crisis as are the significant decreases in official development assistance (ODA) in real terms and the decline in the net flows of direct foreign investment.

C. Prospects for 1988

The economic signposts for the coming year appear quite uncertain and confusing, to say the least. Apart from the precarious and perilous nature of any forecasting exercise in a situation of so few and scattered data, there are at present so many unknowns and so much uncertainty in the world economy. Hence, for the first time in many years, we have decided to work out, at ECA this year, three instead of two scenarios as has customarily been the practice.

The prospects for the African economy in 1988 would depend on several factors, the most decisive four being:

- The weather situation, especially after the not too favourable rains that have adversely affected Africa's agriculture in 1987;
- Pursuit by the African Governments of domestic reforms and sound economic management;

- Developments in the international environment at large;

- Response of the international community to the commitments which they entered into under the UN-PAAERD.

Based on the presumption that strong agricultural growth, stable oil prices and a modest rise in non-oil African export prices are likely to prevail in 1988, we expect the growth rate of overall production would be between 3 and 4 per cent. The other assumptions underlying this scenario are that the international community will respond more positively to Africa's recovery and development needs in 1988 and that the international environment will not further be disrupted even if there were to be no significant or major improvements in 1988. While it must be admitted that all available signs do not necessarily point in the direction that the economic prospects for 1988 will be significantly better than for 1987, there are some favourable features on the horizon. Already, there are indications that the weather may be more favourable to agriculture in 1988, judging from the reported advent of rains in Eastern and Southern Africa in the latter part of 1987, and the prospects of good rainy seasons that have been forecast for the other parts of the region in 1988. A number of important initiatives have been taking place in various platforms and fora such as the Paris Club, the Venice Summit and the Development Committee of the World Bank and the IMF, all of which lead us to believe, if they were to be intensified as indeed they should be, that the commitment
of the international community is basically still alive, and that a breakthrough in genuine development assistance to Africa may not be that far away. We have also reasons to be hopeful that the current rallies in the world equity markets will turn into a sustained recovery, that the current efforts of the major industrialized countries aimed at better co-ordination of economic policies and at stabilizing the world economy will bear fruit and thereby avert a major recession, and, that, following the recent extraordinary Assembly of the Heads of State and Government of the Organization of African Unity on Africa's indebtedness, and the many valuable proposals that have emanated from that summit, the problems of African debt and debt-servicing burden will be considerably ameliorated in 1988.

If, however, for one reason or the other, the weather conditions were to continue to be unfavourable in 1988 and/or it turned out we were unduly optimistic or wide off the mark in respect of the other underlying assumptions, say, the world economy or the response of the international community, or both, then the growth rate of the African economy could be very much less than stipulated above under our first scenario. That would indeed most likely be the case if, in addition, the ongoing collapse of the dollar and the October crash in world equity markets were to induce a fall in investment in the major industrial countries which would, in turn, bring about even lower resource transfers to Africa and further reductions in the demand for African exports, or if the efforts to find equitable and comprehensively sound solutions to Africa's debt situation were to end up in failure. Under this second scenario which, no doubt, is a pessimistic one, the rate of growth of GDP could turn out to be as low as, if not lower than, the 1987
actual level of about 1.5 per cent in spite of the continuation of the policy reforms and adjustment measures already taken by most African countries.

In between the two scenarios outlined above, there is a third possible, middle-of-the-road scenario which we have formulated on the basis of only two of the most critical and decisive factors in the African economic performance in 1988, namely good weather conditions and continued pursuit of sound policy reforms and adjustment measures in African countries. On the basis of this scenario, which obviously is neither as optimistic nor as pessimistic as our two other scenarios, the overall growth rate in output in 1988 could most probably reach 2.5 per cent. The point to emphasize about this scenario is that it indicates the likely fall-back position of African economic performance in 1988, in the event of all the decisive factors related to the international economic environment proving negative, and growth prospects having to depend entirely on Africa's own domestic efforts and favourable weather conditions.

D. The Challenge in 1988

In my end-of-year statement around this time last year, I noted that, given the dismal economic performance of the African region as a whole, nothing short of a vigorous implementation of the Recovery Programme would provide the hope and the means for recovery and the resumption of strong growth. I also stressed that for this to take place both Africa and its development partners will have to live up to the commitments they made within that Programme. In particular, the African Governments were to improve resource and macro-economic management, adhere to the specified
priorities, enhance their domestic resource mobilization and adopt appropriate policy reforms. The donor community were to adequately support and supplement those efforts.

Some of the policy actions that I outlined and urged on the African Governments include the intensification of efforts at domestic resource mobilization; structural transformation of agriculture, and, in particular, the realization of the investment target in agriculture of 20-25 per cent of total public investment as agreed to in APPER; continued efforts aimed at rationalizing public investment policies and improvements in the management of the economy; better management of the foreign debt and external assistance in general, and the strengthening of measures aimed at restraining debt accumulation; consolidation of African co-operation; and the initiative of earnest discussions and negotiations with development partners at the highest possible level with a view to giving concreteness and precision to the various commitments entered into in the UN-PAAERD. As for the international community, I called on them to match their expressed concerns about Africa's economic recovery with concrete deeds, particularly by: giving support on a sustained and sustainable basis to Africa's policy reforms measures; improving the quality and modality of external assistance and co-operation; instituting debt-relief measures in favour of Africa; and improving the external environment through policy measures such as elimination of protectionism, creation of improved market access, and encouragement of African diversification programmes.

Nineteen months have now elapsed since the adoption by consensus of the Action Programme on 1 June 1986, and this is
perhaps a sufficiently long enough time to monitor actions and assess the outcome of the joint efforts. A major success has been the resolve of the Africans themselves to put their house in order, recognizing that the primary responsibility for the development of their region rests first and foremost with them. This has amply been reflected in the actions taken at various national levels by the African Governments. While African Governments have showed the extent to which they are willing to go in order to get out of the economic crisis and in meeting the conditions that have been repeatedly emphasized by the major donors, it is regrettable that the efforts of the international community have not been up to expectations. Available statistics indicate that resource flows to Africa have declined further in real terms in 1987, and have been grossly inadequate to compensate for the fall in export earnings. This disappointing development in 1987, in terms of the response of the donor community, was reported by the Secretary-General of the United Nations in his first progress report to the forty-second session of the General Assembly to assess the implementation of the UN-PAAERD, namely that the African countries have done their utmost and have admirably honoured their commitment, so far, but that further deterioration in the external economic environment and the lack of adequate support from the international community have put the chances for the successful implementation of the Programme at serious risk. Some relief measures have, of course, been offered by some bilateral creditors, such as rescheduling of official debts, but these have generally been far from adequate in solving the African debt problem. I should like to note in this connection that the debt problem did feature frequently on the agenda of the major industrial countries in 1987, and that some countries have already blazed the trail by writing
off either partially or fully the official debts of their development partners. But, unless and until the debt problems of Africa are addressed in a comprehensive manner and linked with the commodities problem and the flow of ODA resources, the expectations created by the adoption of the UN-PAAERD on 1 June 1986 will not be realized.

Viewed against the above background and of the three alternative scenarios that I have already outlined in respect of the prospects for 1988, I can foresee no major change or changes in the main elements that should go into the package of measures for implementation in 1988 either on the part of the African countries and Governments, or by the international community. That the incoming year will be as challenging, if not in fact more challenging than the outgoing one, should be obvious enough. One of my tasks at this time of the year therefore is to make a renewed call and appeal to our various governments and to the international community at large to act in earnest and brace up for the challenge of 1988 by implementing the UN-PAAERD more vigorously than before. This is important in view of the fact that 1988 is the mid-term of the five-year Programme, and the United Nations General Assembly is required to undertake a mid-term review and appraisal of its implementation at its forty-third session in 1988. There can be no doubt therefore that what happens in 1988 is going to determine whether the Programme per se is worth pursuing any further or is already a write-off.

Talking about the challenge of 1988, it is important to point out at this stage that a lot would indeed depend on the international community, much more than before, and especially on how they
respond to the Black Monday. The world economy has been so badly handled in the past that some fresh initiatives and radically new approaches will be required in managing it in 1988 and beyond if the existing malfunctioning in the system is not to become endemic and self-destructive for everybody. That it is the developing countries, however, especially those of Africa, that stand to lose most from a debacle in the international economic system, there can be little doubt; judging from the huge losses that the current slide in the dollar has already meant to them, severally and individually, in terms of declining purchasing power and further worsening of the terms of trade. There is a saying that "when two elephants fight, it is the grass that suffers". Therefore, if only to obviate further trampling of the "African grass", there is a lot more that the "elephants" of the international community, in effect the OECD countries, must do in the coming year to secure international financial stability and the world economy at large by way of better management of the exchange rates, lower interest rates and less protectionism and lasting solutions in the commodities area, etc. - all of which are of profound interest and concern to the African countries. Indeed, unless the tricky issues of favourable external environment are squarely addressed and resolved, there would be no significant improvements in the African economy, no matter the quantum of development aid that may be made available to Africa.

At the level of ECA we are definitely not going to relent in the coming year on efforts aimed at helping our member countries to consolidate their economic recovery and usher in renewed growth. The year 1988 marks the anniversary of our 30 years in the service of Africa, and among the many activities planned in celebration
of that event are several special studies and reports, one of which aims at providing revised perspectives for African development beyond recovery, 1988–2008. In continued demonstration of our preoccupation with and practical interest in Africa's development, and as a follow-up on the implementation of APPER and the UN-PAAERD, we are, in addition, in conjunction with other agencies of the United Nations system, organizing in March 1988, in Khartoum, an International Conference on the Human Dimension of Africa's Economic Recovery and Development, the main aim of which is to sensitize governments and the international community to the need to institute measures to protect the welfare of the people and ensure the effective development and utilization of human resources. Human resources development, you will recall, is one of the four priority areas of development singled out in APPER and the UN-PAAERD. The International Conference, which will be hosted by the Government of the Republic of the Sudan, will reassess the central role of human resources in the development process, assess the impact of the economic crises and the resultant structural adjustment and policy reform measures on human welfare and human resources development, and propose practical measures for implementation at the sectoral, national, subregional, regional and international levels through which the strengthening and further development of human capabilities and the enhancement of human well-being are made integral parts of national strategies, plans and programmes of recovery and development.

The Khartoum International Conference follows logically, of course, an earlier one organized jointly in June 1987 by ECA and the Federal Republic of Nigeria and in collaboration with the Organization of African Unity and the African Development Bank,
on Africa: The Challenge of Economic Recovery and Accelerated Development, as a major follow-up action at the regional level to the special session of the United Nations General Assembly. The Abuja Statement which emanated from that international conference has since become not only the subject of debate, discussion and decisions but also a spur to action in government corridors and offices all over the continent and at the headquarters of international financial and development organizations.

E. Conclusion

From the above review, it is clear that the year 1988 is full of uncertainty. Both the difficult international economic environment and the resulting impact on most African countries point to dim prospects for Africa's economic recovery. Indeed, unless the situation is properly managed in a concerted manner, all efforts currently deployed by the African Governments in terms of drastic domestic policy reforms will be frustrated.

Africa's economic recovery calls for an integrated approach to the issue of resource flows. Debt, primary commodities export, interest rates, official development assistance and other direct transfers need to be dealt with simultaneously and in their complex interrelationships to ensure that adequate resources are available to African countries for implementing their respective recovery programmes. Now that Africa has shown its full determination to implement all measures required for a speedy economic recovery and for laying the foundations for self-sustained long-term development, it is a moral responsibility for the international
community to support such efforts, in conformity with commitments made in the context of the UN-PAAERD.

It is also in that context that African Heads of State and Government have, during the third extraordinary summit of the OAU about one month ago, adopted a common position on Africa's external debt, and provided concrete and realistic proposals aimed at finding suitable solutions to the problem of resource flows to Africa. It is therefore my earnest hope that a constructive dialogue will take place early in 1988, between Africa and its creditors, especially the OECD countries, with a view to arriving at such solutions. Thus, by the time of the forty-third session of the General Assembly of the United Nations which will undertake a mid-term evaluation of the implementation of the UN-PAAERD, the present incongruity between Africa and its major development partners would have disappeared.

While I appeal to the African countries not to relent in their development efforts, since theirs is the primary responsibility for the economic recovery of the continent, I trust that the international community will also come to realize that a depressed and stagnant African economy is a threat to world peace. Hence, there is an evident need for Africa and the rest of the world to move closely together to concretize the consensus reached at the thirteenth special session of the United Nations General Assembly in June 1986 when the UN-PAAERD was adopted.
CHAPTER 2

A MID-TERM REVIEW OF THE IMPLEMENTATION
OF AFRICA'S RECOVERY PROGRAMME

Statement made
at the opening of the ninth meeting of the
Technical Preparatory Committee of the Whole

6 April 1988
Niamey, Niger
In a few weeks' time, on 29 April 1988 to be exact, it will be thirty years since the Economic Commission for Africa was established by the General Assembly of the United Nations. Thus, we shall have the opportunity in a few days' time, during the meeting of the Ministers, to commemorate collectively this very important landmark in the life of the Commission. TEPCOW itself was established only nine years ago in 1979 to replace both the Executive Committee and the Technical Committee of Experts which had served the Commission in the ten years before then. All will agree with me that in the relatively short period of time since its establishment, this Committee has already made an indelible mark on the life and functioning of the Commission. In celebrating the thirtieth anniversary of the Commission, therefore, we also recognize the very significant contribution that your Committee has made in fashioning the Commission into the valuable instrument for the promotion of economic, social and technological development that it is today. It is my great pleasure to congratulate each and every one of you on this august occasion.

**Mid-term review of UN-PAAERD**

This year's session of the Commission is significant in another respect. We are now approaching the halfway mark of the period covered by the United Nations Programme of Action for African Economic Recovery and Development, 1986-1990 (UN-PAAERD). In adopting the UN-PAAERD on 1 June 1986 through the action of the General Assembly of the United Nations at its thirteenth special session, the international community endorsed the path of honour and integrity that African countries had chosen for themselves within the framework of Africa's Priority Programme.
for Economic Recovery, 1986-1990 (PPER), to pull themselves out of the quagmire of economic stagnation and decline, onto the path of recovery and development. The international community also committed itself to providing the necessary financial and technical support as well as the right external environment to enable the early realization of the goals and objectives of APPER.

At the mid-point in the implementation of the UN-PAAERD, much water has already flowed under the African economic bridge. Members of TEPCOW are all too familiar with the sense of urgency and devotion with which African Governments across the continent have been putting in to effect the required policy reforms and adjustment measures. We are also all too familiar with the sacrifices, especially in social terms, that these efforts have entailed. In several specific instances we cannot but regard with profound admiration the political courage of the African leadership in pushing through some of these measures - all of which imposed additional sacrifices on people whose standards of living have been falling consistently since 1980.

At the level of the Commission and its secretariat, we have not for once, relented in our efforts to ensure that the momentum generated by the special session of the General Assembly for Africa's economic recovery and development is maintained and sustained. We have not ceased to address the practical requirements of the implementation of the UN-PAAERD, including the kinds of specific measures and actions that both African countries and Governments and the international community should take in pursuit of the goals and objectives of the Programme. I should, perhaps, in this connection, and at this juncture, commend to all of you the
"Khartoum Declaration: Towards a human-focused approach to socio-economic recovery and development in Africa" adopted by the International Conference on the Human Dimension of Africa's Economic Recovery and Development which was organized by ECA in collaboration with other agencies of the United Nations system and hosted in Khartoum by the Government of the Sudan only a few weeks ago. The Khartoum Conference of course followed the earlier International Conference on Africa: the Challenge of Economic Recovery and Accelerated Development which was organized in Abuja, Nigeria, in June last year by ECA and the Federal Government of Nigeria in collaboration with the Organization of African Unity and the African Development Bank. The major outcome of that Conference - the "Abuja Statement" - has since become a spur to action in respect of the recovery and development process in Africa.

This Committee will receive a full report on these conferences under the appropriate items of the agenda. It will suffice to say here that both conferences were held as a direct follow-up on the implementation of APPER and the UN-PAAERD, and out of our genuine concern with the need to place both programmes in their proper context and to promote a deeper understanding of their principles and basis as well as the implications of the policy issues and choices involved, with a view to enhancing their successful implementation.

However, a basic conclusion of the Abuja International Conference bears repeating here and this is that, while there have been demonstrated domestic limitations and constraints to Africa's own efforts at recovery and development, the most fundamental
stumbling blocks have been of external origin. Says the Abuja Statement: "The collapse of international commodity prices has drastically reduced the actual and potential earnings from increased volume of commodity exports; the expected inflow in the level of resources to support the recovery process has not been forthcoming to the extent they can have an adequate impact on the situation; and additional external debt-service burdens have put serious limits on what can be mobilized to promote domestic reconstruction and development as envisaged in APPER and UN-PAAERD".

There has virtually been no change in this situation since that Statement was adopted, and, in effect, it is precisely because of these factors that at the same time as they were initiating reform measures, African Governments have had to grapple with falling total consumption, contracting import volumes and fixed capital formation, and sluggish economic growth generally.

Members of the Committee will recall that in resolution 607 (XXII) adopted by the Conference of Ministers at its meeting last year, the secretariat was requested to provide all necessary assistance to the Government of Niger in the organization of the international symposium on "Grass-root development" which the Government was convening at its own initiative. That symposium did take place here in Niamey from 8 to 13 June 1987 and, for us, it represented, among other things, a concrete example of what member States can do to bring about a more comprehensive understanding of the practical implications of some of the issues addressed in APPER and the UN-PAAERD. The Niamey Declaration
on Grass-root Development which the symposium adopted is a valuable guide to grass-root development, particularly in the context of Africa's prevailing crisis. I should like to take this opportunity to congratulate the Government of Niger for its wisdom in organizing the symposium and for its resounding success.

As provided for in the UN-PAAERD, the General Assembly will, this year, carry out a review and appraisal of the implementation of the Programme during its forthcoming forty-third session. The Assembly had indeed, at its forty-second session last year, established an Ad hoc Committee of the Whole entrusted with the preparation of the review and appraisal. ECOSOC had, at its organizational session held earlier this year, invited all relevant intergovernmental and non-governmental organizations to submit, to the Ad hoc Committee, reports not only on their contributions to the implementation of the Programme of Action but also on particular perspectives and further measures that need to be taken. This is an invitation which the ECA Conference of Ministers must respond to and as usual it will be for your Committee to prepare that response for the approval of the Ministers.

The UN-PAAERD remains the best hope and means Africa has for moving out of the current crisis. We must, therefore, in the mid-term review and appraisal of its implementation, give very serious thought to corrective measures that should be taken where necessary so that the Programme is saved at all cost. This is one of the most important tasks before the Conference of Ministers at this session and I have no doubt that TEPCOW will give the subject the seriousness it deserves.
Review of the economic performance of Africa in 1987, and prospects for 1988

It is against the background of the slump in commodity prices, the level of resource inflows that is far short of actual requirements, and the aggravation of the excruciating debt burden that current trends in the economic and social situation in Africa should primarily be judged. While in 1987, commodity prices on the average rose, the rise in the prices of non-fuel commodities of export interest to Africa was on average only 2.9 per cent against 1.8 per cent in 1986. They were, on average, still 18.6 per cent below their 1980 levels. Oil prices have firmed up somewhat since their low level of $US 8 a barrel in August 1986. However, because of sluggish international demand for oil and the slide of the dollar against other leading international currencies, most oil-exporting African countries could not realize increases in the value of their exports commensurate with the level of increase in oil prices. These countries have had to resort to more import restrictions to release resources for debt servicing and to contain balance-of-payments problems, with damaging effects particularly on investment spending and manufacturing industry. The cumulative external debt of Africa itself rose again in 1987 reaching $US 218.2 billion. The regional average debt-service ratio was 35.8 per cent in 1987, having fallen from 42.7 per cent in 1986. The current crisis in the international currency and stock markets has itself, in the face of Africa's substantially diminished credit-worthiness, combined to preclude any improvement in the level of capital inflows. These actually fell by $US 0.6 billion in 1987.
To these factors, which together constitute veritable strangleholds on recovery and growth and development in Africa, must, of course, be added the devastating impact of unfavourable weather conditions. In 1987, inadequate or poorly distributed rains in some parts of the continent, especially the Sahel, and the return of dry spells in others, notably Ethiopia and some Southern African countries, have almost wiped out the gains in agricultural, especially food, production made during the recovery in the food and agriculture sector in 1985 and 1986.

Our revised estimates for total regional output indicate an average rate of growth of only 0.8 per cent in 1987 which compares with 0.5 per cent in 1986 and, in the face of the prevailing average rate of population growth of about 3 per cent and high levels of unemployment, imply a further deterioration in overall living standards. Performance in both groups of oil-exporting and non-oil-exporting countries was uniformly poor: the former for reasons I have just stated, managing an overall growth rate of 2.8 per cent: there were little differences in the fortunes of the other subregions. There were also very few bright spots at the individual country level, with Mauritius' over 8 per cent rate of growth standing out prominently in a picture that is generally dismal. A total of 15 countries saw their economies decline outright.

Developments in 1987 in the food and agriculture sector — the number one priority sector — have been particularly saddening. Coming after the fairly healthy recovery realized in 1985 and the modest growth of 3 per cent in 1986, the negligible rate of expansion in total output in the sector, of 0.5 per cent in 1987, must be taken
as a serious setback in the overall economic recovery process. The food subsector was particularly affected with cereal production for the region as a whole estimated to have fallen by about 8 per cent while that of tubers rose by only 1.6 per cent. In the Sahel, food production was 10 per cent below the 1986 level, due largely to erratic rainfall which also adversely affected harvests in the Sudan and Uganda. The return of drought conditions led to near-total crop failures in Ethiopia, and some Southern African countries such as Botswana, Malawi, Zambia and Zimbabwe. The food shortage situation was of emergency dimensions in Angola, Mozambique, the Sudan and Ethiopia, all of which required varying degrees of increased food aid. The situation with respect to the production of industrial crops was somewhat better with such crops as coffee, cotton, cocoa, tea, tobacco registering substantial increases in production. However, the general fall in the international prices of these crops was especially damaging to the trade sector of the major exporters of these crops, particularly Côte d'Ivoire and Kenya.

The excessive dependence of the manufacturing sector on foreign factor inputs, including raw materials has, in the prevailing tight foreign exchange resource situation, meant continuing low growth and widespread capacity under-utilization. The potentials of the sector as a source of employment, income and welfare benefits are accordingly far from being optimally harnessed.

Development in the mining sector was no more encouraging. While as I have already mentioned, oil prices firmed up in 1987 and were in fact maintained at around OPEC's reference price of $US 18 a barrel for most of the year, this level was still far below the pre-1986 level and in some countries barely sufficient for
profitable production. This, coupled with the mandatory reduction of production under OPEC's quota system and international demand conditions for oil, led to a fall in total petroleum production in the four African members of OPEC of 9.7 per cent in 1987, leading to a decline of 5 per cent in the total regional output of petroleum, the non-members of OPEC having increased their total output by 4.9 per cent. There were pronounced price increases for some of the non-fuel commodities especially aluminium, copper, lead, gold and diamond in 1987. However, production difficulties arising mainly from lack of equipment and other production inputs as well as inadequate transport facilities in such major metal-producing countries as Zambia and Zaire have precluded maximum advantage being taken of the buoyant market conditions for metals. As investible funds become scarcer, these production difficulties will become even more acute, making the recovery and adjustment process more complicated in the mineral-dependent countries.

Africa's economic prospects in 1988 and the immediate future are shrouded in numerous imponderables. At this stage, the general prognosis, in view of the gaps in fiscal balances, the instability in exchange rate parities and the uncertainties in world equity markets, is the possibility of a recession in the developed market economies especially of Europe and North America unless the governments concerned take the required corrective measures particularly in respect of the better management of exchange and interest rates and ensuring a more stable international trade and finance system generally. The effects of a recession in Europe and North America will of course be automatically felt in Africa. There will be even lower earnings from Africa's exports. Resource transfers will decline further. The scheduled debt-service burden
will reach unsustainable levels in many countries. Under this scenario, we are in for a very difficult time indeed, much more difficult than in 1987.

However, if one were to be optimistic and hope that the governments of the industrialized countries will take up their responsibilities and avert a major recession in 1988 and 1989, favourable assumptions would have to be made regarding the weather which should be more congenial to agriculture; the value of the United States dollar which should not fall below its October/November 1987 level and specifically not below 280 CFA francs; the price of oil which should at least remain at this OPEC benchmark of $US 18 a barrel and which, if it should fall at all, should not fall below $US 16 a barrel; non-fuel commodity prices which while they may not on average be more favourable than in 1987 should at least not decline substantially; and above all, the continuation by African Governments of the domestic policy reforms and adjustment measures initiated in the key sectors of their national economies, which remain essential pre-conditions for any growth and development in spite of the related difficulties. If these assumptions obtain, the growth rate in overall regional production should be around 2.7 per cent in 1988, which is still less than the estimated average rate of population growth.

In either of the two scenarios just outlined, the prospects for Africa are far from encouraging. All these point to the need to find appropriate solutions to the issue of resource flows to Africa. For enhanced growth, such flows must be substantially increased. I have argued before that the issue of debt, primary commodity export, interest rates, official development assistance and other
direct transfers should be dealt with simultaneously and in their complex interrelationships for any meaningful and lasting solutions to be found. The Common Position adopted by the Assembly of African Heads of State and Government of the Organization of African Unity at its special summit meeting on Africa's external indebtedness held in November/December last year constitute a realistic and practical platform for follow-up action by all concerned to arrive at such solutions.

**Main issues before TEPCOW**

The agenda for this meeting is as usual necessarily crowded. The continuing overall poor performance of the African economies, as well as the uncertainties and gloom in the immediate outlook, only go to underline the importance of the vigilance and comprehensiveness with which we should continue to monitor and make practical recommendations in respect of the various priority areas.

The picture I have just painted of the economic situation in Africa is of course only a very broad outline. Details of the picture are, as usual, to be found in the secretariat’s annual Survey of Economic and Social Conditions in Africa. I should like to commend the findings of this year’s Survey to this Committee and trust that the document which, in terms of its coverage, is the only one of its kind on Africa will serve you in good stead not only in your review of the current situation in Africa at this meeting but also especially in your analysis and decision-making at the national level. The Survey should of course be read in conjunction with the annual ECA/ADB Economic Report on Africa which this
year focuses on the economic consequences of environmental degradation and natural resources mismanagement. The report is being published today simultaneously here in Niamey and at the headquarters of the African Development Bank in Abidjan.

You have, in addition to these two documents, the report of the High-level United Nations Advisory Group on Resource Flows to Africa. The secretariat will also be submitting to you the preliminary mid-term findings on progress in the implementation of the UN-PAAERD made by the Inter-agency Task Force which, as members of the Committee are aware, was established by the distinguished Secretary-General of the United Nations under my chairmanship as part of the machinery for the follow-up and monitoring of the UN-PAAERD. It is my hope that all this documentation is sufficient background for your examination of progress made in the implementation of the Programme at mid-term.

I should, in this connection, also refer to the study that has been made available to you entitled "Beyond recovery: ECA-revised perspectives of Africa's development, 1988-2008" which is an update of ECA's thought-provoking 1983 study on ECA and Africa's development, 1983-2008. The update has been undertaken in response to resolution 470 (XVIII) of 2 May 1983 by which the Ministers requested us, among other things, to update the study every five years to serve as a tool for assessing the degree of implementation of the Lagos Plan of Action. The long-term forecasts based on various scenarios contained in the revised study should form a useful backdrop for the review of the medium-term strategies.
The 1986-1987 biennium has been particularly taxing on the intellectual and material resources of the Commission and its secretariat. Africa's economic and social crisis continued to rage at the same time as the United Nations was itself engulfed in the worst financial crisis the Organization has ever known. We implemented our programme of work and priorities only under very severe resource constraints and various economy measures which had to be put in force to make ends meet. We have had to cut edges and round off corners to ensure that our ability to assist effectively member States to prosecute their economic and social problems was not seriously diminished. You have in the Biennial Report of the Executive Secretary, 1986-1987 an outline of what, under the circumstances, the Commission, its subsidiary organs and bodies and its secretariat have been able to do. We face the immediate future with the prospects of a 15 per cent reduction in staff for the United Nations as a whole as recommended by the Group of High-level Intergovernmental Experts to Review the Administrative and Financial Functioning of the United Nations - the Group of 18. It will be recalled that, at the last session of the Commission, the Ministers had mandated the Bureau of the Conference to see the Secretary-General of the United Nations to plead with him that the proposed economy measures should not be applied equally to ECA. The Bureau did see the Secretary-General. I must in this connection express once more our sincerest appreciation to the Chairman and members of the Bureau for undertaking this assignment. The Secretary-General has since then exceptionally approved the external recruitment of 10 professional staff members for the ECA secretariat.
Meanwhile parallel activities are going on within ECOSOC on the restructuring and streamlining of the intergovernmental machinery of the United Nations, and within the secretariat on the implementation of the recommendation of the Group of 18 on staff reduction. From the proposals available to us, it is certain that in view of the importance attached by the United Nations to the UN-PAAERD, and in view of ECA's central role in its implementation, ECA will be among the units where the least cuts will be applied. This notwithstanding, the resource situation remains critical. I therefore look forward to the debate that the Biennial Report should generate and to your recommendations.

The erratic trends in the food and agriculture sector observed in the past few years and which are almost entirely linked to the vagaries of weather underscore the importance of the measures now being applied by the majority of member States aimed at making the sector more resilient. There is now even more need to intensify the practical emphasis being placed on such issues as improved food security, more appropriate land use and farming systems, research and extension services, improved marketing services as well as various institutional reforms. This is why the situation of food and agriculture is again placed high on your agenda.

You will, of course, be examining major issues in the other sectors that are usually supportive of agriculture. The thrust of the Commission's activities in assisting member States to rehabilitate and transform the industrial sector so that it can fully play its role as a generator of growth and development impulses throughout the economy, especially through enhancement of its linkages with
agriculture, is within the framework of the implementation of the programme for the Industrial Development Decade for Africa (IDDA). The programme entered its implementation phase in 1985. Last year, on the basis of the report of the eighth meeting of the Conference of African Ministers of Industry, the Commission had carried out a comprehensive review of the implementation of the programme. The Commission had then adopted a comprehensive resolution in which wide-ranging recommendations were made on industrial development in Africa in the light of the provisions of APPER and the UN-PAAERD. Special emphasis continues to be given to short-term rehabilitation measures for agro-related industries including especially food processing and chemical industries as well as industries producing agricultural implements and other equipment. This orientation formed the basis of the Memorandum on Industrial Development in Africa which was adopted for submission to the second General Conference of UNIDO (UNIDO II) by the Conference of African Ministers of Industry at its special meeting held in Addis Ababa, Ethiopia, in October 1987. The Committee has before it an interim progress report jointly prepared by the secretariats of ECA, UNIDO and OAU on policy developments and activities carried out in support of the programme for the Decade. A separate report is also being submitted to the Committee on the outcome and follow-up implications of UNIDO II which was held in Bangkok, Thailand, in November 1987.

At the end of this year, the United Nations Transport and Communications Decade in Africa (UNTACDA) which was declared by the General Assembly of the United Nations in 1978 to catalyse and concert international action for the progressive physical
integration of the African economy at all levels, national, subregional and continental, comes to an end. The sixth meeting of the Conference of African Ministers of Transport, Communications and Planning has just ended in the Zairian capital, Kinshasa. That meeting, whose report is before this Committee, has undertaken a comprehensive in-depth evaluation of UNTACDA and, in view of the vital role of the transport sector in the recovery and development process, and in view of the momentum generated and the concrete new vistas opened by UNTACDA for the enhancement of the role, has decided to recommend the declaration of a second United Nations Transport and Communications Decade in Africa.

With respect to the area of trade and finance, an area to which APPER and the UN-PAAERD attach considerable emphasis, I have already referred to the burning issues of resource flows, exchange and interest rates fluctuations, and commodities. A number of positive initiatives taken last year at the international level within, for instance, the framework of the Paris Club, the Group of Seven leading industrialized countries of the West at their Venice Summit, and the Interim Development Committee of the World Bank and the IMF, have at least provided indications that the need for improved mechanisms to enhance trade and development assistance is still on the international agenda. One forum in which there was much hope for some breakthrough was the seventh session of UNCTAD held in Geneva from 9 July to 3 August 1987. The secretariat will be reporting on the heroic stance of the African Group, in solidarity with the Group of 77, on the various issues on the negotiating table at that session. While
the Final Act adopted by the session was far short of our expectations, especially in view of the efforts we had put in the pre-conference preparations, it represents a valuable guide and a useful point of reference in international co-operation and partnership.

The other sectoral questions which this Committee will consider on the basis of substantive documents prepared by the secretariat and/or the reports of the subsidiary organs of the Commission that have held meetings since the last session of the Commission, include issues in social development, natural resources and energy, human resources planning, development and utilization, science and technology, and tourism. I must however draw your attention to the findings of the secretariat study on the changing socio-economic conditions of women in Africa in the context of the Nairobi Forward-Looking Strategies for the Advancement of Women for your study and reflection.

**MULPOC activities**

The Conference of Ministers has last year endorsed the decisions of the Councils of Ministers of all the MULPOCs except that of North Africa to hold their regular sessions on a biennial basis. Accordingly, this year you will be considering only the report of the meeting of the Council of Plenipotentiaries of the North African MULPOC - the only MULPOC whose policy organ met in 1988. That meeting was significant for its decisions and recommendations on further measures to be taken towards the early establishment of a Preferential Trade Area in North Africa.
which is now widely accepted by the countries of the subregion as a necessary instrument for the promotion of autonomous processes of development based on self-reliance and self-sustainment. ECA has been entrusted with the task of preparing a global study on the present needs and potentialities of the subregion as well as in-depth, sectoral studies in the field of trade expansion that would form the basis for the negotiations of the treaty establishing the PTA. We shall do everything in our power to assist the countries of the subregion to promote the efficiency of their economies and the prosperity of their peoples.

**ECA-sponsored specialized institutions**

Apart from the MULPOCs, one of the most effective instruments available to the Commission to promote collective self-reliance is the ECA-sponsored regional and subregional institutions. The Chief Executives of these institutions held their eighth meeting from 15 to 17 March 1988 in Tangier, Morocco. The meetings of the Chief Executives are essential for the harmonization, co-ordination and rationalization of activities between and among the institutions and between them and ECA. Such harmonization, co-ordination and rationalization have become more necessary than ever before, given Africa's prevailing crisis and the scarcity of financial and material resources. There is no doubt that these institutions are playing their rightful role in the solution of problems facing member States in their respective fields. However, the perennial problem of inadequate resources arising mainly from the non-payment of contributions on the part of member States still plagues the effectiveness of the institutions. Therefore, as
you consider the biennial consolidated report on the activities, work programmes and budgets of these institutions at your present meeting, I should like once again to underline the need for enhanced and sustained government support for, and the effective utilization of, each and all of the institutions.

Members of the Committee are quite familiar with the general orientation of the the UNDP-assisted Fourth Cycle Regional Programme for Africa, 1987-1991. This programme is of the greatest possible relevance to the attainment of the goals and objectives of APPER and the UN-PAAERD. It has now entered its implementation phase and a progress report on ECA and UNDP collaboration within the framework of the programme will be submitted to the meeting.

This year not being a budget and programming year in the United Nations you have only to consider the proposals for updating the 1988-1989 programme budget which have been made in light of developments since the programme budget was formulated. You have, however, another important task of examining and making recommendations on the proposed extension of the 1984-1989 Medium-Term Plan to 1990-1991. The extension has become necessary since, in view of the simultaneous exercises that are in progress to rationalize and streamline the organization, it has been found appropriate to launch another Medium-Term Plan only after the results of the ongoing exercises are known.
I have spoken for far too long and I have not even touched on all items on your agenda, which only goes to show how heavy the task before you is. I have no doubt, however, that at the end of your meeting, you will come out with very cogent and well-thought-out recommendations for the consideration of the Ministers, including the most appropriate manner in which to mark the thirtieth anniversary of the Commission. Five years ago, in Addis Ababa, you came out with the Silver Jubilee Commemorative Declaration. You will no doubt be giving thought as to how best and in what form to commemorate this thirtieth anniversary, having regard to the fact that, as in 1983, some of our esteemed Heads of State and Government will be honouring us with their presence to celebrate the occasion with us and Africa.
CHAPTER 3

THE HUMAN DIMENSION OF AFRICA'S ECONOMIC RECOVERY AND DEVELOPMENT

Statement at the Formal Opening of the International Conference on The Human Dimension of Africa's Economic Recovery and Development

Khartoum, Sudan, 5 March 1988
Nine months ago, that is, exactly one year after the adoption of the United Nations Programme of Action for Economic Recovery and Development, 1986-1990 (UN-PAAERD) by the General Assembly of the United Nations, and 21 months after the adoption of Africa's Priority Programme for Economic Recovery, 1986-1990 (APPER) by our Heads of State and Government, the Economic Commission for Africa (ECA), in collaboration with the Government of the Federal Republic of Nigeria and in co-operation with the OAU and ADB, organized in Abuja, the new federal capital of Nigeria, the first international conference on the challenge which the African economic recovery and accelerated development poses to the world in which we all live, to the people of Africa who have had to bear the full brunt of the continent's persistent economic and social crisis and deteriorating standard of living, and to the international community which has constantly expressed its solidarity with Africa.

Today, we are once again assembled in an international conference on Africa's recovery and development. This time here in Khartoum in the Sudan, a country whose development experience during the past two decades and the challenge which it currently faces - drought and desertification, food crisis and famine, excruciating debt burden, and dwindling export earnings not to forget civil strife - epitomizes the plight of many an African country.

But whereas in Abuja our focus was macro and global, with the particular purpose of making an in-depth review of the recovery process and the prospects for long-term development, here in Khartoum we are going to build on the Abuja framework by focusing exclusively on one of the major factors in the recovery and
development process and one of the four priority areas of both APPER and the UN-PAAERD, that is, the human dimension.

Thus our focus here in Khartoum during the next four days is a crucial sequel to the conclusions which was reiterated again and again in Abuja in June 1987 that the foundations of progress lie with the people, and that until the destiny of Africa is assured to be in the hands of the African people through the democratization of the African society and the mobilization of popular participation in the development process, and an equitable distribution of the fruits of development, economic progress will continue to elude Africa and even recovery will prove a will-of-the-wisp. We concluded by consensus in Abuja, at a conference which brought together more than 200 people drawn from all parts of the world, that Africa's ultimate future has "to remain firmly rooted in its own uniqueness and diversities in its cultures, in its peoples and in its natural resources. An improvement in the capacity to respond to these changes must therefore be an essential component in Africa's long-term development strategies."

How have the people of Africa reacted to the crisis that has engulfed their continent and adversely affected their living conditions for nearly a decade now? How have they responded to the challenges of engineering a recovery process? What has been their attitude to the inevitable suffering and sacrifices that they have had and still continue to make in the ongoing battle of bringing about structural adjustment and change to their economies?

How have policy-makers in Africa and their international advisers treated the human aspects of adjustment and change? What
role is given to the human factor in the development process? What considerations attend the human dimensions to structural adjustment and change? There is no doubt that the human factor is the ultimate dialectics whereby peoples are necessarily and immutably both the ultimate beneficiaries and the inevitable mentors of the processes of change. Yet we are today far removed from according centrality to the human dimension and the human factor. In our effort to grapple with the challenge posed by the recovery process and in our anxiety to avert impending economic disasters we seem more concerned with the financial viability of an economy and with its balance-of-payments equilibrium. Worse still, we show almost total disregard to the plight of the poor and the vulnerable members of our society - women, children and the aged. In fact, our behaviour pattern is as if growth and development are intrinsically predicated on the prosperity of a few and the misery of the many.

Such tendencies have led to a general advocacy for and an acceptance of policies and programmes that are often incompatible with the human psychological and physical needs. Such tendencies have allowed for the wide-spread adoption of policy packages which undermine the nations' most valuable resources - the human resources. And, worst of all, such tendencies have resulted in unacceptable situations whereby the well-being of a people, the survival of children and the aged, the development of skills, etc., are all sacrificed for the sake of fiscal balancing and external financial equilibrium.

It is one of the tragedies of our time that it is more often than not forgotten that the business of economic recovery and development must be for the people and by the people. In the African
context, recovery and development must derive from the premise that all the African peoples are not to be alienated from the processes of adjustment and transformation. Rather, that all the African peoples - of whatever category - should benefit, in just measure, from the ongoing processes of change while at the same time contributing fully to the processes themselves. This approach must, as of necessity, take into account the political and cultural realities as well as the characteristics and changing nature of the needs and aspirations of the people.

In this connection, a number of questions which I posed at the opening of the Abuja conference are particularly relevant to those of us who are gathered here in Khartoum to focus exclusively on the human dimension of the economic recovery and development of Africa. This Khartoum international conference has the sacred task of addressing these questions in a frank and open manner.

First and foremost, we must address ourselves to the issue of the cumulative consequences for long-term development of policies designed to cope with short-term problems of maladjustment, severe and persistent foreign exchange shortages and excruciating external debt and debt-servicing burdens. Is Africa not putting itself into a situation whereby it may be sacrificing long-term development objectives for short-term expediencies? Is Africa not compromising the prospects for long-term development in its desperate bid to bring about economic recovery now? Is the adjustment process that neglects the human development - education and training, health and nutrition, and infant mortality - not the foundation for greater disasters in future years and the inevitable cause of economic
collapse? Is it inevitable that we must cut down on development in these areas where we have made major advances during the post-independence era in order to achieve what will in the long run prove a transient short-term recovery? Must we close down our primary and secondary schools, run down our institutions of higher learning, reduce our medical and health (particularly preventive health) services and aggravate the unemployment situation in order that we can, through structural adjustment programmes, achieve economic recovery? How can Africa achieve economic transformation and modernization with a higher degree of illiteracy, both quantitatively and qualitatively, with higher mortality rates, with inadequate scientific and technical know-how, with terribly wasteful underutilization of human and natural resources in the year 2000 than it inherited at independence in the 1960s? How can we ensure that by our acts of today and by the policies we put in place in our search for recovery that we are not making it impossible for Africa to realize the process of structural transformation and the achievement of a high level of productivity without which long-term sustainable, internally generated and self-reliant development cannot take place.

If we are not to compromise long-term development objectives as enunciated in the Lagos Plan of Action and the Final Act of Lagos for short-term structural adjustment gains, we must first and foremost design such policy packages as to make adjustment policies compatible with growth and human development as well as ensure that the human dimension is protected and sustained in spite of the crisis and that the effects of the crisis on the vulnerable groups — particularly women, children and the aged — are mitigated. However, I must add, clearly
and unambiguously, that it is not enough simply to inject social policies into the existing structural adjustment packages so that the poor and vulnerable can be cushioned from the adverse effects of adjustment. We need to do more than that. We need to ensure that short-term adjustment measures are consistent and are in consonance with long-term development objectives - otherwise we will be mortgaging Africa into a state of permanent underdevelopment.

This means that we must also look beyond the social policy aspect of the human dimension. We must deal squarely with the all-too-important but often neglected question of human resources development; that is, the creation of human resources; their rational and optimal utilization and ensuring an enabling environment that will bring about a high degree of involvement and commitment. We need to remove the mismatch between our education and training systems and the skill requirements of our economies; we need to produce enough of the employable skills to meet the demands of the society; and, we need to ensure that the skills we produce are consistent with our development priorities. Above all, we need to recognize that there is an urgent need for a complete reorientation from a job-seeking educational system to a job-creating educational system.

The rational and most optimal utilization of human resources also need to be addressed. Too often in Africa, there are many square pegs in round holes. Mal- and underutilization of human resources is one of the banes of modern Africa. And our high propensity to discount solid and relevant experience aggravates
the irrational utilization of our human resources. We must also not forget that we cannot realistically deal with Africa's human resources development problematique without according special importance to a population policy that will, *inter alia*, address issues of high fertility, morbidity and mortality, rapid urbanization and migration, the problems of children and youth and the protection of the environment in a manner that would ensure compatibility between demographic trends and the desired pace of economic growth and development.

Finally, the interactions between human resources as a factor of development and the ecology and environment for development is most crucial. The concept of the human factor in development touches upon such fundamental questions as innate ability, motivation and achievement. It also touches upon the kind of society in which the individual lives and operates and the availability or non-availability of appropriate institutional arrangements which permit, indeed encourage, individuals in such a way as to increase their productivity. It is abundantly clear that what motivates an individual to want to give his best to achieve the highest level of productivity are not only such factors – vitally important as they are – as education and training, skills, technology and the level of remuneration but also an enabling environment in terms of political freedom – freedom of speech, thought and association and freedom from arbitrary arrest.

As I put it in a keynote speech to the Enabling Environment Conference held in Nairobi in October 1986, "individuals must be able to express new ideas, to articulate new thinking without being molested. It is in such a political environment that a high level
of productivity can be generated. A liberal and open society, which is tolerant of dissent, and where a healthy disrespect for authority and conventional wisdom is tolerated is the *sine qua non* of an enabling environment. The second requirement follows from this. The society itself must be stable in addition to being open and liberal. It must subscribe to such goals as social justice, equality of opportunity, equitable distribution of income and the democratization of the development process. There are also psychological requirements. For an individual to be well motivated and achievement-oriented, he must believe in himself ... (and) develop values of self-reliance. For too long, Africa and the Africans have depended on external masters. For too long, the rural poor have been subservient to the rural rich, to the officer sent from the city, and this has sapped their initiative and vitality."

This brings us to the fourth enabling environment/ ecological requirement - efficient and effective economic management. This is an area crying loudly for improvement in Africa. If a farmer cannot get his/her agricultural inputs in time for planting, because of inefficient extension services personnel, how can he/she be expected to raise productivity? If a manufacturer does not receive his raw materials in time, how can he be expected to produce anything, let alone raise his level of productivity? If a school teacher is not paid regularly, how can he or she be properly motivated? If a university teacher's research work is not adequately funded, how can he or she be expected to improve the intellectual standards of the population, improve the quality of education and provide relevant training to meet the needs of society?
To stop and reverse the brain-drain, an enabling environment that satisfies these four conditions must be put in place in every country in Africa. Human resources as a factor in development require, if they are to make the greatest contribution to the recovery and development process, *inter alia*, enabling political, psychological, sociological, cultural and managerial environment and ecology. In our deliberations in the days ahead we must take all these into account. As is acknowledged in both APPER and the UN-PAAERD, the attainment of the objectives of the Lagos Plan of Action and the Final Act of Lagos depends, in the final analysis, on the development of the wide range of human resources required for the formulation, implementation and monitoring of programmes covering the entire spectrum of the development process.

From what I have said so far, the multi-faceted nature and complexity of the human dimension of Africa's recovery and development will have become crystal clear. The challenges before this Conference are therefore daunting. And I have not, in any way, tried to be exhaustive. Indeed, no one person can cover all the aspects of so complex a subject. But in addressing the various issues we must get out of the inertia of orthodoxy and come out with innovative and original proposals that will address the human resources development problem of Africa, not only at the national level but also at the subregional and regional levels in the short-, medium- and long-term.
CHAPTER 4

STRUCTURALISM, STRUCTURAL ADJUSTMENT AND FOOD SECURITY - POLICIES AND INSTITUTIONAL DIMENSION OF DEVELOPMENT MANAGEMENT

Keynote Address delivered at the Centre for Development Policy Management, Maastricht, The Netherlands 26 September 1988
I. INSTITUTIONAL ISSUES IN DEVELOPMENT

It cannot be gainsaid that institutional issues and problems hardly receive any notice and, on the occasions that they do, it is no more than scant attention. Yet no one will deny the role of institutions in the development process: they can either facilitate or hinder the process by their existence or non-existence; by their effectiveness or otherwise, and, by their flexibility or rigidity. The structure and machinery of government, its decision-making process, its capacity and capability to translate such decisions into implementable and implemented programmes and projects; and its capacity to co-ordinate all the arms of its machinery with a view to ensuring internal consistency in policies and programmes - all have tremendous impact on the development process.

There is also the question of the role of parastatal agencies in the decision-making and implementation process. To what extent are these institutions involved in the policy-making process? How effective are intersectoral, inter-ministerial and inter-agency dialogues on policy issues. And finally what about households? To what extent do policy-makers at the national, sectoral, ministerial and parastatal levels take account of the implications and impact of their decisions on households which are in the final analysis the basic social institution for ensuring food security. After all, food security has ramifications through the whole of a society. It is not merely questions of production, marketing, storage, transport and distribution but also one of the purchasing capacity of households and individuals. And, in considering ways and means of achieving household food security, social and cultural factors inevitably feature.
Apart from endogenous institutions, there are many exogenous institutions which have an impact on the development process in general and on the achievement of the objective of food security and structural adjustment in particular. The most significant of these are multilateral financial and development institutions, particularly the Bretton Woods institutions. However, at the bilateral level we cannot ignore the role of institutions of donor countries which, although increasingly dependent on the leadership of the IMF and the World Bank, still exercise some considerable influence - the more so in periods of strains, stresses and crisis.

All these issues affect, singly and severally, both structural adjustment and food security policies in Africa as well as the interactions between them. However, before dealing with the multidimensional aspect of this, let us first and foremost review the magnitude of the food crisis in Africa, its nature and causes, and the factors that have aggravated the crisis. We shall also review the major components of food security policies as well as the major constraints. In the light of these reviews we will argue that Africa's long-term development objective is the single-minded pursuit of fundamental structural change and transformation using the food and agriculture sector as the foundation and the springboard for such structural transformation.

Thereafter, we will move to the second part of this keynote address which is to examine - albeit briefly - the role of structural adjustment in the pursuit of short-term balance and the effect of structural adjustment programmes on the achievement of long-term development objectives. It will be argued that, as currently formulated and implemented, the short- and long-term trends of
structural adjustment are not always (in fact, many may say, hardly) mutually consistent, and that there is need for an alternative stabilization and structural adjustment programme that will always be consistent and be part and parcel of the process of achieving long-term development objectives. We shall then conclude the address by reverting to institutional issues and in so doing put forward proposals for policy and institutional reforms that will enhance in a positive and decisive manner the interactions between structural adjustment and food security policies in Africa within the context of a dynamic and responsive institutional framework.

II. MAGNITUDE, NATURE AND CAUSES OF AFRICA'S FOOD CRISIS

We had in 1973 an unprecedented severe drought which swept the Sahel and Ethiopia, causing large-scale starvation, widespread famine, and decimating large numbers of livestock. In 1974, while the devastating effects of the drought were still there, the international community convened a World Food Conference in Rome with the objective of finding ways and means of preventing another human tragedy of such magnitude. Attending that conference, the then United States Secretary of State Dr. Henry Kissinger declared:

"We must proclaim a bold objective ... that within a decade no child will go to bed hungry ... no family will fear for its next day's bread and no human being's future and capacities will be stunted by malnutrition".

Ten years later, in 1983/1984, the African continent was hit again by another devastating drought, and millions faced severe
food shortages. This time it was more widespread, covering virtually all parts of Africa - North, West, East and South - and threatening the lives of nearly 150 million people. It was the swift intervention of the international community and the courageous effort by African Governments that averted the dire consequences of the disaster.

These two events illustrate starkly the fragile food security and the slim margin for manoeuvre that many African countries are locked in. The situation, together with the falling international commodity prices of the mid-1980s, culminated in a continent-wide economic and food crisis. Is drought a fundamental cause of the rather chronic food shortages and food insecurity in Africa? Or, is drought merely exacerbating the effects of a number of root causes?

Before we can answer these questions, let us first of all consider the magnitude of the food crisis in Africa.

A. Magnitude of Africa's food crisis

Twenty-five years ago, India and sub-Saharan Africa produced about the same quantities of food. Today, India produces three times as much while food production has regressed or at best stagnated in Africa during this period. This strikingly illustrates the enormity of Africa's food crisis. We should also note that by the early 1980s, India had achieved food self-sufficiency, ¹/ and by 1985 had 26 billion

¹/ One should underline that the fact that India has achieved food self-sufficiency does not mean that it has solved its food security problems because millions of Indians still lack the purchasing power to secure enough food for an adequate diet.
tons of cereals and was thus able to participate along with other countries in emergency food aid to Africa. Furthermore, the average African food farmer produces 600 kg of grain a year, while his United States or Canadian counterpart produces 80,000 kg; that is 130 times as much!

Africa's food production crisis has accelerated since the early 1970s when per capita food production averaged less than 2 per cent against 3 per cent for population per annum and the per capita food production index fell from 210 kg (in wheat equivalent) in 1970 to 179 kg in 1980. Food annual growth rates during the 1980-1985 and 1986-1987 periods averaged 2.8 and 1.9 per cent respectively—a further deterioration. As domestic production failed to keep pace with population growth, Africa moved from a net food exporter of the 1960s to become increasingly a net food importer. The agricultural imports, of which food is the major component, grew at an annual rate of 6.2 per cent during 1980-1985, or more than 3 per cent per capita per year. For sub-Saharan Africa, food imports increased from $US 598 million in 1961-1963 to $US 4.095 billion in 1980-1982 of which about two-thirds was for imports of cereals and mainly wheat and maize.

Since Africa's political independence in the 1960s, its per capita food production has declined by about 20 per cent. According to an FAO in-depth study on African agriculture, in the recent past food imports and food aid have maintained food availability in Africa at a stagnating level of 2,100 calories per capita. Assuming a continuation of the present trend, by the year 2000, low-income sub-Saharan Africa would experience unprecedented severe food deficits that would be difficult to meet by a combination of
commercial food imports and food aid. In 1983-1984, sub-Saharan Africa's food imports bill was $US 5.2 billion, accounting for two-thirds of all agricultural export earnings. A projection for the whole continent puts the cost of food imports at $US 28.5 billion at constant prices by the year 2010 against total agricultural export earnings of $US 12 billion at the most. The cereals deficit alone would deepen to 100 million tons, of which sub-Saharan Africa would account for 58 million tons. Although it is true that developed countries would produce enough to cover Africa's food deficit, many African countries will not have the resources to meet their needs. Consequently, food aid would have to increase tremendously. Worse still, the FAO study shows that distribution and transport facilities of many African countries would not be adequate to handle such important quantities. This would further decrease food availability.

B. Fundamental causes of Africa's food crisis

All this provides a rather bleak picture of the overall food security situation in Africa in general and depicts the magnitude of the crisis. Sub-Saharan Africa is the only region in the world where per capita food production has declined steadily during the past two decades. Five factors seem to be at the root of the present agricultural crisis and food insecurity in Africa:

(a) Inappropriate policies pursued by African countries with a bias against, and neglect of, the food and agricultural sector;

(b) Inadequate investment on production, research, marketing, storage and extension services;
(c) Lack of technological change;

(d) Environmental limitations; and,

(e) Institutional weaknesses and lack of basic infrastructure.

The analysis of these five factors is well known and we will not repeat them here. Suffice to mention that although Africa is the only continent where agriculture accounts for more than 50 per cent of GDP, employment and foreign exchange earnings, most countries devote year in year out less than 10 per cent of the national budgets to the sector. Industrial and urban development are favoured at the expense of food and agricultural development. Within the agricultural sector itself, policies have favoured large commercial plantations for export crops and neglected the food subsector; agricultural taxation has been excessive. Non-remunerative producer prices fixed by governments and implemented and enforced by parastatals have had very serious disincentive effects; and lack of both long-term investment resources to acquire various farm implements and machinery, and short-term financial resources to meet cash input purchases (fertilizers, improved seeds, pesticides, etc.) have cumulated in serious under-investment in the sector and in the persistence of primitive technology. With rapid urbanization, there has been an increased demand for cheap and subsidized imported food.

Consequently, not only is the productivity of the African farmer extremely low but also the productivity of land is low. Increasing yields per unit of land is the key to India's success as the 2.8 per
cent yearly average increase of food production is explained by 2.4 per cent increase in yields per hectare and only 0.4 per cent increase in area. In Africa, on the contrary, since 1960, yields increased by only 0.1 per cent of a total of 1.6 per cent increase in food production. This means that overall food production growth in the continent has been achieved mostly through expansion of the area under cultivation.

Institutional weakness with unfavourable effects on food and agricultural production can be found in four areas: manpower development, research and extension, land tenure and local institutions. Several factors have hampered the development of local institutions and the active participation of people in the activities that affect their lives. Projects that are supposed to increase incomes and improve living-standards of the rural populations are often designed and implemented without involving the very people the projects are supposed to benefit, both at the planning stage and in decisions about what to do, how to do it, and who should do it. The formulation of coherent national policies that would enhance local initiatives in various development activities at the local level is badly lacking.

III. STRUCTURALISM AND STRUCTURAL ADJUSTMENT

Before examining the interactions between structuralism or structural change and structural adjustment and food security policies in Africa, it will be useful for a full understanding of the issues under review to draw the distinction first and foremost between structural change (or transformation) on the one hand and structural
adjustment on the other - a distinction which I clearly draw in the public lecture which I delivered at the Institute of Social Studies, The Hague in January 1986 and which is entitled A Structural Approach to Africa's Food Crisis. 2/

Structuralism or structural transformation implies the need for a fundamental structural change in an economy where there are pervasive supply inelasticities, particularly endogenous factor inputs supply inelasticities. Consequently, these inputs have largely to be imported. It is this inflexibility that accounts for the monocultural production function of developing countries, their external dependence syndrome and the lack of internal dynamic factors to generate self-sustaining processes of development. The economies of these countries glaringly manifest a large number of disequilibria and the inflexibility of response to price incentives. I had in another lecture identified the most important of these disequilibria. They are what I had termed the seven Ds - Demography, Drought and Desertification, Dependency, Disequilibrium, Debt and Destabilization. 3/ For at the root of Africa's development problematique and paralysis is its structuralism. Change is inhibited by obstacles, bottlenecks and constraints. Labour is inefficient, people find it hard to move or adapt, and low-level productivity is the order of the day. Resources tend to be stuck, and inefficiently and sub-optimally utilized. They are grossly inelastic. People are


3/ Adebayo Adedeji, African Development Problematique: Demography, Drought and Desertification, Dependency, Disequilibrium, Debt and Destabilization or the Paralysis of Multiple Debilitating Crises (ECA, 1985).
ruled more by custom and authority than by rationality; entrepreneurs are lacking and communication and transport facilities are poor. Capital goods, skilled labour and entrepreneurship all come from abroad. The inelasticity of supply is complemented by inelasticity of demand, especially for food (because of the poverty and low level of disposable income for the exports of these countries and, needless to add, for the imports of foods and services which they may require).

As I said in my 1986 Institute of Social Studies lecture at The Hague, "structural adjustment unlike structuralism arises from the need for an economy to respond to either internal or external shocks or both, with the objective of regaining the pre-shock growth path of the national economy". Examples of the internal shocks are inappropriate economic policies, political revolutions and/or coups d'état. External shocks may arise from such factors as balance-of-payments disequilibria, significant fall in the prices of export goods and a rapid and unexpected rise in the cost of essential imports such as oil. Responding to these shocks will require a reordering of priorities as well as a reconsideration of policy instruments.

Furthermore, as I emphasized in my Hague lecture "structuralism and structural adjustment must not be confused. The former implies the need for a fundamental structural change in the economy while the latter is aimed at enabling the economy to regain pre-shock growth path. Structural adjustment policies are more often than not short term or at best medium term whereas policies for engineering fundamental structural change are long term in nature."

While structural adjustment programmes and policies can aid the process of structural transformation, it can also inhibit it. Indeed, the Khartoum Declaration on a human-focused approach to socio-economic recovery and development in Africa put it directly when it stated that "Structural adjustment programmes are incomplete because they are often implemented as if fiscal, trade and price balances are ends in themselves and are virtually complete sets of means to production increases ... They are too mechanistic being inadequately grounded in or sensitive to specific national economic, human and cultural realities ... They are in too short a time perspective." 5/

The possibility of conflicts between the pursuit of short-term objectives of correcting disequilibrium arising from public finance, external trade and balance of payments and the pursuit of long-term development objectives aimed at bringing about an internally generated, self-sustaining, and self-reliant development process is beginning to be realized and articulated. In fact, another ECA international conference held in Abuja, Nigeria, had warned as follows:

"What has become evident, however, is that unless structural adjustment programmes are closely related to the wider objectives of APPER and the UN-PAAERD, and unless more substantial resources can be mobilized to support the programmes, there is great danger that the process will have

negative impact on growth, living standards, employment, social development and political stability".

Therefore, the challenge before policy makers is to ensure that such conflicts and contradictions are eliminated rather than ignore their existence. It is the failure so far to acknowledge this possibility and to take measures to address it that has led to a situation where rather than improve the human condition, some structural adjustment programmes have aggravated it and are indeed "rending the fabric of the African society". It is therefore imperative that structural adjustment, since it is intended to improve prospects for long-term development, its design and context should incorporate the goals and objectives of long-term development. Or, put differently, structural adjustment must always aim at solving the problems of structuralism. There should be no dichotomy between and among their aims and objectives.

IV. INTERACTIONS BETWEEN INSTITUTIONAL ISSUES, STRUCTURALISM AND FOOD SECURITY IN DEVELOPMENT POLICY MANAGEMENT

Let us now examine the interactions between institutional issues and structuralism focusing on food security in our analysis of development management problems. We had earlier attempted to explain what structuralism and structural adjustment mean and what are the differences between them. But what do we mean by food security?

Although the concept of "food security" was highlighted during the World Food Conference in Rome in 1974, emphasis was essentially on increasing food production in food-deficit countries and in creating a co-ordinated system of national and international grain reserves.

It is clear that this narrow and simple prescription for solving food security problems worldwide overlooked the demand side of the issue, especially the access of vulnerable groups to enough food for a normal life. Currently the widely accepted view is that food security means no less than "access by all people at all times to enough food for an active, healthy life. Its essential elements are the availability of food and the ability to acquire it. Conversely, food insecurity is the lack of access to sufficient food and can be either chronic or transitory. Chronic food insecurity is a continuously inadequate diet resulting from the lack of resources to produce or acquire food. Transitory food insecurity, on the other hand, is a temporary decline in a household's access to enough food. It results from instability in food production and prices, or in household incomes. The worst form of transitory food insecurity is famine." 7/

Food security is thus defined in much broader terms than food self-sufficiency which emphasizes increasing domestic food production to meet domestic consumption.

Since food security objectives may not, and often cannot be achieved through domestic production alone, at least in an efficient and cost-effective manner, then the concept of "food self-reliance"

may be more appropriate. Self-reliance means "developing an appropriate mix of domestic production, trade, price, technology, marketing and other policies to supply food in a cost-effective manner while increasing the real income of the poor". 8/

With varying degrees of intensity, all African Governments have intervened in agricultural markets and have played a major role in trying to influence food and agricultural output mix and to meet food consumption demand. Price policies in various forms, including producer price support and input subsidies, have been the main policy instruments utilized. Other policies include trade and, exchange rate policies, food aid, marketing and credit, etc.

While some countries have fared better than others in achieving policy objectives, most have pursued policies that have failed to produce the desired results and which, at times, have even been counterproductive. Overall, these policies have largely benefited urban consumers more than producers of locally grown stable food crops.

Government-owned corporations have had monopolistic powers and have seen to it that the prices paid to producers have remained static for a number of commodities in many countries over a relatively long period of time. For all that has been said about the ineffectiveness and inefficiencies of parastatals in discharging their functions, it has to be said that these agencies have merely

implemented inappropriate policies with often conflicting objectives. They have been required to stabilize and maintain price levels with inadequate physical and logistical facilities and sometimes insufficient financial means. The lack of managerial skills and overstaffing have added to overall inefficiency and has pushed their operating costs still higher. 9/

Basically, agricultural price policies in African countries have two major explicit objectives: (a) the stability of both producer prices and consumer prices; (b) influence of price levels to keep both producers and consumers happy by fixing relatively high prices for the former so that they can produce more while maintaining lower ones for the latter. 10/ Needless to say that these two objectives are inherently conflicting at least in the short run.

Credit programmes implemented by credit institutions exist in all African countries with different degrees of success. Because of the high risk involved in, and high cost associated with, lending to small farmers dispersed in the countryside with virtually no collateral, many private commercial banks have refrained from

9/ We will come to management policies problems later on.

10/ In a subsistence agriculture setting, the distinction between consumers on the one hand and producers on the other is sometimes artificial. Marginal producers, operating in a higher risky natural environment where one or two rains may make a difference between abundance or famine - like in recent years in the Sahel - become consumers who depend on local market supplies to meet their food requirements, assuming they have the necessary income to do so.
engaging directly in agricultural credit activities except for marketing and processing of agricultural products and for initial lending to export crop marketing boards for importing inputs. Consequently, many African countries have created special financial institutions to provide needed resources for investment in the agricultural sector. But these institutions are plagued with management deficiencies and grossly inadequate resources.

The lack of adequate international resources to invest in rural infrastructure and agricultural credit is largely a result of failure to develop an appropriate institutional policy framework that brings about the gradual evolution of rural financial markets. Development strategies in the 1960s and 1970s relied excessively on cheap capital provided by both multilateral and bilateral donors to build infrastructure. In so doing, mobilization of domestic financial resources was neglected and, therefore, the establishment of rural financial institutions that would have provided financial intermediation for mobilizing rural savings and distributing credit for local development undertakings has seldom received the attention it deserves.

Fostering institutional linkages

No doubt, the most basic issue that is yet to be properly addressed in the current effort to turn the African economy around
Fostering institutional linkages

No doubt, the most basic issue that is yet to be properly addressed in the current effort to turn the African economy around is that concerning the capacity of policy-making institutions. By capacity, I mean the extent to which the machinery of government at the central, enterprise, and district levels are able to define socio-economic goals, anticipate problems and respond to emergency situations, assemble and analyse data, resolve conflicts, and monitor performance. As of now, policies do not achieve their intended goals for a number of reasons. First, the institutional mechanism for policy formulation suffers from the failure to anticipate changes in the domestic and international environment (for example, changes in commodity prices, current exchange rates, tariff and trade policies, and production processes). Second, it is rare to see institutions synchronize conflicting public policies. More often than not, policies on agriculture and industry tend to be out of alignment. The demands of the rural sector are seldom balanced with those of the urban economy. And national development programmes badly need to be harmonized with regional and international economic co-operation endeavours. Third, even when integrated policies are formulated and a development plan is drawn up to spell out the required sectoral and institutional linkages, the implementation of the plan is most frequently hampered not only by the shortage of skilled manpower, but also by the separation of planning from budgeting. There is no doubt therefore that the development policy analysis and planning capacity needs to be accorded high priority as a step towards strengthening the capacity of institutions responsible for providing leadership in identifying policy options, reconciling conflicting
demands, and monitoring performance and problems. Not only must the policy-making institutions be able to anticipate changes in the environment, they must also brace themselves up to meet unexpected challenges, and cope with the unintended consequences of policies. It does not appear that our policy-making machinery has yet sufficiently developed a capacity for long-range, strategic thinking which would enable it to propose measures aimed at containing the socio-economic fallout of reforms (in the case of structural adjustment reforms, reduced capacity utilization, declining productivity, mass unemployment, and civil disturbances).

I am aware of the recent efforts to provide central guidance in policy formulation. High-powered inter-ministerial committees have been set up to co-ordinate sectoral programmes and control the allocation of scarce foreign exchange. However, the committees tend to operate on an ad hoc basis. Their effectiveness is also limited by the lack of capable support staff. In particular, there is a dearth of career officials skilled in the methodology of research, socio-economic and political analysis, and sectoral (e.g., energy, education, agricultural, tariff and trade) policy analysis.

Contemporary public policy is further hampered by the frequent power struggles at the highest levels of government. The internal squabbles among political functionaries constitute a serious handicap to policy cohesion, but this is nothing compared to the long drawn-out battle between the policy-making class, on the one hand, and the higher civil service on the other. The conflict between the politicians and career officials is largely instrumental to the abortion of what might have been well-conceived development plans. Perhaps
now that Africa is smarting from the pains of structural adjustment, leaders of thought in and outside government would evolve a permanent machinery for resolving political and jurisdictional disputes, and for selecting ideas pertinent to the recovery effort.

In addition to the linkage at the policy-making level, there is need for structural/organizational linkage. It is unfortunate that the debate on this subject has been reduced to that between, on the one hand, public ownership, and, on the other, privatization of enterprises. My own response to the question as to what should be the limit of government intervention is rather similar to Sung Yu's (a third century BC Chinese poet's) description of a beautiful girl:

"If she were one inch taller, she would be too tall.
If she were one inch shorter, she would be too short.
If she used powder, her face would be too white.
If she used rouge, her face would be too red."

If only, in the ongoing discussions on the role of government, we had adverted our mind to Sung Yu's admirable combination of individual choices with a general sense of proportion, the problems of institutional reform would have been quite manageable. The circumstances prevailing at a particular time and place would certainly determine whether a government is "too tall" or "too short" and whether its face is "too white" or "too red". There is also no doubt that when necessary allowances have been made for local environmental conditions, a government should be able to relate its allegoric height (and indeed, overall size and complexion) to
the tasks to be performed. It goes without saying that a public institution which merely pays bureaucrats' salaries and has little left for value-added activities is "too tall". Similarly, one which stocks modern, high-tech equipment but has no skilled personnel to operate and/or maintain the equipment is definitely "too short" for the occasion.

In between the "too tall" and the "too short", public institutions in Africa still have a wide range of issues which they need to resolve. Among these are the general issues of centralization and decentralization, control and autonomy in public enterprises, as well as the specific issues of merit in staff selection (as against geographic representation), employment policies and practices, motivation and productivity. As a way of provoking discussions at this workshop, I would suggest that we trace the relationship between, on the one hand, the programme/service delivery capacity of government and, on the other, extant policies on decentralization. In specific terms, we need to find out the extent to which prevailing systems of decentralized administration succeed in mobilizing local resources and maximizing grassroots participation in plan formulation and development. While on this subject, we may also wish to examine the actual and potential role of specific local institutions, notably peasants' associations, co-operatives and community development bodies. How do the activities of these non-governmental organizations synchronize with those of formal governmental structures? With regard to the issue of how to balance external control with managerial autonomy in public enterprises, it is necessary to give serious consideration to a new experiment, i.e., the drawing up of performance contracts in which the role, responsibilities and spheres of influence
of all parties (government, boards of directors, and management teams) would be spelt out.

The last set of institutional issues which we need to address as part of the ongoing reform relates to the cluster of activities at the managerial level. Management is a broad term, but for our purpose, it would be sufficient to limit its scope to the implementation and review or reformulation of policy. It is a process which links policy making with implementation, and, by so doing, concerns itself with the day-to-day activities in formal organizations. Senior managers contribute to the formulation of substantive policy (agriculture, foreign trade, equity participation, etc.) and to the design of administrative policy (administrative financial rules, employment policies, etc.). In any case, the single dominant institution in the life of managers is the formal organization. The public service, which was inherited from the colonial regime, is a typical example of a formal, bureaucratic organization. Its current weaknesses lie in its early-day strengths—hierarchical conformation, specialization of functions, impersonality of decision-making process, chain of command, unity of command, span of control, etc. If every bureaucrat plays the game according to Max Weber's rule, the bureaucracy might, as promised by Weber, succeed in changing the face of the earth for the better. Unfortunately, all it takes to constitute a bottleneck to progress is one person with his one set of rules. If that person is a supervisor, he/she may interpret the formal, bureaucratic rules to squash brilliant and innovative ideas from his lieutenants, or to settle personal scores. If he is a subordinate, he may use formal bureaucratic methods to cover up his errors and failings. I doubt if the Africa of today can afford
that type of arrangement. In view of the deepening socio-economic

crisis, there is need for formal organizations to be transformed

into 'open', self-criticizing, and self-correcting systems - systems

in which new ideas would thrive, and ill-considered plans would,

through a process of natural selection, be still-born. The proposed

organizational arrangement would include a conscious policy on

motivation. That means bad managers holding supervisory positions

should undergo behaviour-modification training to acquaint them

with the benefits of human relations. I have no doubt that bad

supervisors are a serious liability to their organizations. Instead

of mobilizing the work-force behind the policies of the employers,

such supervisors sow the seed of discord and inflame negative

emotions.

Crucial as the subject is to the resolution of Africa's
development crisis, little attention seems to have been paid to the
prevailing managerial style and philosophy. While institutes of
administration and staffed colleges have been established to organize
management development programmes, the relevance of the
programmes to contemporary problems is very much in doubt. As
I have argued on previous occasions, it would be difficult to find
lasting solutions to Africa's development problems unless the public
service is staffed by men and women who have brains in their heads,
and fire in the bellies. Our training institutes have an important
role to play in transferring modern management "brains" to top
managers. In specific language, the institutes have to apply effective,
adult-learning techniques to transfer the capabilities of planning
and forecasting; decision-making; communications and human
relations; performance monitoring and improvement; project
evaluation, management and control; financial management; procurement, inventory and transportation management; to mention a few. But even more important than the brain which the institutes transplant is the fire of enlightenment which they ignite in the bellies of policy-makers and senior administrators. More than ever before, the institutes should be in the forefront of the struggle for ethical redirection in the public service. They should live up to the expectations of their founding fathers by developing new management processes, and spearheading institutional reforms.

The point which I have so far been making in this address is that any future reform thrusts should focus on the neglected areas of priority that will bring about fundamental structural transformation, viz., the strengthening of the capacity of the machinery for policy formulation, the streamlining of the relationships among component agencies, and the development of managerial capacity. While Africa's prolonged socio-economic crisis provides a justification for the new approach, the circumstances prevailing in the countries represented at this workshop underscore the importance of institutional reform consistent with the pursuit of long-term development objectives for removing the structural rigidities that inhibit and delay the emergence of a dynamic economy in Africa. But two other conditions need to be fulfilled. First, since lasting institutional reform could not take place in an environment of bitter and protracted civil war and political instability, there is an imperative necessity to ensure peace, stability, law and order and good government in Africa. The second and last requirement is to realize the painful fact that given the minuscule nature of many an economy in Africa and their lack of viability, economic
integration is a *sine qua non* of structural transformation and fundamental structural change. National institutional reform for the pursuit of long-term development objectives and development policy management must encompass the putting in place of appropriate institutions that will facilitate and indeed accelerate the process of economic integration. Indeed, there can be no doubt that an appreciation of the general problem of institutional engineering at national and regional levels is a pre-condition for an understanding of the specific problems of food security.

I cannot think of a more appropriate way to conclude this part of my statement than by quoting, once again, from my Institute of Social Studies lecture:

"... any permanent and long-term solution to the food and agriculture crisis in Africa must address itself to the structural disequilibria that pervade the sector as well as the whole economy. In particular, the sharp bifurcation between the traditional and modern sectors must be removed; the excessive dependence on external stimuli such as foreign expertise, foreign technology and foreign trade must disappear, the pervasive inflexibility in the flow of resources and factor inputs must be eliminated; and, markets must increasingly mean domestic markets - dynamic and responsive - and not external markets. In other words, a fundamental structural change must take place. It is in the course of achieving such a structural change in the food and agriculture sector that the African green (or is it brown?) revolution will take place." 11/

11/ Adebayo Adedeji, op. cit., p. 15.
V. STABILIZATION, STRUCTURAL ADJUSTMENT, FOOD SECURITY AND INSTITUTIONAL DEVELOPMENT

In such circumstances, where do short-term structural adjustment measures fit in? How must we ensure that stabilization and structural adjustment policies and programmes are consistent with the requirements of long-term development objectives and the imperative necessity to bring about a green (or brown) revolution in Africa without which the objective of self-sufficiency and food security cannot be realized?

As already indicated there is no gainsaying the fact that there is a growing lack of consistency, at least in practice if not in theory, between the short-term objectives of stabilization and structural adjustment and the long-term development objectives. The literature on the subject is plentiful and no one now doubts that the claims that structural adjustment is an instrument for promoting long-term development objectives is, at best, an improper one. As Dell has argued, "national and - to the extent that they become involved - international authorities need to address the problem of consistency between adjustment and development in a conscious and carefully articulated manner ... with the objective of minimizing disruption of long-term development". 12/

The challenge which, therefore, faces development policy managers is, assuming that short-term structural adjustment measures are inevitable, given the exogenous and ecogenous shocks which

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occur from time to time and the current persistent economic crisis in Africa, what institutional development must be promoted to ensure that the structural adjustment measures put in place do not distort the process of long-term structural transformation objectives. In fact, that such measures facilitate and accelerate the process since, as we have already argued, it is only by so doing that the objective of food security can be realized.

We have already identified institutional weaknesses in Africa for long-range development policy formulation and management. These apply mutatis mutandis to short-term policies as well. But even more serious is the lack of mechanism for co-ordinating and integrating short-term adjustment measures with long-term transformation objectives. The pursuit of the latter is the primary concern of ministries of food and agriculture and natural resources, human resources development, industry, health, and transport and communications. On the other hand, the pursuit of macro-economic - fiscal, trade and price - balance under the adjustment schemes are the primary responsibility of ministries of finance and the central banks. How much co-ordination is there between the two groups? What structural adjustment programmes would have emerged if it was the ministers of food and agriculture, human resources development, industry, health, and transport and communications who negotiate the package with the IMF and the World Bank? In such circumstances, imbalances as related to employment, incomes, nutrition, health and education would have received at least as much attention as, if not more attention than, macro-economic imbalances. Would a minister of food and agriculture, determined to achieve food self-sufficiency and food security in the shortest possible period,
have agreed with the view that all agricultural subsidies - input as well as price - are intrinsically bad? That the growth in food production should be left entirely to market forces in economies where domestic markets are themselves the victims of structural rigidities? Will he/sha be such a poor student of contemporary history as not to realize that it is through such careful state intervention that Europe has become primary commodities exporters and surplus countries? Sure enough it can be overdone (as in most European and North American countries of today which spend billions of dollars in farm and price subsidies) but no developing country that adopts a theological-cum-ideological negative approach to farm and price subsidies will ever be in a position to achieve food self-sufficiency and food security.

How would such a minister of agriculture have reacted to food imports and food aid as part of an adjustment package? Will his/her concern for their impact not be such as to be totally opposed unless in dire circumstances such as famine? As the United States Presidential Commission on World Hunger admitted in its final report "food aid undermines the efforts of recipient nations to develop a more self-reliant base of their own. Food aid has also enabled some recipient governments to postpone essential agricultural reforms, to give low priority to agricultural investments, and to maintain a pricing system which gives farmers inadequate incentives to increase local production required for greater self-reliance in basic foodstuffs." 13/ Whatever may be its benevolent and humanitarian

impact, food aid does have deleterious effects on production and food security. And so does food import, apart from its aggravation of the balance-of-payments problems.

VI. CONCLUSION

I must now conclude this address. Even if it is called a keynote address, I should refrain from abusing your indulgence particularly as, according to the programme, I was expected to speak for only one hour - which I have already exceeded. But in so doing, let me reiterate what I said at the beginning - that we need a more rigorous study and analysis of the institutional issues of development policy formulation and management. In the context of this address, I have examined these issues in relation to structuralism, structural adjustment and food security policies. But, they are equally worthy of examination in relation to other policies. Just as development does not take place in a vacuum, policies to bring it about, if they are to be properly executed, must have the right type of institutional framework and address major relevant institutional issues. The nefarious impact of inappropriate institutional mechanisms on the African development problematique is yet to be fully fathomed.
And this, Mr. Chairman, is precisely the objective of this year's session. It has indeed constituted the focus of the meeting of the Technical Preparatory Committee of the Whole for the past week, and I have no doubt that you will find useful for your own deliberations the depth and detailed nature of TEPCOW's examination of many of the pertinent and concrete issues involved.

**Beyond recovery: ECA-revised perspectives**

You will no doubt remember the study *ECA and Africa's development, 1983-2008: A preliminary perspective study* which the ECA secretariat produced some five years ago. The study provided a picture of what Africa was likely to be in the year of the Commission's Golden Jubilee in the year 2008 under two different scenarios namely, the historical scenario and the normative scenario. What has happened in Africa since then, for the first one-fifth of the time-period covered by the ECA projections, has been such that our level of economic performance has fallen even short of the worst prognostications of the historical trends scenario not to talk of the optimistic normative scenario. In the last 10 years, the average living standard of the African population has fallen consistently, food crises and deteriorating social conditions have prevailed, and Africa's debt has mounted while its debt-servicing burden has become unbearable.

By your mandate, Honourable Ministers, the ECA secretariat is required to undertake a revision of the Perspective Study every five years, and we have accordingly, this year, produced, for your consideration, the first of such revisions. Such a revision was indeed
excruciating problems that Africa has had to contend with in its quest for economic development and independence. The world economy has long been in dire need of a fundamental structural change to bring it into equitable long-term equilibrium. For too long, world growth has been severely hampered by the relative swings of exchange rates and unco-ordinated fiscal and monetary policies regarding movements of interest rates and growing budgetary deficits. It was left only to the stock market crash to crash all hopes of early restoration of confidence in the world investment climate. What is increasingly clear, from the standpoint of the third world, is that the required new international economic order will not really come about unless and until the developing countries, especially those of Africa, are prepared to make the necessary sacrifice in terms of national and collective self-reliance and the pursuit of policies that will gradually weaken rather than strengthen the external links and orientation that they had traditionally and for too long depended upon. Thus, as we worry about the inadequacy of international co-operation with Africa, and about what to do to make the international community to live up to its commitment under the UN-PAAERD, we must never lose sight of the fact that the external environment has remained so crucial a pivot on which to hang Africa's future, largely because of our internal structures and economic disorientation within Africa itself. This means that we must strengthen Africa's solidarity for economic recovery and development, and ensure that our Governments give renewed priority to the pressing issues of African common platform; arrangements, procedures and approaches in seeking solutions to the region's economic and social problems; increased policy harmonization, both domestically and subregionally; and increased internalization of the continent's development process.
exceeded $US 240 billion, with a debt-service obligation of almost 45 per cent of export earnings. Interest payments alone will amount to 20 per cent of export earnings in 1990 as compared to 13 per cent in 1985. Additionally, the lack of improvement in the level of capital inflows would, in the face of Africa's already substantially diminished credit worthiness, leave investment spending unspared from severe budgetary cut-backs. Africa's already impoverished population will surely be in for a raw deal as unbearable pressures are placed on national budgets and greater import restrictions are resorted to in order to contain balance-of-payments problems and release resources for debt servicing. At the sectoral level, the activities most likely to be adversely affected are those of mining, which depends almost exclusively on export markets, and manufacturing, which depends overwhelmingly on imported inputs of management skills, machinery, equipment, spare parts and raw material supplies. In the event of a recession in Europe and North America, both oil-exporting and non-oil exporting African countries will suffer, as financial autarchy and erosion of respect for the discipline of the international trade system becomes the order of the day.

The fact that the chances of a successful implementation of APPER and the UN-PAAERD have been severely hampered and put at risk by the less-than-adequate support from the international community, and the fact that the ominous portents of a world recession generated by the October stock market crash, have all compounded the uncertainties regarding Africa's prospects for an economic turn-round are, for me, not mere isolated incidents or transient issues, but part of a consistent longer-term trend of
uncertain given the possibility of a protracted recession in the
developed market economies, especially of Europe and North America.
Despite some form of recovery and upturn in economic activity
in the industrialized countries in recent times, as a result of temporary
measures and palliatives in the area of interest rate policy, a deep
malaise still persists in the world economy as a whole with a sharp
bifurcation of the developed world into misaligned bloc of surplus
and deficit countries with the most powerful market economy being
the most indebted and greatest deficit country within the group.
Is it any wonder that the talk about an imminent world economic
crash is becoming a household one?

If indeed there were to be a recession in the OECD countries,
countries that account for the greatest share of world output and
possess the greatest influence on international trade and financial
flows, but have generally chosen not to live up to the responsibility
of undertaking the required corrective measures in respect of better
management of exchange rates and the international trade and
finance system, the damage to Africa's already precarious economy
will be incalculable: the already depressed export earnings of Africa
will fall even further; resource transfers, whether it is ODA or
private investment, will further decline while Africa's already
unsustainable debt-servicing burden will increase even further.
In such circumstances, our projections at the ECA secretariat are
that it would be most unlikely for Africa's exports to grow by more
than a mere 1.3 per cent during the period 1988-1990 in real terms,
and if prices continue to be depressed at the same level as in 1986-
1988, the value of exports in 1990 will be below even that of 1986.
By 1990, Africa's outstanding debt would have reached and probably
Africa and the worsening international economic environment

One of the most serious problems confronting Africa today is the worsening and uncertain international environment, especially in respect of commodities, trade, and monetary and financial relationships. Africa has for long been the periphery of the world economy, even though its external dependence is unequalled in any other continent. It accounts for a sizeable share of the world population and its land area but had never commanded or enjoyed a commensurate share of world income. Africa's increasing marginalization to the periphery of the periphery has all the more intensified in recent years as even its principal exports of primary commodities are threatened by weakening commodity markets, by discriminatory practices and by the process of substitution and scientific development in the advanced countries. Despite some noticeable recovery in 1987 in the market prices of some export commodities of interest to the African countries, the substantial decline in the demand of primary commodities in the traditional markets of the developed countries was a devastating factor aggravating the debt crisis in Africa.

The adverse developments in the international financial markets and the crisis that has engulfed the world currency and stock markets since the October 1987 crash have already taken their toll on Africa's economic recovery, judging from the huge losses already sustained by African countries in the purchasing power of exports as the dollar slid in value against the other currencies in which African imports are denominated. Even the chances of recovery in the immediate future and the economic prospects of the continent are all the more
of Africa’s Priority Programme for Economic Recovery, 1986-1990 (APPER). The external indebtedness of African countries has worsened over the last five years, to the extent that today, the external debt crisis is, in Africa, the single most critical factor in the prevailing social and economic situation. And what is more worrying is the growing gap between commitments and disbursements.

The salient features of the current economic situation in Africa and of the lack of progress towards recovery are writ large on the canvas. No matter which aspects of macro-economic indicators we turn to or care to consider, the picture is essentially the same - economic depression and stagnation; what with the high and growing rate of unemployment, declining real incomes, acute capacity underutilization, sagging agricultural production, excessive debt burden and crippling debt-service charges, and unbearably high rates of inflation that are in evidence all over the continent.

From the ECA annual Survey of Economic and Social Conditions in Africa, 1986-1987 and ECA/ADB Annual Economic Report, 1988, the picture that has emerged is that economic performance in Africa was more or less as poor in 1987 as in 1986, with even fewer countries achieving positive growth rates in aggregate output in 1987 and the region as a whole suffering a severe deterioration in overall food production. Total regional output grew by only 0.8 per cent in 1987 as against a population growth rate of nearly 3 per cent. Even the agricultural and food sector - the number one priority sector in Africa - performed much worse than had been thought, growing by less than 1 per cent, due to unfavourable weather conditions.
and on our prospects during the remaining 20 years before our Golden Jubilee, and twelve years before the end of this millennium.

There can be no doubt that, more than ever before, Africa is facing one of its most intractable development dilemmas! The economic and social crisis which has engulfed our continent for so long has become severely aggravated. Both the fundamental restructuring process and the wide-ranging reforms that have been initiated and pursued in most of the African countries in the last two years or so, and the untiring efforts at policy reforms, appear to have generally had little effect or met with a development impasse, and not, as it had widely been hoped and expected, with significant improvements in the economic performance of the region. Indeed, the situation seems to have gone from bad to worse for many of our economies, with one economic crisis succeeding the other.

The drought and famine which almost completely ravaged and battered the continent only a few years ago is back again in force in a number of our countries, especially in Eastern and Southern Africa, emphasizing the sad reality of the region's continued vulnerability to the scourge of climatic and weather failures. In addition to natural famine and drought, the continent is increasingly afflicted by another type of malaise which is equally, if not more, devastating in its severity - the drought and famine of financial flows and resources. With the significant decreases in official development assistance (ODA), the decline in the net flows of direct foreign assistance and growing debt and debt-servicing obligations, virtually all African countries have experienced difficulties in finding the required resources and wherewithals for the implementation
On 29 April 1988, it will be 30 years since ECA was established by the General Assembly of the United Nations. For many of us, especially those who were privileged and fortunate enough to have participated in the general debate of the eighteenth session/ninth meeting of the Conference of Ministers in Addis Ababa from 27 April to 3 May 1983, and are here present, your gathering today cannot but serve as a reminder of how quickly time passes. It is almost unbelievable that it is already five years since we gathered in Addis Ababa to celebrate the Silver Jubilee of the Commission. It all seemed like yesterday. But the truth of the matter is that another half a decade has already elapsed since that great event.

You will, no doubt, recall that we gathered in Addis Ababa in 1983 not simply to rejoice at our Silver Jubilee session. It is true we rejoiced, but we also reflected. We took stock and undertook a searching and critical analysis of our past performance. We asked ourselves where we had gone wrong in our search for economic performance and transformation. Indeed, we did more than being retrospective at our Silver Jubilee session. We also turned our attention to the future, to what lies ahead, to our prospects during the next 25 years.

It is meet and proper, as we celebrate the thirtieth birthday of the Commission, to follow in the same vein, especially by turning the searchlight on how the African economy has performed since 1983, and ask what the lot of the generality of the African people is today as compared to, say, five years ago. As we rejoice on this occasion of the thirtieth anniversary of our Commission, let us also reflect and spend part of the time in pondering on what lies ahead;
CHAPTER 5

AFRICAN RECOVERY IN AN UNCERTAIN AND UNSTABLE INTERNATIONAL ECONOMY

Statement made
at the opening of the
twenty-third session of the Commission/fourteenth meeting of the ECA Conference of Ministers

14 April 1988
Niamey, Niger
imperative if, as we should, we were to be able to capture and to reflect on the cumulation of adverse conditions in the region since 1983, not only in terms of the devastating drought of 1983-1985 and the contemporary resurgence of drought in some of our member States, but also in view of the structural balance-of-payments and external indebtedness crises that continue to plague the region's international economic relations.

Even the projections that have emerged from Beyond recovery: ECA-revised perspectives of Africa's development, 1988-2008 for the next 20 years do not generate any more optimism than was the case five years ago. And it is this that has led me inevitably to ask: Whither Africa? Where does Africa go from here? That question is, of course, easier asked than answered, since the answers are necessarily complex. But one cannot but wonder how long Africa can continue with ever-recurring crises without the danger of a systemic political, social and economic breakdown with grave consequences? Politics, diplomacy and rhetorics apart, how genuine is the concern of the international community to help Africa avoid a total systemic breakdown and help determinedly to put it on the road to economic recovery and development?

As far as we the Africans are concerned, are we determined to avoid a systemic breakdown and pull ourselves up by our own bootstraps, regardless, or even because of, the exogenous factors? We in Africa are, incidentally, fond of referring to the Asian experience, and have tended to think or assume that it is of automatic application to us. What we forget is that the Asian Miracle did not just happen. The people of Asia actually willed
it for themselves. We also tend to forget that Africa may not successfully go through the same experience of Asia unless special measures are taken to will it for ourselves. There can be no doubt, that if the willed and dignified future of the normative scenario of the ECA Perspective Study were to prevail for Africa rather than the gloomy projections of its historical scenario, then all of us will be required, in an all-out effort, to shoulder the responsibility for recovery with renewed vigour, single-minded determination and absolute resolution, such that the solid foundations will be laid for the development of an African economy free of structural dependencies.

The way forward: intensifying the struggle for self-reliance

Why have I chosen the occasion of the thirtieth anniversary of the Commission to raise this particular question? I have done so, believing as I do, that we have ample reasons to be proud of the past and about many of the things we have done and accomplished, except perhaps our development performance of the last 10 years. The pertinent question that we should be asking ourselves is what to do about the present development jam in which we have found ourselves. But, above all, we must develop the unswerving conviction that our salvation lies exclusively in our own hands and that no one else but ourselves can or will ever remove that jam. And, we must be man enough to do it and make it happen by rejecting in its totality the dependency syndrome.

In this connection I have very little to add to what I said to your august body in March 1979 when, in Rabat, at your fourteenth
session, you celebrated the twenty-first anniversary of the Commission. As I said then, let us, as we celebrate this anniversary, think of "the task ahead, the Herculean task of building a prosperous, self-reliant and dynamic African economy. To meet this challenge, we must resolve to be resolute, decide to be decisive and adamant to change the economic fortunes of Africa and its peoples for the better. We must pursue relentlessly and with single-minded determination the objective of establishing a new national and regional economic order in Africa based on an increasing measure of national and collective self-reliance and dedicated to the task of achieving an equitable distribution of the products of development among the African peoples.

"Finally, let us not delude ourselves into thinking that the challenge which we face will be met for us by outsiders. Outsiders may help - and such help is to be welcomed - but the task is ours to perform, the war is ours to fight until total victory over poverty, disease, ignorance and economic underdevelopment is achieved."

I wish your twenty-third session and thirtieth anniversary celebrations every success.
CHAPTER 6

AFRICA MUST PULL TOGETHER

Statement made
at the
forty-eighth Session of the Council of Ministers,
marking the twenty-fifth anniversary celebration
of the Organization of African Unity

19 May 1988
Addis Ababa, Ethiopia,
It is indeed a singular honour and pleasure for me to address you on this special occasion marking the twenty-fifth anniversary of the Organization of African Unity (OAU) for three principal reasons. The first is that the Organization of African Unity on clocking the first quarter of a century is ready to shoulder new responsibilities and new challenges in the process of African political and economic transformation. The second is that the twenty-fifth anniversary of OAU coincides with the thirtieth anniversary celebrations of the United Nations Economic Commission for Africa. These two occasions are a source of joy and pride to all peoples of Africa because they demonstrate that despite the many problems the African countries have passed through, we are emerging stronger and more united than before to deal with our economic and social problems.

I am also pleased to address you for another important reason, namely, that the theme selected for the twenty-fifth anniversary celebration is UNITY, SOLIDARITY, LIBERATION AND DEVELOPMENT. This theme coincides with that chosen for ECA's thirtieth anniversary celebration which was SOLIDARITY FOR AFRICAN ECONOMIC RECOVERY AND DEVELOPMENT. The coincidence and identity of objective, purpose and destiny of the Organization of African Unity and the Economic Commission for Africa can readily be appreciated. It is for all these reasons that I warmly welcome this opportunity to stress the need for Africa to pull together.

In line with this theme, I firmly believe that peace and development go hand in hand, for, indeed where there is no peace,
economic development becomes a most difficult, if not an impossible task. At the same time, if the results of the fruits of development are not easily discernible and are not equitably distributed among the inhabitants of the countries, peace and stability can be threatened. Liberation is important in two aspects - firstly, there is the need to continue with the struggle for the total liberation of Africa. Secondly, there is the need to ensure the economic liberation of our countries from the bonds that adversely link us with the colonial past. Solidarity on the other hand, is the basis for intra-African co-operation and development. Therefore, this theme of UNITY, SOLIDARITY, LIBERATION AND DEVELOPMENT is not only germane to the current social, socio-economic problems facing Africa but also sets the pace for future development policy. Indeed, the Charter of the Organization of African Unity sets as some of its main objectives the promotion of unity and solidarity among African States; the co-ordination and intensification of co-operation and efforts to achieve a better life for the peoples of Africa; and the promotion of international co-operation.

In the pursuit of this theme, the Organization of African Unity and the Economic Commission for Africa have, throughout the years, not only co-operated in the establishment of institutions for economic and technical co-operation and development of the African countries but also, as you may recall, jointly prepared the Monrovia Strategy for economic development of Africa; the Lagos Plan of Action for economic and social development of Africa; Africa's Priority Programme for Economic Recovery, 1986-1990, Africa's Submission to the Special Session of the General Assembly of the United Nations on Africa's Economic and Social Crisis; and the United Nations Programme of Action for African Economic Recovery and
Development, 1986-1990, to which I will return later. These documents, historic as they are, also epitomize the concerted action and the collective wisdom of African countries to resolve effectively the problems facing the continent. They also consistently emphasize the message running across all these documents; that the development of Africa is the responsibility of the Africans themselves and that they have committed themselves unequivocally to use their internal resources and capabilities while seeking external assistance only to supplement such efforts.

But these achievements are only one side of the story. The other side has to be viewed against the background of the realities of Africa's development. It is a matter of great concern that there has been a steady deterioration in the economic and social performance of the African economies during the last decade. As was indicated in the Niamey Declaration adopted by the ECA Conference of Ministers on 17 April 1988 in commemoration of its thirtieth anniversary, "in the 1960s, African economies were characterized by an active export sector and the prices of our primary commodities were relatively remunerative and the balance of payments, in the majority of cases, was positive; incomes and production grew faster than the rates of population growth and generally standards of living were visibly improving. Africa was also a net exporter of food. The situation turned for the worse in the 1970s with the increase in import bills of energy, manufactures, capital goods and food against a steadily declining trend in export earnings. While our economies were adversely affected by these developments, we were nevertheless able to keep our heads above the water. With the turn of the 1980s, the situation quickly climaxed to a crisis situation."
The reason behind this crisis as has been repeatedly explained were both endogenously and exogenously induced. I do not need to re-state them again. However, I need to underline that the most critical factors include the collapse in the prices of primary commodities of major interest to Africa which seriously eroded the export earnings of our countries; the balance-of-payments deficits which became chronic and were aggravated by flight of capital and increased payments for services abroad against the background of increased import bills and inflationary tendencies in our economies; the mounting debt-service obligations of African countries which increased from about $7 billion annually in 1977 to well over $34 billion in 1988. This has forced the diversion of significant resources away from growth-oriented objectives. To these should be added the unprecedented drought which occurred in many countries in Africa between 1983 and 1985; the steadily advancing desertification; and havocs caused by other natural disasters such as cyclones, hurricanes, floods and more recently the menace of the locust invasions. The destabilization of our political, social and economic structures by external forces, more especially the policy of the South African regime against the front-line States is also a major factor that has contributed immensely towards the aggravation of the crisis.

In the midst of this economic and social crisis, Africa did not sit back in total defeat. We have together relentlessly searched for ways and means of extricating ourselves from the present predicament. Our latest effort is the adoption by our Heads of State and Government, of Africa's Priority Programme for Economic Recovery, 1986-1990 (APPER) in July 1985. This was fully supported by the international community when the special session of the United
Nations General Assembly adopted the United Nations Programme of Action for African Economic Recovery and Development, 1986-1990 (UN-PAAERD) in June 1986. These two historic documents heralded the era of absolute awareness of the need for concerted action not only to deal with the crisis through recovery programmes but also to lay firm foundations for self-sustained growth and development in the 1990s.

How has Africa fared in the implementation of APPER and the UN-PAAERD? Both OAU and ECA are in the process of finding answers to this question. The mid-term review of the implementation of APPER and the UN-PAAERD which is currently on hand will document clearly what has been achieved, and what needs to be done before 1990 arrives.

However, available evidence shows that although many African countries have increased, in some cases significantly, the investment in agriculture and related activities; have undertaken improvements in food storage and distribution and have begun to implement programmes for strategic reserves in food grains; of reafforestation and the control of drought and desertification and although no less than 30 countries have instituted structural adjustment programmes and economic policy reforms, the results of all these heroic efforts have not been spectacular. Overall economic performance in 1987 was very poor. This means that a lot more needs to be done at the national level to realize the objectives of the recovery programmes. It also means that we must renew our commitment and our
determination. We have no alternative but to pursue more vigorously than ever before the implementation of the recovery programmes.

An anniversary - whether it is an annual, decennial, silver or golden one - is an occasion for joy and thanksgiving. It is also an occasion for reflection and rededication. As someone who has had the privilege of participating in one capacity or another in virtually all OAU meetings since 1974 and who has witnessed personally the ups and downs of the Organization during these years, its heartaches and anxieties, I can say without fear of contradiction that we have every cause to be joyous on this occasion for, only a few years ago many people, including many highly placed Africans, had written off the Organization. It is therefore meet and proper that there should be thanksgiving on this auspicious occasion. But as we celebrate, let us ask ourselves about the opportunities lost during these past two and a half decades; about decisions which needed to be taken but were not taken; about decisions taken which were honoured more in the breach than in implementation; and, about failures to match promise with performance and words with deeds.

By all means let us rejoice. But as we rejoice let us reflect. Let us take stock by undertaking an agonizing appraisal of our performance during these 25 years. But our reflection should not be an end by itself. It should be a means to an end, i.e., rededication and recommitment to the ideals that led to the founding of the
Organization. Let us devote some of our time in pondering on what lies ahead.

One question which we at ECA have been asking ourselves since 1983 when we celebrated our own Silver Jubilee anniversary with appropriate pomp and pageantry is, what will the economy of Africa be in the year 2008 when we celebrate the golden anniversary of the Commission? What will be the conditions of living of our people? The quality of their lives? What will be its relationship with the international economy? Will Africa have emerged as a truly interdependent partner in the world economy? Will it have succeeded in shedding its neo-colonial economic status of dependency? Will we have succeeded in removing the yoke which has fastened upon us an economic system which inhibits the range of natural resources we utilize, which puts us into a strait-jacket of producing what we do not consume and of consuming what we do not produce and which makes us exporters of raw materials at low and declining prices in order to import semi-finished and finished products at high and rising prices?

In order to provide answers - no matter how tentative - to these questions, we undertook a perspective study as part of our Silver Jubilee anniversary in 1983. This year - on our thirtieth anniversary, we have updated that perspective study in the light of the developments during the past five years under the title Beyond Recovery: ECA-revised perspectives of Africa's development, 1988-2008. Unfortunately, the projections and prognostications that have emerged from it do not generate any more optimism than those
that emerged from the earlier one of five years ago - ECA and Africa's

It is this that led me to pose a number of questions to your
colleagues, the African Ministers of Planning and Development,
at their ECA Conference in Niamey last month. Let me pose the
same questions to you, Honourable Ministers of Foreign Affairs.

Whither Africa? Where does Africa go from here? ... For
how long can Africa continue with ever-recurring crisis without
the danger of a systemic, political, social and economic breakdown?
Politics, diplomacy and rhetorics apart, how genuine is the concern
of the international community to help Africa avoid a total systemic
breakdown and hal determinedly to put it on the road to economic
recovery and development? And as far as we the Africans are
concerned, are we determined to avoid a systemic breakdown and
pull ourselves up by our own bootstraps regardless or even because
of the exogenous factors? And do we know what this involves in
terms of popular mobilization and in terms of leadership quality?

It is fashionable nowadays to refer to the Asian experience
and to argue that because the Asians were by and large able to
overcome their economic crises of the 1950s and 1960s, Africa will
overcome its own crises of the 1970s and 1980s sooner or later. But
what is often forgotten is that there is no automatic extrapolation
or extension of the Asian experience to Africa. We must not forget
that the Asian economic miracle did not just happen. The people
of Asia under the guidance of their leaders willed it for themselves.
Therefore if we are to transform the African economies in the 1990s
and during the first decade of the next millennium, we must resolve
to pursue with single-minded determination the normative scenario
of the ECA perspective study. This is where the path of honour
and dignity - our honour and our dignity - lies.

The Organization of African Unity as the highest political
organization in Africa needs to make that commitment not by words
but by deeds. The Silver Jubilee anniversary provides a historic
occasion for this rededication.

Let me end by wishing a happy anniversary to the Organization
of African Unity!
Corrigendum

Page 2, line 3, read "Six" instead of "Four"

Page 35, first paragraph, penultimate line, delete the comma after "food"

Page 35, last paragraph, seventh line, insert comma between "Africa" and "will"

Page 42, second paragraph, fifth line, amend "issues" to read "issues?"

Page 54, first paragraph, seventh line, delete full stop between "donor" and "countries"

Page 62, first paragraph, fifth line, insert comma between "devote" and "year" and between "out" and "loss"

Page 71, delete from "Fostering" to "around"

Page 87, third paragraph, last line, amend "ecogenous" to read "endogenous"

Page 114, second paragraph, sixth line, amend "hal" to read "how"