



UNITED NATIONS  
ECONOMIC COMMISSION FOR AFRICA

**PRELIMINARY ASSESSMENT OF THE PERFORMANCE  
OF THE AFRICAN ECONOMY IN 1992  
AND PROSPECTS FOR 1993**

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**END-OF-YEAR  
STATEMENT**

Layashi YAKER  
UNITED NATIONS UNDER SECRETARY GENERAL  
EXECUTIVE SECRETARY OF THE  
ECONOMIC COMMISSION FOR AFRICA

ADDIS ABABA  
18 DECEMBER 1992

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**Layashi Yaker  
United Nations Under-Secretary-General,  
Executive Secretary of the Economic Commission for Africa**

**Addis Ababa  
18 December 1992**

*Excellencies,  
Distinguished Ambassadors and Heads of Diplomatic Missions;*

*Distinguished Heads of  
African regional Organizations  
and of United Nations agencies and specialized organizations;*

*Representatives of the Media;*

*Ladies and Gentlemen;*

*Dear Colleagues;*

It is a pleasure for me to welcome you to Africa Hall today to my first End-of-Year Statement as the Executive Secretary of the United Nations Economic Commission for Africa. I want to thank you all for honouring our invitation. I take your presence here, today, as evidence of your continued support and that of your governments and institutions for the work of the United Nations in general and that of UNECA in particular.

When about four months ago, I assumed the stewardship of UNECA, I did not take the support and co-operation of your governments or institutions for granted. Quite on the contrary, I recognized that the good relationships between ECA and the governments of Member States -- our primary constituency -- have to be nurtured and sustained. It is in this context that I cherish the opportunity that the present occasion gives for maintaining the substantive dialogue between the secretariat and representatives of Member States, organizations and the media in Addis Ababa.

The End-of-Year Statement of the Executive Secretary is traditionally devoted to a preliminary review of the economic and social conditions in Africa in the year that is just ending and the forecast for the year that is about to be ushered in. I should, accordingly, like this morning, to take stock of the African economies in 1992, and reflect with you on the region's performance and prospects for 1993 as we see them at UNECA. I shall also seize the opportunity to make a few observations and to call your attention to issues of strategic importance to which the world has focused attention in the course of the year. These are issues which will, no doubt, exercise a significant influence on the pace of Africa's development in 1993 and beyond.

#### **A. ECONOMIC AND SOCIAL SITUATION IN 1992**

*Your Excellencies;*

*Ladies and Gentlemen;*

1992 has been, for a number of African countries, a year of severe and grave social and political crises, and any review and analysis of development trends on the continent must per force take due account of, and reflect accurately the current state of the region's political economy. Indeed, the increasingly close relationship and interplay of politics and economy, and the multi-faceted and multi-dimensional nature of the enabling environment required for Africa's economic growth and performance are some of the compelling realities of our times.

Following the setbacks experienced in 1991, when output grew by a mere 1.9 per cent, a significant recovery had been expected in Africa in 1992. It is by now almost certain, at least according to the preliminary estimates available to us at the ECA, that the regional economy has grown by an equally disappointing rate of no more than 2.4 per cent for the year that is about to end. What this amounts to is that output has grown on average by a mere 2.1 per cent per year in Africa during the first two years of the present decade, and that, given the region's population growth rate of around 3.1 per cent, income per head has been declining by nearly 1.0 per cent per year as was the case in the 1980s. What is not fully revealed nor encapsulated in this macro-economic indicator of poor performance is the trauma, the human tragedy and devastation, and the deterioration in various aspects of social development that have taken place and remain unabated in some parts of the region in terms of hunger, famine and malnutrition, massive population displacement and dislocation, and people dying needlessly, maimed by violence and warfare.

In all, there were three major negative factors at work in the social, political and economic realms which derailed socio-economic recovery in 1992. These are: (1) the impact of civil conflicts and the unsettled political climate in a number of African countries; (2) natural disasters, especially the drought in Eastern and Southern Africa; and (3) the external environment marked by sluggish growth and feeble recovery in the industrial economies which proved to be unfavourable to development in Africa. I shall examine these three factors seriatim.

In the socio-political domain, the unparalleled situation that obtained in Somalia deserves particular mention. The gruesome civil war into which that country has been plunged since the society exploded into warring factions has already claimed hundreds of lives, destroyed virtually all institutions of civil society, and inflicted incalculable damage on the meagre infrastructure that had been built at great cost since independence. Analyzing the present situation in Somalia in ordinary economic terms or in terms of output loss would be meaningless when practically all forms of economic activity in the country have virtually ceased for the greater part of the year. It is to be hoped that the recent very successful Conference on humanitarian assistance to Somalia which we hosted at Economic Commission for Africa in this very Hall barely two weeks ago, as well as the recent bold initiative of the Security Council on humanitarian assistance protection in the country would reverse the course of self-destruction that has engulfed that country in recent months.

Elsewhere, in Liberia, Mozambique, Angola, Rwanda, southern Sudan and Sierra Leone, there was some actual fighting in 1992, although the civil war in Mozambique seems to be

finally ending after the recent agreement signed in Rome by all the parties to the conflict. We must all hope that the recent initiative of Secretary General Dr. Boutros Boutros-Ghali and the Security Council on peace-keeping measures in that country would succeed so that the tasks of rehabilitation and reconstruction can earnestly begin. In Angola, the destruction that has been wrought on human lives and on physical and social infrastructure has been enormous and there can be little doubt that the end of the civil war and the emergence of a stable government would give a new lease of life to the country in putting to good use its considerable natural resource endowments and potential. In Liberia, the fighting has again intensified in the recent period, and there are as yet no real prospects for an early end to the civil war that has ravaged and continues to devastate that country since the middle of 1990. In southern Africa, the level of violence inside the Republic of South Africa has escalated to the point of impeding, if not actually delaying, the orderly transfer of power and the advent of majority rule which is so crucial to the eventual integration of the South African economy into the regional economy.

The on-going process of political transition in the region towards more democratic and forms of governance and popular participation which gathered momentum within the last two years has not been without some difficulties and setbacks, judging by the experience of a number of countries. Happily, a reduction in the level of political tension was discernible in 1992 in some of the countries in transition, for example, Benin and the Congo, where the transfer of power took place in conditions of relative peace and without bloodshed through popular and democratic elections.

As for natural calamities, the second major factor in Africa's economic performance in 1992, the severe and devastating drought in most Eastern and Southern Africa is particularly significant. This drought which, in southern Africa, is the worst in recorded history, reached its highest point after the failure of the rains in early 1992 for the second year running, and has gravely affected growth performance in most countries of the subregion, with serious consequences for food production and food security, agro-industrial output, as well as other water-related activities such as hydro-electric power generation and fishery.

The magnitude of the problem is best exemplified by the plight of Zimbabwe, normally a maize surplus producer and exporter. Deliveries to the Grain Marketing Corporation of Zimbabwe were of the order of only 10,000 tons in 1992 compared with the normal level of more than a million tons. The overall maize crop is estimated to have declined by 70 per cent in Zimbabwe. Forty million people are estimated to have been adversely affected by the threat of food shortages in the subregion, and some 6 million tons of cereal imports were required by the SADC countries. This is in comparison to the 2 million tons of imports in a normal year.

But the effects of drought have not been limited only to the sharp drop in agricultural production and the decline in overall output growth. The affected countries have been forced to reduce investment and to allocate special funds for rehabilitation, to increase imports and to postpone some much-needed adjustment measures in order to cope with the drought-induced emergency. In short, the situation in the Eastern and Southern African subregion has been a vivid reminder of the continued vulnerability of our region to the scourge of climatic failures.

Finally, there was the international economic environment which remained unfavourable to Africa's development efforts. The sluggish performance of the world economy, the lack of real progress on the external debt issue in so far as Africa is concerned, and the fall in commodity prices all seem to have stifled the process of domestic adjustment and reforms on the continent, as many of the associated programmes turned out to be underfunded. If the world economy has recovered at all in 1992 from the slow down experienced in 1991, it has only been at a very feeble rate, particularly in the industrialised countries which are Africa's main trading and development partners.

Consequently, demand for African exports has dropped significantly, with further falls in commodity prices. According to some estimates, commodity prices were on average lower by 4 per cent in 1992 than in 1991 while prices of beverage crops and metallic minerals declined by 13 per cent and 2.7 per cent respectively during the year. Available data at ECA indicate that oil prices, which rose from March to late June and strengthened somewhat in September 1992 to an average of US\$20.35 a barrel, have stagnated in October and started to weaken since early November. On a yearly basis, the prices of cotton, sugar, iron ore and uranium have also weakened further in 1992. Although noticeable price improvements were registered by timber logs, precious metals, cobalt, and phosphate, the increases were not adequate to engender any positive change in the overall export price level.

At the same time, Africa did not benefit from the continued deceleration and moderation of inflation in the industrialised countries in 1992 since international prices of manufactured goods rose significantly, increasing Africa's imports bill and further worsening African countries' terms of trade by an estimated 5.8 per cent. Furthermore, the tensions in the European monetary system adversely affected the African countries that have their currencies linked to the French Franc. For such countries, the mere prospect that the monetary stability conferred by membership of the Franc zone (since the Second World War) might be destroyed is a source of speculative destabilisation which discourages financial resource inflows and incites capital flight from the region.

The trade dispute between the United States of America and the European Community has blocked the completion of the Uruguay Round of Trade Talks for most of the year. In any case, even if the Uruguay Round was to be successfully completed in 1992, on present terms, it is likely that the main beneficiaries will be the present food exporters such as the USA, Canada and Argentina. It is by no means certain that the rich markets of the European Community will thereby become more open to African agricultural exports. There remains the need to allay the major concerns of the African countries, shared by most developing countries, that their infant service industries will be damaged by increased liberalization and perhaps dumping, and that their freedom to provide subsidies to their agricultural sector and to protect their infant manufacturing industries will be severely constrained under the new rules of the GATT.

Within the framework of poor demand and prices for Africa's exports in 1992, the value of exports stagnated at around US\$ 75 - US\$ 80 billion, the same as the level attained in 1990 -

1991. Imports, on the other hand, are estimated to have risen from around US\$ 78 billion in 1991 to about US\$ 83 billion in 1992, thus widening the trade deficit. The combination of a higher trade deficit, a lower surplus on private and public transfers, and a widened deficit on the services account means that the current account deficit rose in 1992, in the neighbourhood of US\$ 8 billion, in contrast to 1990 when, because of the oil exports windfall associated with the Gulf crisis, it had contracted considerably. According to the IMF, the combined net flow of financial resources to all African subregions excluding North Africa hardly changed in 1992, remaining below US\$ 20 billion. The bulk of the additional international financial resources flowed to Asia and to the transitional economies of Eastern Europe and the former Soviet Union.

The African debt problem remained unsolved in 1992 even though the debt burden of other developing countries eased significantly and generally ceased to be the threat it was in the early 1980s. For the African region, on the other hand, the ratio of debt to the total value of the region's annual exports has risen to 237 per cent from 230 per cent at the end of 1991, while debt service now consumes about 31 per cent of exports of goods and services. So far, Africa's request for the cancellation of 80 per cent of official bilateral debt has met with entrenched opposition on the part of some creditors, which has frustrated the implementation of the Trinidad proposals on commercial debt. Thus, in spite of the initiation of the "enhanced Toronto terms" for eligible African countries, it is likely that the debt burden of the African region will increase in the coming years, especially when the obligations of African countries -- particularly, for the dozen or so most indebted to the ex-USSR -- are taken into account. A strong need remains, therefore, for a global and urgent initiative to deal with this fundamental problem in the context of the continent's economic situation.

In a region so vast and diverse as Africa, overall regional trends do not fully reveal the divergencies and variations in performance among countries and economic sectors, and between different regions. For example, despite the slow output growth in the overwhelming majority of African countries in 1992, brisk growth was experienced in a number of countries due in part to the restoration of productive capacity previously lost to work stoppages and strikes or caused by severe import compression. The oil exporters performed better than the non-oil exporters, in general, even though their growth performance as a group remained disappointing, with a mere 2.8 percent rate of growth compared to 1.9 percent for net oil importing countries. Among the oil exporters, only non-OPEC members such as the Congo, Egypt and Angola were able to raise their oil incomes in 1992 as production cuts were implemented in OPEC member States in the face of an average price level that remained practically the same as in 1991.

The situation of agriculture appears to have been diverse rather than uniformly bad throughout the region. Food production was a cause for concern, especially in view of the drought in Eastern and Southern Africa, but production of cash crops such as cocoa, coffee and tea seems to have risen albeit rather slowly, thanks to the liberalisation of export prices in most African countries. Food crop harvests and prospects have been fairly good this year in the normally drought-prone Sahelian countries. Moreover, not all the countries of Southern Africa were severely hit by drought: in Angola, for example, a record crop is expected in 1992.

At the level of the subregions, GDP growth rate was highest in North Africa, at 3.8 per cent, followed by West Africa with 2.4 per cent. Improved conditions in Egypt, which has benefitted from a large reduction in debt service, higher agricultural output, and a recovery in tourism; strong economic performance in Tunisia; and a rebound of agricultural output in the Sudan are the main factors behind the relatively favourable outcome in economic growth in the North Africa subregion in 1992. In contrast, the Eastern and Southern African and the Central Africa subregions recorded the worst results, the GDP growing by less than 1 per cent in the former and actually falling by an estimated 1.2 per cent in the latter. While the catastrophic drought is the main factor behind the poor economic performance in Eastern and Southern Africa, the situation in the Central Africa subregion is primarily a reflection of the hyperinflation and the severe contraction in real output in Zaïre. GDP fell by nearly 5 per cent in that country in 1992 after a crippling 10 per cent decline in 1991, and its currency's exchange rate *vis à vis* the US dollar rose to over 650,000 zaïres per US dollar in August 1992 compared to just over 15,000 units per dollar in 1991 and 720 units in 1990.

Macro-economic policy in 1992 was conducted within the overall framework of fiscal and monetary restraints as well as the consolidation of structural reforms already in progress. This policy thrust involved large currency devaluations (in Ethiopia, Nigeria and Mauritania); privatization measures (in Nigeria, Ghana, Uganda, Mozambique, Tanzania); rationalization of the operations of public enterprises (in Uganda, Kenya, Tanzania); and, lay-offs of staff as well as other measures intended to increase efficiency of the civil service (in Equatorial Guinea, Congo, Uganda and Mozambique). Efforts to deal with disequilibrium in the domestic economy and to re-establish financial stability have led many countries to continue implementing austerity measures. The extent of the fiscal tightening in the region can be gauged from the fall in budget deficits from about 12 percent of GDP in 1987 to 5 percent in 1991, a policy that has been continued in 1992 in spite of the fact that increased resources had to be allocated to debt servicing. Government investment expenditures, especially social spending, have continued to bear the brunt of fiscal cut-backs, with disastrous consequences for social welfare.

Inflation rates soared in a number of countries in 1992 as a result of currency devaluations, price liberalization, supply shortages and excessive money creation. The boost to inflation in Nigeria and Zaïre came particularly from budgetary imbalances and deficit financing which, in turn, put downward pressure on their currencies, leading to their devaluation, thus completing the vicious cycle that links inflation and currency instability. A number of African countries, however, such as Botswana, Rwanda, Ghana, Mauritius, and some members of the Franc zone appear to have put inflation under control.

Stagnant economic performance and the repercussions of economic structural reforms continued to impact negatively on the social well-being of Africa's population in all subregions. All social indicators continued to worsen in 1992.

I have already mentioned that 1992 saw retrenchments of staff in public service and public enterprise sectors in a number of countries. While this measure is intended to lead to cost-cutting and increased efficiency in the public sector in the medium-term, the attendant social



disruption, pain and despondency must be recognised. It is notoriously difficult to pin down precise figures. Needless to say, as a result of economic stagnation against the backdrop of the continued momentum of rapid population growth, in 1992, the problem of open and disguised unemployment continued to worsen, with grave consequences for social cohesion.

As budgets are squeezed, governments spending on social services such as education and health continued to decline in real terms, while cost-recovery measures were increasingly applied without adequate measures to ensure that the poor who can't afford to pay continue to have access to essential services for themselves and their children. Incidence of a number of diseases that had long been suppressed, such as meningitis, sleeping sickness, malaria, tuberculosis, and cholera has been on the increase in recent years. The HIV-AIDS pandemic continued to grow unabated in 1992 in spite of efforts towards containing it through behaviour modification campaigns. Allow me to quote the Director of the WHO, Dr Nakajima, who recently warned at a Conference of Africa's Ministers of Health in Brazzaville, that "in less than 8 years' time an estimated 20 million Africans will be infected with *human-immuno-deficiency virus* (HIV), that a million people -- mainly adults in their prime years -- will be dying annually from AIDS leaving behind disrupted families." In the years to come, we must continue to do everything possible to arrest this dread scourge, and I appeal to our friends in the richer and more technologically advanced countries to extend to us generously all necessary moral, financial, and technical support.

## **B. PROSPECTS FOR 1993**

The immediate prospects for the African economy are far from certain at this stage. The best that can be said is that to a large extent much depends on the strength of the recovery in the OECD countries, which are Africa's main trading partners and sources of capital flows; the weather pattern in 1992-1993 and the performance of agriculture; the establishment of enduring peace, security and stability through the ending of civil wars and political conflicts; the continuation of balanced economic reforms with adequate attention to minimise their social costs; and the degree of solidarity with which Africa's partners-in-development will respond with financial resources to set in motion the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF).

Of necessity, a realistic assessment of Africa's economic prospects must take into account the continuing downward pressure on Africa's commodity prices, the external debt burden, and the inadequate levels of resource flows. Africa's external debt grew inexorably during the 1980s to the point where it is now larger than annual regional GDP, and almost two and a half times the value of exports. A robust recovery in African economic performance will not be possible without a substantial reduction in the stock of external debt and in debt service obligations, as well as a substantial real increase in net financial flows.

There is still considerable uncertainty among international economic analysts regarding the strength of OECD recovery expected in 1993; and on the basis of current forecasts, it would seem that the world economy is not poised for a strong recovery. The dangers of possible reverses in world economic growth are indeed very real, given the essentially sluggish character of the recovery process. If the worst case of a self-reinforcing slump came to be realized, there would be far-reaching implications for world trade and growth. Significant stimulus to growth in Africa would then not be expected during 1993 from its trade and development partners among the industrialized countries.

At the domestic level, there are encouraging signs regarding a possible recovery in agriculture. Early signs indicate that the drought in Southern and Eastern Africa may already have come to an end. In many countries in the subregion, land preparation is under-way for the 1992/1993 crop, and the rains have already started in some of them. But even with the best of weather conditions, there may be no radical improvement in the structural food deficits in some parts of the continent unless there is a speedy end to the problems of refugees and civil strife as well, which not only disrupt agricultural production in the theatres of war but also inhibit relief efforts and food distribution from surplus to deficit areas.

Prospects are mixed in the mining sector, where external demand is fundamental but remains unfavourable in its present trends and could worsen further in the case of the oil sector when Iraq and Kuwait are back to full production capacity as expected in 1993. Given the considerable uncertainty surrounding the performance of the economies of OECD member States, particularly the American economy, it is unlikely that the production quotas for OPEC oil-exporters will increase very much in 1993. In the non-oil mining sector, the recent flooding of the market with supplies from the transitional economies of Eastern Europe and the former Soviet Union has already begun to depress prices and to reduce the profits of African producers.

Domestic investment could grow in 1993 but the problems of programme funding and new conditionalities on the part of the donor countries and the multilateral financial institutions will be a serious feature of uncertainty; and the debt service burden will continue to weigh heavily on the balance of payments. Even if there were to be a substantial increase in external resource flows to Africa in 1993, African countries would still need to mobilize larger volumes of resources domestically while their fiscal capacity is limited and already over-stretched. Perhaps the only positive macro-economic trend in 1993 will be the moderation of inflation.

On the security and peace front, it is now possible to expect that the increased attention that the world community led by the Security Council of the United Nations and the tireless efforts of Africa's first UN Secretary-General, Dr Boutros-Ghali, to keep the spotlight on Africa will bear fruits in 1993. The UN-authorized military United States-led intervention in Somalia is expected to bring peace to that country, facilitating a full-scale humanitarian operation and paving the way for reconstruction of its physical, social, and political infrastructure. United Nations-led initiatives in Angola are likewise expected to lead full reconciliation and peace in Angola. The UN Security Council this week has announced concrete arrangements to manage the transition of Mozambique from war to peace in the next twelve months, and lessons have

been learnt from the setbacks suffered in Angola. The ANC and the white government of South Africa are expected to speed up the constitutional negotiations and to begin focusing more concretely on the political transition to majority rule and how to restore investor confidence in that country's economy. This will have positive impact on the southern African region.

It is not yet clear at this point how the situation in Liberia and southern Sudan will develop in the coming year, but it is possible that the general momentum towards reconciliation in the region will have a positive effect on these countries.

Against this background, it is likely that GDP growth rate in the African region will rebound to about 3 per cent in 1993, driven by modest expansion in agricultural output. Such a rate is roughly equal to the region's rate of population growth, and it is much below the average real rate of growth of 6 per cent of GDP envisaged under the UN-NADAF.

### **C. ISSUES IN AFRICA'S DEVELOPMENT THAT CALL FOR ACTION IN 1993**

During this year, world attention has been focused on three key geopolitical issues: the global environment, bio-diversity, and sustainable development; international security and stability as a basis for world peace and prosperity; and further liberalisation of the international trading system. The consensus that is taking shape within international fora on strategic policies addressing these issues will, in the foreseeable future, significantly influence the direction of the political process as well as economic reforms and development in African countries.

The issue of the linkage between the environment and development was the subject of the **United Nations Conference on Environment and Development** -- the Earth Summit -- in June 1992 in Rio de Janeiro, which adopted Agenda 21. The issue of international security, stability, and peace was the subject of the seminal report of the Secretary-General, An Agenda for Peace, published in July 1992, in which proposals were presented on practical measures for the prevention and management of conflicts and the role of the United Nations.

*Your Excellencies;*

*Ladies and Gentlemen;*

In view of the critical importance of the twin issues of the environment and stability on the performance of the African economy, allow me some time to discuss the measures and proposals in these two documents as to how they may affect Africa, and how Africa should respond or adapt. I will also review the UN-NADAF one year after its adoption, and the resource flows that Africa needs to launch itself on a course of robust and sustainable development. Finally, I will have some observations, from the African perspective, on the current state of the Uruguay round of negotiations of the GATT.

Agenda 21 is a landmark programme of action which reflects the global consensus and political commitment at the highest level concerning international co-operation in the field of development and the environment, and which spells out the objectives and activities as well as the means of implementing the principle of sustainable development.

Economic growth and transformation, social development and poverty eradication are considered to be the over-riding priorities for developing countries; that these are essential conditions to meeting national and global sustainability goals. In other words, fostering the principle of integrating environmental consideration into the development process requires accelerated achievement of these key priorities of the developing countries. It is emphasised in Agenda 21 that the successful implementation of the agreed commitments is principally the responsibility of national governments, but international co-operation geared to support and supplement national efforts is vital.

In implementing their commitments under Agenda 21, African countries will need to address the nature and main sources of their environmental problems as well as the appropriate measures to take. Obviously, wide-spread poverty is the major source of environmental degradation in Africa; while environmental degradation, itself, leads to the deterioration of Africa's agricultural capacity, reduction in food self-sufficiency, destruction of the economic base, and deepening poverty. The worsening imbalance between population growth and food production is the gravest threat that environmental deterioration poses for Africa. Poverty leads to relentless pressure on land resources such as wood to meet the energy needs of the population. Under-developed agricultural techniques and overgrazing leads to soil degradation. The combined end-result is deforestation, soil erosion, and desertification. This is the reason why African countries pressed for and obtained a firm commitment to the drafting of an international convention on desertification.

Our other environmental problems centre around unsafe drinking water, polluted air, inadequate housing, and lack of proper sanitation and waste disposal for most human settlements: this is especially critical in the poor districts of over-polluted cities. Some cities also increasingly choke from industrial and automobile pollution.

Three factors will be key to the implementation of Agenda 21 by African countries. First is the development of their national capacity to manage programmes of development and the environment as envisaged under the Agenda. Second are the substantial financial and technological resources needed to implement the programmes essential to re-orienting Africa's predominant modes of production along environmentally sustainable lines. Third is the stability of the international economic system. International co-operation is crucial in all three factors. Consistent with the spirit and commitments under Agenda 21, the international community should support and supplement African countries' efforts towards sustainable development by supplying adequate financial and technical assistance on concessional terms and by eliminating restrictive trade practices that impede Africa's economic diversification and development.

On its part, UNECA will take steps to reinforce its internal capacity to give assistance to member states to manage sustainable development; to identify and promote regional and sub-regional projects that enable African countries to give effect to the goals of Agenda 21; and, in collaboration with other United Nations agencies and African institutions, to advocate increased international support for Africa. Already, it has been decided that a significant part of the agenda for the forthcoming meeting of the ECA Conference of Ministers responsible for economic development and planning will be devoted entirely to a collective assessment of the post-Earth Summit to devise a programme for the implementation of Agenda 21.

An Agenda for Peace, represent the most comprehensive and in-depth analysis so far undertaken of modalities for fulfilling one of the principal mandates of the United Nations, namely:

*" To maintain international peace and security, and to that end: to take effective collective measures for the prevention and removal of threats to the peace ... "*  
(Article 1 of the UN Charter)

To this end, conflict prevention and management are discussed, and wide-ranging proposals are offered. Four phases are identified: preventive diplomacy, peace-making, peace-keeping and post-conflict peace-building. Most importantly, the report re-affirms that the sources and the consequences of threats to peace and security and full-scale conflicts are to be found not only in purely political dimensions but also in economic and social injustice.

Thus An Agenda for Peace is a refreshing reminder that peace and security, and economic and social development are indivisible. Africa's experience of the past decade and a half, when prolonged civil unrest and armed conflicts destroyed the economic base and led to economic decline and social degradation in a number of countries, bears out this observation. The link between wars and economic regression stems as much from the diversion of scarce resources from productive purposes to war, as from the destruction of economic and social infrastructures.

In the light of the sad experience of Somalia, there is one message that Agenda for Peace has for Africa: that we seriously need to devise new institutions and measures and/or to strengthen existing ones with the capacity to mediate and manage not only inter-state disputes but internal conflicts as well without leaving them to fester and grow out of hand. The second lesson is that "Respect for democratic principles at all levels of social existence is crucial: in communities, within States and within the community of States. Our constant duty should be to maintain the integrity of each while finding a balanced design for all". In Africa this means that current efforts to restore economic structural reforms should pay adequate attention to the equitable distribution of the benefits and costs to all segments of society, with measures to protect the most vulnerable segments; while the transition to democracy should be above reproach.

As a member of the United Nations system, ECA is ready to play its part in the implementation of the Agenda for Peace in Africa. In this regard, ECA is in the process of developing Frameworks of Assistance to various categories of African nations, in the context of the Agenda. As a first step, we are focusing on those countries where the need for reconstruction and rehabilitation is greatest: those emerging from the throes of conflicts. At the same time, we are already working on ways to provide support to countries that are managing their transition to democracy. Of necessity, the specific forms of support that ECA will render will be tailored to the special needs and circumstances of specific member States.

At the end of 1991, the forty-sixth session of the United Nations General Assembly launched the **United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF)**. This programme was hailed by Africans and their partners-in-development in the world community as "a new compact for co-operation". It was adopted as a successor to the **United Nations Programme of Action for Africa's Economic Recovery and Development, 1986-1990 (UN-PAAERD)** which, according to the assessment of the United Nations Secretary-General, failed during the five years of its duration to live up to the expectations with which it had been launched.

Basically, if I may recapitulate with your permission, the Programme of Action had failed to bring about sustained economic recovery in Africa for four reasons:

In the first place, throughout 1986-1990, drought and protracted armed conflicts continued to afflict countries in the Horn of Africa and Southern Africa; and political unrest affected a number of countries.

Secondly, the structural adjustment programmes (SAPs) that were implemented during that period by a plurality of African countries with technical and financial assistance from the Bretton Woods institutions initially "focused on short-term objectives of stabilisation rather than on the broader, long-term development objectives of UN-PAAERD".

Thirdly, the relentless worsening of Africa's terms of trade in the latter half of the 1980s deprived Africa of the financial resources required to implement the Programme.

Fourthly, the Development Assistance Committee (DAC) Member States as a whole failed to live up to their commitment to increase official development assistance (ODA) by \$9 billion annually in addition to the previous level of ODA before UN-PAAERD.

The *raison d'être* for the New Agenda for Africa's Development, therefore is to tackle the problems that stymied the Programme of Action; to succeed where UN-PAAERD failed; and to launch our continent on to the path of sustainable dynamic economic growth and development. About 55 per cent of Africa's population lives in countries with annual incomes per capita estimated in 1990 to fall between \$80 and \$350. To this end, Africa and her partners-in-development set themselves the target of 6 per cent annual growth rate on average over the next

two decades to alleviate the incidence of poverty by doubling Africa's incomes per capita from their current dismal levels.

This is a very challenging goal indeed. Some even say that it is too ambitious. It is, however, not beyond the realm of the possible.

To succeed in bringing about recovery and development in Africa, we must work hard to re-establish and safeguard in Africa, conditions of political stability, national security, social harmony, a sense that the situation is steadily getting better and that social well-being is increasing -- which form the basis for growth-promoting expectations and lasting peace.

We must press on with the process of establishing democracy, accountability, good governance, respect for human rights, popular participation, and the decentralization of decision-making in the socio-political field. We all have a sacred duty, however, to ensure that the process of political liberalisation does not lead to political and social anarchy, and economic breakdown. To this end, UNECA calls upon all participants in the process to abide by the rules of fair play, and to commit themselves to always accept the sovereign verdict of the people with magnanimity and civility in victory as well as with grace and hope in defeat, in the full realisation that for full democracy to function, a governing party or coalition and a loyal and constructive opposition both are required, operating within a national consensus as co-equals in the defence of democratic institutions, accountability, and good governance, and equally dedicated to the service of the people and the promotion of their well-being.

Secondly, in Africa we must shift emphasis to building and enhancing human capacities both in the rural and urban areas; among farmers as well as artisans; in the adult population as well as among the young; among boys and girls, women and men alike. At about 60 percent for women and 50 for men, the rate of adult illiteracy in Africa is unacceptably high. Among Africa's least developed countries (LDCs), at barely 50 percent, the rate of primary school enrolment is unacceptably low. Enrolments in secondary and tertiary institutions are even lower.

The world has entered a new era of economic globalisation and heightened competition. Also environmental constraints facing Africa are tightening. Therefore, Africa will not attain the targets for sustainable development and growth unless the poor situation of human capacities is rapidly improved. Indeed, in order to boost economic output in agriculture and other production sectors, the application of science and technology will have to be steadily increased. But this will not be possible as long as the bulk of the adult population remains functionally illiterate and innumerate. Therefore, strategies for the eradication of adult illiteracy must be stepped up. This is one of the fields where there can be fruitful cooperation between governments and indigenous civic non-governmental organisations (NGOs).

In the case of primary to tertiary formal education, there are three issues that African countries must tackle without delay: first, how to broaden accessibility so as to attain universal enrolment at the primary level by the year 2000 and at the secondary level by the middle of the first decade of the next millennium; second, to radically reform the educational curricula towards

a more practical orientation compatible with our prevailing socio-economic circumstances and our strategy for rapid development and attaining a competitive position within the evolving world economy, while preserving our rich and ancient cultural heritage; third, how to mobilise the necessary human and financial resources, at the same time putting in place structures to ensure that such scarce resources are utilised efficiently and effectively. These are areas where the United Nations system, including UNECA, can work hand-in-hand with African countries to find solutions.

Another component of human capacity building in Africa is a new emphasis on cost-effective, not necessarily new, approaches to enhance the health status of the overall population. Given the scarcity of financial resources, the backbone of Africa's health care system will have to be a comprehensive strategy for preventive health care -- wide dissemination of information about healthy nutrition based on locally cultivable foods, healthy life-styles, sanitation, protection of water supplies from contamination, etc; preventive inoculation against communicable diseases where possible; and behaviour modification towards safe culturally acceptable practices, in the case of communicable diseases with no known cure, such as Acquired Immune Deficiency Syndrome (AIDS). Such a system will employ health workers, disseminated widely, especially in the rural areas. They are much cheaper and quicker to train than fully qualified medical doctors and technicians. This approach which targets the root causes of diseases and morbidity will relieve the pressure on the few technically well-equipped hospitals as well as reduce the costs of health care in Africa. Nonetheless, it is time that our countries start to address the problem of rational financing of emergency treatment. The measures for cost-sharing and cost-recovery which have been introduced recently by a number of countries with Structural Adjustment Programmes (SAPs) are clearly unrealistic.

Thirdly, recovery and development will require an acceleration towards economic integration, first at the subregional then at the regional levels, through a three-pronged approach: extending and inter-connecting physical infrastructures of member States; integrated development of production structures in all sectors, particularly, in basic industries and in agriculture for food security and collective self-sufficiency; and market integration through measures for trade liberalisation, an efficient payments settlement system and currency convertibility as early as possible. Indeed, this is the strategy that is described in the Treaty Establishing the African Economic Community which was adopted by Africa's Leaders at Abuja on 3 June 1991. Currently, intra-African trade as a fraction of the region's total value of exports and imports is less than 5 percent. In order to reduce the deficit on the region's aggregate balance of payments, countries will have to implement bold measures to promote intra-African trade.

It appears that the post-Cold War order will be characterised by multi-lateral relations between economic blocs. This is confirmed by the recent formation of the North American Free Trade Area (NAFTA) linking the United States, Canada, and Mexico; the launching of the European Community's Single Market from 1 January 1993; and even the recent negotiations between the US and the EC to resolve obstacles to the conclusion of the Uruguay Round of the GATT. This process cannot be complete without progress towards the establishment of the African Economic Community. It is, therefore, in the interest of our common future that the



international community should support fully (or without any reservation?) Africa's own efforts towards the attainment of this objective.

The diversification and modernisation of Africa's production structure and placing it on a sustainable basis from the environmental perspective requires massive capital investment. For instance, in order to achieve the economic growth target under UN-NADAF, our preliminary calculations, which we are in the process of refining and which will be presented to the forthcoming meeting of ECA's Council of Ministers indicate that the gross domestic investment rate will have to be stepped up from about 20 per cent of GDP during the period of UN-PAAERD to the order of 30-35 per cent in the second half of this decade. This will, no doubt, be a daunting task, especially, considering that in a significant number of our countries the gross domestic investment rate over the 1986-1990 period remained well below the regional average.

Meeting this very demanding investment target will require sound policies to be implemented to substantially increase the domestic saving rate in Africa. This will minimise the rate of growth of Africa's external liabilities, and is in line with the common-sense principle of maximising self-reliance which is Africa's basic economic philosophy.

A very important component of increased aggregate domestic saving will have to come from the public sector -- through a re-arrangement of priorities, rationalisation, and exploiting all possible sources of cost-cutting and efficiency while maintaining the quality of essential services. The peace dividend accruing from reductions in internal and inter-state conflicts and from switching of military expenditures to more productive uses will contribute significantly in this regard.

In view of the magnitude of Africa's structural problems and limited economic circumstances, however, supplementary external resources from Africa's partners-in-development will continue to be crucial. Additional to increased ODA flows, African countries need to devise individual and collective strategies to reverse the flight of capital as well as to attract foreign direct investment flows and new private lending back to Africa in significant volumes. This is consistent with Africa's new attitude which is determined to foster a conducive investment climate without discrimination between domestic and foreign investment resources, and which favours the sharing of benefits and risks inherent in the process of economic growth between African and external economic partners.

Steps must also be taken to stabilise Africa's terms of trade and to open world markets to Africa's diversified new range of export commodities, free from tariff and non-tariff barriers. To this end, I join my voice to those of other spokespersons of the South in calling for the successful conclusion of the Uruguay round of negotiations of the General Agreement on Tariffs and Trade (GATT). These negotiations envisage the introduction of wide-ranging and far-reaching reforms aimed at bringing trade in services and agricultural commodities under GATT rules, the liberalisation of regulations on foreign direct investment and enterprises, and more strict enforcement of intellectual property rights.

The events of recent weeks centred around the stalemate in bilateral negotiations between the United States of America and the European Community over agricultural trade policy have posed a real threat of the possibility of the negotiations' collapse. I cannot help but observe, however, that this has only heightened Southern concern that by the time it is struck to the satisfaction of the principal negotiating partners -- i.e. North America, Europe and Japan -- the final GATT deal may hold considerably less benefits and more costs for developing countries whose exports are dominated by agricultural and processed commodities and low-technology manufacturers from infant industries.

On one hand, countries of the South may be obliged to incur significant costs in terms of concessions to the service providers from the more advanced countries of the North as well as to foot a heavier bill for technology transfer while, on the other hand, access for Southern commodities in Northern markets may well continue to face sophisticated non-tariff barriers. In view of Africa's unenviable position as the least developed and most impoverished continent, in spite of the fact that in terms of resource endowment, this is one of the richest regions of the world, if agricultural output is to be boosted while at the same time promoting nascent industrialization, Africa should be afforded preferential concessions in the application of the new regime of trade rules that will come into effect on the successful conclusion of the GATT negotiations.

*Your Excellencies;*

*Ladies and Gentlemen;*

These are indeed daunting times for Africa. The United Nations and UNECA have an important role to play in assisting member States to rise to the challenges.

As you know, far-reaching reforms in the structure and functioning of the United Nations Secretariat have been initiated by the Secretary-General to ensure greater flexibility and responsiveness to the changing requirements. It is in this context that we at ECA are also looking thoroughly into our structures and programmes with a view to rationalizing and making the secretariat more responsive to the new challenges, to the needs of African countries and peoples. In the interest of Africa, to reduce the funding costs and improve efficiency, the Commission must increasingly play its role as team-leader responsible for the coordination of the activities of the United Nations system at the regional level. This has become more necessary for establishment of priorities, and for the rationalisation of resource allocation and use. This is of major importance for an increase impact of the UN system especially in Africa.

In the specific area of programme focus, intervention by the Commission is now indicated simultaneously in the three critical areas of humanitarian assistance; rehabilitation and reconstruction; and long-term development and transformation. The Commission can no longer remain as a merely interested observer as man-made and natural disasters, inter-country and inter-ethnic conflicts, as well as other manifestations of political instability continue to undermine

efforts towards long-term growth and development. UNECA lives real-life experiences of these phenomena. It must now extend its analytical and coordination capabilities into humanitarian and rehabilitation assistance even as it intensifies its traditional activities in development policy advocacy and programme support for sustainable development.

For the long-term sustainable development and economic growth of the region, the need for in-depth analysis and strategically-placed technical assistance remains. Commission support will be particularly crucial to member States' own efforts at implementing the **Abuja Treaty** towards the **African Economic Community**. The Multinational Programming and Operational Centres (MULPOCs) in the five regions of Africa, assume increasingly significant importance in this regard. The implications of the imminent transfer of power to democratic majority rule in the Republic of South Africa and that country's integration into Africa's political and socio-economy has brought new dimensions into the work of the Commission. The Commission must also expand its activities into the articulation and rigorous implementation of a comprehensive programme for human resource development and utilization, the top priority for the development of Africa, at all levels. It must likewise now design programmes of support to galvanize the new forces unleashed by the movement towards human rights and pluralism, as well as for strengthening analytical capacity for development management, and the promotion of private sector initiatives and entrepreneurship.

The thrust into these directions will, of course, be very demanding on all of us, at UNECA. But then we have a good and highly motivated staff body in this institution. We shall no doubt, in the face of the new challenges, through a closer cooperation within the UN System and with member States, the Organization of African Unity, the African Development Bank and other institutions and NGOs, modernize our processes, streamline our procedures, and enhance our productivity in the interest of Africa. In all this, I know I can count on your support and that of your respective governments and organizations.

*Your Excellencies;*

*Ladies and Gentlemen;*

I thank you for your kind attention.

## STATISTICAL INDICATORS

Developing Africa: Output growth  
percentage, 1980 prices

Subregion/Country group	Average 1980-1990	1988	1989	1990	1991	1992 *
North Africa	2.3	1.0	2.8	2.4	2.6	3.8
West Africa	1.6	6.0	3.8	5.1	3.1	2.4
Sahel	2.1	3.2	5.5	-1.5	3.2	4.5
Central Africa	2.4	-0.6	-0.3	0.1	-3.3	-1.2
East Africa	2.7	5.4	3.2	1.9	0.7	0.9
Southern Africa	2.4	6.1	2.6	1.0	1.3	0.7
Oil exporters	2.0	2.3	3.0	4.0	2.7	2.8
Non-oil exporters	2.3	4.4	2.7	1.2	0.5	1.8
Least developed countries	2.3	3.7	5.0	0.8	1.7	3.3
Franc Zone	2.1	0.2	1.1	0.2	1.6	0.4
Developing Africa	2.1	3.1	2.9	3.0	1.9	2.4

Source: ECA

\* forecast

Developing Africa:  
Balance of payments  
(billions of US dollars)

	1988	1989	1990	1991	1992 *
Exports (f.o.b.)	52.5	60.1	74.9	72.7	74.1
Imports (f.o.b.)	66.9	67.6	74.9	79.3	83.9
Trade balance	-11.1	-7.4	0.0	-6.7	-9.7
Services (net)	-17.2	-18.0	-18.0	-17.3	-16.0
Goods and services balance	-28.4	-25.4	-18.0	-23.9	-25.7
Transfers	13.8	14.4	18.3	16.7	17.1
Current account balance	-14.6	-11.0	0.3	-7.2	-8.6

Source: ECA and IMF

\* forecast

Developing Africa: Trade indexes  
1980=100

	1980	1988	1989	1990	1991	1992 *
Export prices	100.0	67.8	69.5	77.6	66.8	65.6
Import prices	100.0	110.7	110.3	120.7	118.9	121.6
Terms of trade	100.0	61.3	63.0	64.5	56.8	53.9
Wholesale export prices	100.0	69.1	67.4	86.5	56.8	53.5

Source: UN Monthly Bulletin of Statistics and ECA

\* based on first semester results.