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**CRITICAL ECONOMIC SITUATION IN AFRICA; UNITED NATIONS
PROGRAMME OF ACTION FOR AFRICAN ECONOMIC RECOVERY AND
DEVELOPMENT 1986-1990**

**Letter dated 4 September 1988 from the Minister for Foreign Affairs and
International Co-operation of Mali addressed to the Secretary-General**

I have the honour to request you to circulate as an official document of the General Assembly under item 39 of the provisional agenda the document entitled "Mid-term assessment of the implementation of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990", prepared by the fourteenth session of the OAU Permanent Standing Committee,

**(Signed) Modibo KCITA
Minister for Foreign Affairs and
International Co-operation of Mali,
Representative of the current Chairman
and Chairman of the
Permanent Steering Committee of OAU**

* A/43/150.

ANNEX

Organisation of African Unity

Fourteenth ordinary session of the Permanent Steering Committee
held on 20-31 August 1988 in New York

Africa's mid-term assessment of the implementation of the
United Nations Programme of Action for African Economic
Recovery and Development 1986-1990

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PART ONE

**Africa's Mid-term Assessment of the Implementation of the
United Nations Programme of Action for African Economic
Recovery and Development 1986-1990**

Summary and conclusions

1. Two years ago, the international community adopted its strategy for the rehabilitation of the economies of African countries. The thirteenth special session of the United Nations General Assembly promulgated the United Nations Programme of Action for Africa's Economic Recovery and Development (UNPAAERD) which was based on the African's Priority Programme for Economic Recovery, 1986-1990 (APPER), adopted in July 1989 by the Assembly of Heads of State and Government of the Organisation of African Unity (OAU).
2. During the special session, the African Governments reiterated their determination to take the necessary action and reform measures for the recovery of their economies, as contained in APPER.
3. In UNPAAERD, the international community committed itself to support African countries in their efforts to recover their economies, by increasing assistance to the agricultural and other sectors in support of agriculture; to human resources development; and to the expansion of trade. Specifically, the international community undertook to provide sufficient resource flows to Africa; to support the expansion of resources of the multinational institutions, such as the World Bank, the International Monetary Fund (IMF), the African Development Bank and the African Development Fund, to enable them to provide African countries with additional resources on concessional terms; to reverse the flow of resources from Africa to the donor countries and institutions; to increase the grant element in development assistance; to allocate assistance according to the priorities of the recipient countries; to intensify co-operation and co-ordination among donors; to involve more African personnel in the execution of programmes funded through external assistance; and to take special measures to alleviate the external debt crisis afflicting African countries.
4. UNPAAERD also called for changes in policies within the developed countries so as to eliminate non-tariff barriers for African products; encourage African exports and economic diversification; improve access for tropical products within the framework of existing international institutions, such as the General Agreement on Tariffs and Trade (GATT), and improve international agreements and arrangements on commodity issues; and improve Africa's capabilities for processing, marketing, distribution and transport.
5. African Governments have unequivocally accepted the full responsibility for their own development. They have identified areas for priority action for the rehabilitation and recovery of their economies and for mobilising and fully utilising domestic resources for the achievement of their priorities. With the objective of laying the foundation for durable structural changes, improving levels

of **productivity** and ensuring the rapid recovery of the African economies, while at the same time enhancing long-term objectives, the African Governments have **instituted** immediate and **medium-term** measures for agricultural development, combating food emergencies and increasing levels of agricultural production and productivity. They have also taken other measures in support of agriculture, such as the rehabilitation and development of agro-related industries, development of transport and communication, trade and finance. Other measures taken have included combating drought and desertification, promotion of rational development planning and utilisation of human resources. Furthermore, African Governments have **instituted** policy reforms embracing such fields as the improvement of management of the economy, exchange rate adjustment, debt management programmes, wage and salary adjustment, public employment freeze, appropriate population policy as well as full and effective participation of the people, especially that of women and youth, in the development process.

6. In a number of cases, however, these measures and policy reforms have not borne any discernible fruits. Recent reports have signalled a *general economic decline* in most African countries. Despite some progress in agriculture in the rainy season in 1985/86, growth of food production was **stunted** at about 1 per cent in 1987. Measured against the population growth rate of roughly 3 per cent per annum, there was a declining per capita growth rate in food production. Performance of the agricultural sector during the period under review has been affected by climatic conditions, grasshoppers and locusts and declining prices of agricultural exports. Structural deficits in agricultural production and supply are growing, leading to a deepening of dependence on food aid in spite of the fact that African countries have undertaken price and marketing reforms to correct price distortions, improve the rural terms of trade and encourage agricultural production in general,

7. Growth in the manufacturing sector continued to be weak. The shortage of foreign exchange and inadequacy of foreign direct investment were responsible partly for their unsatisfactory performance of the sector. Financial flows to the United Nations Transport and Communications Decade for Africa by bilateral and multilateral institutions have continued to decrease since 1986, thus making it difficult for Africa to implement the transport and communications sector of UNPAD.

8. African commodity prices fell by 44 per cent in 1986, but rose by 19 per cent in 1987. However, average prices remained at only 57 per cent of their levels in 1980. Africa's level of export earnings in 1986 and 1987 was 20 per cent below that of 1985. During the same period, the prices of Africa's principal imports increased to such high levels that its current balance-of-payments deficit remained at \$11.2 billion in 1987, implying a deterioration in terms of trade of about 17 per cent between 1985 and 1987. These developments have in turn increased the external debt service obligations, estimated at \$220 billion in February 1988. For most African countries, debt service costs constitute more than half of their annual foreign exchange receipts. The inescapable conclusion is that Africa's room for manoeuvre is limited,

9. The sacrifices that the African countries have made to implement the recovery

programme cannot be overemphasised. In the process of implementing economic reform programmes and adjustment measures, these countries have encountered huge social and economic problems such as massive increases in unemployment, especially of the laid-off workers as a result of rationalisation of the public sector; reduction in real wages; increased inflation and inflationary pressures; drastic reduction in imports; severe reduction of resources allocated to other important social sectors, such as education and health. In some African countries, the political consequences of these adjustment measures have been severe and have met with popular resistance in the form of riots on account of, for instance, the rising cost of food. Indeed, the social consequences of these programmes are threatening the very foundation and stability of the African social and cultural structures. This situation has led many Governments to question seriously the long-term benefits to be expected from the institutions of these adjustment measures. Indeed the implementation of the stabilisation or structural adjustment programmes (SAPs) have proven in many African countries to be marginal in terms of effectiveness, hardly adaptable to their economic conditions and of doubtful long-term benefit.

10. When UNPAAERD was adopted, African countries entertained high hopes and expectations that their efforts would be supported by the international community, once the adjustment programmes were instituted. So far, the expected resource flow from the international community have been low and dwindling. Net annual receipts increased, in nominal terms, from \$16 billion in 1965 to \$18 billion in 1986, representing a decline in real terms. Aid has stagnated at approximately \$13 billion level in 1986; and this constituted 70 per cent of inflow of total external resources. Levels of bilateral development assistance have also been declining and increased multilateral funding has been seriously overshadowed by the net outflow of resources from Africa to IMF as well as the excess of conditionalities attached. It has been estimated that between January 1966 and February 1987, African countries transferred about 3.5 times as much money to IMF as they received from the Fund in 1985. In 1966 alone, the net out-flow of money from Africa to the Fund was over \$960 million. Export credits declined from \$1 billion in 1965 to \$0.4 billion in 1986 and to an estimated zero in 1967. It has been reported that other private lendings are declining sharply. Indeed, an adverse situation has developed in which Africa has been exporting capital to developed countries, whereas aid flows have been diminishing. This is exactly the opposite of what UNPAAERD was calling for.

11. Since the adoption of UNPAAERD, there have been no additional efforts by the international community to provide measures for commodity and mineral price stabilisation. Instead, Africa has been paying more for less of what it needs, as the terms of trade have moved drastically against African countries. In 1986 alone, the real terms of trade deteriorated by 28 per cent. The impact of falling prices on export earnings by African countries has been estimated by the United Nations Conference on Trade and Development (UNCTAD) to have cost African countries \$48.3 billion between 1995 and 1987. Worse still, there have been no moves by the countries of the Organisation for Economic Co-operation and Development (OECD) to reduce or eliminate protectionism or to improve access for African exports. Indeed, serious initiatives have yet to be taken by the international community in terms of tangible and concrete action to respond to the increasingly tight and intertwined debt, commodity and resource flow problems of Africa.

12. While there have been a few modestly encouraging developments in recent months, relative to the magnitude of the problem at hand, these developments amount to little more than tokenism. Instead, a new dangerous development is emerging among African countries: the adjustment fatigue. This is setting in as more and more African countries reach the point where further austerity, in the absence of meaningful economic growth, has become politically and economically untenable. The margin for manoeuvre for African countries has been exhausted. In fact, there is a genuine feeling in Africa of a bitter sense of unfulfilled, even betrayed, expectations.

13. The international community has the resources and capacity to meet its commitments to implement UNPAAERD. The interdependence of the present world should not be of mere lip service, but should be realised. After all, while Africa **recognizes** that the responsibility for its development rests with herself, the fate of Africa cannot be separated from that of the world. It is in this spirit of interdependence that Africa has appealed and continues to appeal to the international community to support Africa's struggle for development.

14. The international community should effectively support Africa's efforts by urgently taking a number of steps including improving the quality and modality of external assistance and co-operation; improving the external environment; supporting Africa's policy reforms; and alleviating the **debt** burden of African countries. These measures call for the international community to increase resource flows to Africa on concessional terms and without conditionalities. In order to implement these measures effectively, there is need for donor co-ordination at the national level to be undertaken with the full participation and for the benefit of the recipient country.

PART TWO

Analysis of Africa's critical economic situation within the framework of implementing the United Nations Programme of Action for African Economic Recovery and Development 1986-1990

15. The economic performance of African countries during the period is examined against the background of the sustained efforts of the African countries to implement UNPAAERD and the region's historical structural impediments, an excruciating external debt crisis, an unfavourable international economic environment and other natural disasters, including drought and desertification. Notwithstanding the extensive policy reforms and restructuring process, and the **IMF/World Bank**-supported structural adjustment programmes initiated over the past few years, economic performance of African countries has remained generally poor and declining. The adverse effects of domestic and external resource constraints on productivity have continued to **overweigh** the **positive impact** of policy reforms.

16. The gross domestic product (GDP) of the region rose marginally by 1.0 per cent and 0.8 per cent in 1986 and 1987 **respectively**. With a population growth rate of about 3.0 per cent, per capita GDP fell by 2.0 and 2.2 per cent in real terms for the two years. In fact, per capita GDP **has** continued to deteriorate throughout the

1980s, but the trend intensified in 1986 and 1987, resulting in persistent decline in welfare and living standards. The overall continent-wide indicators conceal the drastic deterioration in performance in many countries that have suffered negative growth during the period.

17. The manufacturing sector grew by 3.7 per cent in 1987 compared to 2.4 per cent in 1986. While this marks some improvement, the rather weak base and poor linkage of the sector to the rest of the economy remains a problem. Thus value added in agriculture declined from 3.8 per cent in 1986 to 1.4 per cent in 1987. Furthermore, the marginal and declining growth that was achieved in the manufacturing sector conceals the serious regional differences that exist and therefore influenced largely by the performance of just a few countries and underestimates the serious constraints facing many countries, particularly in the Sahel.

18. Despite the arrival of ample rains during the 1985/86 rainy season in different parts of Africa, a large number of African countries are still stricken by drought and desertification. The drought, which disappeared from most African countries in 1986, returned to some countries, especially in southern Africa and Ethiopia, in 1987. Other disasters came, in some countries, in the form of severe storms, heavy floods or torrential rains, thus causing a lot of damage in terms of crop losses, destruction of physical infrastructure and heightening of transport problems. Other natural disasters have also emerged: grasshoppers, locusts and field crickets have invaded several African countries. Swarms of desert locust are expected to reach east and southern Africa later in 1988. According to reports by the Food and Agriculture Organisation of the United Nations (FAO), losses due to desert locust could be as high as 1 million tons in 1988. In north and west Africa, especially in Mauritania, Algeria and Tunisia, the threat to cereal harvests is very serious. Deforestation and desertification continue to be a serious problem affecting a large number of African countries.

19. In southern Africa, the social and economic situation has been aggravated further by the wave of aggression and destabilisation by the apartheid régime of South Africa against the front-line and other neighbouring States. The policies of aggression and destabilisation by the racist minority régime have caused enormous losses of human life and property, led to the diversion of resources and efforts required for economic development to defence spending, caused the disruption of economic production and the destruction of infrastructure and increased the problem of influx of refugees and displaced persons. All these negative factors have been the main reasons for the decline of economic growth and have consequently undermined development efforts in the region, including the implementation of the UNPAAERD. The financial cost to the member States of the Southern African Development Co-ordination Conference (SADCC) as a result of these wars of aggression and destabilisation between 1980 and 1986 were estimated at \$30 billion and the human losses for Mozambique alone were put at 100,000 lives.

20. With the adoption of the UNPAAERD, it was expected that the international community would promote the creation of a favourable international environment within which the African recovery programme would be implemented. Regrettably, this has evidently not been the case. The international environment has in many

respects worsened with the consequence that the capacity of African countries to implement the UNPAAERD fully have been seriously impaired. Factors have included the accelerated deterioration in the terms of trade of the African countries; natural disasters; and destabilization policies of the apartheid régime of South Africa. The combined and cumulative effects of these factors have driven some African countries near to economic collapse. Moreover, real interest rates have continued to be high; protectionism in industrial countries is still the prevailing policy, and fluctuations in the exchange rates of major world currencies continue unchecked. In addition, despite the fact that the United Nations General Assembly has formally designated the implementation of UNPAAERD as a priority area, the response and commitment of resources by the United Nations system specific to the priority area of UNPAAERD has been highly insufficient,

21. Inadequate net financial flows from all sources, combined with the collapse of commodity prices have accentuated the debt burden of African countries and rendered the implementation of UNPAAERD a difficult, if not an impossible, task. The African countries continue to depend on exports of a few primary commodities. The collapse of commodity prices of exports of interest to Africa coupled with the relatively sluggish demand for African primary exports continued to undermine Africa's efforts to implement UNPAAERD. Non-oil primary commodity prices, in real terms were for the major part of the 1980s, at their lowest levels since the great depression. The price indices for non-oil primary commodities of interest to Africa, taking 1980 as the base year, were only 55 for food and beverages, 56 for vegetable oil seeds and oil, 62 for agricultural raw materials, and 86 for minerals, ores and metals. The overall price index in 1987 was only 68. In spite of the recent upturn in some prices, the laws of supply and demand point to continuation of low prices up to the end of the programme period. When this is compared with the index of manufactured exports from the developed countries and prospects of prices in the next few years the magnitude of the problem is obvious. The impact of falling prices on earnings by African countries has been estimated by UNCTAD to have cost African countries \$48.3 billion between 1985 and 1987,

22. The net official development assistance (ODA) flows to Africa have also not been up to the levels expected by African countries for the first two years of the implementation of UNPAAERD. While there was an increase in ODA flows for 1986 and 1987 in nominal terms, the figure for 1986 in constant prices was the lowest in relation to the previous five years. The estimates for 1987 indicate that the ODA flows in constant terms have stagnated. Despite the various recent initiatives by the multilateral financial institutions, Africa has continued to be a net transferer of resources to these institutions, especially IMF. Foreign direct investment to Africa has declined as the economic situation in Africa deteriorated.

23. The external debt burden has engulfed practically all African countries in recent years. It is not only the magnitude of the debt that has been disturbing, but, also the rate of increase of the stock of debt and the debt service obligations on the economy as a whole that has become worrisome. Africa's external debt, stood at approximately \$220 billion by February 1988. This constituted 44 per cent of export earnings. Debt service obligations, which are estimated at \$29 billion in 1987, are projected to rise to \$45 billion by 1995. On the whole, the stagnant net resource transfer to Africa in real terms in 1966 and 1987 together with the loss

of \$18 billion in 1988 as a result of the collapse of commodity prices, plus its debt service obligations estimated at \$29 billion in 1987 show that during the period under review, taking into account losses in export earnings and debt servicing obligation, , Africa has become a net exporter of resources to the developed countries as a whole at a time when it has the greatest need for external resources.

**IMPLEMENTATION OF THE UNITED NATIONS PROGRAMME OF ACTION
FOR AFRICAN ECONOMIC RECOVERY AND DEVELOPMENT 1986-1990**

A. At the national level

1. Agricultural development

24. The effect of the drought in 1984/85 on agricultural production and hence on food security in many African countries had been one of the principal reasons for convening the thirteenth special session of the United Nations General Assembly on the critical economic situation in Africa, at which UNPAAERD was adopted. As a result of the drought in many African countries the situation had reached such a desperate extent that emergency relief measures, often undertaken in co-operation with international donors, were needed to alleviate human starvation and malnutrition.

25. One other major obstacle to sustained and durable growth in the agricultural sector within African countries remains the protectionist agricultural policies followed by developed countries and the subsidies on their products. Those policies constitute a strong disincentive to the development of indigenous African agriculture and limits the share of local agricultural products in national markets.

26. Other measures undertaken by member States were the establishment of a national food security system, the improvement of internal distribution channels, the control of deforestation, the control of soil erosion and/or salinization, the control of overgrazing and/or over-exploitation, land reform and the introduction, where appropriate, of mechanization in agriculture,

27. Preliminary conclusions as to the most recent agricultural production trends can be made on the basis of FAO data. Data on the production of cereals, roots and tubers as well as pulses showed that between 1984 and 1987 there was a general increase in the quantity produced of these crops* In general, cereal production is a good indicator of overall agricultural output for most African countries. Cereal production recovered significantly in 1985 and 1986 from the low levels reported during 1983 and 1984. In 1987, however, a number of factors again negatively influenced various major crops, among them cereals. In certain areas, rainfall was once more below normal or late in a number of countries, and cereal harvest - particularly in west and east Africa - suffered from insect pests such as grasshoppers and locusts.

28. The regional total output of cereals in 1987, although below that of 1986, was good compared to the ❷❸❹❺ achieved in 1980-1985. The exception was southern Africa, where prolonged drought and destabilisation curtailed production,

29. The overall picture is best illustrated by the production index for cereal per capita, (1979-1981 = 100) as estimated by FAO, which declined dramatically to 88 in 1984, recovered in 1985 and 1986 with a peak at 108, before dropping again below 97 in 1987.

30. Regarding factors influencing agricultural production, climatic conditions certainly play the most prominent role. Most of the countries attributed significant changes in overall food and livestock production to climatic conditions.

31. Measures taken so far by some countries include encouraging financial institutions to provide credit to the agriculture sector, developing irrigation facilities, providing access and feeder roads, mechanisation and using modern inputs and methods in agriculture. Also there has been increased attention on research and extension services. A number of countries have tested various sorghum and maize varieties in order to have improved species that are adaptable to various agro-ecological zones. There are also special programmes aimed at supporting small-scale farmers and women food producers.

32. However, the increased attention to food production has not yet been fully reflected in one of the main indicators of agricultural production, namely, agricultural value added. For the whole of Africa, growth rate in agricultural value added were as follows: 1980 to 1985, 1.5 per cent; 1986, 3.8 per cent; and 1987, 1.1 per cent. For 1988, value added is expected to grow by about 4 per cent.

33, Performance of the agricultural sector during the period under review has been affected by climatic condition@, grasshoppers and locusts, and declining pricer of agricultural exports. Thr adjustment programme, with its over-emphasis on lifting agriculture\ subsidies, has overlooked the importance of critical componenta like investment in appropriate technology, reaearch and development, information services, inputs and the need to maintain stable real incomes for farmers. Food aid policies in Africa have also undermined price incentivea for African farmers. In the southern Aft lean subregion, the assistance given in the form of food aid to the States that are victims of South Africa's aggrerriion, has not addressed the critical problem of re-integration of the affected populations. Thr international community should therefore put more emphasis on development-oriented aid so as to encourage self-reliance in production capacities,

2. Other sectors in support of agriculture

34. UNPAAERD identified three main areas within other sectors in support of agriculture. These were :

(n) Rehabilitation and development of agro-related industries;

(b) Development of transport and communications;

(c) Trade and finance,

(a) Rehabilitation and development of agro-related industries

35. In the area of development of industries for production of agricultural tools and equipment, small-scale irrigation equipment and agricultural inputs, emphasis during the period under review was on upgrading, maintenance and repair capabilities for tractor and heavy mobile equipment as well as other agricultural machinery and equipment. Some emphasis was also placed on diversifying the production of implements and spare parts.

36. In facilitating the production of agricultural inputs, attention in many African countries centred on the production of basic chemicals, fertilisers and pesticides. Specifically, as regards fertiliser, most activities focused on the development of new fertilisers, research and development units and institutions, and the organisation of maintenance of fertiliser plants by a number of countries. In the area of pesticides, emphasis was also placed on promoting the use of local raw materials for pesticides production and formulation,

37. As far as the processing of food and raw materials was concerned, concentration was on minimising waste and maximising manufacturing value added with a view to optimising foreign exchange revenue. Particular emphasis was placed on rehabilitating, modernising and expanding the food-processing and agro-based industries in an endeavour to provide the factor inputs required for the attainment of self-sufficiency and self-reliant development,

38. In the area of rehabilitation and upgrading of existing plants many African countries launched activities in identifying ailing industries, particularly those that could be effectively rehabilitated. The main focus appeared to be primarily on industries that manufacture agricultural equipment, fertilisers and pesticides, as well as a broad range of agro-industries. Lack of foreign exchange and the dumping practices of the developed countries have adversely affected the manufacturing production sector.

39. In spite of these efforts by African countries, growth in the manufacturing sector continued to be weak. Thus the policy reform measures instituted by African countries relating to improvement in the inflow of foreign capital, increased efficiency and competitiveness, improved scale of production, development of industrial manpower, etc. have not yet yielded the desired results. The inadequacy of foreign exchange had seriously affected the manufacturing sector, especially in terms of direct investment in industry, which has decreased significantly. Lack of foreign exchange has also led to shortages in imported spare parts and other essential inputs to industry. The continued drought and famine and prolongation of the emergency situation in some African countries has led to almost institutionalised competition between relief measures and long-term development activities such as support to the industrial sector,

(b) Development of transport and communications

40' The construction of feeder, access and service roads has continued. With respect to the development of multinational and intermodal transport networks, most countries are making efforts within the current resource constraint to meet commitment⁹ in connection with the Trans-African Highways Programme and to honour their obligations as members of subregional economic groupings such as the Economic Community of West African States (ECOWAS), the Custom and Economic Union of Central Africa (UDEAC), the Economic Community of Central African States (ECCAS), the Preferential Trade Area (for Eastern and Southern African States) (PTA) and SADC. The considerable efforts being made by the countries of southern Africa to create intercountry transport networks are, however, severely undermined by South Africa's policy of destabilization, which has as its main thrust the disruption of all those transport services which do not depend on South African ports. The considerable efforts being made by the member States of SADC to create intercountry transport networks have begun to produce tangible results, notwithstanding South Africa's persistent policies of aggression and destabilization, which have the transport services of neighbouring States as their main targets. One of the greatest threats facing Africa as a whole today is how to prevent achievement⁶ made in the transport sector in the past from coming to nothing as a result of inadequate resources to rehabilitate and maintain existing transport infrastructures. Air transportation is at a crossroad, so also is rail transport, both of which are capital intensive. That leaves Africa with only road and water transportation. Even these two areas, particularly the first, face oblique prospects of inadequately meeting the needs of Africa's economy. Priority needs to be accorded to this sector both at national and international levels to avoid the consequences of total collapse of the transport system on general economic activity.

41. It is regrettable that, although transport and communications figure among the priorities of UNPAARD, financial flows allocated to the Transport and Communication⁹ Decade in Africa by bilateral and multilateral institutions have decreased since 1986.

(c) Trade and finance

42. With regard to trade and finance, there is evidence that African countries paid serious attention to improving internal distribution channels. Price and marketing reform⁹ have been undertaken to correct price distortion, improve rural term⁹ of trade and encourage agricultural production generally. Specific measures include increases in producer price and withdrawal of Governments from direct involvement in the marketing of produce, and liberalisation or reduction of public sector involvement in the procurement and distribution of inputs.

43. The depressed demand for Africa's primary commodity exports in the industrialized countries has been further compounded by intensified application by those countries of various restrictive market measures, such as quota restrictions, and other protectionist measures. Africa's level of export earnings in 1986 and 1987 was 20 per cent below that of 1985. During the same period, the prices of Africa's principal import⁹ increased to such high levels that the

region's current balance-of-payments deficit remained at 111.2 billion in 1987, implying a deterioration in the terms of trade of about 17 per cent between 1955 and 1987.

44. As part of their overall commitment to introducing greater flexibility in economic management, several countries have undertaken trade and exchange liberalisation measures. Action in this area include liberalisation of import and export licensing systems, withdrawal of Governments from direct involvement in the procurement and distribution of inputs, increasing the procurement and distribution of inputs and increasing the private sector role in this area.

3. Drought and desertification

45. Many African countries were suffering from drought in 1957 and some are now affected by insect pests. Locusts and grasshoppers had good breeding conditions as a result of the humidity prevalent in their breeding areas. Migrating through west and east Africa in 1967, they posed such a severe threat to crops that air and ground control efforts were required to limit the destruction. Currently, crops in northern Africa are jeopardized by huge swarms of locusts and international action is needed to combat the menace.

46. Compared to 1954, the impact of the 1987 drought on human health and economic activities seems serious but not as severe. Disaster preparedness has improved as a result of more effective management of food stocks and a possibly better general infrastructure. It is also a result of the experience gained during the 1984/85 drought. In particular, more early warning systems are now in place and have allowed a better prediction of pending crisis situations. Eighteen African countries have reported having in place effective warning systems.

47. More than half the African countries are reported to have taken measures against drought and desertification and on energy and natural resource management. Action taken ranges from establishing emergency water points and dams, as concrete drought alleviation measures, to promoting energy conservation (fuelwood substitution, etc.).

48. Member States have taken specific measures against the impact of drought on human, plant and animal life, especially supplying water to populations in drought-prone areas by establishing emergency water points.

49. On the other hand, the island countries of the Indian Ocean have suffered from cyclones, which like the drought have had a severe impact on their agricultural production as well as on other facets of life.

50. More than 20 per cent of Africa is covered by desert and, according to FAO, another 60 per cent is susceptible to accelerated erosion if cultivated without appropriate conservation measures. Further desertification in the form of sand encroachment is often caused by high human and animal pressure on marginal lands.

51. Given these factors, few indicators point to an improvement in soil

conditions, i.e. their quantity and quality, despite rehabilitation efforts of countries and the level of support so far given by international organisations and bilateral assistance.

52. Despite efforts by African countries to combat drought and desertification, it is doubtful whether the scope and impact of such efforts will be sufficient to stop the further reduction of vegetation cover and massive soil degradation in many parts of Africa. Powerful trends still point in the other direction. Forecasts for the year 2000 all show that if present trends continue the picture will be very bleak by then.

53. In the desert and semi-desert of the Sahel and east and southern Africa, the acute scarcity of vegetation existing will now be worsened by further degradation of the vegetation. In zones of wooded savanna where population pressure is high, only 25 to 80 per cent of the needs will be met by available resources in the year 2000.

54. In areas of savanna where population pressure was low in 1980, the situation will have deteriorated by the year 2000 for those zones where rural populations will have to over-cut supplies. Urban populations will have difficulties in meeting their requirements. This applies particularly for certain regions within countries of west Africa.

4. Human resources development planning and utilization

55. African Governments have always recognized that efficient development, planning and utilization of human resources is a sine qua non of any development. A significant share of both their capital expenditure and current budgets has therefore been devoted to that sector. In UNPAARD, this central role of human resources development is again emphasized.

56. During the period under review, particular emphasis was placed on the verification and formulation of national human resources development and training programmes. Training institutions and related industrial facilities were strengthened or established. Centres of excellence were identified and promoted; industrial training needs were assessed and appropriate information systems established. Exchange programmes for instructors, experts and senior officials were promoted not only between African countries but also with other developing countries.

57. At present, most African countries are seeking to improve their skills in project preparation and design. Emphasis is being put on improving the knowledge of and skills in the application of the principles of project design and evaluation, on the establishment of a common terminology and a more systematic approach to project design, monitoring that evaluation in respect of both technical co-operation and industrial investment projects.

58. African countries have made radical changes in their educational systems. These changes include, among others, intensified literacy and adult learning, as

well as vocational training programmes. Most of these programmes pre-date the UNPAAERD period, but have been given increased urgency because of that programme,

59. However, the mounting constraints imposed by less adequate external flows and structural adjustment programmes threaten to undermine these efforts. As referred to in the Khartoum Declaration, the reason behind this was because those structural adjustment programmes were incomplete, mechanical and of too short a time perspective. In fact, human resources development has received very low priority in the structural adjustment programme! education and health have been particularly hard-hit. This undoubtedly weakens long-term prospects for development, while increasing inequality and poverty.

60. The socio-economic crisis now bedevilling Africa has proved beyond a doubt the high priority that should be accorded to the development of such human resources, abundant as they are. Trained and retrained personnel are crucial in wealth creation and accumulation, without which Africa cannot forge ahead.

5. Policy reforms and structural adjustment programmes and their impact on economic performance

(a) Improvement of economic management

61. African countries have instituted measures in the context of UNPAAERD aimed at improving the management of their national economies, especially in the following areas: (a) public management systems, institutions and practices; (b) public enterprises; (c) reform of public service to make them more development oriented; (d) mobilization of domestic savings; (e) financial management; (f) reduction of foreign exchange linkages; and (g) encouragement of the role of the productive private sector.

62. It is, however, difficult to assess the exact impact of the policy measures on the economic development indicators because of the short term since their inception, and the dominant market monetary and financial systems, policies of the major industrialized countries and climatic conditions on resource levels. The benefits from these policy measures are, however, expected to be felt in the medium- and long-term period.

(b) Stabilization and structural adjustment programmes

63. Implementation of stabilization or structural adjustment programmes (SAPs) with the support of the multilateral financial institutions (IMF/World Bank) has proven that in many African countries such programmes are marginal in terms of their effectiveness, hardly adaptable to their economic conditions and of doubtful long-term benefit. Structural adjustment programmes are in fact not structural in nature since they are of short-term perspective and are built on three macro-economic pillars, namely: (a) fiscal stabilization; (b) monetary stabilization; and (c) exchange rate depreciation, whose major objectives are demand management, financial disciplines, free trade and market liberalization.

64. **Many African countries had undertaken exchange rate devaluation, wage and salary freeze/reduction, monetary and fiscal stabilisation reforms, and benefited from debt-relief arrangements conditional to SAPs.**

65. **The assessment of stabilisation and SAPs is not yet definitive. Even so, their implementation in African countries has entailed significant sacrifices as well as significant social and political costs. In addition, the following shortcomings have become apparent in the programmes:**

(a) The short-term adjustment/stabilisation targets of SAPs have ignored the long-term development objectives of African countries;

(b) The dominance of macro-economic indicators has obscured the need to pay more attention to institutional social and structural factors that are critical to the economic structural transformation of African economies. Indeed it is now clear that supply responses are only partly due to relative price levels, that market liberalisation involves more than just removal of controls, and that strategies of sequencing, timing and complex institutional restructuring are critical to the success of market reform in Africa;

(c) Demand management policies, including reduction of imports such as essential capital goods, spare parts and food, currency devaluation and reduction of Government expenditure have been introduced at the expense of the social infrastructure and human resources development, (employment, income, nutrition, health, education, etc.), which are critical to the development process and have placed enormous strains on the social, cultural and political stability of the African countries;

(d) Because of lack of a realistic balance between exogenous and indigenous factors, most SAP designs underestimated foreign exchange resource gaps and have been overly optimistic on export earnings projections. Most African countries, for example, have devalued their currencies, with the result that domestic costs of debt servicing have risen sharply. Because of the immobility of the market and small number of African export products, rising protectionism, increasing prices of imports, devaluation has failed to induce increased export earnings and has instead combined with large-scale public sector retrenchment and wage freeze suppression to aggravate internal economic situation and deteriorate living conditions;

(e) The policy dialogue between multilateral financial institutions and the various Governments has been time-consuming, and African countries have been in a weak and vulnerable bargaining position because they are cash-poor and face huge trade and budget deficits.

66. **The problems of African countries are structural and call for remedial measures that address the need for concrete and viable alternatives to the present approach to structural adjustment in African countries that would be consistent with their long-term development objectives and strategies and rapidly expand the supply base.**

(c) Population policy

67. Most African States have adopted an implicit or explicit national **population** policy, emphasising family **planning** in the **context of** material and child health. **Measures** to deal with high **fertility**, mortality, **migration**, children and youth and the protection of **the environment** have all **been accorded priority by some** countries.

68. So far, no significant impact **of** the component of national population policies that **aims** at slowing down the growth **rate of** Africa's population has **been** noticed during the period **covered by** the mid-term review, **Thus**, high fertility and population growth rate still **persist in** most African **countries**.

69. The total fertility rate for **1980-1985 was 6.4 per cent** and the estimated **figure for 1985-1990** is 6.3 per cent. The average annual growth rate **for 1985-1990** is 3.1 per cent. The **higher** value for the latter period **is due** to the expected decline in the crude death rate and **not** to any **increase** in the birth rate. The policies formulated, if implemented **more rigorously**, will probably begin to have an effect in 5-10 years' **time**.

70. Measures to **stem** the **rural** to urban **drift** have been largely unsuccessful because the attraction of **urban areas** has **not diminished**, while the elements contributing to the exodus **from rural areas** have **intensified**. It **is** hoped that new government **policies** on rural development **indicated** in the responses to both surveys will help to **stem this** tide.

(d) Participation of the people in development

71. The fourth area of significant policy **reform** are **measures** to promote the participation *of* the people **in** development. Almost all African countries have created popular participation mechanisms. **Some of** the popular participation mechanisms established **are** those ensuring the participation of people in certain aspects of development, such as **in** the fields **of** agriculture and **construction** where local communities have been **mobilized** to undertake public works that are in their own interest.

72. Another area addressed the promotion **and expansion of** indigenous enterprises. The role **of** Governments has been limited mainly to the development **of** indigenous entrepreneurial capabilities in both **the** private and public **sectors**.

(e) Women and development

73. Almost all **countries** (88 per cent) indicated **measures** aimed at integrating **women in** the development process. The predominant role **of** women in the food production sector continues to be **recognized**. In those countries where it is necessary to **establish** new credit **facilities**, especially for **women food producers**, when **none** had existed before, efforts **were** made to do so. The general role **of** women as both contributors and beneficiaries **of** development **has** been acknowledged **in this** area.

(f) Refugees and displaced persons

74. The problem of refugees and displaced persons in Africa remains a serious one. A tragic and unprecedented humanitarian crisis has emerged in the southern African region, where at the present time some 5.4 million persons are identified as refugees, returnees and displaced persons due to South Africa's apartheid and colonialist policies as well as the wars of aggression and systematic destabilisation in the region. The International Conference on the Plight of Refugees, Returnees and Displaced Persons in Southern Africa recently held at Oslo recognised the adverse effects arising from the continued presence of refugees and persistent movements of displaced persons on the development process in the affected countries, which seriously jeopardise the economic and social development of the entire national population concerned.

B. At the regional and subregional levels

75. The regional economic groupings have included the proposals contained in APPER and UNPAAERD in their work programme. For example, ECOWAS has included the Priority Programme in the work plan for its 1987 and 1988 sessions.

76. The PTA meeting in Kampala in December 1987 promulgated its programme of activities along the lines of development proposed in APPER. Similarly, SADCC, during the meeting at Arusha, United Republic of Tanzania in February 1988, reviewed its activities along the same lines. The Intergovernmental Authority on Drought and Development (IGADD) in East Africa has adopted an elaborate programme in its session in March 1988. The programmes of these regional and subregional economic groupings have included afforestation and reforestation; development and utilization of water resources; and the development in some cases of drought-resistant crop varieties.

77. With regard to the African island nations, efforts have been made to revitalize the Indian Ocean Island Commission, comprising Madagascar, Mauritius, Seychelles and the Comoros, to enable the islands to deal with the devastating effects of cyclones, typhoons and floods.

78. Steps have been taken by the authorities of existing subregional and regional organizations to strengthen their common joint economic programmes, particularly to eliminate tariff barriers, to encourage the free movement of persons within the subregion, to reduce customs duties and to establish a common market for the subregion concerned.

79. In north Africa, efforts are presently under way to establish an African economic community for north Africa. When this is completed, Africa as a whole will be covered by subregional economic groupings that will form a base for the creation of an African economic community.

C. At the international level

80. In Africa's submission to the special session of the United Nations General Assembly on Africa's economic and social crisis in May 1986, the additional external financial needs for the implementation of the recovery programme were estimated at \$9.1 billion annually, while the internal debt servicing requirements were assessed at \$14.6 billion annually. Thus, the total annual external resource requirements for the implementation of the Priority Programme stood at approximately \$24 billion. Although there were no formal commitments to these estimates, the international community was none the less unanimous in its recognition of the need to support African countries with additional external resources. The estimates were based on 1985 price levels, so that in terms of current prices they actually understate current financial needs for the implementation of the Priority Programme as well as the debt service obligations.

1. Improving the quality and modality of external assistance and co-operation

81. At the time of adoption of UNPAAERD, the international community had accepted that, for effective support of Africa's efforts, the quality and modality of external assistance and co-operation needed to be improved along the following lines:

(a) Greater emphasis on programme support in the priority areas of recipient African countries, with a view to giving an indication of medium-term support;

(b) Evolution of procurement policies and administrative procedures that would improve delivery of production inputs;

(c) Speedier disbursement of funds;

(d) Increasing the concessionality, particularly the grant element, of development assistance to African countries, with the purpose of improving the quality of aid to those countries!

(e) In planning and implementing programmes of assistance, special consideration to be given to the indigenous competence, expertise, experience and local conditions, particularly local techniques and equipment, as well as to the training of qualified national personnel!

(f) Evolving more effective and efficient co-ordination methods in order to ensure a greater impact of aid policies;

(g) Improving the effectiveness of technical assistance and making it more responsive to the needs and priorities of the African countries;

(h) Consideration by donor countries and agencies, as appropriate, of measures to assist African countries, in meeting recurrent and local costs of programmes and projects;

(1) Account should be taken by donor countries, international institutions and recipients of the recurrent and local costs of new programmes and projects to ensure their viability,

82. Unfortunately, two years after the adoption of UNPAAERD, indications of medium-term support have not been forthcoming as expected, in many cases procurement policies and administrative procedures continue to be sluggish, while the disbursement of funds is still very slow in coming. There has been no obvious concerted effort on the part of the donor community to increase the concessionality with the purpose of improving the quality of aid, and indeed no special consideration can be said to have been given to indigenous competence, let alone to local conditions. While it is indicated in some of the country submissions that some efforts were made by individual donor countries, there is still a great need to evolve more effective and efficient co-ordination methods in order to ensure a greater impact of aid policies.

83. Despite the fact that there have been some initiatives such as the lengthening of grace and repayment periods within the Paris Club, the Enhanced Structural Adjustment Facility and the eighth replenishment of the International Development Association (IDA), the international community cannot be said to have responded effectively if their initiatives are evaluated in the context of Africa's development needs. Net ODA flows, which are the primary source of external assistance to Africa, were estimated at only 113 billion in 1986, which, in real terms, reflected a stagnation compared with 1985. Comparable figures for the whole of Africa are not available for 1987. However, net ODA to sub-Saharan Africa in current dollars was only \$13.3 billion, compared with \$17 billion in 1986, there again indicating reduction in both nominal and real terms. In terms of the accepted target of ODA flows from countries of the Development Assistance Committee (DAC), the ODA/GNP ratio is far from reaching the 0.7 per cent target level for the group as a whole. In fact only a few developed countries have reached or surpassed the target.

84. The other element of resource flows concerns reverse net resource transfers from Africa. For example, IMF has become a net recipient of resources from African countries. It is estimated that in both 1986 and 1987 African countries transferred to IMF an estimated amount of about \$960 million. If this situation is allowed to continue even the new Enhanced Structural Adjustment Facility of IMF will have no real meaning, especially as the African countries that are in arrears cannot have access to the Fund and also because of the strict conditionalities attached to Fund drawings. The situation is made worse by the rigidities inherent in the procedures of both bilateral and multilateral institutions, which constitute stumbling blocks to effective and additional resources transfers to Africa.

2. Improvement in the external environment

85. From an African perspective, a major issue is the vulnerability of African economies in the international environment. African economies depend largely on the production and export of a small range of agricultural and mineral products, the prices of which are determined and manipulated by institutions and powers

beyond the control of Africa. These major powers also determine the value of international currencies without the participation of African producers. Furthermore, these raw-material-importing countries unilaterally determine the amounts and character of permissible imports - whether in the raw or **processed** stage - and thus exercise an effective control of the nature, magnitude and direction of the foreign exchange earnings of African countries. The international community has failed to take concrete action to influence these variables positively in favour of African economic recovery.

86. The international environment remains hostile to major initiatives for international co-operation in the area of commodities. In view of the important influence that commodity prices have on the balance of payments and domestic prices of developed countries, the international community has continued to resist price stabilization measures as well as efforts to enhance the earnings prospects of commodity exporting countries. Policies of industrial countries relating to national strategic stockpiles, the production of synthetic substitutes and the use of frontier technologies pose serious threats to African economies. Unfortunately, these issues have not yet been included in the current agenda for negotiations in the international forums.

87. In seeking solutions to African economic problems, it is important to **recognize** the link among factors such as commodity price levels, external debt and resource flows. Action in the areas of debt relief and adequate external resource flows are important to **meet** the immediate needs and to arrest the deterioration of African economies despite important efforts by Governments towards reform. In the long term, however, African development must be based on trade-generated resources. For African countries, this means earnings from commodity exports. Consequently the lack of progress in international co-operation on commodities greatly undermines African countries' capacity to implement the UNPAAERD.

88. Regarding the question of international monetary and financial **systems**, several important matters have yet to be tackled and/or agreed upon. Such issues include the relative lack of effective role of African countries in decisions concerning the operation of the systems; the exclusive control and manipulation of the **systems** by a few powerful nations that refuse to change the rules of the game; and the impact on the open African economies of decisions concerning the value of the major currencies. Indeed, there are no signs of improvement in **the** reform of international monetary and financial systems **or** the institutions that control and manipulate those **systems**.

89. The efforts of African countries have not been supported adequately by the international community: external financial resources inflows have failed to match those efforts and there have been cases where IMF/World Bank supported programmes have been abandoned because of the excessively stringent conditions attached. Indeed, **the success** of economic reforms in African countries will **depend**, to a great extent, on financial and **economic** policies adopted in industrialized countries **and** on measures taken to **facilitate** the access of African exports to their markets.

3. Supporting Africa's reforms

90. Most African countries have embarked on the implementation of priority areas and policies identified in the Programme. It is expected that the international community would, among other things, increase its ODA to support Africa's policy reforms, so as to achieve a speedier recovery and long-term development. However, this has evidently not been the case. The expected ODA resources have not been forthcoming to the extent envisaged.

91. The eighth replenishment of the resources of IDA reached \$12.4 billion in 1986. This action is welcomed, but clearly the amount of \$12.4 billion is inadequate. Africa is, however, appreciative of the decision of donors to allocate 50 per cent of these resources to support development investments and adjustment operations in sub-Saharan Africa. In this connection, it is important that adjustment operations take new forms, with the promotion of growth objectives, rather than be concerned with pure demand management. The terms of IDA loans should be improved, with longer repayment periods.

92. Some initiatives have been announced, proposed or taken to address Africa's external debt problem and the related problem of resource flows. Among these was the decision of the Secretary-General of the United Nations to appoint an Advisory Group on Financial Flows for Africa. African countries welcome this initiative and recognise that the report constitutes a contribution to the analysis of the various aspects of Africa's economic crisis. However, the proposals contained in that report fall far short of the resource requirements of the region and makes no reference to the African Common Position on Africa's External Debt Crisis adopted by the OAU Heads of State and Government at their third extraordinary session held in November/December 1987 at Addis Ababa. The narrowing of the geographical scope of the report to exclude North Africa and Nigeria limits its scope, detracts from the usefulness of the Group and effectively underestimates Africa's resource requirements. Furthermore, the report does not give sufficient attention to the issue of commodity export earnings of African countries. In this regard it is hoped that the outcome of this initiative would expand to include the whole region.

93. The recent agreement by the Toronto Summit of June 1988 on a "menu" of options for debt relief for official creditors is also noteworthy, but the measures are intended to apply only to low-income debt-distressed countries undertaking adjustment efforts. Although the full implications are not yet known, they represent some progress, albeit limited in scope. In this regard, the agreement needs to be supplemented by further action on debt relief to cover other countries not now covered by the proposed measures. Finally, there is the need to master the political will to implement General Assembly and UNCTAD resolutions on debt relief and to provide effective support and positive response to Africa's economic recovery effort as agreed under the UNPAARD. The example set by those donor countries which have written off ODA debt or taken equivalent action in accordance with UNCTAD resolution 165 (Special IX) could be followed by other donors.

4. Economic recovery and debt constraints

94. The international community recognized in the UNPAAERD that Africa's external debt burden constitutes a major constraint to development. In spite of the serious efforts deployed by the African countries to tackle their external debt problem, the situation continues to deteriorate. The ratio of Africa's external debt to exports of goods and services rose to about 277 per cent in 1986 from 198 per cent in 1985. The ratio of debt to GDP during the period 1984-1986 constituted 85 per cent of total debt of African countries, of which 96.4 per cent was public and only 38 per cent was concessional. Debt service as a proportion of total value of exports of goods and services in 1985 and 1986 stood at 38 per cent. The external debt problem of African countries has become so serious that the Assembly of OAU Heads of State and Government had to meet in extraordinary session from 30 November to 1 December 1987 and adopt the African Common Position on Africa's External Debt Crisis on the subject.

95. The debt relief measures adopted so far by the developed creditor countries have not adequately addressed the core of the problem. The rescheduling of official debts by the Paris Club have not resulted in reduced debt burden. Indeed, it has tended to increase the burden in some cases. A major reason for this lay in the practice of the Paris Club whereby market-related rates have been applied to rescheduled debt and capitalized interest. The importance of this debt-overload effect can be seen against the background of extension of grace and maturity periods. The perverse effect of this practice is illustrated by the case of one African country where capitalisation of interest has added as much to the debt stock in the past 10 years as net new borrowing. In other words net new borrowing was simply being used to offset the added costs of Paris Club debt rescheduling.

96. The central role played by IMF in the rescheduling process is reflected in the narrow approach adopted with respect to the debtor country's financing needs. The practice of linking rescheduling to prior arrangements with IMF tends to emphasize the short-term dimension of the debt problem and accounts for the brevity of consolidation periods, so as to overlap with IMF standby arrangements. This practice has been largely responsible for "back-to-back" reschedulings, which have helped to enforce conditionality. Such a process had severe implications on the development of debtors and has not helped in finding lasting solutions to the debt problem.

97. The debt service obligations to IMF continue to be a serious burden on African countries since IMF and the World Bank do not normally reschedule the payment obligation due to them. Besides, failure to meet those obligations normally results in immediate suspension of disbursements and ineligibility of the countries concerned. Countries so blacklisted are automatically disqualified from seeking debt rescheduling and in some cases from access to export credit finance. There is continued reluctance by IMF and the World Bank to take concrete action to relax the stringent conditionalities.

5. Follow-up and evaluation machinery

98. The idea of follow-up and evaluation is significant only if it is continuous and provides a feedback so as to enable timely corrective measures to be taken. The United Nations Ad Hoc Committee of the Whole of the General Assembly on the Mid-Term Review and Appraisal of the United Nations Programme of Action for African Economic Recovery and Development will no doubt provide an opportunity for evaluation and follow-up at the global level; but the idea of a continuous exercise with the full involvement of African Governments is not adequately covered and there is no clear indication of what has transpired in the intervening period - development that provides material for the preparation of an integrated evaluation report. There is, therefore, an urgent need to review the functioning of the follow-up and evaluation machinery in order to ensure that a feedback is provided to the Implementation of UNPAAERD. Donor co-ordination in relation to debt relief measures and resource flows should not be undertaken to the total exclusion of the follow-up and evaluation machinery at the African level. The Inter-Agency Task Force should establish contacts with the national mechanisms and with the OAU Permanent Steering Committee. Meetings involving all regional and international follow-up and evaluation mechanisms (Inter-Agency Task Force, the United Nations Steering Committee, UNDP round table, the World Bank Consultative Group, the OAU Permanent Steering Committee, etc.) should be convened from time to time so that there is greater transparency at all levels in the implementation of UNPAAERD and that needed measures are taken for the accelerated and effective implementation of the Programme.

Part three

SPECIFIC MEASURES AND RECOMMENDATIONS FOR THE IMPLEMENTATION OF THE UNITED NATIONS PROGRAMME OF ACTION FOR AFRICAN ECONOMIC RECOVERY AND DEVELOPMENT 1986-1990

99. As the foregoing analysis shows, African countries have undertaken wide-ranging measures in the past two years to implement the priorities contained in UNPAAERD amidst extremely difficult conditions, and a worsening external environment. While Africa is determined to pursue measures aimed at providing the necessary framework to launch long-term programmes for self-sustaining socio-economic development and growth, it is highly unlikely that the continent could sustain its efforts in the absence of substantial and increased international actions to supplement and complement African efforts. All parties are urged to implement fully their respective commitments as contained in UNPAAERD.

100. The closely interlinked problems of commodities, debt and resource flows, as well as structural reforms, drought, desertification and other natural disasters, represent a formidable stranglehold on Africa's recovery and development, and concerted action is urgently needed to deal with these problems in a comprehensive manner that would lead to durable and lasting solutions to these constraints.

I. TRADE AND COMMODITIES

101. One of the basic conditions for Africa's economic development and growth is to ensure that African countries earn enough foreign exchange from their exports. Unfortunately, during the last two years the international environment has continued to be hostile to African trading interests. The establishment of a predictable and stable condition for Africa's international trade, particularly with regard to commodities, will therefore be necessary to assist African countries to pursue in any small way their efforts to implement UNPAERD. The international community should therefore implement, as a matter of urgency, the following measures:

(a) Ensuring an international environment that would restore African export earnings, particularly from commodities, to stable, remunerative and equitable levels;

(b) Improving the preferential treatment given to African countries particularly through:

- (i) The extension of benefits from all schemes within the generalised system of preferences to all African countries and extend their duration to all African countries for a sufficiently long period for them to plan their investments on a long-term basis;
- (ii) The extension of the coverage of these programmes to include the export products of interest to African countries, including sugar, livestock products, textiles and footwear;
- (iii) The adoption of more liberal rules of origin allowing them to operate for a sufficiently long time to encourage African countries to establish new industries;

(c) Improving preferential access of African products through the removal of all tariff and non-tariff barriers, particularly through:

- (i) The removal of volume restrictions;
- (ii) The removal of restrictions on finished and semi-finished products at higher levels in the processing chain;
- (iii) The elimination of consumption taxes on exports of interest to African countries that are not domestically produced by the developed countries;

(d) The elimination by the developed countries of all subsidies to agricultural products competing with those produced by African countries;

(e) Policies for disposal of national commodity stockpiles that take fully into account the interests of African countries;

(f) The adoption of measures to ensure the stabilisation of African export earnings with the participation of the developed countries;

(g) The resources of the IMF compensatory financing facility should be substantially increased and should be automatic, quick-disbursing and with no conditionality attached. The facility should also improve access through raising the levels of eligibility and removal of quotas. The facility should also establish a concessional window to improve African countries' access which should be free from all conditionality and accessible to all African countries;

(h) The international community should act quickly to bring the Common Fund for Commodities into operation to allow it to become an institutional framework for mobilisation of resources in support of African primary commodities. In this respect all countries, particularly industrialised countries, are urged to sign and ratify the agreement to allow it to become an effective international machinery;

(i) The international community should provide African countries with all financial, technical and material assistance as well as transfer of technology to enable them to diversify their production and achieve a higher degree of processing, marketing and distribution for their primary commodities;

(j) Invite the Secretary-General of the United Nations to establish a high-level committee of eminent persons to consider the question of commodities within the context of the implementation of UNPAAERD as called for in resolution AHG/Res.177 (XXIV) of the Assembly of Heads of State and Government of OAU and urge the international community to support the Secretary-General's efforts in this direction,

II. FINANCIAL FLOWS

102. In adopting UNPAAERD the international community recognized the need to increase resource flows to Africa substantially and on concessional terms. Given that resource flow to Africa have stagnated in real terms during the past two years, it is imperative for the success of the implementation of UNPAAERD that the international community provide a substantial increase of financial resource flows to Africa during the remaining period of the Programme. The international community should take concrete measures to implement the recommendations agreed to in paragraph 17 of UNPAAERD, particularly in section 17 (a) and (b). Renewed commitment and political will should be guaranteed to ensure that:

(a) Bilateral donors and multilateral financial institutions substantially increase concessional flows to African countries on a predictable and long-term basis and that, they improve their quality;

(b) Developed countries implement previous commitments on aid target flows, particularly the agreed target of 0.7 per cent of GNP and those relating to the least developed countries. Further, all donors, particularly those whose ODA has either stagnated or decreased during the first two years of UNPAAERD, are urged to increase this assistance to Africa substantially in real terms. To be more effective this should be quick-disbursing and free from conditionality;

(c) Donor agencies and international financial institutions improve

substantially the disbursement of funds on a predictable basis and remove conditionalities that are limiting Africa's access to the newly established facilities to support the region;

(d) Donors participating in co-financing facilities established by the World Bank expedite disbursement of funds to African countries and not tie such resources to conditionalities;

(e) International financial institutions adopt a more flexible policy and abandon the practice of declaring ineligible African countries that are in arrears to them and seek a co-operative arrangement with the participation of donors and the African countries concerned;

(f) International financial institutions establish a mechanism to implement the agreement that no international financial institution should be a net recipient of funds from African countries;

(g) International financial institutions review existing multilateral loans to Africa with a view to improving their concessionality. In this respect they are urged to establish an interest subsidisation programme with a view to converting such loans into IDA-type loans;

(h) The international community expedite the implementation of commitments for the eighth replenishment of IDA and the fifth replenishment of the African Development Fund of the African Development Bank (ADB). The industrialized countries are also urged to take up a larger share of the third replenishment of the International Fund for Agricultural Development (IFAD) in recognition of the sharp deterioration in the export earnings and the heavy external indebtedness of the developing contributor countries;

(i) The international community intensify its efforts to provide sufficient resources for industrial rehabilitation in Africa. Resources allocated by the United Nations Industrial Development Organisation (UNIDO) to projects and programmes planned within the framework of the Industrial Development Decade for Africa should be substantially increased since they have suffered a sizable decline since the adoption of UNPAERD;

(j) The donor countries and institutions improve substantially the modality and quality of their assistance, provide resources to cover both foreign exchange and local cost of projects and utilise to the maximum extent possible African national expertise in all their projects, throughout all phases of project preparation and implementation;

(k) Donor countries and institutions, in designing their aid programmes tailor them to the priorities set by African Governments and co-operate in the developing and strengthening aid co-ordination mechanisms, in the interest of promoting better co-ordination of aid, and ensure expeditious implementation of projects;

(1) UNDP and World Bank redouble their efforts to assist African least

developed countries to organise round-table and consultative groups. The organisation of the round-tables and consultative groups should not be tied to any prior conditions or restrictions;

(m) All multilateral and bilateral donor agencies commit themselves to providing multilateral programme support in the priority areas of the recipient African countries. Such programme support should to the extent possible correspond to the time-frame of the recipient African countries' development plans;

(n) Procedures, guidelines and formats for the procurement of equipment, the recruitment of experts and consultants, and the approval of projects are harmonised and standardised at the national or subregional levels by the recipient countries and respected by both multilateral and bilateral external assistance agencies;

(o) The development objectives, plans and priorities of the African countries at the national and subregional levels form the basis and frame of reference for both bilateral and multilateral external assistance agencies;

(p) External technical assistance by the United Nations development system is based strictly on the Governments' indicative programme for assistance by the United Nations agencies, which should form the frame of reference for the United Nations agencies' multi-year programme and programming processes;

(q) Both bilateral and multilateral external assistance agencies decentralise their decision-making process with respect to project/programme appraisal and approval as well as disbursement of funds;

(r) The policy framework papers, which have a vital co-ordination function and are expected to contain recipient Governments' policy objectives, intentions and growth targets, be genuinely originated by the African countries and reflect their policy framework and actual development objectives, plans, priorities and expectations;

(a) The United Nations development system mobilise adequate resources for the improvement of the managerial capability of African countries through (a) building new and strengthening existing public administrative and management training institutions; (b) developing the capacity to appraise, negotiate, manage, monitor and evaluate projects and programmes both in the private and public sectors; (c) building up co-ordination and regulatory mechanisms for domestic investment programme and external assistance; (d) formulating policies in the areas of human resources development, institutional build-up and transfer of technology;

(t) In order to make a better utilisation of resources, the partners in development, particularly the developed countries and the financial institutions and United Nations technical assistance funding agencies, do not tie the development assistance and provide unconditional support to the development plans and programmes of African countries. In this respect, they are urged to increase their non-project aid and balance-of-payments support to African countries;

(u) Developed countries give special incentives and devise programmes of

encouragement of their transnational corporations to induce direct **foreign investment in Africa** and support the policy changes undertaken by **African** countries to attract these **investments**;

(v) Development of **human resources without** a concomitant transfer of appropriate technology to **Africa** will substantially **detract from the** impact of such development. Therefore, the **international community is urged to pay** particular attention to the **transfer** of technology and technological know-how **suited** to the need of **Africa**.

III. DEBT RELIEF MEASURES

103. In view of the complex nature of **Africa's** debt problem, the inadequacy of the **resources** for servicing its debt and the **inability of African** countries to implement their economic recovery programmes while servicing their debts, a lasting and comprehensive solution to the debt problem is urgently needed. Such a solution must have the effect of improving the productive capacity and levels of output of African countries. This suggests the need for programmes that are conceived in a medium- and long-term framework. Such solutions should encompass debt relief measures, as well as new money from all sources and covering all categories of debt. The debt problems facing both low-income and middle-income countries need to be addressed in this context. To this end, the bilateral, multilateral and commercial creditors are urged to comply with the recommendations contained in the **African Common Position on Africa's External Debt Crisis** adopted by the **OAU Assembly of Heads of State and Government**, including the convening of an international conference on Africa's external debt.

IV. SUPPORTING AFRICA'S POLICY REFORMS

104. It is an established fact that the policy reforms and in particular the **SAPs** have resulted in grave difficulties to the African people, particularly the vulnerable and impoverished populations. The resultant social costs of sharp declines in real household incomes, marked unemployment and underemployment, malnutrition and the general deterioration of social welfare and social services prompted the International Conference on Human Dimensions of Africa's Economic Recovery and Development to conclude in its Ahartown Declaration that "... quite simply, that no structural adjustment programme or economic recovery programme should be formulated or implemented without, at least, detailed social and human priorities". It is recognised that the problems of African economies are of a structural nature and require measures that would address their long-term structural transformation at the national, subregional and regional levels. The international community is urged to provide all possible assistance to African countries to enable them to continue their economic recovery efforts and to build a basis for their long-term development based on developing the full potential of the African people. To this end, the international community is urged to:

(a) Implement fully and expeditiously the commitments entered into in UNPAAERD and in particular the following:

- (i) All adjustment programmes should be directed to the development of the potential of African peoples to become full participants in their countries' long-term development. Adjustment and policy reform programmes should be designed, implemented and monitored to ensure that their long-term impact is compatible with the objectives of the African people;
 - (ii) IMF and the World Bank should endeavour to design SAPs that will take fully into account safeguards for the protection of the poor and vulnerable groups;
 - (iii) Social indicators need to be developed to monitor the impact of these programmes on the populations
- (b) Provide adequate resources for the implementation of SAPs with human concerns at their centre;
- (c) Establish mechanisms for addressing the severe consequences of SAPs; these programmes should not be a condition for the approval of development assistance programmes;
- (d) In designing economic structural transformation programmes the following should be taken into account:
- (i) Consistency with long-term objectives and strategies;
 - (ii) Emphasis on self-sustained economic development and growth;
 - (iii) Dynamic balance between exogenous and endogenous factors;
 - (iv) Social infrastructure and human resource development, including cultural and political concerns;
 - (v) Pragmatic approach to the respective roles of the public and private sectors
- (e) Substantial financial resources will have to be provided for training, especially in the technical fields, with a view to creating a productive labour force. Income-generating activities for women should be given special attention
- (f) Often in camps of refugees and displaced persons, as well as in rural and urban areas, women find themselves as heads of family and breadwinners. Additional resources should be provided so that women will be increasingly involved in the development process in Africa,
- (g) It is essential to provide considerable financial resources for extending and/or rehabilitating rural infrastructure in Africa that have been damaged by natural calamities. Appropriate labour intensive techniques should be used with a view to creating more productive jobs in the countryside, so as to alleviate the problem of the exodus of rural youth to urban centres.

V. DESTABILIZATION POLICIES OF SOUTH AFRICA

105. With respect to the front-line and other States facing the war of aggression and destabilization from South Africa, the international community, IMF and the World Bank should provide great assistance to these States in order to allow them to continue their efforts to implement UNPAAERD and to cater for the continued impact of the destructive policies of destabilisation of the South African régime on their peoples and economies. Furthermore, donor countries and institutions are urged to support the efforts of these countries in rehabilitating the populations affected by the emergency situation so as gradually to restore their productive capacities.

VI. FOLLOW-UP AND EVALUATION MACHINERY

106. UNPAAERD comes to an end in December 1990. There is need for a terminal review of the programme to be undertaken by the Ad Hoc Committee of the Whole during the regular session of the General Assembly in September 1990.
