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CRITICAL ECONOMIC SITUATION
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REVIEW OF THE IMMEDIATE AND
LONGER-TERM ASPECTS OF THE
CRITICAL ECONOMIC SITUATION
IN AFRICA AND THE FOLLOW-UP
OF THE RESPONSE BY THE
INTERNATIONAL COMMUNITY AND
THE UNITED NATIONS SYSTEM

Report of the Secretary-General

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I. INTRODUCTION

1. The world economic recession of the early 1980s, one of the deepest for many decades, has had a severe impact on a large number of African countries south of the Sahara. Since the beginning of that recession, the United Nations Economic Commission for Africa (ECA), the World Bank, the Food and Agriculture Organization of the United Nations (FAO) and other organizations of the United Nations system have alerted the international community to the social and economic difficulties of sub-Saharan Africa. They warned that the serious situation already prevailing in 1980 was likely to deteriorate further unless corrective action was taken on a massive scale by African Governments with the active support of the international community.

2. Following the efforts of the Secretary-General early in 1984 to create greater awareness in the international community of an impending tragedy that would go beyond the mere shortage of food, the Economic and Social Council gave priority attention during its second regular session of 1984 to the critical economic and social situation in Africa. On the basis of a Memorandum submitted by African ministers, the debate in the Council centred on the need to take urgent measures to deal with the emergency situation in several countries and to undertake, in parallel, the necessary action to restore the pace of growth and development in Africa. Later on during the year, the Development Committee of the World Bank endorsed a Joint Programme of Action for sub-Saharan Africa. In November 1984, the summit meeting of the Organization of African Unity (OAU) highlighted the grave concern of African leaders for the deepening of the crisis and confirmed their determination to take the necessary measures to deal with it. It was the wide publicity given by the media to the immediate risk of loss of life for millions of Africans threatened by acute starvation that finally brought the problems of the African continent to the forefront of international attention at the end of 1984.

3. The General Assembly adopted by consensus in December 1984 a Declaration on the Critical Economic Situation in Africa (see annex to resolution 39/29 of 3 December 1984), which constitutes a framework for concerted action by the international community. According to the resolution that introduced this Declaration, the Secretary-General was requested "to continue to monitor the situation [in Africa] to assess the needs and the responses thereto, and to report thereon to the General Assembly at its fortieth session through the Economic and Social Council". Pursuant to that resolution, the Secretary-General is submitting the present report, which gives an overview of the situation. The objective is to propose action that will facilitate the recovery of long-term development and economic growth in Africa. However, it is necessary at the same time to pursue effective action for relief and recovery, both for humanitarian and economic reasons.

4. Attention is drawn to document E/1985/122, which reproduces the Second Memorandum of the ECA Conference of African Ministers to the Economic and Social Council in which priority actions for relaunching development in sub-Saharan Africa are proposed. Information on the implementation by organizations of the United Nations system of the Declaration on the Critical Economic Situation in Africa is given in addendum 1 to the present report. A status report on the emergency

situation in African countries and action undertaken by the United Nations to deal with it is given in addendum 2.

II. REVIEW OF THE SITUATION

5. The situation in sub-Saharan Africa is well documented. The intention here is only briefly to recall some facts in order to provide background information that would put into proper perspective the action reviewed or proposed later on in the report.

A. Some basic facts

6. Sub-Saharan Africa is composed of about 45 States, each with its own specificity. Nevertheless, these States do have certain common characteristics. Generally small in economic terms, they are for the most part open economies, usually depending on the export of two or three primary commodities. Typically, foreign trade accounts for 25 per cent of gross domestic product (GDP). Population is growing rapidly, at an average annual growth rate of 2.8 per cent: if current trends continue, it will augment by 60 per cent in the next 15 years to reach 690 million by the year 2000. Most countries are still plagued by a scarcity of managerial and entrepreneurial skills among their populations, who are principally employed in agriculture.

7. Incomes are low in sub-Saharan Africa, GDP per capita being on average \$411 per year (1979). Access to basic services is limited. Life expectancy is 47 years, the lowest of all the regions of the world. Only 25% of the population have access to safe drinking-water. Out of the 36 least developed countries around the world, 26 are to be found in sub-Saharan Africa. The adult literacy rate is still below 30 per cent. Approximately 100 million people are seriously malnourished. Each year hundreds of thousands die prematurely from starvation or because malnutrition has reduced their resistance to disease. Over the last decade, infant mortality has on the average been 50 per cent higher than that of developing countries taken as a whole.

8. Africa is the driest of all continents, about one fifth of its land being suitable for agriculture. Deserts in Africa have been encroaching on useful agricultural land at a rate of 60,000 to 70,000 km² per year and are directly affecting the livelihood of 60 million people. There is in many areas of Africa a delicate balance between land, people and food. The deterioration of the environment is due not only to climatic factors but also to the action of man.

9. The continent, however, is rich in mineral and energy resources that await commercial development. It also has at its disposal an abundant, although insufficiently trained and qualified labour force. It therefore has the potential for economic growth, provided the major structural weaknesses of its economy are acted upon.

B. Economic performance

10. Viewed against this background, economic development has been slow in sub-Saharan Africa during the past two decades. Between 1960 and 1979, per capita income grew by barely more than 1 per cent, but there were nevertheless some encouraging signs. GDP grew on average by 3.6 per cent between 1970 and 1980. Largely as a result of a rise in the price of commodities, sub-Saharan Africa recovered from the first oil crisis of 1974 and its average rate of growth in 1976-1979 exceeded the average for all developing countries. Roads, ports and cities were built, new industries developed and new schools were created.

11. Since 1979, however, the economic performance of most countries of sub-Saharan Africa has been steadily on the decline, the mean rate of growth of GDP for the region falling to -1 per cent in 1981, -2 per cent in 1982, -0.7 per cent in 1983 and 0.8 per cent in 1984. As a result of population growth, GDP per capita for all these years showed large negative trends. Widespread balance-of-payment and fiscal crises became the norm. The battle of development of the 1970s turned into a fight for survival.

12. The most important causes for the present situation are as follows:

(a) Exogenous factors. The 1980-1983 slow-down in world trade had a severe impact on African exports of primary commodities. Export volumes stagnated, as a result of reduced demand in industrialized countries, and the revenue derived by sub-Saharan African countries from their 1984 exports was lower, in terms of nominal value, than that obtained in 1980. From 1980 to 1983, the terms of trade of sub-Saharan African countries deteriorated by 15 per cent. Partly as a result of export shortfalls, the foreign debt of African countries rose sharply. Payments of principal during 1985-1987 are scheduled to be two or three times the payments made during 1981-1982. There has been a marked increase in debt service payments, which amounted to \$4.1 billion in 1981 and were projected to reach \$9.9 billion in 1984. Higher interest rates were partly responsible for that situation. However, considering that the majority of loans granted to the sub-Saharan African countries are denominated in United States dollars, broad exchange rate fluctuations, in particular the constant rise in the value of the dollar, greatly contributed to bringing debt service costs higher. Within a few years, excessive variation in foreign currencies, combined with the devaluation of national currencies, resulted in an appreciable increase of the cost of imports and debt service payable in hard currency, without any change in the volume of imports or of the foreign currency amount of debt. The situation of West African countries is particularly telling in that respect.

(b) Domestic policies. The magnitude and intensity of the coming crisis were not apparent when the world economic situation started to deteriorate in 1980. Many African Governments did not immediately change their domestic policies, as these had appeared to work in the recent past. Yet economic progress in 1976-1979, which had been achieved mainly as a result of a very favourable international environment, had diverted attention from the deep-rooted problems this region was facing. More particularly, the recession brought into sharp focus the cumulative effect of years of neglect in the agricultural sector, as well as weaknesses in administrative, productive and managerial structures.

(c) Climatic factors. The crisis in sub-Saharan Africa is to a large extent a crisis of development, but the role of climatic factors should not be minimized. Each year desertification claims large areas of previously fertile soil. The physical constraints must therefore be taken into careful account in the design and implementation of economic policies for a large number of countries in Africa. The recent drought seriously affected large parts of sub-Saharan Africa: per capita production in the drought-stricken countries has dropped by about one third since 1981. Governments of affected countries found themselves unable to cope, financially and organizationally, with large emergency operations that were required to save the lives of large parts of their population suffering from acute shortages of food and water.

13. Based on present trends, prospects for coming years are bleak. Sub-Saharan Africa has not showed signs of recovery from the present recession comparable to that achieved in other developing countries. While the current account deficit declined in Latin America from \$43 billion in 1981-1982 to \$5.5 billion in 1984, the shift over the same period in Africa was from \$25 billion to \$11 billion. The World Bank, in its central scenarios, foresees the stagnation of average income per capita at its current level for the next five years. There is risk of a renewed decline in world primary produce prices that would seriously affect sub-Saharan Africa. Also, owing to irregular rainfall patterns, the volume of agricultural production is uncertain. The vulnerability of the rural population to the effects of drought might increase. In addition, large amounts fall due under the debt reschedulings that took place recently. Finally, if present trends are allowed to continue, there would be a serious reduction in net financial flows to sub-Saharan Africa at a time when they are most needed. To take but one example, there is a strong probability that a net outflow of resources from the region to the International Monetary Fund will occur, as the \$800 million in projected repayments falling due is likely to exceed inflows from the Fund.

III. ACTION UNDERTAKEN TO REDRESS THE SITUATION

14. Several steps to deal with the crisis have been taken by African countries and by the international community. The following paragraphs review only the most recent measures, which are presented in greater detail in the addenda to this report.

A. Emergency action

15. The Secretary-General established the United Nations Office for Emergency Operations in Africa effective 1 January 1985 in order to ensure that the resources of the United Nations programmes and organizations are mobilized and brought to bear in a concerted, harmonious and unified response to the appeals of the Governments of the affected countries of Africa to help meet the urgent needs generated by the current emergency.

16. The organizations and agencies that now participate in the work of the Office for Emergency Operations are the United Nations, the United Nations Development

Programme (UNDP), the Office of the United Nations Disaster Relief (UNDRO) the United Nations High Commissioner for Refugees (UNHCR), United Nations Children's Fund (UNICEF), World Food Programme (WFP), Food and Agriculture Organization of the United Nations (FAO) and the World Health Organization (WHO). The Office consists of a small staff, most of whom have been seconded or redeployed to it from other components of the United Nations system. In order to achieve the best possible interaction with interested organizations, the Office is supported by a task force composed of experienced individuals who have been seconded to it by the participating organizations themselves.

17. The Office monitors the emergency needs and mobilizes and co-ordinates the flow of emergency external assistance; it assesses the requirements of the African Governments and facilitates consultation and communications between donors, recipient countries, non-governmental organizations, private groups and voluntary organizations involved with this crisis.

18. The Office has also taken steps to strengthen the co-ordination machinery of the United Nations system at the field level, where concerted efforts are of the utmost importance. This has been done mainly through the organization of an Emergency Operations Group in each of the affected countries composed of representatives of the United Nations organizations involved and chaired by the United Nations resident co-ordinator (or by the special representative of the Secretary-General in the case of Ethiopia and the Sudan). In the Sudan, where the potential for a dramatic deterioration exists, the Secretary-General in June 1985 appointed a special representative to support the efforts of the Government.

19. The Conference on the Emergency Situation in Africa, which the Secretary-General convened in Geneva in March 1985, agreed on an assessment of critical needs that would have to be met in order to mitigate the effects of the crisis through the end of 1985. In the course of the meeting, many Governments reported contributions that had been made in 1984 for emergency purposes, as well as contributions that had been made previously or would be made in the future to support the development efforts of the affected countries. An analysis of the statements of participating governments indicates, however, that, on aggregate, resources were identified from a variety of donor sources sufficient to meet the overall unmet needs of the affected countries. Specific shortfalls, however, continue to exist in the satisfaction of both food and non-food needs (agricultural inputs, health requirements, survival items, water projects and transport equipment) in several countries. The Office for Emergency Operations in Africa is making and will continue to make vigorous efforts to match identified resources to existing unmet needs and to mobilize additional funds as may be necessary.

20. The work done by specialized agencies of the United Nations to deal with the emergency crisis has been particularly valuable. WFP was at the forefront of activities in order to provide the necessary food aid to starving Africans. FAO has convened several meetings of donors since 1983 and as recently as March 1985 to deal with the rehabilitation of food production and agriculture in a large number of African countries and to review the needs for basic agricultural inputs such as seeds and fertilizers. In the health field, WHO and UNICEF have taken action to relieve the growing human misery resulting from the crisis. UNHCR has intensified

its efforts of assistance to displaced persons and refugees. UNDP has taken every possible step to provide effective backstopping for emergency operations. The assistance provided by the organizations of the United Nations system to countries affected by the emergency is reviewed in both addenda to the present report.

21. Some progress has been made in checking the spread of famine, malnutrition, disease and poverty. The Office for Emergency Operations in Africa has proved to be an effective mechanism in providing the necessary framework for concerted international action in response to the crisis. It is not clear, however, whether the international community is yet fully aware of the durable nature of the situation, of the logistical problems involved in dealing with it or of its pervasive impact on the economic and social life in affected areas. Organizing relief operations for millions of Africans spread over vast areas of land is a major task, and one that requires extensive financial and administrative resources. The need for supporting populations does not disappear when the rain comes. Since famine dislocates economic life, relief operations have to go beyond the timely delivery of food and medicines and have to be maintained until such time as affected populations can again take care of themselves: the present drought-induced emergency situation is not a short-term phenomenon without any durable economic impact. Similarly, it is important to realize that the emergency situation that now exists was aggravated by the economic recession, which had severely curtailed the financial and logistical capacity of African countries.

B. Longer-term action

22. Whether or not they have been afflicted by drought, most African countries have since 1980 sought to address the economic problems confronting them. Over the past three years, most countries in sub-Saharan Africa have mounted genuine adjustment efforts, often supported by financial assistance from IMF and the World Bank. In order to deal with their current accounts deficit, these countries had no alternative but to curtail the import of capital goods, raw materials and spare parts. In some countries, the currency has been drastically devalued. In many cases, arrangements were sought through the Paris Club to reschedule foreign debts wherever possible by means of consolidation of short-term liabilities and reduction of debt service. By such measures, the current deficit balance of sub-Saharan Africa was reduced to \$11 billion in 1984.

23. On the domestic front vigorous efforts have also been undertaken to restore internal balance. Efforts were made to mobilize domestic savings, public investment budgets have been trimmed and public finance deficits largely reduced. However, recurrent budgets in sub-Saharan Africa are not particularly large in relation to GDP: action in this field was therefore bound to be limited in scope and cuts had to be made principally in public investment budgets. Measures to restore internal as well as external balance resulted, as could be expected, in a decline in growth, and were carried out at a high economic and social cost.

24. Early in 1985, the World Bank established a special facility for Africa in order to provide the necessary financial assistance to African countries undertaking policy reforms. With initial resources of \$1.1 billion, the facility will be operational in July 1985; it is intended to act as a catalyst for urgently needed rehabilitation projects in all economic sectors.

25. Other funding organizations of the United Nations system such as UNDP and UNICEF also took steps to gear their action towards effective support of development efforts of concerned African countries within the limit of available resources, but their special programmes for Africa did not always get the attention they deserved. International Fund for Agricultural Development (IFAD), which has a major role to play in Africa, is still faced with a preoccupying financial situation. Yet it has elaborated proposals for a special programme for sub-Saharan countries affected by drought and desertification that need to be implemented and for which financial support is urgently required. Organizations of the United Nations system have provided information on action they have undertaken with regard to the African crisis (see addendum 2).

26. Various mechanisms such as round-table conferences and sectoral consultations organized with UNDP's assistance and consultative groups organized by the World Bank were utilized to review development assistance provided by the international community to concerned African countries. Renewed attention was given to measures destined to improve aid co-ordination and the effectiveness of aid.

27. Many donor countries have increased their development assistance to sub-Saharan Africa since 1980. They have recognized the increasing efforts of African countries to achieve policy reforms and are considering an increase in official development assistance to support these efforts. 1/ None the less, on aggregate, there was over the past three years a reduction in net financial flows to sub-Saharan Africa, mainly as a result of a drop in private capital flows and repayment of loans, including loans from multilateral institutions; this is weighing very heavily on the capacity of most African countries to finance their development.

IV. WHAT SHOULD BE DONE?

28. The next five years will be crucial for sub-Saharan Africa, faced as it is with the double challenge of economic problems and severe drought. There is clearly a need for more vigorous action to consolidate the response to the emergency situation and to relaunch the development process. In all programmes of external assistance, concerned donors and institutions should make increased efforts to step up the involvement of Africans in the decision-making process as well as in the design and execution of projects. In particular, full participation of the rural population in projects directly affecting them should be further enhanced. Also, there is a need to recognize that there is a different mix of problems in each country: each Government has different views on its priorities, depending on its own economic and social objectives. This means that solutions must suit the individual needs of countries and that a country-level approach should in most cases be used in addition to global approaches being proposed.

A. Consolidating the response to the emergency situation

29. The response of the international community to the Geneva Conference on the Emergency Situation in Africa has been most generous in the food sector. This has also been the case at the country-level meetings organized by the Office for Emergency Operations in Africa between the African Governments concerned, donors, non-governmental organizations and the organizations of the United Nations system. The prospects for the food situation in Burundi, Kenya, Rwanda, Zambia and Zimbabwe have improved recently as a result of good rains. In parts of Ethiopia and the Sudan there have also been encouraging short rains, but the impact of these will be limited by inadequate provision of critical agricultural inputs and by the dispersal of large numbers of the farming community. In the Sudan the situation is deteriorating to the point that some 11 million people are now seriously affected.

30. While food pledges and the supply of food aid to the African countries have been augmented to cover the next few months and deaths as a result of starvation have been reduced greatly, major constraints still exist. The most severe of these constraints are the additional logistic requirements for the timely transportation of food aid to the affected populations. These requirements have almost doubled in recent months; this underlines the necessity of improving port handling facilities and of providing more trucks for the internal distribution of food. This is particularly true for the transportation of food aid that is discharged at the ports of West Africa: WFP, with the support of the Office, is making all efforts, in collaboration with the Governments concerned, to alleviate these bottle-necks. This problem particularly affects supplies to Burkina Faso, Chad, Mali and Niger.

31. As indicated in addendum 2 and despite all the efforts already made by organizations such as UNICEF, through their own resources, urgent unmet needs still exist in the non-food areas of essential health actions, relief survival items and water projects. Donor response to these needs has not been at the level required to improve the well-being of the affected populations significantly. The advent of the rains creates additional risk of disease for overcrowded populations who have already been weakened by starvation, malnutrition and inadequate sanitation facilities. All of these factors make it imperative for the international community to respond rapidly in meeting these very vital requirements.

32. Urgent needs for agricultural and pastoral inputs remain unmet. These inputs are assigned a high priority because of the vital need for the re-establishment of agricultural production. The Director-General of FAO has on several occasions appealed for funds to support urgent projects for the rehabilitation of agriculture in a number of affected countries. These make provision for seed, tool, fertilizer and pesticide projects. There are indications that some of these projects will be supported in 1985, but urgent action by the donor community is essential to meet the needs: the next harvest depends upon an immediate response.

33. Even with the advent of some rain and the provision of increased food inputs, the affected countries will continue to need relief assistance from the international community into 1986 and beyond. The number of people affected by the crisis will remain at a very high level. For example, it is estimated that in

Ethiopia, under optimal conditions, no less than five million people will require assistance in 1986. Although similar estimates are not yet available for the other countries, it is clear that comparable conditions are to be found there too.

34. In the present circumstances, funds for emergency purposes must be additional funds, rather than transfers from development accounts. While it is important to ensure that emergency assistance is provided in a timely manner and in adequate quantities to needy populations in times of famine, it is equally important that appropriate linkages be established between the emergency and the longer-term. Thus, the provision of relief assistance may be seen as a first step in a continuum of relief - recovery - development. The boundaries between emergency, recovery and longer-term development cannot be rigidly defined and there is need for a great deal more consultation and co-operation among those involved in these areas. The linkages between the emergency situation, humanitarian requirements and the development process are being urgently addressed by an internal task force of the United Nations.

B. Measures to relaunch the development process

35. African Governments recognize the need to conserve scarce resources and undertake corrective measures to redress the situation. The donor community, for its part, acknowledges that it has an active role to play in support of the adjustment efforts mounted by concerned African countries. There seems to be general agreement that solutions must be found to redress hardships caused by the burden of debt servicing. Precise proposals have been made in the Memorandum of the Conference of Ministers of ECA. The underlying objective, as stressed by the African ministers, is "the rational exploitation of the continent's abundant resources, the development of domestic technology and the increased use of the region's comparative advantage in surplus labour".

(i) Priority must be given to the rehabilitation of the agricultural resource base of countries concerned

36. As stated by the African ministers, "the poor performance in this sector has been at the root of the economic backwardness, stagnation and decline in many African countries". The World Food Council has over the past five years repeatedly stressed the need for food strategies to offset this situation. During the 1970s the agricultural sector in most countries did not receive the attention it deserved in national planning. For instance, during the period 1967-1973, only 5 to 6 per cent of total public recurrent expenditure was allocated, on average, to agriculture in African countries. There is need, at present, to review carefully the best policy to be followed in each country and to realize that commodity exports and food crop production are two aspects of the same strategy of achieving external balance and sustainable development, rather than alternatives or opposites. Proper pricing policies play a significant role in increasing production, but to peasant farmers in sub-Saharan Africa a price is meaningful only if it helps them buy their essential needs - clothing, soap, building materials, bicycles - which are in most cases imported items and not always available.

37. A strenuous effort must be made to modernize agricultural practice, be it at the level of the small landholder or that of a large estate. The introduction of appropriate technology, credit facilities and effective extension services must be speeded up. Ways must be found to increase productivity per producer.

38. For a significant proportion of peasants, who cannot produce enough for their own needs, better pricing policies will not be enough. Their problems lie elsewhere, in the accumulated degradation of soil fertility, through erosion, desertification, the impact of climatic factors and the lack of logistical infrastructure. Every year large areas of African land are being lost for food production and rural income earning capacity because of erosion. Desertification, which will probably be a major modifier of landscape between now and the year 2000, is an active ongoing phenomenon, with severe implications. There is an urgent need for more focused attention to problems such as the gradual degradation of soil productivity, which may result from years of accumulated misuse or from inappropriate techniques of production. It is necessary to speed up research, in particular on drought-resistant species. Governments of countries stricken by drought and desertification must give high priority in their development plans to such problems. Special efforts should be made by the international community to support efforts in that field. Improved co-operation among recipient countries, bilateral donors and the United Nations system is necessary.

39. In all the areas mentioned above Governments must fully take into account the role of women in agricultural production. A programme of modernization of agriculture in Africa that fails to fully include women is unlikely to be successful. Their specific needs have to be addressed. Better access to water and fuel would lighten their duties and enable them to contribute more fully to agricultural modernization.

(ii) A high degree of priority should also be given to activities of rehabilitation, maintenance and repair of existing industry and infrastructure

40. The deprivation that sub-Saharan African economies have undergone for the past five years has meant increasing neglect of existing capital stock. In particular, emergency operations in many countries have highlighted the inadequacy of the transport infrastructure. Port infrastructure has had to be upgraded, road transport rehabilitated and bridges built in many countries; this will not only facilitate relief operations but also serve longer-term development. Adequate logistic infrastructure will make possible agricultural production in previously inaccessible but fertile land and render feasible mining operations whose profitability is compromised by the cost of investment in transport and communications. Finally, as recommended by the ECA Memorandum, there is need to channel efforts "to measures for the rehabilitation, revitalization (...) of Africa's ailing manufacturing enterprises during the current emergency situation."

(iii) Special attention must be given by each country to its external trade

41. Prospects for non-traditional commodity exports need to be closely examined. According to the African ministers themselves, urgent measures must be taken to

"Diversify (...) export commodities and markets and to control and rationalize imports through sound and efficient import substitution strategies." In addition, with adequate support from donors, national stabilization funds for the main export commodities could be created where they do not already exist, with a view to stabilizing income to producers and protecting them from exchange and price fluctuations. Such mechanisms, which would reflect the concerned country's internal objectives and policies, would complement global inter-country mechanisms such as the Common Fund for Commodities, the Compensatory Financing Facilities or the Stabex arrangements.

(iv) Social aspects of development must receive greater attention

42. As pointed out by the ECA Memorandum, present population growth trends have far-reaching implications and jeopardize efforts to raise incomes and ensure gainful employment in sub-Saharan Africa. There is therefore a need to accord importance to population policies in order to ensure compatibility between demographic trends and the desired pace of economic growth. As stated by the Memorandum, "donors should (...) continue to provide increased financial and technical support to individual African countries in their population programmes".

43. Because of the constraints imposed by the overall economic situation, social policies are being greatly curtailed in many countries, especially less developed countries, which have been unable to support basic programmes for underprivileged groups. Yet recourse to low-cost interventions is possible, as demonstrated by recent actions of UNICEF in Africa. Governments should take steps to integrate basic social needs in their economic programmes. There is great need for infrastructure to strengthen human capacity: education, drinking-water, health, domestic fuel and housing. These must be seen as critical factors for higher production, not as amenities to follow afterwards. The key role of food aid in supporting action in these subsectors should be noted.

(v) There must be a more systematic effort to mobilize human resources

44. Not enough attention has been given up to now to the seriousness of administrative constraints in mobilizing, allocating and managing resources for development. The objective of all African Governments is to ensure the full participation of all segments of their population in gainful and productive employment. As stated by the African ministers themselves, "priority will have to be given to the continuous assessment and development of the manpower needed in (...) crucial areas (...). Special attention will also have to be paid to the need for radical change in educational systems at all levels, so that the relevant skills, knowledge and attitudes required for accelerated and diversified development are generated." Efforts must be made to attract qualified Africans living abroad to return to their countries and contribute to the development efforts. In this regard African Governments might wish to take full advantage of the programme whereby United Nations staff can serve their Governments for fixed periods. In short, the effective development and utilization of human resources is central to reactivating the development process in most sub-Saharan African countries. In this connection, the United Nations is exploring ways and means of intensifying the support it provides for the rebuilding and strengthening of administration and management capabilities in sub-Saharan Africa.

(vi) The restoration of external resources

45. Debt service payments, net financial flows and export earnings are closely interlinked in sub-Saharan Africa. Their mix within a given country conditions the ability of that country to import the needed equipment, spare parts and primary commodities for its economic and social development. Yet most African countries are still heavily dependent on imported goods for their development as their industries are still in an early stage of development. In recent years import compression in most African countries has gone so far that it has produced a critical shortage of inputs for agriculture, transport and light industry. Widespread famine in Chad, Ethiopia or the Sudan was also partly due to the inability of Governments to fund commercial imports of food. In the short run, therefore, the critical external support needs are primarily financial.

46. The restoration of external resources can be achieved by a combination of several means that call for positive action from the community of donors and multilateral financial institutions, for example, an increase in balance-of-payment support schemes, or cancellation or rescheduling of debt payments. Different combinations can be worked out for different countries depending on their own characteristics. What is important is that vigorous action should be taken that would take into account the interrelationship between debt payments, export earnings and net financial flows. At present, many countries of sub-Saharan Africa cannot possibly repay the existing debt as scheduled; the reduction in net financial flows projected for the coming years, largely as a result of debt repayment, makes it impossible for most African countries to maintain an adequate level of production and to ensure protection of underprivileged groups. If the level of external resources drops, the external balance would be achieved in many countries at a low level of economic activity and the social impact on the population would become unbearable. There is need not only for an increase in direct net financial flows from donor to recipient countries, but also for adequate funding of special programmes devised by multilateral financial institutions for African countries.

47. The impact and effectiveness of bilateral and multilateral assistance is now being reviewed in intergovernmental and multilateral forums. At its next session in October 1985 the Development Committee will consider the report of the Special Task Force appointed to conduct a study on concessional flows. When the outcome of these deliberations is known, the Secretary-General, following a suggestion of the Conference of Ministers of ECA, will explore the possibility of establishing a commission of independent individuals to take stock of the recommendations of the Development Committee and of various other organizations, and will make proposals concerning assistance to sub-Saharan Africa for the coming years.

V. CONCLUSION

48. The preceding sections of this report have identified urgent action that needs to be undertaken to deal with the emergency situation, as well as sectoral areas in which effective action is likely to bring an increase in production and create a climate favourable to an augmentation of external financial flows. Adjustment

policies introduced since 1980 in sub-Saharan Africa have brought down domestic demand by reducing import flows and lowering consumption and investment. They have in many cases re-established equilibrium in the external accounts of the economy, but they have emaciated concerned countries both economically and socially. In order to resume economic and social progress there is now a need to increase production rather than to cut demand. Domestic policy reforms must be pursued, but the importance of external factors should again be stressed. Sub-Saharan Africa stands to benefit from sustained growth in the industrialized countries, particularly in Europe, and from a relaxation of protectionist measures. A rise in the prices of commodities would have a dramatic impact for most countries. Restoration of inflows of capital goods to their previous levels is essential if sub-Saharan Africa is to regain the growth it desperately needs. In particular, urgent and effective action concerning debt relief would greatly contribute to alleviating the immediate problems of African countries.

49. There might appear to be a conflict between measures to deal with the emergency and the need to concentrate on activities likely to relaunch economic development. However, these two kinds of action, which have been presented separately in the previous sections, are in fact closely interrelated and the contradiction is more apparent than real. The emergency is a result both of drought and economic hardships: dealing with the emergency in affected countries consists in the final analysis not only of responding to famine problems, but also of providing the foundation for resumption of economic progress. Thus the emergency situation is part of the economic issue and not a problem with solely a humanitarian dimension: the path towards resumption of growth and development passes through the solution of emergency problems.

50. There is therefore a strong case for African countries affected by the crisis to launch a short-term recovery programme to bridge the gap between the "first-aid" measures set in place for the emergency and the longer-term measures to be resorted to once the concerned country has re-established a firm economic base. The effective support of the international community is needed to supplement domestic efforts. The United Nations is prepared to assist in that process, in co-operation with the multilateral institutions concerned, in order to foster harmonious economic and social development in sub-Saharan Africa.

51. The task of improving Africa's economic performance and of building a better future for Africans will be a long-term process. The prime responsibility rests with the Governments and peoples of Africa, but the international community has the responsibility to help. It has taken a clear commitment to that effect in the Declaration on the Critical Economic Situation in Africa adopted by the General Assembly at its thirty-ninth session and must honour that commitment.

Notes

1/ Details of official development assistance by member countries of the Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD) in 1984 will be available in July 1985.