



**Africa Leadership Forum**

**THE LEADERSHIP CHALLENGE  
FOR IMPROVING  
THE ECONOMIC AND SOCIAL  
SITUATION OF AFRICA**

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**Adebayo Adedeji**

**Tariq Husain**

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**Ota, Nigeria**  
24 October to 1 November 1988

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**Discussion of the Inaugural Programme of the  
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# **The African Economy: Overview and Prospects for Recovery and Sustained Development**

*by*  
*Adebayo Adedeji*

## **I. Introduction**

In the late 1970s, it had become clear that the international development strategies for both the first and second United Nations Development Decades for the 1960s and 1970s respectively had not yielded positive results for African economies. After a relatively fast economic growth in the early 1960s soon after independence, the rate of increase in real GDP in 1970 was moderate and estimated at about 4 per cent. With population growing at an average annual rate of 2.5 per cent, the African region, in 1970, was still experiencing a positive, albeit modest, increase in per capita income. A similar trend prevailed during the 1970s with an average annual growth rate of 5.2 per cent of the GDP over the decade and a corresponding increase in per capita income of about 2.3 per cent.

It should be noted however that, in spite of the above relatively positive economic indicators, there were signs that Africa's development was not on the right path. First, agriculture, which is the mainstay of most African economies, grew by only 1.3 per cent annum between 1970 and 1980. Although food production increased at a higher average annual rate of 1.9 per cent, it was much below the rate of the growth of the population.

Secondly, the structure of the African economies, in 1980, was characterized by the predominance of the service sector, which increased from 40.8 per cent of GDP in 1970 to 50.2 per cent in 1980. Agriculture, mostly agricultural export, accounted for 22.8 per cent of GDP in 1980 as against 33.4 per cent in 1970, while the respective figures for industry were 27 per cent and 25.7 per cent. It should be noted, however, that industry in 1980 was composed mainly of mining. Manufacturing accounted for only 10 per cent of GDP in 1980 as against 9.5 per cent in 1970. Therefore, the relatively satisfactory growth rates recorded in the 1970s were also accompanied by the worsening of the structural disequilibrium of African economies, with the weakening of the productive sectors of food and manufacturing and an increased dependence on export commodities (agricultural raw materials and minerals, including oil).

Thirdly, Africa's expenditure pattern was also following an unhealthy trend. While domestic savings as a percentage of GDP increased only marginally from 17.8 per cent in 1970 to 18.3 per cent in 1980, the share of gross fixed capital formation increased sharply from 16.2 per cent in 1970 to 24.9 per cent in 1980. In other words, Africa has been increasingly relying on external sources to finance its development. The marginal

propensity to consume remained high at 0.81 on the average during the period 1970-1980, with an import elasticity of 1.13 implying high import content of both consumption and investment.

Fourthly, Africa's external sector also did not improve significantly in the 1970s. In 1980, the index of export volume of developing Africa was about 17 per cent lower than the level in 1970. During the same period, the index of import volume increased tremendously by over 90 per cent. Moreover, Africa's trade was mostly directed to other regions of the world. Intra-African trade continued to decline in the 1970s from the already small level of 6.7 per cent of total trade in 1970 to 4.7 per cent in 1980. Such a situation not only underlines Africa's over-dependence on the external world but also exposes its limited productive capacity, weak transport and communication systems and unsatisfactory payments arrangements which are mainly tied to the developed countries.

Finally, while Africa's outstanding debt was about US\$ 48 billion, in 1980, there were signs that such amount would increase steadily as the average rates of increase in the late 1970s was about 15 per cent and that the conditions under which these resources were made available were growing more difficult. For example, average interest rates increased from 5.7 per cent in 1975 to 8.5 per cent in 1980 while maturity period declined from 20.3 years in 1975 to 15.7 years in 1980 and the grant element reduced from 29.9 per cent in 1975 to only 15.8 per cent. With rising economic problems making it difficult for most African countries to generate sufficient returns to service their debts, the latter cannot but increase steadily.

It was in the above context and following the Monrovia Colloquium- where some prominent Africans gathered to discuss the development prospects of the continent-- that the Conference of Ministers of the Economic Commission for Africa (ECA), at its 5<sup>th</sup> meeting held in Rabat (Morocco) in March 1979, adopted resolution 332 (XIV) on the African Development Strategy. This was later endorsed by the 16<sup>th</sup> Session of the Assembly of Heads of States and Government of the Organization of African Unity, and christened the Monrovia Strategy. This strategy was subsequently translated into defined global and sector-specific programmes prepared by the ECA Conference of Ministers and adopted as the Lagos Plan of Action (LPA) by the second Extraordinary Session of the Assembly of Heads of States and Governments of the OAU, held in April 1980 in Lagos.

The Lagos Plan of Action laid the foundations for a genuine development of the African region. First, the LPA contains a set of integrated proposals in such basic areas as food and agriculture, industry, transport and communications, human and natural resources and science and technology. Secondly, the LPA was complemented by the Final Act of Lagos which aimed at addressing the problem of the balkanization of the continent and promoting sub-regional economic co-operation and integration, with the ultimate objective of setting up, by the year 2000, an African Economic Community.

Both the Lagos Plan of Action and the Final Act of Lagos have clearly identified the changes required in patterns of production, distribution and life styles as well as in intra-African economic relations, so that Africa could contemplate a brighter future in the year

2000. However, as indicated earlier, the late 1970s and early 1980s were characterized by escalating difficulties confronting African countries both domestically and externally.

In addition to the domestic policy shortcomings in terms of patterns of production and expenditure, the global economic environment worsened dramatically. Specifically, between 1979 and 1981, the prices of some African leading export commodities, such as coffee, copper, cocoa, bananas, vegetable oils and tea, experienced sharp declines resulting in about US\$ 2.2 billion losses. In 1982, commodity prices, in real terms, were at their lowest level since 1940. Another characteristic of the worsening global economic environment was the increasing external indebtedness which, due to widening trade gaps, declining official transfers and hardening terms, reached \$170 billion in 1984 and \$200 billion in 1986.

Indeed, since the adoption of the Lagos Plan of Action, the main preoccupation of most African countries was crisis management for economic survival. The situation had further been aggravated by the 1984/1985 severe and widespread drought which affected as much as 34 African countries in all sub-regions of the continent, and resulted in dramatic food scarcity, depletion of livestock and severe water shortages. It was against this background that the Secretary-General of the United Nations undertook the mobilization of the international community on the issue. This initiative culminated in the adoption, in June 1986 by the United Nations General Assembly, of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 (UN-PAAERD).

Two years have now passed since the adoption of UNPAAERD. In September 1988, the General Assembly undertook a mid-term review of its implementation. If the adoption of UN-PAAERD was a unique occasion for the world community at large to agree, by consensus, on the need to address both Africa's short and long-term development issues, it is useful to review the developments that have taken place since 1986, as well as future prospects. While improved economic performance is an essential indicator, it is also important to assess the extent to which the structural deficiencies of African economies have been adequately addressed. To that end, it would be useful to first review their basic structural characteristics.

## **II. Basic Structural Impediments to Economic Recovery and Long-term Development in Africa**

When adopting UN-PAAERD, the international community was unanimous in recognizing the necessity not only to address the symptoms of the critical economic situation in Africa, but also its cause, namely the more long-term structural problems confronting African countries. These include inter-alia, weak and unbalanced economic structures, inadequate development and utilization of human resources and the balkanization of the continent into small political and economic entities.

### **Single Commodity Export as Engine of Growth**

Most African countries have mono-crop production structures, particularly for the export crops such as cocoa, coffee, tea, groundnuts, tobacco, cotton and rubber. Other countries are totally dependent on mineral exports like copper, iron ore, bauxite, manganese, oil,

gold and diamond. In many cases, a single one of the above products could account for over 90 per cent of a country's total export. In most cases export earnings from one single commodity are as high as 70 per cent of GDP.

Statistical evidence on economic activities in the 1960s and 1970s shows that Africa's growth has been largely dependent on the growth of primary commodity production and exports. Also, since the bulk of Africa's trade has been with developed market economies, Africa's past growth performance was clearly linked to growth in these countries. Such a pattern of primary commodity export-led growth was the major structural cause of the African crisis of the early 1980s. This was the direct consequence of the declining growth performance in developed countries from about 8 per cent in the early 1970s to about 2 per cent or less recently which has led to a declining demand for these primary commodities as well as a decline in their real prices. The overall result was a steady decline in primary commodity production and exports as the engine of growth in Africa; a trend that is likely to prevail over a long period. A basic requirement for economic recovery and long-term development is therefore for Africa to seek an alternative growth pattern. Such a requirement was one of the main challenges of UN-PAAERD.

### **Neglect of Food Production and Population Pressure**

A second major characteristic of African economies is the neglect of the food sector over the last two decades, which has resulted in an unprecedented food crisis of the period 1984-1985. While in the 1960s per capita food output was increasing at only 0.35 per cent per annum, the situation deteriorated in the 1970s with an average annual decrease of 1.2 per cent. There is no doubt that the recent drought has contributed to the worsening of the overall domestic food supply situation. However, it has been repeatedly emphasized that there are basic structural factors that have negatively affected food production. These include, inter alia, (i) a bias against agriculture in government policy; (ii) high population growth; (iii) fast reduction in arable land and harvested area; and (iv) a lack of the technological change to increase agricultural productivity.

Agriculture, and especially food production, has suffered from the low priority given to the sector by most African countries. It is not only that unrealistic pricing policies have constituted disincentives to producers, but that the agricultural sector has, over the years, been lacking adequate investment in irrigation, research, training and extension services. Such policies resulted in shortage of inputs such as seeds, fertilizers and pesticides; shortage of agricultural tools and implements; inadequate storage facilities leading to increased food losses, lack of spare parts etc. It has also resulted in the stagnation of the irrigated land area in Africa. According to FAO estimates, only 5.2 per cent of total area under temporary and permanent crop production is presently irrigated; with 72 per cent of it in North Africa.

It is worthy to note that not only has the agricultural sector received little support in terms of investment and incentive measures, but also that such support was mainly directed to the cultivation of export crops.

For example, in the Sudano-Sahelian sub-region, it was estimated that 0 kg/ha of fertilizer were used for export crops and only 2 kg/ha for food crops. It has also been noted that credit facilities in Eastern Africa have been concentrated on export crops.

The food crisis, resulting from inappropriate policies and adverse climatic conditions, has also been exacerbated by the mounting pressures of population growth, which resulted in a parallel rise in demand for food. The trend of 3 per cent average annual growth of the African population through the 1970s and in the early 1980s has worsened the population-food-imbalance, especially in view of the fact that the urban population, which is not involved in food production, has been increasing at an even faster rate of over 4 per cent, in the average, reaching 5.8 per cent and 7 per cent in West Africa and East Africa respectively.

The decline in agricultural output in Africa, especially food, stems also from the sharp reduction of the arable land area. This is mostly due to rapid desertification, and the land tenure system, which reduces soil fertility and result in soil erosion, reduced rainfall etc.

Inappropriate agricultural techniques are also a major obstacle to increasing agricultural productivity in Africa, above the present subsistence level. The cultivation techniques and technologies employed by African farmers are such that they impose limits to crop output and yield.

It is clear from the above review that rapid economic recovery which will result in the building of a solid foundation for sustained long-term development in Africa requires a radical change in policies towards the agriculture sector and particularly the food sub-sector. As the large majority of the population lives in rural areas and as agriculture accounts, on the average, for a third of the continent's GDP, it is clear that a vigorous growth in food and agricultural production will undoubtedly create more employment opportunities; an essential condition for African economic recovery.

### **Weak Physical and Institutional Infrastructures**

The lack of adequate infrastructures constitutes a fourth basic characteristic of African economies in the mid-1980s. The inadequacy and poor conditions of Africa's transport and communications infrastructures coupled with the inefficiency of the related services is a major impediment to the expansion of economic activities within and among African countries. It is an established fact that, as we move close to the end of the United Nations Transport and Communications Decade for Africa, transport and communications links are still mostly directed outside the region for the export of primary commodities and import of manufactured goods. Lack of internal transport and communications infrastructure has been a major impediment to the movement of goods (especially agricultural commodities), and people, and to the harmonious distribution of industrial production facilities within the countries. The networks of trans-continental highways that the ECA has been pushing for are yet to become full realities. Yet these are essential pre-requisites for promoting intra-African trade.

In the 1960s, most African countries have devoted substantial resources in building up the necessary institutional infrastructure for supporting their development plans and programmes and managing their economies. However, not only were such structures not quantitatively adequate, but most of them have seriously declined in the quality of their work. Thus, central ministries, public agencies, parastatal organizations, and even state universities and scientific institutions have lost the capacity to carry out their task. Indeed, they impede rather than promote productivity and overall development. It is therefore evident that structural changes in the economy must go hand in hand with institutional reform in the context of Africa's efforts for economic recovery and long-term development.

### **Enclaved and Fragmented Industrial Sector**

The failure of the industrial sector in Africa to become a complementary or alternative engine of growth to agriculture and mining is another major challenge for the economic recovery of the region. The sector is small and enclaved. As indicated earlier, it accounted for only 27 per cent (10 per cent for manufacturing) in 1980, of GDP. Moreover, it is made mostly of import substitution industries for goods that are consumed mainly by urban minorities, and of export promotion industries for semi-processed raw materials.

A major structural weakness of the industrial sector has been the neglect of intermediate and capital goods industries and of industries for large consumption. While the first category is essential to increase agricultural production and productivity, the second is necessary for satisfying the potential demand resulting from the increase of rural incomes. The Agricultural revolution with its two components (i.e. increased yields and productivity, and improved living standards of rural people) requires an inward-looking industrial development strategy.

### **Inadequate Development and Utilization of Human Resources**

The high population growth rate in Africa would not have had the present negative impact if the actions called for in the Lagos Plan of Action had been implemented, to the extent that Africa would have achieved a satisfactory level of self-reliance in trained and technical manpower. Instead, there is a dramatic shortage of skilled manpower especially in key areas essential for economic recovery. At the same time, there is a high rate of unemployment, especially among university graduates. And so is there the brain drain phenomenon, which, in some countries, has negatively affected the functioning of key development institutions and services.

Such a situation reveals two basic deficiencies. First, there is an inadequacy between the requirements in human resources in key sectors on the one hand, and the supply of skilled manpower by the training institutions on the other hand. Secondly, available and skilled technical and managerial manpower is not adequately and fully utilized while a high proportion of total investment of the region is expended on the services of foreign expertise. Efficient development, planning and utilization of human resources and the full

and effective participation of the African people in the development process are therefore essential requirements for African economic recovery and development.

### **The Need for Economic Integration**

It has been largely recognized not only by African countries but also by their development partners that the economic and political tensions confronting Africa are, to a certain extent, the result of the balkanization of the region into 50 states, with twenty four of them having, at the adoption of the Final Act of Lagos in 1980, less than 5 million people, and 14 of them landlocked countries. In adopting the Final Act of Lagos, the objective was to overcome the fragmented state of the continent short of political integration, and ensure the mobilization of the region's large potential.

The developments that have taken place since then have highlighted the fact that the fragile character of most African economies is such that they cannot cope with external shocks, nor with the magnitude of the tasks required for structural transformation, sustained growth and development. Such developments include, inter alia,

(i) The irreversible declining trends in primary commodity prices preventing most African countries –especially the smallest ones – from mobilizing the resources required for development financing;

(ii) Increased dependency of domestic production and consumption on imported goods and services making it difficult to build up a self-sustained socio-economic structure;

(iii) Declining productivity relative to other regions of the world while the rising cost of living mainly due to high cost of imports of goods and services, resulted in widespread social upheavals in many countries, including the rich oil-producing countries; and,

(iv) The high level of foreign debt which often requires unaffordable servicing obligations in most countries.

It is only through the collective effort of economic co-operation and integration that the African countries can hope to build up the capacity to cope with some of the worst impacts of these external shocks. Indeed, to avert a pending disaster and face the challenge of reversing the above trends, Africa must build up viable political and recovery, beyond the temporary reliefs resulting from short-term structural adjustments. To that end, economic integration is, obviously, the first step, as a means of pooling resources in a co-ordinated and efficient manner.

### **Mounting External Pressures**

A final structural characteristic of African economies is their external orientation. The above review has underlined the very fact that external factors have a bearing on Africa's domestic structural weaknesses. Indeed, Africa cannot engineer successfully the structural and policy changes required without an improvement in its external economic and political environment.

Most of these factors are well known and need no further elaboration. Suffice to emphasize the following points;

- (i) The collapse in internal prices of primary commodities;
- (ii) The structural contraction in world trade;
- (iii) The decrease in official development assistance in net terms;
- (iv) Increased protectionism in industrialized countries;
- (v) The volatility in the exchange rates of major currencies resulting in a consistent decline of the value of the United States dollar which is the currency used in paying for Africa's exports;
- (vi) High interest rates, high prices of imported manufactured goods and services; (vii) and, above all, the high level of Africa's external indebtedness, as major constraints to a speedy economic recovery and sustained development in Africa.

Another important aspect that has negative consequences on the economic recovery of the African region, and particularly the Southern African sub-region, is the political, economic and social destabilization policy of South Africa. The apartheid regime in South Africa is both the cause of its internal war with its own people and its undeclared war with its neighbours. The cost of its destabilization policy has been estimated at over US \$10 billion between 1980 and 1986. Such cost includes loss of human and livestock lives, damages to infrastructures (roads, railways, bridges, power lines, etc.), and resources diverted to defence purposes and to care for refugees and displaced persons.

Africa's economic recovery and development depends, to a large extent, on the effort by the international community in bringing about the required changes in the international economic environment. Such changes include, in particular, an unequivocal attitude against the apartheid regime in South Africa and its destabilization policy in neighbouring states.

### **III. Assessment of Economic Recovery for Sustained Long-term Development in Africa**

Economic recovery and sustained long-term development in Africa should be seen in three directions. First, it is essential that, after the escalating crisis which has been confronting Africa since the adoption of the Lagos Plan of Action and the subsequent adoption of the UN-PAAERD, economic growth be restored in individual countries and financial disequilibria be reduced. Secondly, such efforts should be accompanied by the necessary policy reforms at national, sub-regional and regional levels; all aimed at initiating long-term structural transformation of African economies. Thirdly, the international economic environment must be substantially improved.

#### **The Performance of the African Economy in 1986-1987**

Since the adoption of UN-PAAERD in 1986 and 1987, the economic performance of the African region has not been encouraging with an overall growth in GDP of 0.5 per cent and 0.8 per cent respectively. The main reason for such poor performance is the decline in oil prices and demand resulting, in 1986 and 1987, in GDP growth rates of 1.2 per cent

and 0.3 per cent respectively in African oil-exporting countries, which account for a substantial part of the region's overall output.

Also, drought has continued to affect some parts of the continent especially Southern Africa and Sahelian West Africa. For other countries, the depressed demand for primary export commodities and low prices has constrained overall growth. Indeed, as it may be seen in Table 1, the overall performance of the region in 1986 and 1987 would have been poorer without the relatively satisfactory performance of continental East African and Indian Ocean Island countries. It is however encouraging to note that the least developed countries in Africa have maintained, over the period, an average annual growth rate of over 3 per cent.

**Table 1**  
**Growth Performance of Developing Africa**  
**Since the Adoption of UN-PAAERD**  
**By Sub-region and by Economic Groupings)**  
**(Per cent)**

	<b>1986</b>	<b>1987</b>	<b>Average Annual</b>
Indian Ocean Island Countries	3.18	2.47	2.82
Continental East Africa	4.9	5.33	5.11
Southern Africa	1.2	0.53	0.86
Central Africa	1.29	2.23	1.75
Sahelian West Africa	5.1	1.7	3.38
Non-Sahel West Africa	-3.54	-0.95	-2.25
North Africa	1.1	1.0	1.04
Sub-Saharan Africa	0.9	0.4	0.64
Oil exporters	-1.2	0.3	-0.45
OPEC members	-2.3	-0.7	-1.5
Non – oil exporters	3.7	1.6	2.64
Least Developed Countries	3.8	3.4	3.59
Developing Africa	0.5	0.8	0.64

Source: ECA Secretariat

With respect to the food and agricultural sector, which is the priority of UN-PAAERD, it is to be noted that the recovery of 1986, with a growth rate of 3.8 per cent in the region, was largely offset by the 1987 poor performance of only 0.5 per cent. The main reason is that food production in 1987 has been negatively affected by unfavourable weather conditions especially in the Sahelian and Southern African countries.

In the latter, value added figures for the agricultural sector fell by 5.5 per cent in 1987 following a decrease of 1.8 per cent in 1986. Consequently, according to FAO estimates, food aid requirements in 1987/88 have increased by more than 40 per cent from the previous year for the whole region.

Growth in the manufacturing sector continues to be constrained by the current difficulties i.e. lack of spare parts and shortages of imported inputs, mainly because of the inadequacy of foreign exchange resources. Only moderate growth rates of 2.4 per cent and 3.7 per cent were recorded in 1986 and 1987 respectively, in comparison with those recorded by the manufacturing sector in other developing regions of the world.

With respect to the external sector, there has been a substantial improvement in 1986-1987. While exports dropped by nearly 25 per cent in value in 1986, they recovered substantially in 1987 with an increase of 15.1 per cent. The two sharp fluctuations are mainly due to oil prices. There has also been a noticeable increase in the volume of exports in 1987 (2%) as compared with a decrease in 1986 (2.8%). As a policy measure, the volume of imports has been generally restricted in all countries, with a decrease of 4.5 per cent and 3.2 per cent in 1986 and 1987 respectively. Table 2 shows an even more encouraging trend with respect to the unit value of exports, which increased by 12.8 per cent in 1987 after a sharp decline of 20.7 per cent in 1986. Also, the terms of trade have improved in 1987 by 7.2 per cent as compared to a loss of -23.4 per cent in 1986. For the period 1986-1987 however, the overall terms of trade position is negative (-9.38).

**Table 2**  
**Changes in Merchandise trade of**  
**Developing Africa 1986-1987**  
**(In annual percentage)**

	<b>1986</b>	<b>1987<sup>a/</sup></b>	<b>Annual average 1985-1987</b>
<b>Value<sup>b/</sup></b>			
Exports	-23.9	15.1	-6.40
Imports	-2.4	3.3	0.4
<b>Volume<sup>c/</sup></b>			
Exports	-2.8	2.0	-1.43
Imports	-4.5	-3.2	-3.88
<b>Unit Value<sup>b/</sup></b>			
Exports	-20.7	12.8	-5.42
Imports	2.2	5.2	3.68
Terms of Trade	-23.4	7.2	-9.38
Purchasing Power of Exports	30.1	9.5	-12.51

Source: International Monetary Fund, International Financial Statistics and ECA estimates.

a/ Estimates

b/ In dollar terms

c/ At 1980 prices

With the slight improvement in terms of trade, the trade balance became positive in 1987 at US \$3.4 billion from a deficit of US \$2.4 billion in 1986. Such an improvement has

reduced the current account deficit from US \$13.2 billion in 1986 to US \$11.2 billion in 1987, in spite of an increase of net services and private transfers to abroad of about US \$3.3 billion. As shown in Table 3, resource flows to Africa (official transfers and capital inflows), already modest in 1986 (US \$10.6 billion), decreased slightly in 1987 (US \$10.2 billion).

**Table 3**  
**Aggregate Balance of Payments Positions of**  
**African Developing Countries**  
**In 1986 and 1987**  
**(Billions of US dollars)**

	1986	1987
Exports f.o.b.	49.8	57.3
Imports f.o.b.	52.2	53.9
Trade balance	-2.4	3.4
Net services and private transfer	-11.3	-14.6
Current-account balance	-13.7	11.2
Official transfers	4.0	4.3
Capital inflows	6.6	5.9
Errors and omissions	2.0	0.5
Change in reserves	1.1	0.5

Source: ECA Secretariat

a/ Estimates

A final and more worrying development is the worsening of the external debt situation of developing Africa since the adoption of APPER in 1985 by the Assembly of Heads of State and Government of the Organisation of African Unity. At the time Africa's outstanding debt was estimated at over US \$170 billion. It escalated sharply to over US \$200 billion in 1986 and to US \$218.1 billion in 1987. While Africa is, in absolute terms, a relatively less indebted continent, the debt burden is intolerable relative to the economic strength of the region. In 1987, total external outstanding debt amounted to about 70 per cent of GDP and three-folds of exports earning. The average debt service ratio, in 1986, was as high as 42.7 per cent. It fell only slightly in 1987 to 35.8 per cent. However, as may be seen in table 4, the trend was different in sub-Saharan Africa where the debt service ratio, which was 42.0 per cent in 1986, increased to 47.3 per cent in 1987.

**Table 4**  
**Debt and Debt Service of Developing Africa**  
**(1985 to 1987)**

	1985	1986	1987
Total debt (billions of dollars)	174.1	207.7	216.1
Sub-Saharan Africa	95.5	117.4	116.1
North Africa	78.9	90.3	100.0
Debt service obligation (billions of dollars)	24.3	26.4	26.5
Sub-Saharan Africa	12.0	13.7	13.8
North Africa	12.3	12.7	12.7
Ratios (per cent)			
Debt/GDP	0.67	0.74	0.70
Debt/exports	2.14	2.98	2.95
Debt service ratio	29.3	42.7	35.8
Sub-Saharan Africa	29.3	42.9	47.3
North Africa	30.4	38.5	28.9

Source: OECD: Financing and External Debt of Developing Countries, 1986 Survey, Paris 1997.  
 OECD: External Debt Statistics. Paris 1987  
 IMF: World Economics Outlook, October 1987  
 IMF: International Financial Statistics, January 1988  
 Economics intelligence Unit, African Economic Digest and ECA Secretariat

### **Structural and Policy Reforms**

It has been widely recognized that African countries have endeavoured to implement the policy measures that are necessary for the recovery of their economies. Such measures are either directed to specific sectors or areas, or to the improvement of the management of the economy. While most of the impediments outlined earlier are still present in most countries, there is no doubt that, over the 1986-1987 period, steps have been taken to address some critical structural imbalances in African economies.

In 1987 and 1988 the ECA conducted two surveys on the implementation of UN-PAAERD at national and sub-regional levels. The results have been made available to the 13<sup>th</sup> and 14<sup>th</sup> meetings of the ECA Conference of Ministers in 1987 and 1988 respectively, and to the Abuja International Conference on Africa: The challenge of Economic Recovery and Accelerated Development, held in June 1987.

In the agriculture sector; the objective of devoting at least 25 per cent of public investment to the sector has been achieved by over 90 per cent of African countries. Similarly, as called for in the UN-PAAERD, many countries have taken such measures as liberalizing food prices; increasing the share of farmers in export earnings as an incentive for higher production and investment in better techniques. Other steps include the improvement of

internal distribution channels; land reform; improvement of channels of access to agricultural inputs and to financial mechanisms as well as the promotion intensive land use through multiple or mixed cropping, especially for small holders. The latter have also generally been given increased support through the improvement of rural institutions.

There have also been commendable efforts to boost industrial production mostly through rehabilitation of existing industries with a view to increasing overall capacity utilization. Such efforts benefited mostly agro-related industries. Other measures which have been taken include foreign exchange auctions to enable industrial firms to import the necessary supplies (raw materials, spare parts etc); restructuring of the tax system; liberalization of investment codes; provision of collateral-free loans to the rural entrepreneurs of small-scale industries; encouragement to industrial concerns to participate in agricultural production with a view to easing raw material supplies. However, the development of basic industries especially those producing fertilizers, pesticides, agricultural tools implements and machinery, and transport equipment has not received sufficient attention.

Efforts in transport and communications were mostly directed to the development of feeder, access and service roads as well as to the maintenance of existing infrastructures. In the area of trade, nearly 80 per cent of the countries had taken actions to improve the internal distribution channels of food crops. Moreover, a number of countries have put restrictions on the export of food crops with a view to improving domestic supply and cutting prices. Actions for combating drought and desertification have also been stepped up in most countries. A clear majority of African countries have taken measures to control deforestation, and intensified village and family afforestation programmes. Other measures include the increase in water points and small dams and the promotion of fuel wood substitution.

With respect to human resources development, the measures taken include increased adult literacy campaign, greater degree of matching and balancing between secondary and tertiary education on the one hand and development priorities on the other hand, and more emphasis on technical and vocational training. However, the socio-economic and political environment is such that emigration of skilled manpower continues to affect many countries.

It should be emphasized that policy reforms in many countries have mostly focused on the improvement of economic management, including in particular public enterprise reforms and lowering budget deficits. Some other quite important measures have also been taken with a view to promoting the competitiveness of African economies, encouraging exports, restraining imports, and promoting efficient use of domestic resources. For example, efforts were directed, in many countries, to redressing the exchange rate imbalances that have taken place during the 1970s and early 1980s. Many African countries have also embarked on policies aimed at integrating population issues into national development plans. Such policies also aim to ensure a greater involvement of the people in development by encouraging their participation in informal schemes of mobilizations of investment resources and in the realization of community projects such as building of roads, irrigation

schemes, schools etc. Diversifying and extending the activities of women in development to a large number of economic sectors are also not left out.

Overall, the two ECA surveys clearly show that there have been, undoubtedly, appreciable efforts during the last two years by African countries in addressing some of the structural causes of the critical economic situation of the region. While some of these efforts have already yielded positive results, the impact of others will only be felt in the long run. However, some of the basic impediments still remain, especially the weak and non-diversified production structure, the low capacity of domestic resources mobilization, the inadequacy of skilled human resources and the little progress in economic integration. It must also be added that not all the 50 countries have taken all the measures required of them in UN-PAAERD and not all those who have instituted such measures have always pursued their implementation relentlessly.

### **International Economic Environment**

Since the adoption of UN-PAAERD, the external environment of the African economy continues to be characterized by a multiplicity of difficulties in spite of the efforts by developed countries, individually or collectively through such fora as the Tokyo, Venice and Toronto Summits in 1986, 1987 and 1988. A first characteristic is the negative impact of the sluggish growth in developed countries in 1986 and 1987 (about 2.8 per cent per annum on the average) on the demand for Africa's export commodities and consequently on the latter's growth performance. In addition, the main commodities of primary interest to Africa have registered price declines since the UN-PAAERD was launched. The increase in the terms of trade in 1987 had not offset the drastic fall of 1986. Thus, as already indicated, there has been a significant deterioration in the terms of trade of -9.38 per cent per annum in the average during the period 1986-1987.

Capital flows have been inadequate during the past two years. A recent detailed study conducted by the Advisory Group on Financial Flows to Africa which was set up by the secretary-general of the United Nations, concluded that net capital flows remained much lower in 1986 and 1987 than in the early 1980s, by some US \$3 billion at 1985 prices and on the basis of the OECD exchange rates. This was attributed mainly to reduced private flows (lending plus direct investment). With respects to bilateral aid flows, the Advisory Group reported that net disbursements increased by 24 per cent in 1986 in nominal terms, or 2 per cent in volume on the basis of constant OECD prices and exchange rates. In 1987, for 11 bilateral donors who provided 40 per cent of net bilateral ODA, there was an increase of 19 per cent in nominal terms or an increase of 1 per cent in constant OECD prices and exchange rates. This is no doubt encouraging but it falls short of the expectations raised in UN-PAAERD. However, recent trends show that Africa's share of disbursement of bilateral ODA, especially to Sub-Saharan Africa, may increase in the future.

There has also been an encouraging trend in net disbursement of multilateral ODA to Africa, which increased by 23 per cent in 1986 in nominal terms or 1 per cent in constant OECD prices and exchange rate. For the World Bank, the major multilateral financing

institution of Africa, the proportion of IDA funds to Sub-Saharan Africa was 35 per cent in 1987 and is programmed to reach 50 per cent for the eight replenishment. There is, in addition, the Special Facility for Africa, which is available to IDA-eligible countries.

The IMF Structural Adjustment Facility (SAF) established in 1986 and its Enhanced Structural Adjustment Facility (ESAF) established in 1987, with financial terms softer than those of the IMF's ordinary resources, were aimed at assisting as many as 34 African countries in designing and implementing policies conducive to internal and external financial equilibria and to sustained growth. Despite these initiatives, it is to be noted that, in both 1986 and 1987, there was a net transfer to the IMF of about US \$1 billion from Sub-Saharan Africa. Thus, both SAF and ESAF have not contributed to the increase in net multilateral flows to Africa, contrary to their primary purpose. A third major multilateral financing institution is the African Development Bank for which total loan approvals in 1986-1987 were 86 per cent higher than those of the 1984-1985 period; a trend which is quite encouraging. Similarly, concessional flows from non-governmental organizations have increased substantially since the adoption of UN-PAAERD, reaching US \$1 billion in 1986.

The debt issue has been of some concern to many bilateral creditors. Thus, many bilateral donors such as Finland, Sweden and the UK have converted a substantial portion of their official concessional loans into grants. Some others namely Canada and Germany have taken a similar initiative in 1987, which will lead to the cancellation of almost their entire concessional loans to Sub-Saharan Africa.

In the context of the Paris Club, the official creditors have provided some relief to selected African countries. A case in point was the agreement in 1987, to lengthen grace and maturity periods to 10 and 20 years for three African countries, namely Guinea-Bissau, Mozambique and Somalia. At the 1988 Toronto Summit, the seven most industrialized countries addressed the issue of external debt of developing countries and particularly those of the poorest ones, a large number of whom are in Africa. For the first time, the countries have reached a consensus on rescheduling the official debt of the poorer countries with the possibility to choose among or combine the following three options (i) concessional interest rates on shorter maturities (ii) longer repayment periods at commercial rates and (iii) partial write-offs of debt service obligations during the consolidation period.

No doubt the above proposals represent a positive change in the attitude of the major official creditors. However, the framework for implementation has been restricted to countries "that are undertaking internationally approved adjustment programmes", a criterion which is disputed by a number of countries. Moreover, it was also indicated that the approach would allow official creditors "to choose options consistent with legal or budgetary constraints", while one would have thought that such constraints could be made more flexible, especially for the poorest countries.

In another respect, the Toronto summit did not make any mention of the African Common Position on Africa's External Debt Crisis adopted by the Heads of State and Government

of the Organization of African Unity at their third Extra-Ordinary Assembly. It should be recalled that for bilateral loans, the African Heads of States and Governments, in the Common Position, have proposed quite a number of important measures that will help to alleviate Africa's external debt crisis. These include; (i) the conversion of all official bilateral and officially guaranteed loans into grants; (ii) the repayment of parts of the bilateral official debts in local currencies; (iii) the consolidation of non-ODA officially guaranteed debt and debt service payments into long-term loans at lower interest rates. Other measures relate to multilateral and bilateral loans. The African Heads of States and Governments have also called for an international conference on Africa's external debts during which the proposed measures will be considered along with other aspects related to export earnings and resources flows. The move will also seek to address the overall issue of net financial flows to Africa in an integrated manner.

#### **IV. Conclusion: Prospects for Recovery and Long-term Development**

The above review clearly shows that while Africa is addressing the main immediate issues that impede short-term growth and relief to its population, there is also an effort to address some basic structural weaknesses in spite of the external constraints. On the other hand, while substantially increased external support has been slow in coming, there is growing evidence of encouraging signs of cooperation by the major donors in the removal of some of the basic constraints.

For a successful implementation of UN-PAAERD, African countries will have to continue to pursue and to deepen the on-going process of policy reforms aimed, in the short run, at improving economic management and, in the medium and long run, at restructuring their economies, especially the productive sectors. In this regard, the food and agriculture sector should be seen as the springboard for bringing about the much-desired structural transformation of the African economy. To that end, special attention must be given to such areas as:

- (i) adequate support to producer prices and inputs;
- (ii) modernization of agricultural technology and farming methods;
- (iii) massive resources to research, high-yielding drought resistant farming methods, food storage and preservation, marketing systems, and rural infrastructures;
- (iv) human resources required to achieve these objectives;
- (v) A change in food habits to reduce the dependence on certain imported food items.

Another important requirement is the necessity to strengthen economic co-operation and integration. Specifically, the political will expressed by African governments in many fora with respect to sub-regional and regional co-operation must be translated into increased support to integration endeavours especially to multi-country projects and to intra-African trade schemes.

It should also be emphasized that the essence of UN-PAAERD is that the international community must support Africa's efforts. There is no doubt that such support is already

forthcoming. But it has also been widely recognized that it is insufficient, ad-hoc and compartmentalized. Indeed, increases in ODA, private investment and other capital flows will have no impact if Africa continues to lose several times of such flows through the fall in commodity prices and rising debt service obligations. Such losses have turned Africa into a net transferer of resources, a situation which is the opposite of the commitment made in UN-PAAERD whereby it is categorically stated that no African country which undertakes necessary reform measures will be allowed to continue to be a negative recipient of resource flows. Therefore, the international community, especially Africa's main development partners, must recognize and address the umbilical linkage existing between commodity prices and export earnings, debt servicing obligations and capital flows.

The prospects for economic recovery and for laying the foundation for long-term development by 1990 will depend, to a large extent, on the above basic requirements from both Africa and the international community. It will also depend on the outcome of the mid-term review of UN-PAAERD to be undertaken by the General Assembly in late 1988.

With respect to economic performance, preliminary estimates by ECA for 1988 indicate that a modest recovery might obtain throughout the sub-regions, resulting in an overall GDP growth of 2.7 per cent for the region as a whole. A major factor in the expected upturn is the return of normal weather conditions in many parts of the region, in addition to domestic policies and efforts underway in many African countries with respect to the agricultural sector. On the basis of the above trend and assuming that an enabling international economic and financial environment will emerge, especially after the mid-term review, it is also projected by ECA that the economic growth of the region over the remaining period of UN-PAAERD could be about 3.5 per cent per annum, on the average. It is essential that this recovery momentum be sustained and pushed with vigour by both Africa and its development partners beyond 1990, so as to enable Africa to move into new horizons of genuine self-reliant and self-sustained development.

\* \* \*

**In presenting his paper, Prof. Adedeji made the following additional comments:**

Too often we tend to discuss the problems of Africa all at the same time, and think we can solve all of them together. Thereby we lose focus – by itself one of the endemic diseases of African countries – not realizing that we can only do so much at a particular given time. We all know that the African economic situation has deteriorated considerably, particularly over the last 8 years, and that expectations of rapid economic development of the early 1960s have not materialized. Today, the average African is worse off in terms of the standard of living than he was 25 years ago. In fact, between 1980 and 1988 the per capita income of the average African fell by 25 per cent.

At the time of independence, this continent was not only self-sufficient in food production but was a small net exporter of food. The ratio of Africa's self-sufficiency in food production was 102 in the mid-1960s; today it is 78. If this trend continues, by the mid-

1990s it might be as low as 58 per cent. This is a sad story! You are talking about hunger in a continent where only 20 per cent of the cultivable land is still being cultivated. Drought and desertification are often pointed to as being the causes of hunger. Another is the problem of demography. Our population has grown at the high, steady rate of 2.9 to 3.1 per cent in the past 25 years. If we don't increase the rate of food production, we would have to slow down the population growth rate to 1 per cent because our food production has only reached some 1.1 per cent over the past two decades. So our number one problem is our low rate of productivity. It is at the heart of our persistent poverty. It is not a question of lack of capital, training, or education. It is a question of efficiency. It costs three times more to get a project going in Africa than it would cost to get the same project going in Asia.

The ecological factor can explain partly the low level of productivity. During the past decade we have been going through a systemic failure – the society is no longer at ease. All the factors that tend to inhibit development have manifested themselves over the past 25 years. We do not take cognizance of that fact and tend to wish it away.

The instability of Africa, the civil wars that have taken place and are still taking place, the loss of some of the freedom that people are used to in Africa have all had a tremendous impact on the society. Today our manpower is not as highly developed, as it should be. The brain drain from Africa to other parts of the world is tremendous. We have not only low productivity, but also a breakdown in the system, which has had tremendous human and social implications. The people who should be getting on with the task are leaving the continent – and they are doing so by the thousands. Those that cannot leave are checking out through resistance. They do not care as long as they can feed their immediate families.

There is another factor. Many of the fifty countries that constitute the membership of the OAU and ECA are limited in their capacity to achieve dynamic growth by their size, even if the social, economic and political environments were right. Our leaders agreed at the time of independence that we must do nothing to touch the political boundaries that we have inherited and this, no doubt, was, and still is, sound political judgment. But the alternative of economic co-operation has been most frustrating. When it comes to the nitty-gritty of integrating Africa, our progress has been extremely minimal. There is loose co-operation in Africa today. In real terms there is lesser inter-African trade now than 10 years ago.

We must address all these fundamental, indigenous factors if we are to get out of the economic morass in which we find ourselves.

We must also identify the exogenous factors. One of the mistakes we made at the time of independence was that we did not attempt to achieve an umbilical break with the economic legacy we had inherited. At a time when the prices of primary commodities were high, we continued to produce coffee, cocoa, cotton and other raw materials not for domestic needs or consumption but for export. The earnings from those exports were used to purchase the basic needs and necessities of the people. Consequently, we became the only people in the world who depend on other people to produce what we need for

survival. With the benefit of hindsight we should have positioned ourselves at independence to produce more rice and more wheat than we could eat, and then export the balance. We would then have been self-sufficient and able to feed our population and provide the basic needs of our. But we did not do that. The result is that our dependency on other countries, particularly on Europe, even for the simplest things, has become greater in the 20 years since independence than it was at the time of independence.

At the same time, the European countries that constitute 90 per cent of our partners have become more and more inward looking – they have come to the conclusion that Europe is the best market for them. By 1992, Europe is going to be even more unfriendly as far as Africa is concerned, and in looking outward it will look particularly more towards North America and the Socialist countries. Thus, Africa would become even more marginalized in the 1990s.

The final exogenous factor, that of structural adjustment, has caused more havoc than good. Imposed by our friends abroad as being what is good for us, we have never really stopped and asked ourselves how relevant it is to our society. We have done nothing but echo what others do or say. The first set of planners came not from Africa but from the USA, Britain and France. "You could not get foreign aid", they bellowed, so we had to dance to their tune. How can structural adjustment help Africa bring about the transformation that is being talked about? What we really need is structural change and structural transformation. The need for structural adjustment arises when a country is unable to balance its book. And of course, one way to balance the book is to increase production and earnings or to reduce demand, or do both. Managing the rigidities inherent in production requires long-term thinking. But, even if our production was responsive to demand, the demand is simply not there unless we are going to continue to sell at lower and lower prices. Let us take the example of cocoas. Under the structural adjustment programme you are required to increase your production of cocoa and given assistance to do so at a time when everybody knows that cocoa has no future as a result of the rapid changes that are taking place in science and technology and steadily decreasing demand. The other alternative is to reduce imports. But the imports that get reduced are the essential imports such as capital goods. At the same time, you find imported groceries and luxury commodities, because part of the structural adjustment is that we must have trade liberalization. And so one finds this kind of contradiction. Structural adjustment may be good for Europe, but it simply does not address the problems of a developing country. There are countries that have undergone one kind of structural adjustment or another over the past 10 years and their economies are now the worse for it. The World Bank, at the highest levels, is indeed looking carefully at structural adjustment programmes – the talk is that of addressing the social side of structural adjustment, "adjustment with a human face" as they call it. Although we had to close down more schools and hospitals and are lacking drugs, again, this approach is simply not addressing the major issues. The fundamental question is: is it structural adjustment that we need in Africa? And if so, what kind? One that is aimed at externalities or is it one that is aimed at bringing about a fundamental change in the structure of the African economy?

# **Leadership Challenge for Improving The Economic and Social Situation In Sub-Saharan Africa**

by

**Tariq Husain**

## **I. Introduction**

It will be presumptuous for me to attempt to define your specific challenges; and it would be reckless if I were to venture forward with specific solutions. So, I will focus on the general pattern of both the challenges and the possible solutions. My viewpoint may sound like that of someone who may be from outside the continent but it is definitely not that of one who is an outsider to your concerns, having worked on African issues since the early 1970s.

Even though I speak in my personal capacity, I would like to acknowledge my intellectual debt to those who have defined the challenges and proffered solutions during the past two decades. I have borrowed heavily from their work<sup>1</sup>. Much of what I present will thus not be new. Rather my contribution will repeat what I think is important today and to repeat it as, a coherent message.

<sup>1</sup>To name the most prominent of this people: Julius Nyerere, Robert McNamara, Barber Conable, Gro Harlem Brundtland, Ibrahim Babangida, Sir Arthur Lewis, Kim Jaycox, Caio Koch-Weser, Ismail Serageldin, Elliot Berg, Dunstan Wai, Mahbub ul Haq, Alhaji Abubakar Alhaji, Pius Okigbo, Oyetunji Aboyade and Dotun Phillips.

In 1968, Sir Arthur Lewis was giving a series of lectures in Ghana in which he defined three challenges for African leaders grappling with the issues of economic recovery. His three challenges, which were also solutions, were, profound and in a sense timeless. They were:

- A – That African nations must increase their domestic savings rate to 30 per cent of GNP. This will take about 15 years but it is essential if Africans wish to control their own destiny. External debt is a temporary respite; if it substitutes, rather than complementing domestic savings, as this will put the nation in bondage.
- B - That African nations must invest heavily in the production of secondary (including technical) school graduates so that there is an oversupply, and thus a deepening of the human resource base. This was a crucial point, even as he did not emphasize over-production of high-level manpower.
- C- And finally, that African nations must reduce the size of the public sector, i.e. do not permit a parasitical growth of employment in the public sector even though it

may appear politically expedient in the short run. They should allow private employment, including self-employment, to develop and absorb the oversupply of the secondary school graduates. This would deepen the human resource base in the earlier stages of growth.

This was Sir Arthur Lewis' recipe for the two decades of the 1970s and 1980s. Hindsight reveals that African nations did not follow his recipes. So, where is Africa today?

## **II. Problems Facing Africa in the Late 1980s**

After twenty years of development programmes, two thirds of the rural and one third of the urban population of sub-Saharan Africa remain below the absolute poverty level. Infant mortality rates average 105 per thousand for Africa compared to 70 for all developing countries. Child death rates in Africa are at twice the level for all developing countries. Daily caloric supply per capita is 2000 compared to 2500 for all developing countries. Only 25 per cent of the rural population in Africa has access to safe water compared to 40 per cent for other developing countries. The percentage of age group enrolled in secondary schools is between 20 per cent (Kenya, Zambia and Cote d'Ivoire) and 30 per cent (Nigeria). This compares with 35 per cent for India, 40 per cent for China and Indonesia, 53 per cent for Malaysia and Mexico. The percentage of age group enrolled in the post secondary system is less than 3 per cent in Africa compared to 7 per cent in Indonesia and 10 per cent in Brazil. Detailed data on education enrollments are contained in Table 1.

What about Africa's performance on domestic savings? No African country has achieved a domestic savings rate of 10 per cent of GDP; Ghana at 8 per cent, Zambia at 13 per cent. Low-income levels cannot explain this poor savings performance – because both India and China are also low income but their domestic savings rates were 23 per cent and 35 per cent respectively (Table 2). Of course, it is a widely known fact that the emergent economies in East Asia propelled themselves to remarkable heights during the past three decades on the back of high domestic savings which were invested well. Their saving rates were where Sir Arthur Lewis wanted African savings rates to be, i.e. in the neighbourhood of 30 per cent (Table 2).

What about the sizes of the public sector? Did any African nation follow the recipe of ensuring that parasitical public sector employment did not grow? I don't have to answer that question. So, where is Africa in the late 1980s? The region as a whole has suffered a decline in real per capita GDP of nearly 20 per cent during the last decade. Its external debt has grown from less than US \$6 billion in 1970 to about US \$110 billion in 1987 (Chart 1). While this amount is small by world standards, it is large in relation to the size of African economies. In 1987 external debt was about 65 percent of the region's gross domestic product. The seeds of this external debt were sown in the 1970s when commodity prices boomed and the world was awash with oil money and commercial banks were eager to lend. But having access to resources need not precipitate non-judicious use of the borrowed resources. Hindsight tells us that while debt was incurred

the resources were not invested in ways that would add to productivity and economic diversification. It is also clear that debt substituted domestic savings. It did not complement it.

These facts presented African leaders with the “initial conditions” for the launch into the 1990s. While the recipe remains the same, let me highlight some of the complexities that are often neglected in the implementation of the recipe. McNamara defined African complexities in the following terms:

*“Africa encompasses 45 countries. These contain some 800 different ethnic and linguistic groups, constituting a total population of 400 to 500 million people. Ten per cent of them live in countries which have few resources (for example, Burundi, Lesotho, Rwanda, and Senegal) or low rainfall (Burkina Faso, Chad, Mali, Mauritania, Niger, and Somalia). Thirty-five per cent live in oil exporting `countries (Nigeria, Angola, Cameroon, Congo, and Gabon), the remainder in countries with land, water, or other natural resources that are generally adequate for long-term development. These sovereign states are quite young. Except for Liberia and Ethiopia none of them has been independent for more than 30 years. Their institutional structures are still recent, and their territorial boundaries define entities that are often fragile and fragmented. Per capita incomes range from under US \$100 per year in Chad to over US \$2500 in Gabon.”*

This diversity requires (1) a diversity of country specific and technical solutions, (2) a prior domestic consensus before implementing the solutions, and (3) integration across ethnic, religious and national boundaries.

Added to this complexity is the fact that the domestic macro-economic framework is distorted and the international environment remains hostile. The former reduces the efficiency of resource use; the latter reduces the supply of earned foreign exchange. All this in economies that are dependent on one or two export commodities whose prices are declining. And drought, a crushing burden of debt, and a general shortage of concessional capital are the true challenges facing African leadership.

**Julius Nyerere acknowledged this in his 1987 address to the OAU:**

*“We are dealing with very serious problems on which the lives of our people and the future of our nations depend. We must approach these problems with fresh minds, without being restricted by orthodoxies of the left, of the right or of the center. Where nothing will serve except radical solutions, we must not be afraid of them. At the same time, we have no control, and we want to get control, of that process of change so that it can work to our benefits – or, at least, do us minimum harm. And we have limited resources of time, manpower, and of wealth.”*

### **III. Traditional Solutions To these Problems**

During the last five years, the international community and African nations have adopted structural adjustment with growth as the way to get out of the present African predicament.

Structural change is the essence of development. Adjustment to changing domestic and international circumstances is a continuous challenge to all countries. The level of development, the institutional and political framework, and the constraints on structural change and growth vary from country to country but there are five important common requirements:

First, most African countries have macroeconomic imbalances; so stabilization is needed in these countries in order to restore the basis for future growth.

Second, debt burdens are heavy and debt service absorbs a significant amount of domestic savings. Debt rescheduling is necessary even as the restoration of growth requires action to raise the productivity of existing and new capital and to increase the investment rate. To finance higher investment, it is necessary to raise domestic savings, and to use these savings efficiently.

Third, the restoration of growth also requires a rapid expansion of exports in order to be able to transform domestic savings into payments in foreign exchange. Additional foreign exchange earnings are needed to service external debt obligations and to finance the higher volume of imports associated with the needed higher investment rate. This also requires a change in the composition of output in favour of trade. This structural shift has not been possible overnight in sub-Saharan African countries because of their relatively undiversified economic structures. Also, the size of the required structural change has been magnified by a significant deterioration in the terms of trade of most primary commodity exporters.

Fourth, additional financing from abroad is needed to help ease the domestic savings constraint. It must complement, and not substitute domestic savings. If utilized efficiently, additional foreign borrowing can stimulate output and domestic savings. Finally, the implementation of macroeconomic stabilization measures and structural change will generate transitional unemployment since resources cannot be reallocated instantaneously to alternative uses in response to changes in relative commodity and factor prices. Compensatory actions are thus needed to offset these adverse transitional side effects.

African leaders should ensure that adjustment policies seek a broad range of objectives. The choice among those objectives is based on economic and socio-political considerations. These economic objectives include: the resumption of a positive per capita growth rate, the reduction of unemployment, exchange rate stability, and sustainable balance of payments. The international community normally focuses on the economic objectives.

The pursuit of non-economic objectives such as income distribution, education, and nutrition is based on social and political considerations and responds to the income and opportunity distribution consequences of economic policies and exogenous forces. African governments should be deeply concerned about the non-economic objectives. In a substantive sense, most are not.

The scope for the attainment of these economic and socio-political objectives is unavoidably related to the availability of domestic and foreign resources. The setting of priorities is, therefore, needed and it involves choices among the mix of objectives and the speed of their relative attainment; all of which constitute an integral part of the process of decision making. Indeed, the appropriateness of those choices is critical for the sustained implementation of economic policies.

Financing and adjustment can substitute or complement one another as external imbalance develops. The possibility of relying on foreign borrowing without adjustment is a course of action that can only be pursued for a short time. External borrowing basically transfers and adds the imbalances from one period to the next until the cumulative adjustment need surfaces abruptly, often when no more financing is available and the scope for the incurrence of payments arrears is exhausted.

The blend of adjustment and financing influence the constellation of objectives achieved over time in the process of adjustment. To choose this blend is therefore a major challenge.

#### IV. The Needed New Elements in the Solutions

In discussions of structural adjustment, there is rarely any reference to the fundamental objectives of development, which in the view of most are:

- Elimination of absolute poverty. There is a strong need, therefore, to have a target income distribution as an objective of structural adjustment. In the present IMF/IBRD adjustment programmes, income distributional objectives are normally absent. Governments should redress this omission. This is a major challenge for African leaders.
- Subsumed in the above is an assurance that the society is aiming to provide adequate nutrition for all. (Table 3).
- Not subsumed above, but certainly an essential condition, is provision of educational opportunities in both the broad (right of humankind) and narrow (education for increasing productivity) senses of the word.
- No society can continue to exist if its natural resource base disappears from under it. There is a strong link between development and environmental protection/preservation objectives.

These fundamentals to my mind are the new elements that need to be added as important words in the vocabulary of African leaders. Not words for speeches, but words that govern policy choices and actions. Let me attempt to give some substance to the reason why environmental concerns are so important. What are the implications of bringing income distribution into the center stage of policy choice? And how do these relate to the

elimination of absolute poverty, which is strongly dependent on a government's population and education policies.

### **The Link Between Ecology, Population Growth and Poverty**

Sub-Saharan Africa faces an environmental challenge; the dimensions of which are only beginning to be understood.

The issues are more complex than many accounts describe. For example, much has been written about the encroachment of the desert. This has indeed occurred in some places. But it may be a less widespread threat than the subtle degradation of arable land, where productivity is drained from the soil so that it cannot support a growing population.

The environmental challenge links, in a fundamental way, the issues of poverty and development. Some country examples will illustrate.

- In Lesotho, an increasing proportion of a growing population is dependent on the land. This has led to the degradation of both farming and grazing lands which has reduced agricultural yields, weakened the health of cattle and thus increased poverty.
- In Madagascar, population pressure on the land and low productivity of agriculture, plus the reliance on fuel wood for energy, have encouraged "slash and burn" agriculture, destroying in 30 years half the country's forest. The loss of tree cover has led to floods and situation, both damaging farmlands.
- In Mauritius, precious national assets – miles of ocean beaches and sparkling lagoons, on which a growing tourist industry depends – are threatened by sewage and other pollution. If early danger signs go unheeded, this could severely damage the national economy.
- These are not isolated events. In varying degrees, the whole African continent is suffering from this malaise.

The United Nations-sponsored World Commission on Environment and Development recognized the link between ecology and development in its 1987 report.

The report focused on the importance of "sustainable development," which it defined as "development that meets the needs of the present without compromising the ability of the future generations to meet their own needs."

"Poverty," it said, "is a major cause and effect of global environmental problems." The panel's chairperson GRO Harlem Brundtland, Prime Minister of Norway, said during one of its hearings that, "...until recently, conservation of the environment was perceived as something external to the development process. Environmental protection and

development, far from being in conflict, are in fact closely interdependent on the local, national, regional and global stages.”

One shocking aspect of the African environment is how little is definitely known about it. For example, it is widely reported that the Sahara is moving southward at the rate of about 5 kilometers a year. Do we really know the truth of this? Could it be more than 5 km per year? Satellite data are inconclusive. Not much else is happening to find out.

Africa’s forests are said to be disappearing at a rate of nearly 4 million hectares a year, but that figure also is uncertain. This lack of reliable information is dangerous because it could lead to the wrong diagnosis.

Seen in perspective, sub-Saharan Africa’s environmental challenge is enormous. Its population of about 450 million is growing at a rate of about 3 percent a year (Table 4). At that rate, it will double early in the next century. Three out of four people in Africa depend on the land to earn a living. Yet much of this land is fragile and holds water poorly. Two-thirds of the land is subject to high risk of drought.

Thus are the issue of poverty and the development of sustainable agriculture closely linked to the environment.

On top of its other environmental problems, sub-Saharan Africa faces a new threat. Some companies in the industrial world have sought to make Africa a dumping ground for toxic waste. To get to know the magnitude of the problems and to do something definitive is one of the great challenges at hand.

### **Population Growth and Food Insecurity in Africa**

About a quarter of Africa’s population – more than 100 million people – do not consume enough food to allow for an active working life. Many of these people do not obtain enough energy from their diets to prevent serious health risks or stunted growth. Even more suffer during the years when crops fail and food prices rise.

Food insecurity is a problem throughout Africa. It exists in large areas with little prospect of economic growth, as in the Sahel region. Food insecurity exists even in middle-income countries that are self-sufficient in food and free of drought.

More than half of Africa's food-insecure population lives in seven countries namely: Ethiopia, Nigeria, Zaire, Tanzania, Kenya, Uganda, and Mozambique (see the chart). In another (overlapping) group of seven countries, more than 40 percent of the populace is food insecure – in Ethiopia, Zaire, Uganda, Mozambique, Zambia, Chad, and Somalia. And in 24 countries, more than 20 percent of the populace does not get enough to eat (Chart 2).

Food security has two main requirements – one is assuring the availability of food, and the other is assuring the financial ability of households to acquire food. Both requirements are difficult to meet in Africa. There is a food availability problem – African economies have

failed either to produce food or to generate enough market. And there is also an income problem; all households cannot afford to buy or produce food.

Africa's food situation is not only serious; it is deteriorating. In the 1970s, the proportion of Africans with deficient diets increased slightly while the population increased substantially. In the 1980s, with an adverse economic environment and a deterioration in per capita incomes, both the proportion and the total number of Africans with deficient diets have increased significantly and will continue to rise unless special action is taken.

### **Equitable Income Distribution as a Central Objective**

Poverty is the result of an inequitable distribution of income. The rape of the environment is a consequence of poverty and lack of education. Removal of the shackles of poverty therefore requires education, nutrition and opportunities to all to realize their potentials. Income distribution in Africa is strongly skewed in favour of the rich. For example, in Kenya, 46 per cent of the national income accrues to the top ten per cent of households, while only 2.6 per cent accrues to the bottom twenty percent. In Zambia, these percentages are 46 and 3.4 respectively. While in India, these percentages are 34 and 7 per cent, for Indonesia 34 and 7 per cent and for Japan 22 and 9 per cent respectively. Tables 5 and 6 give the range of income distribution for several developing and industrial countries. African countries have relatively more inequitable income distributions. This skewness creates tensions within the society; tensions which often become explosive. No adjustment-cum-development effort can have longer-term sustainability if the process of change does not reduce the inequities in income distribution. In African societies, ethnic, religious and regional diversities impose additional constraints on income distribution.

Most foreign agencies that define adjustment programmes often do not give enough importance to this variable. Partly, because their staff are not well versed with the countries' ethno-religious-regional diversity and/or/or history; and partly, because their horizons are, by definition, short run. The one partial exception is the World Bank, which tries to incorporate this concern in its designed programmes. The fact, however, is that only African leaders can do it right and they must impose this as a necessary element in the new and on-going adjustment programmes. How they are going to this and how fast is the biggest challenge because it is so all encompassing a task.

### **V. Conclusion**

When we combine the traditional and the new elements we end up with a complex set of tasks; all of which require uphill and coordinated efforts within Africa as well as with the industrialized world. Some of Africa's environmental challenges cannot be met by the efforts of African national or even regional governments on their own. In those endeavours – such as desertification, preserving rainforest- all of mankind must participate to protect the global heritage. But the efforts must begin in Africa. This is the central theme. Be it the environment or the issue of raising the domestic savings rate, or altering income distribution. In fact, outsiders cannot take the lead in those tasks. Both definition and implementation must be indigenous.

Two possible scenarios exist. One, in which whatever is needed will be done. Let's call it the "CAN DO" scenario. Two, that the present state continues and domestic effort is not well directed. Let's call it the "BYSTANDER" scenario.

- The CAN DO scenario is a scenario of growth. It must offer a vision of the future. It must be bold, without losing touch with reality. In this case, political stability, regional integration and sound economic policies would create economic development that uplifts societies, nurtures the environment and alleviates poverty. Politics would obviously be central to the adjustments needed to avoid short-term economic crises and to meet the structural change imperatives emanating from the world economy. Negotiations among countries would continue as far as possible within the framework of international organizations (IMF, IBRD, GATT). But when this framework is found wanting, alternatives – marginal or radical – would be examined, pursued and implemented. It is the pursuit and the implementation that has been lacking to far. It should occupy the energies of African leaders.
- The BYSTANDER scenario envisages the collapse of structural adjustment efforts due to inadequate domestic and international efforts, causing political instability, environmental degradation and population explosion. No one in his right mind would want this. But this could happen if the CAN DO scenario is not actively pursued.

**The visionary "CAN DO" scenario would require:**

- (a) Strong adjustment efforts via increased domestic savings and their efficient utilization, but within the larger mix of economic and non-economic objectives.
- (b) Economic integration to permit an increase in market size to facilitate normal economic growth which would include some form of industrialization.
- (c) Factoring in of ecologic considerations into the prognosis, in promoting economic integration, in defining the "carrying" limits of the land, in defining energy pricing policy (fuel wood vs. fossil fuel) and in protecting global commons.
- (d) High priority development of human resources a la Sir Arthur Lewis, plus more effort in the tertiary sector to produce domestic capability for science, management, engineering, and public leadership.

To judge their performance, African leaders should identify *milestones en route* the achievement of this vision. These should include:

- (a) Domestic savings rate of 25 percent by the year 2000.
- (b) Food security in terms of ensuring enough food for all, at all times, by the year 2000.

- (c) Educational achievement targets to suit each country's needs and abilities.
- (d) Closing the social by the year 2000 by ensuring basic needs in addition to food.
- (e) An income distribution target<sup>2</sup>, say, at least 7.5 per cent of national income to accrue to the bottom 20 per cent and 20 per cent to accrue to the bottom 40 per cent of the population, by the year 2000.

<sup>2</sup>At present, these are 3 and 10 per cent respectively.

A new generation of leaders is emerging. They are less concerned about the achievement or failures of the past and are more excited about the challenges of the future. There is a way ahead even though, today, progress may be slow because African leaders are too divided in their views and too constrained by internal domestic political problems. Each of them seems to resent any sacrifice he/she may have to make towards a collective objective. And this tension occurs within particular countries as well as among countries. But we must not forget that there is strength in size and weakness in fragmentation. What is, therefore, needed is a strong realization by African countries of their potential market power, which is possible if they act together. Then a revolution of perceptions and approach is needed on the part of the African leaders. The new generation can make it easier because a divorce with the past will be easier, but the wisdom of the leaders should be tapped. The world environment of the haves and have nots will not change just by prayer or by wishing. It will change when the right force is applied to make a difference. To assemble that force it is important to acquire size. Economic integration is thus strategically crucial. It is never wise to close the door to possible cooperation with competitive countries in Africa and the rest of the world. Unless we change our ways of thinking and reacting the current situation will continue. The pain will remain; so will helplessness. But this need not be. The rules that govern intergovernmental relationships apply to all countries. We must use these rules more efficiently. There are countries that have broken the poverty trap in two decades by using these rules, Africa can also do it.

## Chart 1

## Chart 2

**Table 1****EDUCATION**

<b>Percentage of Age Group Enrolled in Schools</b>						
	<b>Primary</b>		<b>Secondary</b>		<b>Tertiary</b>	
<b>Country</b>	<b>1965</b>	<b>1985</b>	<b>1965</b>	<b>1985</b>	<b>1965</b>	<b>1985</b>
India	74.0	92.0	27.0	35.0	5.0	-
China	89.0	124.0	24.0	39.0	-	-
Kenya	54.0	94.0	4.0	20.0	0.0	1.0
Zambia	53.0	103.0	7.0	19.0	-	2.0
Ghana	59.0	66.0	13.0	39.0	1.0	2.0
Indonesia	72.0	118.0	12.0	39.0	1.0	7.0
Nigeria	32.0	92.0	5.0	29.0	0.0	3.0
Cote d'Ivoire	60.0	78.0	6.0	20.0	0.0	3.0
Thailand	78.0	97.0	14.0	30.0	2.0	20.0
Brazil	108.0	104.0	16.0	35.0	2.0	11.0
Malaysia	90.0	99.0	28.0	53.0	2.0	6.0
Mexico	92.0	115.0	17.0	55.0	4.0	16.0
Korea	101.0	96.0	35.0	94.0	6.0	32.0
Singapore	105.0	115.0	45.0	71.0	10.0	12.0
Japan	100.0	102.0	82.0	96.0	13.0	30.0
U.K.	92.0	101.0	66.0	89.0	12.0	22.0
Germany	-	96.0	-	74.0	9.0	30.0
Canada	105.0	105.0	56.0	103.0	26.0	55.0
USA	-	101.0	-	99.0	40.0	57.0
Sweden	95.0	98.0	62.0	83.0	13.0	38.0

Source: World Bank Reports

**Table 2****STRUCTURE OF DEMAND**

<b>Distribution of Gross Domestic Product (Per cent)</b>						
	Gross Domestic Investment		Gross Domestic Savings		Export of Good & Non-factor Services	
Country	<b>1965</b>	<b>1986</b>	<b>1965</b>	<b>1986</b>	<b>1965</b>	<b>1986</b>
India	18	23	16	21	4	6
China	25	39	25	36	4	11
Kenya	14	26	15	26	31	27
Zambia	25	15	40	13	49	46
Ghana	18	10	8	8	17	10
Indonesia	8	26	8	24	5	21
Nigeria	19	12	17	10	18	14
Cote d'Ivoire	22	12	29	22	37	40
Thailand	20	21	19	25	18	27
Brazil	20	21	22	24	8	9
Malaysia	20	25	24	32	42	57
Mexico	22	21	21	27	9	16
Korea	15	29	8	35	9	41
Hongkong	36	23	29	27	71	112
Singapore	22	40	10	40	-	-
Germany	28	19	29	24	18	30
Japan	32	28	33	32	11	12

Source: World Bank Reports

**Table 3****HEALTH AND NUTRITION**

Country	Population Per			Daily Calorie		Babies with Low Birth Weights (1984) (Per cent)
	Physician	Nursing Person	1981	Supply Per Capita	1981	
Bangladesh	8400	9690	19370	1964	1804	50
India	4888	3700	4670	2100	2126	30
China	3790	1730	1670	2034	2620	6
Kenya	13280	10120	990	2287	2214	18
Zambia	11380	7800	1660	2073	2126	-
Pakistan	-	2910	5870	1747	2180	28
Ghana	13740	6680	630	1949	1785	15
Indonesia	31740	12330	2300	1792	2476	14
Nigeria	29530	9400	2690	2185	2139	25
Cote d'Ivoire	20640	-	-	2357	2308	14
Turkey	2900	1530	1240	2636	3218	8
Brazil	2500	1300	1140	2405	2657	9
Malaysia	6220	3910	1390	2249	2601	10
Mexico	2080	1210	-	2643	3126	15
Korea	2700	1390	350	2255	2806	9
Singapore	1900	1100	340	2214	2696	8
U.K.	870	680	120	3346	3148	7
Netherlands	860	480	170	3149	3348	4
Germany	640	420	170	3143	3519	6
Japan	970	740	210	2669	2695	5
Sweden	910	410	100	2922	3007	4
Canada	770	550	120	3289	3443	6
USA	670	500	180	3292	3682	7
Switzerland	710	390	130	3413	3403	5
USSR	480	270	-	3231	3332	6
East Germany	870	490	-	3222	3769	6

Source: World Bank Reports

**Table 4****POPULATION GROWTH AND PROJECTIONS**

Country	Average Annual Growth of Population (Per cent)			Population (Million)	
	1965-80	1980-86	1986-2000	1986	2000
India	2.3	2.2	1.8	781	1002
China	2.2	1.2	1.4	1054	1279
Kenya	3.6	4.1	3.9	21	36
Zambia	3.1	3.5	4.4	7	11
Sudan	3.0	2.8	2.9	23	34
Pakistan	3.1	3.1	3.0	99	150
Ghana	2.2	3.5	3.1	13	20
Indonesia	2.3	2.2	1.8	166	207
Nigeria	2.5	3.3	3.3	103	164
Cote d'Ivoire	4.2	4.2	3.6	11	17
Brazil	2.4	2.2	1.9	138	180
Malaysia	2.5	2.7	1.9	16	21
Mexico	3.1	2.2	2.1	80	107
Korea	1.9	1.4	1.2	41	49
Singapore	1.6	1.1	0.8	3	3
Japan	1.2	0.7	0.5	121	129

Source: World Bank Reports

**Table 5****INCOME DISTRIBUTION****(Japan = 100)**

Percentage Share of Household Income by Groups of Households							
Country	Year	Lowest 20 percent	Second quintile	Third quintile	Fourth quintile	Highest 20 percent	Highest 10 percent
Bangladesh	<b>1981-82</b>	6.6	10.7	15.3	22.1	45.3	29.5
India	<b>1975-76</b>	7.0	9.2	13.9	20.3	49.4	33.6
Kenya	<b>1976</b>	2.6	6.3	11.5	19.2	60.4	45.8
Zambia	<b>1976</b>	3.4	7.4	11.2	16.9	61.1	46.4
Sri Lanka	<b>1980-81</b>	5.8	10.1	14.1	20.3	49.8	34.7
Indonesia	<b>1976</b>	6.6	7.8	12.6	23.6	49.4	34.0
Philippines	<b>1985</b>	5.2	8.9	13.2	20.2	52.5	37.0
Cote d'Ivoire	<b>1985-86</b>	2.4	6.2	10.9	19.1	61.4	43.7
Egypt	<b>1974</b>	5.8	10.7	14.7	20.8	48.0	33.2
Thailand	<b>1975-76</b>	5.6	9.6	13.9	21.1	49.8	34.1
Peru	<b>1972</b>	1.9	5.1	11.0	21.0	61.0	42.9
Turkey	<b>1973</b>	3.5	8.0	12.5	19.5	56.5	40.7
Brazil	<b>1972</b>	2.0	5.0	9.4	17.0	66.6	50.6
Malaysia	<b>1973</b>	3.5	7.7	12.4	20.3	56.1	39.8
Mexico	<b>1977</b>	2.9	7.0	12.0	20.4	57.7	40.6
Hungary	<b>1982</b>	6.9	13.6	19.2	24.5	35.8	20.5
Portugal	<b>1973-74</b>	5.2	10.0	14.4	21.3	49.1	33.4
Yugoslavia	<b>1978</b>	6.6	12.1	18.7	23.9	38.7	22.9
Argentina	<b>1970</b>	4.4	9.7	14.1	21.5	50.3	35.2
Korea	<b>1976</b>	5.7	11.2	15.4	20.4	45.3	27.5
Venezuela	<b>1970</b>	3.0	7.3	12.9	22.8	54.0	35.7
Hongkong	<b>1980</b>	5.4	10.8	15.2	21.6	47.0	31.3
U.K.	<b>1979</b>	7.0	11.5	17.0	24.8	39.7	23.4
Holland	<b>1981</b>	8.3	14.1	18.2	23.2	36.2	21.5
France	<b>1975</b>	5.5	11.5	17.1	23.7	42.2	26.4
Germany	<b>1978</b>	7.9	12.5	17.0	23.1	39.5	24.0
Denmark	<b>1981</b>	5.4	12.0	18.4	25.6	38.6	22.3
Japan	<b>1979</b>	8.7	13.3	17.5	23.1	37.5	22.4
Sweden	<b>1981</b>	7.4	13.1	16.8	21.0	41.7	28.1
Canada	<b>1981</b>	5.3	11.8	18.0	24.9	40.0	23.8
USA	<b>1980</b>	5.3	11.9	17.9	25.0	40.0	23.3
Switzerland	<b>1978</b>	6.6	13.5	18.5	23.4	38.0	23.7

Source: World Bank Reports

**Table 6****INDEX OF INCOME DISTRIBUTION****(Japan = 100)**

Percentage Share of Household Income by Percentile Groups Households							
		Lowest	Second	Third	Fourth	Highest	Highest
Country	Year	20 percent	quintile	quintile	quintile	20 percent	10 percent
Bangladesh	<b>1981-82</b>	75.9	81.1	87.4	95.7	120.8	131.7
India	<b>1975-76</b>	80.5	69.7	79.4	87.9	131.7	150.0
Kenya	<b>1976</b>	29.9	47.7	65.7	83.1	161.1	204.5
Zambia	<b>1976</b>	39.1	56.1	64.0	73.2	162.9	207.1
Sri Lanka	<b>1980-81</b>	66.7	76.5	80.6	87.9	132.8	154.9
Indonesia	<b>1976</b>	75.9	59.1	72.0	102.2	131.7	151.8
Philippines	<b>1985</b>	59.8	67.4	75.4	87.4	140.0	165.2
Cote d'Ivoire	<b>1985-86</b>	27.6	47.0	62.3	82.7	163.7	195.1
Egypt	<b>1974</b>	66.7	81.1	84.0	90.0	128.0	148.2
Thailand	<b>1975-76</b>	64.4	72.7	79.4	91.3	132.8	152.2
Peru	<b>1972</b>	21.8	38.6	62.9	90.9	162.7	191.5
Turkey	<b>1973</b>	40.2	60.6	71.4	84.4	150.7	181.7
Brazil	<b>1972</b>	23.0	37.9	53.7	73.6	177.6	225.9
Malaysia	<b>1973</b>	40.2	58.3	70.9	87.9	149.6	117.7
Mexico	<b>1977</b>	33.3	53.0	68.6	88.3	153.9	181.3
Hungary	<b>1982</b>	79.3	103.0	109.7	106.1	95.5	91.5
Portugal	<b>1973-74</b>	59.8	75.8	82.3	92.2	130.9	149.1
Yugoslavia	<b>1978</b>	75.9	91.7	106.9	103.5	103.2	102.2
Argentina	<b>1970</b>	50.6	73.5	80.6	93.1	134.1	157.1
Korea	<b>1976</b>	65.5	84.8	88.0	88.3	120.8	122.8
Venezuela	<b>1970</b>	34.5	55.3	73.7	98.7	144.0	159.4
Hongkong	<b>1980</b>	62.1	81.8	86.9	93.5	125.3	139.7
U.K.	<b>1979</b>	80.5	87.1	97.1	107.4	105.9	104.5
Holland	<b>1981</b>	95.4	106.8	104.0	100.4	96.5	96.0
France	<b>1975</b>	63.2	87.1	97.7	102.6	112.5	117.9
Germany	<b>1978</b>	90.8	94.7	97.1	100.0	105.3	107.1
Denmark	<b>1981</b>	62.1	90.9	105.1	110.8	102.9	99.6
Japan	<b>1979</b>	100.0	100.0	100.0	100.0	100.0	100.0
Sweden	<b>1981</b>	85.1	99.2	96.0	90.9	111.2	125.4
Canada	<b>1981</b>	60.9	89.4	102.9	107.8	106.7	106.3
USA	<b>1980</b>	60.9	90.2	102.3	108.2	106.7	104.0
Switzerland	<b>1978</b>	75.9	102.3	105.7	101.3	101.3	105.8

Source: World Bank Reports

## **Discussion**

Chairman: **Pierre-Claver Damiba**

Olusegun Obasanjo

Is ECA ready, willing and able to carry out a study on alternatives to structural adjustment as presently defined and implemented? Can ECA do this within its own resources and by our own people? And can the results of such a study be made known and available to those concerned? If African countries have been trying one form of structural adjustment or another for almost 10 years, without much success, why is a country like Nigeria going into structural adjustment? Have any of the countries been any better off compared to a country like Nigeria? If they are not, why are they not? What can we do make sure that we, at least, learn from the lessons of others in these countries?

How can the World Bank be of best help to us right now? Take the debt situation and the need for rescheduling: it is self-evident that there are countries in Africa where no matter how much rescheduling takes place, they would still not be able to pay their debts. Are we to continue talking in this tone of mutual deceit of 'rescheduling' because the word "forgiveness" or "grant" is unpalatable to the creditors and the creditor countries? If these countries are to follow a path of economic development some form of forgiveness is needed together with an injection of new funds coupled with some form of compact. I certainly agree that some of the loans were not well spent. Why were they not well spent? Can we make sure in the future that at least we can increase the capacity to manage and to manage better?

**Dragoljub Najman**

In my country, there is a proverb, which goes thus: "call me pottery but don't break me". It is necessary, indeed essential, to look inward and to see what Africa can do with its own resources. But development has never been a smooth process. Historically, it has been triggered in various parts of the world by ruptures and not by slow, quantitative development. There have been very essential exogenous factors that have influenced a situation in a given part of the world, causing a radical change and contributing to further development. Any other approach to the present huge imbalances in development would lead us to the false theory that there are people or nations who like to work and others who don't, or of those who are more apt for development and others less so. It is very important to analyze the exogenous factors that suddenly and radically changed a situation and projected, historically speaking, some countries into the forefront of development while others around them remained at the same level or even declined. There are many examples. For instance, after the 1870-71 war between France and Germany, the 5 million gold francs in reparations paid by France to Prussia radically changed the situation of development between those two countries, giving Germany a fantastic head start. And let me mention just a few points regarding the Marshall Plan. The USA gave 2 ½ per cent of its GNP to a number of European countries destroyed by war, which today would

represent more than US \$100 billion. The 1988 US foreign aid approved by Congress for the totality of the world is about US\$13billion-- a mere 13 percent of the amount the US gave during the period 1947-1950. Because it was free and not committed money, it had an incredible effect. If the same policy were applied today, the totality of the external assistance of the Northern hemisphere would reach some US \$250 billion a year compared to the actual US \$35 billion – a tremendous difference! This is the importance of the exogenous factor. Let me take the case of Hong Kong – a small concentrated piece of land with skilled labour etc. – which attracted a staggering amount of foreign investment. I am against structural adjustment because I don't believe that there should be a balance between Africa and the rest of the world. There should be an imbalance because otherwise development will not occur. Or it will be such a slow process that we will not see the end of it. We have to seek points of rupture and not points of harmonious evolution in development if we wish to see a radical change of situation. Let me also mention secondary education. 15 years ago there were 600 million illiterates in the world, today we have 900 million and by the year 2000 we will have a billion, most of them on this continent. Something must be done about this! One should probably reduce the public sector, but we must also look at the exogenous factors, which have, historically, played a critical role. To disregard them is to disregard a very important component of development in historical terms.

### **Adebayo Adedeji**

Proceeding from this historical perspective, I want to pinpoint two or three factors present during the industrialization of Europe, and which are totally absent in the world of today. The transfer of capital played a tremendous role in the industrialization process. It spread, once it had taken root in one area and gathered momentum, from Britain to most of Europe, the United States and eventually Australia and New Zealand. One of the basic characteristics of a developing economy at that time was that it was a debtor nation. Ironically, today we have a situation where the most powerful nation in the world is a debtor nation. Any surplus resources generated by the world economy are being soaked up by the US, including from the poorest countries causing the unusual development of a reverse flow of resources from developing to developed countries – unexplainable by any textbook. It is a mute point to go back to the 19<sup>th</sup> or early 20<sup>th</sup> century as an example where rich countries transferred resources on a massive scale to poor countries. Although the United States is a debtor country today, there are at the same time three surplus countries, i.e. the Federal Republic of Germany, Japan and Switzerland, which however have shown no inclination to transfer any of these resources to countries in need of them. So the whole of the international economy is totally distorted.

Then there is a complete and cynical change in the attitude of the international community towards the development process, implying that since in any case developing countries will never make it, why should one bother about them? When recently I met two US Congressmen, both wondered why more American taxpayers money should be devoted to the development of Africa. One said he would not gain a single vote if that were his campaign message. This is a typical expression of the lack of willingness to reach out and help, short of a calamity, although we are supposed to live in an interdependent world.

This could change, but it requires a new type of leadership worldwide. I doubt if a new Marshall-type plan will ever materialize again while the 0.75 per cent a few countries have only met GNP target for official development assistance. In 1986, the countries of the world agreed for the first time at a special session of the General Assembly that something had to be done to improve the situation in Africa. Yet, just three months later, the USA reduced its ODA to Africa by 40 per cent in spite of all pleas. That is the real world of politics.

Take the debt problem. Three quarters of Africa's debt is government to government debt, of which some 20 to 30 per cent is owed to the World Bank and IMF. The World Bank's charter prohibits the granting of debt relief. Thus, industrialized countries could adopt policies and take action providing debt relief to African countries, particularly the poorest countries. The Nordic countries and Canada have been in the forefront in taking such measures. WE are now waiting for the concrete implementation of the decision taken at the July 1988 Toronto summit.

General Obasanjo raised a question about structural adjustment. Thanks to UNDP support, we are in a position to search for alternatives to structural adjustment, if any, and not just to criticize its inadequacies. But it requires a lot of study. Rethinking is also taking place at the highest levels of the World Bank and the IMF, the very institutions responsible for these programmes. This trend may indeed lead eventually to a much better understanding of the true nature of the problem and to possible alternatives to structural adjustment.

If Africa must continue to service her debts without any relief, she will be paying about US \$45 billion by the 1990s, while today it is at a level of US \$14 to 20 billion.

If at the same time the downward trends in commodity prices and demand continue, debt servicing will absorb 60 to 70 per cent of our foreign exchange earnings. How can you expect development to take place thereafter? So, we really have a major problem that has to be settled. If debt forgiveness requires conditionality – irrespective of misgivings that may exist about the very concept – let it be that kind of conditionality that fosters production and development and moves towards economic recovery. One must be realistic and practical. Unconditional cancellation of all debts today and provision of new funds would only lead to an accumulation of new debts in another 10 years. We hope to devise some concrete solutions to this dilemma soon in the study on structural adjustment, which ECA is undertaking. There are no success stories of structural adjustment programmes because they have neither been fruitfully implemented nor received sufficient international support. I question whether it is structural adjustment, balancing payments, balancing external relations, or adjusting the value of currencies alone that will really bring about the needed solution. If that were the case, there are countries that have devalued their currency nearly every month and still their conditions worsened. Even if the attitude of rich countries to development were to be more forthcoming, it is crucial that recipient countries must themselves be prepared. They must organize themselves, and they must formulate their own inward-looking policies and strategies. Had the Germans used the French reparations to buy imported consumer goods such as wine and wheat or clothing from France, instead of producing those goods themselves, the transformation of Germany

would have been very different. In such circumstances, domestic savings are just as crucial as is their use to develop internal productive capacity in lieu of increasing imports. This is the type of approach which developing countries must pursue.

### **Tariq Husain**

Let me start by saying what the World Bank is doing on debt forgiveness and debt rescheduling and the linkages with structural adjustment. Analytically speaking, we see it as part of development itself. For example, if you take away the debt problem as such – without focusing on debt servicing – what has changed? The world still has to develop. Countries are faltering and when the IMF says stabilization, they mean to slow down, reassess and then to move – but not to impose a solution. To have US \$14, 20 or 45 billion flowing out of a poor country is non-sustainable, it will not happen! The Bank is now saying publicly that debt forgiveness is important, even essential, because the present rescheduling approaches caused debt to grow. In December 1987, the Bank convened a meeting, which brought about \$6.4 billion mainly for Africa to support structural adjustment because of the inadequacies of international support in providing the right type of financing. Reschedulings over 4 or 5 year are totally inadequate for Africa. Africa needs long-term concessions, tailored to its economies. The Marshall Plan worked in Europe because there were resilient economies already which only required capital to thrive. A similar plan would not work for Africa unless it is a 25 year plan coupled with debt forgiveness, a reduction of debt stock and additional flows of international finance properly used and managed. As in the business community, the key lies in the proper use and management of available resources. For instance, at the national level, how does one partition between productive and unproductive, between the short and the long? How does one make intertemporal trade-offs? How can one utilize the entire potential of the available and potentially available resources? As an institution, we are now focusing on debt stock reduction per se, on enhancing the flow of concessional resources or direct foreign investment into these economies and on improving the approaches and rules of the various creditor clubs, be it the Paris or London Club. In turn, African leaders must present detailed and specific proposals and arguments setting out the way in which any new resources would be managed and used and how a specific public expenditure policy, for instance, mirrors and is related to the political objectives or history of a given country – which is a dimension international institutions are unlikely to know or appreciate! The approach must be one of attraction, of "pull" rather than an imposition, as people would react negatively to any such outside push. The recipient countries should not feel as though inappropriate obligations were imposed upon them. We should focus on supporting an evolutionary process where public and private sectors must find their proper roles and balance.

### **Pierre-Claver Damiba**

Can you provide us with more details about the agreements reached at the Berlin meetings of the World Bank and IMF concerning debt relief for Africa, following up on the so-called breakthrough achieved at the Toronto summit?

## **Tariq Husain**

It was decided that the Paris Club countries would meet to reorient their terms. They will do so following their own fixed rules rather than by bilateral discussions. Rescheduling alone would only increase debt, this has now been recognized. It is a small step forward but there is still a long way to go before a proper solution is found to provide the necessary resources. Creditor countries always ask about the compact: How will the resources be used? Traditionally, they have turned to the IMF, which imposed its own solution on the debtor countries. But the IMF is not designed to undertake the long-term structural adjustment required for developing economies. Therein lies the cause of failure of one stabilization programme after the other. What must be focused on is how to manage best the resources with optimum effect and how to create that capacity.

## **Adebayo Adedeji**

Indeed the African governments themselves have taken a joint initiative but they have met tremendous resistance from the creditor countries. In 1985, at the height of the emergency in Africa, the African Heads of States made two requests while preparing the OAU programme for recovery. One, that a Special Session of the Generally Assembly be held and secondly, that an international conference on Africa's debt take place. While the first was implemented, the debt conference has not yet been held. Last year, the OAU Heads of State adopted a common African position on the debt issue at an emergency summit. I reiterated the request for a special conference on debt. During the mid-term review of the UN's Africa Recovery Programme recently in New York, it took us 3 days of negotiations to get the other side to agree to make any reference to the African common position on debt. The industrialized countries said they would prefer to deal with the debt problem on a bilateral basis. So it is not lack of initiative on the part of the African governments for collective action, it is the preference of the members of the Paris Club and the London Club to continue to deal with each debtor country individually and bilaterally. I also wanted to draw your attention to the report of the UN Secretary-General on this mid-term review in which he noted that African countries are now transferring more resources to the IMF than they are receiving from it. In 1986 this was about US \$0.5 billion, in 1987 it was US \$0.6 billion, in 1988 it is expected to be over US \$1 billion.

## **Tariq Husain**

There are two points that must be forcefully and collectively made to the Paris Club – first, countries simply cannot meet 5 year money obligations and second, the IMF, which was essentially designed for demand management of resilient economies, is just not the right institution for solving the problem of US \$120 billion debt of the African countries compounded by a sluggish growth rate and the dependency on falling commodity prices. We have to depart from the entrenched approach that the Paris Club will not move unless an IMF programme is in place. This is now recognized at the highest levels, both in the IMF and the World Bank, as well as by academics and African leaders, but somehow their voices are not being heard. To make a difference, repeated and forceful statements are required.

### **Pierre-Claver Damiba**

Let us not forget to address the issue of leadership as it is related to this situation. I think that African governments should feel that the initiatives that are needed should be of their own making, not by outsiders. Thus, the issues of internalization and power should be discussed here.

### **L.B.B.J. Machobane**

I want to refer to some of Professor Adedeji's points. First, is the sad fact that only 20 per cent of the cultivatable land in Africa is being cultivated. Another problem is shown in the ugly situation where the Ivory Coast, a cocoa producer, now begins to suffer from the problems of the external manipulation of the markets; and the issue of the manipulation of market factors as a function of power scales. There are so many countries in Africa that cannot cover their own destiny in the larger economic world, which works against us. Thus, one may question the call by some for independence, by some others for African and regional unity. We appear as though we are indolent. We are cultivating only 20 per cent of our land. Each time we discover minerals or some other "golden" opportunity we leave everything else and move towards that one. We have small countries and we have long recognized the need for unity, the need for rationalization, but we undo it so forcefully, it is as if we undo it with vengeance. Is there a precondition to economic development or production and how achievable is that condition? Based on the sad example that 40 per cent of Kenya's national income accrues to the top 10 per cent, which includes the modern leadership, I wonder how this imbalance can be corrected if the actual benefactors of this invidious situation would have to implement that adjustment? How do we bring about that change, the adoption of a social policy and the redistribution of wealth?

### **Adebayo Adedeji**

I fully agree that we need to apply the principle "charity begins at home" so as to get our house in order and to attract the foreign aid we need to get ourselves out of the woods. The environment of the African continent is terribly hostile. But Africa is blessed with two key factors of production, land and labour. History also bears enough evidence that the African is not lazy. If anything, he has proved his mettle to work in the environment and produce results. So, I support the view that our trading partners should be more sincere in their dealings with us. 43 years after the creation of the IMF, its approach and formula initially devised for European countries after World War II has not changed although our environment is different. Technology is not the order of the day. Trade among us, as Africans, is very insignificant through no fault of ours. We were colonized for centuries and given the appetite for things we don't produce and we hardly use when we produce. Until the world is one market, the best solution to the world economic depression is for the North and South to sit down and talk on a more sincere basis. This will be a first step to the solution of our problems. We import all the industrial goods we need for our development and survival from the developed world. We have no say in their often very

high prices! We have no say in the question of the interest rates in the foreign debt repayments! Using the principle of specialization, there are certain things we can produce cheaply. If our trading partners were more sincere they could help us to produce things which we can produce cheaply which they need. The proceeds from such exports could be used to pay for what we import and everyone would be happy. The approach to these issues needs to change otherwise things will go from bad to worse. Leadership is very vital because the laxity with which we manage our economies has added insult to **our** injury. So I would like to emphasize the need for our trading partners to be more forthcoming and open. Nobody says Africa should be helped to the stage where the developed world is. That may never happen, there has to be kind of a gap. But where the gap is too wide, the problems get magnified.

### **James Onobiono**

The population growth poses a problem, but it is a false problem for Africa. We are told that we cannot become industrialized because we have small markets. We do not have enough consumers and we do not have enough solvent consumers. At the same time we are told that it is necessary to limit the growth of our populations. This seems a contradictory statement and it does make one wonder if the experts of the World Bank and of all the other organizations who come up with various recommendations know what they are talking about. I agree with General Obasanjo that the unchecked rule of macro-economists should be curbed. The second problem is that of capital retention in Africa. For every 100 francs or dollars injected into the economy, as much as 80 to 85 flow back out. Why? The major part of African activities are tied to European or Western goods or services. For every 100 francs borrowed, 120 must be returned. How can these countries develop if there is no capital retention? Unless a solution to this problem is found, the problem of the development of the African countries will remain unresolved.

### **Olusegun Obasanjo**

I want to return to the question of leadership in economic management. Prof. Adedeji had earlier intimated to me that unless something is done about incumbent leaders and their ability to manage economic affairs, successor generations will have nothing to succeed to – and this would render the objectives of this Forum meaningless. Leadership must be committed to development. I have been told that when African leaders talk among themselves, they fire the imagination and really get applauded on political matters. But when it comes to economic issues, either because it doesn't strike the right chord or ring the right bell or because the comprehension is not there, they are not nearly as enthusiastic as they are about political issues. Let me give another illustration. After tremendous efforts to convene a special OAU summit on economic issues in Lagos, one of the African leaders said "What is this nonsense?". I see it as even more important than the political OAU summit jamboree we have every year. With the liberation of Mozambique and Angola and that of Zimbabwe well on the way, we were left with Namibia and, of course, the apartheid policy in South Africa. Our attention should now almost entirely be directed to economic issues. How do we address the issue of leadership for economic development

not only among our political leaders but also among non-political leaders, leaders in all walks of life and at all levels of leadership?

### **Munirul Choudhury**

It can be said that the degeneration of the economic condition and the degeneration of the leadership factor have gone hand in hand and have kept pace with each other. Whatever the policy, unless committed leadership finds its way to the policy-making processes it will remain in rhetoric alone. Committed leadership must be developed. It cannot grow in an environment where dissenting views are repressed.

### **A.M.A. Muhith**

It has been said that structural adjustment is something that the developing countries will have to live with. Again it has been said that this is something imposed from outside and it shouldn't be there. I believe we tend to confuse structural adjustment with stabilization. Structural adjustment is supposed to go beyond short-term stabilization programmes whose objective is to achieve a type of balance of payments equilibrium. Structural adjustment means that you change the structure of the economy so that the relationship between imports and exports, between capital flows and domestic resources would be improved over time so that you have a balanced payment system in the end. If that is so, then, of course, structural adjustment is something which developing countries must live with all the time. Development creates its own imbalances, a kind of creative destruction. So you have to adjust and if we take adjustment in that spirit then perhaps it would be easier to define what should be the content of such an adjustment programme. The purpose appears to be the best use of resources, especially when resources have become scarce. Resources have become scarce because you are diverting a large part of your resources to funding external debt which may have been committed, rightly or wrongly – but that is a different story now. Structural adjustment really means the balance between the investment you make and the maintenance which you must do of the assets you have; the balance between investment in urban development as opposed to rural development; the balance between projects which give returns over a long period of time and projects which give returns quickly; projects which will tame inflation. If this is how adjustment is understood, then I think it is unfortunate that the letter of intent for an adjustment programme has to be written by the IMF staff from Washington. It should be written in the countries that want it. Unfortunately, countries have not recognized that it is necessary to make the best use of resources, to make improvements in economic management, and that is why you have the imposition. I believe that the lesson we should take from here is that it is something we should do ourselves instead of being prompted by others. Prompting from others has resulted in a situation where Cote d'Ivoire is saving 22 per cent and just investing 12 per cent. 10 per cent is going to finance the debt made in the past. In some other cases, you are not in a position to have better imports or better growth because of the need to finance the debt. Thus, the domestic resources mobilization remains static, investment cannot be improved and a higher rate of output growth cannot be achieved. If we take measures for structural adjustment we should perhaps be in a position to dictate terms for debt settlement. I think that is a different problem altogether. It is a debt

overhang, and should be treated as such. The fault lies maybe with some recipients, maybe with some givers as well. I don't think one can be excused for giving the kind of loans, which went into unproductive investment. If you look at the past, a debt crisis has erupted every now and then. It has always been resolved between the debtors and the creditors without an institution like the IMF and the World Bank to intervene at that time. Invariably, the final resolution has meant sacrifice on both the part of the debtor and the lender. In the 1980s, sacrifice was sought from the debtor and not the creditor. I think that attitude is changing. It has taken time partly because the debtor countries did not come up with their plan on how to settle the problem. It is necessary to point out how resources are being used and the debt overhang is not allowing the proper use of resources, which would mean output growth. The Paris Club is the most difficult mechanism for debt settlement. In a Paris Club meeting you get a decision on policy and then to implement the decision you have to negotiate with all your 40 or 50 creditors. The Paris Club used to schedule repayment from year to year. Now this has changed to multi-year rescheduling. If a resource gap for an existing programme is pointed out and attributed to the debt overhang, that overhang should be liquidated in another manner. Such forums are not unknown! The Indonesian debt settlement in 1967, the Indian debt settlement in 1969/73 and the England-Pakistan debt settlement in 1975 are examples where a settlement has been made outside the Paris Club based on the capacity to pay. In the case of Ghana in 1971-72, the capacity to pay was also the basis of settlement. To ask for such a settlement, however, you have to be equipped and this has to be done domestically.

### **Flora Lewis**

I want to address the central question of how to make sure that the resources you have and those that you hope for from abroad are well used. It has been very refreshing to hear people face reality and the existing problems with great candour because it is only in admitting those problems that you can hope to find solutions to them. Yesterday, I was talking with some of the participants about Africans who were trained abroad – engineers, economists, bankers – and who have told me when they have come home to their countries in order to help, they were rejected on their return. They were considered arrogant, snobbish etc. I was told this is changing and that this is no longer so true; but that now there is a serious surplus of highly trained people and the problem is how to ensure employment for these people. Many of them stay abroad because they can't get good jobs at home. I expressed my surprise at this! If that is so why were we told about the 80,000 experts who cost US \$180,000 a year each? What are they there for? I was told that that's the fault of the donors who tie aid to the acceptance of their experts.

My reaction as a taxpayer was then that I am quite prepared to spend the money on development, but I am not prepared to spend it on corruption. That is a dirty word. May be that is not the major aspect but it is important for the climate of confidence and the sense of willingness to give aid. From talk about sincerity of the donors you come to the question of accountability. While there may be an insistence among donors of finding jobs for their people, there is also an insistence on some kind of accountability or supervision to give a sense, if not wisdom or at least reasonable integrity, in the use of the money. African experts would be used in their own countries if we could feel that they would

provide that kind of accountability. This should not imply that African experts are not honest but they have to work for politicians in their countries and so they don't have the same capacity to be tough. The question then is how can you find some way to provide accountability, to provide the kind of supervision that would satisfy me as a taxpayer that the money would be honestly used?

**Adebayo Adedeji**

We have to confront the need for efficient management of resources, both from abroad and domestic resources. This is a problem that all our governments have to address. When we talk of government, it is so remote and so big that more often than not people think of the number 1 or number 2 member of the Cabinet. In reality, however, everyone who runs an institution that has resources readily available has the responsibility to manage those resources. Evidence shows that some of our enterprises are not well managed. If we can focus on this we would save a lot of our efforts considerably. We did a study in ECA of what you call Foreign Exchange Leaking. Even with the fall in the price of commodities, a very rough conservative estimate in early 1980s puts the foreign exchange leakage in Africa at an annual rate of something between US \$7 billion and US \$9 billion. These are the issues, related to integrity, which nobody discusses publicly but which we can no longer publicly ignore. The other point is of course accountability. If you have countervailing forces in a society – and every society must have these countervailing forces, checks and balances – then people will think twice before trying to get away with murder.

## **List of Participants**

**Chairman:** General Olusegun Obasanjo

### **A. LECTURERS/PANELISTS**

1. Ojetunji Aboyade (Nigeria), Professor and Chairman, Pai Associates
2. Chief Simeon O. Adebo (Nigeria), former Permanent Representative to the United Nations, New York and Executive Director, United Nations Institute of Training and Research (UNITAR)
3. Adebayo Adedeji (Nigeria), Under-Secretary-General of the United Nations and Executive Secretary, United Nations Economic Commission for Africa (ECA)
4. Tariq Husain (Pakistan), Representative of the World Bank in Nigeria
5. Junzo Kawada (Japan), Professor, Institute for the Study of Languages and Cultures of Asia and Africa, Tokyo
6. Alexander A. Kwapong, (Ghana), Lester Pearson Chair for Development Studies, Dalhousie University, Halifax, Canada; former Vice-Rector, United Nations University, Tokyo
7. Thomas A. Lambo (Nigeria), President, Lambo Foundation for the Advancement of Biomedical and Bio-behavioural Sciences; former Deputy Director-general, World Health Organisation
8. Flora Lewis (USA), Columnist, The New York Times
9. Akin L. Mabogunje (Nigeria), Professor, Pai Associates; pro-Chancellor and Chairman of Council, Ogun State University, Ago-Iwoye
10. Ntatho Motlana (South Africa), President-Founder, Soweto Crisis Committee and Chairman, Get- A head Foundation
11. A.M.a. Muhith (Bangladesh), Former Finance and Planning Minister
12. Col. Raji Rasaki (Nigeria), Military Governor of Lagos State
13. Helmut Schmidt (Federal Republic of Germany), Former Federal Chancellor
14. Wole Soyinka (Nigeria), Nobel Prize Winner 1986 for Literature
15. J.U. Aire (Nigeria), Executive Director, A.G. Leventis and Co. (Nig.) Limited.
16. A. Anantharaman (Nigeria) Ltd.,

### **B. PARTICIPANTS**

1. Malam Yaya Abubakar (Nigeria), former Permanent Secretary, Political Department, Cabinet Office
2. P. Ayangma Amang (Cameroon), Directeur-General, Compagnie Nationale d'Assurances C.N.A.
3. Babafemi Badejo (Nigeria), Senior Lecturer, University of Lagos
4. Donatien Bihute (Burundi), Managing Director Hydrobur; Chairman, Meridien Bank Burundi; former Minister of Planning of Burundi and Vice-President, African Development Bank

5. Cecil Blake (Sierra Leone), Senior Programme Officer Global Learning Division, United Nations University, Tokyo
6. Munirul Choudhury (Bangladesh), President, Aegean Maritime International, Washington, D.C.; former Adviser to the President of Bangladesh
7. Pierre-Claver Damiba (Burkina Faso), Assistant Administrator and Regional Director for Africa, UNDP
8. Francis M. DENG (Sudan), former Minister of State for Foreign Affairs; Senior Fellow, The Brookings Institution, Washington, D.C.
9. Julien Dobongna (Cameroon), Conseiller du President, Compagnie Financiere et Industrielle
10. Jens Fishcher (Federal Republic of Germany), Chief of Staff, Office of Mr. Helmut Schmidt
11. Jeans Herskovits (USA), professor of African History, State University of New York
12. Ahmadu Jalingo (Nigeria) Dean, Faculty of Management and Social Sciences, Bayero University, Kano
13. Mansur Khalid (Sudan), former Foreign Minister and Vice-Chairman, World Commission on Environment and Development
14. Justin Labinjoh (Nigeria), Senior Lecturer, University of Ibadan
15. Zamani Lekwot (Nigeria), Major-General (rtd.), former Governor of Rivers State, former Ambassador to Senegal
16. L.B.BJ. Machobane (Lesotho), Minister of Education
17. Rev. M. Stanley Mogoba (South Africa), President, South African Institute of Race Relations and Secretary of the Conference of the Methodist Church of Southern Africa
18. Viktor M.P. Mpoyo (Nigeria), Industrialist (oil industry)
19. DragoIjub Najman (Yugoslavia), former Assistant Director-General, UNESCO
20. Lopo Fortunato do Nascimento (Angola), Governor of Huila Province; former Prime Minister and Deputy Executive Secretary, ECA
21. Letitia Obeng (Ghana), former regional Director for Africa, United Nations Environment Programme
22. Anezi N. Okoro (Nigeria), Professor of Medicine, University of Nigeria Teaching Hospital, Enugu
23. James Onobiono (Cameroon), President, Compagnie Financiere et Industrielle
24. Hans D'Orville (Federal Republic of Germany), Senior Officer, UNDP New York and Co-ordinator, InterAction Council Secretariat
25. Oyeleye Oyediran (Nigeria), Professor, University of Lagos
26. Tayo Seriki (Nigeria), Chairman, Siemens Nigeria
27. Albert Tevoedjire (Benin) President, Centre Panafrican de Prospective Sociale; former deputy Director-general, International Labor Organization
28. Bilkisu Yusuf (Nigeria), Editor, New Nigerian
29. Terencia Leon-Joseph (Peru), Administrative Assistant

## **Background Note**

### **The Africa Leadership Forum**

Despite over a quarter of a century of political independence Africa's aspirations and hopes remain today largely unfulfilled. This has not been, however, a period of unmitigated failure in the history of the continent; there have been successes in education, public health, import substitution industries, and in the continuing process of decolonization. The problems of development, peace and security, the health of the world economy, and improving the environment are interrelated global issues; they do not admit of piecemeal solutions.

And yet all countries find that in the absence of true global cooperation, they have to tackle particular aspects of them. At the national level in Africa, the inadequacy of information, data, and resources render the problems daunting. Regionally they are overwhelming.

African leaders have frequently come to their positions with limited experience. Though most of them have battled on, confronting their awesome problems of development and nation-building essentially not only unprepared but unaided, their efforts have been at best only a qualified success.

Africa cannot afford to continue with ill-prepared and unassisted leaders. Those on whom the burden of leadership will fall in future must fully comprehend their responsibilities, duties, and obligations. They must, that is, have exposure and carefully planned preparation if they are to meet the challenges that will face them.

The leaders of tomorrow, however, today have to be pursuing their professional careers. They have little time to devote to gaining a comprehensive knowledge of their own countries and their region, nor of the cultures their diverse peoples. Nor even to learning about and understanding the actions taken by their present leaders where they do not impinge on their own areas of expertise.

Most young potential leaders have focused primarily on single issues, lacking time to look at wider, critical regional and world challenges. Time for comprehensive study and reflection, for sharing experiences with persons inside, let alone outside, their countries, region, and field of concentration is very limited. Opportunities for such detached discussion and contemplation are even rarer.

There are no private institutions in Africa devoted to preparing potential leaders with a global outlook, leaders who will be able to cooperate within and across national, regional, and institutional boundaries. Further, it is difficult, if not impossible, in many African countries to gain access to relevant and timely information on most national, regional, and global issues.

Experience in and out of Government and in international for a bears out this situation, one which poses a challenge to address and remedy. One solution is to launch the “Africa Leadership Forum” – conducting a series of meetings which may be national, sub regional, regional and international in dimension and may vary in duration. The purpose will be to enhance the knowledge and awareness of current and young, potential African leaders, placing special emphasis on diagnosing apparent failures of the past; on understanding multiple dimensions and complex interrelations of local, national, regional, and global problems; and on seeking possible approaches to solutions.

## **Objectives**

The purpose of the Forum is to encourage diagnosis, understanding, and an informed search for solutions to local, regional and global problems, taking full account of their interrelationships and mutual consequences.

To that end, the Forum will develop, organize and support programmes for the training of young and promising Africans with leadership potential so as to expose them to the demands, duties and obligations of leadership positions and to prepare them systematically for assuming higher responsibilities and meeting the challenges of an interdependent world.

The Forum will also endeavour to generate greater understanding and enhance the knowledge and awareness of development and social problems within a global context among young, potential leaders from all sectors of society, cutting across national, regional, continental, professional and institutional borders. This may foster close and enduring relationships among participants, relationships promoting life-long association and cooperation.

Further, the Forum will support and encourage the diagnosis and informed search for appropriate and effective solutions to local and regional African problems and to global problems from an African perspective – within the framework of global interdependence, including consideration of phased action programmes that can be initiated by various countries, sub-regions and institutions.

In additions, there will be specific weekend seminars organized as Farm House Dialogues to be held quarterly.

## **Financial Aspects**

The Forum wishes to acknowledge with gratitude financial contributions it received 1988 from the Government of Japan, the United Nation Development programme, Carnegie Corporation of New York and Mr. Victor Mpoyo.