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Organization of African Unity

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STATEMENT BY H.E. DR. SALIM AHMED SALIM
SECRETARY GENERAL

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OAU AT THE SEVENTEENTH EXTRA-ORDINARY SESSION OF THE OAU
COUNCIL OF MINISTERS ON AFRICA'S ECONOMIC AND SOCIAL CRISIS
CAIRO, EGYPT - 27 MARCH 1995

Your Excellency, President Hosni Mubarak,
President of the Arab Republic of Egypt,
Mr. Chairman,
Honourable Ministers,
Distinguished Guests
Ladies and Gentlemen,

Allow me, from the outset, to express my sincere appreciation and gratitude to the Government of the Arab Republic of Egypt for hosting this Extra-ordinary Session of the OAU Council of Ministers devoted to addressing the economic and social crisis facing our Continent. This is indeed a clear indication of Egypt's commitment to the promotion of the economic and social development of the Continent. I would like, in this respect, to pay tribute to President Hosni Mubarak of Egypt for his inspiring statement and for his tireless efforts and dedication in support of Africa's socio-economic development.

A question could be raised as to the purpose and objective of this Extra-ordinary Session of Council convened to review the socio-economic situation of the Continent. In other words, why are we meeting at this point in time? Such a question is certainly pertinent. Are we gathered here to draw up another plan of action or to map out another strategy for the economic development of the Continent? The answer, obviously, is no!

Africa is not short of and does not need another strategy nor does it need another plan for the economic development of the Continent. The basic principles underlying the Lagos Plan of Action and the Final Act as well as the Priority Programme for Africa's Economic Recovery adopted in 1980 and 1985 respectively are still valid and relevant today as they were then. Indeed, in their 1990 Declaration on the Political and Socio-Economic Situation in Africa, our Heads of State and Government did acknowledge the continued validity of these plans and programmes.

What today constitutes a matter of serious concern is the fact that despite all these plans and strategies, little or no progress has been made with regard to their implementation. This is one of the major concerns which indeed was at the core of the initiative which led to the convening of this particular Session of Council and which deserves serious attention and consideration.

Despite the efforts - genuine though limited - made by our countries, the socio-economic situation of our Continent still remains precarious as economic growth has stagnated, and even deteriorated, in recent years.

Between the 1960s and mid-seventies, output per capita grew at an average of 2.6 per cent per year. However, between 1980 and 1993, per capita income fell by more than 15 per cent. In 1994, Africa's output grew by 2.8 per cent as compared to 1.1 per cent in 1993. Despite this improvement, in per capita terms, the African economic output actually declined by 1.5 per cent during the 1990 - 1994 period. With

an annual population growth of 3.1 per cent, the per capita income is likely to dwindle further in the future, unless remedial steps are taken to reverse this trend.

Furthermore, agricultural production declined markedly in recent years with the result that Africans are unable to cater for their food needs. Today, 25 per cent of Africa's food requirements are met through food imports and food aid. At the same time, rampant poverty has become a dominant feature of African societies.

Facilities for the development of human resources such as educational institutions and health facilities have equally deteriorated. Since independence, African countries have invested heavily in education, and substantial progress has definitely been made. The average adult literacy rate rose from 9 per cent in the 1960s to 42 per cent in the 1980s. However, gains made in the first two decades of independence have been seriously eroded as the standards of many of Africa's educational institutions have declined.

The same decline has affected transport and communications as infrastructures have continued to deteriorate because of the lack or scarcity of spare parts, equipment and maintenance facilities.

Across the Continent, investment remains severely depressed. In some African countries, investment has fallen to less than 10 per cent of GDP. This is a level that is insufficient even to replace worn-out capital.

As a result of the socio-economic crisis, our countries have resorted to seeking foreign aid. A culture of dependency appears to have slowly seeped through the fabric of African societies. The result is that Africa has become increasingly dependent on Official Development Finance (ODF). For 32 least developed countries in Africa, aid accounted for over 20 per cent of their national income. Aid however comes with strong strings attached. The donors insist on exercising a measure of control over economic matters. If this dependence continues, then Africa faces the danger of losing its ability to make decisions concerning the socio-economic development of the continent.

The decision to convene this extra-ordinary session of Council also arises from our deep and profound concern over recent developments in the global economy and their adverse effects on Africa's development efforts. We are further disturbed by the attitude of neglect on the part of the International Community, particularly those of the industrialized world, towards Africa.

Since the late eighties, the globalization of the world economy has created a new international economic environment, which portends stiff competition whereby only the fittest will survive, and which has also contributed to the further marginalization of our Continent. For instance, the Uruguay Round of Agreements concluded in 1994, the continued expansion of the economic blocs of the developed countries, and the rapidly escalating role of private capital in the world economy have created a new business environment world-wide where Africa's interests are not appropriately addressed.

An indication of this disturbing trend is the decline, in real terms, of the Official Development Assistance (ODA) to Africa. For instance, the UN target of 0.7% of GNP for development assistance has not been met by many of the developed countries, while other commitments by the international community in support of Africa's development efforts have not been realized. Moreover, there is a further threat that this trend with respect to resource flows will continue as many donors are freezing or cutting back on their development assistance. This is an illustration of what is now commonly referred to as the donors' fatigue.

A further indication of this trend or fatigue is the decline in private capital flows to Africa. Indeed, while on a global scale, private capital flows have grown substantially, Africa has been by-passed in this new world development. The Foreign Direct Investment (FDI) inflows to Africa, which averaged US\$2 billion annually in 1981 - 1985 and US\$3 billion in 1986 - 1990, accounted for only 3 and 2 per cent respectively in the total FDI inflows to developing countries. Most of the FDI in Africa are attracted mainly to natural resources and the multinational resources-based companies frequently operate in enclaves with few links to the local economy.

I have attempted to point out some of the internal and external factors that have militated against the socio-economic development of the Continent. These two factors, taken together, culminated into the single most important impediment to Africa's economic development; namely, Africa's external indebtedness.

Indeed, Africa's excruciating debt burden has stifled Africa's socio-economic development efforts. Africa's foreign debt now stands at more than 300 billion United States dollars. More than 50 per cent of this amount is not due to new loans but to the escalating interest payments on loans contracted in the 1970s. In 1993, Africa's debt was equivalent to over 95 per cent of the continent's Gross Domestic Product (GDP). By the mid-1990s, the amounts due to debt service payments were more than those entering Africa as foreign aid.

Another area of great concern is the resource flight, both capital and human, from Africa to the developed countries. Over the past years, the stock of capital that left Africa reached alarming proportions when compared to the stock of direct foreign investment in the continent during the same period. Equally alarming is the "brain drain" from African countries to the developed countries. Between 1985 and 1990, Africa lost an estimated 60,000 middle and high level technicians, while at the same time importing, under donor technical assistance programmes, some 100,000 "specialists". Since 1990, the figure on African technicians and specialists emigrating abroad has soared. This constitutes a tremendous drain on Africa's resources which could be utilized for the development of the continent.

If we are gathered here in Cairo today, despite this bleak picture of the socio-economic situation of our Continent, it is not to complain. We are gathered here because we are convinced that the trend can be reversed and therefore that something can and should be done.

In doing so, it is important to remind ourselves that the African situation is not hopeless. Africa is a resilient continent. It has the resources that can be utilized to reverse the situation and to promote its development. The critical factor in Africa's development is the determination and resolve of the African peoples to take charge of their own destiny.

This Session of Council offers a unique opportunity therefore to establish clarity as to the way forward, to identify achievable objectives and set out concrete measures on how to implement our socio-economic agenda. Naturally, since we are primarily responsible for the socio-economic development of our Continent, most of these measures need to be decided on and implemented by ourselves, while some others need to be carried out with the support and assistance of the international community.

At the continental level, we need, first and foremost, to create an enabling environment for socio-economic development. Clearly, the most critical determinant in this environment is peace.

It is, indeed, in recognition of the importance of this factor, that the Assembly of Heads of State and Government adopted the OAU Mechanism for Conflict Prevention, Management and Resolution here in Cairo, in 1993. Since then, the Mechanism has been functioning. The challenge is now to provide it with the necessary support and resources to make it an efficient tool for peace, security and stability in the Continent. Peace, security and stability go together with

economic development and both have a symbiotic relationship such that without peace, development is not possible and without development, peace is not durable.

Furthermore, peace, security and stability can be promoted largely through the democratization of our societies. Such a process would allow the African peoples to fully take part in the process of socio-economic development. In this respect, it is encouraging to note that the democratization of our societies is gaining momentum in the Continent and that our people are increasingly being involved in the process of economic development and in political life.

While the efforts at peace and democratization in our societies are being pursued vigorously, similar energies should be harnessed and directed at addressing the issues of bread and butter facing our people. This is the challenge facing us.

First and foremost, I believe that determined action should be taken, at national, regional and continental levels, to tackle the thorny scourge of famine in Africa and practical steps be adopted to progressively attain self-sufficiency in food production. In the same vein, concerted and vigorous efforts should be deployed to protect and preserve the environment.

Furthermore, I need not emphasize the fact that no meaningful socio-economic transformation can be realized without significant progress in the area of basic infrastructures, transport, commerce and finance. These

sectors offer a wide-range of opportunities for co-operation within the Continent and at the international level. They have the added advantage of attracting the much-needed investments, both domestic and foreign, on condition that a propitious political and economic environment is created.

In addition, our countries can no longer neglect the population factor. We need to face the challenge of balancing the size of our population with the ability to meet such needs as food, education, health and other amenities of life. By the same token, we cannot afford to continue to ignore the role of women in development as they constitute a significant, dynamic and indeed crucial segment of the population. Similar attention should be given to the education sector which plays a pivotal role in shaping our societies and precludes the scourges that afflict society such as drug abuse and drug trafficking, diseases, intolerance, violence and extremism.

Finally, it is clear that to bring about change, our governments need to take speedy measures to build a strong effective and incorruptable civil service responsible for making, implementing, monitoring and evaluating decisions. We must, therefore, create a propitious environment to achieve this objective as we must create the necessary conditions to enable the return of African expatriates, particularly the highly specialized ones.

To implement this Agenda, we now have a golden opportunity with the momentum created by the Treaty establishing the African Economic Community.

Indeed, regional integration and co-operation, as targetted by the Treaty, are not only an economic necessity; they are the very core of Africa's survival strategy. The potential for co-operation already exists; we only need to build on it.

The entry into force of the Abuja Treaty, in May 1994, therefore poses, new challenges and offers new opportunities for Africa. As a first step towards its implementation, our countries need to ensure that the commitments entered into in the Treaty are translated into programmes and activities which will result in improving the lot of every ordinary African.

According to the Treaty, the African regional economic communities (RECs) constitute the "building blocks" upon which the African Economic Community itself is to be erected. The RECs must therefore be strengthened in order to establish a strong African Economic Community.

As I mentioned earlier, the socio-economic development of Africa is no doubt the responsibility of its people and its governments. This does not, however, absolve the international community, particularly its most powerful members, of their share in the process of development of the Continent. They must indeed realize that our Continent is going through a dual transition: economic and political. Clearly, the efforts of the Continent - and they have been considerable - cannot be sufficient on their own to redress the situation and launch the economies of our countries on the path to development. These efforts definitely need to be

supplemented by the contribution of those member countries of the international community in a position to do so. In view of the relatively hostile environment in which Africa has to thrive, such support from the international community is all the more necessary in order to enable it overcome the numerous obstacles on its path to development and for it to survive in an increasingly competitive world for which our Continent is hardly prepared or equipped.

In this context, a clear response should be provided to the thorny issues raised by Africa such as the negative resource flows including the low investment ratio, terms of trade that are to Africa's disadvantage and the low commodity prices.

These issues aside; I would again like to emphasize that the single most important impediment to Africa's development is the problem of its debt burden. There is nothing new to add other than what is articulated in the African Common Position and what we have repeatedly said on this matter. Suffice it to say that Africa's debt has attained unbearable proportions to the extent where many African countries are no longer in a position to service their debts, let alone pay them off completely. In this regard, the arguments increasingly being put across for an outright cancellation of Africa's debts are not baseless. Such cancellation will be the most effective boost and the most evident demonstration of support by the international community for the ongoing process of political and socio-economic transition in Africa.

In conclusion, I would like to stress the fact that even though no one expects our meeting here in Cairo to provide immediate solutions to all our problems, it should, however, mark the beginning of a new era in African thinking about the development of the Continent. Indeed, Africa has no choice but to map out a new method of doing things in order to ensure its own survival in this increasingly turbulent world.

To that end, we should leave Cairo with a clear perception of what needs to be done to redress Africa's socio-economic situation. We should indeed leave Cairo with a new resolve to work together assiduously because, as history has shown, we had made significant progress when we were united and we had been weakened when we were divided. We need to re-seize the initiative in the socio-economic field. That is our challenge today!

Two years ago, here in Cairo, Africa adopted its agenda for Peace, Security and Stability in the Continent through the establishment of a Mechanism for Conflict Prevention, Management and Resolution and brought the international community to acknowledge its relevance and our determination to stay the course. In like manner, we now should work out an agenda for the accelerated socio-economic development of the Continent and modalities on the implementation of our programmes. We should mobilize our peoples and bring the international community to recognize our resolve to pursue this path with seriousness and determination.

I thank you.