

Statement

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CHECK AGAINST DELIVERY

"CANADA AND AFRICAN ECONOMIC RECOVERY"

NOTES FOR AN ADDRESS BY

THE HONOURABLE MONIQUE LANDRY,

MINISTER FOR EXTERNAL RELATIONS

AND INTERNATIONAL DEVELOPMENT,

TO THE AD HOC COMMITTEE OF THE WHOLE

OF THE GENERAL ASSEMBLY DURING THE MID-TERM REVIEW

OF THE UNITED NATIONS PROGRAM OF ACTION

FOR AFRICAN ECONOMIC RECOVERY AND DEVELOPMENT

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External Relations and
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développement international

Canada

Africa is a paradox of extremes. It is a continent crushed beneath overwhelming problems of development and economic stagnation and yet it is a continent of hope, courage and potential. The depth of human suffering in Africa has seared the conscience of the world. But it is the indomitable African spirit which has made possible the Program for African Recovery which is laying the foundation for a better future. And it is the enormous untapped potential of physical and human resources that is the basis for hope.

Many African governments are now addressing fundamental economic and development problems to put Africa back on the road to recovery and growth. And the international community is supporting these efforts. In this Mid-Term Review, we must now examine how far we have come and where we still need to go.

I approach this Review with realism and with hope. As minister responsible for Canada's development assistance program and for Canada's relations with Africa, I am profoundly aware of the situation there. Since 1985, I have visited many African countries and have listened to African leaders and people. In the last year, following the Francophone and Commonwealth Conferences where I had the opportunity to consult with many African leaders, I travelled to Mali and also to Ethiopia where Canada was participating actively in the coordinated efforts to feed thousands in the face of yet another drought. I have seen both the tragedy and the potential. I have seen what a long, hard road still lies before us.

Africa holds a special place in the Canadian world view. For me personally, and for my Government and the Canadian people, Africa is a high priority and it will remain a high priority. I assure you, we are committed for the long term.

The Report of the Secretary General holds a distressing message: Despite efforts to date, the economic situation in Africa continues to deteriorate. Incremental improvements in overall GDP have not translated into any improvement in the lives of the poor and the hungry. In fact, per capita income has actually fallen. But the problems of Africa are deep and multifaceted and the present vicious circle of deterioration is difficult to arrest. Debt, inadequate financial flows, growing populations, environmental degradation and under-developed human resources are but a few of the challenges facing African governments. And despite continuing world economic growth, Africa's terms of trade continued until recently to deteriorate.

But the problems are not insoluble. This is the fundamental message of the United Nations Program of Action for Africa itself. Through multilateral cooperation we can overcome what individually is impossible. Two years ago, under the leadership of the Secretary General, we mapped out together step-by-step the route towards recovery and growth. We knew what needed to be done and now we are in the process of doing it.

Significant steps have been taken both by African governments and by the international community. Some progress is evident but this has not had an impact on the larger picture - yet. Economic reforms, debt relief measures, new resource commitments all take time to make their impact. I have found in the Secretary General's report good reason to believe that in the coming years, more positive results will be seen.

Many African countries are now engaged in economic reforms and adjustment efforts. These governments have shown great courage and foresight in braving the short term social and political risks inherent in delivering new policies to remove barriers and distortions that have hindered healthy growth and the natural evolution of economies. There are risks, but the long term benefits more than outweigh the risks. Continued and increased vigilance is needed. But, it is especially during this difficult transition that African governments deserve - and, speaking for Canada, will receive - our full and unrelenting support.

Africa must define and drive her own recovery program, but it cannot be done without external support. Substantial resource flows are needed to make it possible to implement necessary policy reforms. And significant relief from the heavy debt burden crippling the poorest countries in Africa is also needed.

The international community has been far from idle during the two years of the Program of Action. The Enhanced Structural Adjustment Facility of the IMF has been operational since April 1988: Under the ESAF, a total of 7.5 billion dollars in additional concessional financing will be made available to the poorest countries. In addition, a total of 6 billion dollars has been pledged by bilateral donors to support structural adjustment programs with the World Bank. Donor coordination has been strengthened, building upon the Bank's consultative group mechanism. The African Development Fund has been increased by 50 per cent and IDA 8 has been generously replenished.

At the Paris Club, extended grace and repayment periods have been offered to eight African debt distressed countries which have sought rescheduling and which have undertaken structural adjustment programs. Based on a Canadian initiative endorsed at the recent Economic Summit in Toronto, the Club is now working out the details of a new framework that will allow creditors to offer concessional interest rates, partial forgiveness or other comparable concessions when officially supplied or guaranteed commercial credits are rescheduled.

These measures represent solid progress. But I am aware that they may not yet be enough. The Secretary General's Advisory Group on Resource Flows estimated that 5 billion dollars in addition to existing resource flows was required annually to bring Africa back from the brink of economic collapse. African ministers have said that this figure is still an underestimation of the real need. What is clear is that the needs of Africa are great and, the consequences of failure to implement the Program of Action to the full by both African governments and the international community will be severe.

For our part, Canada has taken our responsibilities under the Program of Action seriously. In May 1986, Canada launched Africa 2000, a 15-year multifaceted program to work towards African recovery by the year 2000. Then, in 1986-87, Canada disbursed almost one billion Canadian dollars in Africa through bilateral and multilateral channels. Forty five percent of our bilateral assistance program over the next five years is committed to Africa. All our aid is in the form of grants and now up to 50 percent of our bilateral aid will be untied in order to allow greater local and regional sourcing in Sub-Saharan Africa and least developed countries.

We have committed a total of 2.3 billion Canadian dollars to recent Africa focused multilateral initiatives, including the Enhanced Structural Adjustment Facility, the International Development Association and the African Development Fund replenishments and to the World Bank's special programs for Africa. Canada earlier forgave the ODA debt of all least developed countries and in 1987, we undertook to forgive all remaining ODA debt owed to Canada by countries in Sub-Saharan Africa. We believe such ODA debt forgiveness is a necessary measure to provide relief for the debt distressed countries of Sub-Saharan Africa.

Last March, I tabled a new Canadian aid strategy in the Canadian House of Commons called Sharing our Future. In this strategy, we have put the war against poverty as the first

and foremost objective of Canadian aid. Our purpose is to help the poorest countries and people of the world. Africa holds a special place within our strategy. We are committed to finding ways to support Africa both bilaterally and through the multilateral system. We will work to maintain the focus of international attention on Africa.

This is the first opportunity we have had to engage in a comprehensive survey of efforts to date to implement the Program of Action for Africa. It is an opportunity, I believe, to reset our bearings for the future and to identify those areas where we must pay greater attention and more diligently fulfil the promises we have made. Measures are in place, but implementation and disbursements are slow. The efforts of African governments to undertake economic reform need to be maintained and supported.

New financial resources need to be identified and further debt relief measures pursued. We need to address, as best we can, the problems of external trade and low commodity prices. Particular attention needs to be given to the evolving questions of the impact on vulnerable groups of structural adjustment. And, longer term developmental issues must not be neglected if a sustainable recovery is to be achieved - the serious deterioration in environmental conditions, an enhanced role for women in the development process, population growth and the spread and impact of AIDS.

Development is not easy to orchestrate. I am not sure that anyone here can claim to hold the single key that will unlock the potential of Africa. But through the process of multilateral discussion and bilateral dialogue we can develop the greater understanding we need to create a better world for all. The United Nations has contributed successfully to resolving long-standing regional conflicts. Now, the African Recovery Program offers a unique opportunity to demonstrate the effectiveness of the United Nations in finding solutions to difficult, but in the long run, equally important economic, social and development challenges.

Ours is an interdependent world. The economic health of Africa concerns the developed world as the conditions in the external economic environment concern Africa. At the Toronto Economic Summit last June, significant progress was achieved in discussions on Africa and the problems of the poorest debt distressed countries. Canada will continue to do its share to keep Africa high on the agenda of the Economic Summits, of the World Bank, of the IMF and of the United Nations itself.

There can be no complacency about Africa on the part of governments or on the part of the international community. We must rise to the formidable challenge to stay the course and where necessary to seek out new and imaginative solutions to Africa's problems. The task in this Review will be to recommit ourselves to the difficult and long journey ahead. It is a journey that will take us well beyond the UN Program itself. But our common humanity demands that we get on with the work ahead with imagination, energy and speed.