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DECLARATION BY THE CONFERENCE OF MINISTERS OF AFRICAN LEAST DEVELOPED
COUNTRIES PREPARATORY TO THE SECOND UNITED NATIONS CONFERENCE
ON POLICIES AND MEASURES FOR ACCELERATING THE DEVELOPMENT
PROCESS IN THE LEAST DEVELOPED COUNTRIES DURING THE 1990s

ADOPTED BY THE CONFERENCE OF MINISTERS OF
AFRICAN LEAST DEVELOPED COUNTRIES AT ITS NINTH MEETING
ADDIS ABABA, ON 4 AND 5 APRIL 1989

FOR PRESENTATION AT
THE HIGH-LEVEL PREPARATORY MEETINGS AND THE
SECOND UNITED NATIONS CONFERENCE ON
LEAST DEVELOPED COUNTRIES

Preamble

1. We, the Ministers responsible for economic development and planning of African least developed countries, assembled in Addis Ababa from 4 to 5 April 1989, for our ninth meeting, and acting for and on behalf of our Governments and peoples in the spirit of the Charters of both the United Nations and the Organization of African Unity, have reviewed the progress achieved in the implementation of the Substantial New Programme of Action (SNPA).

2. We are deeply concerned about the deteriorating socio-economic situation in our countries which are characterized by very low economic growth and poor development performance, with a resultant continuous decline in per capita income.

3. We are gravely concerned with the deteriorating international economic environment, especially as it relates to: (a) the continued fall in the prices of primary commodities that greatly affects our export earnings; (b) the decline in total external assistance, especially official development assistance (ODA), and the hardening of the terms of aid; (c) the increasing debt burden, and (d) further compounded by severe climatic conditions and the problems of refugees.

4. The combination of all these factors has led to the increase in the number of LDCs in Africa from 21 in 1981 to 28 in 1988 and brought most of our countries to the verge of economic collapse, in spite of all our past and present efforts.

5. We strongly reaffirm that we are primarily responsible for the development of our own economies. We have, therefore, undertaken the necessary and often painful adjustments and policy reforms of our economies, with a view to restoring growth and development.

6. We particularly appreciate the response of the donor community in providing the necessary assistance to those of our countries in need of emergency relief and the support to the rehabilitation and reconstruction activities contained within our adjustment or economic recovery programmes.

7. We are, however, distressed to note that the spirit that prevailed at the 1981 Paris Conference on Least Developed Countries, has not been fully sustained. Commitments made by the international community have not been implemented and the achievements are far below our expectations. This was pointed out in our "Memorandum", presented at the meeting of the UNCTAD Intergovernmental Group on LDCs on the Global Mid-Term Review of the Substantial New Programme of Action for the 1980s, in September 1985.

8. In spite of the disappointing developments outlined above, we reaffirm our commitment to the Substantial New Programme of Action, which is still a valid framework of reference for measures to be taken by the LDCs themselves and at the international level with a view to effect the necessary changes to improve the living standards of the LDCs' populations.

9. We, therefore, welcome the convening of the second United Nations Conference on Least Developed Countries, which will carry out a global review of the Substantial New Programme of Action and to consider, formulate and adopt appropriate national and international policies and measures for accelerating the development process in the African least developed countries (LDCs) during the 1990s, in accordance with our long-term national social and economic objectives as per the provisions of the United Nations General Assembly resolution 42/177, of 11 December 1987. Such an important gathering has given us the incentive to prepare the present Declaration, in the hope that the proposals it contains will be considered by the international community as an adequate framework for bringing about the necessary changes in the African LDCs.

I. Overall economic performance of African LDCs, 1981-1988

10. The economic growth rate in the African LDCs decreased during the 1980s, as a result of the deepening economic crisis and the effects of natural calamities and disasters, especially the recurrence of drought after 1982. The average annual growth rate in overall GDP was only 0.99 per cent in real terms during 1981-1984, against 2.5 per cent in 1975-1980. As a result of improvement in rainfall in 1985 that resulted in a significant recovery in agricultural production, the main source of value added in the majority of the African LDCs, a GDP growth rate of 3.8 per cent was recorded in 1985-1986 and 3.6 per cent in 1986-1987 but this performance fell back in 1987-1988, to 2.1 per cent. Per capita GDP declined from an average of \$US 236.7 in 1980-1984, to \$US 220.9 in 1987-1988 for the LDCs as a group.

11. The SNPA recommended that the LDCs should aim at an annual growth rate target of 4 per cent or more in the 1980s in the agricultural sector. In the African LDCs as a group the target was achieved only in 1986 when an annual increase in agricultural output of 6.1 per cent was recorded.

12. The manufacturing sector recorded an annual average increase in value added of only 2.4 per cent between 1980 and 1986, which declined to 0.4 per cent in 1987. The increasing difficulties in importing raw materials, spare parts and equipment due to the lack of foreign exchange led to very low utilization rate of industrial capacity, even in a number of cases, to the complete shut-down of manufacturing establishments.

13. The rapid deterioration of the external sector of the African LDCs in the 1980s had an adverse effect on their already fragile economic structures. The contraction in world demand for primary commodities, often due to protectionist policies, coupled with the collapse in commodity prices, substantially reduced export earnings. As a result, therefore, the African LDCs experienced persistent and chronic balance-of-payments problems.

14. The debt problem of African LDCs worsened considerably in the 1980s. Estimated at \$US 13.3 billion in 1980, the total external debt of the 28 African LDCs, including outstanding use of IMF credits, reached \$US 40.16 billion by the end of 1987. Debt-service payments were on average, about 10 per cent of the combined GDP of the LDCs as a group during 1981-1988.

15. Many African LDCs were seriously affected by drought and other natural calamities. In 1983-1984, 16 LDCs of the 24 most severely affected African countries, were heavily dependent on food aid. In 1985, imports of food alone absorbed over 25 per cent of the total export earnings of the concerned African LDCs.

II. Implementation of the Substantial New Programme of Action (SNPA) in the African LDCs

16. In chapter I of the SNPA, the LDCs were required to adopt appropriate policies and measures, including the mobilization of domestic and external resources, for the implementation of their development programmes. Since 1981, all the African LDCs have taken major policy reform measures, to revitalize their economies. To enhance agricultural production, especially of food crops, producer prices have been systematically reviewed and adjusted upwards and the timely delivery of essential inputs, has been ensured, as an incentive to farmers. Public enterprises, that are a burden on the government budget have either been privatized, or measures instituted to enhance their efficient management. To mobilize domestic resources, interest rates have been restructured to encourage increased domestic savings and measures have been taken to broaden the tax base. Attempts have been made to reduce the budget deficit through a freeze and/or reduction in the size of the public sector employment.

17. The persistent external payment difficulties faced by the African LDCs caused a number of them to adopt short-term stabilization measures. The lack of a well-articulated long-term perspective in the policy packages prescribed by the IMF, aggravated the risk of neglecting infrastructure and other structural factors, and thus imposed major constraints on long-term economic growth. Furthermore, programmes have not received adequate external funding from donors, partly because disbursements are stopped at mid-stream, if the LDCs cannot meet the conditionalities and performance criteria and/or if they are declared ineligible to use Fund resources because of accumulated arrears owed to the IMF. Consequently, the suspension of the resource disbursements and the time lost on renegotiating agreements have limited effectiveness and damaged the prospects of success.

18. At the regional level, the African LDCs, as member States of the OAU adopted Africa's Priority Programme for Economic Recovery, 1986-1990 (APPER) in July 1985 and the United Nations Programme of Action for African Economic Recovery and Development, 1986-1990 (UN-PAAERD) in June 1986, in response to the African economic crisis. The objectives and priorities established by these programmes are consistent with those of the Substantial New Programme of Action (SNPA). Relevant measures have been adopted, as a means of judiciously implementing these programmes, albeit with very limited domestic and external resources.

19. In accordance with paragraphs 110 and 111 of the SNPA, all the African LDCs designated national focal points, usually the ministries of planning and economic development, to be responsible for the co-ordination of development assistance and other international support measures and to act for the government in aid co-ordination with donors. The necessary administrative

mechanisms have been established both for internal co-ordination and consultations with donors. Development plans have been reformulated, priorities redefined and public investment projects realistically designed, to reflect the absorptive capacities of the LDCs. Some development plans and programmes formed the basis of policy dialogue at round table and consultative group meetings with donors, organized by the LDCs to mobilize external resources.

20. In 1981, the total cost of country development projects and programmes presented by 21 African LDCs at the Paris Conference was \$US 133 billion (1980 prices) for the period 1981-1990, 60 per cent of which, or \$US 81 billion, was the external funding component. With the addition of five more African countries in 1982, ECA estimated the external financing needed to support the SNPA in the 26 LDCs to be \$US 96.5 billion, or an annual flow of at least \$US 8.6 billion during 1981-1987. Total net financial flows including flows to Mozambique and Mauritania, recently listed as LDCs, averaged only \$US 4.97 billion during 1981-1987 which falls far short of the annual minimum external assistance of over \$US 10 billion required to transform substantially the LDC economies.

21. The SNPA suggested that donors should aim to devote 0.15 per cent of their GNP to the LDCs as ODA, or to double the total ODA to these countries by 1985, relative to 1975-1980 figures. In general, total Development Assistance Committee (DAC) official development assistance was stagnant at 0.08 per cent of GNP during 1981-1985. Since 1981, however, a few donors have consistently achieved this threshold and some are making considerable progress towards achieving the target. Other DAC donors, however, which accepted neither the target nor the time frame, still lag behind. Comparatively, OPEC official development assistance (ODA) flows to LDCs as a percentage of donor GDP has exceeded the SNPA target during 1981-1987.

22. In paragraph 70 of the Substantial New Programme of action, it is stated that the successful implementation of the programme would require significant improvements in aid practices and management, particularly the provision of assistance as grants and loans on highly concessional terms. Since 1981, DAC concessional ODA as a proportion of total resource flows to the LDCs has increased steadily, apart from 1982 and 1984; in 1986, the share was 91 per cent. The grant element of DAC concessional assistance also increased from 86 per cent in 1981 to 89 per cent in 1986. The DAC norm of 86 per cent for the LDCs has been met for most bilateral aid from OECD member countries.

23. We are grateful to lead agencies, namely the United Nations Development Programme (UNDP) and the World Bank for the financial and technical support they provided to African LDCs in organizing round-table and consultative group meetings. There are still some countries, however, which have not yet been able to organize such review meetings and we, therefore, urge the lead agencies to actively pursue their roles in this respect.

24. We are also grateful to the donor community for its participation in the review meetings held so far. Donors continued to be very critical about project priorities and LDCs' absorptive capacities relative to Public Investment Programmes (PIPs). The policy dialogue, however, has led to a better

understanding of the LDCs macro-economic policy frameworks and created a better appreciation of their development assistance needs. On the whole, adequate medium-term pledges were made, in addition to short-term quick-disbursing funds and import support for countries undertaking adjustment measures. The actual disbursement of aid funds, however, has been rather slow and inadequate, compared with the requirements of the investment programmes, a factor which has adversely affected programme implementation and hampered economic growth and the development prospects in all African LDCs.

25. We note with satisfaction that some donors have taken measures in the context of UNCTAD Trade and Development Board resolution 165 (S-IX) by cancellation of the ODA debt or other equivalent debt-relief measures in favour of a number of African LDCs.

26. In general, however, the provisions of chapter II on international support measures are far from being fully implemented. These include (a) financial assistance targets of bilateral ODA; (b) adequate increase in the allocation to LDCs of multilateral aid programmes; (c) the creation of new mechanisms for increased financial transfers to LDCs; (d) the improvement of aid modalities; (e) the improvement of current commercial measures and practices (e.g. protectionism, commodity agreements, compensation for export earnings shortfalls, etc.); (f) removal of transport and communication bottle-necks; and (g) transfer and development of technology.

27. The disappointing experience of the 1980s clearly reinforces the need for a global review and appraisal of the SNPA, to consider, formulate and adopt appropriate national and international policies and measures to accelerate the development process in the LDCs during the 1990s, in accordance with national long-term social and economic objectives.

III. Proposals on policies and measures for the 1990s

28. The objectives of the SNPA, inter alia, of introducing major structural changes in the African LDCs, has not been fulfilled. In addition to structural limitations, there have been several other contributory factors such as the protracted drought; deteriorating terms of trade; weak export earnings; capital flight; inadequate ODA and other resource flows; and mounting external debt obligations. These same factors still constitute the major constraints to development, hence the objectives of the SNPA will remain valid for at least the 1990s.

1. National measures

29. African LDCs will continue to implement the necessary macro-economic and sectoral measures in order to pave the way for self-sustained growth and development. This requires efficient macro-economic management, including the effective mobilization and efficient utilization of financial, human and material resources.

30. At the sectoral level, emphasis will be placed on:

(a) Rehabilitation and reconstruction of the food and agriculture sector: Incentive packages, especially remunerative producer prices and easy access of farmers to credit; development and support of small-holder farms; expansion of the cultivable areas, through small-scale irrigation schemes and adequate land tenure systems; development of agricultural research and extension services, environmental protection, especially soil conservation and control of desertification, etc.;

(b) Measures to revitalize the industrial sector: The development of agro-support industries, small- and medium-scale enterprises and other indigenous resource-based industries; restructuring of the sector, and improve managerial capabilities;

(c) Rehabilitation of existing infrastructure and equipment: Roads, especially feeder roads, transport equipment, etc.;

(d) Measures aimed at improving economic and financial management: Liberalization of pricing policies and marketing channels; fiscal and budgetary policies, and the application of other appropriate financial and monetary instruments;

(e) Measures for the development of human resources: Especially middle- and high-level technicians and managers.

2. International support measures

31. Bearing in mind that African LDCs' economies are extremely fragile and more vulnerable to external shocks than those of other developing countries, it has become absolutely necessary to launch an immediate action programme for the period 1991-1995, in order to enable countries to rehabilitate and reconstruct their devastated economies, while ensuring that medium term development is not impaired. Indeed, a similar programme was called for in paragraph 72 of the Substantial New Programme of Action. The main components of the immediate phase should include:

(a) The provision of emergency assistance and financing of all costs involved in the management of relief operations caused by food and other emergencies;

(b) Complete write-off of debt-service obligations or at least a total conversion of all bilateral ODA debts into grants, on an indiscriminatory basis;

(c) Substantial and multi-year scheduling of private debts, including the waiving of service payments for the period of the immediate action programme;

(d) Enlarged financial assistance, especially ODA, in volume and terms, corresponding to the immediate and long-term development needs of the African LDCs;

(e) Greater share of African LDCs in multilateral financing, including the International Development Association (IDA), the Special Facility for sub-Saharan Africa and the newly established Special Action Programme of the World Bank, and the Enhanced Structural Adjustment Facility (ESAF) of the IMF. Resources should be made readily accessible and disbursed unconditionally. An increase in the disbursement of multilateral financial institutions should be ensured, so as to increase substantially net disbursements to African LDCs;

(f) Greater flexibility and an increased share of resources to the African LDCs under the existing compensatory financing facilities for export shortfalls and increased accessibility of their primary commodity exports to the markets of industrialized economies;

(g) The tailoring of the design, conditionalities and performance criteria of structural adjustment and stabilization programmes to the particular characteristics of the African LDCs; the integration of such programmes in the framework of the LDCs' medium- and long-term socio-economic development objectives.

3. Arrangements for the second United Nations Conference on LDCs

32. We mandate the ECA and OAU secretariats, in collaboration with UNCTAD, to establish a framework for interregional negotiations among all LDCs on the agenda of the Second United Nations Conference on Least Developed Countries and to inform the LDCs in the other regions of this aspiration of the African LDCs. In particular, the meetings of Governmental Experts from Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with representatives of LDCs, to be held in Geneva, from 22 to 31 May 1989; the UNCTAD Intergovernmental Group on LDCs (Preparatory Committee on the second United Nations Conference on LDCs), Geneva, 26 March to 6 April 1990; and the second United Nations Conference on LDCs, to be held in Paris, from 3 to 14 September 1990, provide an excellent opportunity to adopt a common position on the appropriate national and international policies and measures to accelerate the development process in the LDCs during the 1990s.

IV. Conclusions

33. We, the Ministers responsible for economic development and planning of African least developed countries, once again, strongly reaffirm that the primary responsibility for the overall development of our countries remains with our own Governments. We are determined to continue our efforts in making the necessary adjustment measures so as to restore growth and development.

34. We call on the international community, however, to honour its commitment. In this regard, the immediate action programme proposed for 1991-1995, as a component of the decade programme of the 1990s, represents the minimum package required to enable our countries to recover adequately and to lay the foundations for self-sustained economic growth and development. The measures involved are not beyond the means of the international community and we are confident that its response will be positive.

35. Finally, we firmly believe that the success of any strategies and policies arising from the second United Nations Conference on LDCs, for the 1990s, will depend on mutually reinforcing commitments and the dedication both of the international community and the LDCs themselves, to create an environment for adequate recovery and for self-sustained economic growth and development. The primary concern in such development co-operation efforts must be to raise the living standards, of the LDCs' population as a whole.