




**UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL**

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Distr.
LIMITED

E/ECA/LDCs.4/7
23 May 1984

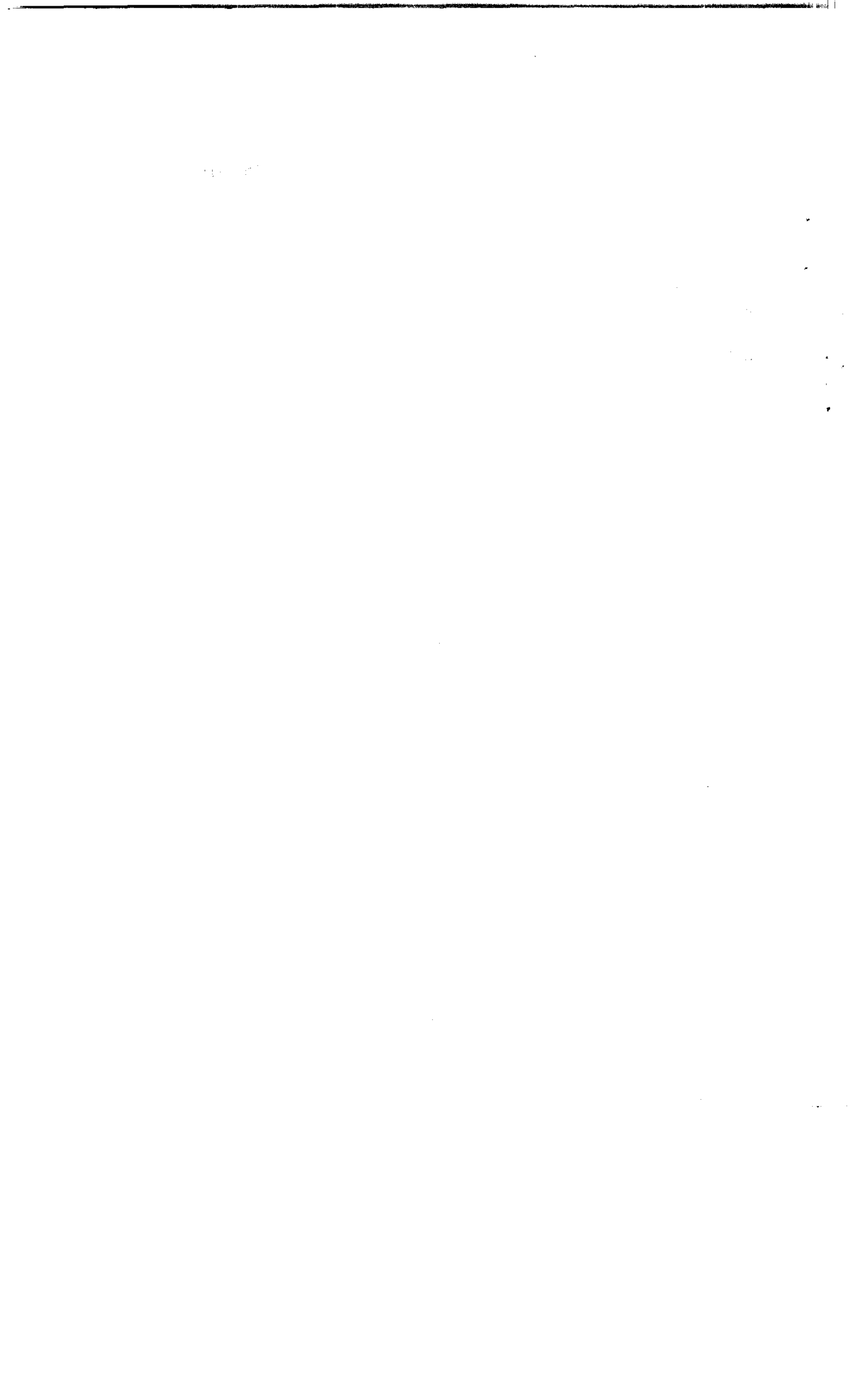
Original: FRENCH

ECONOMIC COMMISSION FOR AFRICA

Fourth Meeting of the Conference of Ministers
of African Least Developed Countries

Addis Ababa, 22-23 May 1984

DRAFT REPORT



A. ATTENDANCE AND ORGANIZATION OF WORK

1. The fourth meeting of the Conference of Ministers of African Least Developed Countries was held at Addis Ababa, Ethiopia, from 22 to 23 May 1984. Opening statements were made by Comrade Mersia Ejigu, with the rank of Minister, Head of General Planning, of NEDC and CPSC and COPWE Central Committee alternate member, the Executive Secretary of the United Nations Economic Commission for Africa, Mr. Adebayo Adedeji, and the Assistant Secretary General of the OAU, Mr. Paul Etiang.
2. Representatives of the following African least developed countries attended the meeting: Benin, Burundi, the Central African Republic, Chad, Djibouti, Equatorial Guinea, Ethiopia, Guinea, Mali, Lesotho, Malawi, Niger, Rwanda, Sierra Leone, the Sudan, the United Republic of Tanzania, and Uganda. There were also observers from Canada, China, Cuba, Czechoslovakia, Egypt, France, the German Democratic Republic, and Indonesia, as well as the following United Nations agencies and inter-governmental organizations: the United Nations Development Programme (UNDP), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Food Council (WFC), the World Intellectual Property Organization (WIPO), the International Trade Centre (ITC), the Organization of African Unity (OAU), and the Department of Technical Co-operation for Development and the Office of the Director General for Development and International Economic Co-operation.
3. The Conference elected the following officers: Chairman: His Excellency Mr. Mohammed Ag Hamany, Minister of Planning of Mali, Vice-Chairman: His Excellency Mr. Yodayman Josephy, Minister of Planning and National Reconstruction of Chad; and Rapporteur, His Excellency Mr. R. Ocungi, Ambassador of Uganda to Socialist Ethiopia.

3. AGENDA

4. The fourth meeting of the Conference of Ministers of African Least Developed Countries adopted the following agenda:

1. Opening of the meeting
2. Statement by the Executive Secretary
3. Election of Officers
4. Adoption of the Agenda and organization of work
5. Consideration of the report, recommendation and draft resolutions of the Third meeting of the Inter-governmental Committee of Experts of African Least Developed Countries
6. Consideration and adoption of the Report of the Fourth Meeting of the Conference of Ministers of African Least Developed Countries
7. Closure of the meeting.

C. ACCOUNT OF PROCEEDINGS

5. In his opening statement, Comrade Mersie Ejigu welcomed the various delegations and recalled the hopes that the various discussions held in the late 1970s in the United Nations General Assembly and during the fifth Session of UNCTAD had raised with respect to the restructuring of international economic relations. Those hopes had been bolstered by the adoption, in 1981, of the Substantial New Programme of Action for the Least Developed Countries and, in Africa, by the adoption of the Lagos Plan of Action which gave special attention to African LDCs.

6. He recalled the essential aspects of SNPA, in particular the commitment by donor countries to devote, 0.15 per cent of their GNP to official development assistance (ODA) for LDCs by 1985. There had, however, been a certain stagnation if not a reduction, in the flows of concessional aid from donor countries and bilateral and multilateral financing agencies. The trend towards stagnation in the level of external assistance was occurring at a time when African countries, particularly the least developed among them, were going through an unprecedented economic and social crisis caused largely by drought and desertification. As a result 24 African countries, including a majority of LDCs, could face famine within this year if they were not granted emergency food aid.

7. On the subject of the harm caused to man and nature by drought and desertification, he invited the meeting to ponder on the dialectical relationship between poverty, desertification and poor land management. To illustrate the crisis, he cited poor performance in the agricultural sector, due in part to low productivity and poor land utilization, in the face of high population growth. Africa's food situation was becoming increasingly critical and the continent was becoming more and more dependent on food imports.

8. With respect to the global growth in the economies of the African LDCs, there had been an overall real decline in GDP growth in the African LDCs from 0.5 per cent in 1981 and 0.8 per cent in 1982 to -0.2 per cent

in 1983. The main reasons for that unfavourable trend were the deterioration in the terms of trade, particularly the decrease in the prices of products exported by African LDCs which reduced resources available for investment in the agricultural sector and the acquisition of the inputs needed for production in the manufacturing sector. Planning therefore needed to take due account of production constraints by allowing for the choice, transfer and development of appropriate technologies for African countries.

9. In view of the specific nature of the crisis facing African countries, particularly the least developed among them, he touched once more on SNPA especially the programme for immediate action by calling in particular for (a) respect of the programme in making any request for aid; (b) rescheduling of the external debts of LDCs without discrimination especially through the outright cancellation of debts or their conversion into grants and (c) supporting export earnings of LDCs by creating compensatory financing facilities especially within IMF. It was absolutely necessary to implement those measures because of the position taken by the developed countries during the Sixth meeting of UNCTAD held in Belgrade and in particular because of the discriminatory individual debt cancellation measures notwithstanding the fact that SNPA was a global programme for all the LDCs.

10. He ended by wishing the Fourth Conference of Ministers of African Least Developed Countries every success and expressed the hope that the report of the Third Meeting of the Inter-governmental Committee of Experts of African Least Developed Countries which was before the Conference would be accompanied by recommendations on mechanisms that could exert collective pressure on the international community to ensure that SNPA was effectively implemented.

11. In his statement, the ECA Executive Secretary, Mr. Adebayo Adedeji thanked the delegations that had managed to come to Addis Ababa despite the changes in date and place of the Conference. It was an indication of good faith which facilitated effective regional co-operation and the supervision as well as monitoring of the implementation of SNPA. Moreover, the admission by the United Nations General Assembly of five new African members in to the group of least developed countries, was proof of the deterioration in Africa's economic and social situation. Indeed, very

many African countries were going through a period of unprecedented economic and social crisis. That situation was particularly serious in the African LDCs because of the weakness of their structures and their vulnerability to external crises and natural calamities such as drought, desertification and unfavourable climatic conditions. That unfavourable economic and social environment had had harmful effects on agricultural and food production creating critical food deficits in 16 of the 26 African least developed countries.

12. The seriousness of those problems had resulted in a tour of nine southern African countries and eight west African countries by the United Nations Secretary General, Mr. Javier Perez de Cuellar, to assess the situation in those countries and to mobilize substantial technical and financial assistance from the international community. The visits had also enabled the Secretary-General to evaluate the multi-dimensional nature of the problem particularly the critical food situation shortages of water and food for livestock because of drought and desertification, as well as the crisis in the energy sector following the drop in the level of water for hydro-electric dams. Moreover, the structural budget deficits of most LDCs had worsened considerably because of the decrease in earnings derived mainly from exports, the drop in world demand and fall in world raw material crisis, the decrease in the production of agricultural raw materials and the deterioration in the terms of trade of LDCs. Consequently, non-concessional as well as concessional official development assistance had decreased considerably despite the commitment made in Paris by the developed countries to devote 0.15 per cent of their GNP to official development assistance by 1985. LDCs had thus been forced

to borrow at market conditions hence increasing the burden of their external debts. Due to their inability to service their debts, many LDCs had been obliged to implement structural adjustment or economic and financial stabilization programmes carrying in their wake heavy constraints especially for LDCs.

13. The Secretary-General had continued his initiatives by sending missions aiming at sensitizing and at donor countries mobilizing the aid required to meet the problems. He had then (a) mobilized all the agencies of the United Nations system to seek appropriate solutions to the current crisis in Africa, (b) established an advisory group within the United Nations Secretariat, and (c) set up a temporary office in Nairobi to deal with emergency problems in each of the African countries affected in order to help in putting forward concrete proposals to be submitted to the United Nations Economic and Social Council.

14. The Executive Secretary then reminded the meeting that the main issues discussed by the inter-governmental committee on experts of African least developed countries comprised mainly the study of the economic and social situation in the African least developed countries (1981-1983), progress achieved in implementing the Substantial New Programme of Action, pricing policies in African LDCs, the consideration of activities carried out by ECA in 1983 and ECA's work programme for 1984 in favour of African LDCs. The quality of work done by the experts had been excellent. He however drew the attention of the Conference to some critical questions raised by the meeting of experts.

15. With respect to some of the measures taken to manage the economies of African LDCs, investments had been re-allocated in favour of key sectors, there was strict budgetary control, exports were being promoted despite a saturation in world demand, some producer prices, especially in the agricultural sector, had been raised and there were realistic external reserves management and exchange rate policies. Those measures had resulted in the rehabilitation of some production units in some countries and had given agricultural producers the incentive to increase their marketable surpluses.

16. With respect to the current economic and social situation of African LDCs, the annual average growth rates of GDP in real terms had fallen from 3.3 per cent in 1981 to 0.2 per cent in 1983 following the decline in agricultural production as well as the drop in manufacturing production which were linked to the shortage of foreign exchange to purchase raw materials and other imported intermediate goods as well as the energy crisis which had resulted in the underutilization of existing industrial equipment. The problems relating to the heavy external indebtedness of African LDCs and the application of national currency devaluations designed as measures to accompany the structural and economic and financial stabilization programmes had also been included in the study. He finally appealed to African countries, especially LDCs, to regularly respond to the questionnaires sent to them each year by the secretariat because such replies were indispensable a meaningful study that could be carried out on developments in Africa's economic and social situation.

17. Regarding implementation of the Substantial New Programme of Action, the Executive Secretary informed the Conference that the objective that developed countries set themselves to transfer 0.15 per cent of their GNP to LDCs as official development assistance or to double such assistance would not be attained by 1985. The review meetings organized to date had proposed strategies and policies in line with the Lagos Plan of Action, particularly, in terms of sectoral distribution of investments, in spite of that donor countries were becoming more vocal in their reservations as to the ability of LDCs to absorb the investments they requested not to mention their ability to mobilize domestic savings to the extent expected under the various programmes. In the context of preparations for the global mid-term review of the implementation of SNPA scheduled for 23 September to 4 October 1985 UNCTAD plans to convene a meeting of governmental experts on development co-operation from donor countries and bilateral, multilateral, financial and technical assistance agencies with LDC representatives from 1-10 May 1985. Accordingly, countries that had yet to organize the review meetings were invited to do so as quickly as possible so that better preparations can be made for the global mid-term review of 1985. Furthermore, UNDP and the World Bank were to be commended for the financial and technical assistance provided for the preparation of working

documents for the round table and for having accepted to participate in the establishment of round table follow-up mechanisms in each African LDC.

18. In the context of steps to be taken to implement the recommendations contained in chapter I of the SNPA, ECA secretariat in co-operation with UNCTAD had submitted a study on pricing policies in African LDCs based on case studies on seven African LDCs. Finally, in its activities for 1983, and 1984-1985 work programme to benefit African LDCs, ECA secretariat was having financial difficulties in conducting the studies recommended by the Conference at its last session, particularly with regard to the technical assistance requested by LDCs. In that connexion the Assistant Administrator of UNDP, Mr. Pierre Claver-Dariba, Regional Director for Africa, donor countries and agencies might seriously consider ECA's financial problems and come up with appropriate solutions.

19. Mr. Paul Etiang, Assistant Secretary-General of OAU speaking on behalf of the Acting Secretary-General of that organization stated that the current Conference was taking place 20 years after most African countries became politically independent four years after the African heads of States and Governments adopted the Lagos Plan of Action and Final Act of Lagos and two and a half years after the SNPA in favour of LDCs had been adopted. In spite of these various measures, it was deplorable that the international economic environment had not provided the LDCs with the necessary support to ensure the success of the development efforts being made by the countries. The United Nations specialized agencies, ECA, UNDP and UNCTAD were particularly to be commended for the approach they have made to donor countries and agents in order to provide the LDCs with the necessary technical financial assistance for winning the struggle for survival in which those countries were engaged.

20. On its part, OAU would continue giving its unqualified support to the programmes defined by African LDCs under their current national development plans and in line with the Lagos Plan of Action and Final Act of Lagos. Donor countries and agencies should define project evaluation and selection criteria adapted to the specific situation of each LDC. For African LDCs measures should be adopted to reduce the heavy dependency of their economies on the outside world, particularly, through the promotion of solidarity and co-operation activities at the subregional and regional levels.

21. Comrade Mersie Ejigu taking the floor as chairman of the outgoing Bureau reminded the Conference that the admission of five new African members to the group of LDCs bore witness to the worsening economic and social crisis in Africa. He reiterated the urgency for measures to be taken particularly to mobilize further external assistance for LDCs in order to help those countries to weather the serious economic and social crisis they were undergoing. In that regard he welcomed the initiative taken by the United Nations Secretary-General to set up a temporary office in Nairobi to deal with the economic and social crisis and congratulated the Executive Secretary on his designation as the Secretary General's special representative in charge of that office. His appreciation went to other members of the outgoing Bureau and to all African LDCs that had assisted him during his term of office. He wished the incoming Bureau every success.

Agenda item 5: Consideration of the report, recommendations and draft resolutions of the Third meeting of the Inter-governmental Committee of Experts of African Least Developed Countries.

22. Opening the debate on consideration of the report, recommendations and draft resolutions submitted by the Third meeting of the intergovernmental committee of experts of African Least Developed Countries held from 9 to 12 May 1984 in Addis Ababa, Ethiopia, the Executive Secretary once again highlighted the major bottlenecks to the economic and social developments of African LDCs, in particular the vulnerability of their economies to such natural disasters as drought, desertification and to external shocks.

23. The Chairman of the Intergovernmental Committee of experts of African LDCs introduced the report of the Third meeting of the Committee dealing with (a) the proceedings of the opening session of the Third meeting of the Committee; (b) consideration of the economic and social situation in African

Least Developed Countries from 1981 to 1983; (c) evaluation of the implementation of SNPA in African LDCs and the draft resolution on measures for ensuring its effective implementation; (d) the study on pricing policy in African LDCs and the draft resolution on such policy; and (e) consideration of activities undertaken by ECA in 1983 and the 1984 work programme in favour of African LDCs.

24. From 1981 to 1983 the social economic situation of African LDCs had been characterized by poor performance in nearly every sector. As a matter of fact, GDP growth in real terms have been as negative as -0.2 per cent in 1983 reflecting the per capita income barely exceeding \$100.00. In public financing there had been widespread budget deficits often of a structural nature and in cases attaining 8 per cent of GDP. The balance of payments difficulties arising largely from the decline in export earnings, the deterioration in terms of trade and the resulting reduction of import capacity had had repercussions on almost every sector, particularly, the production sectors which required heavy import contents. After giving some indications of trends observed in the major sectors of the economies of African LDCs, he drew the attention of the Conference to the fact that no specific chapter was included on the external indebtedness of African LDCs because of the fourth coming seminar on the subject which would provide a forum for a more comprehensive exchange of views.

25. In terms of implementation, the performance rate had been poor both on the part of donor agencies and countries meeting their commitment made at the Paris conference to provide technical and financial assistance and on the part of LDCs organizing their review meetings. Difficulties were being experienced in getting development programmes off the ground because the volume of ODA was fluctuating, follow-up mechanisms were inadequate and donor countries and agencies often considered investment requests too ambitious.

26. Introducing the study and proceedings on pricing policies in African LDCs the Chairman highlighted the problems encountered in the collection and utilization of price statistics. The objective of the study was to improve the pricing structure and to make pricing an effective instrument of economic policies. The Conference was then given a gist of the draft resolutions annexed to the reports of the Third Meeting of the Intergovernmental Committee of Experts of African LDCs and, of the activities undertaken by ECA in 1983, and the 1984-85 work programme in favour of African LDCs.

(a) Consideration of the Economic and Social Situation of African Least Developed Countries

27. When the debate was opened on this report certain delegations made corrections in the country case studies and in some of the statistics and GDP growth rates indicated in the report. In the energy policy of one country, peat was gradually replacing coal and solar energy was being promoted. Another delegation pointed out that its country produced no petroleum. Reservations were expressed about the coherence of real GDP growth rates indicated for certain countries. Corrections to the statistics would accordingly be handed in to the secretariat.

28. In response to statements made on this item, the representative of the secretariat said that the discrepancies in the statistics indicated in the study had arisen from the difficulties encountered in collecting and processing the statistics available in the countries. In order to harmonize the various Conference documents and on the basis of the most recent estimates the GDP growth rate in real terms would be set at 3.3 per cent in 1981, 1.9 per cent in 1982 and minus 0.2 per cent in 1983. This would conform to the corrigendum that had been issued. At the request of one delegation the financing secured after the organization of the round table with funding agencies in that country would be reported as 70 per cent of the projects submitted. On the whole, delegations congratulated the secretariat for the quality of the study presented.

(b) Implementation of the Substantial New Programme of Action in the African Least Developed Countries

29. On this agenda item, representatives indicated that their country review meeting would be held in 1985. Certain delegations informed the Conference about the economic restructuring going on in their countries particularly through the revision of existing national development plans, the implementation of national recovery programmes and the setting up of joint committees of funding agencies which would conduct quarterly appraisals of aid programmes and project implementation. The problem of absorbing the assistance mobilized still remains.

30. In order to facilitate the preparation of the global mid-term review of SNEA and a comprehensive appraisal of the implementation of the programme in African LDCs, certain delegations proposed (a) that questionnaires should be sent to the countries concerned for consideration and response and national officials designated to gather the information required, it being understood that the questionnaires should be different from those sent out each year for the preparation of the survey of economic and social conditions; and (b) that the secretariat, in co-operation with UNCTAD, should organize bringing together national officials responsible for the follow-up of SNEA.

31. Commenting on the absorptive capacity of LDCs, one delegation pointed out that the problem could be attributed to the negative attitude of donor countries and agencies to the requests formulated by LDCs. In that vein, he recalled the statement made by the UNDP representative to the Committee of Experts regarding innovations and changes to be made in the procedures for preparing and organizing review meetings as well as follow-up mechanisms. The ideas and recommendations on the various items would be forthcoming from UNDP and from the LDCs themselves. Summarizing that part of the discussions, the Chairman pointed out the urgency of taking immediate action as provided for in the SNEA so as to remove the constraints holding back the launching of the second phase. One delegation wished to know the difference between the UNDP round tables and the World Bank consultative group meetings.

32. Responding to the concern expressed by representatives about follow-up of the implementation of SNEA, the representative of UNCTAD welcomed the proposal for organizing a workshop. UNCTAD secretariat would seek ways and means of mobilizing the necessary resources. Certain representatives wondered whether the global mid-term review would be advisable given the low volume of firm commitments and actual disbursements made after the round table. The Executive Secretary also deplored the situation and observed that the countries reserved the right to choose what type of review meeting they wanted (UNDP round tables or World Bank Consultative Group Meetings). The role of either institution

was merely to render assistance once the choice had been made. Noting the differences in evaluation of the results of round tables given by ECA and by the organizing countries, he called for a greater degree of realism and objectivity in the estimation of commitments made by donor countries and agencies. He informed the meeting that ECA secretariat would conduct an appraisal of round tables and consultative group meetings including bilateral contacts made by certain LDCs with donor countries and agencies in 1985. The formalities should be speeded up and well conducted in order to give African LDCs adequate preparation for the global mid-term review. As to the advisability of such a review, the UNCTAD representative recalled that it was both a way of assessing the degree to which SIDA objectives had been attained and acting on a decision taken by the United Nations General Assembly. Apart from the reservation expressed by one representative on the high cost of follow-up and review missions conducted in donor countries and agencies the ensuing remarks focused generally on the reformulation of certain parts of the expert report and the explanations given by one representative on the postponement of his country's round table to 1985 in order to allow for the necessary consultations particularly at the national level. Clarification was requested as to whether there were special provisions for landlocked LDCs and certain representatives specified which ministry/department in their countries were responsible for identifying appropriate means of increasing the absorptive capacity of their economies.

(c) Pricing policies in African Least Developed Countries: Issues for consideration

33. Participants congratulated the secretariat for the quality of the study and requested that its purpose should be clarified in light of the contributions made by the Committee of Experts. One representative expressed the view that in African LDCs, guaranteed markets were more important than prices and that some of the conclusions of the study seemed subjective. Another representative reiterated the need to integrate pricing policies into a broader macro-economic context in order to highlight the effects on other sectors of the economy and to allow for the prior economic analyses required before any pricing decisions could be taken. In taking note of the study, the Conference requested that all the considerations which were made for the formulation of an appropriate pricing policy should be taken into account. A recommendation would duly be made on that basis.

(d) Consideration of activities undertaken by ECA in 1983 and of the 1984 work programme in favour of African Least Developed Countries

34. Participants made no specific observation on this agenda item. The Conference therefore took note of the secretariat's report as amended by Committee of Experts.

35. The Chairman concluded by thanking participants for their contribution to the debate, more specifically for the proposals that improved the quality of the various studies and for sharing their experiences in the implementation of SNPA in African LDCs.



ANNEX

Tentative Schedule of Country Review Meetings as follow-up to
the Substantial New Programme of Action
(As of April 1984)

	Least Developed Country	Government Focal Point	Consultative Mechanism	Date of Country Review Meeting
1.	Benin	Ministry of Planning, Statistics and Economic Analysis	UNDP Round Table	Held 28 February to 4 March 1983
2.	Botswana	Ministry of Planning	Continuation of ongoing bilateral exercises UNDP Round Table	(Postponed in- definitely)
3.	Burundi	Ministry of Planning	UNDP Round Table	Held 8-11 February 1984
4.	Cape Verde	Secretary of State for Co-operation and Planning	UNDP Round Table	Held 21-23 June 1982
5.	Central African Republic	Haut Commissariat chargé du Plan et de la Coopération économique et financières	UNDP Round Table	October, 1984
6.	Chad	Ministry of Planning (Commissaire au Plan)	UN/OAU meeting on the Reconstruction of Chad helped prepare documentation. UNDP Round Table	Held 29-30 November 1982 (To be discussed)
7.	Comoros	Ministry of Planning	UNDP Round Table	(2-4 July 1984)
8.	Djibouti	Ministry of Foreign Affairs and Cooperation Ministry of Finance and National Economy	UNDP/ECA Round Table	Held 21-23 November 1983

	Least Developed Country	Government Focal Point	Consultative Mechanism	Date Country Review Meeting
9.	Ethiopia	Ministry of Planning	UNDP Round Table	(Dates to be established)
10.	Equatorial Guinea	Presidency	UNDP Round Table	Held 19-21 April 1982 1/
11.	Gambia	Ministry of Planning	UNDP Round Table	(October 1984)
12.	Guinea	Ministry of Planning	UNDP Round Table	(Dates to be established) 1985
13.	Guinea Bissau	Prime Minister's Office	UNDP Round Table	(21-23 May 1984)
14.	Lesotho	Ministry of Planning	UNDP Round Table	(14-17 May 1984)
15.	Malawi	Ministry of Finance	UNDP Round Table	Held 27-29 February 1984
16.	Mali	Ministry of Planning	UNDP Round Table	Held 13-16 December 1982
17.	Niger	Ministry of Planning	UNDP Round Table	(Second half 1984)
18.	Rwanda	Ministère des Affaires Etrangères et de la Coopération	UNDP Round Table	Held 1-4 December 1982
19.	Sao Tome & Principe	Ministry of Planning	UNDP Round Table	(Dates to be established)
20.	Sierra Leone	Ministry of Development and Economic Planning	UNDP Round Table	(Dates to be established, 1984)
21.	Somalia	Ministry of National Planning	World Bank Consultative Group	Held 26-28 October 1983

Least Developed Country	Government Focal Point	Consultative Mechanism	Date of Country Review Meeting
22. Sudan	Ministry of Finance & Economic Planning	World Bank Consultative Group	Held 12-14 January 1983 Held 14-16 January 1984
23. Togo	Ministry of Planning	UNDP Round Table World Bank	May 1985
24. Tanzania	Ministry of Planning and Economic Affairs	World Bank Consultative Group	To be established in 1984
25. Uganda	Ministry of Planning and Economic Development	World Bank Consultative Group	Held in May 1982 Held 24-26/27 January 1984
26. Upper Volta	Ministry of Planning	UNDP Round Table	(Dates to be established, 1984)

1/ A UNDP Round Table was held in April 1982 for Equatorial Guinea, but as the country was not added to the list of LDCs until the thirty-seventh session of the General Assembly at the end of 1982, this meeting did not take place in the framework of paragraph 113 of the SNPA.

