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Second meeting of the Technical
Preparatory Committee of the Whole

Freetown, Sierra Leone,
24 March - 2 April 1981

ECONOMIC COMMISSION FOR AFRICA

Sixteenth session of the Commission/
Seventh meeting of the Conference of
Ministers

Freetown, Sierra Leone, 6-11 April 1981

ECONOMIC COMMISSION FOR AFRICA

First meeting of the Conference
of Ministers of African Least
Developed Countries

Addis Ababa, Ethiopia, 27-31 July 1981

PROGRESS REPORT ON PREPARATIONS FOR THE FIRST MEETING OF THE ECA CONFERENCE OF
MINISTERS OF THE AFRICAN LEAST DEVELOPED COUNTRIES (27 - 31 JULY 1981) AND THE
UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES (1-14 SEPTEMBER 1981)

A. Historical background

1. In resolution 122 (V) adopted by the fifth session of the United Nations Conference on Trade and Development (UNCTAD) a Comprehensive New Programme of Action for the Least Developed Countries consisting of two phases was launched. The Immediate Action Programme (1979-1981) which constitutes the first phase is intended to give an immediate stimulus to the economies of the LDCs including immediate support for urgently needed projects and to pave the way for much larger longer-term development efforts. The second phase consists of a Substantial New Programme of Action for the 1980s with the objectives of transforming the economies of the LDCs toward self-sustained development and enabling them to provide at least the minimum standards of the basic requirements of nutrition, health, transport, housing, education and employment opportunities for the entire rural and urban population.
2. Detailed steps for the planning and approval of the Substantial New Programme of Action for the 1980s are contained in the resolution. It is stated that, first of all, a global effort is required to mobilize international support and should go hand in hand with planning for a greatly expanded programme to be carried out by each least developed country with the necessary international support. UNCTAD, in close collaboration with other relevant bodies and organs of the United Nations, prepared detailed studies which contained recommendations for the operation of the Programme. A Group of High-level Experts to be convened by UNCTAD was to consider these studies. The recommendations of the Group of High-level Experts was to be reviewed in turn by the UNCTAD Intergovernmental Group on the Least Developed Countries at its third session, called for that purpose. In view of the importance of the action to be taken, the General Assembly was invited to convene a United Nations Conference on the Least Developed Countries to finalize, adopt and support the Programme.
3. The Group of High-level Experts met in Geneva from 26 to 30 November 1979. In its report (TD/B/775) the Group made a number of recommendations on various fields. Specifically it stressed the need to mount a Programme of sufficient size and intensity to make a decisive break with the past stagnation and the bleak prospects facing the least developed countries. Moreover, it noted that the resources required for the massive achievement of significant and progressive change in the least developed countries were well within the world's capacities.
4. The General Assembly in resolutions 34/203 and 34/210 of 19 December 1979 decided to convene a United Nations Conference on the Least Developed Countries with the objective of "finalizing, adopting and supporting" the Substantial New Programme of Action for the 1980s, requested the Secretary-General of the United Nations to designate the Secretary-General of UNCTAD as Secretary-General of the United Nations Conference on the Least

Developed Countries and decided to designate the Intergovernmental Group on the Least Developed Countries of UNCTAD to act as the Preparatory Committee for the United Nations Conference on the Least Developed Countries. The Intergovernmental Group was further requested to monitor the progress made on the Immediate Action Programme 1979-1981.

5. At the first session of the Preparatory Committee held in Geneva in February 1980 the Committee reviewed the work of the Group of High-level Experts and the studies on the Substantial New Programme of Action undertaken by the UNCTAD secretariat and in other organizations of the United Nations system including ECA, considered recommendations on the least developed countries for inclusion in the new International Development Strategy and also undertook a preliminary discussion of the major issues concerning the organization of the United Nations Conference on the Least Developed Countries.

6. At its second session also held in Geneva in October 1980, the Committee made specific recommendations with regard to progress under the Immediate Action Programme and the preparations for the United Nations Conference on the Least Developed Countries.

7. An intergovernmental conference was convened by ECA at Addis Ababa from 17 to 22 March 1980 to consider the problems and prospects of the African least developed countries and particularly the implications of the Comprehensive New Programme of Action regarding national development programmes, the mobilization of external resources and required machinery at the regional level. The Conference reviewed the critical circumstances of the African least developed countries, identified areas requiring urgent action, analysed provisions made for the least developed countries at the international level and adopted a set of specific proposals and courses of action. The report of the Conference and its consolidated statement on strategies, priorities and policies for the African least developed countries were endorsed by the fifteenth session/sixth meeting of the Conference of Ministers in resolution 397(XV), which inter alia affirmed that ECA had a special role to play in the monitoring, review and evaluation of the implementation of the Comprehensive New Programme of Action on behalf of the African least developed countries. It also recommended the establishment of a Conference of Ministers of the African Least Developed Countries.

8. The decision to establish an annual Conference of Ministers of the African Least Developed Countries is an indication of the growing attention that the Commission is giving to the poorest and economically weakest of its members. Of the 20 African countries classified as least developed,^{1/} 11 are land-locked and two are island countries; five other African countries have since requested to be included in the list of least developed countries: Djibouti, Equatorial Guinea, Guinea-Bissau, Sao Tome and Principe and Seychelles.

^{1/} The 20 African least developed countries are: Benin, Botswana, Burundi, Cape Verde, the Central African Republic, Chad, the Comoros, Ethiopia, the Gambia, Guinea, Lesotho, Malawi, Mali, the Niger, Rwanda, Somalia, the Sudan, Uganda, the United Republic of Tanzania and the Upper Volta.

Together the 25 African countries represent two thirds of the world's least developed countries, about two fifths of the total number of developing African countries and about one third of their total population. Other African countries might still be added to the list of least developed countries. The situation in these countries has become so precarious and their prospects so bleak that nothing short of an extraordinary expansion of collective efforts is needed to enable them to achieve the structural transformations which are necessary for their sustained and self-reliant development.

9. The agenda of this year's Conference of Ministers of African Least Developed Countries includes:

- (a) Review and appraisal of economic and social conditions (1970s) in the African LDCs
- (b) Review of progress made in the implementation of:
 - (i) The Immediate Action Programme 1979-1981
 - (ii) The Substantial New Programme of Action for the 1980s in the African LDCs
- (c) Studies on aid modalities
- (d) ECA work programme for African LDCs, review and evaluation of regional and international activities in favour of the African LDCs and efforts made to co-ordinate these activities and establish priorities
- (e) Review of the preparations for the United Nations Conference on the Least Developed Countries.

10. The Conference is to be convened at Addis Ababa from 27 to 31 July, after the review meetings of the African LDCs referred to later in this document have been held, thus making it possible to develop an African position.

11. The General Assembly, in resolution 34/210, paragraph 5, requested the Preparatory Committee "to monitor progress" under the Immediate Action Programme. At its first session the Preparatory Committee decided, in resolution 5(III), paragraph 12, to monitor, review and evaluate progress under the Immediate Action Programme at the global level and invited the regional commissions, in consultation with UNCTAD, to monitor, review and evaluate progress under the Immediate Action Programme (1979-1981) at the regional level. In paragraph 4 of the same resolution the international donor community, including the multi-lateral agencies, was invited by the Preparatory Committee to take up the issue as a matter of urgency, and in any case not later than at the second session of the Preparatory Committee, and to indicate in writing the steps they proposed to undertake in order to implement the commitments undertaken in UNCTAD resolution 122 (V), in particular the efforts being made "with a view to doubling as soon as possible the flow of official development assistance to the least developed countries, taking into account the relative performance

of donor countries, in order to contribute to the preparation and implementation of the Comprehensive New Programme of Action", taking into account the special efforts already made by some donors. It also invited donor countries and multilateral agencies to indicate, in written statements, at the forthcoming sessions of the Preparatory Committee what they were doing to take all possible immediate steps for the provision of the much larger flows which would be required for the implementation of the Substantial New Programme of Action for the 1980s.

B. Declining growth rates of the least developed countries and their consequences

12. From the second session of the Preparatory Committee as well as visits undertaken by the ECA secretariat it would seem that the progress made in the implementation of the Immediate Action Programme is painfully slow. In fact, since the launching of the Comprehensive New Programme of Action at UNCTAD V, about two years have elapsed but the commitment to alleviate the very difficult economic situation in the least developed countries has not been implemented in concrete terms. Under the circumstances, the plight of the least developed countries is assuming serious proportions. It is even more alarming to note that a number of the African least developed countries are sliding backwards, recording a negative per capita growth rate, which indicates an even further deterioration in the deplorably low standard of living existing in these countries.

13. Mounting inflation and a seriously deteriorated balance of payments is seriously affecting many of the least developed countries making it extremely difficult to undertake short- and medium-term planning. Import prices are rising fast and the cost of the capital formation required has to be continuously revised upwards unless a stabilization programme is adopted for two or three years as a prerequisite of medium- and long-term development planning. The Immediate Action Programme must aim at utilizing existing excess capacities before installing new ones. Another major requirement of the Immediate Action Programme is adequate emergency support to cover balance-of-payments deficits. The short-term stabilization programmes emphasized immediate measures to utilize existing excess capacities, curb inflation and reduce the substantial balance-of-payments deficits before starting new projects.

14. The African least developed countries as a group have in general failed to grow during the past two decades ^{2/}. After a slow GDP growth of 3.7 per cent during the 1960s, the performance of these countries slipped further to a growth rate of 3.1 per cent in the 1970s, with the share contributed by the commodity producing sectors steadily falling. In terms of per capita output, this implies respective annual growth rates of merely 1 per cent overall and 0.4 per cent in commodity sectors. There was in fact a serious decline in the per capita income levels in some countries. Many important sectors, such as per capita food production declined noticeably. Against the background of the inflation of the past several years, it was inevitable that mass poverty, unemployment and underemployment

^{2/} See ECA Survey of Economic and Social Conditions in Africa, 1979-1980, Part II, Section B, on African Least Developed Countries.

should expand seriously in these countries. Further, sharp increases in import prices, especially oil imports, severe fluctuations in export prices and the general deterioration of the terms of trade have all contributed to constrain the foreign exchange position of these countries, limited their capacity to acquire essential imports of consumer and capital goods and left them with very little flexibility in the use of resources or the pursuit of new policies.

15. These inflationary tendencies also prevented the Government from increasing both direct and indirect taxation. Domestic savings in real terms remained stagnant if not declining. Under these conditions it became extremely difficult to adjust the economy to the higher import prices of all commodities and in particular oil. Export promotion and import substitution require substantial resources for fixed capital formation both to achieve self-sufficiency in food production and to promote industries that could supply this important sector with its essential needs of fertilizers, agricultural machinery, new propagated seeds, regular water supplies, etc.

16. Recognizing the lack of progress in the implementation of the Immediate Action Programme and realizing the urgent need to improve the economic situation in the least developed countries, the United Nations General Assembly at its eleventh special session urged all developed countries, developing countries in a position to do so, multilateral development institutions as well as other sources to take immediate steps to implement, on a priority basis, the commitment undertaken in the Immediate Action Programme (1979-1981) contained in resolution 122(V) of UNCTAD.

17. Despite repeated commitments to double official development assistance in real terms to the least developed countries, the concessional aid flows from all sources have in fact declined, as expressed in per capita constant 1978 dollars, from \$18 in 1975 to \$15 or \$16 during the period 1976-1978 and might have further declined in 1979. These amounts were also much lower than per capita aid flows to the developing countries as a whole and the gap seems to be widening. It is, therefore, not surprising that the social and economic situation in the least developed countries has taken a critical turn and is deteriorating at an accelerated pace.

C. Review of progress in the preparation of individual country presentations

18. In accordance with the provision of resolution 7(III) adopted by the Preparatory Committee at its first session, the Secretary-General of the United Nations Conference on the Least Developed Countries addressed a note to the Government of each of the least developed countries inviting it to prepare a presentation of its programme for the 1980s for review at individual country and/or, where appropriate, subregional meetings with aid partners.

19. Missions had been sent by UNCTAD and in some cases by ECA, to almost all the least developed countries to discuss these preparations with appropriate planning and financing officials and to determine what assistance each Government might require to complete its preparations. Assistance was provided by UNCTAD and in some cases by ECA to most of the least developed African countries at their request.

20. Furthermore, the Secretary-General of the Conference arranged a seminar in Geneva from 6 to 8 October 1980, immediately prior to the second session of the Preparatory Committee, to which senior planners from each of the least developed countries were invited, in order to review the problems being encountered in the preparation of individual country presentations and to consider how best to organize the individual country consultations with donors.

21. In the course of the seminar, each country made a brief statement describing what it had done so far. It was noted that most participants reported that work on the preparation of their country presentations was reasonably well advanced. After considering the guidelines suggested by the UNCTAD secretariat for preparing the country presentations, the participants agreed that they were well conceived and comprehensive.

22. Most participants felt, however, that preparation of the document required technical expertise and statistics not available in many of the least developed countries. A working group was therefore set up to propose simplified but detailed guidelines for preparing a minimum acceptable version, while the UNCTAD guidelines would constitute the optimum standard.

23. It was also noted at the Seminar that countries were at different stages of the planning process with some already implementing their development plans while others were still at the launching stage. Countries were thus faced with different problems in connexion with the presentation of their programmes of action for the 1980s. Nevertheless, it was agreed that the country presentations of the least developed countries should be available by March 1981 at the latest. Some participants, observed, however, that it would be difficult for them to submit their long-term plans in detail.

24. The Seminar placed particular stress on the need to indicate, in the individual country presentations, national priorities in keeping with countries' economic and social development plans. On that specific point, the Seminar emphasized the need to formulate a document that would convince the donors and encourage them to increase their development aid substantially.

25. The participants also considered in detail the modalities of assistance, different types of assistance as well as the presentation and content of projects. It was agreed that a consensus must be reached on the definition of priorities; a priori, each country must itself define its objectives. For that purpose, the Lagos Plan of Action adopted by the African Heads of State and Government and the African Strategy were distributed by the ECA secretariat to all the African LDCs through UNDP.

26. With respect to aid modalities, it was important to consider the limitations of the project assistance approach and the need to go beyond it. One must recognize the advantages of integrated planning approaches in key sectors, the need for commodity assistance and for programme support. The multiplication of donor projects had most often not resulted in a coherent integrated approach to development in the LDCs. Moreover a large number of projects in a specific sector increased the burden of administration on the host country managers. It was necessary to establish more clearly the limitations of project assistance in an accelerated programme and the impact that sectoral support programmes and other forms of non-project assistance could have in increasing the capacity to absorb and to support the objective development programme.
27. It was therefore recommended that each country should look into the limitations of project aid taking at least one sector as a case study and consider how foreign aid could be better mobilized and co-ordinated to support the priority sectors of developing countries. Such studies would prove helpful in discussions with donors who had been increasingly recognizing the need to find more flexible and effective forms of foreign aid which would support development efforts.
28. It had been found from experience that some projects were more acceptable to donors than others. It was therefore suggested that donors should give some indication of the projects and programmes most likely to be favourably considered for funding. Some guidance had been provided by representatives of donor agencies during the Seminar; for example, they had proposed that each country should stress projects and programmes relating to food, energy and agro-industry.
29. The Seminar also noted that in drawing up national development plans and programmes, efforts should also be made to articulate the relationship between domestic policies and investment needs and that the country presentations should not merely be an incoherent shopping list of projects for external assistance. In fact, efforts to mobilize internal resources should be given prominence so that foreign assistance should not be assumed to be a substitute for domestic action but rather a component complementing the development effort.
30. In the course of the Seminar, considerable discussion took place on prefeasibility and feasibility studies following the assertion of some donors that they would not be in a position to make available any type of assistance before such studies were completed. However, it was the view of the seminar participants that prefeasibility studies were a costly undertaking and difficult to complete within a short period of time. It was also noted that for some countries which had attempted such an exercise two or three years earlier, projected costs had become obsolete as a result of rapid price increases so that they had served no purpose.

31. The Preparatory Committee took note of the above preparations and in close consultation with the least developed countries present agreed to set a time limit of 1 March 1981 for the submission of country presentations by the least developed countries to the UNCTAD Conference secretariat. It was noted that many least developed countries would be able to submit their presentations earlier. A few of the least developed countries indicated that they would need further assistance to help them meet the above deadline. The ECA secretariat would provide some assistance in that respect.

D. Organization of country review meetings

32. In its resolution 7(III) adopted at its first session, the Preparatory Committee invited the least developed countries "to hold individually country and/or, where appropriate, subregional consultations with aid partners collectively prior to the United Nations Conference in order to review their proposed programmes; inter alia such consultations would also take up the review of aid modalities".

33. At its second session the Committee took up the question of the organization of review meetings and agreed on the following framework:

(a) The Preparatory Committee decided that the review meetings of each least developed country's presentation should be held between 1 March and mid-June 1981;

(b) It was agreed that each least developed country should decide on the countries and multilateral agencies which it wished to invite to its own review meeting and that it should be encouraged to invite all potential donors. The Secretary-General of the Conference in a note verbale dated 15 December 1980 circulated a suggested list of participants to be invited to each individual country review meeting. The list included both present and potential donor countries and multilateral agencies as listed in annex I;

(c) It was agreed that, if a least developed country concerned so desired, it might be advantageous to co-ordinate the individual country reviews by having them take place in an orderly way, such as on the basis of regional or subregional groupings of countries, so that each country in a grouping could be reviewed individually at a particular venue and during a particular period of time;

(d) There was agreement that there was need for flexibility and that, if such a procedure was inconvenient for a particular country, it might be reviewed at a separate time and place. That would apply particularly to those countries which might be added to the list of least developed countries;

(e) The Preparatory Committee took note of the initial suggested schedule which the least developed countries proposed for such review meetings. The following are the dates for each grouping and venues established for the review meetings of the African least developed countries:

East Africa: 4 to 15 May 1981 - ECA headquarters, Addis Ababa, Ethiopia

Burundi, Comoros, Ethiopia, Rwanda, Somalia, the Sudan, Uganda, the United Republic of Tanzania

West and Central Africa: 25 May to 5 June 1981, the Hague, Netherlands

Benin, Cape Verde, the Central African Republic, Chad, the Gambia, Guinea, Mali, the Niger, the Upper Volta

Southern Africa: 22 to 26 June, 1981, Geneva, Switzerland

Botswana, Lesotho, Malawi;

(f) The Preparatory Committee also took note of the possibility of reviewing sub-regional development schemes of particular interest to one or more of the least developed countries in a region, as part of the series of meetings to be held for regional and subregional groups of countries as now proposed;

(g) It was felt that each individual review meeting would be most effective if chaired by an eminent person, from within the United Nations system, who was thoroughly familiar with problems of the least developed countries. The Secretary-General of the Conference had accordingly proposed the names of such persons to the Governments of the least developed countries.

34. The Committee of Development Planning (CDP) at its March 1981 meeting would, in accordance with General Assembly resolution 35/106 consider the inclusion of six specific countries (Djibouti, Equatorial Guinea, Guinea-Bissau, Sao Tome and Principe, Seychelles and Tonga) as well as newly independent countries. The recommendations of CDP would be considered by the Economic and Social Council at its first regular meeting of 1981. These six countries or newly independent countries, without prejudice to decisions on their status as least developed countries, might prepare and distribute country presentations in accordance with the decision of the second session of the Preparatory Committee.

E. Date, duration and venue of the United Nations Conference on the Least Developed Countries

35. In accordance with the recommendation of the Preparatory Committee, the General Assembly in resolution 35/205 decided to hold the United Nations Conference on the Least Developed Countries from 1 to 14 September 1981, to be preceded by a two-day consultation of senior officials, to take place on 27 and 28 August 1981. It accepted the offer of

the Government of France to act as host to the Conference which would be held in Paris.

F. Consideration of the elements of the Substantial New Programme of Action for the 1980s

36. With respect to the Substantial New Programme of Action for the 1980s which covered the four main areas of structural change, social needs, transformational investments and emergency support, the elements of the strategy could be properly formulated only with full knowledge of the contents of the individual country presentations and the discussions at country review meetings. It was recalled, that the objectives of the Conference, as put forward in UNCTAD resolution 122(V) and in General Assembly resolution 34/203, were to finalize, adopt and support the Substantial New Programme of Action for the 1980s for the least developed countries. It was expected that the individual country presentations would contain all the problems and bottle-necks facing the least developed countries and their development goals and aspirations. The view was also expressed that an essential feature of the least developed countries was not only that they were very poor but also that they had special structural difficulties and that external aid would be needed to overcome bottle-necks. But aid would not be enough by itself; it might be necessary to focus on major sectoral problems common to all least developed countries and requiring joint action.

37. The view was also put forward that the Conference should focus on a definite strategy for ensuring an acceptable quality of life for the citizens of the least developed countries including the provision of at least minimum standards of nutrition, health, education, social services, transport and communications, etc. That would require a massive inflow of resources, including food and commodity aid, capital assistance and emergency balance-of-payments support as well as improved aid modalities, to supplement the main development effort which was the responsibility of each least developed country. The pragmatic planners in the least developed countries themselves would have to ensure the necessary structural changes and diversification.

G. Preliminary consideration of the follow-up of the United Nations Conference on the Least Developed Countries

38. The Preparatory Committee reiterated that whether the Conference would take place in September 1981 was not the most important issue. What was perhaps most crucial was that options for the follow-up of the Conference had to be discussed at that time, otherwise it would become a one-shot event.

39. A long-term substantive and substantial programme was needed for the least developed countries. According to the UNCTAD secretariat, a new organization would not be very helpful. It was also felt that the creation of a new fund would not be necessary. What was important was that in all the existing organizations there should be very specific programmes and provisions for the least developed countries, with regard not only to income transfers but also to other elements of international economic and financial relations. While discussion of the problems of the least developed countries at the sessions of the Preparatory Committee and at review meetings preceding the Conference would be necessary, such discussion should remain on the agenda subsequently.

40. The possibility might be envisaged of institutionalizing the review meetings after the United Nations Conference, so that every two or three years, for example, several meetings of regional groupings of least developed countries would take place to review the implementation of the Substantial New Programme of Action decided upon by the United Nations Conference and to speed up international efforts. It was advisable for the policies adopted to be directed under the auspices of the United Nations, in which all countries were represented. If a lasting decision was to be taken at the Conference, much thought must now be given to the various options open. Also if long-term institutionalization was decided on, the timing of the Conference itself was not crucial. What was crucial was the clear commitment of the world community to take the problems of the least developed countries seriously for more than a decade.

41. In preparation for the ECA Conference and the United Nations Conference on the LDCs, ECA had sent high level ministerial missions to the largest number possible of the African least developed countries for an exchange of views and to elicit an African stand on the following issues:

- (a) Country programme and plan presentations for the 1980s with a view to ensuring that they were technically acceptable and realistically ambitious;
- (b) ECA Conference of Ministers of African LDCs: date, agenda, etc.;
- (c) The Lagos Plan of Action and its links with the Comprehensive date;
- (d) Review of progress of the Immediate Action Programme, 1979-1981;
- (e) Review of progress of the Substantial New Programme of Action for the 1980s and the United Nations Conference on the LDCs;
- (f) Preparations for and expectations from the review meetings and the United Nations Conference on the LDCs;
- (g) Post United Nations Conference arrangements at national, regional and international level and the role of ECA.

42. A separate mission had also been mounted to a selected number of African least developed countries and to bilateral and multilateral donor agencies to review aid modalities and the changes needed to facilitate the use of foreign capital inflow in the African least developed countries.

43. As the General Assembly had decided to hold the United Nations Conference on the Least Developed Countries in Paris from 1 to 14 September to be preceded by a two-day consultation of senior officials to take place on 27 and 28 August 1981, it was deemed fit to focus this year's meeting of the Conference of Ministers of the African Least Developed Countries on the issues before the United Nations Conference on the Least Developed Countries. It was therefore found appropriate to hold the Conference of Ministers of the African LDCs in Addis Ababa from 27 to 31 July after the review meetings and not immediately before the meeting of the Conference of Ministers of the Commission as stipulated in Commission resolution 397(XV). That would allow sufficient time for preparations for the United Nations Conference and for an African stand to be taken at the Conference in July on the outstanding issues before the United Nations Conference.