

**MEMORANDUM BY THE CONFERENCE OF MINISTERS OF AFRICAN  
LEAST DEVELOPED COUNTRIES ON THE MID-TERM REVIEW OF  
THE IMPLEMENTATION OF THE SUBSTANTIAL NEW  
PROGRAMME OF ACTION IN AFRICA**

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**Adopted at the  
fifth meeting of the Conference of Ministers of African Least  
Developed Countries held at Addis Ababa  
from 23 to 25 April 1985**

**for presentation  
at the high-level meeting of the UNCTAD Intergovernmental Group on  
LDCs on the global mid-term review of the Substantial New  
Programme of Action for the 1980s**

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**UNITED NATIONS  
ECONOMIC COMMISSION FOR AFRICA**

## Preamble

1. We, the Ministers responsible for Economic Development and Planning of African least developed countries, convened in Addis Ababa at our fifth meeting, from 23 to 25 April 1985 and acting of our people in the spirit of the charters of both the United Nations and the Organization of African Unity as well as the Substantial New Programme of Action (SNPA), have reviewed once again the economic situation in our countries, which has continuously deteriorated since the adoption of the SNPA.
2. We are indeed deeply concerned about the worsening socioeconomic situation in our countries characterized by very poor economic growth and development performance and consequently a continuous decline in per capita income, thus impoverishing further our people.
3. We are particularly alarmed by the widespread and persistent drought, the mounting problem of refugees, as well as such natural calamities as cyclones and earthquakes which have affected our countries since the adoption of the Substantial New Programme of Action. Out of 36 African countries identified by the ECA Conference of Ministers as drought-affected, 20 are among the least developed countries and a large number of them depend on food aid.
4. We are also gravely concerned by the deteriorating international economic environment especially as it relates to: (a) the continuous fall in the prices of primary commodities which greatly affects our export earnings; (b) the decline in official development assistance; and (c) the increasing debt burden, resulting mainly from high interest rates and sharp currency fluctuations.
5. The combination of all the above factors has brought most of our countries to the verge of economic collapse in spite of the efforts that we have undertaken and are continuing to undertake.
6. We strongly reaffirm that we are primarily responsible for the development of our economies. In this regard we have undertaken the necessary and often painful adjustments and policy reforms of our economies with a view to restoring growth and development.
7. We reiterate our commitment to the SNPA food strategies which aim at greater food self-sufficiency and the elimination of hunger and malnutrition in the least developed countries by the year 1990.
8. We particularly appreciate the generous response of the donor community to our current situation especially in providing the necessary assistance to our countries that are facing food emergencies and their disastrous consequences on aspects such as health and the nutritional situation of vulnerable groups.

9. We are however distressed to note that the spirit that prevailed at the United Nations Conference on Least Developed Countries, has not been fully maintained almost four years after the adoption of the SNPA. Indeed, commitments made by the international community were not implemented and achievements are far below our expectations as pointed out in United Nations General Assembly resolution 38/195 of 20 December 1983.

10. In spite of the disappointing developments outlined above, we reaffirm our commitment to the Substantial New Programme of Action, as witnessed by our continuous effort to implement the measures set out in chapter 1 of the programme with respect to national measures.

11. We therefore welcome the Geneva meeting of the UNCTAD Intergovernmental Group on Least Developed Countries which will carry out a global mid-term review of the Substantial New Programme of Action in accordance with United Nations General Assembly resolution 39/174 of 17 December 1984 of the United Nations General Assembly. Such an important gathering has given us the incentive to prepare the present memorandum 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 that could lead to an expeditious implementation of the SNPA in African LDCs by 1990.

I. Worsening economic situation of African least developed countries

12. The African LDCs experienced a deterioration in their economic growth from 1981 to 1984. This was a result of the deepening economic crisis compounded by natural calamities and disasters, especially the recurrence of drought since 1982. Overall GDP recorded an average annual growth rate of only 0.83 per cent in real terms during this period, against 2.8 and 3.6 per cent in 1970-1975 and 1975-1980 respectively, which corresponds to an annual average decline in per capita GDP of 2 per cent from \$US 273 to \$US 257 at 1981 prices. This poor performance falls far short of the SNPA target of an annual growth rate of 7.2 per cent.

13. While the SNPA also stipulated that the least developed countries should aim at an annual growth rate of 4 per cent in the 1980s, the agricultural sector of African LDCs recorded an annual rate of 2.5 per cent in real terms during 1981-1983. Indeed agricultural output declined by 4.2 per cent in 1984 in the African LDCs as a whole.

14. The manufacturing sector in African LDCs grew only by 1.6 per cent annually between 1981 and 1983 as compared to 2.8 per cent during 1970-1980. The increasing difficulties in importing raw materials,

spare parts and equipment due to the lack of foreign exchange has led to very low rate of industrial capacity utilization and in a number of cases the complete shut-down of manufacturing establishments.

15. Because of the external orientation of the economies of African LDCs, the rapid deterioration of the external sector has had a devastating impact 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 has substantially reduced our export earnings. In spite of our efforts to control the rise in imports, the African LDCs experienced persistent and chronic balance-of-payments problems. The current account deficit worsened from \$US 4.3 billion in 1980 to \$4.5 billion in 1981 with a slight improvement in 1982 estimated at \$US 4.2 billion.

16. The debt problem of African LDCs worsened in the 1970s from a modest level of \$1.9 billion to \$5.1 billion in 1975 and \$13.3 billion in 1980 corresponding to an average annual growth rate of 21.8 per cent and 21.1 per cent in 1970-1975 and 1975-1980 respectively. In 1982, the total outstanding debt reached a level of \$16.1 billion. The debt service ratio increased from 12.1 per cent in 1975 to 18.7 per cent in 1982 and it reached 25 per cent in 1984.

17. Worse still, many African LDCs have been badly hit by drought and other natural calamities. In 1983-1984, 16 African LDCs out of the 24 most severely affected African countries were heavily dependent on food aid. Imports of oil and food together absorbed over 40 per cent of the total export earnings of African LDCs.

## II. Implementation of the Substantial New Programme of Action in African least developed countries

18. In Chapter I of the SNPA, the LDCs were required to mobilize domestic resources for the implementation of their development programmes. To this end, African LDCs have devised and implemented a number of measures including (a) broadening and deepening the tax base; (b) increasing the tax rate and introducing new forms of taxes; (c) reducing or eliminating subsidies to public enterprises in order to make them profit-oriented and self-financing; (d) imposing higher user charges for public utilities and social services; (e) controlling government expenditures through financial reforms; (f) reviewing the interest rate structure to provide incentives to potential savers; and (g) human investment through the mobilization of the unemployed to participate fully in the development process. All these measures and others were aimed at laying the foundation for self-sustained growth and development.

19. Also, in accordance with paragraphs 110 to 116 of the SNPA, African LDCs have devoted substantial resources to the preparation of programmes on the immediate and long-term requirements which were presented at their respective country review meetings. In carrying out their preparatory work, African LDCs have considerably strengthened their planning capabilities in terms of plan preparation, evaluation and implementation.

20. Overall, African LDCs have complied to a reasonable extent, to the provisions of chapter I of the SNPA, in spite of the enormous difficulties which have unexpectedly confronted them since the adoption of the Substantial New Programme of Action in September 1981.

21. In Paris, in September 1981, the total development expenditure envisaged in the country presentations of the African least developed countries (21 at the time) amounted to \$US 133 billion for the period 1981-1990 (at 1980 constant prices). With an expected generation of domestic resources during the same period of \$52 billion or 40 per cent of the total requirements, a financing gap of \$81 billion was to be covered by external assistance. Taking into account the external assistance requirements envisaged in the national development plans of the five African countries added to the list in 1982, a revised estimate of the total aid requirements for the decade stands at \$96.5 billion.

22. For the period 1981-1985, the amount that was required was \$US 37.4 billion or an average annual flow of \$US 7.5 billion to the African LDCs. Adding the requirements of the five countries, this would yield an estimated total external assistance requirement of \$US 43.2 billion or an annual flow of \$US 8.6 billion during the period. However, in spite of the commitments made in Paris by the international donor community, the volume of total bilateral and multilateral resource flow (ODA and non-concessional) was \$US 4.77 billion in 1981, \$4.96 billion in 1982 and \$4.79 billion in 1983 in nominal terms.

23. During the 1981 United Nations Conference on Least Developed Countries held in Paris, donors agreed to make a special effort to devote 0.15 per cent of their GNP as official development assistance (ODA) to the LDCs or to double their ODA flow to these countries. We are particularly distressed to note that the above commitment has not been fulfilled. Indeed in terms of the SNPA target, the ODA provided by member countries of the Development Assistance Committee (DAC) declined from 0.08 per cent of their GNP in 1982 to 0.07 in 1983. In 1981, the ratio of aid to GNP of OPEC donors was 0.16 per cent and for the Socialist countries of Eastern Europe, the rate was 0.02 per cent in 1980. In 1981, the aid performance of both DAC and OPEC donors dropped as a result of their lower bilateral aid disbursements, and in the case of DAC countries, lower contributions to multilateral agencies as well.

24. Moreover, the terms and conditions of assistance to African LDCs have been hardening, contrary to the exhortations of the SPNA that average interest on ODA loans should not exceed 2 per cent per annum, a maturity period of at least 25 to 40 years and a grace period of not less than 10 years. For the African LDCs the average interest rates on new public debt have increased from 8.4 per cent in 1978-1980 to 10.3 per cent in 1981-1983 and the average maturity period declined from 7.8 years to 6.7 years over the same period. The total grant element in all ODA declined from 76.3 per cent in 1980 to 66.5 per cent in 1983. Only a few bilateral donors provided ODA to the LDCs in 100 per cent grant form. In 1983, the portion of tied ODA of DAC member countries ranged from 15.3 per cent to 77 per cent of total aid packages. Almost all OPEC bilateral and multilateral concessional assistance continued to be untied. Aid from Socialist countries of Eastern Europe, including multilateral assistance, continued to be tied to the procurement of goods and services in the donor country.

25. We are grateful to lead agencies, namely the United Nations Development Programme and the World Bank for the financial and technical support they provided in organizing review meetings in African least developed countries. However, there are still some African least developed countries which have not yet been able to organize their review meetings mainly because their development strategies, objectives and policies are not acceptable to the donors. As a result, not all review meetings could be organized before the 1985 mid-term review.

26. We are grateful to the donor community for its participation in the review meetings so far organized by African LDCs, although the general trend which has so far prevailed in the Roundtable discussions is that too much emphasis is put on strategies, objectives and policies and little attention paid to sectoral programmes and projects. Moreover, donors often confine their "commitments" to reiterating assistance programmes already in the pipe line.

27. All these factors clearly show that the implementation of recommendations contained in the Substantial New Programme of Action is in jeopardy. African countries on their part have done their utmost to fulfil their commitments. The shortcomings that may appear in some of the African countries are more attributable to their weak institutional and economic infrastructures than to their political will to implement the necessary domestic reforms with a view to ensuring maximum mobilization of domestic resources and their efficient utilization. On the other hand, as indicated earlier, the provisions of Chapter II are far from being implemented. These include (a) financial assistance targets of bilateral ODA; (b) the increase in the allocations 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.

28. The disappointing experience of the first half of the 1980s clearly calls for adjustment measures to accelerate the implementation of the SNPA during the period 1985-1990. Such adjustments are even more urgent than ever, given the escalating social and economic crisis that has engulfed most of the African LDCs.

### III. Proposals for an accelerated implementation of the Substantial New Programme of Action in African least developed countries

29. It should be realized that the successful implementation of the SNPA depends on actions not only at the national level but also at the international level.

#### 1. National measures

30. African least developed countries will continue to implement the necessary global and sectoral measures in order to not only cope with the current crisis and strengthen their preparedness for future emergencies, but also to pave the way for self-sustained growth and development. Such measures are in line with the Declaration adopted by the twentieth ordinary session of Heads of State and Government of the Organization of African Unity. They include:

(a) Measures for the 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 farms; expansion of the cultivable areas through small-scale irrigation schemes and adequate land tenure systems; development of agricultural research and extension services;

(b) Measures to revamp the industrial sector: Agricultural support industries, small-scale and cottage industries;

(c) Measures to rehabilitate existing infrastructure and equipment: roads especially feeder roads, transport equipment, etc;

(d) Measures aimed at improving economic and financial management: Pricing policies, marketing channels, fiscal and budgetary policies, financial and monetary policies;

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

2. International support measures

31. Given the fact that African least developed countries are the overwhelming majority of the world's LDCs, it is more than ever necessary to launch an immediate action programme for the period 1985-1987 in order to enable such countries to rehabilitate and reconstruct their devastated economies and to ensure that medium-term development is not impaired. Indeed such a programme was called for in Chapter 72 of the Substantial New Programme of Action. The main components of such a programme should include:

(a) Priority to African LDCs in the provision of emergency assistance and financing of all costs involved in the management of relief operations in African LDCs affected by food and other emergencies;

(b) 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) Greater share of African LDCs in multilateral financing including the newly established special fund for sub-Saharan Africa of the World Bank to be made readily accessible and disbursed to that group of countries unconditionally and increase in the disbursement of multilateral financial institutions so as to increase substantially net disbursements to African LDCs;

(e) Greater share of African LDCs in the existing compensatory financing facilities for export shortfalls.

3. Arrangements for the implementation of the Immediate Action Programme

32. Present arrangements for country Roundtables or Consultative Group Meetings should be improved so as to provide the LDCs with additional resources. In this regard, it is proposed that a mechanism for periodic negotiations be established between the donor community on the one hand and the LDCs as a group on the other so as to accelerate the implementation of the SNPA.

33. We therefore mandate the ECA and OAU secretariats to establish a framework for interregional negotiations on the SNPA among all LDCs and to inform the countries in the other regions about this aspiration of the African LDCs. In particular the meetings of

Governmental Experts on Development Co-operation from Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with representatives of LDCs to be held in Geneva from 1 to 10 May 1985 and the high-level meeting on the Global Mid-term Review of the SNPA, to be held in Paris from 30 September to 11 October 1985, provide an excellent opportunity to adopt a common LDC position on aid practices and modalities and on the adjustment of the SNPA, respectively.

#### IV. Conclusion

34. We the Ministers responsible for economic development and planning of African least developed countries, once again, strongly reaffirm that the responsibility for dealing with the current crisis affecting our countries lies primarily with our own Governments. We are determined to continue our efforts in making the necessary adjustment measures so as to restore growth and development.

35. We, however, call on the international community to honour its commitment. In this regard, the priority programme proposed represents the minimum package required to enable our countries to lay the foundation for achieving the objectives of the SNPA. The measures involved are not beyond the means of the international community and we are confident that its response will be prompt and generous.