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OPENING ADDRESS

BY

ECA'S EXECUTIVE SECRETARY PROF. ADEBAYO ADEDEJI,  
TO THE SIXTH MEETING OF THE CONFERENCE OF  
MINISTERS OF AFRICAN LEAST DEVELOPED COUNTRIES

YAOUNDE, CAMEROON, 15-16 April 1986

Mr. Chairman,  
Honourable Ministers,  
Your Excellencies,  
Ladies and Gentlemen,

May I, on behalf of my colleagues of the ECA secretariat and on my own behalf, extend our fraternal greetings to H.E. President Paul Biya and, through him, to the Government and people of the Republic of Cameroon and to express our profound gratitude for their acceptance to host this sixth meeting of the Conference of Ministers of African LDCs. We sincerely appreciate the warm welcome and the exceptional hospitality accorded us since our arrival here.

Honourable Ministers,

Before commenting on the business of this meeting, I would like to draw the attention of your conference to two very significant events which have taken place since your fifth meeting held in Addis Ababa in April 1985. Firstly, as you are aware, the Twenty-first ordinary session of the OAU Heads of State and Government held in Addis Ababa from 18 to 20 July 1985 devoted its discussions exclusively to the critical economic situation in the African region. At the end of that session, the Heads of State and Government adopted a Declaration on the African economic situation and Africa's Priority Programme for Economic Recovery, 1986-1990.

Let me say from the outset that the Priority Programme has been drawn up by the Heads of State and Government out of a very serious concern about the continued deterioration of the socio-economic conditions in our countries which have been aggravated by natural calamities, especially drought and desertification, and compounded by a hostile external economic environment. The Priority Programme is firmly rooted in the principles and objectives of the Lagos Plan of Action and the Final Act of Lagos which remain more relevant today than ever before. It rightfully accords top priority to food and agriculture as the dynamic core for the rehabilitation and long-term development of the African economies.

As regards the African LDCs, the Heads of State and Government recommended that, in order for the objectives of the Substantial New Programme of Action (SNPA) to be attained, national measures envisaged

by the Programme must be effectively implemented; that subregional and regional economic co-operation schemes among African countries should make special provisions for the LDCs within the context of their particular circumstances; that the international community should provide the requisite support measures, notably increased Official Development Assistance flows commensurate with or surpassing the SNPA threshold of 0.15 per cent of donor GNP; that measures must be taken to alleviate the debt burden, and that special consideration should be given to the LDCs in the utilization of the IMF Compensatory Financing Facility for shortfalls in export earnings.

Your Excellencies,

Following the meeting of the OAU Heads of State and Government, the United Nations General Assembly in its resolution 40/40 of 2 December 1985, decided to hold a special session of the General Assembly at ministerial level to consider in depth the critical economic situation in Africa. The meeting will take place in New York from 27 to 31 May this year.

As part of the preparatory process in Africa, the OAU Secretary General and myself fielded joint OAU/ECA missions in January/February of this year to all African countries in order to enable your Governments to clearly articulate their policy approaches and courses of action intended for the implementation of the Priority Programme. Subsequently, we prepared individual country profiles covering the recovery needs and resource requirements, which formed an integral part of the African submission that was adopted by the extraordinary session of the OAU Council of Ministers and ECA Conference of Ministers responsible for Planning and Development which took place in Addis Ababa a little over two weeks ago.

Honourable Ministers,

The other important event to which I alluded earlier was the meeting of the UNCTAD Intergovernmental Group on LDCs which took place in Geneva from 30 September to 12 October 1985, to carry out a global mid-term review of the Substantial New Programme of Action, as recommended by United Nations General Assembly resolution 36/194 of 17 December 1981. You will recall that in preparation for that meeting, the fifth meeting of your Conference (Addis Ababa, 22-23 April 1985) adopted a Memorandum outlining proposals in an immediate action programme for accelerated implementation of the SNPA in the African LDCs.

May I take this opportunity to inform you that the mid-term global review took due cognizance of the memorandum in its deliberations and incorporated your proposals in its overall recommendations which, incidentally, are to be implemented during the same period as

that covered by Africa's Priority Programme for Economic Recovery, i.e. 1986-1990. Your Governments, individually and collectively, should therefore, take appropriate steps to implement the measures, particularly those that relate to rehabilitation and reconstruction of the key productive sectors - agriculture and industry, transport and communications, and the development of human resources.

Permit me to spell out, Honourable Ministers, the areas in which consensus has been reached by the review meeting, after intense negotiations and for whose implementation the combined efforts of both your countries and the donor community must be stepped up. Firstly, the reaffirmation of the SNPA target of 0.15 per cent of donor GNP as Official Development Assistance, this being the minimum level of assistance required to sustain a GDP growth rate of 7.2 per cent annually as envisaged by the SNPA, and to enable the LDCs to double their national income by 1990.

Secondly, due to the extreme importance of multilateral resources, especially IDA resources in the Structural Adjustment Programmes of the LDCs, the meeting regretted the low level of contribution to IDA-7, and stated that if it remains at its present level of \$9 billion, a substantial decline in commitment and subsequently in the disbursements to the LDCs will be inevitable. It therefore reiterated the appeal of the Twenty-seventh meeting of the United Nations Development Committee (Seoul, 1985), which called for adequate replenishment of IDA-8 in 1986.

Thirdly, the Mid-Term Global Review also recognized that the debt service obligations of the LDCs had intensified over the years, and called on creditors of public and private guaranteed debts to take into account adjustment measures adopted by LDCs restoring their debt servicing capacity, when negotiating rescheduling terms.

Fourthly, since your countries are dependent on a narrow range of primary commodities for the bulk of foreign exchange receipts, the subject of stabilization of such export earnings received much attention at the review meeting. It was recommended that the international community should pursue actions aimed at facilitating LDCs trade, including the elimination or substantial reduction of tariff and non-tariff barriers, thereby providing increased access for LDCs exports to foreign markets. In the same vein, the IMF was also requested to find ways and means of providing special concessions for the LDCs within the framework of the Fund's Compensatory Financing Facility (CFF).

Honourable Ministers,

These developments have a bearing on your deliberations during the next two days. I hope that the information that I have provided

will enable you to develop a framework to tie in the immediate action programme of your memorandum with that of Africa's Priority Programme. The effective exploitation of the inter-relationship between your memorandum and the Priority Programme is crucial for the successful implementation of the economic package for recovery that we expect from the Special Session of the United Nations General Assembly.

Honourable Ministers,

Let me now turn to the business of your present meeting. As you already know, the Intergovernmental Committee of Experts which prepares your meetings, met here from 2-4 April 1986 to consider the substantive issues before your conference. The quality of the work accomplished is, no doubt, quite excellent. In due course, the Chairman of the Committee of Experts will brief you on the deliberations of the Committee, as well as their recommendations. However, I would like to briefly comment on a number of major issues covered under some of the items on your agenda.

In my statement to your April 1985 meeting, I expounded on the worsening socio-economic conditions in African LDCs which were primarily due to the 1982-1984 drought. I noted then that agricultural output was most adversely affected, with per capita food production dropping far below the annual population growth rate of 2.7 per cent. As I speak to you today, the general economic situation in the region as a whole does not leave much room for optimism. In the particular case of the African LDCs, the latest ECA revised estimates indicate an annual average growth in GDP of a mere 0.12 per cent (1980 prices) in real terms between 1981-1984, as compared to 2.8 per cent and 3.6 per cent in the 1970-1975 and 1975-1980 periods. What is more worrisome is that, on a per country basis, GDP growth rates in 23 African LDCs in 1984 either showed negative out-turns, stagnated, or fell short of the SNPA threshold of 7.2 per cent. However, on an optimistic note, the agricultural sector has shown very promising signs of recovery as good rains were reported during 1985 in most African LDCs. Agricultural output is estimated to increase by 2.6 per cent in 1985 and 4.8 per cent in 1986 in African LDCs as a group. Since the sector accounts for about 40 per cent of GDP, on average, overall real GDP growth is expected to register a modest recovery in 1985, with an increase of 2.3 per cent.

On the other hand, because of the outward oriented nature of the manufacturing sector, it has not fared well, as revealed in the secretariat's review of socio-economic conditions in the African LDCs. Manufacturing output is estimated to have declined by - 6.6 per cent in 1984 mainly due to the shortage of foreign exchange resources to import necessary industrial raw materials and other essential inputs. Under-utilization of manufacturing capacities has become a widespread phenomenon, to the extent that in several African LDCs installed plants are producing at far below 50 per cent of feasible economic production capacities.

You will recall that, on the basis of a study on industrial capacity utilization presented to your fifth meeting, the secretariat put forward proposals on measures to cope with excess capacity. These included a review of investment incentives, improved domestic credit conditions and efficient allocation of foreign exchange for importation of raw materials, proper quality control and standardization, and introduction of modern production techniques to ensure the competitiveness of locally manufactured products. There is a continuing need for the implementation of these measures if the manufacturing sector is to play its rightful role in the economic rehabilitation process.

Honourable Ministers,

Another major issue is the progress achieved in the implementation of the Substantial New Programme of Action in the African LDCs as a group during 1984 and 1985. As the mid-term global review of the SNPA has shown, the targets on international resource flows and other support measures which were envisaged by the programme during the first implementation phase have not been attained. The external development assistance requirements of 21 African LDCs, as presented in 1981 and those of the five others added to the LDCs list in 1982, amounted to \$96.5 million (1980 prices). According to information available to us, to date, the cumulative total net Official Development Assistance (ODA) from DAC countries, multilateral sources and OPEC countries to the African LDCs since 1980, is approximately \$17 billion or 18 per cent of their external resource needs for the implementation of their development programmes whose priorities were based on those elaborated in the SNPA.

In fact, according to a comparative analysis of donor performance, only five OECD countries (out of 17 for which information is available) had attained the SNPA target of 0.15 per cent of GNP, as ODA to the LDCs, at the mid-point of the programme. While bilateral ODA flows continue to decelerate at an alarming pace, and are often provided under very inflexible conditions, the funding of multilateral programmes is also not encouraging. In particular, the replenishment of IDA resources, which benefit mostly the LDCs, remains the largest element of uncertainty as major donors are now backtracking on agreed levels of funding of IDA-7.

Honourable Ministers,

Concomitant with the above trends in concessionary assistance flows is the heavy external indebtedness of the African LDCs, which reached about \$30 billion with an annual debt service of 28 per cent in 1984. Although various debt relief measures have been taken by a number of creditor nations which had supported the UNCTAD Trade and

Development Board Resolution 165 (S-IX), the debt problem has intensified in the African LDCs as the growth of export revenues and the inflow of capital have not kept pace with the debt service requirements.

Turning to the subject of food strategies, I pointed out earlier that food production was hard hit by the 1982-1984 drought. The 1985 rains have brought in relief and bumper harvest are reported in many of your countries which has eased up the food crisis. Nonetheless, this short-term fortune should not darken our perspective for the medium and long-term strategies in food production to meet the needs of our ever growing population. Accordingly, the ECA secretariat has prepared a study on food strategies in African least developed countries for your consideration. I must hasten to point out that the issues that are dealt with in the document and the recommendations that follow may not be new in substance, but the urgency of taking the steps necessary for their implementation can hardly be over emphasized if the LDCs are to free themselves from the yoke of the food-aid dependency.

Mr. Chairman,  
Honourable Ministers,  
Ladies and Gentlemen,

The ECA secretariat, during the execution of the special programme for the African LDCs undertook a number of activities, particularly in the provision of technical assistance and advisory services to member States upon request. Although the scale of our technical assistance and advisory services during the 1986-1987 biennium is bound to be affected by the current financial problems facing the United Nations secretariat as a whole, the ECA will leave no stone unturned to respond to your needs.

Finally, you will recall that in your deliberations last year, you noted that devaluation of national currencies is usually incorporated as a condition in most structural adjustment and stabilization programmes and you recommended that the ECA secretariat should undertake a study on the effects of such policy measures on your economies, to be presented to your next meeting in 1987. Actions have now been initiated to prepare the study. In order to ensure that it reflects accurately the actual effects of such measures, we would have to rely very heavily on information provided by your respective countries. I therefore appeal to you to extend to us your usual co-operation for the successful execution of this project.

I trust that your deliberations will set the course for the successful implementation of the SNPA in the African LDCs during the rest of the 1980s. I wish you a very successful meeting.

I thank you.