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First meeting of the Conference of
Ministers of African Least Developed Countries
Addis Ababa, Ethiopia, 27-31 July 1981

ISSUES FOR CONSIDERATION BY THE CONFERENCE

Note for the Secretariat

Introduction

1. An important task of the first meeting of the Conference of Ministers of African Least Developed Countries is to prepare an African position in respect of the various issues before the United Nations Conference on the Least Developed Countries to be held in Paris from 1-14 September 1981. In this Issues Note, the secretariat has thought it fit to put before the Conference the outstanding substantive issues that will be taken up at the Paris Conference. The Conference may wish to use these notes to assist it in its deliberations on these issues,

I. Review of Socio-economic Conditions in the Least Developed African Countries

2. The African ministers had the opportunity to review together the performance in the least developed African countries at the last session of the ECA Conference of Ministers held at Freetown in April 1981. The discussion at that session remains relevant; accordingly the Conference may simply wish to note the continuing bleak situation and prospects in the least developed countries and reaffirm the determination of governments of least developed countries to accelerate economic growth and social development with the help of the international community.

II. Provisional agenda of the United Nations Conference on the Least Developed Countries

3. The provisional agenda with the proposed allocation of items for the Paris Conference as established by the Third Session of the Preparatory Committee for the Conference is as follows:

Plenary

- Item 1. Opening of the Conference
- Item 2. Election of the President
- Item 3. Adoption of the rules of procedure
- Item 4. Adoption of the agenda and organization of work
- Item 5. Establishment of sessional bodies
- Item 6. Election of officers other than the President
- Item 7. Credentials of representatives to the Conference:
 - (a) Appointment of the members of the Credentials Committee
 - (b) Report of the Credentials Committee
- Item 8. General debate including a discussion of the immediate requirements of the least developed countries
- Item 11. Other business
- Item 12. Adoption of the report of the Conference.

Committee I

Item 10. Finalization and adoption of the Substantial New Programme of Action for 1980s for the least developed countries:

I. Objectives, priorities and policies at the national level

II. International support measures:

(a) Transfer of resources:

(i) Policies for increasing flows to the least developed countries
(ii) Aid modalities

(b) Technical co-operation

(c) Other international economic policy measures

Committee II

Item 9. Consideration of the reports of the individual country review meetings

Item 10. Finalization and adoption of the Substantial New Programme of Action for 1980s for the least developed countries:

III. Arrangements for the implementation and follow-up at:

(a) National level

(b) Regional level

(c) International level

4. It will be recalled that phase one of the Comprehensive New Programme of Action for the Least Developed Countries, as set out in paragraph 1 of UNCTAD resolution 122(V) called for:

"An immediate effort to meet the critical situation of the least developed countries in the form of an Immediate Action Programme 1979-1981 of greatly expanded assistance for the least developed countries, aimed at (1) providing an immediate boost to their economies and immediate support for projects for the provision of the most pressing social needs, and (2) paving the way for much larger longer-term development efforts".

5. The written statements received by UNCTAD from the donor community as well as the findings of the ECA ministerial missions to the African least developed countries (document ST/ECA/LDCs.I/7) confirm that the response of the international community to the call for supporting the programme has been very poor. The ministerial missions in particular observed that there was no noticeable increase in the volume of aid to the African least developed countries during the period. In fact most of these countries felt that given the high rate of world inflation during 1979-1981 there might have been a stagnation or even a decline in the flow of resources to these countries in real terms.

6. Under this circumstance, the African least developed countries have continued to face many serious short-term problems that have hindered the successful implementation of long-term programmes. The major areas of urgent concern for these countries include slow growth of agriculture and high food deficits resulting in large food import bills; the critical

energy situation including the high oil prices which constitute a serious threat to both short-term stabilization and longer-term programmes, chronic and severe balance of payments deficits, serious inflationary trends and low levels of capacity utilization (see ST/ECA/LDCs.I/4).

7. It is for this reason that most of the least developed African countries have elaborated short-term action programmes in their country presentations to cover the first few years of the decade of the 1980s. On the basis of the assumption that nothing short of doubling total external aid during the first five years of the decade would enable the least developed African countries to implement their programmes for the decade, the ECA secretariat estimates that the total requirements for the period 1981-1982 for these countries amount to roughly \$US 15 billion.

8. It will be noted from the provisional agenda of the Paris Conference that consideration of the immediate requirements of the least developed countries is to be taken up only as part of the general debate in plenary (item 8 of the provisional agenda). In view of the non-implementation of the Immediate Action Programme 1979-1981 and the fact that many least developed countries have faced their programmes for the 1980s with short-term action elements to cover the first few years of the decade, the implementation of which is viewed by these countries as a sine qua non for long-term progress, there is need to devote ample time to the detailed consideration of these short-term elements at the Paris Conference.

9. The Conference of Ministers of African Least Developed Countries may therefore wish to recommend that:

1. the immediate requirements of the least developed countries should be discussed as a separate agenda item; preferably as item 11.

2. this issue should also be taken up by Committee I following the discussion in that Committee on the Substantial New Programme of Action. If this is acceptable existing agenda items 11 and 12 would become items 12 and 13 respectively.

3. since the individual country presentations do not contain complete information on the immediate requirements of the least developed countries, the UNCTAD secretariat should contact individual least developed countries as a matter of urgency to obtain the necessary information to prepare a document which would detail these requirements and put them in proper perspectives within the framework of the Substantial New Programme of Action. Delegates of the least developed countries to the Paris Conference may themselves wish to provide supplementary information on their countries' immediate requirements for external assistance in their statements at the Conference.

10. This Conference may wish to consider and make appropriate recommendations on approaches which would ensure that assistance for the immediate action element of the Substantial New Programme of Action would be easily forthcoming. Such approaches may include (a) pressing for a larger part of the short-term assistance in the form of balance of payments support which is more flexible and can be given readily, (b) commodity support particularly

for oil, food and material inputs which could effect an immediate boost to the utilization of capacity, (c) debt relief so as to ease the debt service burden and (d) programme assistance and multi-year aid programming.

III. The Substantial New Programme of Action for the 1980s

11. At the third and final session of the Preparatory Committee held at Geneva from 29 June to 10 July 1981, the discussion on the substance of the Substantial New Programme of Action for the 1980s was based on a draft resolution submitted by the Group of 77 which is circulated at this Conference as document A/CONF/104/PC/L.7 Addenda 1 and 2. The Group of 77 had drafted the resolution working on the basis of a "non-paper" on the Substantial New Programme of Action prepared by the United Nations Conference Secretariat at UNCTAD. The Group B countries had also tabled a document entitled: "Informal Working Paper on the Substantial New Programme for Group B". The spokesmen of all Groups, including Group D, made it clear that the views they were expressing were of a preliminary and non-committal nature. At the end of the session of the Preparatory Committee, the Chairman summed up the main points which have been raised in the course of the discussion. The Preparatory Committee decided that this summing up should be circulated under the responsibility of the Chairman as an annex to the report of the Committee.

12. The issues raised in respect of the Substantial New Programme of Action are reproduced below arranged according to the structure of the draft text submitted by the Group of 77 in conjunction with which these notes should be read. The African Ministers may wish to take these issues into account in their deliberations on possible amendments, additions and modifications to elements and aspects of the Substantial New Programme they do not agree with or in reaffirming their solidarity in respect of those aspects they are in full agreement with.

1. Preamble

13. With respect to the preambular part of the draft resolution, Group B felt that the preamble should echo resolution 122(V) and state that the primary responsibility of their development rested with the least developed countries themselves and further that all members of the international community in a position to provide resources should do so.

2. Chapter I: Programme of Action

14. There was no agreement about the title of this Chapter. Group B would wish that at the beginning of the Chapter, the national goals should be stated with more precision and that reference should be made to mobilization of domestic resources and to economic policies and planning. Group D also stressed the mobilization of domestic resources and popular participation in planning and development. The Group of 77 felt that these questions were already in the individual country presentations and therefore need not to be covered again in this Chapter.

(i) Food and agriculture

15. There was general agreement with Group B wishing to include additional information and Group D a reference to agrarian reform and the rôle of co-operatives.

(ii) Natural resources

16. There was broad agreement with a general wish to strengthen this section.

(iii) Manufacturing industry

17. Group B had reservations about general growth targets, while Group D would welcome mention of the role of the State and co-operatives.

(iv) Physical and institutional infrastructure

18. It was proposed that this section be split into two.

(v) Transformational investment

19. Group B indicated the need for flexibility and warned against favouring big project^{1/} in all cases and drew attention to the possibility of mobilizing private capital flows in certain sectors.

(vi) Foreign trade

20. There were some varying view points on this section. Group B pointed out that Chapter II contained a section on trade and thought the national efforts to increase production should be stressed rather than international measures. Group D thought that the text should include measures to limit the role of multinational companies and that the detailed list of assistance needs should be condensed.

3. Chapter II - International Support Measures

21. In his oral summing up, the Chairman of the Preparatory Committee said that the thinking of Group B on Chapter II had not been set down in text form. He, however, referred to: (1) the introductory section of the Chapter, (2) the volume of resource transfers to the least developed countries, (3) transport and the transfer of technology, (4) other international support measures and (5) new transfer mechanisms.

(i) Introductory section

22. Group B felt that the introductory section should make reference to the co-ordination of domestic policies and international support.

^{1/} For some observations on the projects in the country programmes for the 1980s see document ST/ECA/LDCs.I/5.

(ii) The volume of resource transfers to the least developed countries

23. There was general recognition that it was important not only to increase the volume of aid but also to improve its utilization.

24. Group B felt that no automatic and general increase such as tripling or quadrupling of aid should be recommended. The Group also felt that no rigid aid formulae or fixed targets should be proposed. Rather some development partners should be called upon to increase their aid and others to spread it more equitably, raising the share of least developed countries in total transfers.

25. Group D reiterated its position of principle which excludes the application of any criteria or resource transfer targets for the socialist countries which based their co-operation with the least developed countries on the principle of mutuality of interest.

26. The Group of 77 recalled that the concepts of tripling and quadrupling of aid was already included in the International Development Strategy.

27. On the same issue, this Conference may wish to note that the volume of total aid requirements for the African least developed countries for the period 1981-1985 as indicated in the individual country presentations amount to about \$US 37.4 billion. On average this implies that between 1981 and 1985 annual flow to African least developed countries should average about \$US 7.5 billion per annum in real terms. The cumulative amount of \$US 37.4 billion over the period 1981-1985 clearly implies that aid flow by 1985 should be more than double the level of \$US 4.1 billion received by the African least developed countries in 1979. In the absence of information in the country presentations on the yearly phasing of aid requirements, the amount of \$US 37.4 billion for the period, 1981-1985 could be distributed over the individual years if a single average annual rate of growth is assumed (i.e. 15.5 per cent in real terms; first assumption in the table below so as to enable a gradual and realistic increase in aid over the period.

Year (Amt)	(1979 actual)	1981	1982	1983	1984	1985	Total
First assumption	4.1	5.5	6.4	7.4	8.4	9.7	37.4
Second assumption	4.1	6.0	6.9	8.2	8.2	8.2	37.4

28. Of course other distribution of the cumulative total can be envisaged especially to meet the aid flow required for the immediate action component of the country presentations. One such assumption (second assumption) would be the doubling of aid by 1983 from \$US 4.1 billion in 1979 to \$US 8.2 billion yearly by 1983 which implies an average annual growth in aid flows in real terms of about 19 per cent for the years 1979 to 1983. Thereafter the yearly average remains the same up to 1985.

29. From the estimates made by UNCTAD total aid requested by all least developed countries of the world for the period 1981-1985 amount to \$US 61.6 billion which implies that the African least developed countries are asking for about 60.6 per cent of the aid requested by the least developed countries of the world in the period 1981-1985. This amount is close to the ratio of aid received by the African least developed countries in 1979 of 63 per cent.

30. For the period 1986-1990 not all the African countries indicated their aid total requirements. Out of the 21 African least developed countries 11 countries estimated the requirements while another four gave some indication of the projects and their costs to be financed during the period. The 11 countries showed a requirement of \$US 26.4 billion and \$US 28.5 billion in 1981-1985 and 1986-1990 respectively. On the basis of this it is estimated that the 21 African least developed countries as a whole would require about \$US 41 billion in the period 1986-1990. Alternatively, on the basis of UNCTAD's estimate of \$US 72 billion required for all the world's least developed countries during 1986-1990 and assuming that the ratio of African requirements is 60.6 per cent of the world's total, then the African least developed countries would require about \$US 43.6 billion during the period 1986-1990. If annual aid flows will have doubled the 1979 level by 1985 to reach over \$US 8 billion then the cumulative total of \$US 43.6 billion for the period 1986-1990 would imply that the rate of increase of assistance in this period need not be very high.

31. If this assumption is correct and aid is increased (in real terms) by about 10 per cent over the 1985 level (i.e. \$US 9 billion per year) over the period 1986-1990 it would be somewhat sufficient to cover the aid requirements for the 1986-1990 period of \$US 43.6 billion. It should, however, be stressed that estimates of aid requirements for the period 1986-1990 is highly conjectural.

32. Thus with total aid requirements for the African least developed countries amounting in real terms to \$US 37.4 billion during 1981-1985 and to about \$US 43.6 during 1986-1990, a total of \$US 81 billion is implied for the whole decade 1981-1990. The breakdown of the total shows that there would be a need to accelerate substantially aid flows in the first half of the decade so as to more than double the 1979 total annual flows by 1985 and to increase it marginally over this level throughout the second half of the decade.

33. The same observation would seem to apply to the estimates made by UNCTAD of total aid requirements for all the least developed countries of the world which amounts to US\$ 61.7 billion for the period 1981-1986 and US\$ 72 billion for the period 1986-1990: a total of US\$ 133.7 billion for the decade as a whole. According to these estimates, aid disbursements will amount to US\$ 13.3 billion on average per annum for the 10 years of the decade compared with the actual average yearly disbursement of US\$ 6.6 billion achieved during the period 1975-1979. Estimated on an average yearly basis therefore aid disbursement would just more than double and not quadruple as when considered on the basis of the base year 1979 and the terminal year 1990.

34. However, the Conference may further wish to note that the more than doubling of total external aid requirements may not be necessarily consistent with the objective of doubling the national income of these countries by the end of the 1980s as called for in UNCTAD resolution 122(V) owing to various factors and uncertainties inherent in the estimation of long-term targets and requirements. The total external requirements of the least developed African countries should be seen in the light of the recommendations of the General Assembly in resolution 35/205 which inter-alia "urge donor countries to make equitable and all possible efforts with a view to doubling at the earliest possible time within the first half of the 1980s, the flow of official development assistance to the least developed countries. ... and to give serious consideration ... to the proposals for further measures to provide adequate minimum flow of official development assistance including ... those proposals for tripling the net disbursement of concessional assistance by 1984 and quadrupling it by 1990".

35. The expansion called for in the volume of external aid should be accompanied by changes in aid modalities which broadly defined include the composition of aid, the conditions on which aid is given and the procedures which constitute the delivery system of aid. These modalities of assistance have in-built limitations which continue to limit the efficacy and utilization of the volume of aid received by the least developed countries. Consideration of the volume of aid should therefore be taken together with that of aid modalities. The Conference may, in the light of the documents on aid modalities prepared by the ECA secretariat (see documents ST/ECA/LDCs.I/8 -- Aid modalities in the African least developed countries and ST/ECA/LDCs.I/7 -- Summary of the reports of the ministerial missions on preparations for the United Nations Conference on the Least Developed Countries, paragraphs 26-31) and the section on aid modalities in the Group of 77 draft text, make recommendations on measures to rationalize and improve aid modalities in the least developed countries.

(iii) Sections on transport and transfer of technology

36. Group D supported these two sections in the Group of 77 text and recommended addition to existing proposed codes of conduct to the benefit of the least developed countries.

(iv) Other international support measures

37. Group B wished for the addition of a section in Chapter II on "Additional international support measures" based on proposals by various specialized agencies, particularly in fields falling outside UNCTAD's competence (for example agriculture, food and population control). This could be dealt with under agenda item "other international support measures of the Paris Conference.

(v) New transfer mechanisms for the least developed countries

38. Group B felt that this could not be negotiated at the Paris Conference and should be kept for elaboration by specialized international bodies.

4. Chapter III - Implementation, follow-up and monitoring of the Programme

39. The Group of 77 in its draft resolution on the Substantial New Programme of Action for the 1980s for the least developed countries advocated that for the implementation of the SNPA at the national level the government of each least developed country should establish a focal point for continuing contact with its development partners to be supported by an intergovernmental working party of relevant ministries. For the continuous review and implementation of the SNPA governments of the least developed countries may establish consultative groups or strengthen them where they already exist. These consultative groups could meet annually or biannually in meetings to be organized by the countries themselves to monitor progress of planning and implementation of country programmes and to secure specific pledges of assistance. The first round of such meetings should be convened in 1982 as an immediate follow-up of the decisions taken at the Paris Conference.

40. It will be essential to monitor and review progress on a regular and predictable basis at the regional and global levels. Such regional and global reviews would be crucial to the success of efforts to mobilize resources for least developed countries. They will ensure that effective monitoring of the overall performance of particular development partners and institutions in providing assistance to the least developed countries and through them means can be devised to ensure that each least developed country will have at least an adequate minimum flow of external assistance.

41. It is therefore recommended that the UNCTAD Intergovernmental Group on Least Developed Countries which acted as the Preparatory Committee for the Conference, be designated Monitoring Committee to review progress on the implementation of the SNPA. The meetings of the Committee with universal participation should take place in 1983, 1985, 1988 and 1990. A United Nations Conference for mid-term review of the SNPA should take place in 1986 to review progress and possibly readjust the Programme for the second half of the decade.

42. As a measure of additional support, focal points within United Nations agencies are called upon to lend assistance in planning and implementation of the SNPA within the particular country with UNDP resident representatives acting as co-ordinators.

43. Donors are also called upon to provide additional special allocation of \$200 million to the already existing UNDP special Measures Fund for project planning and preparation over the first half of the 1980s for the least developed countries.

44. While there was general agreement on the mechanisms suggested by the Group of 77, particularly at the country levels, where strengthening of existing machineries is called for, Group D felt that the financial implications of the proposed follow-up mechanisms needed to be considered.

45. At the level of global monitoring, however, Group B felt that arrangements should take place sufficiently often to enable effective interchange with the country review process but not so often that they become routine. The global review of the SNPA should therefore be undertaken at UNCTAD VI in 1983 and UNCTAD VII in 1987. These reviews will take place in the context of the General Assembly's review and appraisal of the Strategy for the Third United Nations Development Decade as a whole and of the special attention to be given therein inter-alia by UNCTAD to the interests of the least developed countries.

46. The Group of 77's view was that the least developed countries themselves should decide on the nature of the review process at the country level, and that an appropriate mechanism should be established for all these countries. At the level of global monitoring, the Group of 77 felt that the Intergovernmental Group of UNCTAD should act as the monitoring committee reporting to the General Assembly on the SNPA throughout the decade.

47. The Conference may wish to deliberate on the proposed mechanisms particularly with regard to roles of UNCTAD, ECA and UNDP as lead agencies at the global, regional and country levels respectively. In this respect, the Conference might wish to keep under full consideration the necessity of continuing interaction between specific implementation activity focussed at country, regional and the global monitoring of progress which is crucial for the success of the programme.

48. In view of the expanded technical support services the ECA is expected to provide to the individual African least developed countries in the implementation of the SNPA and in particular in preparing and organizing the review and commitment meetings, the Conference may further wish to recommend that the secretariat be accordingly strengthened. There is now more than ever before a greater need for a special unit to be established within the Socio-Economic Research and Planning Division responsible for the special problems of the least developed African countries.

5. Organization of work at the Paris Conference

49. Distribution of the bureaux: Apart from the President of the Conference (who, under normal United Nations practice, is usually the head of the delegation of the host country) the Conference will elect 15 Vice Presidents, a Rapporteur General and the Chairman of the two main committees to be established. An understanding was reached at the last session of the Preparatory Committee that 9 of the posts should be filled by the Group of 77, 6 by Group B and 3 from both Group D and China. This Conference may wish to deliberate on how many of the 9 posts allocated to the Group of 77 should be filled by the African Group.

50. The Conference may also wish to deliberate on the modalities of how the statement prepared here on the African position would be delivered at the Paris Conference. In this connexion, the attention of the Conference is drawn to the resolution on the Paris Conference adopted by the summit meeting of the Organization of African Unity held at Nairobi in June 1981. The resolution, inter-alia, calls upon the current Chairman of the OAU to address the Paris Conference on behalf of the Organization. Moreover, it recommends to the Assembly of Heads of State and Government to hold consultations with a view to appointing a Head of State of the Group of least developed African countries to participate in the Conference.