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(v) IMPLEMENTATION OF THE SUBSTANTIAL NEW PROGRAMME OF
ACTION (SNPA) IN AFRICAN LDCs:
PROGRESS REPORT AND ISSUES FOR CONSIDERATION

(V) IMPLEMENTATION OF THE SUBSTANTIAL NEW PROGRAMME OF ACTION (SNPA)
IN AFRICAN LDCs : progress report and issues for consideration

I. Introductory background

1. Twenty one out of the World's 31 least developed countries are in the African Region. Five additional countries have recently been included in the list of the LDCs by the 27th session of the General Assembly. Hence, more than 50 per cent of ECA member States are presently LDCs. Such a situation makes it necessary for the Commission to put more emphasis on the African LDCs through more active participation of its member States and its secretariat in various international fora.

2. The list of least developed countries was established so that the international community could give special attention to the particular problems and structural difficulties facing these poorest and weakest developing countries. It is in that context that resolutions 62(III) and 98(IV) adopted at the third and fourth sessions of UNCTAD respectively, called for special attention to be given to LDCs in trade policies and in other fields.

3. In 1979, the ECA Conference of Ministers, at its fifth session held in Rabat, adopted resolution 353(XIV), which called for the drawing up of a special programme of aid and assistance for the least developed, land-locked and island developing countries, given the limited consideration given to UNCTAD resolution 62(III) and 98(IV), by the international community. More specifically, the Conference called on all member States to give their full support to the crash programme and the new programme of action for the 1980s elaborated in the Arusha Programme for Collective Self-reliance and Framework for Negotiations adopted at the 4th Conference of Ministers of the Group of 77 in Arusha.

4. On the basis of the Arusha Programme, the international community at large took a major step at the fifth session of UNCTAD in Manila in adopting resolution 122(V) in which it decided to launch a comprehensive New Programme of Action for LDCs consisting of two phases: (a) an urgent effort to provide an immediate boost to their economies including rehabilitation programmes and (b) a Substantial New Programme of Action for the 1980s aiming at transforming their economies toward self-sustained development. The UNCTAD resolution 122(V) also made provision for certain steps which have since been taken namely (i) the convening of the Group of High-level Experts in November 1979; (ii) the decision of the General Assembly to convene a United Nations Conference (resolutions 34/203 and 34/210) and designating the UNCTAD Secretary-General as Secretary-General of the UN Conference on LDCs; (iii) the decision of the Preparatory Committee for the Conference to base its work on national programmes

to be prepared by individual least developed countries and (iv) the further decision that each country programme should be reviewed at a meeting with its development partners before the UN Conference on LDCs.

5. The Intergovernmental Group on the least developed countries which played the role of Preparatory Committee held three sessions in Geneva, the first in February 1980, the second in October 1980 and the third in June-July 1981, and decided that the UN Conference on LDCs should be based on "detailed and effective preparations ... to be undertaken by the least developed countries with the support of the international community". At its second session, the Preparatory Committee agreed on arrangements for the review meetings. The third meeting was specifically devoted to the preparation of the UN Conference itself which was convened in Paris in September 1981.

6. The review meetings have taken place in the following order:

- (a) Asia and the Pacific, in March-April 1981 in Vienna.
- (b) Eastern Africa, in May 1981 in Addis Ababa with the ECA Executive Secretary as one of the chairmen of the individual countries' review meetings.
- (c) Western and Central Africa and Somalia in May-June 1981 in the Hague.
- (d) Other African countries and Haiti in June 1981 in Geneva.

7. The country presentations, prepared by the least developed countries themselves with the help of the UN System provided the opportunity for the LDCs to review in detail their current economic situation, to reinforce their statistical data base and to devise domestic policies aiming at promoting faster economic growth and development. Unfortunately, the review meetings fell short of the expectations of LDCs. While LDCs were requested to prepare ambitious programmes covering the 1980s, most donor countries participating in the review meetings, often criticized the ambitiousness of the programmes without making any firm commitment.

8. At the United Nations Conference on Least Developed Countries, intensive discussions took place among participants especially between the Group of 77, on behalf of LDCs, and developed countries. The Conference therefore, adopted a compromise text on the Substantial New Programme of Action which spelled out domestic measures to be taken by least developed countries, international support measures and monitoring and follow-up measures at national, regional and global levels.

9. Chapter I of the SNPA analyses the general situation in LDCs and prescribes measures to be taken at the national level with respect to (i) over-all growth and sectoral growth targets (doubling of real GDP by 1990, 4 per cent and 9 per cent annual growth rates in agriculture and manufacturing respectively); (ii) agricultural policies (increase in food production, provision of incentives, increasing productivity, improvement of social infrastructure in the rural area); (iii) industrial policies (promotion of agro-based industries and medium and small-scale industries, improvement of productivity in small-scale and cottage industries, establishment of basic industries with indigenous resources where possible, etc.; (iv) human resources development (increase of employment opportunities, improvement of health and nutrition standards, development of proper human settlements etc); (v) energy (elaboration of a comprehensive energy strategy, development of New and Renewable Sources of Energy; (vi) physical infrastructure (provisional basic structures to support productive sectors as well as essential social services); (vii) transformational investments (establishment of large transformational projects which could lead to more self-sustained economies); (viii) export (diversification of the commodity structures, expansion of trade among developing countries, development of adequate national trade infrastructure); (ix) environment.

10. In Chapter II the SNPA also spells out international measures to complement the action taken by the least developed countries at the national level. These include increased financial flows, improvement of aid modalities, technical assistance, transfer of technology, commercial policy measures and co-operation among developing countries. However, as was mentioned earlier, the SNPA was not satisfactory on the question of financial resource transfers required by LDCs which were estimated by LDCs to average \$US12.3 billion (1980 prices) per annum during the first half of the 1980s as against \$US6.6 billion yearly for the five year period 1975-1979. The donors, on their part, agreed only to reaffirm their commitment to the target of 0.7 per cent of GNP and agreed to devote 0.15 per cent of their GNP to LDCs or to double their official development assistance to LDCs by 1985.

11. Chapter III of the SNPA deals with arrangements for implementation, follow-up and monitoring. The key feature of the arrangements is the series of review meetings that each least developed country should convene at appropriate intervals with a view to reviewing the country's economic situation, and to securing financial and technical assistance for the implementation of plans and programmes for the period under consideration. At present only few review meetings have taken place namely those of Uganda, Cape Verde, Rwanda and Mali.

The meetings were organized with the assistance of World Bank and UNDP respectively as these two organizations were designated by the SNPA as lead agencies for preparing and organizing the country review meetings. UNCTAD Secretariat was also designated as the focal point for global monitoring of the SNPA and a mid-term global review will be undertaken in 1985 in the form of a meeting of the Intergovernmental group of High level experts. Finally, the relevant regional commissions namely ECLA, ESCAP, ECA and ECWA were requested to contribute to the follow-up process and offer an opportunity for the least developed countries in each region to exchange experience and seek solutions to common problems at the national, regional and global levels.

12. Since the adoption of the SNPA, least developed countries have been engaged in the preparation of their documents for the review meetings under the lead of World Bank and UNDP and, if requested by a country, with the assistance of other organizations or specialized agencies of the United Nations System. Most of the review meetings of African LDCs will be held between March and December 1983.

13. It should also be noted that a meeting of LDCs with bilateral and multilateral financial and technical assistance institutions, the first global meeting since the adoption of SNPA, was held in Geneva from 11 to 22 October 1982. Its purpose was to review issues related to aid modalities such as terms of aid, types of aid, criteria of aid, and aid administration and management. The meeting did not bring about any substantial result as LDCs were again expecting some firm commitments of donor countries with respect to Chapter 2 of the SNPA. To sum-up, it should be noted that since the adoption of the SNPA, there was no substantial move with respect to aid flows, an issue which is considered by most LDCs as of paramount importance. However, in spite of their disappointment with respect to aid flows, most least developed countries have embarked on devising sound domestic policies with a view to achieving the objectives included in Chapter 1 of the SNPA.

II. Review of progress in the implementation of the SNPA

A. At national level

14. Most African least developed countries plan to organize their review meetings in the form of Round Tables under the lead of the United Nations Development Programme with relevant inputs from various United Nations organizations and Specialized agencies including the ECA secretariat. A few countries namely Somalia, Sudan, Tanzania and Uganda have organized consultative group meetings with the World Bank or plan to do so in the near future.

15. For the African Region, although only three Round Tables (Cape Verde, Rwanda and Mali) and one consultative group meeting (Uganda) have taken place, some general trends could already be indicated. First, least developed African countries are putting a great deal of seriousness in the elaboration of their development priorities and the related policies to be pursued. Uganda, for example, has rightly given the highest priority to the rehabilitation of its economy, particularly the ailing industries as well as the export sector in order to raise output, increase domestic supply of basic consumer goods and promote export. In that connection, the government of Uganda has also devised important domestic policies aimed at providing a boost to the economy (e.g. creation of a two-window system of exchange rate, improvement of the marketing process in agriculture, etc.). Also the Government of Cape Verde, during its review meeting indicated agriculture, fishing and manufacturing of fishing products as its main priorities and many donor countries and institutions noted the seriousness of Cape Verde's economic policy and management. Similarly, the Government of Mali has also given priority to food production and the building of its economic infrastructure, mainly transports given its land-lockedness. Also, the Malian government has devised policies aiming at rehabilitating the ailing public sector and promoting mass participation through grass-roots initiatives especially in rural areas. Rwanda on its part has devised general and sectoral measures aiming at ensuring food-self sufficiency, promoting productive employment, providing basic needs for the population (education, health and housing) and opening up the country through efficient transports and communication systems.

16. The second general trend which is emerging for the country review meetings is the lack of firm commitment from the large bilateral and multilateral donors. Hence, it is difficult for recipient countries to plan properly the implementation of their development programmes. Moreover, little progress seems to have been made with respect to the pluri-annual financial commitment from donor countries on the ground of legislative constraints in those countries. Also, the issue of untying of aid did not receive so far a satisfactory solution for least developed countries.

17. All these important issues related to aid modalities have been discussed at length during the second meeting of bilateral and multilateral financial and technical assistance institutions with LDCs from 11 to 20 October 1982 in Geneva. It is hoped that substantial progress will be made in various fields during the forthcoming review meetings, planned for 1983 for the remaining African least developed countries.

B. At regional level

18. As provided for in Chapter 3 paragraph 125 of the Substantial New Programme of Action, the Regional Commissions were requested to "contribute to the follow-up process and offer an opportunity for the least developed countries... to exchange experience and seek solutions to common problems at national, regional and global levels...". The ECA Secretariat on its part, has organized in April 1982 the second session of the Conference of Ministers of African LDCs with a view inter alia to reviewing current trends and prospects in these countries and to evaluating the SNPA and its implications for growth and development in the African LDCs.

19. The Conference of Ministers noted with great concern that in 1980/81 the GDP growth rate of African LDCs as a whole was a mere 3.2 per cent per annum, a rate which is barely higher than the rate of population growth. Actually, a number of countries had experienced a negative rate of growth. However, the Agricultural sector had performed fairly well, on the one hand because of good weather conditions and on the other hand because of sound policies designed by many African LDCs with respect to producer prices, credit facilities, marketing and provision of adequate inputs. In the external sector, the continuing rise in the cost of energy and manufactured goods had increased imports of African LDCs while lower world demand had depressed exports, thus bringing about a huge external deficit which had led many governments to initiate stabilization programmes, including imports control. The estimated performance of African LDCs in 1982 was only a 3.4 per cent growth in real GDP.

20. With regard to the implication of the SNPA on African LDCs, the Conference of Ministers noted that the Substantial New Programme of Action fell short of the expectations of the least developed countries in several areas, particularly with respect to aid flows. Hence, it was extremely difficult to estimate the volume of aid that would be available in order to enable the least developed countries to properly plan their respective five or ten year programmes. The conference also noted that the SNPA should be seen in the light of the current international economic crisis and that assistance that least developed countries expected might not be forthcoming. Hence, it was important and urgent that African least developed countries should harness their potential for collective self-reliance and self-sustainment within the framework of the Monrovia Strategy, the Lagos Plan of Action and the Final Act of Lagos.

21. The Third Conference of Ministers of African LDCs, will be held in Addis Ababa in April 1983 and will give an opportunity to African LDCs to review the process of preparation and organization of individual country review meetings. It will also assess present trends and prospects of aid especially after the second meeting of bilateral and multilateral financial and technical assistance institutions with LDCs, held in Geneva from 11-20 October 1982. Finally the conference will review the progress made towards the building of a self-reliance and self-sustained economy in African LDCs as recommended in the Lagos Plan of Action, particularly the measures taken by African LDCs to ensure an effective mobilization of their domestic resources.

III. Some unresolved issues related to the implementation of the SNPA

22. As may be seen from the analysis of the implementation process at national and regional levels, although based on a limited period since the adoption of the SNPA, the very issues which were discussed at the UN conference on LDCs still remain unresolved. These issues relate mainly to the volume and modalities of aid and more generally to the mechanisms set up for the implementation of the Substantial New Programme of Action.

23. The results of the review meetings which have been so far organized show that commitments made are often vague and do not indicate the precise financial and technical contributions which individual donor countries or institutions are willing to make for the implementation of the country programme and projects. In most cases, donor institutions referred to the existing technical assistance currently provided to least developed countries and expressed their intention to continue providing such assistance.

24. With respect to the immediate action component of the Substantial New Programme of Action, very little seems to have been done to implement paragraph 72 of the SNPA with respect to crucial problems such as acute shortages of critical commodities, huge balance of payments deficits, natural and man made disasters, lack of maintenance of existing infrastructure and industrial plants, etc. While almost all least developed countries have designed stabilization policies to boost their economies, most donor countries are reluctant to provide non-project aid without which medium and longer-term development is prejudiced.

25. In other respects, the commitment made in paragraph 63 of the SNPA by all donors to the target of 0.7 per cent of gross national product for over-all official development assistance have not yet put into practice. The same applies to the commitment made by most donors to devote 0.15 per cent of their gross national product to the least developed countries or to double their financial assistance to these countries.

26. With respect to aid modalities, the recommendations contained in paragraph 70 of the SNPA related to terms of aid, previsibility of aid, criteria of aid, types of aid, financing of local and recurrent costs, untiming of aid, etc are yet to be implemented. In general, many donor countries have failed to implement those recommendations on the ground that administrative and budgetary procedures as well as their public opinion have made it difficult for them to do so.

27. With regard to commercial policy measures spelled out in paragraphs 74 to 79, very little has been made to improve the access of least developed countries to developed countries' markets to assist them in export diversifications, or to make long-term arrangements for the sale of export products of least developed countries at remunerative prices etc. As a result the least developed countries have still very low levels of export receipts which limit sharply their import capacity.

28. It is therefore essential that least developed countries in general and African least developed countries in particular continue to devise sound economic policies in line with the Lagos Plan of Action and the SNPA in its chapter 1. In addition, the international community must adhere to commitments made at the UN conference on LDCs. In particular, donor countries should use the review meetings forums to indicate precisely:

- (i) their over-all financial contribution over and above the existing assistance being provided;

- (ii) the sectors and specific projects which they plan to finance or co-finance;
- (iii) the immediate action component and the areas or sectors where such non-project aid will be given;
- (iv) the concrete steps to be taken with respect to aid modalities (degree of concessionality, untying of aid, previsibility of aid, financing of local and recurrent costs, etc);
- (v) the concrete steps they will take with respect to export promotion and diversification of LDCs (schemes of generalized preference, long-term sales arrangements and other trade support measures, etc).

29. The African Group at Libreville might wish to draw attention to the various above-mentioned areas where the SNPA suffered from lack of implementation and urge developed countries at UNCTAD VI to affirm their resolve to urgently and seriously remedy this.