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MOBILIZATION OF FINANCIAL RESOURCES FOR AFRICAN DEVELOPMENT
PROGRESS REPORT ON THE IMPLEMENTATION OF RESOLUTION 169(VIII)

Mobilization of financial resources for African development
Progress report on the implementation of Resolution 169(VIII)

1. In its resolution 169 (VIII) the Eighth session of the Economic Commission for Africa recommended the creation of a Special Fund for African Development and the convening of meetings respectively of representatives of African countries and representatives of developed countries to consider the subject. The resolution requested the Executive Secretary to act in consultation with the African Development Bank, IBRD and other international financial institutions in this field.
2. To initiate the programme of action called for, the Executive Secretary obtained the services of Professor Paul Streeten of Oxford University to prepare a study on "Aid to Africa". The study is issued as document E/CN.14/WP.1/30.
3. The study gives a rigorous assessment of the state of financial and technical assistance received by African countries. It confirms the conclusions in Resolution 169 (VIII) that the volume of foreign resources as well as its quality have either deteriorated or failed to improve over the past decade. The main objective of the study was to sharpen the attention on international co-operation for development in the context of deliberate official action. The analysis is therefore focussed on official external assistance. The study further draws the attention of the donors to the special circumstances and hence the special needs of African countries in the area of aid and international co-operation and establishes a case for a growing contribution of soft resources to assist in the initiation and maintenance of self-sustaining development. The significance of this type of contribution, which would include intensified technical assistance, has been particularly emphasized as the most effective way of mitigating the obstacles arising from the so-called limited "absorptive capacity". In this context the paper provides the rationale for the creation of a multilateral special fund which would mobilize external resources for the financing of African development on concessional terms.

4. The study was discussed by representatives of ADB, IBRD and ECA at an inter-agency meeting at ECA Headquarters in Addis Ababa in June 1970. Participating in the meeting were also observers from OAU.

5. There was a complete identity of views amongst the representatives at the meeting that any further efforts towards the creation of an African Development Fund should be concentrated on realizing the scheme initiated by ADB. The progress made by ADB in establishing an African Development Fund seemed at present to be both the most appropriate approach and the one most likely to be successful, particularly in the light of the appreciable support which ADB's proposals for the creation of such a fund have received from a number of developed countries.^{1/} The co-operation of efforts and co-ordination between ADB and ECA had born fruit in the case of SIFIDA. The same spirit of co-operation should be shown in the case of the African Development Fund. It was of fundamental importance that the proposed Fund should attract additional resources and not just replace existing aid to African countries.

6. The representatives of IBRD and ECA pledged their full support and assistance to ADB in its endeavours to obtain contributions from potential donor countries for the creation of a soft-loan window of the African Development Bank. The need of maintaining continuous and close contact between the three organizations was emphasized. It was agreed that the principal conclusion of the inter-agency meeting should be communicated to the Tenth Session of the Conference of Ministers of ECA and to the Sixth Annual Meeting of the Board of Governors of ADB. The meeting was confident that both bodies would use their good offices to obtain the necessary support for the African Development Fund.

^{1/} The representative of ADB will report on the status of the project to the Tenth Session.