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Sixth meeting of the Technical
Preparatory Committee of the
Whole

Addis Ababa 15-22 April 1985

Item IV.1 of the provisional agenda*

ECONOMIC COMMISSION FOR AFRICA

Twentieth session of the Commission/
Eleventh meeting of the Conference
of Ministers

Addis Ababa 25-29 April 1985

Item V.1 of the provisional agenda*

REPORT OF THE FOURTH MEETING OF THE INTERGOVERNMENTAL
COMMITTEE OF EXPERTS OF AFRICAN LEAST DEVELOPED COUNTRIES

Addis Ababa 11-13 April 1985

* E/ECA/TPCW.6/1/Rev.3.
E/ECA/CM.11/1/Rev.3.

A. ATTENDANCE AND ORGANIZATION

1. The fourth meeting of the Inter-governmental Committee of Experts of African Least Developed Countries was held in Addis Ababa, Socialist Ethiopia, from 11 to 13 April 1985. The meeting was opened at 15:00 hrs. on 11 April 1985 and the opening statement of Professor Adebayo Adedeji, United Nations Under-Secretary-General and Executive Secretary of the Economic Commission for Africa was read by Mr. Maurice W. Makramalla, Chief, Socio-economic Research and Planning Division.

2. The meeting was attended by the following State Members of the Commission: Benin, Burundi, Chad, Equatorial Guinea, Ethiopia, Guinea, Lesotho, Malawi, Mali, Niger, Rwanda, Sierra Leone, Sudan, Tanzania, Togo and Uganda. Also in attendance were representatives of the following United Nations bodies, International and inter-governmental organizations: UNDP, UNCTAD, ILO, UNESCO, ADB and OAU.

3. The Committee elected the following officers to constitute the bureau:

Chairman: Rugaravu Apollinaire, Directeur Général de la planification,
Ministère du Plan (Rwanda).

Rapporteur: Badjala Atabaya: Chef de la Division du Etudes Macroeconomiques
et Conjoncturelles, Ministère du Plan/Lomé (Togo).

B. AGENDA

4. The meeting adopted the following agenda:

1. Opening of the meeting
2. Statement by the Executive Secretary
3. Election of officers
4. Adoption of the agenda and organization of work
5. Review of Economic and Social Conditions in the African Least Developed Countries, 1981-1984
6. Regional Evaluation and Assessment of the Implementation of the Substantial New Programme of Action in the African Least Developed Countries, 1981-1984
7. The extent of Industrial Capacity Under-utilization and its impact on Industrial Development in the African LDCs: Issues for consideration
8. Review of ECA activities in 1984 and those planned for 1985 and the 1986-1987 biennium work programme in favour of the African LDCs
9. Consideration and adoption of the report and draft resolutions
10. Closure of the meeting.

C. SUMMARY OF PROCEEDINGS

5. In his opening statement, Professor Adebayo Adedeji, United Nations Under-Secretary-General and Executive Secretary of the ECA, welcomed participants to the Economic Commission for Africa and to the fourth meeting of the Intergovernmental Committee of Experts, which, he said, was taking place at a critical moment in the life of the Substantial New Programme of Action for the 1980s for the least developed countries. He informed the meeting that the General Assembly in

paragraph 9 of its resolution 36/194 reaffirmed its earlier decision that the Intergovernmental Group on the LDCs of the UNCTAD at its high level meeting in September/October 1985 should carry out, inter-alia, the mid-term global review of the SNPA and to adjust it as appropriate for the next half of the 1980s. In this respect, he stated that the main pre-occupation of the meeting would be an evaluation and assessment of the implementation of the SNPA in the African Region focussing on experience gained from Round Table Conferences and Consultative Group Meetings held so far in terms of external resource flows and other international support measures in favour of the African LDCs, since the adoption of the SNPA in 1981 and to devise a common position for the forthcoming Mid-term Review Meeting in Geneva from 30 September to 11 October 1985.

6. The Executive Secretary pointed out that since the launching of the SNPA in 1981, the African LDCs have continued to experience worsening economic and social conditions particularly the agricultural sector which is the backbone of their respective economies. The agricultural sector, he went on, accounts for 83 per cent of the economically active population, an average of 40 per cent of GDP and 90 per cent of export earnings. In 1980-1981, agricultural output grew by 5.7 per cent and 2.3 per cent in 1981-1982. Since 1982, the recurrence of severe drought conditions, which had spread to 20 out of 26 African LDCs, had resulted in reduced agricultural output, which declined by 0.3 per cent between 1982 and 1984, with food production, the hardest hit yielding a per capita food production far below an annual average population growth rate of 2.7 per cent. The resultant food deficit, he said, had exacerbated an already worsening food crisis in the African Region and expressed pessimism as to whether the African LDCs could be able to attain the SNPA target of 4 per cent annual rate of growth set for the sector let alone the attainment of food self-sufficiency during the next half of the 1980s.

7. With regards to the manufacturing sector, the Executive Secretary stated that the relatively low level of manufacturing activities was evident in the overall growth performance which recorded an annual rate growth of -2.8 per cent in 1980-1981 and -2.4 per cent in 1981-1982. He attributed such rate of performance to the heavy dependence of African LDCs on outside sources for essential inputs and spare parts and the lack of maintenance of existing installed plants which had resulted into excess capacities in most of the countries. These evidences, he went on, create doubt as to whether the African LDCs will be able to achieve the SNPA objectives of an annual growth rate of 9 per cent or more as set for the manufacturing sector during the remaining years of the 1980s.

8. The Executive Secretary stated that, in spite of such difficult economic environment, the African LDCs had taken concrete measures to mobilize domestic resources, especially in the broadening of the tax base: mobilizing human investment for capital projects; maintenance of strict control on government expenditure and the implementation of structural adjustment and stabilization programmes including devaluation of national currencies which, in many cases, had resulted in painful consequences.

9. With respect to the follow-up and monitoring of the implementation of the SNPA at the national level, the Executive Secretary stated that twelve UNDP Round tables and three World Bank consultative group meetings had so far been organized by the countries since 1981. The countries, he said, had taken measures to strengthen their planning capabilities and designated focal points in response to the requirements of the SNPA. In spite of these efforts at the country level, he pointed out that the reaction of the international community in terms of resources flow has been disappointing. The increase in the flow of Official Development Assistance (ODA) during the first half of the 1980s has been modest reaching a level of \$US4.46 billion in 1983 as compared to 4.2 billion in 1981 in nominal terms.

10. Finally, the Executive Secretary drew the attention of the meeting to the various proposals which had been put forward by the ECA Secretariat relating to the mid-term global review of the SNPA, which, he said, could form a basis for intense discussions so that the experts could come up with a concerted African position for the re-adjustment of the SNPA in Geneva in September/October 1985.

Review of economic and social conditions, major problems and policies in African least developed countries, 1981-1984 (agenda item.5):

11. A representative of the ECA secretariat, introducing document E/ECA/LDCs.5/2, first stressed the need to diagnose precisely the economies of African LDCs to provide a reasoned assessment at the mid-point of the Substantial New Programme of Action for the LDCs in the 1980s. He then outlined the global economic growth and development performance of African LDCs during the period 1981-1984. It was characterized by a decline in GDP growth rates which, in real terms, had dropped from 2.5 per cent in 1981-1982 to 1.01 per cent in 1982-1983 and then to a negative rate of -1.15 per cent in 1983-1984 as against 1.8 per cent in 1980-1981. These trends correspond to an average annual increase of only 0.83 per cent over the period, or an annual decrease of around 2 per cent in per capita income.

12. The main factors responsible for such dismal growth performance, are: (a) adverse climatic conditions, particularly drought, which had affected the important agricultural sector with a corresponding deterioration in the food supply situation; (b) the inadequacy of most investment policies owing to their high import component and the countries' low import capacity; and (c) the low volume of external assistance to the LDCs.

13. Reviewing the main sectors of African LDCs' economies, he gave a succinct analysis of the situation in agriculture, the manufacturing industries, the mining sector, trade and transport and communications. The rural sector which, on average, accounted for 47.4 per cent of total value added, had recorded a drop in real terms from an average annual growth rate of 2.5 per cent between 1981 and 1983 to only 0.33 per cent in 1984, corresponding to an increase in per capita food production of 2.8 per cent in 1980-1981, 1 per cent in 1981-1982, 2.5 per cent in 1982-1983 and only 0.4 per cent in 1983-1984. In addition to climatic conditions which had impaired the performance of the agricultural sector, he drew particular attention to the lack of support infrastructures both upstream and downstream of agricultural production. The manufacturing sector, which had contributed

about 7.6 per cent of value added over the period, had experienced an average annual growth rate of 4.1 per cent, restricted mainly by inappropriate existing industrial production methods, the small size of domestic markets and the lack of export outlets. The mining sector had returned fairly low results while other sectors had developed along lines similar to that of agriculture.

14. On the supply side, a relative structural stability was noted with a domestic savings rate and an investment rate amounting to 5.6 and 17 per cent, respectively, of GDP. However, the countries depended heavily on external sources to finance their capital formation.

15. Turning to public finance and the external sector, he noted that budget deficits had levelled off somewhat at between 1 and 7 per cent of GDP while the external balance of payments showed a relatively high annual deficit of around \$598 million due to declining unrequited transfers and to low net capital flows. Furthermore, outstanding external debt constituted a bottleneck to the future development of African LDCs in that, on average, over 25 per cent of their annual export earnings goes to debt service payments.

16. The representative of the secretariat then reviewed the remedial measures that African LDCs had taken to restore the necessary balances in their respective economies, namely: reorganization and revitalization of the major productive sectors, and instituting fiscal policies especially strict control on government expenditures, etc. In conclusion, he noted the lukewarm response of the developed countries and of capital-surplus developing countries to the appeal made by the LDCs. In that regard, he pointed out that net disbursements of total official development assistance flows had declined by 1.2 per cent while official development assistance commitments had dropped by 2 per cent since 1980 as compared to an increase of actual ODA disbursements of only 0.3 per cent. He appealed to the international community to increase their assistance to the LDCs for whom the question had become one of economic survival rather than of growth.

17. One participant said that his country's mining output was constantly declining and that its economy was undoubtedly essentially agricultural. Nor did he feel that monetary adjustments such as the devaluation of national currencies in the case of his country, would redress the imbalances of trade with the outside world. Another participant noted the lack of Arabic translation at the meeting. He informed the Committee about recent developments in his country and stated that political, economic and social reform measures will be taken by the present authorities, and promised to provide the secretariat with the necessary information and data.

18. One representative stated that the statistical information contained in the country-specific economic study of his country contained many inaccuracies since the effort made by his government to cope with the difficulties caused by the worst drought in living memory and the hostile global economic situation were not spelled out. He specifically requested for the deletion of the paragraph which dealt with devaluation and pegging of his country's national currency.

19. In reply, the representative of ECA observed that the contacts which the secretariat had sought to establish with African LDCs by way of various missions and questionnaires had very often borne no fruit. He therefore invited countries to send as soon as possible all useful recent information, both on statistics and on the economic policies being pursued so that the document could be updated before the meeting on the global mid-term review of the SNPA. He pointed out that ECA would appreciate the indispensable co-operation of the various national statistical services which would enhance the quality of the write-ups on the individual economies.

Regional Evaluation and Assessment of the Implementation of the Substantial New Programme of Action in African LDCs, 1981-1984 (agenda item 6)

20. Introducing document E/ECA/LDCs.5/3, a representative of the secretariat recalled the main objectives of the SNPA as adopted at the United Nations Conference on the LDCs held in Paris in September 1981, which include: promoting the structural changes necessary for the countries concerned to overcome their extreme economic difficulties; improving the living standards of their peoples; identifying and supporting major investment priorities and opportunities; and setting up infrastructures designed to mitigate the effects of natural calamities. He also recalled UNCTAD's mandate from the United Nations General Assembly in its resolution 34/203 of 17 December 1979 to carry out a mid-term review of the SNPA and to adjust it in order to ensure its full implementation during the second half of the 1980s. ECA had also received a mandate from the fourth Conference of Ministers of African least developed countries to prepare Guidelines which would enable the countries to assess the implementation of the SNPA at the national level. Although the Guidelines had been distributed to the 26 African LDCs, there had been no response from any of the countries.

21. The secretariat representative then described the two major objectives of the document: (a) evaluation of the socio-economic conditions in African LDCs in the light of the SNPA targets and (b) an analysis of aid flows (especially ODA) and other international support measures as well as actions taken at the national level. He then described the performance of the African LDCs in terms of overall growth as well as sectoral development and policies, as set out in document E/ECA/LDCs.5/2 entitled: "Review of Economic and Social Conditions in the African Least Developed Countries 1981-1984: From growth to survival". He stated that the performance of the African LDCs, with few exceptions, had been dismal and lagged way behind the SNPA targets. He then gave a run-down of the Review meetings held so far in accordance with the recommendations in paragraph 111 of the SNPA: twelve round tables had been held (Benin in March 1983; Burundi in February 1984; Cap Verde in 1982; Comoros in July 1984; Djibouti in November 1983; Equatorial Guinea in February 1982; Gambia in November 1984; Guinea-Bissau in May 1984; Lesotho in May 1984; Malawi in February 1984; Mali in December 1982 and Rwanda in December 1982) and three World Bank consultative group meetings (Somalia, the Sudan and Uganda). Further follow-up round tables were being prepared in Malawi and in Mali.

22. While it was premature to judge the success or failures of the Review meetings already held, the secretariat representative invited the representatives of UNDP and the World Bank to brief the Committee on the lessons drawn from the Round tables and consultative group meetings. He also indicated that considerable emphasis had been placed during the Review meetings on general macro-economic policies, to the detriment of sectoral programmes.

23. He then reviewed the follow-up measures taken at both national and international levels. At international level, total aid flows to African LDCs had dropped from \$5.23 billion in 1980 to \$4.79 billion in 1983 while ODA from countries members of the Development Assistance Committee had fallen from 0.08 per cent to 0.07 per cent of their GNP, a long way short of the 0.15 per cent target set in the SNPA to be attained by the end of 1985. The investment programmes of African LDCs had also been compromised to a large extent. After observing that the document dealt comprehensively with the structure of official development assistance, the sectoral allocation of aid and the terms and conditions of external assistance, not to mention the regional scope of the programme, the representative of the secretariat drew the Committee's attention to the recommendations for an adjustment of the SNPA, which could serve as the basis for discussion.

24. In his intervention, the representative of UNCTAD affirmed his agreement with the secretariat concerning the slowness with which the SNPA was being implemented; and the serious deterioration in the socio-economic situation of the LDCs and particularly the African LDCs. He then informed the Committee of preparations for the mid-term global review of the SNPA scheduled to take place from 30 September to 11 October 1985 and for the meeting between representatives of donor governments and international financing institutions with representatives of LDCs scheduled to take place in Geneva from 1 to 10 May 1985. Regarding the global mid-term review, he said that UNCTAD had prepared the 1984 report on the LDCs and updated all the important socio-economic indicators of LDCs. He added that two reports on domestic resource mobilization and aid co-ordination have been prepared and will be submitted to the aforementioned meeting.

25. He disagreed, however, with the recommendation of paragraph 73 of the document submitted by the secretariat relating to adjustment of the SNPA to the realities of internal resource capacity of the LDCs and the reduced flow of resources to them observed since 1981. Owing to the economic and social crisis that was ravaging the African LDCs, the international community, and more particularly those countries which had yet to attain the targets set out in the SNPA should be urged to honour the commitments they had made in Paris while those which had attained the target should increase the volume of assistance to the LDCs. This should be the message of this year's LDCs meetings to the mid-term global review rather than giving excuse to some countries to absolve themselves of their commitments.

26. The Committee took note of the observation by the representative of UNCTAD and reaffirmed their governments commitment to the objectives, strategies and priorities of the SNPA as adopted and urged the African least developed countries to deploy all efforts necessary to ensure the implementation of the programme in their respective countries.

27. The representative of ILO stressed the importance that his organization attached to the social targets contained in the SNPA which included the development of human resources, the development and management of producer co-operatives, promotion of the informal sector, employment promotion and manpower planning, strengthening of labour administrations, social security and the integration of women into development. Accordingly, in spite of the reduction in resources allocated to ILO programme under UNDP funding, actual spending on technical assistance programmes to African LDCs had increased by 39 per cent in 1982-1983 as compared to 1980-1981 and accounted for about 32 per cent of the programmes and projects carried out jointly by ILO and UNDP while the rate of increase for African countries taken as a whole had been only 0.6 per cent during the same period.

28. He also informed the Committee of the mandate given to ILO in preparation for the global mid-term global review of the SNPA which included the above-mentioned areas. In view of the poor results of the Round table review meetings and the importance of the SNPA targets, he invited the Committee to make recommendations on:

- (a) an evaluation of resource flows to LDCs since 1981; and
- (b) appropriate adjustments in the SNPA priorities in the light of the current economic and social crisis in Africa.

29. He also emphasized the need to tackle structural problems which had plagued African LDCs since the adoption of the SNPA in 1981. He doubted the value of the prominence accorded to macro-economic aspects at the expense of examining sectoral programmes with a view to committing resources during review meetings. In conclusion, he informed the Committee of new organizational structure for round tables, designed by UNDP, which focussed the meetings on sectoral programmes and projects while macro-economic aspects would be discussed at preliminary meetings.

30. One delegate informed the Committee that in his country, prominence was given to discussions on sectoral projects. Another delegate deplored the inadequacy of methods of disbursement of foreign aid which often bypassed banking system controls (for example, assistance from EDF and ADB), as well as the long delays in disbursement (generally over two years). Another representative noted that the organization of sectoral round tables was virtually out of the question for some countries in view of the associated high cost. He considered that subregional round tables should be organized as mentioned in the document submitted by the secretariat. Another delegate pointed to the inadequacy of the present compensatory financing mechanisms for shortfalls in export earnings which did not cover agricultural products such as tobacco. He informed the Committee that his country was giving priority to the construction of new telecommunication lines while providing the necessary maintenance for existing ones.

31. Another delegate submitted that the SNPA Paris Accord was badly designed, in that firstly, it sought an increase of 100 per cent in aid flows to LDCs without providing for a substantive and concrete mechanism to ensure that the extra resources did actually flow. Moreover, the LDCs had already experienced difficulties in obtaining the current 0.15 per cent of GDP as ODA to be provided by donor countries. Secondly, it has generally been noted that multilateral financial and technical assistance institutions have been the most substantive and convenient channel for resource flows especially of development assistance on concessional terms. The SNPA Paris Accord should therefore have exploited this advantage and appointed an organization or financial institution (new or existing) where the extra resources promised by the donor countries would be deposited for later disbursements. Thirdly, the SNPA Paris Accord gave undue prominence to lengthy dialogue between donors and LDCs when in fact what mattered most was the political will of donors and not the exhaustive knowledge of LDCs macro-economic policies. The Accord should therefore have considered adopting the IDA, ADB or EEC (EDF) aid practices and modalities where LDCs are notified of funds available prior to conducting the dialogue necessary to understand and agree on projects and programmes to be implemented by the LDCs using the committed funds. The delegation they urged the meeting to table its observations at the Fifth Meeting of the Conference of Ministers of African LDCs and at the Mid-term global review meeting in Geneva in September/October 1985.

32. The representative of UNESCO distributed a resume on UNESCO's contribution to the implementation of the SNPA in the African LDCs. These included programmes in the fields of education (elimination of illiteracy, formulation and application of education policies etc.), science (especially the development of manpower and infrastructure and also social science in the context of ECDC), cultural development and communication infrastructure.

33. The Committee took note of UNESCO's programme of activities in favour of the African LDCs and requested the Director-General of UNESCO to continue and intensify his efforts in providing assistance to those countries, particularly in the fields of education, science, culture and communication.

34. A representative of the secretariat while accepting the idea of an amendment to the paragraph relating to transport and communications replied that the problems of maintaining existing roads were very real and comprised substantial projects in a number of development plans and programmes. He endorsed the observation on the unwieldiness of the present disbursement machinery and asked for concrete proposals from the Committee to remedy the situation. In answer to the representative of UNCTAD, he pointed out that paragraph 73 of the document submitted by the secretariat referred to past trends and that, in future, increases in the domestic financing capacity in LDCs and in external inputs would have to be sought to ensure improved implementation of the SNPA.

The extent of industrial capacity underutilization and its impact on industrial development in the African least developed countries (Agenda item 7)

35. In presenting document E/ECA/LDCs.5/4 on the above agenda item, a representative of the secretariat explained that one of the criteria for the identification of the least developed countries is the contribution of their manufacturing sector to GDP of less than 10 per cent. In view of such a low share of manufacturing in GDP, the SNPA had recommended that these countries should aim at increasing their growth of manufacturing output to an overall annual rate of growth of 9 per cent or more. The manufacturing sector in the African IDCs is relatively at a low level in terms of structure, level of output and productivity. On the average, the share of manufacturing in GDP is estimated at 7 per cent in 1982 which is below the SNPA threshold of 9 per cent or more. He pointed out that one of the paradoxes facing African least developed countries is the problem of shortage of capital for economic development while there is a glaring presence of idle or high levels of underutilized capital capabilities in the manufacturing sector.

36. The representative of the secretariat stated that it was because of the recognition of this thorny problem in the industrial sector that the third meeting of the Conference of Ministers of the African IDCs had requested the ECA secretariat to undertake a study on the subject in order to create the necessary awareness of industrial excess capacity and to make proposals compatible with domestic policies for industrial development. He said that the main objectives of the document was to establish evidences of industrial capacity under-utilization in the African IDCs, identify as much as possible the causes and nature of the problem of excess capacity and its impact on industrial development. He pointed out that three main issues were dealt with in the paper, namely: (i) the conceptual framework, (ii) the causes and impact of industrial excess capacity and (iii) measures to be taken at the national, subregional and regional levels to cope with the problem of excess capacity.

37. As regards the conceptual framework, he stated that although capacity and capital utilization are related, the former refers to the output produced within the constraints of available stock of plant and equipment while the latter addresses itself to how much of the time the productive capital stock of a firm, sector or economy are operated and how much time they are idle. Such definitional problems have far-reaching implications on policy and investment decisions. Since one of the objectives is to provide a framework for future research at the national and regional levels, focus should be placed on current output in relation to historical trends in production and the rated capacity of plants and equipments as this will capture all the relevant aspects of the economic and engineering considerations.

38. With respect to the causes and nature of excess capacity, it was stated that these are deep-rooted in the technological dependence of the industrial sector in the African IDCs coupled with their reliance on outside sources for raw materials and other essential inputs; small size of the national markets which imposes demand constraints; the lack of export possibilities and planning errors and operational constraints which range from inadequate project design to poor management of the enterprises. As regards the impact of capacity under-utilization on industrial development, it was stated that it endangers the very process of industrialization and hinders the prospects for rapid economic growth by reducing economic efficiency and employment of domestic resources in the production process and tying up a proportion of scarce national investment capital in idle capacity. The building up of idle capacity also prolongs the life

span of installed capacity by preventing the renewal of obsolete equipment and thus perpetuating the technical lag in the African LDCs; and reducing government receipts from sales, excise and export taxes.

39. The representative of the secretariat then outlined the proposed measures to cope with excess capacity during the short, medium and long-term which could be implemented at the national, subregional and regional levels. In the short-term, the African LDCs should review investment incentives; improve domestic credit conditions; give top priority to foreign exchange allocation for the importation of raw materials and other essential inputs; and the adoption of proper quality control and production techniques to ensure the competitiveness of domestic manufactured products, among others. In the medium term, the countries should set up broad policy guidelines to regulate and monitor foreign investment; introduce a systematic programme to minimize dependence on foreign sources for inputs; and setting up of national skill centres for the development of appropriate industrial skills, etc. At the subregional and regional levels, the countries should engage in joint ventures and make arrangements for industrial location and the exploration of export possibilities. Finally, the representative of the secretariat drew attention to the need for the African LDCs to fully implement the programme of the Industrial Development Decade for Africa.

40. In the discussions that followed the participants commended the high quality of the paper particularly with regard to the comprehensive coverage of the critical issues relating to industrial excess capacity in the African LDCs. One participant pointed out that the very high cost of industrial production is common to all the LDCs which depend heavily on external sources for raw materials and other essential inputs. He expressed pessimism about the possibility of subregional and regional industrial co-operation with regard to input supply in view of the fact that all the countries are engaged in similar industrial activities. He further stated that adequate attention should be given to proper project design of industrial projects since the problem of excess capacity is in most cases deep rooted in the conception and design stages of industrial enterprises.

41. Another participant stated that although the economic aspects of industrial excess capacity were well treated, the paper did not underscore the political commitment required at the national, subregional and regional levels to ensure the implementation of the measures proposed.

42. One participant stated that in addition to the causes of industrial capacity under-utilization identified by the study, there is also the problem of landlockedness of some of the countries. The inadequate transport infrastructural facilities is an impediment to the flow of goods. Hence with the resultant absence of export outlets, some establishments are forced to reduce their production levels which leads to idle capacities of the manufacturing establishments.

43. In his intervention, the representative of UNCTAD, referring to a UNIDO study on the development of industries in resource poor countries, said that the study sees an ever increasing disenchantment with the import substitution strategies and export led industries. He then re-emphasized the measures identified by the ECA secretariat on subregional and regional industrial co-operation which could enhance the production capabilities and create a wider market for LDCs manufactured products.

44. On the problem of industrial manpower development, one participant stated that one of the pressing problems in the development of industries in the African IDCs is the inadequacy of the requisite skills and the absence of the necessary training facilities. He specifically invited the ILO representative to inform the meeting on the extent to which his organization could assist African IDCs to develop the appropriate skills needed in the industrial sector.

45. The ILO representative referred to the ILO/JASPA "Subregional comparative study on employment and industrial capacity utilization in African countries", and stated that even though he had no prior consultations with the JASPA Programme Director, the possibility of an ILO/ECA co-operation could be explored. He assured the committee that such co-operation arrangements can be looked into but cautioned that the idea of increasing the coverage to include more least developed countries in the African region will depend on resource availability. He hoped that in the event of any inter-agency collaboration, ECA would be able to contribute, both technically and financially, to the execution of the project.

46. In response to the question raised on training, the representative of ILO stated that since the adoption of the SNPA, his organization had placed considerable emphasis on improving the manpower capabilities of the least developed countries. He said that for the African region, the ILO had established a number of national productivity centres but the smooth functioning of the institutions had been handicapped by logistic and financial difficulties. He agreed with the proposal on the establishment of skills centre for industrial workers and extended the fullest co-operation of his organization in the undertaking of such ventures. With respect to subregional co-operation in manpower development, he re-emphasized the importance for the IDCs to exchange skilled manpower within the context of TDC activities and that the governments should seriously consider the ECA proposal which aims at ameliorating skills constraints. On the minimum wage legislation referred to in the document, he noted that the policies are not implemented on an ad hoc basis, on the contrary, these measures are carried out within the framework of well established machineries. He did not think, therefore, that such legislations were a disincentive to industrial productivity.

47. In response to the queries raised by the participants, the representative of the secretariat enumerated a number of measures which could be implemented at the national and subregional levels in order to reduce the high cost of industrial production and to enhance industrial co-operation among the IDCs. These include: the use of local expertise and the training of the necessary manpower in order to reduce dependence on expatriates; the development of indigenous technological capabilities; arrangements for industrial joint ventures and equitable allocation of such manufacturing establishments among countries and exploring the possibility of a wider market for their manufactured products. With respect to the minimum wage legislation, he pointed out that although such policies are not a disincentive to the enhancement of industrial production, yet the countries should provide an environment where productivity is taking into consideration in setting wage levels.

48. The meeting took note of the document and endorsed all the measures proposed by the secretariat and appealed to the ILO to cooperate with ECA in the execution of the ILO/JASPA study on employment and industrial capacity utilization in the African region.

Review of ECA activities undertaken in 1984 and those planned for 1985 as well as the 1986-1987 biennium work programme in favour of the African least developed countries (Agenda item 8)

49. A representative of the secretariat explained that ECA works in four distinct areas, namely: (a) the provision of technical advisory services - an activity provided solely on the basis of specific requests of member States; (b) studies; (c) collection and dissemination of information; and (d) the organization of meetings, conferences, seminars, workshops, expert working groups, training courses, symposia, etc. He also explained that ECA had fifteen different programmes but the assistance provided to the LDCs in 1984 was by some programmes to whose requests for assistance had been addressed.

50. It was further explained that the work programme for 1985 within the LDCs section itself was constituted by three activities, namely (i) Review of economic and social conditions in African LDCs 1984-1985; (ii) Progress report on the implementation of the SNPA, 1984-1985; (iii) A study on "food strategies in the African LDCs", to examine the extent to which the African Regional Food Plan is being implemented in these countries as well as an analysis of food supply situation. It was also explained that funds permitting country case studies on pricing policies in individual LDCs would be sought in co-operation with UNCTAD. Funding was also being sought for another study on "domestic resource mobilization for development financing in African LDCs".

51. Finally, the secretariat's work programme for the LDCs during the 1986-1987 biennium was indicated as being constituted as follows:

- 3.1 Technical assistance to African least developed countries
- 3.2 Review of economic and social conditions in individual African LDCs
- 3.3 Follow-up and monitoring of the implementation of the Substantial New Programme of Action in African Least Developed Countries
- 3.4 In-depth studies on the economies of African least developed countries
- 3.5 Organization and servicing of the meetings of the Conference of Ministers of African Least Developed Countries

52. Finally, it was explained that since the Conference of Ministers does not deal with the allocation of resources, the purpose of submitting the programme for 1986-1987 was to enable the Committee to make its comments and proposals for consideration by the Committee for Programme Co-ordination.

53. The Committee took note of ECA's activities during 1984 and accepted its planned activities for 1985 and the programme of work for the 1986-1987 biennium for transmission to the Conference of Ministers of African LDCs for approval.

Consideration and adoption of the report and draft resolutions (Agenda item 9)

54. The meeting considered and adopted its report and draft resolution.

Closure of the meeting (Agenda item 10)

55. The Chairman of the meeting thanked all the participants for attending the meeting and contributing to its debates. He then declared the meeting closed.

DRAFT RESOLUTION

Measures to ensure the effective and accelerated implementation
of the Substantial New Programme of Action in the African least
developed countries during the second half of the 1980s

The Conference of Ministers,

Recalling United Nations General Assembly resolution 37/224 of 20 December 1982, 38/195 of 20 December 1983 and 39/174 of 17 December 1984 on the implementation of the Substantial New Programme of Action for the 1980s for the least developed countries,

Recalling its resolution 397(XV) of 12 April 1980 entrusting the Conference of Ministers of African Least Developed Countries with the responsibility for ensuring the co-ordination of efforts, establishing priorities, monitoring and evaluating progress under the Comprehensive New Programme of Action in African Least Developed Countries, and its resolution 503(XIX) of 26 May 1984 on measures for the effective implementation of the Substantial New Programme of Action in African Least Developed Countries,

Deeply concerned about the continued serious deterioration in the economic and social conditions of the African least developed countries exacerbated by the severe drought which has spread across the African region creating enormous imbalances in the food supply situation and consequently widespread famine,

Recognizing to that effect that there is therefore a need to assist the African LDCs to effect the necessary structural changes and that they will need increased aid from donors in order to achieve this objective,

Noting with satisfaction the results of the Geneva meeting convened by the United Nations Secretary-General on the African economic crisis which was aimed at mobilizing the international community to provide the necessary financial and technical assistance in favour of African countries, especially the least developed among them,

Expressing deep concern and disappointment at the painfully slow pace in the implementation of the Substantial New Programme of Action in the African LDCs since its adoption in September 1981,

Taking note of the tremendous efforts made by the African least developed countries in the organization of their respective country review meetings, especially in devising strategies and policies aimed at ensuring the successful implementation of their national development plans and public investment programmes and projects,

Noting that the results of the Roundtable and Consultative Group meetings so far organized have principally not met the expectations of the least developed countries, since the commitments made by donor countries and multilateral financing institutions have, in the majority of cases, not matched the requirements of the Substantial New Programme of Action,

Expressing deep concern at the disappointing results of the negotiations on the Substantial New Programme of Action at the sixth session of the United Nations Conference on Trade and Development held in Belgrade, June-July 1983,

Noting that the UNCTAD Intergovernmental Group on LDCs at its high level meeting from 30 September - 11 October 1985 will carry out a Global Mid-term Review of the Substantial New Programme of Action for the 1980s for the LDCs and to adjust it, as appropriate, in order to ensure its fullest implementation during the next half of the 1980s,

1. Strongly urges once again the African least developed countries to adequately prepare themselves for the Mid-term Global Review in September/October 1985 in order to make practical proposals for the adjustment of the SNPA, as appropriate, so as to take into consideration their special circumstances and to expedite its implementation during the second half of the decade,

2. Urges developed countries, developing countries in a position to do so, Multilateral Financing Institutions, UN organizations and other concerned inter-governmental, non-governmental and international organizations, to be represented at a high level at the Global Mid-term Review Meeting and to take appropriate measures to put the SNPA into its proper perspective in order to ensure its effective implementation during the second half of the 1980s,

3. Urges the African LDCs to intensify their efforts towards increased agricultural production especially food, as a means of reducing the ever increasing dependence on external sources for food and calls upon the International Community to provide the necessary technical and financial assistance for agricultural and rural development in the African least developed countries,

4. Draws the attention of the African LDCs to the need for more effective and efficient utilization, management and maintenance of the existing infrastructures, equipment, spare parts including the increase utilization of domestic raw materials by giving proper incentives for their development,

5. Calls upon the African LDCs to give more attention to subregional schemes in their Round Table Meetings with donors as called for by paragraph 90 of the SNPA as a means of assisting the aspirations of the LDCs to achieve greater economic co-operation and integration,

6. Further calls upon the African LDCs to give greater emphasis than heretofore to sectoral projects and programmes so as to enable aid commitments by donors to be more precise, firm and properly oriented,

7. Urges donor countries within the overall context of the Substantial New Programme of Action and of progress towards the 0.7 per cent, to attain the 0.15 per cent of their GNP as official development assistance (ODA) or to double their ODA to the least developed countries during the remaining years of the 1980s.

8. Further urges donor countries to introduce more flexibility in the disbursement of official development assistance (ODA) in order to circumvent the problem of time lag which has a negative impact on project implementation in the African least developed countries and calls upon the international donor community to provide ODA to the LDCs on an untied basis to the maximum extent possible,

9. Welcomes the efforts of some donors in providing assistance adapted to the special needs of the African least developed countries in the form of grants, as well as in more flexible forms such as local and recurrent costs financing, maintenance aid, rehabilitation aid, as well as balance of payments support and urges other donors and multilateral financing institutions to take similar steps as a general rule,

10. Calls upon developed donor countries to respond positively to request from the African least developed countries for an alleviation of their debt burden resulting from official development assistance (ODA) loans, including a possible cancellation of such debt and other retroactive adjustments or equivalent actions and to implement fully the provisions of UNCTAD's Trade and Development Board Resolution 165(S-IX) of 11 March 1978,

11. Expresses its gratitude to the Executive Secretary of ECA for efforts deployed in the monitoring and follow-up of the implementation of the Substantial New Programme of Action in the African region and requests him to report on the outcome of the Mid-term Global Review Meeting along with progress in the implementation of this resolution to the sixth meeting of the Conference of Ministers of African LDCs in 1986.