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**DRAFT REPORT OF THE SESSIONAL COMMITTEE II**

Mr. F. Leger (France)

Speakers:

Ethiopia

Mauritania

Tunisia

Islamic Republic of Iran

China

United States of America

Cuba

Algeria

**Note for delegations**

This draft report is a provisional text circulated for clearance by delegations.

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**UNCTAD'S CONTRIBUTION TO THE IMPLEMENTATION OF THE UNITED  
NATIONS NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE  
1990S: STRUCTURAL ADJUSTMENT AND POVERTY REDUCTION IN  
AFRICA**

(Agenda item 5)

**(continued)**

1. The representative of **Ethiopia** said that since 1992 Ethiopia had embarked on a painful process of macroeconomic and structural adjustment, and had also implemented several sectoral investment programmes. These efforts had yielded a modest dividend. Ethiopia was still one of the poorest nations in the world. This poverty was mainly a rural phenomenon, but urban poverty was also growing. Desiring to rid Ethiopia of the scourge of poverty, the Government had exerted every effort to prepare a Poverty Reduction Strategy Paper (PRSP). However, the successful implementation of the policies contained in that document required as much effort on the external front as on the domestic front.

2. The international community was called upon to fill any financing gap between available and required resources. In the past the international community had been supportive of poverty reduction efforts in Ethiopia, but at a lower level than in other parts of Africa. Ethiopia now needed an increase in both the quantity and the quality of assistance. Aid delivery mechanisms had to be streamlined and harmonized in order to reduce transaction costs, and to improve the effectiveness of aid. Ethiopia's terms of trade had deteriorated as a result of an unprecedented collapse in the world price of coffee, which accounted for 60 per cent of the country's export earnings. Against this background its development partners were called upon to help facilitate market access, encourage flows of foreign direct investment, address the country's debt problem and remove supply-side constraints.

3. It was to be hoped that three or four decades of experimenting with different development paradigms had come to an end with the introduction of the PRSP scheme. The international community had to develop the necessary political will to discharge its responsibilities. In doing so, it should look to the positive experience with the huge external support given to bolster the strong domestic effort of the North-East Asian countries at an earlier stage of their development.

4. The representative of **Mauritania** said that the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF) had not led to the expected results. Africa was still confronted with the same obstacles as at the beginning of the 1990s. African leaders had recognized that the major responsibility for their development lay with their own countries, and as a consequence the New Partnership for Africa's Development (NEPAD) had been launched. However, Africa could not cope alone with the challenge facing it. NEPAD provided a framework and an opportunity to promote African development, but it had to be coherently supported by the international

community. Faster growth was a precondition for sustained poverty reduction in Mauritania; it required a more dynamic private sector, macroeconomic stabilization, export promotion and increased competitiveness. Sustained growth, however, was not equivalent to poverty reduction. Extreme poverty had to be resolved through sectoral development, and government intervention was necessary in order to create economic and social infrastructures. Domestic policies were fundamental, but without a favourable international environment the development goals could not be attained. Developed countries had to open their markets to products from developing countries, facilitate access to information and communication technologies, and strengthen their efforts to provide additional official development assistance and debt relief.

5. The representative of **Tunisia** said that despite the attention given by the international community to the reduction of poverty, the mobilization of resources to attain the targets set at the Millennium Summit and other recent international conferences had been insufficient. However, poverty reduction had become the principal objective of the programmes and activities of the international financial institutions, and both the European Union and the United States, as well as the G-8 countries at their recent summit, had made commitments that were important not only for the countries directly concerned by the problem of poverty but also for security and stability in the world. These efforts were of particular importance as the number of people living on less than a dollar a day continued to increase, particularly in African LDCs. The UNCTAD report on economic development in Africa provided a pertinent analysis of the causes of this growing poverty.

6. At the Lusaka summit in July 2001 African leaders had adopted the New Partnership for Africa's Development (NEPAD), which was intended to become the cornerstone of African development policies. The success of this ambitious programme was dependent on the active support of the international community. The process of globalization and the changes it brought with it for interdependence and the relationship between peace, security and development required a global approach to the problems of development and poverty, such as the creation of a Global Solidarity Fund. This Tunisian initiative was inspired by the country's experience in the fight against poverty and had the support of the international community. It was to be hoped that all partners would help implement this initiative by putting in place appropriate mechanisms, in accordance with the goals and commitments set out at the Millennium Summit.

7. The representative of the **Islamic Republic of Iran** said that globalization and liberalization of trade and finance were complex challenges for Africa. The per capita income of sub-Saharan Africa was declining and poverty was increasing. The structural adjustment programmes applied in Africa over the past 20 years had not succeeded in overcoming the major structural and institutional impediments to accumulation of capital and structural change. This might be partly due to slippages in policy implementation, but there had also been problems in policy design.

8. While the United Nations, including UNCTAD, had for many years drawn attention to the need to address the plight of the poorest countries, as well as emphasizing

the concerns expressed at the Millennium Summit, international action had so far been insufficient. Since 1999 poverty reduction had become the prime objective of the operations of the international financial institutions in low-income countries. However, although these programmes were now more focused on poverty reduction, the macroeconomic policy advice did not seem to depart from the earlier approach of structural adjustment that had been based on the commitment to market-led policies and the liberalization of trade and capital flows. African countries required greater autonomy in the design and implementation of macroeconomic policies adapted to their own special conditions. With the Poverty Reduction Strategy Papers (PRSPs), multilateral and bilateral official loans and grants and debt relief had become inexorably linked to poverty reduction policies and strategies. In the context of PRSPs there was, however, a considerable contradiction between ownership and conditionality. The New Partnership for Africa's Development (NEPAD), conceived and adopted by African countries themselves, should be the basis of international support to Africa. Much more effort was required for a substantial increase in aid, debt reduction and better access to markets.

9. The representative of **China** said that UNCTAD had played an important role in the implementation of the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF), in particular through its analytical work on economic development in Africa, and had also made a substantive contribution to the New Partnership for Africa's Development (NEPAD). Regarding the secretariat's report on economic development in Africa, China endorsed the view that rapid economic growth was the primary condition for poverty alleviation. Macroeconomic stability and structural reform were crucial for sustainable and rapid growth, but social safety nets and social expenditure were also important. African countries had made great domestic efforts, including the launching of NEPAD, but there had been no progress in poverty reduction, owing to various constraints. Economic development and poverty alleviation in Africa required a joint effort by the international community in taking active and effective measures to create a favourable international environment for sustainable development in Africa, including reforming the international financial and trade systems, and promoting and facilitating resource flows to Africa. The creation of a more equitable pattern of world trade reflecting the interests of all countries, through the reduction of protectionism and the provision of market access and technology transfer, was equally important, as was the fulfilment of the commitments by developed countries regarding the provision of official development assistance and debt relief. The United Nations should continue to play a constructive role in mobilizing international support for African development. Greater participation by African Governments in the design of policy reform and structural adjustment policies should be encouraged, and the assistance provided by developed countries and international institutions should not be linked to conditionality.

10. The representative of the **United States of America** said that the New Partnership for Africa's Development provided a solid base for African-led development and that the secretariat should have referred to this new initiative in its report on economic development in Africa. The initiative took charge of development with a focus on poverty reduction.

11. Development depended on a coordinated, coherent approach in which all stakeholders focused on their comparative advantages. Coherence, as a development imperative, rested heavily upon the establishment of clear and sound development priorities by the developing countries themselves. Therefore, one specific way in which UNCTAD could support increased coherence was to place emphasis on cooperating with African Governments, civil society and the Bretton Woods institutions in the Poverty Reduction Strategy Paper (PRSP) process.

12. The most fundamental requirement for Africa to attain its development goals was peace, which was a precondition for the development of regional markets and infrastructure. While improved market access, increased official development assistance (ODA) and faster debt relief were necessary, and while progress had been made on these issues, it had to be recognized that domestic and private resources were the primary resources for sustained development efforts. As African leaders were consolidating democracy and sound economic management, industrialized economies made commitments to promote peace and security in Africa, boost expertise and capacity building, encourage trade and foreign direct investment, and provide more effective ODA. Action on food security and agricultural development and productivity were also extremely important. Sustained growth in agricultural productivity could be achieved through investments in rural development, research and biotechnological development, as well as through a favourable policy environment for farmers to reap the rewards of their work. The United States initiative on agricultural trade at the WTO would complement the efforts of African countries, but domestic policies had an important role to play in maximizing the potential of agriculture.

13. The representative of **Cuba** said that the economic situation in Africa continued to worsen year by year. Africa's share in world trade was decreasing and many countries in the region had become more marginalized. Experience showed that growth could not be sustained without an increase in savings and investment. But this was impossible to achieve when prices for primary commodities, which accounted for more than 80 per cent of African exports, were falling compared with export prices in the rest of the world. Rapid liberalization of African economies had not led to the expected results, while market access for African products in the developed countries continued to be constrained. Massive subsidization of agricultural products in the developed countries and other forms of protectionism were obstacles to sustained development and poverty reduction. Moreover, lack of financial assistance was jeopardizing growth and development and the very survival of the continent. Recent initiatives launched by a number of developed countries were positive steps, but greater efforts were required on the part of the international community. To enable Africa to emerge from extreme poverty, it was essential that developed countries met their commitments made in the context of the Third LDC Conference.

14. UNCTAD's work in many areas, including its interaction with other international institutions in the area of trade and finance, was very important for enhancing policies in favour of development and poverty reduction in Africa. African countries, however, could not attain their development objectives without greater support by the international

community through the provision of additional financial resources, better market access and special and differential treatment, particularly for LDCs. The services provided by UNCTAD in different areas had to be integrated into a global approach in order to ensure consistency and synergies with the activities of other institutions.

15. The representative of **Algeria** said that the report by the secretariat on economic development in Africa, although departing from conventional views, provided a thorough analysis of that continent's problems of development and poverty. Africa's development partners often had a biased view of Africa as a war-torn continent where famine, AIDS and corruption were rife. While such phenomena were indeed dominant in some African countries, there were also some encouraging developments with regard to governance and political reform in the majority of African countries. However, the resolution of social and political conflict, the establishment of democratic Governments, respect for human rights and liberalization policies were not sufficient to pull the African countries out of poverty. Adjustment policies had been associated with considerable economic and social costs, adding to the debt burden, which over the years had become a major constraint on sustainable development.

16. It was deplorable that the efforts by African countries to achieve regional integration, particularly following the creation of the African Union, were not fully recognized by the international community. That project, which was pursued also through the New Partnership for Africa's Development (NEPAD), underlined the commitment of African Governments to take charge and solve their economic problems.

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