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PREPARATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY
FOR THE FOURTH UNITED NATIONS DEVELOPMENT DECADE (1991-2000)

Note by the Executive Secretary

It is well known that the main objectives of the United Nations and its specialized agencies are to support the efforts of developing countries to accelerate their economic and social development. To that end, the United Nations has adopted the principle of working in what are called international development decades, which are usually implemented and evaluated over 10 years. The international development strategy (IDS) for the fourth United Nations development decade (1991-2000) is currently being formulated. Agencies of the United Nations, including the Economic and Social Commission for Western Asia (ESCWA), are preparing this strategy. An ad hoc committee has been set up within the framework of the United Nations and comprises a number of representatives of Member States to prepare the strategy prior to its adoption by the General Assembly. In this connection, the Commission has decided to hold two meetings this year and two further meetings in January and June next year.

To be more precise, General Assembly resolutions on this matter stipulate that the relevant agencies, including ESCWA, should consult with countries of the region in order to prepare the forthcoming international strategy. This makes it necessary to submit the matter for discussion at this session in the most appropriate manner in order to formulate the development strategy in such a way as to give expression to the interests and overall economic and social objectives of the region within the framework of the fourth international development decade (1991-2000).

In this connection, it is appropriate to consider the following:

1. A brief outline of the International Development Strategy for the Third United Nations Development Decade;
2. General indicators of the progress made by countries of the region in achieving the objectives of the International Development Strategy for the Third United Nations Development Decade;
3. The main issues to be addressed by the forthcoming international development strategy for the fourth United Nations development decade;
4. The proposal of the ESCWA secretariat concerning technical preparation for the forthcoming strategy.

I. A BRIEF OUTLINE OF THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE THIRD UNITED NATIONS DEVELOPMENT DECADE

The main objectives of the International Development Strategy for the Third United Nations Development Decade may be summarized as follows:

1. A 7 per cent growth in the gross domestic product (GDP) and a 4.5 per cent increase in GDP per capita for the developing countries as a whole;
2. An annual growth of 9 per cent in manufacturing output and 4 per cent in agricultural production;
3. An increase in exports by 7.5 per cent annually and imports by 8 per cent annually;

4. As part of United Nations endeavours to ensure international support for the efforts of developing countries to achieve the stated objectives, the United Nations called upon the developed countries to allocate 0.7 per cent of their gross national product for development assistance to the developing countries.

In determining the general objectives of the International Development Strategy for the Third United Nations Development Decade, it was implicitly assumed that the appropriate economic conditions would be present world-wide to assist developing countries in achieving these objectives. However, the developments that have occurred in the world economy since the beginning of the 1980s have not for the most part accelerated economic and social development in most developing countries, including countries of the region. Rather, international economic developments during the present decade have had a negative impact on economic development efforts in the developing countries. The most outstanding of these developments may be summarized as follows:

1. The relative slowness of economic growth rates in the advanced industrial countries;

2. The decline in the volume of trade for most developing countries, including Western Asia, since the prices of raw materials, which form the bulk of exports from these countries, have dropped. Furthermore, some advanced countries have adopted policies of protection vis-à-vis the developing countries;

3. The sharp fluctuations in the value of the main international currencies, especially the United States dollar, which have affected the economies of the developing countries in general and the countries of the region, including the oil-exporting countries, in particular;

4. The sharp fluctuations in interest rates on the international markets, which have affected economic stability in most countries of the world.

These developments have led to a fall in the financial resources made available by the advanced countries to the developing countries and to an increase in the external debt of most of the developing countries. This has hampered their development efforts and prevented them from achieving the objectives of the IDS and this is reflected in the general indicator for economic growth. Annual GDP growth in developing countries for 1980-1988 has been estimated at around 3 per cent, compared with the 7 per cent aimed at in the IDS.

II. GENERAL INDICATORS OF THE PROGRESS MADE BY COUNTRIES OF THE REGION IN ACHIEVING THE OBJECTIVES OF THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE THIRD UNITED NATIONS DEVELOPMENT DECADE

With respect to economic performance in Western Asia, in addition to the influence of the general international economic conditions already referred to, the economies of Western Asia have been affected by other factors, the most prominent of which are the Iran-Iraq war which lasted for eight years, the political turmoil in Lebanon and Israel's continued occupation of large parts of the territories of countries of the region and its refusal to

recognize the rights of the Palestinian people. All this has resulted in a grave depletion of the human and economic resources formerly available for accelerating the development of the countries of the region. Similarly, the drop in oil prices and revenues in 1983 had a direct effect on the economic performance of both the oil-exporting and non-oil-exporting countries of the region; their economic performance fell in comparison with the high economic growth rates achieved in the 1970s.

The drop in oil revenues had a broad influence on the economies of the countries of the region because these economies are closely interconnected. This is reflected in the increased mobility of labour between these countries, which up to the beginning of the 1980s had witnessed an expansion in the migration of large numbers of workers from densely populated countries to countries which suffered from manpower shortages. As a result of the slow-down in economic activity, the phenomenon of return migration has appeared and has had a negative effect on the economies of labour-exporting countries through a fall-off in hard currency remittances from these workers and a rise in unemployment rates. Similarly, an instance of the strong interconnection between the economies of countries of the region is the flow of funds in the form of soft loans, grants and investment from affluent countries to needy countries. These flows had helped the non-oil-exporting countries to finance a large part of their development projects, as well as to alleviate the deficiencies in their balance of payments. However, the sudden drop in oil revenues and the restrictive financial policies which this called for have led to a decrease in the volume of resources available to finance development projects, to an aggravation of the balance-of-payments problems of countries which suffer from a shortfall in the funds necessary for investment and to a worsening of the problem of indebtedness.

As a result of the factors referred to, the level of economic activity in the region has fallen and this is reflected in the low economic growth rates, the increasing balance-of-payments deficits, increasing external indebtedness and the emergence of problems connected with unemployment. Countries of the region have not achieved the objectives of the IDS. They have witnessed negative growth in their GDP, estimated at an average annual rate of -1.9 per cent, as compared with the 7.0 per cent annual growth aimed at in the Strategy. This was followed by an average annual decline of -5.2 per cent in GDP per capita, as compared with the 4.5 per cent growth aimed at in the Strategy. The industrial sector achieved an annual growth rate of 5.9 per cent, which is also less than the 9 per cent aimed at in the Strategy. The production of the agricultural sector increased by an annual rate of 2.9 per cent as against the 4.0 per cent aimed at in the IDS. An example of the fall-off in economic activity is the low growth rate in imports and exports of goods and services. Exports from countries of the region dropped by 13.5 per cent against the 7.5 per cent growth aimed at, and their total imports of goods and services dropped by 2.6 per cent as against the 8.0 per cent aimed at in the Strategy.

However, this general economic recession was not uniform throughout the countries of the region. In the Gulf Co-operation Council countries the GDP growth rate dropped by 4.3 per cent in constant prices during the period

1980-1987. This can be attributed mainly to low growth in the extracting industries sector (oil and natural gas), which recorded a negative growth of 1.2 per cent during the period under review; this sector still accounts for approximately 30 per cent of GDP in spite of the sharp fall in oil prices.

In view of the connection of most other sectors to the extraction sector and to the level of public expenditure in this group of countries, they too have witnessed a fall-off in their growth, especially in the building and trade sectors. Nor have the other sectors that have achieved steady growth, such as agriculture, been able to compensate for the recession in the extracting industries, which has contributed to the drop in overall economic activity.

The economic structure of the group of countries that comprises Iraq, the Syrian Arab Republic, Egypt, Lebanon and Jordan is relatively more diversified: in 1987 the extraction sector accounted for about 10 per cent, the agricultural sector for about 16.5 per cent and the industrial sector for about 20.7 per cent of GDP. These countries have been affected by the negative developments in the oil market, especially as the group includes oil-producing and oil-exporting countries. Some of these countries also suffer from a persistent and growing budget deficit and a worsening balance of payments, which has forced them to increase external borrowing in order to deal with this problem and to provide the funds needed to finance development. The burden of servicing the external debt has increased dangerously, threatening existing consumption and investment levels, which have been falling in recent years. The annual GDP growth rate for these countries is estimated at about 6.1 per cent during the period 1980-1987, at constant 1980 prices.

The third and last group of ESCWA countries comprises the two Yemens, which are the least-developed countries in the region. Their economic performance has been sorely affected by the stagnation in most countries of the region. Their GDP growth rate reached about 4.9 per cent annually for the period 1980-1987, which is less than the rate achieved during the 1970s.

In order to cope with economic and financial developments in the region, the Governments initiated a set of policies and measures to alleviate their negative effects. These involved cutting back and rationalizing public expenditure, especially current expenditure, and, in the case of investment, concentrating on priority economic projects, and restricting imports in order to counter the worsening deficit in their trade balances and balance of payments. These policies aim to benefit from the potential of the private sector and to improve the economic and financial performance of the public sector, with the aim of developing local resources and expanding and diversifying the country's productive base, as well as to reduce dependence on the export of a single raw material. The countries of the region have also intensified their efforts to boost economic co-operation and integration among themselves, whether within the framework of the Gulf Co-operation Council, the Arab Co-operation Council, or other joint economic co-operation institutions.

III. THE MAIN ISSUES TO BE ADDRESSED BY THE FORTHCOMING
INTERNATIONAL DEVELOPMENT STRATEGY FOR THE
FOURTH UNITED NATIONS DEVELOPMENT DECADE

At a time when policies and measures of adjustment adopted by countries of the ESCWA region have been successful, even if to varying degrees, in curbing demand and alleviating external imbalances, it has become clear that such measures are of a short-term nature. Therefore, it is proposed for the coming decade (1991-2000) that ESCWA countries should adopt long-term adjustment policies which aim to broaden productive capacity and to diversify sources of income, paying greater attention to the commodity sectors.

The countries of the ESCWA region need to increase economic growth and to improve standards of living in general, as well as to develop an adequate industrial sector which relies on local production requirements. To be more precise, in the field of agricultural development, the overall economic and social objectives of the countries of the region make it necessary to boost agricultural efficiency, to apply modern agricultural methods and to increase the capability, efficiency and effectiveness of governmental and semi-governmental bodies concerned with agriculture. Water conservation and the rationalization of water consumption are questions of great importance in view of the relative scarcity of water and its wasteful use. Most important of all is the fact that the major rivers in the countries of the region have their sources in countries outside the region, whereas the demand for this water is increasing inside the region.

The scarcity of water contributes to the low regional self-sufficiency in food production - around 50 per cent of the demand, which is considered one of the lowest levels in the major regions of the world. This problem is complicated by the deficiency in the physical and social infrastructures, the low levels of technology and the worsening social and economic environment in which agricultural production is carried on. The development of agriculture is linked to the implementation of comprehensive and integrated programmes of rural development.

The problem of external debt in a number of countries of the region makes it necessary to adopt long-range economic policies to reduce the great dependence on sources of external financing.

In the field of energy, there is a need to develop sources of new and renewable energy, to economize in the use of energy, especially oil and gas, and to set up infrastructures for the exploitation of energy.

In the field of science and technology, there is a need to reduce dependence on the industrialized countries by developing the capacity of the region to use new technologies and striving to create technologies suited to local conditions.

In the field of social development, efforts must be made to deal with unemployment, which has been growing in recent years in a number of countries of the region. Similarly, internal rural-urban migration is a major problem which needs long-range treatment to check the decline of public social services in the big cities and to avoid possible social unrest.

Similarly, an increase in economic co-operation and integration among the countries of the region would help to provide optimum conditions for national and regional economic and social growth and development.

IV. THE PROPOSAL OF THE SECRETARIAT CONCERNING TECHNICAL PREPARATION FOR THE COMING STRATEGY

The ESCWA secretariat has contributed to the preparation of the forthcoming international development strategy by making an evaluation of the achievements of countries of the region in the current (Third) Decade, in addition to a review or assessment of the main relevant economic and social indicators, and by pointing to the main issues to be addressed in the fourth decade. ESCWA has also participated in meetings devoted to this subject. It was agreed at the meeting of the executive secretaries of the regional commissions in Santiago, Chile, in April 1989 to grant the regional commissions an important role in the efforts to prepare the international development strategy for the fourth decade, including participation in the meetings of the preparatory committee set up to that end.

Therefore, in order to ensure effective participation by the relevant parties in the member countries in the international efforts to formulate the international development strategy for the fourth United Nations development decade in such a way as to give expression to the interests and needs of the countries of the region, it may be appropriate to hold a meeting of government experts from member countries to discuss and formulate a strategy for the development of the region, within the framework of the current preparation of the international development strategy for the forthcoming fourth decade. It is proposed, subject to agreement, to hold this meeting during the current year, 1989.