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**DRAFT REPORT OF THE SESSIONAL COMMITTEE II**

Rapporteur: Mr. Kim Yong Ho (Democratic People's Republic of Korea)

Speakers:	United States of America
Cuba for the Group of 77 and China	Japan
Nigeria for the African Group	Madagascar
Islamic Republic of Iran for the Asian Group and China	Organization of African Unity
Belgium for the European Union	Norway
	Common Fund for Commodities
	Sudan

**Note for delegations**

This draft report is a provisional text circulated for clearance by delegations. Requests for amendments to statements by individual delegations should be communicated by **Wednesday, 17 October 2001** at the latest, to:

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**UNCTAD'S CONTRIBUTION TO THE FINAL REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF THE UNITED NATIONS NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE 1990S: ECONOMIC DEVELOPMENT IN AFRICA: PERFORMANCE, PROSPECTS AND POLICY ISSUES**

(Agenda item 4)

1. The representative of **Cuba**, speaking on behalf of the **Group of 77 and China**, said that Africa was poorer than when the New Agenda for the Development of Africa (UN-NADAF) had been launched. The economic and social problems of the region remained acute and the rate of growth of gross domestic product (GDP) required to place Africa on the path of sustainable development had not been attained. Without major policy changes at the national and international levels, Africa would be unable to achieve faster growth and reduce poverty. The New African Initiative, adopted in Lusaka by the Heads of State and Government of the African countries, demonstrated the political will of the African countries to take their destiny in their own hands. But the international community must redouble its efforts in supporting African countries in the task of meeting the objective of reducing poverty by half by the year 2015.

2. During the past decade the support provided by the international community had fallen far short of expectations. Official development assistance (ODA) had fallen to historically low levels, to one-third of internationally agreed targets, while the external debt burden continued to hamper the growth potential of many African countries. The continuing deterioration of the terms of trade was one of the main causes of insufficient GDP growth. The decline in the prices of many primary commodities continued to be a major problem, and without sufficient resources to diversify their export structure, African countries would remain hostage to the vicissitudes of weather conditions and international commodity markets.

3. The Group of 77 and China urged the other development partners to join them in providing support for the New African Initiative, which should serve as the road map for the process of final review and appraisal of the implementation of the UN-NADAF. The Trade and Development Board should be the focal point during the UN-NADAF appraisal and provide the groundwork for a renewed commitment by the international community to support Africa in meeting its development goals as set out by the African countries themselves.

4. The representative of **Nigeria**, speaking on behalf of the **African Group**, said that despite important political and far-reaching economic reforms over the past twenty years few African countries had attained sustained growth. Since the launch of the UN-NADAF an additional 80 million people had been living in absolute poverty in sub-Saharan Africa. Savings and investment rates were far below the levels required for robust growth in the region.

5. The response of the international community to its commitments under the UN-NADAF had been very disappointing. ODA had shrunk to historically low levels and there

were indications that the aid budgets of certain donors would be reduced even more. Moreover, African countries continued to grapple with the problems of implementing the commitments undertaken during the Uruguay Round, while facing a host of measures limiting their exporters, access to northern markets. On the basis of current trends, the chances of growth above 3 per cent per annum and of reducing poverty by half by the year 2015 were very small.

6. The final review and appraisal of the UN-NADAF was an opportunity to take stock and to reflect on a new approach to accelerating growth in Africa. Increasing the investment ratio was not possible without additional capital inflows. As proposed by UNCTAD and the recent Zedillo report, it was necessary to double ODA for Africa from the current level of \$10 billion to \$20 billion. Reversing the course of the HIV/AIDS pandemic was equally important for sustained development in Africa, but it also required increased support from the international community. Furthermore, serious consideration should be given to writing off the unsustainable debt of African countries to both bilateral and multilateral creditors, in line with the proposal by UNCTAD and the Secretary-General of the United Nations that a high-level independent panel of experts be appointed to determine the sustainability of Africa's debt. Pending the findings of such a panel, a moratorium should be placed on debt repayment without additional interest accruing.

7. The asymmetries and imbalances in the global trading system, including in a number of WTO agreements, were another serious impediment to growth in Africa. There was now a need to review current agreements and assess their impact on African development. Tariff peaks and escalation, and non-tariff barriers such as export subsidies and domestic support measures, should be reconsidered. Market access, particularly for agricultural products, had to be improved and supported by specific capacity-building programmes to help diversify African exports and improve their competitiveness. More careful consideration than in the past had to be given to the pace and timing of trade liberalization, so that trade would stimulate, not undermine, industrial growth and development.

8. The policies of the multilateral financial institutions, which had been refocused on poverty alleviation, should not merely provide a palliative for the effects of structural adjustment programmes on the poor. The basic premises of the conceptualization, design and implementation of these programmes had to be reviewed. The approach of "getting the prices right" had not led to an appropriate supply response, while the State in most African countries had been weakened to such an extent that it could no longer provide the basic public services.

9. The New African Initiative adopted in Lusaka provided the international community with a good road map for Africa's future development. It had four guiding principles: African ownership of development goals, objectives and policies; the mutual responsibility of African countries and their development partners for achieving shared objectives; the provision of long-term donor support, taking into account the diversity within and among African countries; and a bold and comprehensive plan for Africa's irreversible emergence from its current fragile state.

10. The representative of the **Islamic Republic of Iran**, speaking on behalf of the **Asian Group and China**, said that the objective of accelerated growth agreed in the UN-NADAF had not been attained. Many African economies continued to suffer, and the number of people living in extreme poverty had increased dramatically. The international community should make a proper assessment of how it had responded to the commitments of the UN-NADAF and draw conclusions from it in order to place Africa on a path of sustained growth and development.

11. In its mid-term review of the UN-NADAF in 1996 the United Nations General Assembly had recognized that most African countries had undertaken far-reaching structural adjustment programmes which had entailed great social costs. The New African Initiative, adopted in Lusaka, reiterated that the major responsibility for African countries' development lay with themselves. However, given their structural weakness, it was very difficult for the African economies to achieve the necessary pace of sustained growth without adequate support from the international community. It was thus imperative that all efforts be made by donor countries to attain the internationally agreed ODA targets. There was also a need to address the external obstacles to FDI flows to Africa, as well as the domestic efforts in African countries to create an environment conducive to investment.

12. The final review and appraisal of the implementation of the UN-NADAF provided an excellent opportunity to reflect on past mistakes and to build a consensus on how the international community should act in helping Africa to attain its development objectives. Since the Third United Nations Conference on the Least Developed Countries in Brussels had generated comprehensive results, and given that the majority of the least developed countries were in Africa, it seemed advisable that the implementation of the Brussels outcomes be incorporated into the agenda for Africa.

13. The international community had to be able to muster the political will to make concrete commitments and to deliver on them in close cooperation with African Governments and institutions. The Asian Group and China were ready to engage in a detailed assessment of the implementation of the UN-NADAF and to work with the African countries in achieving the objectives set forth in the New African Initiative.

14. The representative of **Belgium**, speaking on behalf of the **European Union (EU)**, said that Africa was of priority importance to the EU. The strategic partnership between Europe and Africa had been reaffirmed and consolidated at the European-African summit in Cairo in April 2000. The Cairo and Brussels Plans of Action remained reference points for the EU. The political change that had taken place in a number of African countries and the increasing willingness of the new political leaders and their peoples to assume the main responsibility for the development of their countries and regions gave rise to optimism. The EU welcomed and supported the New African Initiative taken by the African Heads of State at their recent summit in Lusaka.

15. Africa continued to be faced with numerous challenges and constraints. The rate of growth of GDP fell short of the required 6 per cent; the region was marginalized in international trade and bypassed by investment flows. Limited diversification of its

production structure and massive capital flight were additional problems. But there were also positive developments: 14 countries with a relatively high degree of political and macroeconomic stability could expect economic take-off within 15 years, and five of these could achieve the objective of reducing extreme poverty by half by the year 2015. The chances for sustained growth had improved for the majority of countries that had avoided conflict. Good governance was essential for ensuring that the poorest people shared in the distribution of the benefits of growth, as was durable peace for poverty alleviation.

16. The Third United Nations Conference on the Least Developed Countries had yielded positive results with regard to the issue of resources for development, including the mobilization of domestic savings, ODA, investment, debt relief and market access. The EU would assume its responsibilities as specified in the Programme of Action, acknowledging that ODA was an important catalyst for the mobilization of private capital flows. Access to the markets of developed countries constituted a necessary – though not sufficient – element of Africa's economic development. The unilateral "Everything but Arms" Initiative of the EU, under which it would open its market for exports from least developed countries, as well as future economic partnership agreements, would make a contribution in this respect. However, in order to be able to benefit fully from these initiatives the countries concerned had to strengthen their productive capacity. The EU agreed on the need to make the provisions on special and differential treatment more efficient, although not all of them could be made compulsory. It would continue to support all proposals for debt reduction in the framework of the Enhanced HIPC Initiative.

17. Welcome progress with respect to economic diversification, infrastructure rehabilitation and human capital formation had been achieved at the Dakar Conference on Education. Investment in education and health was indeed an integral part of a long-term strategy to solve the problem of poverty. There was now a general consensus not only on the objectives but also on the means to be employed. Given that Africa benefited from a multitude of initiatives with similar elements, it was imperative to ensure their consistency. The EU favoured an integrated approach vis-à-vis Africa, involving the United Nations system, the other members of the international community and the African countries themselves.

18. The representative of the **United States of America** said that much of the development progress over the last 30 years had been reversed by the HIV/AIDS pandemic, and that there was too much poverty in Africa. The United States was committed to continuing and increasing support for sustainable economic growth and human development, accompanied by steady poverty reduction.

19. The United States Global Development Alliance initiative would be applied to assistance programmes in Africa. Since the approval of the African Growth and Opportunity Act (AGOA) United States trade with sub-Saharan Africa had grown by 12 per cent, including a 28 per cent increase in apparel imports from AGOA-eligible countries. Significant steps concerning the bilateral relationship between the United States and Africa had been taken, but they needed to go hand in hand with multilateral initiatives. The United States was working towards launching a new Round of WTO trade negotiations with agenda

items of critical importance for Africa, namely agriculture and services. The Round should serve as an engine for economic growth and poverty alleviation, and encourage foreign direct investment in Africa.

20. Malaria and tuberculosis had had a major negative impact on Africa's development potential, but the most recent and gravest threat was the social and economic consequences of HIV/AIDS. The United States was the largest provider of HIV/AIDS-related assistance, and fully supported the Global Fund for HIV/AIDS and other infectious diseases. Conflict prevention and resolution constituted one of the pillars of the United States foreign assistance programme, with a view to reducing human suffering and avoiding negative economic and social consequences in the longer term. Poverty alleviation and sustainable development required an integrated approach to all aspects of development. This had been recognized in the New African Initiative, which represented an Africa-led plan for sustainable development.

21. It was to be regretted that the report presented to the Board did not mention either conflict or HIV/AIDS. It did not pay sufficient attention to the considerable variety of circumstances and development experiences in African countries, and did not analyse the reasons for differences with regard to attracting external capital and preventing capital flight. The United States could not endorse the report's conclusions or recommendations.

22. The representative of **Japan** said that since 1990 about 10 per cent of Japanese bilateral aid had been earmarked for Africa. Grant aid had been provided for food and agriculture, as well as for technical assistance fostering human resource development. Japan also made a major contribution to combating HIV/AIDS and other infectious diseases, and to refugee support, mine-clearing and peacekeeping projects.

23. Moreover, Japan had organized the Tokyo International Conferences on African Development – TICAD I in 1993 and TICAD II in 1998 – and a preparatory meeting for TICAD III at the ministerial level was scheduled for December. This meeting would provide an opportunity to review TICAD II and to discuss various aspects of South-South cooperation, including the New African Initiative, issues related to HIV/AIDS, and information and communication technology. Japan had also promoted South-South cooperation through its contribution to the establishment of the Asian-African Investment and Technology Centre, and the convening of the Asian-African Business Forum. Japan welcomed the New African Initiative adopted at the OAU summit meeting. It was now important to ensure consistency between the United Nations New Agenda for the Development of Africa (UN-NADAF) and the New African Initiative.

24. The secretariat's report on economic development in Africa omitted important aspects of African development, such as conflict prevention, democracy and human rights, as well as legal and regulatory frameworks. Its proposal for the establishment of an independent body of experts to identify debt relief needs was not realistic, since it would exclude creditors. The existing international financial institutions were in a good position to lead the process of debt relief in a neutral and objective manner.

25. The representative of **Madagascar** said that the responsibility for solving the well-known problems hindering Africa's development lay with the African countries themselves. They had already shown their capacity to engage in wide-ranging political and economic reforms, and there had been considerable efforts aimed at economic integration. The recent initiative taken at the Lusaka summit was an integral part of the fight against poverty; it illustrated Africa's ability to assume responsibility for its development. Enormous efforts had already been made at the national, regional and international levels to advance development in Africa, but more needed to be done to face the numerous challenges ahead and further support from the United Nations was required.

26. While Madagascar had benefited considerably from United Nations support in many areas, the UN-NADAF had not generated the results hoped for. The different United Nations bodies should work together towards a plan of action determined by the African countries and based on coordination of the existing initiatives. The principal hindrance to Africa's development was the lack of capital, an issue that should be addressed at the forthcoming Conference on Financing for Development. Although Africa had enormous potential, it required the support of the international community. With the necessary political will such support could be mobilized, as the intervention during the Asian crisis had shown.

27. The representative of the **Organization of African Unity** (OAU) said the findings of the report prepared by the secretariat were consistent with the consensus on the prospects for African economies. While the policy environment had improved throughout the 1990s thanks to economic reform programmes adopted and implemented by many African economies, performance continued to be constrained by inadequate financial inflows from both private and official sources and by shortcomings in the HIPC Initiative. A new mood of realism had emerged from the consensus on these two major issues and had provided the context for the New African Initiative at the Lusaka Summit of the OAU. The Initiative renewed the commitment of African leaders to continue the reform process with additional emphasis on peace, democracy, human rights and sound economic management for the effective integration of African economies into the global economy. However, the Initiative expected from development partners assistance in the financing of development, technical cooperation across all sectors and improved market access. The Initiative was further underscored by the launching of the African Union, into which the OAU would be transformed after a one-year transition phase.

28. The representative of **Norway** said that the UN-NADAF had fallen short of expectations for many reasons. The report provided by the secretariat showed that African difficulties were due to internal and external factors. However, while the external environment had indeed not been conducive to sustained growth, the impact of internal conflicts and the HIV/AIDS pandemic was underestimated in the report. ODA would have to play an important role in the future and it was therefore important that donor countries reach the overall ODA target of 0.7 per cent of GDP as well as the ODA target for the least developed countries, as Norway and a few other countries had done. The pledges made at the Third United Nations Conference on the Least Developed Countries were encouraging, and recently there had also been some positive developments in the mobilization of public and

private resources, in particular in the area of health. The recent decision by the Organisation for Economic Co-operation and Development on untying aid to LDCs could help to make aid more effective.

29. Although it was too early for a final judgement on the Enhanced HIPC Initiative, it was clear that additional efforts were necessary in order to solve the debt problem. However, Norway did not concur with the idea that a panel of eminent persons could offer a better understanding of debt challenges. The African challenge had to be faced using an integrated and holistic approach. A new Trade Round should address the concerns of developing countries in international trade, and it was important to strengthen trade-related technical cooperation. Developing a conducive domestic environment, including good governance, democracy, transparency and sound macroeconomic policies, was a priority for Africa and a precondition for effective development assistance and additional foreign investment. The international community could play only a supportive role. In this context, the New African Initiative was to be welcomed. For Africa to achieve faster growth and sustainable development it was also crucial to address the HIV/AIDS pandemic.

30. The representative of the **Common Fund for Commodities** said that Africa had become increasingly marginalized in international trade. Its export earnings were dwindling and the market shares of its export commodities shrinking. There was very little progress in increasing domestic value-added. The main reasons for this lack of development progress were insufficient productive capacity and insufficient competitiveness. A higher standard of living and poverty reduction depended largely on the extent to which the productive capacities of the African countries could be enhanced.

31. Better integration of the African countries into the international trading system, raising the level of nutrition and diversification of the African economies required a strengthening of their capacity for supplying domestic and international markets with competitive products. Enhancing productive capacities and fostering technological progress should therefore be given priority attention.

32. The representative of **Sudan** said that in theory the UN-NADAF was a masterpiece for solving the African economic crisis, but in practice it had not produced the results hoped for. The economic structures inherited from the past century were a handicap to development in Africa. Agricultural and primary commodity exports could not yield sufficient export earnings. Many countries were suffering from an excessive external debt burden and had inadequate and unstable external financial support. The resources available for investment in basic infrastructure were insufficient, and there was a lack of skill and management capacity to advance science and technology.

33. The New African Initiative was intended to accelerate development and reduce poverty. It had to succeed if social instability and political crisis were to be avoided. Not only was accelerated and sustainable development in Africa necessary for the region, but also it would help to stabilize the world politically and economically, and would generate more trade. However, for this to happen, additional efforts – both domestic and external – to overcome the shortcomings of the past were indispensable.