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TRADE AND DEVELOPMENT BOARD
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Agenda item 4

Sessional Committee II

**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**

Draft agreed conclusions

Recalling United Nations General Assembly resolution 55/182 requesting *inter alia* the initiation by UNCTAD of a contribution, in areas falling within its mandate, to the preparatory process for the final review and appraisal of the implementation of the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF), in particular focusing on market access, diversification and supply capacity, resource flows and external debt, foreign direct and portfolio investment and access to technology, with a special emphasis on African trade issues, for the consideration of the General Assembly at its fifty-sixth session;

Taking note of the report by the UNCTAD secretariat entitled *Economic Development in Africa: Performance, Prospects and Policy Issues*, where it is stated that, generally, poverty has increased in the continent and that gross domestic product growth rates are half the annual average growth target of 6 per cent set by the UN-NADAF. Real per capita incomes are today

10 per cent below the levels reached in 1980. Savings and investment rates remain far below levels required for sustainable growth in the region and for attaining the objective of reducing poverty by half by the year 2015. Africa's share of world trade has fallen dramatically in the past decade and the continent's terms of trade are 50 per cent lower than in 1980, owing principally to commodity dependence. Foreign direct investment remains at less than 1 per cent of world totals and is not expected to fill the resource gap. Despite the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative, African countries remain highly indebted. Official development assistance (ODA) has fallen to historically low levels representing about one third of United Nations targets.

The Trade and Development Board, subsequent to discussions undertaken in its Sessional Committee II, adopts the following conclusions:

1. Africa continues to face serious economic, social and health problems and only a few African countries have met the UN-NADAF targets and goals. There are many reasons, both domestic and external, for this disappointing performance. The Trade and Development Board calls on the international community to support African countries in their renewed efforts to address the many problems that remain.
2. In order to place Africa on a sustainable growth path towards achievement of the internationally agreed target of reducing poverty by half by the year 2015, greater coherence is needed among policies regarding African development at the national, regional and international levels. In this connection, the Trade and Development Board welcomes the New African Initiative adopted by the Heads of State and Government at the Summit of the Organization of African Unity held in Lusaka in July 2001.
3. Through the New African Initiative, African leaders have drawn a road map for a new relationship between Africa and its development partners based on guiding principles which include a focus on 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 that exists

within and among African countries; and a bold and comprehensive plan for Africa's irreversible emergence from its current fragile state. The New African Initiative testifies to the determined effort by Africans to shape their own destiny through economic and social development, principles of democracy, good and participatory governance, clear standards of accountability and peaceful settlement of disputes, as well as the undertaking of reforms based on a coherent framework and better policy coordination.

4. The urgent mobilization of domestic and external resources is required if African countries are to reverse the rising tide of poverty. The Trade and Development Board calls for renewed and strengthened efforts by developed countries to meet as soon as possible the ODA target of 0.7 per cent of their gross national product (GNP) and the target of earmarking 0.15 per cent to 0.20 per cent of GNP for the least developed countries, as agreed. Over the longer term, private capital flows and domestic savings should replace official financing, thereby reducing the aid dependence of African countries. The Trade and Development Board notes in particular that considerable additional resources will be required in order to deal with the devastating HIV/AIDS pandemic in Africa and in this regard welcomes the recent establishment of the Global AIDS and Health Fund.

5. The debt burden for several African countries is not sustainable. More needs to be done to achieve sustainable solutions. In this context, the Trade and Development Board urges the full, speedy and effective implementation of the Enhanced HIPC Initiative for eligible African countries through the provision of new and additional resources, as needed, and the adoption by eligible countries of the policy measures required in order to join the Initiative, while stressing the importance of continued flexibility with regard to the eligibility criteria for the Enhanced HIPC Initiative, in particular for countries in post-conflict situations.

6. Measures to deal with resource requirements should be incorporated into a comprehensive development approach which could considerably increase the capacity of African countries to export and to augment their share in international trade transactions. In this connection, recent market access initiatives such as the "Everything but Arms" initiative and the African Growth and Opportunity Act are welcome. Nevertheless, there is considerable scope for increasing Africa's

share of world trade by further reducing barriers, including tariff and non-tariff measures. The full and effective implementation of the existing provisions for special and differential treatment in WTO agreements and decisions would help African countries to diversify their commodity economies. Improved market access should be supplemented with specific capacity development programmes to help countries diversify exports and improve the competitiveness of their firms.

7. In this connection, in order to overcome the adverse effects of volatility of commodity prices, the international community should study ways to deal with the problem of declining commodity prices and their impact on African development.

8. Structural adjustment programmes have not had the expected outcome, and the Trade and Development Board, while welcoming the new emphasis of such programmes on poverty reduction, encourages continued attention to be paid to external factors as well as to shortcomings of domestic markets and enterprises, human capital and physical infrastructure, institutions and income distribution.

9. The report entitled *Economic Development in Africa: Performance, Prospects and Policy Issues* and a summary of the Board's discussions of the report should serve as an input to the final review and appraisal of the implementation of the UN-NADAF as well as to the preparations for the International Conference on Financing for Development. The Trade and Development Board requests that the above conclusions and the report by the secretariat be brought to the attention of the General Assembly at its fifty-sixth session, as requested.