

Agenda Item 22: Final Review and Appraisal of the Implementation of the United Nations New Agenda for the Development of Africa in the 1990s

Statement by Mr. Kamallesh Sharma, Permanent Representative on November 5, 2001

Mr. President,

I thank the Secretary General for his report A/56/270 on the Final Review and Appraisal of the Implementation of the United Nations New Agenda for the Development of Africa in the 1990s. I would also like to express our appreciation for the extremely useful report A/56/435 prepared by the UNCTAD Secretariat. This report should, in our view, guide the deliberations which we would undertake during the 57th session of the General Assembly. Development of Africa has to be a special and sustained concern of the world community.

2. The General Assembly had, in its 46th session, unanimously adopted the New Agenda for the Development of Africa in the 1990s. In this Agenda, the international community had accepted the principle of shared responsibility and of full partnership with Africa for the support of Africa's own development efforts. The Agenda had clearly laid down Africa's responsibilities and commitments. This included reform and structural adjustment of its economies, promotion of regional and sub-regional cooperation and an intensification of democratic processes. The international community, as part of the compact, had also undertaken certain responsibilities and commitments. These included a reaffirmation of the commitment to attain the target of devoting 0.7% of GNP to ODA, of finding a durable solution to the debt crisis, of supporting the development of infrastructure, of granting improved market access to Africa's exports and of encouraging foreign direct investment in Africa. It was envisaged that the fulfilment of these commitments, both by Africa and the international community, would lead to the achievement of the target of 6% economic growth per annum.

3. Africa has, we see, largely fulfilled its obligations under the compact. Structural adjustment programmes have been adopted by a number of countries. In fact, such programmes have been applied more intensely and more frequently, and I would say with more pain, in Africa than in any other region of the world. There has been a deregulation of agricultural markets. This, however, has not led to any growth in agricultural output; in fact cereal production has fallen behind population growth. Trade liberalisation has been undertaken; resulting, however, in de-industrialisation. Capital account liberalisation has been accepted; leading only to adverse effects on exchange rates. Structural adjustment programmes have also enforced a dismantling of state mediated mechanisms for capital formation as well as an erosion in the role of the State in the development of human and physical infrastructure.

4. The compliance of the international community with the obligations voluntarily undertaken by it, however, shows an opposite picture. Official flows to developing countries have fallen from US\$ 55 billion in 1990 to less than US\$ 39 billion in 2000. ODA has suffered a continuous and deep decline; from 0.33% of GNP in 1992 to 0.24% in 1999

for all DAC countries put together. A permanent solution to the debt problem still proves elusive. The HIPC record is woefully inadequate; it suffers from under-funding, excessive conditionality and restrictions on eligibility. The weak and insufficient provisions reflecting on special and differential treatment obtained in the Uruguay Round have been eliminated, in many cases, by conditionalities. Peak tariffs and quotas, arbitrary anti-dumping and counter-vailing duties, unjustified sanitary and phytosanitary restrictions and agricultural subsidies, not only generate protectionist distortions for the exports of Africa and the rest of the developing world, but also impact adversely on the domestic markets of these countries. Finally, foreign direct investment remains confined to a few oil and mineral rich countries.

5. This asymmetric fulfilment of commitments by Africa and the rest of the international community has led to a situation where per capita income in sub-Saharan Africa is now 10% below the level reached in 1980. Even the so-called satisfactory adjusters to structural adjustment programmes have not seen conditions which would be conducive to sustained economic growth. Such programmes have, on the other hand, led to greater inequalities in income distribution. The decline in per capita GDP for the poorest 20% of the population has been twice the overall decline.

6. Poverty eradication on a durable basis can only be predicated on economic growth. This, in turn, requires capital accumulation. Low income countries, which are unable to meet even the basic needs of their peoples, cannot be expected to increase their domestic savings rate. We also know from experience that foreign direct investment does not lead to economic growth in these countries; rather private capital flows follow economic growth. Debt relief by itself cannot be the solution either. It is estimated that even if all the countries in sub-Saharan Africa were brought under HIPC and granted full and immediate relief on their official debt, the amount released would be less than half of their external financing requirements. The arithmetic has been presented with clarity in the Secretary General's report. It reveals that for each dollar of net capital inflow to sub-Saharan Africa, 25 cents flow out as interest payment and remittance of profits by multinational corporations, 30 cents leak into capital outflow and 51 cents account for terms of trade loss. In other words, there is a net transfer of resources from sub-Saharan Africa to the rest of the world. There is, therefore, no capital accumulation, no economic growth and no poverty eradication.

Mr. President,

7. There is a need to address the issues which have been outlined in the Secretary General's report and on which I have dwelt today. It is our belief that greater domestic policy efforts by Africa cannot make up for shortcomings in the external trading and financial environment. We welcome the establishment of an independent panel by the Secretary General to oversee the evaluation of the Agenda. We ask that the evaluation also provide concrete proposals for successor arrangements. These, in our view, should be based on the New Partnership for Africa's Development adopted by the Abuja Summit of October 2001. We endorse the suggestion for establishing an ad hoc Committee of the Whole to carry out the final review and appraisal of the Agenda and looks forward to participating actively in its deliberations. There is an obligation on all of us to do so. A few simple figures would justify this point. The gains to the economies of sub-Saharan Africa from the elimination of agricultural protection in OECD countries would amount to US\$ 6 per person. Such elimination seems worthy of consideration to us, given that more than 300 million people in Africa live on less than US\$ 1 a day.

8. India's commitment to the development of Africa has been firm and unwavering. It is based on solidarity, shared aspirations and concerns rooted in history, common colonial experience, the struggle for liberation and the striving for growth and development. We have always considered the destinies of Asia and Africa to be linked. We have sought to share whatever gains India may have achieved in its drive for self-reliance and economic and technological advancement. We have, since 1964, provided over US\$ 2 billion in technical assistance to other developing countries. The Indian Technical and Economic Cooperation Programme, with an annual financial outlay of over US\$ 85 million, provides training to more than 2000 personnel from developing countries every year, the majority of them from Africa. We have also implemented infrastructure building projects, particularly in the railway sector, in various countries in the African continent. The area of technical cooperation is extensive, embracing particularly agriculture, services and small industry development with a view to employment generation. Indian companies have also established a number of joint ventures in Africa. We will strengthen this cooperation. It is proof of our commitment to South-South and Afro-Asian solidarity.