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DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION: IMPLEMENTATION OF THE SUBSTANTIAL NEW PROGRAMME OF ACTION FOR THE 1980s FOR THE LEAST DEVELOPED COUNTRIES

Sixth session of the Intergovernmental Group on the Least Developed Countries

Note by the Secretary-General

- 1. In its resolution 39/174 of 17 December 1984 the General Assembly decided to convene a high-level meeting of the UNCTAD Intergovernmental Group on the Least Developed Countries to carry out, inter alia, the mid-term global review of the implementation of the Substantial New Programme of Action and readjust, as appropriate, the Programme for the second half of the decade of the 1980s, in order to ensure its full implementation. It requested the Secretary-General to submit a report to the General Assembly at its fortieth session on the high-level Meeting and on the implementation of the resolution. The present note has been prepared in implementation of the decision of the Intergovernmental Group on the Least Developed Countries to submit its recommendations and conclusions to the General Assembly for the latter's endorsement. A report (A/40/826) is being issued in response to the request in resolution 39/174 that the Secretary-General report to the General Assembly on the high-level Meeting and on implementation of the resolution.
- 2. The Intergovernmental Group met at Geneva from 30 September to 12 October 1985. It adopted conclusions and recommendations on (a) the review of progress in implementation of the Programme at the country level and of progress in international support measures; and (b) measures for ensuring the implementation of the Programme over the decade. It also adopted a resolution on a global review and appraisal of the implementation of the Programme. These texts, which constitute part one of the report of the Intergovernmental Group (to be issued as document TD/B/1078-TD/B/AC.17/28), are reproduced in the present document together with:

- (a) Chapter IV of part two of the report, $\underline{1}/$ which records the statements made by certain delegations in connection with the adoption of the recommendations and conclusions;
- (b) Annex II to the report, containing the statement of financial implications of the resolution adopted by the Intergovernmental Group.
- 3. The Secretary-General wishes to draw to the attention of the General Assembly the invitation of the Intergovernmental Group that it endorse the conclusions and recommendations of the Group in respect of the global mid-term review of the implementation of the Substantial New Programme of Action.

Notes

1/ Part two contains an account of the proceedings.

ANNEX

REPORT OF THE INTERGOVERNMENTAL GROUP ON THE LEAST DEVELOPED COUNTRIES ON ITS SIXTH SESSION

Part One

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MID-TERM GLOBAL REVIEW OF PROGRESS TOWARDS THE IMPLEMENTATION OF THE SUBSTANTIAL NEW PROGRAMME OF ACTION FOR THE 1980s FOR THE LEAST DEVELOPED COUNTRIES: CONCLUSIONS, RECOMMENDATIONS AND RESOLUTION 1/

The Intergovernmental Group on the Least Developed Countries,

Meeting in Geneva from 30 September to 12 October 1985 at high level, pursuant to paragraph 119 of the Substantial New Programme of Action for the 1980s for the Least Developed Countries and paragraph 6 of General Assembly resolution 36/194 of 17 December 1981, to conduct a mid-term global review of progress towards its implementation.

Noting with appreciation the documentation submitted by the UNCTAD secretariat 2/ and the inputs of other United Nations organizations and of intergovernmental and multilateral development assistance and financing institutions, including the United Nations Development Programme and the World Bank, for the work of the session.

Recalling the resolution adopted by the United Nations Conference on the Least Developed Countries at its 19th meeting on 14 September 1981, entitled "The Substantial New Programme of Action for the 1980s for the Least Developed Countries".

Recalling also resolution 142 (VI) of the United Nations Conference on Trade and Development as adopted at Belgrade on 2 July 1983 on the progress in the implementation of the Substantial New Programme of Action,

Noting the report of the Meeting of Governmental Experts of Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries as Part of Preparation for the Mid-term Global Review of the Implementation of the Substantial New Programme of Action, held in Geneva from 1 to 10 May 1985, 3/

Reaffirming the importance of the Substantial New Programme of Action for speeding up the economic and social development of the least developed countries,

Recalling further that the objective of the Substantial New Programme of Action is to transform the economies of the least developed countries towards self-sustained development and enable them to provide at least internationally accepted minimum standards of nutrition, health, transport and communications, housing and education, as well as job opportunities, to all their citizens, and particularly to the rural and urban poor,

¹/ Adopted by the Intergovernmental Group at its 12th meeting, on 12 October 1985 (see Part Two, below, paras. ... and ...). Throughout the text the abbreviation LDCs signifies least developed countries.

^{2/} The Least Developed Countries, 1985 Report (TD/B/AC.17/25 and Add.1-5 and corrigenda) to be issued as a United Nations publication (TD/B/1059), and "Women in least developed countries" (UNCTAD/ST/LDC/4).

^{3/} TD/B/1055 and Corr.l (to be printed in <u>Official Records of the Trade</u> and <u>Development Board</u>, <u>Thirty-first session</u>, <u>Annexes</u>)

Expressing deepest concern that the overall socio-economic situation of the least developed countries has further deteriorated and that very limited progress has been made, despite national and international efforts directed towards the attainment of the aims of the Substantial New Programme of Action.

Recognizing the need for these efforts to be intensified at the national and international levels to accelerate the implementation of the Programme in the second half of the decade,

- 1. Reaffirms the objective of the Substantial New Programme of Action as the basis for continuing co-operation between the least developed countries and their development partners;
- 2. <u>Submits</u> to the General Assembly at its fortieth session the conclusions and recommendations of its review of the progress in the implementation of the Programme during the first half of the decade, as set out in section A below;
- 3. Further submits to the General Assembly the conclusions of its consideration of measures for ensuring the full implementation of the Programme over the second half of the decade, as set out in section B below;
- 4. <u>Invites</u> the General Assembly to endorse the conclusions and recommendations of the mid-term global review;
- 5. Calls upon all Governments, intergovernmental organizations and non-governmental organizations to take full account of the conclusions and recommendations of the review in their efforts to implement the Programme, so as to enable each least developed country to achieve a minimum standard of performance in socio-economic development.

A. Review of progress in implementation at the country level and of progress in international support measures 4/

Introduction

- 1. It was noted with serious concern that since the adoption in 1981 of the Substantial new Programme of Action for the 1980s for the Least Developed Countries there has been a significant deterioration in the overall socio-economic situation of the LDCs, the causes of which were both external and domestic. The economic crisis had a depressing effect on the three major sources of foreign exchange of the LDCs: export earnings, concessional capital flows and private transfers. The historically high real interest rates prevailing during the past years have increased the interest obligations on their external debt. This situation was worsened by very adverse climatic conditions in many LDCs, particularly in Africa, which have caused declines in agricultural and food production. There has also been uneven implementation of domestic policy changes which are required for social and economic development.
- Thus, as a result of all these factors, after growing at a low average annual rate of close to 4 per cent in the 1970s and by 3 per cent in the first year of the present decade, the LDCs as a group recorded a GDP growth rate in 1982 and 1983 of only 2 per cent. Since population increased at the high rate of 2.6 per cent, in 1982 and 1983 their gross domestic product per capita declined. Provisional indicators show a poor picture for 1984 in which the African crisis came to a climax, affecting almost all African LDCs. Preliminary estimates for 1985 point towards a virtual stagnation or decline of gross domestic product for the group of LDCs as a whole, which would mean a considerable reduction per capita. However, it is encouraging to note that, despite this very poor development for the group as a whole, a few individual LDCs did perform particularly well, some of them exceeding an annual growth of gross domestic product of 7.2 per cent, the rate required to double national income in a decade. This is evidence of the fact that the target of the Substantial New Programme of Action is not entirely beyond reach, although its attainment has become more difficult during the first half of the decade due to the convulsions that have affected the world economic scene and the vagaries of weather. Such an achievement requires an intelligent combination of measures undertaken by the LDCs, on the one hand, and of the volume, conditions and structure of international assistance, on the other hand.
- 5. Unless urgent measures are taken to implement fully and adequately the Substantial New Programme of Action, this declining trend in the socio-economic situation of the LDCs will be even more acute in future, with serious and stark repercussions for their population.

⁴/ The arrangement of the text of this section follows that of the Substantial New Programme of Action.

I. GENERAL SITUATION AND NATIONAL MEASURES

A. Food and agriculture

- 4. Among the essential social and economic priorities for the development of the least developed countries, both as a means of satisfying the most fundamental human needs and as a basis for economic growth, agriculture and food production were given the highest priority in the Substantial New Programme of Action. Specific recommendations were made in paragraphs 9 19 of the Programme and more especially in paragraph 13. Indeed, the weight of the agricultural sector within the overall economies of the least developed countries, supporting the overwhelming majority of the population and providing raw materials for industry and export revenues, establishes a clear and close link between progress in this sector and overall economic growth. These recommendations called for giving a high priority in the national development plans, programmes and policies of the least developed countries to the agricultural sector, with particular attention to food production and distribution. Agricultural and food strategies were to include among their objectives:
- (a) The attainment of greater food self-sufficiency as soon as possible and at the latest by 1990;
- (b) The attainment or surpassing of the 4 per cent growth rate in agricultural production:
- (c) Achievement of food security through food supplies readily accessible at affordable prices.
- 5. During the first four years of the 1980s agricultural production in the least developed countries continued to be a source of continuing concern in terms both of growth rates and of the ability of the least developed countries to meet the food and nutritional needs of their growing population. During this period the average rate of growth of agricultural output not only fell far short of the target of 4 per cent but also was lower than that recorded in the 1960s and 1970s. This implied a serious deterioration in per capita terms, given that population increased at the rate of 2.6 per cent per annum.
- 6. The goal of food self-sufficiency was even further from being fulfilled, inasmuch as food production per capita fell even more than overall agricultural production. The decline of per capita food production worsened from -0.5 per cent per annum in the 1970s to -1.4 per cent in 1980-1984. However, 7 among the 36 least developed countries did record positive growth rates in food output per capita, proving the realism of the targets set by the Substantial New Programme of Action. Food insecurity has worsened further, particularly at the household level.
- 7. Non-food agricultural production, destined largely for export, performed relatively better for the least developed countries as a group during the early 1980s.
- 8. The causes of the disappointing performance in agriculture and in food production in the least developed countries during the period under review are complex and vary from country to country. But in general, among them are the disastrous climatic conditions in most of those countries during the 1980s, which not only reduced agricultural production and negated the effects of the very

substantial efforts made by many of them to increase production in this sector, but also caused severe ecological damage to the environment.

- 9. The importance accorded to food strategies has proven to be correctly placed. Such strategies enable donors and the least developed countries to deal with the problems of production, marketing and consumption in an integrated and comprehensive manner. Courageous and important steps have been taken by several least developed countries, with support of the international community, to define and introduce food strategies. Success in these cases was the result of the political will of Governments to introduce changes. These measures have yet to produce full and tangible benefits but represent the principal achievement in this sector.
- 10. Failure in some cases to adopt appropriate food sector strategies and to implement appropriate reforms has contributed to the lack of progress in agricultural development. Difficulties have been encountered in such key areas as: full participation of the rural population in rural development programmes; appropriate pricing policies for both agricultural products and inputs to serve as incentives for increased production; institutional and agrarian reforms; the development of the required infrastructure; meeting the basic needs of rural societies; and overcoming the inequalities between men and women in participation in and benefiting from rural development programmes.
- ll. During recent years the particular dynamism of the rural sector has increased and shown itself in various forms, particularly in that of village groupings. It often developed in collaboration with non-governmental organizations. Several least developed countries have taken steps to support this dynamism using donor assistance, both bilateral and multilateral.
- 12. It was noted that there is a need to bring about an appropriate balance between food production for domestic consumption and cash crops for export. There are some positive examples for overcoming this potential dilemma, proving that the two objectives need not conflict with each other. For example, the development of agricultural export products may facilitate the introduction of new techniques and facilities which can also be used by traditional farmers to improve their production. Appropriate policies and development of infrastructures supporting export production may also benefit food production for local consumption.
- 13. Insufficient infrastructure in rural areas not only is a serious constraint to agricultural production, manufacturing and processing, but also serves to discourage linkages with other economic sectors.
- 14. While food aid has been useful in the short term, it has sometimes served to discourage moves towards increasing food self-sufficiency in least developed countries by depressing prices and delaying urgent investments in the rural sector. However, ways have been found to use food aid as a tool for financing development projects in general and in the agricultural sector in particular.
- 15. Co-ordination in the agricultural sector at both the local and the international levels has been insufficient, priorities sometimes conflict, and the dialogue has not always been as comprehensive as might have been desired.
- 16. Severe price fluctuations on the international markets and uncertainties caused by natural factors have compounded problems facing the agricultural sector.

The difficult economic conditions which faced many developed and developing countries in the early 1980s depressed demand for the major agricultural exports of the least developed countries, upon which they depend for a major part of their foreign exchange earnings, and further complicated their efforts to use agriculture as a means of improving their overall economic performance.

17. Support measures to help offset the shortfalls in export earnings arising from declining primary commodity prices were noted with satisfaction. However, many countries felt that the insufficient availability of such support, coupled with delays in bringing into operation the Common Fund for Commodities and the limited number of functioning commodity agreements, contributed to the difficulties of the least developed countries in overcoming the adverse consequences on their agricultural production.

B. Human resources and social development

- 18. On the issues of human resources and social development in least developed countries there was general agreement that the recommendations of the Substantial New Programme of Action in this area remain valid. The development of human resources is an essential prerequisite for the development of the least developed countries, and therefore remains a priority. The scarcity of skilled manpower, particularly in an administrative and managerial capacity, hinders the development process in the least developed countries.
- 19. The progress achieved by some least developed countries in several areas, particularly declining infant mortality rates and increased literacy rates, were noted with satisfaction, while concern was expressed at the continued large discrepancy between males and female literacy rates. However, it was noted with concern that several other indicators reveal a declining trend in education, health and nutrition status of the population of the least developed countries as a whole.
- 20. The scarcity of means available to accelerate the development of human resources in least developed countries and efforts to overcome them were discussed. The need to consider public expenditure on education and health as investment from the point of view of the economy as a whole was stressed.
- 21. The reorientation of the education system in some least developed countries in order to train managers and technicians to better meet the needs of the economy was noted. There has been limited improvement in implementing training programmes meeting the priority needs of the rural masses. An important aspect has been increasing the prestige of manual work, especially in agriculture. The view was expressed that on-the-job training programmes have been more useful when integrated in development projects at an early stage and that they should be expanded and strengthened. Efforts to mobilize more domestic resources for education were highlighted. The necessity was stressed of maintaining and improving the quality of education in the context of the expansion of basic education.
- 22. It was emphasized that high priority for primary health care was still required. The contrast between highly sophisticated medical care that was sometimes available only to a section of the urban population and the development of a widely decentralized preventive medicine requiring simple methods, which was relatively inexpensive and intended for as many people as possible, was

noted in a general way. The efforts made by the least developed countries to achieve the target of "Health for All by the Year 2000" were also noted. The adaptation of the nomenclature of the essential drugs programme prepared by the World Health Organization forms part of these efforts.

- 23. Significant cuts in social expenditure have adversely affected in particular the maintenance of physical facilities in both education and health. Experience has shown that this difficulty can be overcome by flexibility on the part of both least developed countries and donors. It was recognized that government funds were very limited in the least developed countries and experiences were reported where active participation of beneficiaries, inter alia, through user fees, contributed to covering the costs, to safeguarding the efficient use of existing facilities and to reducing dependency of vital services on external assistance. However, generally low income levels have resulted in some of the cases referred to in difficulties and limitations for such contributions. It was also stressed that universal access to basic education and health services was regarded as one of the major social aims of the least developed countries. Local and recurrent cost support in the aid programmes has in several cases been an essential complement of local efforts to keep physical facilities running.
- 24. The implementation of national population policies as recommended in the Substantial New Programme of Action was seen as an important factor to the success of development efforts by the least developed countries. It was noted that only a few least developed countries had vigorously encouraged population policies and family planning activities. Maternal and child care, including family planning, also bring general health benefits to mothers and children. The representatives of least developed countries explained that, while several least developed countries had adopted population programmes, the determinants of achieving lower fertility were not always favourable in the least developed countries.
- 25. The significant contribution made by women in the development process of the least developed countries, especially in the agricultural sector, was highlighted.
- 26. Financial and technical assistance to the least developed countries plays an important part in supporting their efforts in the sphere of human resources development. The linkage between both types of assistance and the right sequence to be followed in providing them was considered to be of crucial significance. The view was expressed by some donors that such assistance should have been provided on more flexible terms and should cover recurrent and local cost expenditures, as these have been identified as major constraints to the development of health and education.
- 27. It was observed that there is a lack of readily available data about the practical experience in human resources development which would permit analyses of past investment in and development of human resources. In this connection, the important role played by a number of partner countries of least developed countries and by the United Nations Development Programme in assisting the least developed countries to develop their human resources and identify priorities was emphasized.

C. Natural resources and energy

- 28. In the sphere of natural resources and energy, the targets of the Substantial New Programme of Action remain entirely valid, despite the fact that they have not yet been achieved. The energy deficit experienced by most least developed countries often leads to their balances of payments being heavily mortgaged, as well as to destructive consequences on the environment. Most least developed countries have lacked the financial, human and material means to be able to assess and plan their traditional and other energy resources in a sufficiently comprehensive manner, with the result that the rational exploitation of these resources has thus far been impeded.
- 29. Thus, the intensive use of fuelwood and charcoal has three consequences: a tendency towards the depletion of these resources, the degradation of the ecosystem and the weakening of the agricultural potential. Efforts to substitute the consumption of fuelwood by other resources have not yet yielded the results anticipated.
- 30. Despite the decline in real terms of the international price of energy, the cost of importing energy products remains heavy for the least developed countries.
- 31. For lack of financial and technical means, the hydroelectric resources of the least developed countries continue to be underexploited. Investments in this sector often have the twofold characteristic of requiring very considerable financial resources and of not invariably offering profitability sufficient to guarantee the covering of recurrent costs. The advantages afforded by small-scale hydroelectric schemes have not yet been fully exploited.
- 32. Although international aid has made efforts in the energy sector, it has not solved the energy problems of the least developed countries, and modalities have not always been flexible enough to permit the full economic and social development of local potential.

D. Manufacturing industry

- 33. The industrialization targets of the Substantial New Programme of Action have not yet been achieved. In the majority of the least developed countries, the share of manufacturing in gross domestic product is currently close to 9 per cent, while in a number of cases it does not even exceed 4-5 per cent.
- 34. The maintenance over a long period of unrealistic price structures and rates of exchange has sometimes exerted a negative impact on industrial development efforts.
- 35. In a number of least developed countries industrial policies, including the role to be played by the State in the industrial development sphere, have been redefined. In several least developed countries State enterprises continue to play an important role in this process.
- 36. In some cases industrial promotion mechanisms, mainly credit structures and technical training, as well as international aid, continue to be insufficient, and often entail severe conditions which the promoters are unable to fulfil.
- 37. In many cases in the past the choice of technologies, both by donors and by beneficiaries, has been inappropriate, leading to difficulties in maintenance and utilization of capacities.

- 38. The complementarity of the agricultural and industrial sectors has not always been fully taken into consideration, particularly in respect of linkage effects on employment. However the least developed countries have endeavoured to promote the formulation of integrated strategies. Local capacities for on-the-spot processing of primary commodities have not yet been fully developed, owing to a lack of technical and financial means and of technology transfers to the least developed countries.
- 39. Although the situation varies considerably from country to country, the formulation of policies for the promotion of small and medium-sized enterprises, as well as international assistance furnished for that purpose, are still inadequate. Industrial co-operation agreements between some enterprises of least developed countries and those of certain donor countries have been concluded.
- 40. Regional and subregional economic groupings have taken measures to exploit the opportunities offered by an expanding market in the regions concerned.

E. Physical and institutional infrastructure

- 41. The insufficiency, fragility and sometimes ineffectiveness and inadequacy of the physical and institutional infrastructure continue to be one of the major obstacles to the structural transformation and economic development of the least developed countries.
- 42. The precarious situation of the physical infrastructure of the least developed countries is often aggravated by the inadequacy of maintenance services.
- 43. Institutional infrastructures are often insufficiently productive for various reasons, mainly the inadequacy of equipment and skilled staff and insufficient operating budgets, etc.
- 44. In the case of land-locked least developing countries the inadequacy and the precarious situation of transport networks in adjoining countries, as well as occasional institutional instability in some of those countries, have formed an obstacle to the transportation of products coming from, or intended for, foreign countries.

F. Environment

- 45. The close interrelationship of poverty and environmental deterioration has become increasingly obvious in recent years. The lack of means and alternative energy resources compels the populations of the least developed countries to utilize resources that are becoming depleted, such as fuelwood, thus producing environmental deterioration and an aggravation of the effects of drought and the desertification process. The deterioration of the ecosystem is thus the outcome of the joint impact of climatic conditions and human activity in a context of poverty and rapid population growth, which is conductive to the over-exploitation of the soil, water resources and vegetation. Consequently, climatic deterioration leading to drought and desertification may well become irreversible phenomena.
- 46. In some least developed countries, rural development policies have not yet always included specific measures designed to combat drought and desertification. Bearing in mind that fuelwood will continue to be the main source of energy for rural households in the least developed countries in the future, reforestation

efforts have been inadequate. As they have been undertaken, activities, including international aid in this sphere, have frequently been geared to the short term and have neglected the need for long-term measures. Contemporary famines are the consequence of decades of unfavourable climatic factors but also of a lack of foresight, mistakes and inaction both by the countries concerned and at the level of international aid.

- 47. In some cases political instability has made the efforts to combat desertification and drought hazardous. Similarly, population movements have sometimes constituted an aggravating factor.
- 48. Confronted with the seriousness of the situation, some least developed countries are beginning to implement policies associating local populations with measures to protect the environment.

G. Transformational investments

- 49. The number of major investment projects under preparation or under implementation in many least developed countries has decreased considerably since the adoption of the Substantial New Programme of Action (paragraphs 53-54) as a result of, inter alia, resource constraints, both internal and external, experienced by these countries. In the light of experience gained in design and implementation of projects, besides the capital needs, the following elements were considered important:
- (a) A comprehensive approach for selecting major investment projects in accordance with national priorities;
- (b) Carefully prepared pre-investment studies, including cost-benefit analysis;
 - (c) Pre-investment activities, with the necessary technical assistance;
- (d) Human resources aspects, such as training of personnel, management capacity and participation of the local work force;
- (e) Maintenance and rehabilitation, including preparedness to meet recurrent costs;
 - (f) A conducive atmosphere for investment.

H. Land-locked and island least developed countries

50. Paragraph 55 of the Substantial New Programme of Action, relating to the problems of land-locked and island least developed countries, was considered to retain its full pertinence. It was furthermore noted that the problems of those countries had been aggravated in the recent period of recession. Attention was called to Conference resolutions 137 (VI) and 138 (VI) of 2 July 1983 and Trade and Development Board resolution 319 (XXXI) of 27 September 1985.

I. Foreign trade

51. The Intergovernmental Group re-affirmed the importance of paragraphs 56-58 of the Substantial New Programme of Action, which retain their full validity. The following factors were considered to be of special importance:

- (a) Horizontal and vertical diversification of production and exports;
- (b) The effects of the expansion of the network of intergovernmental long-term agreements on trade and economic co-operation, as well as the institutional framework, between least developed countries and other countries;
- (c) Development of trade at the domestic and regional, as well as at the global level;
 - (d) Trade promotion activities;
- (e) Adjustment efforts in regard to import programmes and policies of the least developed countries;
- (f) Development of institutional capabilities, including the training of personnel.
- 52. It was recognized that, in carrying out their tasks in these fields, the least developed countries had benefited from, inter alia, the activities of the International Trade Centre UNCTAD/GATT and of UNCTAD.

J. Disaster assistance for least developed countries

- 53. The implementation of the Substantial New Programme of Action during the first four years has been impeded by natural disasters (such as the drought in Africa and floods and cyclones in other countries) and man-made disasters (internal and external conflicts) which have affected a large number of least developed countries and have considerably increased the number of refugees and displaced persons. The least developed countries, the industrialized countries and the international community, in particular the relevant specialized agencies of the United Nations, are today in a position to draw some lessons from these dramatic experiences:
- (a) The need for creating conditions for improving the efficiency of emergency assistance, with the aim of reaching the target groups of the population;
- (b) The shortcomings relating to administrative structures for preventive purposes in the field regarding, <u>inter alia</u>, statistics, technology and various information networks and systems of monitoring the environment;
- (c) The relevance of using emergency assistance for measures improving the efficiency of the assistance, such as support for logistics and transport capacities:
- (d) The need for better co-ordination of efforts at both the national and the international level;
 - (e) The value of the participation of non-governmental organizations;
- (f) The need for consideration of longer-term development objectives when providing emergency assistance, in particular with regard to production and distribution of food;
- (g) The special vulnerability of the least developed countries hosting refugees and persons affected by natural disasters.

54. The Intergovernmental Group endorsed the conclusions relating to emergency assistance adopted by the Meeting of Governmental Experts of Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries as Part of Preparation for the Mid-term Global Review of the Implementation of the Substantial New Programme of Action, 5/ which had been held in May 1985.

^{5/} See TD/B/1055 and Corr.l (to be printed in Official Records of the Trade and Development Board, Thirty-first Session, Annexes), part two, paras. 44-46.

II. INTERNATIONAL SUPPORT MEASURES

A. Transfer of financial resources

55. In order to achieve the objectives of their country programmes within the framework of the Substantial New Programme of Action, the United Nations Conference on the Least Developed Countries recognized that action by the least developed countries at the national level, including vigorous measures for the mobilization of domestic resources, should be complemented by international measures of support through both a substantial increase in financial resource transfers and policies and programmes affecting the modalities of assistance.

1. Volume of aid

56. The Programme envisaged that if all donors were to provide levels of net official development assistance consistent with one or other of targets set out in paragraph 63 of the Programme, the level of such assistance to least developed countries would double by 1985 compared with the annual level of transfers to them during the period 1976-1980. On the basis of the data available up to 1984, it is anticipated that the actual level of assistance will fall substantially short of this amount in 1985. Nevertheless, a significant number of the donors who accepted one of the targets in 1981, either to provide aid equivalent to 0.15 per cent of their gross national product or to double the level of their assistance, have met or come close to achieving them.

2. Multilateral programmes

- 57. The amount of multilateral aid (including flows from multilateral agencies financed by members of the Organization of the Petroleum Exporting Countries) provided to least developed countries annually was 47 per cent higher in the period 1981-1983 than in 1976-1980. However, many countries expressed serious concern about the reduced level of funding for several important multilateral development agencies, in particular the International Development Association.
- 58. It was noted, however, that several multilateral development agencies, mainly financed by countries members of the Development Assistance Committee, have adopted policies which emphasize the needs of least developed countries. Although the share of flows from these agencies to least developed countries has increased since 1981, the policy emphasis is yet to be fully reflected in aid disbursement patterns.
- 59. The World Bank Special Facility for Sub-Saharan Africa, although not specifically addressed to the least developed countries, was established in 1985 and will increase financial flows to many African least developed countries.

3. New mechanisms

60. No new initiatives have been taken since 1981 in respect of possible new mechanisms for enlarging financial transfers to the least developed countries. It was noted that the use by those countries of resources of the International Monetary Fund, designed to assist with short-term balance-of-payments problems, which reached \$2.2 billion in 1983, was now on the decline and that their net purchases from the Fund had been negative in 1984, despite their continuing serious

balance-of-payments difficulties. It was further noted that the Task Force on Concessional Flows of the Development Committee of the World Bank had recently completed its work, which was considered at the 27th meeting of the Development Committee, held on 7 October 1985 in Seoul, Republic of Korea.

4. Aid modalities

- 61. The Substantial New Programme of Action urged donors and recipients to improve the quality and effectiveness of official development assistance by making improvements in aid practices and management. In this regard the following points were noted:
- (a) Most donors have increasingly provided aid to the least developed countries on grant terms;
- (b) The debt situation of many least developed countries remains serious and the amount of debt outstanding, including short-term debt and credits of the International Monetary Fund, had increased since 1981 to \$35 billion by the end of 1983. Most donors members of the Development Assistance Committee had taken measures under Trade and Development Board resolution 165 (S-IX) of 11 March 1978: the value of such measures in respect of least developed countries amounts to \$4.0 billion, of which \$2.9 billion is in the form of cancellation of official development assistance debt. Some donors have also rescheduled official development assistance debt of least developed countries in several appropriate cases;
- (c) Since 1981 there has been no general initiative by donors to increase the proportion of untied bilateral aid. Most bilateral aid, apart from local cost financing, has continued to be tied to procurement in the donor country. Representatives of least developed countries indicated that in their experience the tying of bilateral aid to their countries had increased since 1981;
- (d) In the context of improved dialogue and understanding about domestic programmes and policies of the least developed countries, most donors have shown a greater willingness to provide aid in more flexible forms, in particular for balance-of-payments support, and at a sectoral level for rehabilitation and improved maintenance, as well as for longer-term development objectives. Representatives of some least developed countries pointed out that donors continued, and in some cases increased, their preference for project aid, as compared to other forms of aid, which created difficulties in aid utilization in many least developed countries. The need was recognized for greater predictability in the provision of such assistance and for measures to be taken to reduce delays between commitments and disbursements;
- (e) While most donors have been more willing to provide local cost financing, there remains a cautious attitude towards the funding of recurrent costs. It was noted that the provision of aid for the local costs of investments could facilitate the financing of recurrent costs, particularly in the social sectors, from domestic resources. Nevertheless, the importance of aid for recurrent costs in appropriate cases was recognized, provided there was an understanding on the time-scale over which such costs could be increasingly financed from domestic resources;

(f) The donor governments, and the public through voluntary contributions to non-governmental organizations in various countries, have responded to disasters, and in particular to the appalling famine in sub-Saharan Africa, with substantial emergency assistance.

B. Immediate action component of the Substantial New Programme of Action

62. The main issues concerning the immediate action component of the Substantial New Programme of Action were discussed in the context of aid modalities.

C. Technical assistance

- 63. Although the level of technical assistance to least developed countries was substantially higher in the period 1981-1983 than in 1976-1980, it has remained at about \$1.5 billion annually. The increased focus on technical assistance aimed at institution-building and training of manpower given by a number of donors including the United Nations Development Programme, was noted.
- 64. Experience indicates that there is further scope for improving the effectiveness of technical co-operation, including a closer link between technical co-operation and financial assistance, a further integration of different technical co-operation inputs, including the provision of equipment, and the provision of highly qualified experts able to operate effectively in the environment of least developed countries, associated with appropriate counterpart staff.

D. Other economic policy measures at the international level

1. Commercial policy measures

65. The decline in dollar terms in the export earnings of the least developed countries, due particularly to the drop in the prices of primary commodities since 1979, is a source of serious concern. This, coupled with the deterioration in the terms of trade, has led to a reduction in essential imports and an increase in the external debt of the least developed countries and has impeded their plans for trade expansion and diversification. In these circumstances, the efforts made by the industrialized countries in trade policy matters have not produced the desired effect.

(a) Access to markets

- 66. Some progress towards improved access for the products of the least developed countries to the markets of the industrialized countries has been noted. The persistence in certain cases of quantitative restrictions or of unduly severe rules of origin applied by certain countries was also noted.
- 67. Considerable improvements have been made by certain industrialized countries to their tariff preference schemes, although in many cases these schemes do not include all the export products that are of special relevance for the least developed countries. Moreover, the least developed countries do not or often could not take full advantage of the existing preference schemes for various reasons.

(b) Export promotion

- 68. A number of industrialized countries have set up offices to promote imports from developing countries, and more particularly imports from least developed countries.
- 69. The technical assistance of the International Trade Centre UNCTAD/GATT and of UNCTAD in formulating export strategies and trade promotion was considered to be constructive.

(c) Primary commodities

- 70. Little progress has been recorded in the conclusion of commodity agreements. The successful conclusion of two new agreements for development purposes, the international agreements on jute and jute products and on tropical timber, was welcomed. The Agreement establishing the Common Fund for Commodities; which would be advantageous for the least developed countries, has still not been implemented.
- 71. As far as compensation for shortfalls in export earnings is concerned, the extension of STABEX to new products and the announcement of the implementation of a similar system for least developed countries that are not parties to the Lomé Convention were considered to be positive developments. However, there is still room for improvement in compensatory financing facilities. Reference was made to a plan for improving compensatory financing facilities which would provide for special treatment for the least developed countries and which is under discussion in UNCTAD.

2. Transport and communications

72. Considerable difficulties continue to beset the least developed countries in respect of the upkeep and operation of transport and communications networks. These difficulties cause heavy losses in the event of natural disasters. The problems of land-locked and island developing least developed countries are particularly acute and require substantial investments in transport-transit infrastructure.

3. Transfer and development of technology

73. There has been a growing awareness of the importance for the least developed countries of transfer of technology for their social and economic transformation. They continue to face difficulties in the acquisition and adaptation of appropriate technologies. A number of important measures taken by the least developed countries in effecting technological transformation were noted. Concern was expressed that the negotiations on an international code of conduct on the transfer of technology, the revision of the Paris Convention for the Protection of Industrial Property and the problem of the brain drain had not been concluded. The negative impact of reverse transfer of technology was mentioned.

III. ARRANGEMENTS FOR IMPLEMENTATION, FOLLOW-UP AND MONITORING

74. The Substantial New Programme of Action recognized the importance of follow-up, implementation and monitoring at the national, regional and global levels.

A. National level

- 75. Co-ordination to ensure affectiveness of all development activities at the country level is a key responsibility of the least developed countries themselves and a crucial aspect of implementation, monitoring and follow-up of the Substantial New Programme of Action. Co-ordination needs differ country by country, and mechanisms selected respond to the requirements of the individual country situation. The growing burden on the administrations of the least developed countries caused by an increasing number of development activities, including measures to offset the consequences of natural disasters, has led to a stronger recognition by the least developed countries and the international community of the importance of co-ordination. In response, many least developed countries have established national focal points to co-ordinate The United Nations Development Programme and other donors external assistance. have contributed to strengthening the least developed countries' capabilities in this regard.
- 76. Since 1981 most of the least developed countries have established mechanisms in accordance with paragraph lll of the Programme in the form of United Nations Development Programme round tables and World Bank consultative groups or other arrangements. In response to the request from the least developed countries, the United Nations Development Programme has expanded its round tables and the World Bank has increased the number of consultative groups, at meetings of which the UNCTAD secretariat has played an active role. The initial results of the round tables in terms of encouraging increased resource flows and a candid discussion of specific development issues were unsatisfactory. The meetings did not cover all the aspects suggested in paragraph 113 of the Programme but they provided a good basis for future development co-operation.
- 77. The United Nations Development Programme subsequently evaluated the round table process and implemented a series of improvements including, co-operation with the World Bank and the European Economic Community on key aspects of macro-economic situations in conducting economic analyses. This is leading to a convergence of the types of issues dealt with at both forms of co-ordination meetings. Some donors have provided special assistance to the United Nations Development Programme for the purpose of conducting round table meetings.
- 78. Although there is a general recognition that the United Nations Development Programme round table conferences and World Bank consultative groups should be complemented by co-ordination at the local and sectoral levels, experience has shown that this has been achieved in all cases.
- 79. Co-ordination of the activities of the United Nations system at the country level, as envisaged in paragraph 124 of the Programme, and under the aegis of the United Nations Resident Co-ordinator has been insufficient and has scope for improvement as regards some reluctance to co-operate. In some least developed countries, at the specific request of the country concerned, the role of the United Nations Resident Co-ordinator has assumed a broader focus. The activities undertaken by the regional commissions of the United Nations, pursuant to paragraph 125 of the Programme, were noted.

B. Global level

80. It was noted that UNCTAD, in fulfilling the role of global monitoring of the Programme, had made a regular analysis of some aspects of the economic performance of the least developed countries and the actions taken by the international community in implementing the Programme. The UNCTAD secretariat had also reported on a regular basis to the General Assembly on the implementation of the Substantial New Programme of Action. Furthermore within the United Nations system, the Director-General for Development and International Economic Co-operation, in close co-operation with the Secretary-General of UNCTAD, has been convening inter-agency consultations on the least developed countries on a regular basis in order to ensure at the secretariat level the full mobilization and co-ordination of all organs, regional commissions, organizations and bodies of the United Nations system for the purpose of implementation and follow-up of the Programme.

B. Measures for ensuring the implementation of the Programme over the decade 6/

The Intergovernmental Group on the Least Developed Countries

I

Food and agriculture and rural development

Expressing concern that, although the Substantial New Programme of Action rightly attaches high priority to the agricultural sector, in particular to food production, progress in achievement of targets has been very slow, in many cases because of factors beyond the control of the least developed countries,

Recognizing that there is need to make further progress in developing and implementing food strategies in a co-ordinated and concentrated way,

- 1. <u>Concludes</u> that, while recognizing the individual situation of each least developed country, for an integrated policy in this area the following elements are of critical importance:
- (a) Overall strategies, describing not only the goals of agricultural development and food security, but also the ways and means to reach those goals;
- (b) Agricultural exports, as a means to finance essential imports, notably for the agricultural sector, and to facilitate reinvestment in the sector;
- (c) Improvement of research and development activities, adoption of appropriate technologies and studying possibilities for further processing of the main agricultural products;
 - (d) Promotion of co-operative development;
- (e) Efficient structures and procedures to support the farmer in terms of first, services (marketing and payment facilities, adequate agricultural extension, basic social services, such as primary health facilities and basic education, and ancillary services, such as repair shops and small-scale manufacturing); second, direct production inputs (an extended system of rural credit and seeds, fertilizers, pesticides, tools, etc.); and third, infrastructures (storage and transport facilities, water supply, etc.);
 - (f) Appropriate pricing policies for agricultural inputs and products;
- (g) Appropriate institutional and agrarian reforms, including more efficient and fairer distribution of the means of production;
- (h) Measures to ensure the full participation of the rural population, with particular attention to women as regards the role they play and their share in the benefits received:
- (i) Efficient forest resource management and utilization based on the productive, protective and social potential of forests;

 $[\]frac{6}{1}$ For statements made in connection with the adoption of this text, see Part $\overline{1}$ wo below, chapter IV.

- (j) Improved fisheries management and fisheries development strategy;
- (k) Improvements in livestock breeding, disease control, including vaccine production, and provision of animal feed;
- 2. Urges that least developed countries continue to take all necessary steps to allocate an appropriate share of domestic resources to rural development, as recommended, for example, by the Heads of State or Government of the Organization of African Unity at the twenty-first ordinary session of their Assembly, held at Addis Ababa from 18 to 20 July 1985;
- 5. <u>Further urges</u> donors to support increasingly the least developed countries in devising and implementing those policies and programmes with technical and financial aid, in order directly to improve agricultural production and living conditions in the rural area:
- 4. Requests donors to make clearer commitments for assistance, including food aid which is to be integrated into longer-term agricultural and food strategies, so as to ensure that sufficient food is available to least developed countries during the period in which the least developed countries concerned have not reached their objectives of self-reliance in food;
- 5. Asks least developed countries and donors to recognize that policies of least developed countries and donors should be complementary in order to achieve the goals of sound agricultural development and complete food security.

II

Human resources and social development

Recognizing that for the least developed countries human resources and social development are of critical importance, noting that public expenditures on development of education, improvement of health services and population measures are an investment for the future of the least developed countries, that rehabilitation and maintenance of existing facilities are essential and that involvement of local initiatives, support, motivation and participation of the people are crucial and noting further that many least developed countries have taken important initiatives in this regard,

1. Urges the least developed countries to devise and to implement, with the assistance of the donors, concrete plans in the following areas:

(a) Education and training

- (i) Universal primary education and universal adult literacy, keeping in mind the second Medium-Term Plan of the United Nations Educational Scientific and Cultural Organization (1984-1989), emphasizing the need to narrow the gap between men and women and to improve the quality of education;
- (ii) Vocational training, including on-the-job training, for development projects;
- (iii) Educational programmes geared to meet the priority needs of the rural population;

- (iv) Special training of rural youth, also to limit further migration to urban areas;
- (v) Labour-intensive and other appropriate technologies;
- (vi) Increasing the availability of skilled manpower, particularly with administrative, managerial and development planning ability;
- (vii) Raising the importance of productive activities and manual work, particularly in farming, at primary and higher levels of education.

(b) Health and nutrition

- (i) Improved access to health services for the entire population, emphasizing primary health care, preventive medicine, supply of essential drugs and simple and less expensive techniques;
- (ii) Strengthening the health infrastructure, including management, and establishing planning cycles for this purpose within the national development process of each least developed country;
- (iii) Development of national health manpower;
- (iv) Promotion and management of drugs supply and storage, appropriate health technologies and basic health education;
- (v) Integration of nutritional considerations into agricultural and health plans and policies;
- (vi) Improved co-ordination in such rural development programmes as water supply and sanitation.

(c) Population

- Integration of population policies into national development planning, emphasizing mother and child health care and family planning services, as recommended by the International Conference on Population, 1984; 7/
- 2. Requests increased support from donors and multilateral agencies for these highly important areas not only in terms of financial and technical aid but also in terms of a predictable and comprehensive package of aid measures, as far as possible, including local and recurrent costs in order to maintain existing facilities.

III

Position of women

1. <u>Urges</u> all countries to implement the conclusions and recommendations of the World Conference to Review and Appraise the Achievements of the United Nations Decade for Women, as adopted in Nairobi from 15 to 27 July 1985;

^{7/} See Report of the International Conference on Population, 1984, Mexico City, 6-14 August 1984, United Nations publication. Sales No. E.84.XIII.8 and corrigendum.

- 2. Emphasizes the need to ensure the full integration of women in all aspects of the development process in least developed countries;
- 3. Requests the Governments of least developed countries to show continuous awareness of the position of women as a critical factor for their development by strengthening their efforts to take the necessary steps to overcome cultural, legal and economic barriers which hamper the full participation of women in development and in the equitable sharing of the benefits of economic and social development;
- 4. <u>Urges</u> donors, in their support of development programmes and projects in the least developed countries, to give particular attention to their effect on the situation of women, including attention to ensuring that they do not inadvertently have negative consequences for women.

IV

Energy

- 1. Calls upon the least developed countries to include in their energy development plans measures for energy conservation and assess the pattern of consumption of energy sources, including fuelwood and its impact on the environment:
- 2. Asks developed donor countries and other countries in a position to do so to assist the least developed countries in the planning and the implementation of these measures and to support as much as possible measures to ensure energy supply and conservation, particularly through the development of renewable sources of energy as well as reforestation.

٧

Industrial development

Recognizing that industrial development is an important objective in overcoming under-development, in terms of employment as well as of the need for economic diversification,

Recognizing also that, in many least developed countries, the priority of agroindustry is reflected in policies for industrial development,

Noting resolution 6 adopted by the fourth General Conference of the United Nations Industrial Development Organization on 19 August 1984,

- 1. Stresses that the least developed countries should:
- (a) Continue to give priority in their industrial development to agroindustry, industries producing agricultural inputs and industries based on local raw materials;
- (b) Favour the development of national productive enterprises, in particular small and medium-scale, labour-intensive enterprises;
- (c) Improve further the economic, legal and financial framework for industrial development, and for all forms of international co-operation, including joint ventures between enterprises of least developed countries and those of other countries, within the context of national policies and priorities;

- (d) Give priority to the maintenance and full use of existing industrial capacity;
- (e) Seek appropriate technologies, adapted to local needs and capacities for maintenance and repair;
- (f) Use the full potential of the State, but also improve the incentives for entrepreneurship and support for local initiatives according to national policies:
 - 2. Calls upon donor countries:
- (a) To increase their effective support to least developed countries in carrying out these actions, in the light of the agreed priority noted above;
- (b) To base their contributions firmly on local initiatives and involvement;
 - (c) To combine technical and management training with financial assistance;
 - (d) To provide assistance where possible on a multiyear basis;
- (e) To assist in developing local raw material sources where necessary to make local industry less vulnerable to balance-of-payments problems.

VI

Physical and institutional infrastructures

Recognizing the primary importance for the least developed countries of overcoming bottlenecks in institutional and physical infrastructures,

Recognizing also that for the implementation of the Substantial New Programme of Action increased attention should be paid in particular to the strengthening of institutional capacity, which has an important bearing on, inter alia, effectiveness of development-aid programmes, disaster relief and aid co-ordination,

- 1. Requests the least developed countries to further strengthen their planning, monitoring, evaluation and executing capacity, in particular so that it is geared to creating a policy framework which enables an efficient and effective use of the possibilities for development in each country;
- 2. Further requests the least developed countries, with regard to physical infrastructure, to take steps to ensure that the existing capacity is fully used, taking care of recurrent costs for maintenance and investments for balancing, modernization and replacement, taking into account that foreign assistance will be needed in the short term in many least developed countries since in many cases it will not be possible to cover fully those costs from domestic resources:
- 3. Calls upon donors to support the least developed countries with technical and long-term financial assistance to improve their physical and institutional infrastructures;

- 4. Further calls upon donors to pay special attention to transport facilities and transit links of the least developed countries, in particular of the land-locked and island countries among them:
- 5. Underlines the special importance of feeder roads and tracks for opening up remote rural areas so as to increase accessibility to markets of their agricultural products and facilitate delivery of emergency assistance.

VII

Environment

Recognizing the close interrelationship between poverty and environment,

Further recognizing that conflict may exist between the immediate needs of people in least developed countries and the need for environmental protection.

- 1. Urges all least developed countries and donors to take into account increasingly the environmental implications of development actions, notably the problem of desertification:
- 2. Asks donors to support actions by the least developed countries in terms of environmental protection, including in particular soil conservation, afforestation, reforestation and identification and conservation of water resources;
- 3. Requests least developed countries to give attention increasingly to the integration of environmental issues into development planning and to the active participation of the local population in all measures taken.

VIII

Land-locked and island countries among the least developed countries

Recognizing the specific problems of land-locked and island countries among the least developed countries, as reflected in United Nations Conference on Trade and Development resolutions 137 (VI) and 138 (VI) of 2 July 1983 and Trade and Development Board resolution 319 (XXXI) of 27 September 1985,

- 1. <u>Calls upon</u> transit countries to intensify co-operation with the land-locked countries among the least developed countries in order to alleviate their transit-transport problems;
- 2. Asks donors to give attention to land-locked and island countries among the least developed countries in their technical and financial assistance, with particular focus on capital input in infrastructural development;
- 3. Requests the United Nations system, in particular the United Nations Development Programme, to continue to support those least developed countries in the solution of their specific transit-transport and communications problems.

Disaster relief

Recognizing that natural and man-made disasters have seriously aggravated the already difficult situation of the least developed countries,

- 1. Requests the Governments of the least developed countries, within the context of their national policies and priorities, to increase their capacity to respond to disasters and to allow the free flow of relief materials to all those affected;
- 2. <u>Stresses</u> the need for better co-ordination of efforts at both the national and the international level;
- 3. Requests donors to assist the least developed countries, while fully respecting their sovereignty, to bring relief to the people affected by the disaster, inter alia, by including support for logistics, transport capacity, etc. in their assistance:
- 4. <u>Urges</u> donors to assist the least developed countries not only in a situation when a disaster occurs, but also in strengthening the capacity of the least developed countries to be prepared for the occurrence of disasters, including an extended early warning system for natural disasters as well as food storage facilities;
- 5. Calls upon all countries to ensure that food-aid and other supplies to relieve the suffering can reach the country in need in the fastest and most effective way;
- 6. Calls upon donors and least developed countries to take into consideration longer-term development objectives when implementing emergency assistance measures, in particular with regard to production and distribution of food;
- 7. Encourages all countries to continue to involve the participation of non-governmental organizations and the general public in the relief efforts.

X

Mobilization of domestic resources

- l. Urges least developed countries to create an appropriate policy framework (pricing policies institutional reform, rationalization of public expenditures and public sector management, and measures to mobilize domestic savings through taxation, domestic financial institutions and rural sector), in order to increase the mobilization of domestic resources and then ensure their effective use, and to strengthen their national financial and planning institutions;
- 2. <u>Urges</u> developed donor countries and multilateral institutions to support the least developed countries with technical assistance to strengthen the planning and financial institutions of the least developed countries and to assist with financial assistance for the purpose of stimulating the mobilization of domestic resources.

Transfer of financial resources

Recognizing that action by the least developed countries at the national level, including vigorous measures for the mobilization of domestic resources, should be complemented by international measures of support both through a substantial increase in financial resource transfers and through policies and programmes affecting the modalities of assistance.

- 1. Calls upon the international community to continue to make special efforts to increase its contributions, in view of the fact that only a substantial increase in official development assistance in real terms during the present decade will enable the least developed countries to achieve the objectives of their country programmes within the framework of the Substantial New Programme of Action:
- 2. Reaffirms resolution 142 (VI) of 2 July 1983 of the United Nations Conference on Trade and Development as adopted, which requests donor countries within the overall context of the Programme as adopted and of progress towards the 0.7 per cent target, to attain 0.15 per cent of their gross national product as official development assistance or to double their official development assistance to the least developed countries by 1985 or as soon as possible thereafter:
- 5. Expresses its appreciation that since 1981 several donor countries have reached 0.15 per cent of gross national product as official development assistance or have doubled their official development assistance to least developed countries:
- 4. Appeals to those donor countries which have not yet reached 0.15 per cent of gross national product, or have not yet doubled their official development assistance to least developed countries, to make every effort necessary to attain these targets as contained in resolution 142 (VI) of the United Nations Conference on Trade and Development as adopted;
- 5. Stresses the critical importance of multilateral assistance to the least developed countries through channels such as the International Development Association, the International Fund for Agricultural Development, regional development banks and their Funds, the United Nations Development Programme, including its Special Measures Fund for the least developed countries, the United Nations Capital Development Fund and the United Nations Volunteers Programme;
- 6. <u>Calls upon</u> donor countries to channel a substantial part of their aid through multilateral development institutions and agencies, particularly those addressing the needs of the least developed countries, within the overall substantial increases of official development assistance to least developed countries;
- 7. Stresses the important role which the International Development Association plays in structural adjustment programmes of the least developed countries within the framework of the Substantial New Programme of Action, while noting with regret that the Seventh Replenishment of the Association was lower than the Sixth Replenishment and welcoming the fact that the Development Committee at its twenty-seventh meeting, heldin Seoul, Republic of Korea, on 7 October 1985, urged that a successful and adequate Eighth Replenishment be achieved by September 1986.

XII

Debt

Recognizing that the burden of debt and debt service has increased substantially for least developed countries since the adoption of the Substantial New Programme of Action,

Recognizing also that it is in the interest of both creditors and debtors that the debt commitments of the least developed countries are met,

- 1. Notes with satisfaction that a number of donor countries have responded favourably to section A of Trade and Development Board resolution 165 (S-IX) of 11 March 1978 by cancellation of official development assistance debt or other equivalent measures and firmly invites other donors, which have not yet done so, to fully implement commitments undertaken in pursuance of the resolution, keeping in mind paragraph 71 of the Substantial New Programme of Action;
- 2. <u>Further notes</u> that the repayment of debt to multilateral assistance institutions is one of the elements in the overall debt service burden of LDCs and invites those institutions to take this into account in their lending programmes for LDCs;
- 3. <u>Invites</u> creditors for official and officially guaranteed loans to LDCs, when concluding a debt rescheduling arrangement for a least developed country, to give due consideration to, <u>inter alia</u>, the debtor country's adjustment measures for restoration of its debt-servicing capacity and long-term growth;
- 4. <u>Invites</u> donors and relevant international organizations to assist LDCs in strengthening their administrative structures in order to permit continuous monitoring and effective management of the debt of least developed countries, its structure and service-payment schedules;
- 5. Recommends that in the context of a review of the economic and financial situation of a least developed country, country review meetings may also take into account its debt situation.

XIII

Aid modalities

- 1. Recognizes that, in terms of aid modalities;
- (a) Clear medium-term perspectives and greater predictability of the volume and forms of the resources available are important to LDCs and to the donor community to enable it to adapt assistance flexibly and effectively to the changing needs, objectives and priorities of the LDCs;
- (b) In order to minimize delays in disbursement, advance payments should be made whenever appropriate and solutions to problems of disbursement should be sought by all parties;
 - 2. Urges donors to take the necessary steps to ensure that:
- (a) Bilateral official development assistance to LDCs is provided essentially in the form of grants, acknowledging, however, that increased flows may require

a mixture of types of aid, such as grants, concessional loans and other forms of assistance;

- (b) Multilateral development assistance agencies and institutions addressing the needs of LDCs provide credits to LDCs on highly concessional terms, to the extent that their lending procedures permit;
- (c) Aid to LDCs is untied to the maximum extent possible; when not possible, necessary steps should be taken to help offset the disadvantages of tying;
- (d) Transactions financed by any type of associated financing are generally avoided for LDCs because of their relatively hard terms; if contracted, it should be ensured that such transactions with LDCs contain a high component of official development assistance;
 - 3. Recommends, with regard to different forms and types of aid, that:
- (a) Particularly in support of domestic adjustment measures of LDCs, donors should provide aid in more flexible forms, in particular balance-of-payments support, and at a sectoral level for rehabilitation and improved maintenance, as well as for longer-term development objectives;
- (b) Donors should further increase, where appropriate, their participation in local and recurrent cost financing. Adequate provisions should also be made for allowing a progressive take-over of recurrent costs by LDCs;
- (c) Aid programmes should provide, as much as possible, for the use of local consultants and expertise;
 - 4. Concludes, with regard to technical assistance, that:
- (a) Because of the need for the development of human resources, technical assistance by donors is of primary importance and should accompany financial aid to the maximum extent possible;
- (b) It is important to integrate further different technical co-operation inputs, including the provision of equipment;
- (c) Appropriate co-ordination by the LDCs of technical assistance is of primary importance. Donors are requested to support the strengthening of aid administration and planning agencies in least developed countries, with a view to improving co-ordination capabilities at a national level;
- (d) Increased attention should be paid by donors and LDCs to the appointment of suitable expatriate experts, for the training of counterparts, to maintaining stability in their assignments, and to strengthening training institutions in LDCs.

XIV

Foreign trade and commercial policy measures

Noting with concern the problems facing the foreign trade sector of the LDCs as referred to in paragraph 65 of the review in section A above,

- 1. Recognizes the progress achieved in providing access for products of LDCs to the markets of industrialized countries, particularly under the generalized system of preferences;
- 2. <u>Notes</u> as a positive development the initiative of the European Economic Community in establishing a system similar to STABEX for least developed countries not parties to the Lomé Convention;
- 3. Recommends that LDCs give special attention to inprementing the measures set out in paragraphs 56-58 of the Substantial New Programme of Action, giving particular emphasis to the factors identified in paragraph 51 of the review in section A above;
- 4. Invites the LDCs to utilize fully the opportunities which are already available in the field of market access, in particular under the generalized system of preferences;
- 5. Calls upon the international community to intensify efforts to strengthen and improve the open multilateral trading system aimed at benefiting all countries, keeping in view the specific needs of the LDCs;
- 6. Invites all countries concerned to pursue action towards facilitating the trade of LDCs by reducing or eliminating tariff and non-tariff obstacles to their exports, in pursuance of paragraph 77 of the Substantial New Programme of Action and the GATT Ministerial Declaration of 29 November 1982; $\underline{8}$ /
- 7. Requests the preference-giving countries which have not yet done so to make further improvements for LDCs on a non-discriminatory basis in their schemes under the generalized system of preferences through, inter alia, more flexible requirements for rules of origin, extension of the list of products which receive preferential treatment, and extension of the duration of these schemes for a reasonable period, in order to facilitate the fullest possible duty-free access to products of interest to LDCs;
- 8. Calls upon developed countries to provide the necessary resources to strengthen technical assistance facilities so that LDCs can fully benefit from the generalized system of preferences;
- 9. <u>Calls upon</u> developed countries in a position to do so to explore the possibilities of promoting long-term arrangements for the sale of export products of LDCs, pursuant to paragraph 79 (c) of the Substantial New Programme of Action;
- 10. <u>Invites</u> developed countries and multilateral agencies, the International Trade Centre <u>UNCTAD/GATT</u> and <u>UNCTAD</u>, to provide appropriate technical and financial assistance to support export strategies and trade promotion efforts of LDCs;

^{8/} See GATT, Basic Instruments and Selected Documents, Twenty-ninth Supplement, Geneva, March 1983 (Sales No. GATT/1983-1).

- 11. Calls upon the developing countries in a position to do so to provide preferential treatment to imports of goods produced by the LDCs, pursuant to United Nations Conference on Trade and Development resolution 142 (VI) of 2 July 1983, paragraph 13 (a);
- 12. <u>Invites</u> all countries to intensify their efforts for a broader utilization, where appropriate and feasible, of international commodity agreements for the stabilization of the export prices of the least developed countries;
- 13. Requests the international community to take appropriate steps to bring the Common Fund for Commodities into operation at an early date. When the Fund becomes operational, it should give due emphasis to commodities of interest to LDCs in determining its priorities for the use of resources of the Second Account;
- 14. <u>Invites</u> importing developed countries which have not yet done so to consider steps in the field of export earnings stabilization, in accordance with paragraph 83 of the Substantial New Programme of Action; and, notes the establishment of an intergovernmental group of experts, as decided by Trade and Development Board resolution 317 (S-XIV) of 27 June 1985, to consider, inter alia, this matter;
- 15. <u>Invites</u> the International Monetary Fund to explore, within its existing rules, ways and means of improving the use of its compensatory financing facility by least developed countries.

XV

Economic co-operation among developing countries

- 1. Calls upon all developing countries to implement the recommendations on economic co-operation among developing countries, as contained in United Nations Conference on Trade and Development resolution 142 (VI) of 2 July 1983;
- 2. Requests all donor countries and multilateral organizations to support and strengthen the economic co-operation among developing countries, in particular concerning the projects of special interest to the LDCs, in order to ensure that the countries involved will fully benefit from the results of such co-operation.

XVI

Role of non-governmental organizations

Recognizing that non-governmental organizations can contribute positively to the development of LDCs as well as provide valuable disaster relief,

- 1. Calls upon the Governments of LDCs and donors to encourage active participation of the local population, both women and men, through non-governmental entities;
- 2. Calls upon non-governmental organizations to comply with the national policies and legislation of the host countries and, while preserving their character, contribute to the development priorities of the LDCs, co-operating with appropriate authorities and organizations in order to implement effective development programmes;

3. Invites the non-governmental organizations of the donor countries to reinforce their role in consciousness-raising in their countries of origin and in mobilizing increased private and public resources for the benefit of the LDCs.

IIVX

Co-ordination and monitoring

- 1. Reaffirms the importance of co-ordination, follow-up, and monitoring at the national, regional and global levels, as crucial to the implementation of the Substantial New Programme of Action;
- 2. Reaffirms also the monitoring role of UNCTAD at the global level and requests the Secretary-General of UNCTAD to continue and intensify his work, as specified in paragraph 121 of the Substantial New Programme of Action;
 - 3. Welcomes the growing attention to co-ordination at the national level;
- 4. Recognizes that effective co-ordination, monitoring and follow-up at the national level must be a continuous process;
- 5. Endorses the results concerning the co-ordination of assistance programmes of the Meeting of Governmental Experts of Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries as part of preparation for the mid-term Global Review of the Substantial New Programme of Action, held in Geneva in May 1985; 9/
- 6. Welcomes the steps taken by the World Bank and the United Nations Development Programme to improve the consultative groups and round tables by inter alia, enhancing co-operation among multilateral institutions and agencies, as well as efforts made with the help of the Special Measures Fund of the United Nations Development Programme and voluntary contributions and specific contributions of donor countries for the LDCs;
- 7. Emphasizes the primary role of each LDC in the co-ordination of aid activities;
- 8. Further emphasizes the importance of co-ordination in each LDC at the sectoral level in order to ensure the greatest possible effectiveness of development activities;
- 9. Requests the Governments of LDCs to continue to strengthen their planning machinery and administrative capacity so as to improve the planning, negotiation and utilization of external assistance;
- 10. Requests LDCs, with the assistance of the lead agencies, to attend to the quality and early availability of preparatory documents for round tables and consultative groups, which are essential for their success;

^{2/} See the report of the Meeting (TD/B/1055 and Corr.1), to be printed in Official Records of the Trade and Development Board, Thirty-first Session, Annexes Part Two, sect. III.

- 11. Requests the multilateral agencies to further improve the quality, coherence and timeliness of the background documentation they present at the meetings of round tables and consultative groups;
- 12. Requests donor countries and multilateral institutions to pay more attention to appropriate local representation and sectoral co-ordination;
- 13. Urges donors in a position to do so to support development plans or program of LDCs with multi-year, predictable and monitorable commitments and timely disbursements;
- 14. <u>Calls upon</u> the organizations of the United Nations-system to co-operate closely in each LDC under the aegis of the resident co-ordinator, as provided for in paragraph 124 of the Substantial New Programme;
- 15. Reiterates paragraph 123 of the Substantial New Programme, which calls upon the Director-General for Development and International Economic Co-operation, in close collaboration with the Secretary-General of UNCTAD, the Executive Secretaries of the regional commissions and the lead agencies for the country review meetings, to ensure at the secretariat level the full mobilization and co-ordination of all organs, organizations and bodies of the United Nations system for the purpose of implementation and follow-up of the Substantial New Programme of Action;
- 16. <u>Urges</u> the United Nations resident co-ordinators to respond constructively to host country Governments' requests to play a broader co-ordinating role in appropriate cases;
 - 17. Requests the international community and the multilateral agencies:
- (a) To ensure that review meetings result in facilitating an increased flow of external assistance through, inter alia, a better understanding and a candid dialogue between LDCs and their development partners;
- (b) To harmonize terms and procedures of donors to the extent possible in order to achieve a co-ordinated approach conducive to the implementation of the development programmes of the LDCs.
 - C. Resolution adopted by the Intergovernmental Group
 - 9 (VI) Global review and appraisal of the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries

The Intergovernmental Group on the Least Developed Countries,

Recalling the Substantial New Programme of Action for the 1980s for the Least Developed Countries, which in paragraph 119 calls on the Intergovernmental Group at its mid-term review to consider the possibility of holding a global review at the end of the decade, which might, inter alia, take the form of a United Nations Conference on the Least Developed Countries,

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- l. Recommends that the General Assembly decide at its fortieth session that a global review and appraisal of the implementation of the Substantial New Programme of Action should take place in 1990 at a high level;
- 2. Further invites the General Assembly, at its forty-second session, and in the light of consultations which would take place under UNCTAD auspices, including those at the seventh session of the Conference, to decide on the precise level, mandate, date and venue for such a review as well as on the preparatory process.

12th plenary meeting 12 October 1985

[Extracted from Part Two of the report of the Intergovernmental Group]

Chapter IV

STATEMENTS MADE IN CONNECTION WITH THE ADOPTION OF THE CONCLUSIONS AND RECOMMENDATIONS OF THE INTERGOVERNMENTAL GROUP

- 1. At the closing meeting, on 12 October 1985, statements of interpretation or reservation were made by the United Kingdom and the United States on specific provisions of the adopted texts reproduced in Part One, section B, above. A Statement was also made by Australia. General statements were made by the representatives of Bangladesh, Luxembourg (on behalf of the European Economic Community and its member States), China, USSR (on behalf of Group D), the United States and Canada. These statements are reported in the paragraphs which follow.
- 2. The representative of the <u>United States</u> reserved the position of her Government with regard to the request that the international community take appropriate steps to bring the Common Fund for Commodities into operation at an early date (see Part One above, section B.XIV, paragraph 13). She recalled that it had recently announced that it would not ratify the Agreement establishing the Fund, a decision that had been taken after a thorough and searching review of the merits of the Common Fund within the United States Government. While her country was sensitive to the problems of commodity-exporting LDCs, it had determined that the short-term benefits provided by price-effecting international commodity agreements would not provide the hoped-for long-term results. She recognized that many governments felt otherwise, but appealed for understanding of the United States position on a proposal judged by her Government to be unworkable.
- 3. She further recalled the well-known position of the United States, reiterated at the Paris Conference in 1981, that it could not accept aid targets. Consequently, the United States dissociated itself from the consensus on all those paragraphs of the conclusions and recommendations of the Intergovernmental Group (Part One above, section B) referring to specific targets with regard to financial resources. Her Government believed that targets set up false expectations and separated decisions on funding allocations from those on development performance and programmes and that such a separation was bad development management policy both for donors and for LDCs. In the same context, the United States reserved its position on the consensus expressing regret at the reduced funding for the Seventh Replenishment of IDA as compared to the Sixth Replenishment (Part One above, section B.XI, paragraph 7).
- 4. In a further statement, the representative of the United States stated that the mid-term review had provided an opportunity for a candid exchange of views on the progress achieved and the problems faced since the adoption of the SNPA in 1981. Her country renewed its pledge to work with the LDCs, notwithstanding certain specific aspects of the texts adopted by the Intergovernmental Group with which her country firmly disagreed. The United States had demonstrated its willingness to provide major resource flows to meet the emergency and long-term development needs of the LDCs. Since 1981, its assistance in response to the drought in Africa and to the development needs of the LDCs, had tripled. Moreover, the United States had initiated a new five-year programme to support the structural adjustment efforts of African countries, while most recently, new approaches to the debt problems of LDCs had been explored.

- 5. She added that the United States considered the SNPA to be a balanced reflection of the responsibilities of the LDCs and of donors. At this mid-point of the decade lessons should be drawn from the experience of the first half, which had been thoroughly discussed, including the need to improve the performance of all partners at the country level. While some LDCs had taken courageous steps, all recognized that much more needed to be done. Donors and the international community could help, but there were some things which only the LDCs could do for themselves.
- 6. The representative of the <u>United Kingdom</u> said that it was a significant achievement to have completed such a thorough and effective review of the implementation of the SNPA. The review had identified a number of ways in which donor countries and LDCs could work more effectively together at the national level to strengthen the implementation of the Programme during the remainder of the decade. His delegation had noted the appeal to those donors whose ODA had not yet reached 0.15 per cent of GNP or who had not yet doubled their ODA to LDCs to make every effort necessary to attain these targets, as contained in Conference resolution 142 (VI) as adopted. It did not wish to dissociate itself from the consensus reached, but the position of his Government remained that its ODA to LDCs remained subject to public expenditure constraints, and to the level of assistance provided to other developing countries, many of whom were among the poorest but were not included in the list of least developed countries recognized by the United Nations, and with which his country had close links.
- 7. The representative of Australia expressed pleasure at the broad consensus that had been achieved, which reflected the strong international commitment to the economic and social advancement of the LDCs, in which his country joined. Referring to his delegation's statement in the general debate, $\frac{1}{2}$ / he recalled Australia's regional priorities as reflected in her assistance programmes. These programmes would continue to take those priorites into account and reflect concern to assist those in greatest need.
- 8. The representative of <u>Bangladesh</u> stated that the poorest and economically weakest people of the world had looked upon the SNPA with hope when it was adopted four years ago, but its implementation had not only been painfully slow but in some respects negative. Despite the efforts by the LDCs themselves to implement the Programme through significant adjustment measures, the targets of the Programme could not be reached, due mainly to a critical shortage of international support measures. He hoped that, given this general context, the mid-term global review could constitute a real turning point in the implementation of the SNPA. He also expressed the view that statements made by several delegations during the plenary meetings of the Intergovernmental Group, particularly the declaration by EEC concerning the extension of the STABEX scheme to LDCs not previously covered by it and the statement made by the Netherlands concerning the cancellation of its ODA loans to LDCs constituted a most positive development in that regard.
- 9. He noted, however, that notwithstanding the positive attitudes adopted by the majority of delegations, the results of the mid-term review were somewhat disappointing and fell short of the expectations of the least developed countries, particularly on measures to be implemented in some critical areas. In that connection, he strongly subscribed to the remarks by the representative of a developed country to the effect that the slow progress in the implementation of the SNPA had been due not so much to a lack of resources as to a lack of political

^{1/} See paras. ... above.

- will. He had hoped that the mid-term review would bring about a renewal of this political will in favour of a substantial increase in the flow of resources to the LDCs, although the early promise in that respect had not been fully realized.
- 10. He gratefully acknowledged the support which had been given to the LDCs by many developed countries and expected a further strengthening of their co-operation. As for those countries who had not come out more positively in support of the SNPA, he appealed to them to do so in order that it could be fully implemented in the remainder of the decade.
- 11. The representative of Luxembourg, speaking on behalf of the European Economic Community and its member States, stated that the Community was happy to associate itself with the consensus reached on the implementation of the SNPA at the mid-term global review. He noted that the recommendations were balanced. However, he regretted the lack of consensus with respect to the Common Fund for Commodities, to which the Community was deeply attached.
- 12. He reaffirmed the Community's interest in the LDCs and its commitment to contribute to the achievement of the goals of the SNPA, and welcomed the accent in the mid-term review on agriculture, improved aid co-ordination, mobilization of human and other resources and the exports of commodities. With regard to the latter, he recalled that the Community had taken an important initiative in favour of non-signatories of the Lomé Convention with respect to its compensation system for losses of export earnings / from commodities exported to the Community. He hoped that other countries would follow suit.
- 13. The representative of China noted with satisfaction that the Intergovernmental Group had reaffirmed the commitment by the international community to the SNPA and had achieved consensus in its mid-term review. He stressed that China, which was presently pursuing economic reforms, was a developing socialist country, and not, as implied in the documentation of the UNCTAD secretariat, a developed or donor country. Nevertheless, China would make a greater contribution, within the limits of its possibilities, by providing economic and technical assistance to the LDCs in the context of economic co-operation among developing countries.
- 14. The representative of the USSR, speaking on behalf of Group D, said that the socialist countries had taken an active part in the mid-term review, as they saw implementation of the SNPA as a means of assisting the LDCs to overcome the economic legacy of their colonial past, promoting their economic and social progress and contributing to the establishment of the new international economic order. They had supported the LDCs in most issues they had raised at the session. However, the recommendations and conclusions agreed upon still lacked some very important elements required to promote the social and economic progress of the LDCs, such as: (a) halting the outflow of resources from LDCs; (b) lowering interest rates on private credits; (c) finding fundamental solutions to the growing external debt of the LDCs; (d) eliminating protectionism; and (e) recognizing the link between disarmament and development.
- 15. He reiterated the position of the socialist countries that all appeals to donor countries contained in texts agreed upon in intergovernmental bodies referred only to the developed capitalist countries. At the same time, he stressed that the socialist countries of Group D had made an important contribution to the attainment of the aims of the SNPA by LDCs in 1981-1985. In accordance with the decisions of the Economic Summit of the CMEA member countries, held in Moscow in June 1984, they firmly intended to continue and intensify their trade

[/] See para. ... above.

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and economic co-operation with those countries in the rest of the decade, in order to assist them in developing their economic and political independence and achieving the progressive aims of the SNPA. The socialist countries intended to struggle for peace, economic security of States, and a normalization of international economic relations, which were pre-conditions for the fulfilment of the aims and tasks contained in the SNPA.

16. The representative of Canada, speaking on behalf of Group B, noted that the mid-term review had contributed considerably to a deepening of understanding of the problems of the LDCs. Although not all the objectives of every participant in the mid-term review had been full realized, some important results had been achieved. The validity of the SNPA had been reaffirmed and attention refocused on its important provisions mid-way through the decade. A balanced review had been undertaken on which conclusions valid for the next five years could be built, and a series of recommendations for action by the developed and developing countries had been adopted which would help achieve the goals of the SNPA. The spokesman for and the representatives of the LDCs had taken a positive, constructive and flexible approach which had facilitated the deliberations and outcome of the meeting, despite some very difficult negotiations.

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ANNEX II

Financial implications of resolution 9 (VI) adopted by the Intergovernmental Group a/

- 1. In paragraph 2 of draft resolution TD/B/AC.17/L.27, the Intergovernmental Group recommends that the General Assembly decide at its fortieth session that a global review and appraisal of the implementation of the Substantial New Programme of Action should take place in 1990 at a high level.
- 2. Assuming that the review would be undertaken by a conference convened for a period of two weeks in Geneva, preceded by a two-day organizational meeting, the direct conference servicing costs are estimated to amount to about \$500,000 at 1985 rates, on the basis of a servicing structure similar to that provided to the United Nations Conference on the Least Developed Countries, held in Paris in 1981.
