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**DRAFT REPORT OF THE SPECIAL SESSIONAL COMMITTEE  
OF THE TRADE AND DEVELOPMENT BOARD**

Rapporteur: Mr. Vladimir Skliarov (Russian Federation)

Addendum

**CONTENTS**

Chapter

Paragraphs

- |   |               |
|---|---------------|
| <p>I. Implementation of the Programme of Action for the Least Developed Countries for the 1990s:<br/>         ( a) Status of preparations for the High-level Intergovernmental Meeting on the Mid-term Global Review of the Programme of Action for the Least Developed Countries for the 1990s;<br/>         (b) Annual review of progress in the implementation of the Programme of Action<br/>         (Agenda item 4) . . . . .</p> | <p>1 - 19</p> |
|---|---------------|

**Note for Delegations**

This draft report is a provisional text circulated for clearance by delegations.

Requests for amendments - to be submitted in English or French - should be communicated **by Friday, 7 April 1995 at the latest** to:

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**IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED  
COUNTRIES FOR THE 1990S: (a) STATUS OF PREPARATIONS FOR THE  
HIGH-LEVEL INTERGOVERNMENTAL MEETING ON THE MID-TERM GLOBAL  
REVIEW OF THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED  
COUNTRIES FOR THE 1990S; (b) ANNUAL REVIEW OF PROGRESS IN THE  
IMPLEMENTATION OF THE PROGRAMME OF ACTION**

(Agenda item 4)

1. The spokesman for the Asian Group (Nepal) said that his Group was impressed by the LDCs 1995 Report, which proposed various policy measures for the LDCs and their development partners. He viewed with concern the dual challenge LDCs were facing. They were expected to widen and deepen the external orientation of their economies, and at the same time address their domestic economic and social problems in the content of the rapid globalization of the world economy. The improved economic performances of some LDCs was a testimony to the importance of international support measures in safeguarding the gains so painfully achieved by them. The Programme of Action for LDCs for the 1990s had provided a basis for the LDCs in accelerating their efforts to implement domestic policy reforms. Most LDCs had at great cost undertaken structural adjustment programmes, liberalized their economic policies and meticulously followed the concept of accountable government. In pursuit of those goals, they had encountered hardships such as social problems, the debt burden, meagre inflows of resources, growing unemployment, restrictive trading opportunities and limited transfer of technology. Those were further compounded by natural and man-made disasters such as famine, drought, political strife and inflows of refugees.

2. The Final Act of the Uruguay Round could result in further losses in the LDCs' share of world trade due to the erosion of their preferential margins on most of their export items. He appreciated the support provided by donor countries to LDCs and urged them to continue to provide such support.

3. The representative of Nepal said that, at the World Summit for Social Development in Copenhagen, the Prime Minister of Nepal had urged the developed countries to increase the share of their contribution to the land-locked and least developed countries and called for recognition of the scale of the debt burden of the least developed countries and the need to be more considerate when prescribing burdensome conditionalities that affected a country's ability to invest in social development. He had referred to the difficulties faced by many countries, despite the principles accepted under international law concerning freedom of transit. In today's dynamic and globalized world, many challenges

had to be faced not only within national boundaries but also through a concerted effort of the international community.

4. In order to make Nepalese society economically more open with a view to facilitating its entrance into the global economy, the Government of Nepal was committed to trade liberalization. The private sector would be encouraged and protected, as it played a significant role in the national economy. Mobilization of foreign investment and transfer of appropriate technologies were welcomed.

5. In the five years since the reinstallation of multiparty democracy in Nepal, two general elections and one nationwide local election had been held. Popular participation in those elections had generated high expectations in respect of basic education, health services, shelter, employment and means of subsistence. Nepal had initiated a programme known as "Build your village yourself" in order to mobilize the population at the grass roots level in the task of nation-building. The programme focused much of its attention on land reforms and health services to complement economic activities.

6. Many of the least developed countries were also land-locked, while several others were island developing countries. The additional particular problems those countries faced because of their geographical situation were also a matter of great concern to the least developed countries. Those problems had for several years been addressed in various international fora, particularly the General Assembly and the Trade and Development Board. Despite the efforts that had so far been undertaken to alleviate their particular problems, the land-locked and island least developed countries continued to face formidable problems in their development efforts. He hoped that the Symposium for Land-locked and Transit Developing Countries and the second Meeting of Governmental Experts from Land-locked and Transit Developing Countries, Representatives of Donor Countries and Financial and Development Institutions which would take place in June 1995 would address specific regional problems in implementing the recommendations of the first Meeting of Governmental Experts held in May 1993.

7. The representative of Japan emphasized four points relating to the discussions of the development problems of LDCs. Firstly, a clear consensus must be reached on the priority areas for development. While social development was important for the attainment of balanced economic growth, revitalization of economic activities was necessary to finance national development programmes which included social development. Secondly, the need to support those marginalized LDCs' facing severe difficulties should be underlined. According to the 1994 DAC Chairman's report, while the total volume of ODA from all DAC

donors had been decreasing, LDCs were those least affected by that reduction. Japan had been extending continuous support to LDCs in several important sectors to encourage their self-help development efforts, and it was committed to continuing such support and cooperation in the future. Thirdly, Japan was proposing a new international strategy for development based on a comprehensive approach in which all the elements such as ODA, trade and investment and new additional national resources contributing to development should be effectively coordinated and utilized. Fourthly, a greater role in LDCs' development should be played by new donors which had graduated from the category of developing countries. In that context, South-South cooperation was important in promoting the LDCs' economic participation in both the regional and the global economy. Japan was determined to actively support that kind of cooperation.

8. It was encouraging to note that some LDCs had revitalized their economies through diversification and had experienced economic growth. In order for that growth to be sustained, such multisectoral policies as political and economic stabilization, good governance, participatory development, human resources development, creation of a functional market economy, the revitalization of the private sector and environmental conservation needed to be continuously implemented.

9. The representative of China commended the UNCTAD secretariat for the LDCs 1995 Report. The economic situation of the LDCs in the early 1990s had gone from bad to worse owing to the continued deterioration in the international economic environment and the lack of effective external support. In recent years, most LDCs had at great cost striven to carry out structural adjustments and economic reforms which had brought about some initial results. However, confronted by unfavourable external economic conditions and the lack of practical and effective external support, especially financial assistance, the results achieved through the LDCs' painstaking efforts had been very limited. As indicated in the Report, the ODA allocated by most of the developed countries and multilateral financial institutions to LDCs had been declining annually, thereby falling far short of the commitments undertaken in the Programme of Action. That was an important factor contributing to the lack of full implementation of the Programme of Action.

10. For their economic development, LDCs should first and foremost rely on their own efforts. However, in the present highly interdependent world economy, the success of the LDCs' own efforts at economic development depended, to a large extent, on a supportive external environment and the full support of the international community. She therefore appealed to the international community

and especially the developed countries to respond urgently to LDCs' needs in the coming five years by honouring their commitments with regard to ODA targets for the LDCs so as to achieve a rapid and comprehensive implementation of the Programme of Action. Attention should also be paid to the quality of assistance with due regard to the special needs of LDCs.

11. China had maintained a good cooperative relationship with LDCs, and within the framework of South-South cooperation it had extended assistance within its capacity. It was now actively exploring better ways to deliver its assistance, and one way was the use of joint capital cooperation and the grant of government-subsidized loans on concessional terms. With respect to the former, projects could benefit from an enlarged resource base and from better harmony between the enterprise's profit motives and the performance of the project, thus ensuring the success and durability of the project. The recipient countries too stood to benefit from increased income and expanded employment opportunities. In respect of the latter form of assistance, the Government's funds and banks' funds were put to combined use and the banks acted as the executing agents of aid.

12. China was a developing country itself and had its own difficult task of poverty alleviation. However, despite that it was doing its best to provide assistance to the LDCs.

13. The representative of Sudan pointed to a discrepancy between the information provided in the LDCs 1995 Report and the UNCTAD Press Release on the Report regarding the countries that had achieved per capita growth rates of 2 per cent per annum or more. His delegation would be seeking clarification from the Officer-in-Charge of UNCTAD in that connection with a view to resolving the problem.

14. The representative of Switzerland congratulated the UNCTAD secretariat for the LDCs 1995 Report, which contained highly relevant data and a detailed analysis of the current situation in LDCs. He considered the Report a useful basis for the formulation of future policy guidelines and actions. He noted that, despite the progress achieved by several LDCs in some sectors, their overall situation remained a cause for serious concern. His Government supported the conclusions of the Report and attached high importance to the success of the High-level Intergovernmental Meeting on the Mid-term Review. He also expressed the hope that the Mid-term Review would provide an opportunity to adapt the Programme of Action to the changed circumstances in the global environment and to the new needs arising from an increasing globalization which threatened to further marginalize a number of LDCs.

15. Considering that the outcome and implementation of the Final Act of the Uruguay Round was a matter of major importance to developing countries and LDCs, his Government was conducting a study of its impact on those countries. The study included case studies of six developing countries, two of which, Bangladesh and Burkina Faso, were LDCs. The results of those studies would be available by the end of April, and hopefully would contribute to the High-level Intergovernmental Meeting. In the context of preparations for the Mid-term Global Review Meeting, his Government had approved the undertaking of an evaluation that would systematically juxtapose the Programme of Action with Switzerland's country-programmes in LDCs and the guidelines for North-South cooperation in the 1990s. That evaluation would provide elements for the updating of his country's development cooperation strategy.

16. The representative of Zambia noted with satisfaction that some of the preparatory meetings for the Mid-term Global Review had been successfully completed. Zambia had participated actively in the Expert Group Meeting on Fiscal Policy Reforms in LDCs, since fiscal reform had become an issue of critical importance to the overall process of stabilization and reform in LDCs. He called for additional external finance to offset the adverse effects of reform on vulnerable groups and to sustain popular support for reform. Zambia had also participated in the Expert Group Meeting on Women in Development in LDCs, and considered that the Declaration adopted by the Meeting should be implemented fully and rapidly. The Declaration could also provide a useful input to the Fourth World Conference on Women, to be held in Beijing.

17. The speed and direction of progress of LDCs in the 1990s would be essentially determined by their advances in information technology and actions to ensure cross-border strategic partnerships, underpinned by foreign direct investment and trade. However, it would be difficult to discuss issues of globalization without reference to the WTO, as a substantial volume of world trade, approximately 70 per cent, would fall within WTO disciplines. Issues identified in the Report as impeding economic progress would increasingly be a subject of consideration by different international institutions. Likewise, compensation for non-performers in international trade - which, despite the call in the Marrakesh Declaration for favourable treatment for LDCs, had never been accepted in the context of the WTO agreement - could only be provided in the framework of those institutions. UNCTAD should therefore continue to analyze the implementation of the Marrakesh decision in favour of LDCs and address the principles and policies of trade and development in general.

18. The representative of Madagascar said that, in addition to the problems inherent in all least developed countries, island least developed countries had to cope with other obstacles relating specifically to their insularity, their small size, their scattered population patterns and their distance from major economic centres. The efforts of Madagascar had been undermined by natural disasters such as cyclones and droughts. Despite the limited resources available to the country, efforts were constantly being made with the assistance of donor countries to develop infrastructure and communications. In addition to those efforts, national measures had been undertaken and a structural adjustment programme had just been put in place with the support of the Bretton Woods institutions.

19. The Barbados Programme of Action for the Sustainable Development of Small Island States envisaged national and international measures in favour of island least developed countries, and the implementation of that Programme required international solidarity. Madagascar wished to benefit from the assistance of the international donor community and that of UNCTAD for the effective implementation of the Programme of Action for LDCs, as well as the Barbados Programme of Action.