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Sessional Committee I

**REVIEW OF PROGRESS IN THE IMPLEMENTATION OF THE PROGRAMME  
OF ACTION FOR LEAST DEVELOPED COUNTRIES FOR THE 1990S AND  
REVIEW OF THE STATUS OF THE PREPARATORY PROCESS FOR THE THIRD  
UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES**

*(Agenda item 4)*

**Chairperson's summary<sup>1</sup>**

**A. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s**

1. The discussions in the informal meetings of Sessional Committee I centred around the precarious socio-economic situation of LDCs, the structural weaknesses inherent in their economies and the adverse external environment they faced. Those factors were considered to have increased their marginalization in the global economy during the 1990s. Many of the objectives set out in the Programme of Action for Least Developed Countries for the 1990s had not been realized.

2. LDCs as a group had continued to register low and declining growth rates in their real gross domestic product (GDP), which was estimated at 3.8 per cent in 1998, or only 1 per cent in per capita terms. Growth at that level was insufficient to reverse the decline in human welfare indicators in the majority of LDCs. That poor performance was primarily due to

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<sup>1</sup> A summary of the informal discussions of Sessional Committee I that are not covered in the Draft Agreed Conclusions (TD/B/46/SC.1/L.2).

major developments in the global economy, adverse weather conditions and depressed prices of commodities of export interest to LDCs. In addition, a number of LDCs had continued to suffer from civil strife and instability, resulting in increased economic regress. It was acknowledged that the short-term prospects for LDCs would also be influenced by the availability of ODA resources and debt relief. LDCs were encouraged to continue pursuing macroeconomic and sectoral policies that were conducive to promoting broad-based and people-centred growth. LDCs, for their part, were prepared to strengthen the ongoing reform measures in the areas of good governance, universal human rights and democracy.

3. LDC delegations called on donor countries to reverse the decline in ODA flows and to substantially increase the level of aggregate financial support to LDCs in line with the ODA targets contained in the Programme of Action. ODA should, *inter alia*, contribute to the development of physical infrastructure, social policies and capacity-building, including trade-related capacity-building, to enhance the ability of LDCs to trade and to help them integrate in the world trading system. The effectiveness of aid as a catalyst for development lay in improving its efficiency by targeting it at the most critical constraints in a country's economy and by reducing the transaction costs associated with its delivery to the target population. The challenge facing LDCs was how to overcome the fatigue that had come to be associated with ODA by demonstrating its effectiveness in enhancing the productive capacities of their economies. The challenge for donors was to make a significant and substantial increase in the aggregate level of external support in line with the commitments undertaken in the Programme of Action.

4. Some delegations stressed that the effective resolution of the LDCs' debt burden would also have profound implications for their growth prospects and development. It would help promote investor confidence as well as release resources for much-needed investment, particularly in infrastructure, human resources development and economic diversification programmes. It was noted with concern that despite their reduced debt-service ratios, many LDCs had failed to meet their debt obligations fully and had accumulated arrears, the payments of which had had to be rescheduled.

5. The declining share of LDCs in world trade was identified as a glaring manifestation of the increasing marginalization of LDCs in international trade. LDCs' share in world imports and exports was 0.6 and 0.4 per cent respectively in 1997, representing declines of more than 40 per cent since 1980. The main reasons for that poor performance were weak productive capacity and competitiveness resulting from structural, market-access and other supply-side constraints. The international community was called upon to support LDCs' efforts to design and implement unimodal (that is, all-encompassing) people-centred development strategies that would generate economies that were integrated nationally and regionally. Such integration was considered a prerequisite for the successful and beneficial integration of LDCs into a global economy and the multilateral trading system.

6. The debate also highlighted the crucial issue of market access for LDCs. It was pointed out that if LDCs could gain just an additional 1 per cent of world trade, that would be worth about 4 billion dollars annually. In that regard, along with improved productive capacities, some delegations called for duty-free and quota-free market access for all products originating in LDCs. It was also argued that in the implementation of existing multilateral trade agreements and in future negotiations, the obligations placed on LDCs should be consistent with their level of development and capacity to carry out such obligations. Some delegations considered that the accession of LDCs that were not yet members to WTO should be put on a simplified fast track. The special and differential measures in favour of LDCs should be rendered binding by making them an integral part of the rules and disciplines governing the multilateral trading system. LDCs should be assisted in making full use of those provisions. Some delegations called for practical ways and means to be devised and implemented to improve the capacity of LDCs to utilize fully existing trade preferences, including those under the Generalized System of Preferences, and to overcome supply-side constraints.

7. The UNCTAD secretariat was commended for its special efforts to assist LDCs in strengthening their capacity in trade negotiations on the rules of international trade and market access. It was pointed out that such efforts had enabled LDCs to table 67 proposals in the preparatory process for the Third WTO Ministerial Conference in Seattle, thus enabling them to play a proactive role on issues of interest to them at the Conference and beyond. Some delegations called on the international community to give serious consideration to those proposals at Seattle and also during UNCTAD X and the Third United Nations Conference on the Least Developed Countries.

#### **B. Review of the status of the preparatory process for the Third United Nations Conference on the Least Developed Countries**

8. Delegations particularly welcomed the establishment by the Secretary-General of the Conference of the Consultative Forum on the preparatory process for the Conference, which provided an opportunity for all the stakeholders concerned to exchange views on the conceptual framework, objectives and organizational aspects of the Conference. Some delegations expressed concern at the lack of adequate resources in the regular budget for the preparatory process for the Conference, and called for further clarification of the situation before they could consider providing extrabudgetary contributions. Some delegations urged the UNCTAD secretariat to pay careful attention to the budget of the Conference to ensure cost-effectiveness without hampering the achievement of its objectives.

9. Some delegations called for a mechanism to be provided for the regular review and monitoring of the implementation of future programmes of action for LDCs, and proposed that the issue should be considered at UNCTAD X.

10. The Third United Nations Conference on the Least Developed Countries was seen as providing a major opportunity for LDCs and their development partners to recommit themselves to strong and effective actions within the framework of shared responsibility and genuine solidarity, based on commitments at the global and country levels. The Conference should aim at achieving concrete and binding global and country-level commitments.

11. Some delegations also welcomed the approach proposed by the Secretary-General of the Conference to base the global-level preparatory process for the Conference on comprehensive and participatory country-level preparatory activities. Such an approach was indispensable for enabling people in LDCs to identify themselves with the Conference and its preparations, which would be essential for the effective implementation at the national level of the outcome of the Conference. In that context, the expression of support to the country-level preparatory process by the European Union, the United Nations Development Programme and the World Bank, all of whom had a field presence in LDCs, was welcomed.

12. Noting that the Programme of Action for Least Developed Countries for the 1990s was due to expire at the end of 1999, some delegations considered it desirable for the General Assembly to extend the time-frame of the Programme of Action until the time of the Third United Nations Conference on the Least Developed Countries.

### **C. Technical assistance**

13. Some delegations said that the implementation of activities within the Integrated Framework for Trade-Related Technical Assistance needed to be accelerated and that the necessary resources should be provided for that purpose to facilitate the work of the core agencies according to their mandates.

14. Some delegations expressed concern over the decline in UNCTAD's technical assistance resources in favour of LDCs, and called for urgent measures to remedy the situation. In that regard, some called for a comprehensive review of the allocation of resources by UNCTAD to various activities as the basis for seeking a solution in favour of LDCs, while others emphasized the importance of replenishing the LDCs Trust Fund regularly.