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Agenda item 2

**ESCAPING THE POVERTY TRAP: NATIONAL AND INTERNATIONAL
POLICIES FOR MORE EFFECTIVE POVERTY REDUCTION IN LDCS**

Agreed conclusions *

The Trade and Development Board,

Takes note with appreciation of the *Least Developed Countries 2002 Report* entitled: “Escaping the Poverty Trap”, and commends the UNCTAD secretariat for the high-quality analysis and policy recommendations contained in the Report.

Having considered the Report, the Board adopts the following agreed conclusions.

1. The Board emphasizes the importance of speedy implementation by all stakeholders of the Millennium Declaration and the Brussels Declaration and Programme of Action, as well as provisions of particular importance to LDCs in the Doha Ministerial Declaration, the Monterrey Consensus, and the Johannesburg Declaration. It calls on UNCTAD, within its mandate and in cooperation with other international organizations, to play its full part in these endeavours.

* As adopted by the Board at the 938th (closing) plenary of its thirtieth executive session.

Increased efforts should be made to ensure that LDCs are able to achieve the poverty reduction goals contained in the Brussels Programme of Action and in the Millennium Declaration. This requires, *inter alia*, achieving sustained economic growth that increases and eventually doubles average household incomes.

2. At the national level, the LDCs, which have the primary responsibility for the formulation and effective implementation of national policies and priorities for their growth and development, need to consider carefully the general policy orientations recommended in the LDC Report 2002, which calls for a reduction of poverty through long-term development strategies including more growth-oriented macroeconomic policies, sectorally focussed productive capacity building, an investment-friendly environment, vigorous trade diversification and promotion policies, and policies to ensure inclusion and good governance. These need to be undertaken with the support of the LDCs' development partners and within their national development framework.

3. It is recognized that the LDCs, with the support of their development partners, need to consider carefully the general policy orientations recommended in the LDC Report 2002. In order to boost national resources, the cornerstone of development, the Board recognizes that debt relief and official development assistance (ODA) can play a critical role. It welcomes the Heavily Indebted Poor Countries (HIPC) Initiative and stresses the need for its speedy implementation and a durable solution to the problem of indebtedness of the poorest countries. These measures should be supplemented by meaningful market access for LDCs.

4. The Board expresses its concern about falling commodity prices and their negative effects on LDCs' efforts to fight poverty. The international community should consider appropriate measures in order to overcome these negative effects. The Board underlines the importance of international support for national efforts aimed at improving supply capabilities and rationalizing supply through such approaches as minimum quality standards and horizontal and vertical diversification.

6. Streamlining donor practices in terms of aid delivery is an important prerequisite for the success of national poverty reduction strategies. Aid flows should be provided in a more predictable manner with long-term commitments. It is essential for LDCs to establish systems of aid performance monitoring to improve the level, quality and effectiveness of development aid.

7. The LDCs should assume strengthened ownership and autonomy - through building state capacities - in designing, sequencing and implementing their development policies in order to break out of the poverty trap. The Poverty Reduction Strategy Paper (PRSP) approach is an evolving process and the Board welcomes the renewed emphasis on poverty reduction. In this context it is essential to put adequate emphasis on ways and means of ensuring and sustaining growth, exports and investment.

8. The Board recommends that UNCTAD should continue within its mandate to support the efforts of LDCs in the ongoing process of formulating and implementing PRSPs and in this context enhance its collaboration with relevant international organizations giving priority to LDCs.

9. Recognizing the usefulness of the LDC Report, the Board also recommends that the Working Party at its next session should consider the possibility of the annual publication of the LDC report within resources at the disposal of UNCTAD.