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**Report of the
Meeting of Multilateral and Bilateral Financial
and Technical Assistance Institutions
with Representatives
of the Least Developed Countries**

*held at the Palais des Nations, Geneva,
from 31 October to 8 November 1977*



United Nations Conference on Trade and Development

Distr.
GENERAL

TD/B/681
TD/E/AC.21/7
1 December 1977

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Eighteenth session
Geneva, 29 August 1978
Item 6 (a) of the provisional agenda

REPORT OF THE MEETING OF MULTILATERAL AND BILATERAL FINANCIAL
AND TECHNICAL ASSISTANCE INSTITUTIONS WITH REPRESENTATIVES OF
THE LEAST DEVELOPED COUNTRIES

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* This report is also being communicated to the Intergovernmental Group on the Least Developed Countries at its second session.

Part One

SUMMARY OF THE MEETING

I. INTRODUCTION

1. The special meeting of representatives of multilateral and bilateral financial and technical assistance institutions with representatives of the least developed countries was convened by the Secretary-General of UNCTAD in accordance with Conference resolution 98 (IV), paragraph 35, and decisions taken by the Trade and Development Board at the first part of its seventeenth session. 1/ The purpose of the Meeting was to carry out a general review and assessment of the requirements and progress of the least developed countries and of the problems arising in the co-ordination and implementation of assistance programmes on both the donor and recipient sides, with the aim of agreeing on specific proposals for the more rapid increase in growth and welfare in the least developed countries. The results of the Meeting were to be communicated to the Intergovernmental Group on the Least Developed Countries, the second session of which is scheduled for July 1978.
2. The Meeting was opened by the Deputy Secretary-General of UNCTAD on 31 October 1977. Subsequent meetings were held in private, in accordance with rule 74 of the rules of procedure of the Board.
3. The UNCTAD secretariat had submitted a number of papers for consideration by the Meeting, and during the Meeting papers were circulated informally by some bilateral and multilateral agencies. 2/
4. Many participants in the Meeting, and in particular the representatives of the least developed countries themselves, expressed their gratitude to the Government of the Netherlands and to the United Nations Development Programme, whose financial support had made possible the attendance by officials knowledgeable about the aid process from the capitals of the least developed countries.

1/ TD/B/677, paragraphs 248-249, and annex I, decision 155 (XVII).

2/ For the list of official documents before the meeting, see annex.

II. REVIEW OF THE DEBATE

A. Opening of the Meeting

5. Opening the Meeting, the Deputy Secretary-General of UNCTAD noted that the character of the Meeting was "special" not only because it brought together selected bilateral and multilateral institutions to discuss the pressing problems of the least developed countries with representatives of these countries themselves, but also because the Meeting concerned the very need to transform the structure and functioning of the economies in nearly 30 countries which have the most depressed of socio-economic conditions. The Meeting was also special with regard to its limited participation, which was an ad hoc arrangement in the spirit of Conference resolution 90 (IV), paragraph 35.

6. He reviewed the situation in these countries, which accounted for 13 per cent of the world's population but whose growth rate per capita had averaged only 0.4 per cent in the period 1970-1976. For these countries, he stressed the vital role played by foreign aid. In spite of the increasing volume of aid to the least developed countries, this increased aid had not as yet successfully stimulated and strengthened the productive capacities of the least developed countries. Over the preceding decade, their import capacity had remained virtually unchanged and the purchasing power of their exports had fallen. The dependence of these countries on foreign aid was thereby increased.

7. He noted that there was no dearth of words in the history of international co-operation to describe the severe problems faced by the least developed countries. The success of the Meeting would thus lie in the specific proposals that it would be possible to adopt and recommend.

8. Speaking at the invitation of the Chairman, the President of the Trade and Development Board also noted the "special" nature of the Meeting. He further noted that multilateral institutions were active participants and partners in the discussion rather than simple observers. He believed that the Meeting should move beyond a simple exchange of views on the aid process in the least developed countries and be able to negotiate concrete proposals which might represent breakthroughs for the least developed countries. Cautioning donors and recipients to be constructive rather than defensive in discussing their existing policies, he therefore suggested that all proposals should have in view not only longer-term solutions but also an immediate increase in welfare in the least developed countries.

B. Review and assessment of requirements and progress (agenda item 3)

9. The Deputy Secretary-General of UNCTAD and the Director of the Special Programme on Least Developed, Land-Locked and Island Developing Countries summarized the current economic situation in the least developed countries and the enormous development task facing them.

10. The Meeting noted the acute economic difficulties of the least developed countries. Their growth rate in terms of GDP per capita was only 0.4 per cent per year in the period 1970-1976, even lower than the weak performance (0.9 per cent per annum) during the 1960s, and far below the minimum target growth rate for the Second United Nations Development Decade of 3.5 per cent. While all developing countries had managed to attain a growth of \$70 per head so far during the 1970s, the least developed countries as a group had been able to grow by only \$2 per head. Indeed, nine of the countries had shown declines so far during the decade.

11. At the same time, only five of these countries had been able to reach or exceed the 3.5 per cent target growth rate. The export situation of the least developed countries, despite considerable improvements in 1976, still showed a marked decline from the situation at the beginning of the 1970s. By 1976, the purchasing power of the exports of the least developed countries, in per capita terms, was almost one third lower than in 1970. While the totality of financial flows (largely concessional assistance) had risen substantially in real terms by mid-decade, this was not enough to offset the decline in export earnings, and the volume of imports per capita was almost 10 per cent lower in 1976 than in 1970. It was also noted that the real level of foreign assistance flows, which had risen considerably in 1975, had declined somewhat in 1976.

12. In response to a request from least developed countries for a more detailed assessment of the order of magnitude of assistance that might be needed by them, the Director of the Special Programme indicated that no precise statement of requirements could be made that would take into account all of the factors relevant to each of these countries individually. However, in view of the bleak economic picture of stagnation, or even decline, for many of them, he felt that it was of extreme importance to consider the broad implications for aid flows of this inadequate progress.

13. He described a simple econometric projection made by the UNCTAD secretariat, using rather optimistic assumptions about the growth of internal savings and about the productivity of new investments, which suggested that it would take at least a doubling of present assistance flows for all of the least developed countries to reach the level of 3.5 per cent GDP growth per capita suggested as a minimum in the International Development Strategy. If the large social and infrastructural needs of the least developed countries were also to be met in growing part from aid flows - usages which might have a relatively slow impact on efficiency - then total assistance requirements might realistically have to be even larger. He further called attention to a projection by the World Bank ^{3/} of the requirements

^{3/} See Address to the Board of Governors by Robert S. MacNamara, President, World Bank, Washington D.C., 26 September 1977, page 13.

to meet the more modest goal of reaching only a 2 per cent growth rate in per capita income for the poorest countries for the period 1977-1985 (which would mean an addition of only about \$30 to their per capita incomes by 1985); this would require a 50 per cent increase in real terms of official development assistance to the poorest countries between 1976 and 1985, in addition to increased domestic savings, higher efficiency in capital utilization and a doubling of the export growth rate.

14. The Meeting was generally agreed that all bilateral and multilateral financial and technical assistance institutions should seek to expand their flows of assistance to the least developed countries and also to increase the emphasis and priority of their programmes for these countries. It was felt that these institutions should urgently seek to increase flows of assistance in the short-run that could bring immediate benefits to the least developed countries and thereby pave the way to expanding the capacity of these countries to utilize even greater flows of aid in the long-run. The Meeting also noted that flows of assistance could be increased by speeding up the aid process on both donor and recipient sides, and the view that donors should provide, on request, the assistance to the least developed countries necessary to ensure that larger flows could be effectively used.

15. Bearing in mind the objectives of the New International Economic Order, the representatives of the least developed countries stated that flows of assistance should be considerably increased in the light of the absolute poverty and very slow rate of development that characterized their countries. Least developed countries believed that in order to achieve at least the minimum growth target of 3.5 per cent per annum in real terms set forth in the International Development Strategy, assistance to the least developed countries should be progressively increased so that it might be at least doubled by 1980. The least developed countries called upon the donors to make contributions essentially on a grant basis keeping in mind the targets set for aid in the International Development Strategy. Representatives of some of these countries felt that donors should seek to ensure at least minimum per capita flows, equal to the average for all developing countries, to each least developed country as called for in Conference resolution 98 (IV).

16. The representatives of least developed countries felt that special efforts should be made to take into account the effects of inflation on the total cost of the programmes. They felt that these cost-raising effects should be automatically offset so that at least the real value of the initially planned assistance was maintained.

17. Although the representatives of some bilateral donors stated that they were not able to commit their Governments to meeting specific aid targets or target dates, others mentioned that their Governments had already converted past loans to grants, subject to parliamentary approval, and had also reached or surpassed the 0.7 per cent of GNP target for ODA that had been called for in the International Development Strategy. All bilateral donors represented at the Meeting recognized the special and urgent needs for increased assistance to the least developed countries. They reaffirmed their determination to direct, in co-operation with all developing countries, larger programmes of assistance to meet basic human needs but agreed that no sector should be excluded a priori from assistance.

18. Representatives of multilateral institutions reaffirmed their determination to give special emphasis to least developed countries and to pay particular attention to them in future programming exercises. Many multilateral agencies outlined the extent to which their recent programming had placed an increasing emphasis on least developed countries. The representatives of multilateral institutions urged bilateral donors to channel a growing share of their resources to the least developed countries under multilateral auspices.

19. Bilateral and multilateral donor agencies recognized that the adoption of enlarged assistance programmes would necessitate efforts by donor countries and agencies themselves. There was a general consensus that increased aid to the least developed countries should be matched by increased effort on the part of both donors and recipients to enlarge the capacity of these countries to absorb aid and to use it effectively.

20. Representatives of most of the least developed countries present stressed the magnitude of their further requirements, their many difficulties with the assistance process, and their recognition of the need to expand aid flows and the ability of the least developed countries to use them. Representatives of most of the donor institutions present described their current programmes and policies and many of them made available additional written material on these programmes to the least developed countries present.

21. The representative of the bilateral assistance programme of a socialist country of Eastern Europe indicated that the countries members of Group D were giving all possible economic and technical assistance to developing countries, including the least developed among them, on the basis of equality of rights and non-interference in internal affairs. His Government had concluded agreements with 60 developing countries, including some of the least developed; these agreements had, for example, involved assistance in the construction and expansion of almost 1,000 plants in various economic sectors. Within the framework of this co-operation, assistance in the development of agriculture was helping to solve food problems; geological prospecting and design and research work was being undertaken; complete sets of equipment and materials were being supplied; experts were being seconded to the countries concerned, and assistance was being given in the operation of plants already constructed and in training national technical personnel. He stated that although socialist countries had no moral or material responsibilities for the consequences of colonial domination or for the crisis in the capitalist economy, they were systematically expanding and consolidating their economic, scientific and technical co-operation with the least developed countries on a long-term, stable and mutually advantageous basis.

C. Problems in the formulation and the implementation of assistance programmes (agenda item 4)

1. Overcoming bottlenecks in planning, preparing and negotiating assistance programmes and identifying projects (agenda item 4 (a))

22. In order to overcome the problems which the least developed countries face in identifying projects as well as in planning and preparing assistance programmes, a number of suggestions were made during the Meeting. Several representatives of the least developed countries and bilateral and multilateral assistance institutions emphasized the need to improve and develop further the multi-year country programming approach currently used by UNDP and several other donor institutions. Further, several of these representatives noted the urgent need to ensure close co-operation between donors and recipients in developing these country programmes in order that the recipient countries could more adequately set their development priorities in the light of expected donor assistance programmes. The representative of a bilateral donor institution and some representatives of the least developed countries also suggested that in order to make the longer-term country programming approach more realistic, it was necessary to improve aid forecasting techniques which took into account the effect of inflation.

23. Several representatives from the least developed countries and bilateral donors referred to the limited capability of the least developed countries to identify and prepare projects for assistance because of their institutional weaknesses and lack of technical skills. It was suggested that technical assistance to these countries should be increased in order to overcome their shortcomings in this area. Some of these representatives proposed that multilateral institutions should be called upon to give more assistance to the least developed countries in carrying out feasibility studies and identifying viable projects for external financing. This was particularly the case for those projects that were earmarked for co-financing by different donors because the need for different appraisals by different interested donors would thus be eliminated.

24. Several representatives of both bilateral and multilateral donors emphasized the need to increase the authority of field officers. Such decentralization would give them more scope for deeper involvement in project identification and preparation and would furthermore accelerate the procedures for project approval. Some of these representatives also referred to the need to provide a high standard of multi-disciplinary expertise in field offices so that they could more effectively carry out their duties.

25. Several representatives of least developed countries and donor institutions agreed that the quality of technical assistance personnel was not always satisfactory. Efforts should be undertaken to raise the calibre of such personnel and to acquaint them with all facets of the local environment and the special needs of the least developed countries. However, the representatives of donor institutions noted that the conditions in some of the least developed countries were not always conducive to the most effective use of technical assistance staff.

26. Several representatives of both the least developed countries and donor institutions noted that greater emphasis should be laid on the training of counterpart personnel in order to strengthen the capabilities of the least developed countries for project identification and preparation in the long run. Several of these representatives also deplored the brain drain in some of the least developed countries and the frequent transfers of trained local staff to other duties after a training period.

27. Several representatives of the least developed countries and donor institutions believed that the limited absorptive capacity of the least developed countries could be increased if donor agencies applied more flexible standards in assessing the viability of potential projects for financing that reflected better the special circumstances of the least developed countries. For example, the rate of return should not be given unduly high priority and other social and economic factors, such as the impact of a project on the structural changes in the economy, should be considered.

28. In order to make the terms and conditions of aid more responsive to the requirements of the least developed countries and to acquaint the least developed countries with the practices and priorities of donor institutions, several representatives of the least developed countries and donor agencies believed that a more intensive dialogue between donors and recipients should be encouraged. In this connexion, several representatives on both the donor and the recipient sides felt that both the current meeting and other aid consultative arrangements should become regular opportunities for constructive dialogue.

29. While the least developed countries needed special consideration, the representative of a multilateral institution indicated that the adoption of criteria which did not ensure adequate project assessment could, in the long term, run counter to those countries' best interests.

30. Some representatives of bilateral donor institutions contended that the absorptive capacity of most least developed countries could be enhanced by following the basic-needs approach to development, also called the "development-from-below" approach. They referred to the crucial role which rural development played in these countries and said that a focus on it would accelerate the structural transformation of their economies and thus ultimately expand their absorptive capacities.

31. Representatives of least developed countries and donor institutions agreed with the above view but felt that an integrated approach involving development efforts from both above and below was the essential condition for a considerable increase of absorptive capacity in the least developed countries.

32. Several representatives of both the least developed countries and bilateral donor agencies stated that in order to enhance the absorptive capacity of the least developed countries more resources should be channelled to local financial institutions.

33. Several representatives of least developed countries also noted that further efforts should be made by the least developed countries to enhance their own absorptive capacities through maintaining a "shelf" of projects which could be presented to potential donors as required. Several representatives of both the least developed countries and donor institutions noted that the least developed countries could utilize more aid if it were granted in a more flexible framework of programme assistance and if other types of assistance, such as budgetary, recurrent cost and local financing support, were provided. Some of these representatives also felt that certain regional projects (for example, river basin development) had a considerable potential for aid absorption.

34. The representative of a bilateral donor institution stated that more resources should be channelled through multilateral agencies, thereby relieving recipients of the administrative burden of dealing with a wide variety of donors and removing some of the bottlenecks related to their aid absorption capacities. In a related area, some representatives of bilateral donor institutions supported approaches to multi-donor assistance such as that of the "Club des Amis du Sahel".

35. The representative of a regional development bank recommended that the expansion of the absorptive capacity of the least developed countries should in the long term be promoted through the provision of technical assistance to assess the potential of the crucial sectors of their economies. Such studies of sectoral potential could provide the basis for formulating concrete projects. Representatives of both the least developed countries and donor institutions remarked that the future plans to increase absorptive capacity in the least developed countries should be guided by lessons drawn from a careful and improved evaluation of past performances.

36. Several representatives of least developed, land-locked countries noted the serious negative impact of their geographical location on development. They suggested that special consideration should be given to them by the donor institutions in order to overcome the specific problems they faced in their efforts to increase their particularly limited absorptive capacities.

37. Several representatives of least developed countries noted the inadequate skills in their countries to negotiate effectively with donors and therefore requested that technical assistance in this field be increased. Representatives of least developed countries and bilateral donor institutions noted that donor institutions should promote specific training programmes for aid officials from the least developed countries so that they could become better acquainted with the aid policies and practices of donor countries and thus enhance their negotiating talents.

2. Steps for more effective administration and execution of assistance projects (agenda item 4 (b))

38. It was generally felt desirable to delegate more authority to the staffs of donor institutions stationed in least developed countries. Such a policy would be enormously helpful in speeding the flow of assistance and overcoming bottlenecks by providing for flexible responses to the changing situations in individual least

developed countries. The detailed knowledge which such personnel had of the local situation and their closer contacts with the local officials concerned resulted in this flexibility. The need for correspondence with distant headquarters, with the delays and scope for misunderstanding involved, would also be reduced.

39. One donor institution explained that its practice was to delegate more to the regional than to the country level. A small donor country pointed out that it did not always have personnel on-the-spot to whom to delegate authority.

40. Some donors pointed out that the growing emphasis on rural and basic-needs-oriented development meant that those non-governmental agencies with links at the village level should be able to make a positive contribution.

41. The least developed countries' need for experts of high technical competence and demonstrated ability to understand and adapt themselves to different working and living conditions was generally recognized. Representatives from both the donor and the recipient sides commented on the difficulties involved in finding and recruiting suitable experts and some donor institutions described their efforts to ensure that their field experts matched these requirements.

42. Pointing out that highly qualified experts were scarce and their cost rapidly rising, donors felt that full consideration should be given to the use of middle-level experts, such as United Nations volunteers, who could effectively perform many tasks at considerably lower cost while benefiting from the supervision, from time to time, of more senior experts.

43. Some representatives of donor institutions stressed the need for broad evaluation (as distinguished from project-specific evaluation) as part of a comprehensive system of analysis and feedback. They called for joint efforts in sectoral, sub-sectoral and problem-oriented evaluations to bring about relevance and qualitative improvement in programmes and performance and to draw upon past experience and lessons learned.

3. Modifying assistance policies and procedures in the light of the special problems and needs of the least developed countries: criteria and conditions; types of aid; priority areas for assistance; procedural requirements (agenda item 4 (c))

44. Several recipients stressed the importance of being able to count on a predictable flow of assistance over a number of years. A number of donors explained that they were now providing such forecasts of flows. Some mentioned explicitly that they were following the example set by the UNDP with its indicative planning figures. On the other hand, some donors explained that their legislative processes prevented commitments for more than a year at a time.

45. Several donors which were making advance commitments also encouraged the transfer of funds from projects where expenditure was not up to expectations to projects where further expenditure could usefully be made.

46. Recipients generally urged the ending of tied assistance, stressing not only its excessive costs but also the hindrance it constituted to the development of local enterprise. Some donors explained the steps they were taking to reduce aid-tying, one or two stressing that consultancy and technical assistance also was being untied.

47. Local cost financing was discussed at great length. Representatives of least developed countries pointed out that the need for budgetary support for financing local costs of development projects would increase over the years. In particular, the financing of local expenditure would assume critical importance. With the increase in emphasis on investment in rural development, family planning programmes, education, health and housing, etc., the foreign exchange requirement of the projects in these sectors would be relatively small. It was also stressed that the capacity of the least developed countries to mobilize domestic savings on a significant scale was very limited. Thus, there was an urgent need for the donor agencies to attach a very high priority to the financing of local costs of projects. Such a policy not only would increase the aid-absorbing capacity of the least developed countries but also would be in harmony with the basic needs approach to development. Considering the critical importance of this issue in the development effort of the least developed countries, the representatives of these countries urged donors to finance the entire local cost where necessary. Provision of free foreign exchange for this purpose was considered by them to be an appropriate means to finance such local costs.

48. Several donors described the extent to which they were now willing to finance local costs. Proportions of 50, 75 or 100 per cent were often mentioned. It was recognized that with the growing emphasis on rural and basic needs projects, the direct import content of some aid-worthy projects was becoming low.

49. The representative of a bilateral assistance institution from a socialist country of Eastern Europe mentioned that long-term State loans were granted to the least developed countries on very favourable terms, which in a number of cases had been used to finance deliveries of goods to the least developed countries for which sales proceeds were subsequently used to cover part of local costs. He stated that loans were repaid by deliveries of traditional export goods and of products from enterprises built with his country's assistance, and that creation of such enterprises satisfied domestic requirements, reduced or replaced uneconomic imports, and helped to increase export potential.

50. The representative of one least developed country explained that a major donor offered preference margins in purchase prices from local suppliers and pointed out the value of such a measure to the encouragement of local enterprise.

51. The line between local cost financing and programme assistance was found to be a fine one. While some donors were willing to engage in programme assistance, balance-of-payments, or even budget, support, others expressed reluctance to become too involved in such forms of aid. One donor explained this reluctance on the ground that his Government's requirements for accounting to the legislature for expenditure could lead to situations where it could not avoid appearing to interfere in the domestic affairs of recipient countries.

52. Recipients also stressed the importance of financing the recurrent costs of projects. Donors explained the various extents to which they were prepared to do so, but most felt that responsibility for recurrent costs must sooner or later be taken over by the recipient.

53. Donors and recipients were generally agreed that criteria to determine rates of return and the viability of projects should take account of the special conditions of the least developed countries, such as the paucity or unreliability of data. Appropriate weight should be given to the social impact of projects. It was also felt that donors should take into account the long-term development potential of the least developed countries.

54. The multilateral financial institutions represented at the Meeting stated that the recommendations from the Meeting relevant to their policies and procedures would be brought to the attention of their managements for action, as appropriate, in the light of the decisions and guidelines of their governing authorities.

D. Problems in the co-ordination of assistance programmes
(agenda item 5)

55. It was generally agreed that the least developed countries should improve their co-ordinating and planning machinery and that theirs was the primary responsibility for strengthening aid co-ordination at the local level. Several representatives of least developed countries described their existing machinery and efforts to achieve proper aid co-ordination.

56. Various suggestions for improving local co-ordination of aid were made by the representatives of multilateral and bilateral institutions:

(a) Technical assistance to the central co-ordinating agencies in the least developed countries, including the possibilities of training visits to particular donor agencies for officials from individual least developed countries in order to acquaint them with policies and procedures.

(b) Direct assistance to central co-ordinating agencies to strengthen their competence in negotiations with donor agencies;

(c) Strengthening the planning machinery in various ministries so that better knowledge of assistance possibilities in various sectors would be available to the planners and that sectoral programmes and projections might be thus formulated.

57. Several representatives of donor agencies expressed the view that their meetings with officials in recipient countries to review and assess requirements were particularly fruitful. They stressed that such meetings often involved a group of several donors and thus permitted them to avoid duplication; at the same time, gaps of unmet assistance could be filled at the sectoral level or with regard to larger projects.

58. It was generally agreed that multilateral donors such as the UNDP, the specialized agencies and other United Nations bodies, including the World Bank, and the regional development banks had an important role to play in aid co-operation. Their assistance in project identification and preparation as well as in mobilizing resources was stressed.

59. The representatives of multilateral agencies described their assistance programmes for the least developed countries and their co-ordination means and efforts.

60. The representative of a multilateral agency stated that its network of field offices, covering all the least developed countries, offered to all donor countries and agencies the possibility of improving their knowledge of problems and realities of the least developed countries. He felt that the system of country programming provided a unique opportunity for all donor countries and agencies to co-ordinate their inputs with those of his agency for projects benefiting individual least developed countries in the fields of technical assistance and pre-investment. He noted that while another multilateral agency had been active in organizing consultative groups for several least developed countries, there was still a large number of least developed countries that needed such a concerted approach for increased and co-ordinated assistance on the part of the donors. His organization had been helping to organize donor conferences during which as many donor countries and agencies as possible were invited by the government of a particular least developed country to discuss major constraints being faced by that country in its development efforts. In two cases, these meetings had proved so useful to both sides that they had been institutionalized to coincide with the publication and mid-term review of the five-year plan. In connexion with multi-donor financed programmes, he informed the Meeting about the role of his organization in preparing the technical basis for multi-donor plans of action to be discussed at joint meetings of the donors with the executive heads of the institutions concerned, and also in playing a catalytic role in mobilizing and integrating inputs from as many donors as possible.

61. The representative of another multilateral institution said that his organization had established regional offices in order to foster the implementation of projects in a particular region and to co-ordinate various sources of finance. His organization had been asked to consider the establishment of a consultative group involving a group of donors and a group of recipients, including a least developed country. To date, all consultative groups had involved only one recipient country.

62. The view was expressed by the representatives of several specialized agencies that there was at the sectoral level the need for a common strategy for the least developed countries. Several representatives of multilateral institutions recalled that the least developed countries represented a large spectrum of needs which called for decisions at the individual country and project level.

63. The representative of a least developed country stated that there was a biased distribution of assistance among the least developed countries which should be corrected. He suggested that the distribution of aid should be made on a per capita basis equally to all least developed countries.

64. As regards priorities and balance in assistance programmes, it was generally agreed that the emphasis of the developing countries, as expressed in various international fora, was increasingly on taking steps to meet basic human needs and to give adequate emphasis to rural development. It was especially important to employ techniques that involved the maximum number of the poor in these countries, and such techniques should be strongly supported by donor institutions. Assistance of this type could bring more benefits directly to the poor in terms of improvements in their social welfare that in turn could increase the substantial and effective uses of foreign assistance. It was also generally agreed that a balance in development efforts was essential. Thus, while placing a much greater emphasis on basic needs, donor efforts must continue and accelerate to finance new infrastructures, industrial development, diversification, and the development of resources of the modern sector.

65. The representatives of the least developed countries stressed that while donor institutions could assist in the innovative efforts required in all of the above fields, the priorities of the least developed countries themselves must be respected. Many representatives of these countries also stated that donors would need to consider ways to provide resources for all sectors of the least developed countries so that balanced development could take place. They also stated that in the light of their own need for co-ordination, requests must emanate from recipient countries themselves, who should have the option to choose the co-ordinating donor agency. A standard formula of co-ordination should not be prescribed for the least developed countries as a group.

E. Additional statements at the closing meeting

66. In a statement at the closing meeting, on 8 November 1977, the Secretary-General of UNCTAD pointed out that UNCTAD was widely recognized as a focal point for activities on behalf of the least developed countries and that the secretariat was devoting increasing attention to them in its work programme. He congratulated participants in the Meeting on their substantive contribution, which would be a strong and useful foundation for the future development of aid policies and practices for least developed countries and a catalyst for a growing number of activities for these countries. He was gratified with the agreement which he understood had now been reached on specific proposals for action. The Meeting had been able to move beyond the customary UNCTAD resolutions, which coincided with his own view that UNCTAD should increasingly put emphasis on proposals for action arrived at after discussions and negotiations among interested parties.

67. The representative of a multilateral financial institution mentioned that although his organization was not, strictly speaking, a developmental one, it had significant dealings with developing countries and had stretched its operating rules to accommodate their interests. In this context he mentioned balance-of-payments support to meet temporary difficulties as well as other measures. He mentioned that least developed countries had benefited from the sale of gold holdings and also received significant technical assistance and training from his institution.

68. The representative of a multilateral financial institution whose members were developing countries felt that his own views had probably been adequately expressed by the representatives of the least developed countries, whose interests had always been first and foremost in his institution's policies. Although his organization was relatively young, every least developed country had benefited from its lending policies. He noted that it provided loans which were interest-free, long-term (20-25 years) and had a grace period of 5 years. His institution's assistance was always untied and often involved programme loans, balance-of-payments support, or the financing of local and foreign costs. He also believed that its simpler procedures and faster action meant greater assistance for the least developed countries. Although he was sympathetic to the question of debt relief, he also felt that least developed countries must distinguish between loans provided by multilateral agencies and those provided by governments; and he pointed out that multilateral institutions must remain financially viable in order to continue their services to the least developed countries.

69. The representatives of a bilateral and of a multilateral donor institution stated that the emphasis placed by the least developed countries upon assistance on a 100 per cent grant basis might be shortsighted and might cut off important additional sources of funds.

70. The representative of a bilateral donor reiterated his country's well-known policy of not supporting measures of generalized or automatic debt relief.

71. The representative of a multilateral institution noted that efficiency and careful analysis in the evaluation of projects were even more important for the least developed countries than they were for other developing countries because the least developed were even less able to support the consequences of poorly designed projects than other developing countries.

72. The representative of a bilateral assistance programme stated that while the current meeting was an important first step, he felt that future meetings organized under UNCTAD auspices between donors and the least developed countries would be more effective if they were preceded by regional or subregional meetings of a similar type.

F. Adoption of conclusions and recommendations (agenda item 6)

73. At its final meeting, on 8 November 1977, the Meeting adopted its conclusions and recommendations. 4/ These are presented in part two below.

74. The representative from a developing country which, for the time being, was in a position to provide assistance to the least developed countries, indicated that there were expressions about donors in the conclusions and recommendations that were not applicable in the special situation of his own country. None the less, he reiterated his Government's decision to continue to collaborate with the least developed countries as in the past, and to increase its aid in accordance with its possibilities.

75. The representative of the assistance programme of a socialist country of Eastern Europe, speaking also on behalf of such programmes in other countries members of Group D, stated that, in general, the conclusions and recommendations were extremely useful and businesslike; however, certain provisions thereof were not in accordance with the principles and practices followed by these countries in providing economic and technical assistance to developing countries, including the least developed countries, and consequently were not applicable to these socialist countries.

4/ Adopted on the basis of TD/B/AC.21/L.1, as orally revised.

III. ORGANIZATIONAL MATTERS

A. Election of officers (Agenda item 1)

76. At its opening meeting, on 31 October 1977, the Meeting elected as its Chairman, Mr. H.E. Kastoft (Denmark). At its second meeting, on the same date, it elected as its Vice-Chairman-cum-Rapporteur Mr. S.A.M.S. Kibria (Bangladesh).

B. Adoption of the agenda and organization of the work of the Meeting (Agenda item 2)

77. At its opening meeting, on 31 October 1977, the Meeting adopted the provisional agenda proposed by the UNCTAD secretariat (TD/B/AC.21/1). The agenda thus read as follows:

1. Election of officers.
2. Adoption of the agenda and organization of the work of the Meeting.
3. Review and assessment of requirements and progress:
 - (a) Economic situation of the least developed countries and the role of assistance: progress, problems, and prospects;
 - (b) Assistance requirements for accelerated progress in the least developed countries, and the problem of expanding their capacity to utilize aid.
4. Problems in the formulation and the implementation of assistance programmes:
 - (a) Overcoming bottlenecks in planning, preparing and negotiating assistance programmes and identifying projects.
 - (b) Steps for more effective administration and execution of assistance projects.
 - (c) Modifying assistance policies and procedures in the light of the special problems and needs of the least developed countries: criteria and conditions; types of aid; priority areas for assistance; procedural requirements.
5. Problems in the co-ordination of assistance programmes.
6. Consideration of specific proposals and adoption of recommendations.

78. The Meeting adopted the proposals for the organization of its work made by the secretariat (TD/B/AC.21/1/Add.1) and decided to carry out its discussions on the basis of the note by the UNCTAD secretariat entitled "Review and assessment of requirements and progress of the least developed countries and of problems in the co-ordination and implementation of assistance programmes: Issues for consideration" (TD/B/AC.21/2).

C. Attendance 5/

79. The special Meeting of Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries was attended by representatives from the following countries: Afghanistan*; Australia; Bangladesh*; Belgium; Benin*; Bhutan*; Burundi*; Canada; Chad*; Czechoslovakia; Democratic Yemen*; Denmark; Ethiopia*; Finland; France; Gambia*; Germany, Federal Republic of; Guinea*; Haiti*; Hungary; Italy; Japan; Lesotho*; Malawi*; Mali*; Nepal*; Netherlands; New Zealand; Niger*; Nigeria; Norway; Romania; Samoa*; Somalia*; Sudan*; Sweden; Switzerland; Uganda*; Union of Soviet Socialist Republics; United Kingdom of Great Britain and Northern Ireland; United Republic of Tanzania*; United States of America; Upper Volta*; Venezuela; Yemen*.

80. Representatives of the following multilateral financial and technical assistance institutions attended the Meeting:

United Nations: Department of Economic and Social Affairs; Economic and Social Commission for Asia and the Pacific; Economic Commission for Africa; United Nations Industrial Development Organization; United Nations Development Programme.

Specialized agencies: International Labour Organisation; Food and Agriculture Organization of the United Nations; United Nations Educational, Scientific and Cultural Organization; World Health Organization; World Bank; International Monetary Fund; International Telecommunication Union; World Meteorological Organization; Inter-Governmental Maritime Consultative Organization; World Intellectual Property Organization.

Intergovernmental organizations: African Development Bank; Asian Development Bank; European Economic Community; Organisation for Economic Co-operation and Development; Organization of American States; Organization of Petroleum Exporting Countries Special Fund.

D. Adoption of the report of the Meeting

81. At its closing meeting, on 8 November 1977, the Meeting adopted its draft report, with a number of amendments, and authorized the Rapporteur to complete the final version as appropriate. It noted a statement by the secretariat that the report of the Meeting would be made available to the Trade and Development Board and would also be communicated to the Intergovernmental Group on the Least Developed Countries at its second session.

5/ For the list of participants, see TD/B/AC.21/INF.1.

* Least developed country.

Part Two

CONCLUSIONS AND RECOMMENDATIONS

1. The least developed countries are facing an enormous development task. To alleviate their relative and absolute poverty and to accelerate their very slow rate of development, urgent and intensified action is required at both the national and international level. The least developed countries need to strengthen their ongoing efforts and policies to mobilize domestic resources, to increase the efficiency of resource use, to strengthen administrative capacity and to increase the participation of the poor majority in both the process and the fruits of development. Donor agencies a/ need to further intensify their co-operation efforts with the least developed countries by modifying assistance policies and procedures to meet the needs of these countries. The Meeting welcomes the recognition by donor agencies of the special and urgent needs of the least developed countries for increased assistance as well as the reaffirmation by those agencies of their intention, as expressed in different fora, to increase effectively and substantially their official development assistance.

2. In order to provide the basis for a more rapid increase in growth and welfare in the least developed countries, the Meeting agrees on the following specific proposals for action. While some of these actions are, in varying degree, already being implemented by some donor institutions and by some of the least developed countries, the Meeting requests the Intergovernmental Group on the Least Developed Countries to give special attention to the following conclusions and proposals, and urges all relevant donor institutions and governments of least developed countries to give immediate attention to the further steps which are necessary to carry out these recommendations in their own specific situation.

1. Assistance requirements for accelerated progress

3. Bearing in mind the objectives of the New International Economic Order, and in view of the special and urgent need of the least developed countries for increased assistance, the representatives of the least developed countries call for at least a doubling of the real flow of assistance to these countries by 1980 in order to assist them to achieve the minimum growth target of 3.5 per cent per capita per year in real terms as set forth in the International Development Strategy. As far as the per capita growth target is concerned, the donors are of the opinion that efforts to achieve this target should include a more determined basic human needs approach to development involving the poor majority, and that adoption of such an approach may actually help the least developed countries to reach the Second United Nations Development Decade per capita growth target.

a/ Unless otherwise qualified, the terms "donor", "donor agencies" and "donor institutions" are used interchangeably to refer to bilateral and multilateral assistance programmes.

4. In order to provide a larger and growing share of assistance resources to these countries, the Meeting recommends:

(a) That all bilateral and multilateral financial and technical assistance institutions give higher priority to expanding the flow of assistance to the least developed countries, taking into account their commitments in Conference resolution 98 (IV), paragraphs 6, 7 and 8;

(b) That these institutions, in co-operation with the least developed countries, seek ways to increase both flows of assistance which bring immediate benefits, as well as those which pave the way for longer-term benefits by supporting the efforts of these countries to expand their capacity to utilize aid;

(c) That donors, in co-operation with the least developed countries, should actively seek ways to increase the flow of official development assistance to these countries effectively and substantially, and if possible to double it, which would assist the least developed countries, among other requirements and objectives, to achieve the minimum growth target of 3.5 per cent per capita per year in real terms as set forth in the International Development Strategy. To this end they should jointly take active steps to reduce the pipeline between commitments and disbursements.

5. It is recommended, as part of the preparations for the Third United Nations Development Decade, that UNCTAD, with full participation by other appropriate institutions, undertake studies of the requirements, special measures and other elements of an improved strategy to assist the least developed countries to accelerate their progress during the decade. It is recommended that the Intergovernmental Group on the Least Developed Countries examine this matter in detail.

B. Expanding the capacity to utilize aid

6. In order to increase the flow of assistance to the least developed countries in effective ways and to support the efforts of these countries to improve their capacity to utilize aid, the Meeting recommends three broad approaches:

(a) That donors give urgent attention to providing more flexibility in the types of financing that they undertake in the least developed countries, so as to respond more effectively and rapidly to the acute financial problems and shortages which are inhibiting the development of these countries. In thus broadening the scope of their aid programmes, donors should stand ready to provide assistance not only in the form of projects, but also in other forms such as programme and sector assistance, balance-of-payments assistance, budgetary support, recurrent cost support and support for local development banks and financing institutions. Within individual projects and programmes, donors should endeavour to meet the urgent need for local cost financing as indicated in paragraph 11(a) below.

- (b) That the least developed countries and donor institutions give urgent attention to making specific administrative improvements in the planning and implementation processes of their assistance programmes. (See section D, below, paragraphs 12-18).
- (i) The least developed countries should seek to improve their aid receiving procedures, where necessary, particularly through the adoption of more systematic long-term planning techniques, the instituting of clearer priorities for development and the establishment of executive structures in the process of aid receiving, with clearly defined functions and adequate and effective authority;
- (ii) The donor institutions should seek to make the aid planning, negotiation and implementation process as simple and effective as possible, especially in the case of the least developed countries; such institutions should help to increase the local capacity to identify, prepare and implement programmes and projects suitable for aid financing and should give priority to support measures which will increase the local capacities within the least developed countries to carry out development projects.
- (c) That the least developed countries, with the full support of donor institutions, give urgent attention to major promising development opportunities which in the past have often been under-funded, such as rural resource mobilization, natural resource conservation, employment-creating small public works, as well as other programmes aiming at basic human needs objectives and the application of the attendant policy reforms.
- (i) The success of such efforts will also require the full involvement and active participation of the local population and substantial financial transfers and technical assistance by donor institutions. Efforts to devise systems for promoting grass-roots development should be given urgent attention by both donor agencies and least developed countries. In this connexion, appropriate non-governmental agencies, both external and local, working in co-operation with recipient governments, can play an important role in advancing grass-roots development and expanding absorptive capacity, particularly through innovative pilot-type projects.
- (ii) While donor institutions can assist in the innovative efforts required in all of the above fields, the priorities of the least developed countries themselves must come first. The need to maintain a balance in development efforts is essential, so that while placing much greater emphasis on basic needs and rural development, the supporting efforts in infrastructure, industrial development, diversification, and the development of resources to maintain the growth of the modern sector in these economies, should also continue and accelerate. Donors will need to consider ways to provide resources for all parts of the least developed countries' efforts so that balanced development can take place.

7. It is recommended that full attention be given by donor institutions, in assessing the assistance requirements of individual least developed countries, to the need for special measures and specific action to overcome their natural and geographic disadvantages.

C. Modifying assistance policies

Terms and conditions

8. The representatives of the least developed countries reiterated their earlier demand that the official debts of the least developed countries be cancelled to relieve them of their debt burdens. It was noted that some donors have already decided, subject to parliamentary approval, to cancel the official debts of the least developed countries; other donors felt that the question of debt relief could be given serious consideration only in the context of their overall aid and financial policies. The Meeting recommends that the ministerial session of the Trade and Development Board give serious consideration to the outstanding debt problems of the least developed countries, in the light of the report of the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries b/ and of the relevant decisions of the Trade and Development Board at its sixteenth session and the first part of its ninth special session.

9. The Meeting further recommends:

- (a) That donor institutions, in the light of the commitments made in paragraphs 10 (a) and 10 (c) of Conference resolution 98 (IV), should increase their efforts to provide assistance to the least developed countries essentially in grant form. The Meeting has taken note of the policy decided upon by certain donors, who give aid to the least developed countries in 100 per cent grant form. The Meeting considers that this decision is favourable to the development of the least developed countries. The Meeting requests the other donors to improve the conditions of their aid, and as much as possible to adopt this policy, in order to respond to the development needs of least developed countries.
- (b) That donor institutions increase their efforts to comply with the agreement reached in paragraph 10 (i) of Conference resolution 98 (IV), that "as a general rule, all official development assistance loans to the least developed countries should be untied; where this is not possible, alternative arrangements should be sought in order to offset possible disadvantages of tying".

b/ Geneva, 18-22 July 1977 (TD/B/670).

- (c) That donors and recipients make special efforts to take into account, in the planning and preparation of individual projects and programmes, the effects of inflation on the total costs of projects and programmes with which they are associated in the least developed countries so as to offset these effects.

Adapting criteria for financial and technical assistance to the specific needs of the least developed countries

10. There has been a growing recognition that criteria for financial and technical assistance should be more suitable and flexible to meet the special needs of the least developed countries (see Conference resolution 98 (IV), paragraph 12) and to increase the ability of these countries to utilize aid. The Meeting therefore recommends that donor institutions take action to broaden their criteria along the following lines:

- (a) Traditional financial criteria concerning the minimum rate of return on projects need to take fully into account the longer-term social rate of return, including related secondary effects. Donor agencies should be prepared to accept a higher degree of uncertainty in the case of the least developed countries. Emphasis should be given to including social aspects, both direct and indirect, in project identification, design and appraisal.
- (b) Full consideration should be given in appropriate cases to providing assistance, not only for immediately productive investment and longer-term investment in education, health and social infrastructure, but also for consumption, to help provide minimum standards of human welfare necessary to achieve more rapid development in these countries and to help effect the necessary structural changes.
- (c) Financial resources to provide and expand public services may be of especial importance for least developed countries, since at least an adequate minimum level of public services is indispensable for development, and since fiscal capacity is often already severely stretched.
- (d) Assistance in the form of support for sectoral or general import programmes may be particularly appropriate for the least developed countries, given the precarious balance-of-payments position which almost all of them face and given the urgent need to maintain and expand imports both for development and for meeting minimum human welfare standards.

Local and recurrent cost financing

11. While there has been some progress by donor institutions in the amount of financing which they have been able to undertake, the representatives of the least developed countries lay particular stress on the fact that the burden of the present requirements in this area is extremely heavy and acts as a deterrent to larger development accomplishments on their part; the Meeting therefore recommends:

- (a) That donor institutions seek to expand the capacity of the least developed countries for development and for utilizing assistance by providing, to the maximum extent possible, for local cost financing, and where necessary to provide all of such costs.
- (b) That donors, in their procedures for financing local costs of agreed projects, take all necessary measures, such as advance payment of funds, to avoid the need for these countries to seek temporary finance pending reimbursement of expenditures already incurred.
- (c) That donor institutions consider favourably requests for support of recurrent costs, both in local currency and in foreign exchange, during an appropriate phasing out period for projects that should be long enough to take into account the particular difficulties of the country concerned in mobilizing its internal resources, and make special allowance for projects of a social non-revenue-generating nature.

D. Improving assistance administration and management

12. The importance of making specific administrative improvements in the planning and implementation processes of assistance programmes has already been stressed in general terms (see paragraph 6 (b), above). Donor institutions have expressed their willingness to make efforts to adjust their administrative procedures to the situation in the recipient countries, and to consider sympathetically specific suggestions from least developed countries directed to overcoming problems in the formulation and implementation of assistance programmes. The Meeting recommends:

- (a) That the least developed countries take steps wherever necessary to improve their project selection, preparation and implementation procedures and techniques, through strengthening the central project planning and preparation unit and the various planning and project preparation units in individual ministries and institutions, at the national as well as the local level, streamlining procedures, and building up project execution capabilities.
- (b) That donor institutions give high priority to requests for assistance from the least developed countries in the above areas, including the following types of assistance:
 - (i) Assistance, if required, in setting up or strengthening project preparation units at the appropriate levels.
 - (ii) Assistance in support of training of local project officers (not necessarily professionals) in project implementation through on-the-job training in the recipient country; at the same time, the recipient government should make real efforts to ensure the continuing availability of trained local personnel.

- (c) That, in order to overcome the serious problems often encountered as a result of administrative procedures (in both least developed countries and donor agencies) the following proposals should be seriously considered:
- (i) Appointment, as requested, of experienced donor project officers to work in recipient countries to assist with processing of aid requests, including those to other donor agencies.
 - (ii) Exchange visits, for short periods, of desk officers of recipient and donor countries as mutually agreed, in order that each others' methods should be better understood.
 - (iii) Special short courses in donor countries on aid agency administrative procedures for recipient country desk officers responsible for aid.
- (d) That each donor institution review its own assistance policies and procedures with a view to strengthening the staff devoted to the least developed countries, simplifying the procedures for assistance programmes and projects for these countries, and expediting the machinery for approval and implementation in the case of these countries. Where appropriate, donor agencies should consider establishing special units within their administrative set-up to deal exclusively with matters relating to assistance for the least developed countries.

A longer-term time frame for assistance

13. Conference resolution 98 (IV), paragraph 10 (g), calls upon donor institutions to provide assistance flows to the least developed countries on "a predictable, continuous and increasingly assured basis". A longer-term country-specific approach to assistance planning, and to development planning more generally, is of particular importance in the case of least developed countries. The Meeting therefore recommends:

- (a) That donor institutions, to the maximum extent possible, and in close consultation with the recipients concerned, take as long a view as possible of the assistance flows which they can provide to particular least developed countries, in order to help them plan and synchronize their development efforts;
- (b) That such country programmes should if possible cover a four or five-year time-frame, and even more appropriately should be synchronized with the time-frame (usually five years) of the actual development plans of individual least developed countries. Such longer views of assistance should be reviewed annually, on a rolling basis, to take account of actual economic developments and difficulties not originally foreseen, and to take advantage of growing possibilities to absorb assistance usefully. Where a formal longer view is not possible, alternative means might be sought to provide the recipient with some idea of future intentions concerning the direction and level of assistance. This would be facilitated when the recipient country is prepared to make project proposals on an indicative basis.

- (c) That country programming of aid should proceed from the development plan of the recipient country on the basis of dialogues with donor agencies. Such programmes should be revised at periodic intervals in the light of experience, progress and changing policies.

Speeding up disbursements

14. The Meeting recommends that every effort should be made by donor agencies, particularly in the case of the least developed countries, to reduce, as far as possible, the time between aid pledges and commitment and the time between commitment and disbursement. The least developed countries should also make every effort to speed up aid disbursements.

15. In view of the vulnerability of least developed countries' projects to administrative delay and of the especially high cost of such delay to least developed countries, the Meeting recommends that the following points receive urgent attention: some projects, especially those aimed towards meeting basic human needs, may require changes in design after they are under way, as the complex of local-level factors (social, technical and financial) affecting their progress becomes clear. Long-term advance planning should not be expected to be highly precise in such projects, except as to objectives. Therefore, both least developed countries and donors need to build into such grass-roots projects provision for (1) regular local evaluation and feed-back about project results and (2) expeditious approval of changes in project design, where necessary. Since forecasting of disbursements of aid flows is difficult, donor agencies, along with least developed countries, should undertake regular reviews in order to avoid funds being unspent or cost overruns, while allowing financing of such overruns where they do occur.

16. The Meeting further recommends that, to the extent possible, procurement and disbursement practices should take account of the following considerations:

- (a) Appointment of local consultants and the procurement of local goods and services should receive priority under aid programmes.
- (b) In cases where items have already been frequently procured after requirement analysis, and where a further requirement for those items arises subsequently, donors should not insist on a further full requirement analysis which would duplicate existing work and add unnecessarily to the administrative burdens of least developed countries.
- (c) Procurement of goods and services should be the responsibility of the recipient. Assistance in procurement matters should be provided on request.
- (d) Procedure for reimbursement of local currency expenditure should be simplified.
- (e) The question of the appropriate terms for on-lending aid should be determined mutually between donors and recipient countries.

Delegation of authority to donors' local representatives

17. The Meeting recommends that greater authority should be delegated to local representatives of donor agencies to speed up the approval and disbursement of aid. As far as possible in the case of large aid programmes, donor agencies are urged to appoint a resident officer for the duration of the programme.

Technical assistance

18. In view of the continuing importance of foreign technical co-operation experts in the field of training, project identification, and project implementation in the least developed countries, the Meeting recommends:

- (a) That donor agencies should do their best to ensure that project preparation missions and technical experts are properly briefed on:
 - (i) appropriate technologies;
 - (ii) the society and culture of the host country; and
 - (iii) its economic circumstances.

However, in order to reduce the burden on the administrative capacity of the least developed countries, donor agencies should endeavour, whenever possible, to limit the frequency and size of the missions they send on visits to these countries, and to use the multidisciplinary approach, where appropriate.

- (b) That donor institutions make special efforts to improve the quality of experts assigned to the least developed countries, to meet requests for such assistance with particular speed, and to meet the desire of the least developed countries to get effective training of local personnel as part of the assignment of foreign experts. Recipient countries should ensure that such personnel remain available.
- (c) That donor institutions give urgent consideration to providing funds to the least developed countries to enable these countries to carry out pre-feasibility studies, as well as other aspects of project preparation, utilizing, wherever possible, experts and consultants of the least developed countries' own choice.
- (d) That, to broaden the availability of expert staff, and where the recipient country so requests, full consideration be given to the use of middle-level experts, such as United Nations and national volunteers, who can effectively perform many tasks at considerably lower cost, and can benefit from the supervision, from time to time, of a more senior expert.

- (e) That the approach of TCDC (technical co-operation among developing countries) be applied, where appropriate, to enable least developed countries to draw on relevant experience from other developing countries and from among themselves. Donor agencies are urged to help finance TCDC activities and co-operate with governments in the use, where feasible, of institutions (national, subregional, and regional) in developing countries for training, consultancy services, expertise, etc.
- (f) That donor agencies should provide training facilities in order to enable the least developed countries to develop their local capacities for carrying out feasibility studies and effective implementation of development projects.

E. Co-ordination

Global allocation of assistance

19. The UNCTAD Intergovernmental Group on the Least Developed Countries, in its resolution 2, paragraph 2, requested: "the bilateral and multilateral donor agencies to co-ordinate their efforts with the objective of ensuring that at least a minimum flow of assistance equal to the average for all developing countries on a per capita basis is provided to each least developed country". Furthermore, it was decided in Conference resolution 98 (IV), paragraph 7, that "bilateral and multilateral donor agencies should agree on effective measures to ensure that each least developed country receives a higher flow of assistance in proportion to its individual needs and in support of its efforts as reflected in its plans and programmes." The Meeting recommends that donor institutions take these objectives, as well as considerations of equity, into account in allocating assistance to the least developed countries.

Country level arrangements

20. The Meeting agrees to the following recommendations:

- (a) The primary responsibility for strengthening local aid co-ordination rests with the recipient countries, and these countries are invited to convene properly-prepared meetings with donors to review and assess requirements and progress. Donor institutions should co-operate fully with the least developed countries in implementing such country-level co-ordination arrangements. Furthermore, institutions such as the World Bank and UNDP, which have had particular experience with the management of co-ordination groups, stand ready to meet requests from the least developed countries for such arrangements.
- (b) In order to ensure the smooth implementation of projects and programmes, least developed countries should devise means for better internal co-ordination between ministries and other local executing agencies. In this connexion technical assistance should if necessary be provided.

- (c) Donors should co-ordinate their assistance through the appropriate central co-ordinating institution of the recipient country to attain optimal and rational allocation of assistance resources. Donors should co-operate fully in providing the necessary data to the designated co-ordinating organ of the recipient country.
- (d) Particular attention might be given by least developed countries to briefing groups of donors on unmet assistance needs at the sector level or with regard to larger projects.
- (e) When donors enter into parallel-type co-financing arrangements, efforts should be made to harmonize the appraisal, terms, purchasing and administrative arrangements to reduce the burden on the recipients. In organizing such co-financing it would be useful if one of the major assistance agencies concerned, on behalf of the donor group, were to take the lead in organizing the entire financial package.

Other co-ordination arrangements

21. The Meeting recommends, in the light of the possibilities suggested by co-ordination arrangements such as the Club du Sahel, that donor agencies and least developed countries consider, where appropriate, the formation of multi-donor programmes for other groups of least developed countries to assist the latter in project identification and preparation.

22. The Meeting recommends to the Trade and Development Board that the Secretary-General of UNCTAD be requested to convene another special meeting of bilateral and multilateral financial and technical assistance institutions with the least developed countries before the end of 1978 or in early 1979, with terms of reference similar to those of the present Meeting.

Annex

LIST OF DOCUMENTS BEFORE THE MEETING

<u>Document No.</u>	<u>Title</u>
TD/B/AC.21/1	Provisional agenda and annotations to the provisional agenda
TD/B/AC.21/1/Add.1	Proposals for the organization of the work of the Meeting: Note by the UNCTAD secretariat
TD/B/AC.21/2	Review and assessment of requirements and progress of the least developed countries and of problems in the co-ordination and implementation of assistance programmes: Issues for consideration. Note by the UNCTAD secretariat
TD/B/AC.21/3	Basic data on the least developed countries: Report by the UNCTAD secretariat
TD/B/AC.21/4	Case studies on development assistance projects for least developed countries: Report by the UNCTAD secretariat
TD/B/AC.21/5	The co-ordination of aid to the least developed countries (a shortened version of a study prepared by Mr. John White)
TD/B/AC.21/6	Club du Sahel: A new approach to problems of least developed countries (by Maurice Williams, Chairman, Development Assistance Committee, OECD)
TD/B/AC.17/Misc.1	An assessment of constraints to development and the role of external assistance in the least developed countries: Report by the UNCTAD secretariat
TD/B/AC.21/CRP.1	Basic data on the least developed countries (Preliminary information for 1976): Note by the UNCTAD secretariat