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

#### Report of the Second Committee (Part XI)

Rapporteur: Mr. Jorge LAGO-SILVA (Cuba)

#### I. INTRODUCTION

1. The Second Committee held a substantive debate on item 84 (see A/40/989, para. 2). Action to be taken on sub-item (j) was considered at the 45th and 51st meetings, on 27 November and 13 December 1985. An account of the Committee's discussion is contained in the relevant summary records (A/C.2/40/SR.45 and 51).

#### II. CONSIDERATION OF PROPOSALS

##### Draft resolutions A/C.2/40/L.82 and L.131

2. At the 45th meeting, on 27 November, the representative of Yugoslavia introduced, on behalf of the States Members of the United Nations that are members of the Group of 77, a draft resolution (A/C.2/40/L.82) entitled "Implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries", which read as follows:

"The General Assembly,

"Recalling its resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974, containing the Declaration and the Programme of Action on the Establishment of a New International Economic Order, 3281 (XXIX) of 12 December 1974, containing the Charter of Economic Rights and Duties of States, and 3362 (S-VII) of 16 September 1975 on development and international economic co-operation,

"Recalling also its resolution 39/174 of 17 December 1984,

"Reaffirming the provisions of the International Development Strategy for the Third United Nations Development Decade relating to the least developed countries, 1/ and the agreed conclusions of the Committee on the Review and Appraisal of the Strategy concerning least developed countries, 2/

"Reaffirming the Substantial New Programme of Action for the 1980s for the Least Developed Countries, 3/ whose objective is to transform the economies of the least developed countries so that they may achieve self-sustained development, and to enable them to provide at least internationally accepted minimum standards of nutrition, health, transport and communications, housing, education, and job opportunities to all their citizens, particularly the rural and urban poor,

"Reaffirming the need to respect the socio-political and economic system of each least developed country in the implementation of the Substantial New Programme of Action,

"Deeply concerned at the continued deterioration of the socio-economic conditions of the least developed countries despite national and international efforts to achieve the goals and objectives of the Substantial New Programme of Action,

"Seriously concerned at the critical economic situation faced particularly by the least developed countries in Africa,

"Recognizing the specific problems of the land-locked and island countries among the least developed countries, as reflected in United Nations Conference on Trade and Development resolutions 137 (VI) and 138 (VI) of 2 July 1983 4/ and Trade and Development Board resolution 319 (XXXI) of 27 September 1985, 5/

"Recalling paragraph 119 of the Substantial New Programme of Action in which it was recommended that the Intergovernmental Group on the Least Developed Countries, while carrying out the mid-term review, should consider

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1/ Resolution 35/56, annex, sect. III.K.

2/ See Official Records of the General Assembly, Fortieth Session, Supplement No. 48 (A/40/48), para. 22.

3/ Report of the United Nations Conference on the Least Developed Countries, Paris, 1-14 September 1981 (United Nations publication, Sales No. E.82.I.8), part one, sect. A.

4/ See Proceedings of the United Nations Conference on Trade and Development, Sixth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.83.II.D.6), part one, sect. A.

5/ See Official Records of the General Assembly, Fortieth Session, Supplement No. 15 (A/40/15), vol. II, sect. I.A.

the possibility of holding a global review on the implementation of the Substantial New Programme of Action at the end of the decade,

"Taking note of the report of the Secretary-General on the mid-term global review of progress towards the implementation of the Substantial New Programme of Action, 6/ carried out by the Intergovernmental Group on the least developed countries at its sixth session,

"1. Reaffirms the Substantial New Programme of Action for the 1980s for the Least Developed Countries as the basis for continuing co-operation between the least developed countries and their development partners and the commitment to the full and effective implementation of the Programme;

"2. Endorses the conclusions and recommendations of the Intergovernmental Group on the Least Developed Countries on the mid-term global review, which are designed to ensure the full implementation of the Substantial New Programme of Action over the second half of the decade; 7/

"3. Reaffirms that the least developed countries have primary responsibility for their overall development and that, although international support measures are vitally important, the domestic policies those countries pursue will be of critical importance for the success of their development efforts, and urges the least developed countries to continue their efforts to implement the provisions of the Substantial New Programme of Action at the national level;

"4. Calls upon all Governments, intergovernmental organizations and non-governmental organizations to take full account of the conclusions and recommendations on the mid-term global review in their efforts to implement the Substantial New Programme of Action so as to enable each least developed country to achieve a minimum standard of performance in socio-economic development;

"5. Emphasizes the importance of the country review meetings and invites the least developed countries to convene such meetings on a regular basis to ensure the effective implementation of the Substantial New Programme of Action;

"6. Requests the international community and the multilateral agencies:

"(a) To ensure that the review meetings result in facilitating an increased flow of external assistance by means, inter alia, of a better understanding and candid dialogue between least developed countries and their developed partners;

"(b) To harmonize the terms and procedures of donors to the extent possible in order to achieve a co-ordinated approach conducive to the implementation of the development programmes of the least developed countries;

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6/ A/40/826 and Corr.1.

7/ See A/40/827, annex.

"7. Requests donors to make clearer commitments for assistance, including food aid, which is to be integrated into longer-term agricultural and food strategies, so as to ensure that sufficient food is available to least developed countries during the period in which they have not reached their objectives of self-reliance in food;

"8. Calls upon the international community to continue to make special efforts to increase its contributions, in view of the fact that only a substantial increase in official development assistance in real terms during the present decade will enable the least developed countries to achieve the objectives of their country programmes within the framework of the Substantial New Programme of Action;

"9. Calls upon donor countries that have not yet reached the target of 0.15 per cent of their gross national product or have not yet doubled their official development assistance to ensure that they attain that target by 1985 or soon after, as urged in United Nations Conference on Trade and Development resolution 142 (VI) of 2 July 1983; 4/

"10. Stresses the critical importance of multilateral assistance to the least developed countries through channels such as the International Development Association, the International Fund for Agricultural Development, regional development banks and their funds, the United Nations Development Programme, including its Special Measures Fund for the Least Developed Countries, the United Nations Capital Development Fund and the United Nations Volunteers programme;

"11. Calls upon donor countries to channel a substantial part of their aid through multilateral development institutions and agencies, particularly those addressing the needs of the least developed countries, within the overall substantial increases of official development assistance to least developed countries;

"12. Urges donors to implement the measures regarding aid modalities agreed upon during the mid-term global review of progress towards the implementation of the Substantial New Programme of Action; 8/

"13. Urges donor countries that have not yet done so to implement fully commitments undertaken in pursuance of Trade and Development Board resolution 165 (S-IX) of 11 March 1978 9/ by cancellation of debt on official development assistance or other equivalent measures;

"14. Calls upon creditors for official and officially guaranteed loans to least developed countries, when concluding a debt rescheduling arrangement for

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8/ See A/40/827, annex, sect. B.XIII.

9/ See Official Records of the General Assembly, Thirty-third Session, Supplement No. 15 (A/33/15), vol. I, part two, annex I.

a least developed country, to give due consideration, inter alia, to the debtor country's adjustment measures for restoration of its debt-servicing capacity and long-term growth;

"15. Recommends that, in the context of a review of the economic and financial situation of a least developed country, country review meetings should also take into account the debt situation of that country;

"16. Invites all countries concerned to pursue action towards facilitating the trade of least developed countries by reducing or eliminating tariff and non-tariff barriers to their exports;

"17. Encourages developed countries to continue to adopt special measures in order to stabilize the export earnings of the least developed countries;

"18. Reaffirms also the monitoring role of the United Nations Conference on Trade and Development at the global level and requests the Secretary-General of the Conference to continue and intensify his work, as specified in paragraph 121 of the Substantial New Programme of Action;

"19. Requests the Director-General for Development and International Economic Co-operation, in conformity with paragraph 123 of the Substantial New Programme of Action, to continue, in close collaboration with the Secretary-General of the United Nations Conference on Trade and Development, the executive secretaries of the regional commissions and the lead agencies for the aid consultative groups, to ensure at the secretariat level the full mobilization and co-ordination of the United Nations system for the purpose of implementation and follow-up of the Substantial New Programme of Action, taking into account, in particular, the conclusions of the mid-term global review;

"20. Decides to hold a global review and appraisal of the implementation of the Substantial New Programme of Action at a high level in 1990, which may, as stated in paragraph 119 of the Programme, take the form of a United Nations conference on least developed countries;

"21. Decides further that the precise level, mandate, date and venue for such a review, as well as the preparatory process, should be finalized at its forty-second session, in the light of the consultations that will take place under the auspices of the United Nations Conference on Trade and Development, including those of the seventh session of the Conference;

"22. Requests the Secretary-General to submit a report to the General Assembly at its forty-first session on the implementation of the present resolution."

3. At its 51st meeting, on 13 December, the Committee had before it a draft resolution (A/C.2/40/L.131), submitted by the Vice-Chairman of the Committee, Ms. Inga Eriksson (Sweden), on the basis of informal consultations held on draft resolution A/C.2/40/L.82.

4. At the same meeting, the Committee adopted draft resolution A/C.2/40/L.131 (see para. 7).

5. After the adoption of the draft resolution, statements were made by the representatives of Bulgaria (also on behalf of the Byelorussian Soviet Socialist Republic, Czechoslovakia, the German Democratic Republic, Hungary, Mongolia, Poland, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics), the United States of America and the United Kingdom of Great Britain and Northern Ireland (see A/C.2/40/SR.51).

6. In the light of the adoption of draft resolution A/C.2/40/L.131, draft resolution A/C.2/40/L.82 was withdrawn by its sponsor.

### III. RECOMMENDATION OF THE SECOND COMMITTEE

7. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

#### Implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries

##### The General Assembly,

Recalling its resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974, containing the Declaration and the Programme of Action on the Establishment of a New International Economic Order, 3281 (XXIX) of 12 December 1974, containing the Charter of Economic Rights and Duties of States, and 3362 (S-VII) of 16 September 1975 on development and international economic co-operation,

Recalling also its resolution 39/174 of 17 December 1984,

Reaffirming the provisions of the International Development Strategy for the Third United Nations Development Decade relating to the least developed countries, 10/ and the agreed conclusions of the Committee on the Review and Appraisal of the Strategy concerning least developed countries, 11/

Reaffirming the Substantial New Programme of Action for the 1980s for the Least Developed Countries, 12/ whose objective is to transform the economies

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10/ Resolution 35/56, annex, sect. III.K.

11/ See Official Records of the General Assembly, Fortieth Session, Supplement No. 48 (A/40/48), para. 22.

12/ Report of the United Nations Conference on the Least Developed Countries, Paris, 1-14 September 1981 (United Nations publication, Sales No. E.82.I.8), part one, sect. A.

of the least developed countries so that they may achieve self-sustained development, and to enable them to provide at least internationally accepted minimum standards of nutrition, health, transport and communications, housing, education, and job opportunities to all their citizens, particularly the rural and urban poor,

Reaffirming the need to respect the socio-political and economic system of each least developed country in the implementation of the Substantial New Programme of Action,

Deeply concerned at the continued deterioration of the socio-economic conditions of the least developed countries despite national and international efforts to achieve the goals and objectives of the Substantial New Programme of Action,

Seriously concerned at the critical economic situation faced particularly by the least developed countries in Africa,

Recognizing the specific problems of the land-locked and island countries among the least developed countries, as reflected in United Nations Conference on Trade and Development resolutions 137 (VI) and 138 (VI) of 2 July 1983 13/ and Trade and Development Board resolution 319 (XXXI) of 27 September 1985, 14/

Recalling paragraph 119 of the Substantial New Programme of Action in which it was recommended that the Intergovernmental Group on the Least Developed Countries, while carrying out the mid-term review, should consider the possibility of holding a global review on the implementation of the Substantial New Programme of Action at the end of the decade that might, inter alia, take the form of a United Nations conference on least developed countries,

Taking note of the report of the Secretary-General on the mid-term global review of progress towards the implementation of the Substantial New Programme of Action, 15/ carried out by the Intergovernmental Group on the least developed countries at its sixth session,

1. Emphasizes that the least developed countries, in view of their deteriorating socio-economic situation, need the urgent and special attention of the international community and its large-scale support on a continuous basis to enable them to progress towards self-reliant development, consistent with the plans and programmes of each least developed country;

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13/ See Proceedings of the United Nations Conference on Trade and Development, Sixth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.83.II.D.6), part one, sect. A.

14/ See Official Records of the General Assembly, Fortieth Session, Supplement No. 15 (A/40/15), vol. II, sect. I.A.

15/ A/40/826 and Corr.1.

2. Reaffirms the Substantial New Programme of Action for the 1980s for the Least Developed Countries as the basis for continuing co-operation between the least developed countries and their development partners and the commitment to the full and effective implementation of the Programme;

3. Endorses the conclusions and recommendations of the Intergovernmental Group on the Least Developed Countries on the mid-term global review of the Substantial New Programme of Action, as annexed hereto, which are designed to ensure the full implementation of the Substantial New Programme of Action over the second half of the decade; 16/

4. Calls upon all Governments, intergovernmental and multilateral institutions, the organs, organizations and bodies of the United Nations system, non-governmental organizations and all others concerned to take immediate, concrete and adequate steps to implement the Substantial New Programme of Action for the Least Developed Countries, taking full account of the conclusions and recommendations of the mid-term global review so as to enable each least developed country to achieve a minimum standard of performance in socio-economic development;

5. Reaffirms that the least developed countries have primary responsibility for their overall development and that, although international support measures are vitally important, the domestic policies those countries pursue will be of importance for the success of their development efforts, and urges the least developed countries to continue their efforts to implement the provisions of the Substantive New Programme of Action at the national level;

6. Calls upon donor countries to continue to make every effort to increase their contributions in view of the important role that official development assistance plays in assisting the least developed countries to achieve the objectives of their country programmes within the framework of the Substantial New Programme of Action, and urges those donor countries that have not yet reached 0.15 per cent of gross national product, or have not yet doubled their official development assistance to least developed countries, to make every effort necessary to attain those targets as contained in resolution 142 (VI) of the United Nations Conference on Trade and Development of 2 July 1983, as adopted; 17/

7. Urges least developed countries to create an appropriate policy framework (pricing policies, institutional reform, rationalization of public expenditures and public sector management, and measures to mobilize domestic savings through taxation, domestic financial institutions and rural sector), in order to increase the mobilization of domestic resources and then ensure

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16/ See A/40/827, annex.

17/ See Proceedings of the United Nations Conference on Trade and Development, Sixth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.83.II.D.6), part one, sect. A.



their effective use, and to strengthen their national financial and planning institutions and, in this regard, urges all concerned to support the least developed countries with appropriate technical and financial assistance;

8. Stresses the critical importance of multilateral assistance to the least developed countries through channels such as the International Development Association, the International Fund for Agricultural Development, regional development banks and their funds, the United Nations Development Programme, including its Special Measures Fund for the Least Developed Countries, the United Nations Capital Development Fund and the United Nations Volunteers programme;

9. Calls upon donor countries and institutions urgently to improve further the quality and effectiveness of official development assistance to increase its responsiveness to the requirements of the least developed countries, as called for in paragraph 70 of the Substantial New Programme of Action for the 1980s for the Least Developed Countries and in section B.XIII of the mid-term global review of progress towards its implementation, as set forth in part one of the report of the Intergovernmental Group on the Least Developed Countries on its sixth session;

10. Reaffirms the importance of co-ordination, follow-up and monitoring at the national, regional and global levels, as outlined in section B.XVII of the mid-term global review, as crucial to the implementation of the Substantial New Programme of Action and requests the international community and the multilateral agencies to ensure that the country review meetings for the least developed countries facilitate understanding and dialogue between those countries and their development partners aimed at effective and expeditious implementation of the plans and programmes of the least developed countries with a view to achieving an accelerated growth rate and structural transformation of their economies, and invites the least developed countries to convene such meetings on a regular basis;

11. Renews the invitation to the governing bodies of appropriate organs, organizations and bodies of the United Nations system, including the United Nations Development Programme, to take the necessary and appropriate measures for effective implementation, monitoring and follow-up of the Substantial New Programme of Action and the conclusions and recommendations adopted by the Intergovernmental Group on the Least Developed Countries at its sixth session within their respective spheres of competence and mandate and requests the Secretary-General of the United Nations Conference on Trade and Development and the Director-General for Development and International Economic Co-operation to continue to undertake their responsibilities as specified in paragraphs 121 and 123, respectively, of the Substantial New Programme of Action;

12. Decides to hold a global review and appraisal of the implementation of the Substantial New Programme of Action at a high level in 1990;

13. Decides further that the precise level, mandate, date and venue for such a review, as well as the preparatory process, should be determined at its forty-second session, in the light of the consultations that will take place

under the auspices of the United Nations Conference on Trade and Development, including those of the seventh session of the Conference;

14. Requests the Secretary-General to submit a report to the General Assembly at its forty-second session on the implementation of the present resolution.

#### ANNEX

#### Review of progress in implementation at the country level and of progress in international support measures 18/

##### Introduction

1. It was noted with serious concern that since the adoption in 1981 of the Substantial New Programme of Action for the 1980s for the Least Developed Countries there has been a significant deterioration in the overall socio-economic situation of the least developed countries the causes of which were both external and domestic. The economic crisis had a depressing effect on the three major sources of foreign exchange of the least developed countries: export earnings, concessional capital flows and private transfers. The historically high real interest rates prevailing during the past years have increased the interest obligations on their external debt. This situation was worsened by very adverse climatic conditions in many least developed countries, particularly in Africa, which have caused declines in agricultural and food production. There has also been uneven implementation of domestic policy changes that were required for social and economic development.

2. Thus, as a result of all these factors, after growing at a low average annual rate of close to 4 per cent in the 1970s and by 3 per cent in the first year of the present decade, the least developed countries as a group recorded a growth rate in gross domestic product (GDP) in 1982 and 1983 of only 2 per cent. Since population increased at the high rate of 2.6 per cent, in 1982 and 1983 their GDP per capita declined. Provisional indicators show a poor picture for 1984 in which the African crisis came to a climax, affecting almost all African least developed countries. Preliminary estimates for 1985 point towards a virtual stagnation or decline of GDP for the group of least developed countries as a whole, which would mean a considerable reduction per capita. However, it is encouraging to note that, despite this very poor development for the group as a whole, a few individual least developed countries did perform particularly well, some of them exceeding an annual growth of gross domestic product of 7.2 per cent, the rate required to double national income in a decade. This is evidence of the fact that the target of the Substantial New Programme of Action is not entirely beyond reach, although its attainment has become more difficult during the first half of the decade due to the convulsions that have affected the world economic scene and the

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

vagaries of weather. Such an achievement requires an intelligent combination of measures undertaken by the least developed countries, on the one hand, and of the volume, conditions and structure of international assistance, on the other.

3. Unless urgent measures are taken to implement fully and adequately the Substantial New Programme of Action, this declining trend in the socio-economic situation of the least developed countries will be even more acute in future, with serious and stark repercussions for their population.

## I. GENERAL SITUATION AND NATIONAL MEASURES

### A. Food and agriculture

4. Among the essential social and economic priorities for the development of the least developed countries, both as a means of satisfying the most fundamental human needs and as a basis for economic growth, agriculture and food production were given the highest priority in the Substantial New Programme of Action. Specific recommendations were made in paragraphs 9-19 of the Programme and more especially in paragraph 13. Indeed, the weight of the agricultural sector within the overall economies of the least developed countries, supporting the overwhelming majority of the population and providing raw materials for industry and export revenues, establishes a clear and close link between progress in this sector and overall economic growth. These recommendations called for giving a high priority in the national development plans, programmes and policies of the least developed countries to the agricultural sector, with particular attention to food production and distribution. Agricultural and food strategies were to include among their objectives:

(a) The attainment of greater food self-sufficiency as soon as possible and at the latest by 1990;

(b) The attainment or surpassing of the 4 per cent growth rate in agricultural production;

(c) Achievement of food security through food supplies readily accessible at affordable prices.

5. During the first four years of the 1980s agricultural production in the least developed countries continued to be a source of continuing concern in terms both of growth rates and of the ability of the least developed countries to meet the food and nutritional needs of their growing population. During this period the average rate of growth of agricultural output not only fell far short of the target of 4 per cent but also was lower than that recorded in the 1960s and 1970s. This implied a serious deterioration in per capita terms, given that population increased at the rate of 2.6 per cent per annum.

6. The goal of food self-sufficiency was even further from being fulfilled, inasmuch as food production per capita fell even more than overall agricultural production. The decline of per capita food production worsened

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from -0.5 per cent per annum in the 1970s to -1.4 per cent in 1980-1984. However, 7 among the 36 least developed countries did record positive growth rates in food output per capita, proving the realism of the targets set by the Substantial New Programme of Action. Food insecurity has worsened further, particularly at the household level.

7. Non-food agricultural production, destined largely for export, performed relatively better for the least developed countries as a group during the early 1980s.

8. The causes of the disappointing performance in agriculture and in food production in the least developed countries during the period under review are complex and vary from country to country. But in general, among them are the disastrous climatic conditions in most of those countries during the 1980s, which not only reduced agricultural production and negated the effects of the very substantial efforts made by many of them to increase production in this sector, but also caused severe ecological damage to the environment.

9. The importance accorded to food strategies has proven to be correctly placed. Such strategies enable donors and the least developed countries to deal with the problems of production, marketing and consumption in an integrated and comprehensive manner. Courageous and important steps have been taken by several least developed countries, with support of the international community, to define and introduce food strategies. Success in these cases was the result of the political will of Governments to introduce changes. These measures have yet to produce full and tangible benefits but represent the principal achievement in this sector.

10. Failure in some cases to adopt appropriate food sector strategies and to implement appropriate reforms has contributed to the lack of progress in agricultural development. Difficulties have been encountered in such key areas as: full participation of the rural population in rural development programmes; appropriate pricing policies for both agricultural products and inputs to serve as incentives for increased production; institutional and agrarian reforms; the development of the required infrastructure; meeting the basic needs of rural societies; and overcoming the inequalities between men and women in participation in and benefiting from rural development programmes.

11. During recent years the particular dynamism of the rural sector has increased and shown itself in various forms, particularly in that of village groupings. It often developed in collaboration with non-governmental organizations. Several least developed countries have taken steps to support this dynamism using donor assistance, both bilateral and multilateral.

12. It was noted that there is a need to bring about an appropriate balance between food production for domestic consumption and cash crops for export. There are some positive examples for overcoming this potential dilemma, providing that the two objectives need not conflict with each other. For example, the development of agricultural export products may facilitate the introduction of new techniques and facilities that can also be used by traditional farmers to improve their production. Appropriate policies and development of infrastructures supporting export production may also benefit food production for local consumption.

13. Insufficient infrastructure in rural areas not only is a serious constraint to agricultural production, manufacturing and processing, but also serves to discourage linkages with other economic sectors.

14. While food aid has been useful in the short term, it has sometimes served to discourage moves towards increasing food self-sufficiency in least developed countries by depressing prices and delaying urgent investments in the rural sector. However, ways have been found to use food aid as a tool for financing development projects in general and in the agricultural sector in particular.

15. Co-ordination in the agricultural sector at both the local and the international levels has been insufficient, priorities sometimes conflict, and the dialogue has not always been as comprehensive as might have been desired.

16. Severe price fluctuations on the international markets and uncertainties caused by natural factors have compounded problems facing the agricultural sector. The difficult economic conditions that faced many developed and developing countries in the early 1980s depressed demand for the major agricultural exports of the least developed countries, upon which they depend for a major part of their foreign exchange earnings, and further complicated their efforts to use agriculture as a means of improving their overall economic performance.

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

#### B. Human resources and social development

18. On the issues of human resources and social development in least developed countries there was general agreement that the recommendations of the Substantial New Programme of Action in this area remain valid. The development of human resources is an essential prerequisite for the development of the least developed countries, and therefore remains a priority. The scarcity of skilled manpower, particularly in an administrative and managerial capacity, hinders the development process in the least developed countries.

19. The progress achieved by some least developed countries in several areas, particularly declining infant mortality rates and increased literacy rates, were noted with satisfaction, while concern was expressed at the continued large discrepancy between male and female literacy rates. However, it was noted with concern that several other indicators reveal a declining trend in education, health and nutrition status of the population of the least developed countries as a whole.

20. The scarcity of means available to accelerate the development of human resources in least developed countries and efforts to overcome them were discussed. The need to consider public expenditure on education and health as investment from the point of view of the economy as a whole was stressed.

21. The reorientation of the education system in some least developed countries in order to train managers and technicians to better meet the needs of the economy was noted. There has been limited improvement in implementing training programmes meeting the priority needs of the rural masses. An important aspect has been increasing the prestige of manual work, especially in agriculture. The view was expressed that on-the-job training programmes have been more useful when integrated in development projects at an early stage and that they should be expanded and strengthened. Efforts to mobilize more domestic resources for education were highlighted. The necessity was stressed of maintaining and improving the quality of education in the context of the expansion of basic education.

22. It was emphasized that high priority for primary health care was still required. The contrast between highly sophisticated medical care that was sometimes available only to a section of the urban population and the development of a widely decentralized preventive medicine required simple methods, that was relatively inexpensive and intended for as many people as possible, was noted in a general way. The efforts made by the least developed countries to achieve the target of "Health for All by the Year 2000" were also noted. The adaptation of the nomenclature of the essential drugs programme prepared by the World Health Organization form part of these efforts.

23. Significant cuts in social expenditure have adversely affected the maintenance of physical facilities in both education and health in particular. Experience has shown that this difficulty can be overcome by flexibility on the part of both least developed countries and donors. It was recognized that government funds were very limited in the least developed countries and experiences were reported where active participation of beneficiaries, inter alia, through user fees, contributed to covering the costs, to safeguarding the efficient use of existing facilities and to reducing dependency of vital services on external assistance. However, generally low income levels have resulted in some of the cases referred to in difficulties and limitations for such contributions. It was also stressed that universal access to basic education and health services was regarded as one of the major social aims of the least developed countries. Local and recurrent cost support in the aid programmes has in several cases been an essential complement of local efforts to keep physical facilities running.

24. The implementation of national population policies as recommended in the Substantial New Programme of Action was seen as an important factor to the success of development efforts by the least developed countries. It was noted that only a few least developed countries had vigorously encouraged population policies and family planning activities. Maternal and child care, including family planning, also bring general health benefits to mothers and children. The representatives of least developed countries explained that, while several least developed countries had adopted population programmes, the determinants of achieving lower fertility were not always favourable in the least developed countries.

25. The significant contribution made by women in the development process of the least developed countries, especially in the agricultural sector, was highlighted.

26. Financial and technical assistance to the least developed countries plays an important part in supporting their efforts in the sphere of human resources development. The linkage between both types of assistance and the right sequence to be followed in providing them was considered to be of crucial significance. The view was expressed by some donors that such assistance should have been provided on more flexible terms and should cover recurrent and local cost expenditures, as these have been identified as major constraints to the development of health and education.

27. It was observed that there is a lack of readily available data about the practical experience in human resources development that would permit analyses of past investment in and development of human resources. In this connection, the important role played by a number of partner countries of least developed countries and by the United Nations Development Programme in assisting the least developed countries to develop their human resources and identify priorities was emphasized.

#### C. Natural resources and energy

28. In the sphere of natural resources and energy, the targets of the Substantial New Programme of Action remain entirely valid, despite the fact that they have not yet been achieved. The energy deficit experienced by most least developed countries often leads to their balances of payments being heavily mortgaged, as well as to destructive consequences on the environment. Most least developed countries have lacked the financial, human and material means to be able to assess and plan their traditional and other energy resources in a sufficiently comprehensive manner, with the result that the rational exploitation of these resources has thus far been impeded.

29. Thus, the intensive use of fuelwood and charcoal has three consequences: a tendency towards the depletion of these resources, the degradation of the ecosystem and the weakening of the agricultural potential. Efforts to substitute the consumption of fuelwood by other resources have not yet yielded the results anticipated.

30. Despite the decline in real terms of the international price of energy, the cost of importing energy products remains heavy for the least developed countries.

31. For lack of financial and technical means, the hydroelectric resources of the least developed countries continue to be underexploited. Investments in this sector often have the twofold characteristic of requiring very considerable financial resources and of not invariably offering profitability sufficient to guarantee the covering of recurrent costs. The advantages afforded by small-scale hydroelectric schemes have not yet been fully exploited.

32. Although international aid has made efforts in the energy sector, it has not solved the energy problems of the least developed countries, and modalities have not always been flexible enough to permit the full economic and social development of local potential.

#### D. Manufacturing industry

33. The industrialization targets of the Substantial New Programme of Action have not yet been achieved. In the majority of the least developed countries, the share of manufacturing in GDP is currently close to 9 per cent, while in a number of cases it does not even exceed 4-5 per cent.

34. The maintenance over a long period of unrealistic price structures and rates of exchange has sometimes exerted a negative impact on industrial development efforts.

35. In a number of least developed countries industrial policies, including the role to be played by the state in the industrial development sphere, have been redefined. In several least developed countries state enterprises continue to play an important role in this process.

36. In some cases industrial promotion mechanisms, mainly credit structures and technical training, as well as international aid, continue to be insufficient, and often entail severe conditions that the promoters are unable to fulfil.

37. In many cases in the past the choice of technologies, both by donors and by beneficiaries, has been inappropriate, leading to difficulties in maintenance and utilization of capacities.

38. The complementarity of the agricultural and industrial sectors has not always been fully taken into consideration, particularly in respect of linkage effects on employment. However the least developed countries have endeavoured to promote the formulation of integrated strategies. Local capacities for on-the-spot processing of primary commodities have not yet been fully developed, owing to a lack of technical and financial means and of technology transfers to the least developed countries.

39. Although the situation varies considerably from country to country, the formulation of policies for the promotion of small- and medium-sized enterprises, as well as international assistance furnished for that purpose, are still inadequate. Industrial co-operation agreements between some enterprises of least developed countries and those of certain donor countries have been concluded.

40. Regional and subregional economic groupings have taken measures to exploit the opportunities offered by an expanding market in the regions concerned.



#### E. Physical and institutional infrastructure

41. The insufficiency, fragility and sometimes ineffectiveness and inadequacy of the physical and institutional infrastructure continue to be one of the major obstacles to the structural transformation and economic development of the least developed countries.

42. The precarious situation of the physical infrastructure of the least developed countries is often aggravated by the inadequacy of maintenance services.

43. Institutional infrastructures are often insufficiently productive for various reasons, mainly the inadequacy of equipment and skilled staff and insufficient operating budgets, etc.

44. In the case of land-locked least developed countries the inadequacy and the precarious situation of transport networks in adjoining countries, as well as occasional institutional instability in some of those countries, have formed an obstacle to the transportation of products coming from, or intended for, foreign countries.

#### F. Environment

45. The close interrelationship of poverty and environmental deterioration has become increasingly obvious in recent years. The lack of means and alternative energy resources compels the populations of the least developed countries to utilize resources that are becoming depleted, such as fuelwood, thus producing environmental deterioration and an aggravation of the effects of drought and the desertification process. The deterioration of the ecosystem is thus the outcome of the joint impact of climatic conditions and human activity in a context of poverty and rapid population growth, which is conducive to the over-exploitation of the soil, water resources and vegetation. Consequently, climatic deterioration leading to drought and desertification may well become irreversible phenomena.

46. In some least developed countries, rural development policies have not yet always included specific measures designed to combat drought and desertification. Bearing in mind that fuelwood will continue to be the main source of energy for rural households in the least developed countries in the future, reforestation efforts have been inadequate. As they have been undertaken, activities, including international aid in this sphere, have frequently been geared to the short term and have neglected the need for long-term measures. Contemporary famines are the consequence of decades of unfavourable climatic factors but also of a lack of foresight, mistakes and inaction both by the countries concerned and at the level of international aid.

47. In some cases political instability has made the efforts to combat desertification and drought hazardous. Similarly, population movements have sometimes constituted an aggravating factor.

48. Confronted with the seriousness of the situation, some least developed countries are beginning to implement policies associating local populations with measures to protect the environment.

#### G. Transformational investments

49. The number of major investment projects under preparation or under implementation in many least developed countries has decreased considerably since the adoption of the Substantial New Programme of Action (paras. 53-54) as a result of, inter alia, resource constraints, both internal and external, experienced by these countries. In the light of experience gained in design and implementation of projects, besides the capital needs, the following elements were considered important:

(a) A comprehensive approach for selecting major investment projects in accordance with national priorities;

(b) Carefully prepared pre-investment studies, including cost-benefit analysis;

(c) Pre-investment activities, with the necessary technical assistance;

(d) Human resources aspects, such as training of personnel, management capacity and participation of the local work force;

(e) Maintenance and rehabilitation, including preparedness to meet recurrent costs;

(f) A conducive atmosphere for investment.

#### H. Land-locked and island least developed countries

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

#### I. Foreign trade

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

- (a) Horizontal and vertical diversification of production and exports;
- (b) The effects of the expansion of the network of intergovernmental long-term agreements on trade and economic co-operation, as well as the institutional framework, between least developed countries and other countries;
- (c) Development of trade at the domestic and regional, as well as at the global level;
- (d) Trade promotion activities;
- (e) Adjustment efforts with regard to import programmes and policies of the least developed countries;
- (f) Development of institutional capabilities, including the training of personnel.

52. It was recognized that, in carrying out their tasks in these fields, the least developed countries had benefited from, inter alia, the activities of the International Trade Centre UNCTAD/GATT and of the United Nations Conference on Trade and Development.

#### J. Disaster assistance for least developed countries

53. The implementation of the Substantial New Programme of Action during the first four years has been impeded by natural disasters (such as the drought in Africa and floods and cyclones in other countries) and man-made disasters (internal and external conflicts) that have affected a large number of least developed countries and have considerably increased the number of refugees and displaced persons. The least developed countries, the industrialized countries and the international community, in particular the relevant specialized agencies of the United Nations, are today in a position to draw some lessons from these dramatic experiences:

- (a) The need for creating conditions for improving the efficiency of emergency assistance, with the aim of reaching the target groups of the population;
- (b) The shortcomings relating to administrative structures for preventive purposes in the field regarding, inter alia, statistics, technology and various information networks and systems of monitoring the environment;
- (c) The relevance of using emergency assistance for measures improving the efficiency of the assistance, such as support for logistics and transport capacities;
- (d) The need for better co-ordination of efforts at both the national and the international level;
- (e) The value of the participation of non-governmental organizations;

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(f) The need for consideration of longer-term development objectives when providing emergency assistance, in particular with regard to production and distribution of food;

(g) The special vulnerability of the least developed countries hosting refugees and persons affected by natural disasters.

54. The Intergovernmental Group endorsed the conclusions relating to emergency assistance adopted by the Meeting of Governmental Experts of Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries as Part of Preparation for the Mid-term Global Review of the Implementation of the Substantial New Programme of Action, 19/ which had been held in May 1985.

## II. INTERNATIONAL SUPPORT MEASURES

### A. Transfer of financial resources

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

#### 1. Volume of aid

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

#### 2. Multilateral programmes

57. The amount of multilateral aid (including flows from multilateral agencies financed by members of the Organization of the Petroleum Exporting Countries) provided to least developed countries annually was 47 per cent higher in the period 1981-1983 than in 1976-1980. However, many countries expressed serious concern about the reduced level of funding for several

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19/ See TD/B/1055 and Corr.1 (to be printed in Official Records of the Trade and Development Board, Thirty-first Session, Annexes), part two, paras. 44-46.

important multilateral development agencies, in particular the International Development Association.

58. It was noted, however, that several multilateral development agencies, mainly financed by countries members of the Development Assistance Committee, have adopted policies that emphasize the needs of least developed countries. Although the share of flows from these agencies to least developed countries has increased since 1981, the policy emphasis is yet to be fully reflected in aid disbursement patterns.

59. The World Bank Special Facility for Sub-Saharan Africa, although not specifically addressed to the least developed countries, was established in 1985 and will increase financial flows to many African least developed countries.

### 3. New mechanisms

60. No new initiatives have been taken since 1981 in respect of possible new mechanisms for enlarging financial transfers to the least developed countries. It was noted that the use by those countries of resources of the International Monetary Fund, designed to assist with short-term balance-of-payments problems, which reached \$2.2 billion in 1983, was now on the decline and that their net purchases from the Fund had been negative in 1984, despite their continuing serious balance-of-payments difficulties. It was further noted that the Task Force on Concessional Flows of the Development Committee of the World Bank had recently completed its work, which was considered at the 27th meeting of the Development Committee, held on 7 October 1985 at Seoul, Republic of Korea.

### 4. Aid modalities

61. The Substantial New Programme of Action urged donors and recipients to improve the quality and effectiveness of official development assistance by making improvements in aid practices and management. In this regard the following points were noted:

(a) Most donors have increasingly provided aid to the least developed countries on grant terms;

(b) The debt situation of many least developed countries remains serious and the amount of debt outstanding, including short-term debt and credits of the International Monetary Fund, had increased since 1981 to \$35 billion by the end of 1983. Most donors members of the Development Assistance Committee had taken measures under Trade and Development Board resolution 165 (S-IX) of 11 March 1978: the value of such measures in respect of least developed countries amounts to \$4.0 billion, of which \$2.9 billion is in the form of cancellation of official development assistance debt. Some donors have also rescheduled official development assistance debt of least developed countries in several appropriate cases;

(c) Since 1981 there has been no general initiative by donors to increase the proportion of untied bilateral aid. Most bilateral aid, apart from local cost financing, has continued to be tied to procurement in the donor country. Representatives of least developed countries indicated that in

their experience the tying of bilateral aid to their countries had increased since 1981;

(d) In the context of improved dialogue and understanding about domestic programmes and policies of the least developed countries, most donors have shown a greater willingness to provide aid in more flexible forms, in particular for balance-of-payments support, and at a sectoral level for rehabilitation and improved maintenance, as well as for longer-term development objectives. Representatives of some least developed countries pointed out that donors continued, and in some cases increased, their preference for project aid, as compared to other forms of aid, which created difficulties in aid utilization in many least developed countries. The need was recognized for greater predictability in the provision of such assistance and for measures to be taken to reduce delays between commitments and disbursements;

(e) While most donors have been more willing to provide local cost financing, there remains a cautious attitude towards the funding of recurrent costs. It was noted that the provision of aid for the local costs of investments could facilitate the financing of recurrent costs, particularly in the social sectors, from domestic resources. Nevertheless, the importance of aid for recurrent costs in appropriate cases was recognized, provided there was an understanding on the time-scale over which such costs could be increasingly financed from domestic resources;

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

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

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

#### C. Technical assistance

63. Although the level of technical assistance to least developed countries was substantially higher in the period 1981-1983 than in 1976-1980, it has remained at about \$1.5 billion annually. The increased focus on technical assistance aimed at institution-building and training of manpower given by a number of donors, including the United Nations Development Programme, was noted.

64. Experience indicates that there is further scope for improving the effectiveness of technical co-operation, including a closer link between technical co-operation and financial assistance, a further integration of different technical co-operation inputs, including the provision of equipment, and the provision of highly qualified experts able to operate effectively in the environment of least developed countries, associated with appropriate counterpart staff.

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D. Other economic policy measures at the international level

1. Commercial policy measures

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

(a) Access to markets

66. Some progress towards improved access for the products of the least developed countries to the markets of the industrialized countries has been noted. The persistence in certain cases of quantitative restrictions or of unduly severe rules of origin applied by certain countries was also noted.

67. Considerable improvements have been made by certain industrialized countries to their tariff preference schemes, although in many cases these schemes do not include all the export products that are of special relevance for the least developed countries. Moreover, the least developed countries do not or often could not take full advantage of the existing preference schemes for various reasons.

(b) Export promotion

68. A number of industrialized countries have set up offices to promote imports from developing countries, and more particularly imports from least developed countries.

69. The technical assistance of the International Trade Centre/UNCTAD/GATT and of the United Nations Conference on Trade and Development in formulating export strategies and trade promotion was considered to be constructive.

(c) Primary commodities

70. Little progress has been recorded in the conclusion of commodity agreements. The successful conclusion of two new agreements for development purposes, the international agreements on jute and jute products and on tropical timber, was welcomed. The Agreement establishing the Common Fund for Commodities, which would be advantageous for the least developed countries, has still not been implemented.

71. As far as compensation for shortfalls in export earnings is concerned, the extension of STABEX to new products and the announcement of the implementation of a similar system for least developed countries that are not parties to the Lomé Convention were considered to be positive developments. However, there is still room for improvement in compensatory financing facilities. Reference was made to a plan for improving compensatory financing facilities that would provide for special treatment for the least developed

countries and that is under discussion in the United Nations Conference on Trade and Development.

## 2. Transport and communications

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

## 3. Transfer and development of technology

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

# III. ARRANGEMENTS FOR IMPLEMENTATION, FOLLOW-UP AND MONITORING

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

## A. National level

75. Co-ordination to ensure effectiveness of all development activities at the country level is a key responsibility of the least developed countries themselves and a crucial aspect of implementation, monitoring and follow-up of the Substantial New Programme of Action. Co-ordination needs differ country by country, and mechanisms selected respond to the requirements of the individual country situation. The growing burden on the administrations of the least developed countries caused by an increasing number of development activities, including measures to offset the consequences of natural disasters, has led to a stronger recognition by the least developed countries and the international community of the importance of co-ordination. In response, many least developed countries have established national focal points to co-ordinate external assistance. The United Nations Development Programme and other donors have contributed to strengthening the least developed countries' capabilities in this regard.

76. Since 1981 most of the least developed countries have established mechanisms in accordance with paragraph 111 of the Programme in the form of

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United Nations Development Programme round tables and World Bank consultative groups or other arrangements. In response to the request from the least developed countries, the United Nations Development Programme has expanded its round tables and the World Bank has increased the number of consultative groups, at meetings of which the secretariat of the United Nations Conference on Trade and Development has played an active role. The initial results of the round tables in terms of encouraging increased resource flows and a candid discussion of specific development issues were unsatisfactory. The meetings did not cover all the aspects suggested in paragraph 113 of the Programme but they provided a good basis for future development co-operation.

77. The United Nations Development Programme subsequently evaluated the round-table process and implemented a series of improvements, including co-operation with the World Bank and the European Economic Community on key aspects of macro-economic situations in conducting economic analyses. This is leading to a convergence of the types of issues dealt with at both forms of co-ordination meetings. Some donors have provided special assistance to the United Nations Development Programme for the purpose of conducting round-table meetings.

78. Although there is a general recognition that the United Nations Development Programme round-table conferences and World Bank consultative groups should be complemented by co-ordination at the local and sectoral levels, experience has shown that this has not been achieved in all cases.

79. Co-ordination of the activities of the United Nations system at the country level, as envisaged in paragraph 124 of the Programme, and under the aegis of the United Nations resident co-ordinator has been insufficient and has scope for improvement as regards some reluctance to co-operate. In some least developed countries, at the specific request of the country concerned, the role of the United Nations resident co-ordinator has assumed a broader focus. The activities undertaken by the regional commissions of the United Nations pursuant to paragraph 125 of the Programme were noted.

#### B. Global level

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

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