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REPORT OF THE HIGH-LEVEL PANEL FOR THE REVIEW OF PROGRESS IN THE IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES FOR THE 1990S

CONTENTS

F O R EW O R D

The High-Level Panel for the Review of Progress in the Implementation of the Programme of Action for the Least Developed Countries for the 1990s was established by me in my capacity as the Secretary-General of the Third United Nations Conference on the Least Developed Countries (LDC III). The composition of the Panel and its terms of reference are annexed to the present report.

In addition to reviewing existing literature, including the annual Least Developed Countries Reports published by UNCTAD and other relevant materials, Panel members visited a number of LDCs and benefited from views expressed by LDCs and their development partners during the first session of the Intergovernmental Preparatory Committee (IPC) for the Conference held in New York from 24 to 28 July 2000. Members of the Panel were also invited to attend the Tenth Annual Ministerial Meeting of the LDCs held in New York on 18 September 2000.

The Chairperson of the Panel was invited to address the IPC on the preliminary findings of the Panel. The Panel held two subsequent meetings in New York and Geneva, the latter to finalize the report.

It became evident to the Panel that, despite three decades of international action in favour of LDCs, and despite the efforts of the LDCs themselves, the evidence for the socio-economic difficulties faced in the majority of these countries and their continued marginalization is compelling. Development has thus eluded a significant number of LDCs. The reasons for this can be found in both domestic and external factors, as well as in the deficiencies in the mechanisms established for the implementation of agreed programmes. The report of the Panel attempts to identify such factors and draw lessons which would be relevant for ensuring the successful implementation of the new Programme of Action.

I hereby express my profound gratitude to the members of the High-Level Panel for accepting to make their considerable knowledge and expertise available to the United Nations. I am confident that this report will contribute significantly to the success of the Third United Nations Conference on LDCs and, more importantly, help the least developed countries and their development partners better implement the new Programme of Action.

Rubens Ricupero
Secretary-General of UNCTAD

I. INTRODUCTION

1. In 1997, the General Assembly (A/Res/52/187) decided to convene the Third United Nations Conference on the Least Developed Countries at a high level in the year 2001. The Conference is now scheduled for May 2001, and the mandate for the Conference covers the following areas:

(i) To assess the results of the Programme of Action during the 1990s at the country level;

(ii) To review the implementation of international support measures, particularly in the areas of official development assistance, debt, investment and trade;

(iii) To consider the formulation and adoption of appropriate national and international policies and measures for sustainable development of the least developed countries and their progressive integration into the world economy.

2. In order to provide an independent perspective to the Brussels Conference, it was decided to convene a High-Level Panel of Experts. The terms of reference for the Panel, pointing mainly to items (i) and (ii) above, and the composition of the Panel are given in annexes I and II of this report.

3. The work of the Panel has been severely constrained by the lack of time made available. Some members interacted with the Conference secretariat in Geneva in June 2000 and in New York in July. In mid-September, a full meeting of the Panel was held in New York and a second and final meeting in late October in Geneva. Individual field visits to selected LDCs were undertaken by some Panel members (see Annex III).

II. REVIEW OF PROGRESS

4. In the 1990s, 48 countries were classified as LDCs, and only one, Botswana, was able to graduate out of the group. In the year 2000, there is a prospect of one country graduating, and of one new country being added to the list. The findings of the Panel indicate that stagnation in LDCs has been caused largely by political instability civil strife, lack of good governance intolerance and mismanagement of the economy. The Panel also finds that the international community has been far less supportive of LDCs, most strikingly in terms of ODA, than foreseen in the Programme of Action for the 1990s.

5. During the 1990s, development proved elusive for a significant number of LDCs: as their economies declined, social conditions worsened, and they remained the group of countries most marginalized from the mainstream of the world economy. Many LDCs have suffered institutional decline, state failure and internal conflict. In appendix tables 1 and 2, we present a set of data which illustrate how far most LDCs are from realizing the degree of structural transformation in their economies necessary to eventually take them out of the ranks of the LDCs. In fact, in many LDCs, the share of manufacturing in GDP and in the labour force barely changed or actually declined.

Most LDCs remain tied to the export of one or two primary commodities or service activities. With their weak capacity for domestic resource mobilization, their dependence on external resource inflows, particularly in the form of official development assistance (ODA), has remained high; macro-economic balances remain fragile, with budget and balance-of-payments deficits, and show little, if any, improvement. The one area where some positive gains were registered during the 1990s was in moderating inflation. In the view of the Panel, however, in some LDC this reflects the lack of dynamism in their economies as much as the improvement in their monetary management.

Table1

Selected economic and social indicators for LDCs and other developing countries (1980s and 1990s)

	(1)	(2)	(3)	(4)
A. Economic indicators	**Year/ period**	**LDCs**	**Other developing countries**	**DC/LDC Disparity ratios (2) as % of (3)**
GNP per capita (current dollars)	1980	724	2587	27.99
	1990	1179	4078	28.91
	1997	1343	4598	29.21
Share of labour In agriculture	1990	73	32	228.13
Share of agriculture in GDP	1997	34	17	200.00
Share of primary commodities in total exports	1980	86.3	79.6	108.42
	1997	68.9	31.9	215.99
Export concentration index	1998	0.53	0.38	140.21
Export instability index	1980-97	20.3	13.4	151.49
Energy consumption				
-Coal, oil, gas and electricity	1980	64	508	12.60
	1996	69	898	7.68
-Fuel, wood and charcoal	1980	212	125	169.60
	1996	210	135	155.56
B.Social indicators				
Annual population growth	1960-70	2.4	2.3	104.35
	1990-97	2.6	1.7	152.94
Age dependency ratio (dependence to working-age population)	1975	0.9	0.81	111.11
	1997	0.92	0.67	137.31
Infant mortality rate(per 1000)	1997	14.08	65	21.66
Life expectency at birth (years)	1990-95	49	62	79.03
Hospitals beds per 1000 population	1990	1.1	4.8	22.92
Physicians (per 1000 people)	1990	0.1	1.6	6.25
Adult literacy rate (age 15 and above)	1995	48.9	81.4	60.07
School enrolment				
Primary (% gross)	1995	72	100	72.00
Secondary (% gross)	1995	16	65	24.62
Tertiary (% gross)	1995	1.6	17.7	9.04
Infrastructure				
Telephone main lines(per 1000 people)	1997	5.1	94	5.43
Telephone average cost of local line (US $ per three minutes)	1997	0.1	0.05	200.00

<u>Source</u>: The Least Developed Countries, 1999 Report, United Nations.

Table 2								
Trajectories of change in the LDCs(1980-1997)								
Total number of LDCs countries: 48	Year		Number of LDCs				
			1	2	3	4	5
A. Macro economic indicators							
1.Annual average growth rates of per capita real GDP (%)	1980-1990	1990-1997	15	22	5	0	6
2.Per capita agriculture production growth rate (%)	1980-1990	1990-1997	15	26	2	1	4
3.Per capita food production growth rate (%)	1980-1990	1990-1997	11	25	9	0	3
4.Average annual growth rate (%) of manufacturing sector	1980-1990	1990-1997	10	17	1	1	19
5.Population annual average growth rate (%)	1980-1990	1990-1997	15	23	5	5	
6.Average annual growth rate (%) of investment	1980-1990	1990-1998	16	11	4	0	17
7.Manufacturing sector's share in GDP	1980	1997	17	16	2	7	6
8.Current account balance as a percentage of GDP	1981-1990	1991-1996	4	13	4		27
B. Human development indicators							
1.Infant mortality rate (per 1000 live births)	1985-1990	1997	10	32	4	2	
2.Average life expectency at birth (years)	1985-1990	1990-1995	25	13	5	3	2
3.Total food supply (calories per capita per day)	1980	1997	18	17	4	5	4
4.Percentage of population with access to sanitation in urban areas	1980	1997	30	10	2	1	5
5.Percentage of population with access to sanitation in rural areas	1980	1997	22	7	3	1	15
6.Total school enrolment ratio (% of relevant age group) for primary school	1980	1996	19	17	5		7
7.Female school enrolment ratio (% of relevant age group) for primary school	1980	1996	21	14	6		7
8.Total school enrolment ratio (% of relevant age group) for secondary school	1980	1996	20	7	14		7
9.Female school enrolment ratio (% of relevant age group) for secondary school	1980	1996	24	5	11	1	7
C. Infrastructure							
1.Telephones	1980	1996	18	11	5	1	13
2.Coal, oil, gas and electricity (consumption per capita)	1980	1996	20	21	3	1	3
3.Fuelwood, charcoal and bagasse (consumption per capita)	1980	1996	9	21	7	2	9
4.Installed eletricity capacity	1980	1996	11	25	5	4	3
D.External economic trends							
1.Total financial flows	1985	1997	31	14	2		1
2.ODA	1985	1997	29	10	6	3	
3.Per capita ODA	1980-1989	1990-1997	29	12	3	3	1
4.Debt/GDP (%)	1985	1997	22	16	3		7
5.Debt service/ exports(%)	1985	1997	4	37		1	6
Key							
1:Indicators show improvement in the 1990s compared to 1980s							
2:Indicators show deterioration in the 1990s compared to 1980s							
3:Indicators show some improvement in the 1990s compared to the 80s but performance trajectories showed continued deterioration between the 1980s and 1990s							
4:No change							
5:Data for both 1980s and 1990s not available							

Source: The Least Developed Countries,1999 Report, United Nations

6. In respect of social development, progress has been registered in some LDCs. However, the population growth rate and the resultant age dependency ratio have in fact increased in many LDCs, infant mortality has also increased, and life expectancy has actually declined, possibly in major part as a consequence of civil strife and the ravages of HIV/AIDS. These were all indicators which were expected to register robust improvements in the course of the implementation of the Programme of Action for the 1990s.

7. The Programme of Action for the 1990s outlined a number of principles which should constitute the basis for action for the LDCs and their development partners. These principles implied the acceptance of a partnership which depends upon mutually reinforcing actions, with the contribution of each development partner reflecting its capacities and weight in the world economy. During the decade of the 1990s, there have been shortcomings on the part of both LDCs themselves and their development partners in effectively dealing with the challenges of development of LDCs.

III. PERFORMANCE OF THE LDCS

The impact of the Programme of Action

8. In actual practice, few LDCs, if any, have fully internalized the goals of the PoA into their national development plans. As a result, the PoA has impinged only marginally on the consciousness of national policymakers and has been overridden by the dominance of the principal aid donors. The Country Assistance Strategy (CAS) of the World Bank has had an important influence on development priorities. The Poverty Reduction Strategy Programme (PRSP), which is being designed in a number of LDCs, has emerged as the strategic document of choice for guiding development in the LDCs. The PRSP, like the PoA itself, is intended to be internalized into national development plans. For this to succeed, the mistakes of the past must be avoided, so that the PRSP, the national plan and the PoA merge into a single document. With heavy dependence on ODA, the result is that the PoA as an autonomous guide to action may be overridden, as indeed may the priorities set in the national plan, by donor-supported development priorities. In the prevailing realities of policymaking and development prioritization of the LDCs, it is thus difficult to gauge the level of commitment to the PoA, the actual realization of its goals and its capacity to redirect development priorities. The Panel is of the view, however, that most LDCs have a long way to go before they can assume greater ownership of their economic agenda. Given the continued importance of ODA to spur development in LDCs, the Panel urges bilateral and multilateral donors to find ways – through dialogue with recipient countries – to emphasize that LDCs should define their own priorities through their development plans.

The issue of governance

9. A number of LDCs have been exposed to a crisis of governance. This has manifested itself in the weak representative status of some regimes, lack of accountability and transparency in the role of the Government, and insufficient participation of stakeholders in the policymaking process. The outcome of weak governance has manifested itself in the persistence of poverty, corruption, poorly conceived policies which lack domestic support, weak implementation of policy, the erosion of norms in the administrative system and the accumulation of political and social conflicts within these countries.

10. Exclusionary policies and practices have aggravated the crisis of governance in the LDCs. Large segments of the population of LDCs are excluded from full participation in economic development because of inadequate human development and lack of command over productive assets. Such deprivation reduces their capacity to participate fully in the market as both producers and consumers. In this perspective,

poverty and low levels of human development are not just characteristics of an LDC, but are critical factors in perpetuating a country's status as an LDC.

11. In focusing on governance, it should be kept in mind that within the LDC group there are wide variations in the quality of governance and in its impact on development. Some LDCs have improved their governance, and this is manifested in improvements in their development performance. However, the Panel believes that any meaningful agenda for change will now have to recognize the prior significance of governance and inclusion as central to the process of development and structural change in the LDCs. Such an agenda must provide for an active role on the part of civil society. With, at best, limited progress in the 1990s in these respects, it is not surprising that the impact of the PoA (or of the national plan itself, along with a process of reform) has been modest, inflows of private capital have been inhibited, and the efficacy of official development assistance weakened.

Challenges of globalization

12. Many LDCs remain largely excluded from the benefits of the process of globalization. In some, in fact, existing production capacities have been progressively weakened; others have faced a long-term decline in the demand for their principal exports. Also, in many cases, industries established to serve domestic markets have been wiped out as a result of increasingly severe competition from imports under a more liberalized trading regime. Those LDCs that have moved into the lower end of the manufacturing process, sheltered by quotas and preferential trading arrangements, will, over the next decade, be exposed to the harsh winds of competition from more advanced economies as the trading system becomes more open. Their challenge now is to upgrade their competitive capacity through product diversification, as well as by moving up the value chain.

13. Virtually all the LDCs lack an adequate infrastructure to sustain competitive industries. Transport is underdeveloped, particularly for land-locked countries. Power and water capacity is insufficient and irregular, and telecommunications remain both inadequate and technologically primitive; all are competitively costly. In such circumstances, adequate FDI has not flowed into the LDCs to fill the domestic entrepreneurial gap.

IV. REVIEW OF INTERNATIONAL SUPPORT MEASURES

14. The Programme of Action for the 1990s (like its predecessor for the 1980s) placed considerable emphasis on the role of international support measures for changing the condition of the LDCs. In its review, the Panel has focused on the issues of capital, debt and trade.

Capital flows

15. Largely as a result of declining flows of ODA, long-term net capital flows into LDCs as a whole have declined by about 25 per cent in nominal terms since 1990. Private capital flows to LDC have been increasing, albeit from a very low level and with a strong geographic and sectoral concentration. Private capital is generally a small proportion of total capital inflows. Even in LDCs where private capital flows

have been increasing, they have been unable to offset the decline in ODA. One important form of increased capital imports has been remittances from workers from LDCs living in other countries.

ODA

16. Aid flows to LDCs, as a share of donors' GNP, almost halved in the 1990s to a record low of 0.05 per cent. This is in dramatic contrast to the general and specific commitments of the international community made in respect of ODA at the Paris Conference in 1990 (paragraphs 20 to 24 of the PoA). Moreover, the downward trend in the 1990s is alarming. ODA disbursements to LDCs in 1997-1998 were on average 22 per cent lower than in 1990-1995.

17. The ODA commitments and actual performance for the 1990s were as follows:

- "External financial support to complement domestic efforts and appropriate policies should be both sufficient in terms of volume and efficient in terms of allocation according to LDCs' individual development needs and priorities. A significant and substantial increase in the aggregate level of external support should be made available". The record shows that total ODA to LDCs *declined* in nominal US dollar terms between 1990 and 1998 by over 25 per cent.

- "The international community, particularly the developed countries, collectively commits itself to such an increase. All donors should contribute to it." The record shows that only two countries, Ireland and Luxembourg, effected a marked increase in ODA to LDCs as a portion of their GNP: all others (except New Zealand) cut their contributions to LDCs.

- "In order to reach, as soon as possible, a flow of concessional resources commensurate with the increase called for above, donor countries will seek to implement the following:

  (a) Donor countries providing more than 0.20 per cent of their GNP as ODA to LDCs: continue to do so and increase their efforts;" In the 1990s, all five DAC countries in this category (Denmark, Finland, Netherllands, Norway, and Sweden) *reduced* their contributions very significantly, in one case (Finland) to far below the target (only 0.08 per cent of GNP in 1998).

  (b) "Other donor countries which have met the 0.15 per cent target: undertake to reach 0.20 per cent by the year 2000"; in the 1990s (to 1998), none of the three DAC countries in this category (France, Belgium and Portugal) met this undertaking; in fact, as a group, they cut back their contributions as a share of GNP to half of the level of 1990.

  (c) "All other donor countries which have committed themselves to the 0.15 per cent target: reaffirm their commitment and undertake either to achieve the target within the next five years or to make their best efforts to accelerate their endeavours to reach the target." None of the countries in this category had reached 0.15 per cent target even by 1998. On the contrary, nearly all these countries cut back significantly.

(d) "During the period of the Programme of Action, the other donor countries: exercise individual best efforts to increase their ODA to LDCs with the effect that collectively their assistance to LDCs will significantly increase". In fact, the result has been a significant reduction in the assistance to LDCs coming from these countries.

- "Taken together, these efforts should provide the adequate external financial support needed for the implementation of the Programme of Action for the Least Developed Countries for the 1990s and help the LDCs meet their external capital requirements for accelerated growth and development." In fact, very much less than adequate financial support has been provided.

18. The Panel notes that the composition of ODA also changed markedly in the 1990s: there was a significant increase in the proportion devoted to social infrastructure and an equivalent reduction for economic and productive sector infrastructure. The grant element as a proportion of ODA increased, mainly in the case of bilateral donors and in the form of debt relief and emergency aid.

19. The Panel had no opportunity to explore directly with a range of donors why the understanding reached in 1990 to significantly expand their ODA to the poorest countries has been so dramatically negated. In some donor countries, there clearly is a measure of aid fatigue; also, aid managers are acutely aware of implementation difficulties, problems of sustainability, etc. Moreover, new priorities for financial support from donors presented themselves with urgency in the 1990s, for example needs arising in humanitarian crisis situations and in the rebuilding of economies in transition. In the donor community, attention for the need for financial support to assist the poorest countries has been flagging. There is little evidence in donor countries, individually in their capitals or collectively in DAC, that the understanding reached in the PoA for the 1990s to expand ODA to LDCs has been reflected in their processes of ODA allocation. The PoA document itself is at best on the shelves - rarely referred to in capitals or in deliberations in DAC.

20. In summary, then, the Panel's review shows that investment and budgetary processes in LDC economies are dominated by external finance rather than domestically generated resources. Both the magnitude and the allocation of these resources are influenced by a plethora of aid donors. Confronted with recurring evidence of lack of success and inefficient use of ODA resources, the donor community has become increasingly assertive in attempting to influence the policy agenda of aid recipients. While much of this external policy advice has merit, it has tended to discourage domestic ownership over policy reforms, which is now generally recognized as having compromised the quality of domestic governance.

Debt and debt relief measures

21. The Panel notes that the rising burden of debt to which a large number of LDCs have been exposed derives largely from concessional loans received as part of ODA rather than from commercial borrowing or speculative inflows of short-term portfolio capital. These debt-ridden countries, notably in Africa, tend to be the more structurally constrained LDCs. By contrast, a number of of LDCs in Asia have been

able to expand exports and revenue earnings to keep pace with debt service obligations.

22. Many LDCs have taken advantage of a variety of debt-relief opportunities and were granted debt forgiveness for a combined total of over US$ 7 billion in the ten-year period up to 1998. The HIPC Initiative, when fully implemented, widens the coverage of types of debts eligible for relief to also include multilateral credits, which form the major part of LDC debt. It opens the door for the financing of debt from IMF gold sales, and also envisages the setting-up of a HIPC Trust Fund into which bilateral donors could contribute. One of the underlying principles of the HIPC Initiative is that debt relief would be targeted at the poorest countries and directed so as to strengthen poverty alleviation programmes.

23. While the HIPC Initiative is certainly welcome and will contribute to the easing of the debt burden of some LDCs, it will not suffice to provide a definitive exit from their debt problems. Moreover, in the view of the Panel, current expectations in LDCs regarding the impact of the implementation of the enhanced HIPC Initiative may be unrealistic. In practice, debt relief serves as a form of ODA, which is being provided in the form of a reduction in capital outflow obligations, rather than as official capital inflows for development. The requirement that resources released through HIPC assistance be used for poverty reduction programmes further reinforces this shift. A major positive fact is that a number of OECD Governments have declared that they will be cancelling bilateral ODA debts. Other creditors, however, including smaller multilateral organizations, have budgetary and other constraints which make it difficult to put up their share of the necessary financing. Moreover, non-OECD creditors, who have not been centrally involved in the design of the Initiative, may not be fully inclined to provide comparable treatment for debts owed to them.

24. The Panel is convinced that expanding LDC exports is essential for poverty reduction and economic growth. Besides directly contributing to poverty alleviation, expanded exports are important to generate foreign exchange for debt repayments and for attracting foreign investors.

25. One of the important developments in the trade arena in the 1990s that led to radical changes in the macroeconomic structures of LDCs, largely as a result of World Bank and IMF initiatives and the expanded influence of the new World Trade Organization, is that many LDCs undertook deep but often unpopular trade liberalization. There is considerable disenchantment among the ordinary people in LDCs about the wisdom of widespread market reforms because the hoped for benefits have yet to be realized.

26. The LDCs have been ill-equipped to cope with the challenges of globalization. In most LDCs the liberalization of their import regimes has been driven by the structural adjustment reforms (SAR) initiated through the programmes of the World Bank and the IMF. These trade policy reforms have in practice opened up their economies even more rapidly than required under the protocols of the WTO. In the increasingly open trading system, not only do LDCs find it difficult to avail themselves of its benefits, but much of their existing production capacity has been

progressively weakened. LDCs dependent on certain commodity exports have faced a decline in the demand and prices for their principal exports. The fast changing structures of global demand and of technology do not hold much promise for LDCs, as long as they are tied to the production and export of such commodities for their survival. Unless LDCs can upgrade their competitive capacity through product diversification, as well as by moving up the value chain, and unless they can enhance their productivity, even the limited gains registered in the 1990s may be at risk. This is particularly relevant for exports of textiles and clothing.

27. At the same time, in order to indicate their own interest, LDCs need to show they themselves wish to give priority to trade matters. To this end, they must commit adequate domestic resources to trade related matters, make serious efforts to fulfill obligations they have committed themselves to in past negotiations, and include trade priorities within their PRSPs.

28. While understanding that private initiative and investment have dynamic roles to play in any successful poverty alleviation programme, the Panel emphasizes that, for many LDCs, there remain various governmental roles, including regulation, inspection, and so on. For LDC Governments to play such roles effectively, foreign assistance will often be needed.

29. The world community showed its awareness of the trade-related problem in 1998 when the Integrated Framework was created. After two years, the Integrated Framework has proved to be much less than promised. Donors have failed either to give the six international organizations involved the mandate to utilize current budget resources to raise the importance of trade or to provide additional multilateral funds to match their presumed priority for developing trade capability. Donor preferences for bilateral approaches have not solved the problems and have often contributed to undermining national priorities and to disorganization among recipients.

30. The recent initiative by the United States to provide unrestricted market access for 58 countries in Africa, the Caribbean and Central America opens up opportunities for these countries to avail themselves of market opportunities in the largest and most dynamic economy in the world. Of the 34 African countries included in the programme, LDCs figure prominently, but the list also includes non-LDCs. It is projected that, as a result of this initiative, export of apparel from Africa to the United States could expand from the current level of $250 million to $4.2 billion by 2008. As most Sub-Saharan Africa LDCs may find it difficult to seize this opportunity due to current supply side constraints, particularly as they have to compete with the bigger developing countries in Sub-Saharan Africa, they are challenged to make changes that will benefit their economies. The United States initiative has also attached strong political conditionalities to its trade access offer, including issues of democracy, human rights and workers rights. The EU’s programme nwith the ACP countries provides similar opportunities.

31. The Panel notes that such systems of trade concessions discriminate against LDCs which are not included within their ambit and which therefore do not stand to benefit from the agreement. This undermines the efforts to create LDC-wide programmes. Recent indications by the EU to offer tariff-free and quota-free access to its markets from all LDCs constitute a valuable development.

V. CHALLENGES BEFORE THE LDCS

32. In the judgement of the Panel, the source of underdevelopment in the LDCs lies in their structural rigidities. It is their weak capacity to mobilize domestic resources, both human and material, to make access to these resources more inclusive and to use these resources more productively, which perpetuates their LDC status and makes them dependent on external resource inflows, notably ODA. This excessive dependence on ODA has resulted in an erosion in ownership over the direction and implementation of policy and contributed to a crisis in governance. This, in turn, has impacted on economic performance and domestic resource generation and has thus further perpetuated external dependence and vulnerability. The Panel therefore wishes to highlight five major areas of challenge for LDCs if they are even to graduate out of their LDC status: gaining ownership over policy, diversifying production and exports, improving governance, enhancing human capital and responding to shocks.

Gaining ownership over policy

33. It is the view of the Panel that the need cannot be too strongly emphasized for the LDCs to assume real policy ownership over the direction of their development. Economic and social change in an LDC can only take place if the people of the country desire such change, are consulted in its design, are involved in its implementation and are given a stake in its outcomes. Such mechanisms of consultation may include policy dialogues with citizens' groups, stakeholders and local professionals, between government and opposition parties, within parliament and through a free media.

34. Realistically speaking, in many LDCs sufficient local capacity may not be at hand to undertake all the professional tasks involved in the preparation of national plans, policies, programmes and projects. The Panel strongly urges priority attention being given by LDCs and their development partners to the need for investment in professional capacity building in each LDC. In the meantime, in accessing external expertise, the skills and experience of better-equipped neighbouring countries should be more fully utilized.

Diversification of production and exports

35. The agricultural sector in LDCs is characterized by its often narrow range of subsistence or commercial crops. This situation poses serious hazards to the sustainability of agricultural growth and keeps farmers hostage to the vagaries of both nature and the market. Investment and policy intervention in crop diversification in the LDCs has remained weak to the point of non-existence. As seen by the Panel, institutional renovation and policy reform, supportive of small farmers, remains crucial to any agenda for structural change in agriculture. Food security, not simply increased volume of food production, must be located at the centre of the agenda

through measures for strengthening of the capacity of the rural poor to augment as well as diversify their earning opportunities.

36. Agricultural diversification needs to be backed up with diversification into and within the manufacturing sector. The Panel notes that, in countries where diversification into the labour-intensive manufacturing sector has stimulated some export growth, the opportunities for backward linkages to the rest of the economy have not been fully exploited. Moreover, there is an unsatisfied and potentially large domestic market in many LDCs, particularly in the rural areas, which can sustain a new generation of entrepreneurs in small and medium-size industries, who must be encouraged to produce quality goods at competitive prices. The Panel recognizes, however, that under the provisions of the WTO, as well as the structural adjustment reforms today, interventions designed to promote diversification of production in LDCs may have to be primarily on the supply side.

37. The Panel sees the potential as well as the need for an industrialization strategy to be designed to develop a new generation of export-oriented industries in LDCs and to improve the competitive ability of local industries to meet domestic demand. This will need to be backed up by credible public institutions and improved governance. If private investment, domestic or foreign, is available, it should be encouraged, but a successful diversification programme will depend crucially on a whole set of supportive domestic policies being put in place.

38. The Panel notes that there has been a clear expansion of efforts for regional integration in the last few decades. Such regional efforts can broaden the market access for smaller LDCs, which can serve as incentive to stimulate inflows of FDI. These efforts are very important, and all countries should encourage the expansion of this trend during the coming decade. In a similar view, South-South cooperation holds significant potential.

39. The Panel wants to put special emphasis on information technology and telecommunications industries which, taken together and individually, may offer LDCs a new plateau for economic development. Closed attitudes toward one or both of these industries will further exacerbate an already significant “digital divide”. Each LDC is encouraged to assess how it can join the modern world in these sectors and whether it is prepared to make the necessary legal and other systemic changes. In most LDCs, for instance, higher priority will clearly be required for education, both generally and through specialized training. The Panel suggests that consideration be given to the convening of a global private sector commission to advise how LDCs can become more attractive partners for global information technology investment.

Improving governance

40. In the judgement of the Panel, poverty eradication now needs to be placed clearly at the heart of any strategy for transforming the LDCs, including and moving beyond standard target-group interventions. Policies, resources and, above all, community institutions have to be put in place which will effectively provide the poor with basic education, health care, employment and command over productive assets, as well as with some security against income erosion from health, old age or

environmental causes. Such programmes must be defined by explicit time-bound targets.

41. The Panel recognizes that donor-driven microinterventions have provided some relief to the poor, but such programmes now need to be repackaged within a more holistic framework. Such programmes need to be implemented firmly in order to establish their credibility. A new generation of financial sector reforms may also need to be designed with a view to redirecting national credit resources to the poor on grounds of their productive potential as well as their proven creditworthiness.

42. The Panel finds that, far too often, LDC state institutions appear to have become dysfunctional, while rent seeking has become inbuilt in the state. The need is great and the scope is wide for improving the governance capacity in many LDCs. A non-performing state cannot be replaced by a dynamic private sector or even by committed NGOs. In today's world, an effective state needs to be accountable both to the public and within its own hierarchy. Devolution of authority to local elective institutions and accountability of administrative bodies, whether to farmers or investors, remain part of the standard agenda for good governance.

43. With notable exceptions, most LDCs tend to have very low public revenue/GDP ratios and suffer from the low coverage of the fiscal system and low levels of collection. The Panel urges that major attention be given by the LDCs to improving governance in these respects and investing the political authority of the state to ensure that the rich and powerful do not evade the tax net.

44. The Panel sees some scope for relocating public expenditures from the non-productive provision of administrative services to upgrading the delivery of widely consumed public services. This entire agenda lies within the arena of public administration reform, which is itself a governance-related problem. Where there is political will, economies can be realized in a variety of areas. The Panel notes, for instance, that in many LDCs the defence budget is rarely exposed to scrutiny in parliament or by the public in order to evaluate its cost-effectiveness.

Enhancing human capital

45. In the Panel's consultations with LDC officials, the latter emphasized the importance of human resources development for the improvement of the condition of their populations. This requires investment in general health and sanitation, including management of population increase and coping with the HIV/AIDS epidemic, in education and training, as well as in the environment. Equally, issues of gender are central. As seen by the Panel, the challenges in these areas need to be addressed in the Programme of Action for the coming decade.

46. Continuing high fertility rates in most LDCs result not only in rapidly growing populations, but also in populations with a large proportion of young people of school-going age, which impacts both on the costs content and quality of education. Increasing demographic pressures and contracting budgets have contributed to low primary school enrolment, which in turn has seriously undermined economic growth and poverty reduction. The demographic implications of accelerated development,

including those of gender, must thus also be well articulated in the new Programme of Action.

47. The ravages of the HIV/AIDS epidemic, along with other diseases such as malaria which have impacted on development, need greatly increased attention. This demands regional as well as global efforts, in which global resources will need to be invested in research as well as delivery to the affected countries at affordable prices.

48. During the 1990s, the human resource base in many LDC was exposed to erosion as a result of reform programmes and adjustments in government expenditure patterns. These included drastic cuts in financial allocations to the social sectors. It now needs to be recognized that human capabilities, based on such factors as good health and education, important as they are in their own right, also facilitate elimination of barriers that constrain people's ability to contribute to and benefit from improvement in the economy.

49. Education is acknowledged as a key to higher incomes, both for individuals and countries, particularly for LDCs, where better health and nutrition can also have a major effect on labour productivity and income growth. The imperatives of technological change and especially developments in information technology demand attention if LDCs are to position themselves to take advantage of liberalized cross-border transactions, competitiveness and global networks, so as to enhance employability and improve the access of their vulnerable populations to labour market opportunities. This issue was highlighted during the field missions of Panel members to the selected LDCs.

50. The Panel recognizes the short-term downside of LDCs' increased exposure to global competition, which sometimes leads to job losses concentrated in particular sectors and industries in economies where alternative jobs are not readily available. While such exposure may be justified on longer-term economic efficiency grounds, the initial impact and social pain in some cases has contributed to civil unrest and political upheaval. The Panel stresses, therefore, the key role of employment in wealth creation and as a primary instrument of equitable distribution. Training, including vocational education programmes, must be instituted to impart skills that facilitate the productive reinsertion of the retrenched back into the labour market. LDCs must be encouraged to increase their investment in knowledge and skills, and to develop policies for economic growth that maximize employment creation. The continued weakness of institutional capacity in the productive sectors and even more glaringly in public agencies and also in public administration was again confirmed during the visits of Panel members to LDCs. In some countries, this weakness has been aggravated by a brain drain of qualified professionals who emerged out of an earlier generation of investment in capacity building and then sought greener pastures abroad.

51. The Panel sees the enhancing of investments in human development as a necessary but not sufficient condition to equip LDCs to participate in the global system. Most LDCs are exposed to a dualistic system whereby a narrow elite can afford education and health care provided through private institutions at home and abroad, while public educational and health systems are often exposed to generally poor governance which, in turn, has contributed to erosion of quality and the high

transaction costs borne by the poor. Disparity in access to quality education and health services breeds social inequality and perpetuates poverty. The Panel sees a clear need in LDCs for democratizing educational and health care opportunities through investment of greater resources to upgrade the quality of services and their governance.

Responding to shocks

52. The inability of LDCs to readily absorb shocks from the global system as well as from nature reflects the undiversified nature of their economies. Many developed countries are also exposed to disasters, such as floods and cyclones, but this does not impact much on the overall health of an economy which has the depth and resilience to absorb such shocks. Similar disasters can cripple the economy of an LDC by impacting seriously on agricultural output, damaging infrastructure, and comprehensively undermining macro-economic balances as a result of enhanced budgetary costs compounded by loss of revenue and export earnings. The Panel notes that there is much to learn from some LDCs with long exposure to natural disaster who have established permanent bodies to cope with these events through the quick diversion of resources to disaster victims and effective delivery by well-supervised public bodies and well-established and funded NGOs. In some disaster-prone countries, however, there is such inefficiency and corruption in the process of disaster management that donors are discouraged from making a major effort to provide assistance. The Panel’s review suggests that a set of institutions and policies needs to be put in place for LDCs to cope with shocks imposed by natural disasters, and such efforts may include:

- Establishment of public bodies, involving both government and civil society, to cope with disasters;

- Working out response protocols which assign clear responsibility to a given agency both to prepare the population for disasters and then to structure the response when they occur;

- Establishing mechanisms of oversight, accountability and transparency in the process of disaster management, involving civil society in the oversight functions, and building a political coalition for dealing with disasters;

- Ensuring that external relief efforts directed to the state and the voluntary sector are coordinated at the national level, so as to ensure coherence and avoid wastage. The authority established for such coordination must be accountable, transparent and inclusive in its activity, so as to inspire international as well as wide domestic confidence;

- At the global level, strengthening and extending existing response mechanisms so as to move beyond ad hoc relief measures to prevent starvation and diseases and to rescue victims. An effective global response mechanism would provide compensatory financing for at least part of the loss of export earnings and domestic revenues to cover costs incurred in relief, rehabilitation and recovery.

VI. INTERNATIONAL RESPONSES

53. The Panel recognizes, as did the PoA, that a development-friendly international environment is critical for LDCs coming to grips with their development challenges. For most LDCs there is a great need for public and private capital for investment in infrastructure, for private direct investment, for generous and early debt relief, and, increasingly, for market access for LDC exports of goods and services.

Private capital flows

54. The Panel is convinced that expanding private capital flows to LDCs is a necessary ingredient in ensuring that LDCs do not lag further behind in the global economy and in alleviating poverty. A few LDCs benefited during the 1990s from the large global expansion of private investment. Most did not, often in spite of their efforts over the decade to make the investment environment more attractive. A number of LDCs still have a long way to go to eliminate or offset the real or perceived high cost of doing business. In the view of the Panel, the LDCs need to be better supported by the UN system in the promotion of FDI to LDCs and also in negotiating with TNCs.

55. The Panel also believed that the positive value of international remittances should be recognized, and host countries should be encouraged not to put new barriers in their way of such exports of labour services from the LDCs who may enjoy a natural advantage in the area.

Official development assistance

56. The decline, in relative and even in current monetary terms, of ODA flows to the LDCs needs urgent attention by the international community. It is the view of the Panel that the clear failure of the donor community to deliver financial commensurate with what was foreseen in the PoA has been both a consequence and a cause of deficiencies within the LDCs in meeting the goals of the PoA. However, the Panel in no way argues that increased ODA to LDCs is a panacea for development or that the failure of donors to provide the financial assistance foreseen in the PoA fully explains the disappointments and setbacks of development in the LDCs in the 1990s. But along with other difficulties and problems, the decline in ODA during the 1990s, by one quarter or more, rather than increased ODA contributions as foreseen in the Programme of Action, has been a major factor in perpetuating the crisis in the LDCs.

57. The Panel sees this as being, in part, due to deficiencies in monitoring of the PoA. Every year UNCTAD produces its own report on the LDC situation (including the most recent report concentrating on development financing), but at the country level - in LDCs and particularly amongst donors - the monitoring appears to be less than effective. The more explicit incorporation of the agreed menu of aid targets and/or commitments into donor aid strategies and budgetary planning mechanisms does not seem to have taken place, nor does the performance of individual donors in respect of these targets and commitments appear to be critically and systematically assessed in consultations and country examinations in the DAC. The Panel realizes that better monitoring would not, by itself produce major reversals in the flow of

ODA to LDCs, but without such attention the opportunities for improvement will not be brought to the fore, nor will the cost of inaction be clarified.

58. The Panel is of the view that the early reversal of the steep declining trend in developed countries' financial contribution through ODA to poverty alleviation and development in LDCs is a decisive condition for even limited success in many of these countries. A first task should be to at least return ODA to the LDC group to its 1990 level and then to seek ways and means to expand ODA in line with what was agreed in the PoA for 1990s.

59. There is a special need for aid donors to enhance ODA financing of infrastructure in LDCs. The growing tendency to leave even LDCs to the mercies of the capital market to build power plants and upgrade their telecommunications facilities has led to growing under provisioning of investments in this sector in the LDCs. Not all LDCs can access FDI in these areas or access it with sufficient urgency to meet their immediate demand for power or water. Since infrastructure investments crowd out investments in the commodity-producing sector, delayed investment in infrastructure impacts on the willingness of FDI to come into the LDCs. In the view of the Panel, while LDCs are to be encouraged to attract FDI into infrastructure development, ODA must be made available to enhance and diversify their access to resources in these areas.

60. Moving beyond the goals of asking the aid community to at least meet its obligations to the LDCs in Paris in 1990, a longer-term vision needs to address more far-reaching changes in the global aid regime. One suggestion considered by the Panel is that ODA gradually be phased out from the more advanced developing countries, that these should be left to access the global capital market for financing and that ODA provided as soft loans by multilateral bodies, in particular credits from IDA, be exclusively directed to the LDCs. More advanced LDCs should also be given greater access to non-concessional multilateral loans, to the extent that they have difficulty in tapping in international capital market. Also, multilateral funding agencies could to a greater extent underwrite LDCs' access to the capital market.

Debt relief

61. Most LDCs find themselves in a most difficult situation of declining ODA, very limited private capital inflows, and inability to effectively and significantly expand and diversify their exports, yet with a large (and growing) burden of servicing of external debts, too often incurred without a commensurate durable impact on the volume and efficiency of production of tradeables. This has given rise to a growing call for and acceptance by creditors of some measure of debt relief, as one element in the overall effort to allow LDCs to eventually grow and prosper. The Panel suggests that the time has come to amplify the scope for debt relief by specific and early action on several fronts:

- Providing deeper, faster and broader debt relief, based on lower thresholds for judging debt sustainability, more realistic forecasts of economic growth, as well as of exports and imports, more up-front cancellation of debt, and some front-loading of debt service relief;

- Dealing with the international financing bottlenecks which now constrain debt relief for poor countries. Costs of debt reduction need to be assessed by taking into account the risk of non-payment, as well as the benefits of removing the debt overhang as a drag on aid effectiveness and as a barrier for private investment and capital inflows;

- Easing the tension between enhanced resource flows, policy conditionality and domestic ownership, strengthening the capacity of debtor countries to implement effective debt management policies and providing further technical assistance to enable debtor countries to participate as equal partners in the HIPC process.

- Addressing the problems of moral hazard associated with the HIPC initiative, placing more emphasis on seeing debt relief as part of a process of structural change in all LDCs, and not only on direct poverty alleviation to the exclusion of investment in infrastructure and structural change, which will eventually allow the LDCs involved to enhance their own external earnings capacity and become fully creditworthy.

Trade

62. In the view of the Panel, expanding LDC exports are now essential for poverty reduction and economic growth, as well as for attracting foreign investors and entrepreneurs. The Panel therefore urges expanded international support for the export sector of LDCs and stresses that such trade support should be extended to LDCs as a group and not only to selected countries within that group. This would be in the spirit of the Uruguay Round negotiations and of the approach taken in successive Ministerial Meetings.

63. Market access for goods and services from LDCs remains the most lasting contribution that the international system can provide to the LDCs, stimulating both investment and technology inflows guided by the impetus of market forces. The Panel therefore strongly supports the movement, that is now apparent, towards a market regime which provides all LDCs with quota-free and tariff-free access to the developed country markets and, it would urge, also to the larger developing economies. For full effect this may require some revision of rules of origin for preferential treatment under the various GSP schemes to facilitate the development of local manufacturing capacities in the LDCs and also to provide encouragement for regional trading arrangements. It is important to ensure that new issues, such as labour standards, competition policy and environment, are not introduced in ways that would represent new barriers on exports of LDCs

64. The Integrated Framework initiative to provide technical assistance to the LDCs has so far largely failed, mainly because it has been an unfunded mandate. Furthermore, it was never intended to address the key supply side constraints of LDCs. There is now the need for a serious effort by donors, multilateral institutions and LDCs alike to give higher priority to providing enhanced funding for production capacity expansion and diversification in LDCs, along with incentives for industrial country enterprises and institutions to effect transfer of technology to the LDCs. Funding is also needed to enable the LDCs to make more effective use of the WTO’s dispute settlement procedures. It is furthermore apparent to the Panel that there is a

need for more effective coordination of the technical assistance provided by the many multilateral and bilateral agencies to the LDCs.

65. To keep LDC liberalization on the right track, LDCs need assistance to manage to fulfil WTO obligations (where the LDC is a WTO member) and to encourage their economic system in a way that most takes advantage of global market opportunities provided within the WTO regime. Here it is vital that, in their own interest, LDCs themselves give priority to trade matters, where they must commit adequate domestic resources to trade-related matters, make serious efforts to fulfill obligations they have committed themselves to in past negotiations, and include trade priorities within their PRSPs.

VI. FURTHER STEPS

66. This report has focused on developments in the 1990s in an effort to gain insight into experience on the basis of which to develop an effective and realistic PoA for the coming decade. The Panel has advanced views and judgments in some areas about needs and opportunities for action by LDCs and their development partners, individually and collectively. However, the Panel has not proceeded to a full and balanced consideration and formulation "of appropriate national and international policies and measures for sustainable development of the least developed countries and their progressive integration into the world economy" (item (iii) of the mandate for the LDC III Conference in General Assembly resolution 52/187). This was not included in the Panel's terms of reference and, moreover, would have required more time than has been available to the Panel in meeting its existing terms of reference.

67. Further steps conducted under the auspices of the governmental process will need to include further consultations with and among the major stakeholders: the LDCs, other developing countries, the donors and other developed countries, the international and regional institutions, the private sector and civil society, nationally and internationally. As formulation of a global PoA develops, the implications for national PoA in LDCs must be reconsidered. This, in turn, will impact on the scope and thrust of the global PoA. At the time of the LDC III Conference, a consistent and operational action programme at the level of individual LDCs and globally should be formulated and agreed.

68. An important lesson from the review of developments in the past decade is that an effective, independent monitoring mechanism must be established and given the mandate and means to function effectively, including arrangements for frank and thorough analysis and debate of policy performance in relation to national and global PoAs. These are tasks that can now only be conducted under the guidance and full responsibility of the intergovernmental process.

Annex I

MEMBERS OF THE HIGH-LEVEL PANEL FOR THE REVIEW OF THE PROGRAMME OF ACTION FOR THE LDCs FOR THE 1990s

1. Ms. Mary Chinery-Hesse:
   Former > Deputy Director-General of ILO
   Currently > Chairperson of the High-Level Panel

2. Professor Rehman Sobhan: [For Asia/Pacific region]
   Currently > Chairman, Centre for Policy Dialogue.
   > Executive Director, South Asia Centre for Policy Studies.
   > Chairman, Board of Grameen Bank.

3. Ambassador Michael A. Samuels: [For American region]
   Former > Deputy US Trade Representative and Ambassador to the GATT in Geneva.
   Currently > Founder and President of Samuels International Associates, Inc.

4. Dr. Just Faaland: [For European region]
   Former > Director-General, International Food Policy Research Institute (IFPRI), Washington D.C.
   > President, OECD Development Centre, Paris.
   > Director, Chr. Michelsen Institute.
   Currently > Chairman of the Committee for Development Policy

5. Honourable Kweronda-Ruhemba: [For Anglophone African region]
   > Minister of State for Finance, Planning and Economic Development

6. Mr. Sidibe Saidou: [For Francophone African region]
   Former > Finance Minister

Annex II

TERMS OF REFERENCE

Background

1. In 1971, the international community recognized the existence of a category of countries whose distinctiveness lies not only in the profound poverty of their people but also in the weakness of their economic, institutional and human resources, often compounded by geographical handicaps. This group of countries (then numbering 25), which were classified by the United Nations as least developed countries (LDCs), constituted the weakest segment of the international community. The United Nations designates a country as least develop if:

- Its per capita income is US$ 799 or less;
- Its augmented physical quality of life index (combining health, nutrition, education) is 47 or less;
- Its economic diversification index (share of manufacturing, labour in industry, per capita commercial energy consumption end export concentration) is 26 or less; and
- After 1991, its population is less than 75 million.

2. In 1971, the General Assembly approved the first list of LDCs, which then comprised 25 countries. The list has since then expanded to 48 countries, with a combined population in 1997 of 610.5 million, equivalent to 13.2 per cent of population in all the developing countries or 10.5 per cent of the world population. Thirty-three LDCs (69 per cent) are in Africa, 9 in Asia, 1 in the Caribbean and 5 in the Pacific. Since the inception of the concept, only one country (Botswana) has graduated from the list.

3. The economic and social development of these countries represented a major challenge for themselves, as well as for their development partners. To respond to this challenge, the United Nations General Assembly decided to hold the First United Nations Conference on the Least Developed Countries in 1981 in Paris. At that Conference, the international community unanimously adopted the Substantial New Programme of Action for the 1980s for the Least Developed Countries (SNPA), containing guidelines for domestic action by LDCs which was to be complemented by international support measures. However, despite major policy reforms initiated by many LDCs to carry out a structural transformation of their domestic economies, and supportive measures taken by a number of donors in the areas of aid, debt and trade, the economic situation of these countries as a whole worsened during the 1980s.

4. By 1990, the number of LDCs had increased to 42 with a combined population of nearly 440 million. Some two-thirds of their population remained illiterate, one child in eight died before attaining the age of one year, and only one person in 10 had access to safe drinking water. Factors which contributed to this worsening state of affairs included domestic policy shortcomings, natural disasters and adverse external conditions. In addition, external debt servicing emerged as a major problem for most LDCs during the 1980s.

5. For the international community, the refusal to accept continued socio-economic deterioration in the least developed countries was an ethical imperative. Thus, the United Nations General Assembly decided, in 1987, to convene the Second United Nations conference on the Least Developed Countries. The Conference, in which 150 Governments participated, was held in Paris from 3 to 14 September 1990. The outcome of the Conference was embodied in the Paris Declaration and the Programme of Action for the Least Developed Countries for the 1990s.

6. The prime objective of the Programme of Action was to arrest the further deterioration in the socio-economic situation of LDCs, to reactivate and accelerate growth and development in these countries and, in the process, to set them on the path of sustained growth and development. The policies and measures in support of these objectives set out in the Programme of Action, revolve around the following major areas: establishment of a macro-economic policy framework conducive to sustained economic growth and long-term development; development and mobilization of human resources; development, expansion and modernization of the productive base; reversing the trend towards environmental degradation; promotion of an integrated policy of rural development aimed at increasing food production, enhancing rural income and enhancing non-agricultural sector activities; and the provision of adequate external support.

7. Although the 1990 Programme of Action represented a qualitative step forward beyond its predecessor and contained many novel features, an assessment of progress in its implementation undertaken in 1995 in New York noted with great concern that, despite vigorous efforts by LDCs to implement economic reforms as envisaged by the Programme of Action, the LDCs as a group had not been able to meet many of the objectives of the Programme of Action and their overall socio-economic situation had continued to deteriorate because of both domestic and external factors.

Mandate of the Third UN Conference on LDCs

8. In 1997, the General Assembly decided to convene the Third United Nations Conference on the Least Developed Countries at a high level in the year 2001, the mandate being:

(i) To assess the results of the Programme of Action during the 1990s at the country level;

(ii) To review the implementation of international support measures, particularly in the areas of official development assistance, debt, investment and trade;

(iii) To consider the formulation and adoption of appropriate national and international policies and measures for sustainable development of the least developed countries and their progressive integration into the world economy.

Objectives of the review

9. The general objectives of the review will be to assess the impact and effectiveness of the Programme of Action at the country level, including actions by LDCs and their development partners, in the following areas:

(i) The macro-economic policy framework;
(ii) Mobilization and development of human capacities in LDCs;
(iii) Development, expansion and modernization of the economic base (agriculture, rural development, manufacturing and infrastructure);
(iv) Financing growth and development in LDCs: domestic and external resource mobilization;
(v) External debt;
(vi) External trade.

Functions

10. Under the general guidance of the Executive Secretary of the Third UN Conference on LDCs, the Panel will undertaken a review of progress in the implementation of the Programme of Action for the LDCs for the 1990s. In particular, the Panel shall:

(a) Assess the results of the Programme of Action during the 1990s at the country level;

(b) Review the implementation of international support measures, particularly in the areas of official development assistance (ODA), debt, investment and trade;

(c) Suggest improvements in the mechanisms for international support measures and the institutions and policy vehicles for implementation at the country level and the regional level; and

(d) Prepare a consolidated report for submission to the preparatory process for the Conference.

Duration

11. The review will take place during the period 10 June - 30 October 2000.

Annex III

FIELD VISITS

Field missions were undertaken by some Panel members to selected African, Asian and Scandinavian countries, and they are:

(i) ASIA:
- Nepal and Cambodia
Panel member: Ms. Mary Chinery-Hesse accompanied by Mr. Ashish Shah (UNCTAD)

(ii) AFRICA:
- Uganda, Ethiopia, and the Gambia
Panel member: Ambassador Michael Samuels accompanied by Mr. Banji Oyelaran-Oyeyinka (UNCTAD)

- Mauritania, Mali and Burkina Faso
Panel member: Mr. Sidibe Saïdou, accompanied by Ms. Samira Chaker (UNCTAD)

- Botswana, Lesotho, Zambia and Uganda
Panel member: Honourable Kweronda-Ruhemba

- Oslo, Norway
Panel member: Dr. Just Faaland