

Distr.
RESTRICTED

TD/B/47/CRP.2
5 October 2000

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Forty-seventh session
Geneva, 9 October 2000
Agenda item 4 (b)

Review of the status of the preparatory process for the Third United Nations Conference
on the Least Developed Countries

**DRAFT ANNOTATED OUTLINE OF THE NEW PROGRAMME OF ACTION FOR
THE LEAST DEVELOPED COUNTRIES**

Prepared by the UNCTAD secretariat

I. INTRODUCTION

1. The United Nations General Assembly mandated the Third United Nations Conference on the Least Developed Countries (LDC III), *inter alia*, to consider the formulation and adoption of appropriate national and international policies and measures for sustainable development of the LDCs and their progressive integration into the world economy (resolution 52/187). The Programme of Action (POA) for the LDCs for the first decade of the century, to be adopted by LDC III, will contain these policies and measures. The first session of the Intergovernmental Preparatory Committee (IPC), held in New York from 24 to 28 July 2000, agreed that a draft annotated outline of the new POA would be prepared by 1 October 2000 for review by the Trade and Development Board at its 47th session (15 to 18 October 2000). The IPC further agreed that, following review of the draft outline at the Trade and Development Board, work would start under the authority of the Chairman of the IPC on the drafting of the POA, and be completed by end-November 2000 and circulated to all member States. The attached outline has been prepared pursuant to the outcome of the IPC.

2. In the elaboration of the draft POA, account should be taken of recent development experiences and domestic policy developments in LDCs; outcomes of major global summits and conferences and their reviews, including targets established by them; recent agreements and initiatives to benefit LDCs; high-level meetings of LDCs; developments within the multilateral trading system; and evolving development approaches within multilateral development institutions, including Bretton Woods institutions. It is intended that issues such as poverty eradication, gender and development, involvement of key stakeholders, including civil society and business, in the development process, and special problems of those LDCs that are also land-locked and small island States, would be dealt with as cross-cutting issues throughout the appropriate parts of the document. Stakeholders, particularly the relevant multilateral organizations most concerned with specific areas to be covered under the draft POA, will be appropriately involved in the elaboration of the respective parts of the document.

3. Attention should be given to a number of special considerations in preparing the document, namely, *brevity*, *flexibility* in dealing with major domestic and external developments, and *adaptability* to national, regional and sectoral-level implementation and follow-up. It is proposed that the assessment of the POA for the 1990s should be a free-standing document. The draft Brussels Declaration will not be included at this stage in the draft POA.

II. DRAFT ANNOTATED OUTLINE

A. Objectives and principles

4. To be meaningful, the new Programme of Action must contribute to a significant improvement in human conditions in LDCs. It will provide a framework for partnership to fight poverty, inequality and deprivation in LDCs, accelerate growth and development, and make globalization work for these countries. Empowering people in LDCs, particularly women and the poor, will be at the heart of this partnership. Human solidarity, shared responsibility and concern for world peace and security, human dignity, freedom, democracy, equality, and the well-being of succeeding generations will nurture and sustain this partnership.

5. An important objective of the Programme of Action will be to pursue the goals and targets set out by major global conferences and summits.

6. Globalization holds out unprecedented promises to the entire humanity. These will be realized only when all peoples of the world gain equitable access to global opportunities. Making globalization work for LDCs in reducing poverty and promoting sustainable development will be a central challenge to this partnership.

7. The success of this Programme of Action will be judged, in the end, by its contribution to freeing people in LDCs from the scourge of poverty and to the ability of countries to genuinely graduate from the list of LDCs.

B. Framework of partnership

8. In the partnership between LDCs and the international community, LDCs are primarily responsible for their development. This partnership will involve a set of mutually supportive and reinforcing actions to accelerate growth, promote self-sustaining and sustainable development, eradicate poverty and integrate LDCs beneficially into the globalizing world economy.

9. These actions must harness the inherent strength and potentials of the peoples, societies, economies and cultures of LDCs. Partnerships among Governments, the private sector and civil society, nationally and internationally, will constitute a critical plank underpinning this Programme of Action.

10. Actions by LDCs must be genuinely nationally owned, and all stakeholders must be involved in elaborating and implementing them. Actions by their partners must be rooted in their solidarity with fellow human beings in LDCs and, likewise, involve their key constituencies in implementing these actions. The mutual commitments of LDCs and their partners will revolve around the following sets of interlinked actions.

Commitment 1: Fostering a people-centred policy framework

11. This section will identify national and international actions to create a policy environment that promotes growth, fosters equity, creates jobs, reduces poverty, and enables LDCs to benefit from globalization through beneficial trade and financial integration. Key areas of national action will include sound macroeconomic policies with an accent on macroeconomic stability and macroeconomic and sectoral reforms; institutions and processes for good government; improved functioning of the market; investing in people and productive employment; and distributive, gender and environmental considerations. At the international level, principal aspects of policies and actions will relate to fostering a balanced, supportive, and enabling external economic, political and institutional environment and fostering development cooperation and political and social advocacy that help accelerate growth, support long-term development, promote stability, eradicate poverty, and share LDCs' difficulties in times of economic and financial crises.

Commitment 2: Strengthening productive capacities

12. LDCs' success in eradicating poverty and integrating into the world economy will depend critically on sustained improvement in economic performance. This section will focus on actions by LDCs and their partners in key economic sectors, including agriculture and food security, manufacturing, mining, and services and technology (including information and communications technology). It will also identify actions for the development and strengthening of physical, human and institutional infrastructure, and enhancing the role of the private sector, including micro, small and medium-sized enterprises.

Commitment 3: Building human capacities

13. LDCs' greatest assets are their women, men and children, whose potentials as agents and beneficiaries of development must be fully harnessed. This section will identify actions by LDCs and their partners in the areas of education, training and skill development; health and sanitation (with particular reference to communicable diseases such as HIV/AIDS and malaria); population; social integration; social protection, including safety nets; and effective and equitable delivery of social services.

Commitment 4: Promoting good governance

14. Good governance is essential for growth and development everywhere, nationally and internationally. This section will identify national actions by LDCs, and support measures by partners, to promote popular participation in development; domestic, political and social stability, human rights and fundamental freedoms for all citizens; rule of law; improvement of the status of women; involvement of civil society, including business, in the development process; democratic and transparent decision-making processes; an efficient and accountable civil service; a conducive legal, regulatory and supervisory environment for economic activities, including for the business sector.

Commitment 5: Making globalization work for LDCs

15. The potentials of LDCs in benefiting from globalization must be maximized to accelerate their integration into the world economy and to improve incomes and opportunities for their people through knowledge-based production. Actions by LDCs and their partners will be identified in the following areas: capacity building for trade and investment negotiations and implementing multilateral trade agreements; providing and fully implementing special measures for LDCs in multilateral trading and other relevant arrangements at different levels; improving domestic supply capacity and competitiveness, including diversification; strengthening the technological base, including information and communications technologies; institutional and infrastructural arrangements to attract private flows, particularly FDI; further improvements in market access conditions including duty-free and quota-free treatment; niche product development; regional and subregional integration; trade and business facilitation.

Commitment 6: *Reducing vulnerability and conserving the environment*

16. LDCs are particularly vulnerable to environmental degradation and natural disasters. This section will identify actions by LDCs and their partners towards building effective domestic capacities at national and local levels to manage the environment, fostering effective and durable utilization of natural resources, including energy resources, and reinforcing action to deal with disasters. In the longer term, these measures should ensure a sustainable trade-off between the needs of present and future generations.

C. Financing development and poverty eradication in LDCs

17. Although LDCs will continue to depend on official development assistance (ODA) during the coming decade, the longer-term objective of actions in mobilizing financial resources for LDCs' development by LDCs and their partners will be to foster, over the decade, a greater reliance on domestic savings and investment, earnings from exports, and private flows, including FDI.

18. *Domestic resource mobilization.* This section will deal with actions relating to improving the efficiency and effectiveness of fiscal and monetary policies; management of public expenditures and revenues; legal and institutional arrangements to promote savings and reduce capital flight; development and strengthening of financial institutions and capital markets; and financial services for the poor (micro credit).

19. *External public and private flows.* As regards official flows, the quantity and quality of ODA should be such as to enable LDCs to substantially reduce aid dependency by the end of the decade. This section will identify actions on implementing ODA targets and improving aid coordination and effectiveness in removing structural constraints, enhancing productive capacity and eradicating poverty for faster, broader and deeper debt relief from all sources to bring external debt obligations to a sustainable level; measures to encourage private flows, including FDI; and linking finance with trade to reduce aid dependence.

D. Arrangements for implementation, follow-up and monitoring, and review

20. This part will deal with arrangements at the national, sectoral, regional and global levels. It will be prepared in collaboration with the concerned stakeholders at each level. Emphasis will be placed on the importance of translating the principles, commitments, and measures in the POA into concrete actions by LDCs and their partners at the country level, as well as on strengthening interlinkages among various levels of implementation and follow-up.