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PRELIMINARY REPORT OF THE HIGH-LEVEL PANEL ON THE REVIEW OF PROGRESS IN THE IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE LDCs FOR THE 1990s

The preliminary report contained herein is distributed at the request of the Chairperson of the High-level Panel. It is made available solely on the authority of the Chairperson of the Panel, and it is issued in the form and language in which it was received. The Panel will be meeting in Geneva from 25 to 27 October to finalize its report.

A. INTRODUCTION

Background to the Panel Report

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 geophysical handicaps. In 1971, the General Assembly approved the first list of *Least Developed Countries* (LDCs) which then comprised 25 countries. The list has since expanded to 48 countries, with a combined population, in 1997, of 610.5 million, equivalent to 13.2 percent of the population in all the developing countries (DC) or 10.5% of the world total. 33 LDCs (69%) are located in Africa, 9 in Asia, 1 in the Caribbean and 5 in the Pacific. Since the inception of the LDC concept, only one country (Botswana) has graduated from the list.

2. 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, in 1981, the *First United Nations Conference on the Least Developed Countries* in Paris. At that conference, the international community unanimously adopted the *Substantial New Programme of Action* (SNPA) for the 1980s for the *Least Developed Countries* containing guidelines for domestic action by LDCs, which were to be complemented by international support measures. However, despite policy reforms initiated by a number of 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.

3. 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 ten had access to safe drinking water. Factors which contributed to this worsening state of affairs included domestic policy

weaknesses, natural disasters and adverse external conditions. In addition, external debt servicing emerged as a major problem for most LDCs during the 1980s.

4. For the international community, the need to arrest the continued socio-economic deterioration in the *Least Developed Countries* was an issue of serious concern. 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* POA 1990).

5. The prime objective of the *Programme of Action* (POA 1990) 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 degradations
- promotion of an integrated policy of rural development aimed at increasing food production,
- enhancing rural income and enhancing non-agricultural sector activities;
- the provision of adequate external support.

6. Although the POA 1990 represented a qualitative step forward beyond the SNPA 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 its objectives.

Mandate of the Third UN Conference on LDCs

7. 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:

- (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 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.

8. This global conference on the LDCs is now scheduled to be held in Brussels in May 2001. In order to provide an independent perspective to the Brussels conference and to facilitate the preparatory work undertaken by UNCTAD for the conference it was decided to convene a *High Level Panel of Experts*. The composition of the Panel is indicated at Annex A.

Objective of the Panel Review

9. The general objectives of the review will be to assess the impact and effectiveness of the *Programme of Action* for the 1990s at the country level, including actions by LDCs and their development partners, in the following areas:

- (i) the macro-economic policy framework;
- (ii) mobilizing and developing 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

10. In the course of its work the Panel undertook a review of progress in the implementation of the Programme of Action for the LDCs for the 1990s in order to:

(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 of the POA at the country level and the regional level.

Work of the Panel

11. The work of the Panel was severely constrained by the lack of time made available to it. The Panel met three times in Geneva (June 2000), New York (July 2000) and New York (September 2000) to deliberate on the contents and substance of the report. Several field visits to some LDCs were undertaken by some Panel members in order to hold consultations at the country level (see Annex 2 for listing of field visits). This present interim draft report is the outcome of information generated from the field visits, the deliberations of the Panel and reference to documentation on the circumstances of the LDCs made available to the Panel. The present document is prepared with a view to provide some input to the deliberations of the *Trade and Development Board* (TDB) of UNCTAD and was thus completed by 7 October, 2000. The severe constraints of time and logistics have to be kept in mind when reviewing this document. The report of the Panel for presentation to the Brussels conference will be finalised after receiving inputs from the TDB and a final meeting of the Panel in Geneva from 25-27 October.

Structure of the Panel Report

12. The Panel report is structured under the following heads:

A. Introduction

B. Review of Progress of the LDCs in the 1980s and 1990;

C. Diagnosing the Performance of the LDCs;
   - The impact of SNPA and the POA;
   - Problems of Governance;
   - Challenges of Globalisation

D. A review of international support measures for the LDCs
   - Capital flows;
   - Debt;
   - Trade

E. Responses and Challenges for the LDCs
   - Structural diversification;
   - Upgrading Governance;
   - Enhancing Human Capital;
   - Responding to shocks;

F. International Responses to the Problems of the LDCs

B. REVIEW OF THE PROGRESS OF THE LDCS IN THE 1980S AND 90S

Weak economic performance

13. The available evidence suggests that as between the adoption of the *Substantial New Programme of Action* (NSPA) in Paris in 1981 and the Third meeting of the LDCs, a span of two decades, very few LDCs have realised any substantial transformation in their human and economic circumstances. Indeed the number of LDCs has expanded from 25 to 48. There remain considerable variations in the trajectories of performance of the LDCs and some have indeed registered quite visible improvement in economic growth, human development indicators (HDI) and macro-economic balances. However, few if any countries amongst the LDCs have realised the degree of structural transformation in their economies necessary to put them on the path of sustainable development necessary to take them permanently out of the ranks of the LDCs.

14. Table 1 presents indicators of economic and social change between 1980s and 1997 comparing the trajectories of performance of the LDCs in relation to developments in the other developing countries (DCs) during the equivalent period. It is to be noted that per capita GNP disparities in 1997 remained unchanged through they widened in absolute terms. It is a matter of some concern that of the 48 LDCs for which we have comparable data, Table 2 shows that 28 countries faced a deceleration in economic growth between the 1980s and the 1990's whilst 28 countries registered negative growth in the 1990s.

15. As a corollary to the weaker economic performance of the LDCs compared to other DCs, Table 1 points to the large and growing disparity in energy consumption. Thus, whilst the LDCs have barely increased their energy offtake the other DCs have, between 1980 and 1996, increased their per capita consumption from 508 kg to 898 kg in the same period.

Lagging social development

16. If we look at social indicators, such as population growth and the resultant age dependency ratio the LDCs position has not only deteriorated vis a vis the DCs, but population growth rates and the dependency ratios have actually gone up between the 1960s the 70s and the 1990s. There are some conspicuous exceptions to this trend such as Bangladesh which have managed to reduce its population growth between 1980 and 1997.

17. If we look at social indicators, some progress has been registered in most LDCs. However, Table 1 shows that social disparities between LDCs and other DCs have again widened between the 1980s and the 1990s as to nutritional deprivation, infant mortality, life expectancy as well as access to hospital beds and physicians. Similarly disparities in educational indicators has widened particularly at the secondary and tertiary level.

18. Table 2 shows that in 18 out of 46 LDCs life expectancy has actually declined between the 1980 and 1997, possibly as a consequence of the impact of civil strife and the ravages of HIV/AIDS. Nutritional intake has improved in only 18 countries out of 46 LDCs and infant mortality has risen in 36 countries between 1980 and 1996. These were all indicators which were expected to register robust changes in the course of the implementation of the POA in

the 1990s. That these indicators should have deteriorated is an occasion for considerable concern.

Structural atrophy

19. Table 1 shows that the economic structures of the LDCs have been exposed to modest changes compared to the transformation in the economies of other DCs as relates to the share of agriculture in the GDP and the labour force. In 18 out 42 LDCs the share of manufacturing in GDP actually declined as between 1980 and 1997 whilst manufacturing growth declined in 18 out of 29 LDCs. As a consequence of the shallow nature of structural changes in the LDC economies their export concentration index remained much higher (0.53) compared to other DCs (0.378) whilst their export instability index between 1980-97 (20.3) was higher than for other DCs (13.4) during the same period. Such trends reflect the fact that most LDCs remain tied to the export of one or two primary commodities.

20. Due to the inadequate economic performance of many LDCs, as well as their weak capacity for domestic resource mobilisation, their dependence on external resource inflows, particularly in the form of official development assistance (ODA), has remained high. Inspite of economic reforms of varying degrees of intensity, undertaken in most LDCs from the mid 80s onwards, macro-economic balances of most LDCs remain fragile with budget and balance of payments deficits of many LDCs showing little improvement over the 1990s. The one area where same positive gains were registered was in moderating inflation. This trend, however, could also reflect the lack of dynamism in their economic performance as much as the improvement in their monetary management.

C. DIAGNOSING THE PERFORMANCE OF THE LDCS

The impact of SNPA and the POA

21. The weak performance of the LDCs in large measure reflected the shallow impact of the SNPA in the 1980s and the *Programme of Action* (POA) of the 1990’s. In actual practice few LDCs, if any, fully internalised the goals of the POA into their national development plans.

As a result, LDC ownership over the POA remained weak and impinged only marginally on the consciousness of national policymakers. In many LDCs, the POA was overridden by the dominance of the principal aid donors, particularly the multilateral agencies such as the World Bank, over the development agenda.

22. This *Country Assistance Strategy* (CAS) of World Bank remained an important influence in guiding development priorities. The World Bank's recent orientation towards poverty eradication and its emphasis on domestic ownership over policy design has given birth to the *Poverty Reduction Strategy Paper* (PRSP) which is being designed in a number of LDCs and has emerged as the strategic document of choice for guiding development in the LDCs. The POA and the PRSP have eventually to be internalised into the national development plans. This is not often possible or is undertaken rather superficially. In the prevailing realities of policymaking and development prioritisaiton of the LDCs, it thus remains difficult to gauge the level of commitment to the POA for the 1990s, the actual realisation of its goals and its capacity to redirect development priorities.

Refocusing the agenda for the LDCs

23. The Panel believes that the central features distinguishing the LDCs from the more advanced developing countries lies in the diversity of their production structures, the quality of their governance as well as the inclusiveness of their distributive process and their capacity to access external resources as part of a process of integration with the globalisation process. A review of the POA for the LDCs would thus need to focus on the following areas:

- The inability to bring about any discernible change in the structures of the economy
- Its lack of impact on the quality of governance in the LDCs
- The weak response of the international system to meet its commitment to the LDCs

Realising structural change

24. The available evidence on the performance of the LDCs during the 1980s and 1990s, summarised in the data in Table 1 and 2, points to the lack of structural change in most LDCs.

With rare exceptions most LDCs at the end of the 1990s remained as dependent on agriculture, with a narrow range of commodity based exports, as they were at the outset of the 1980s. The hazards of such a narrow specialisation amongst the LDCs left these economies vulnerable to exogenous shocks originating in fluctuations in the global economy and/or in the demand for their particular exports. This exposure to exogenous shocks remains the bane of all LDCs even after 20 years of exposure to the SNPA and the POA for the 1990s which were both designed to take them out of their LDC status. Some LDCs such as Bangladesh and Nepal, have now moved to exploit their comparative advantage in labour-intensive manufactures to diversify their economies and export base. However, even within these economies the manufacturing sector's lack of export diversity remains a measure of their LDC status. The graduation of particular countries out of the LDC category requires economic diversification which enables such economies to more readily respond to external shocks such as natural calamities or global market fluctuations which introduce an element of instability into their export markets. LDCs which export a broad range of products are better positioned to cope with a fall in the demand or prices for particular exports and remain less subject to sharp fluctuations in export earnings.

The issue of governance

25. A number of LDCs remain victims of poor 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, absence of a rule-based administrative system and domestic political and social conflicts within these countries.

26. Weak governance has perpetuated poverty. LDCs have high levels of poverty not just because they have low levels of diversification but because large segments of their population are excluded from full participation in economic development because of inadequate human development and lack of command over productive assets. Both forms of deprivation reduce the capacity of this segment of the population to fully participate in the market as both producers and consumers. Exclusionary policies and practices have aggravated the crisis of governance in

the LDCs. The persistence of civil conflicts, based on ethnic, religious, tribal and regional contradictions within the LDCs, has emerged out of this process of exclusionary governance. These conflicts are threatening the fragile economic gains which have been registered in a number of LDCs. Faced with such a crisis in governance it is not surprising that the impact of the POA or the national plan itself along with a process of reforms has been limited, inflows of private capital have been inhibited and the efficacy of official development assistance weakened.

27. In focusing on governance as a key variable in distinguishing LDCs from more advanced DCs it should be kept in mind that within the LDCs there are wide variations in the quality of governance and 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 significance of governance as well as inclusion as central to the process of development and structural change in the LDCs.

Challenges of Globalisation

28. Weak governance and the absence of structural change in the LDCs has ill-equipped them to cope with the challenges of globalisation. In an increasingly open trading system not only do LDCs find it difficult to avail of its benefits but their existing production capacities have been progressively weakened. LDC's dependent on commodity exports, have faced a decline in the demand for their principal exports. Over the last two decades the fast changing structures of global demand, and technological changes have not held much promise for LDCs, as long as they are tied to the production and export of such commodities for their survival.

29. The LDCs who 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 DCs as the trading system becomes more open. Unless such LDCs can upgrade their competitive capacity by product diversification as well as moving up the value chain and can enhance their productivity, their limited gains

registered in the 1990s may be at risk. This is particularly relevant to the exports of textiles and clothing.

30. Every LDCs which has established an industrial base to serve its domestic markets has seen the erosion of this base in the face of increasingly severe competition from imports under a more liberalised trading regime. In most LDCs the liberalisation 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 far more rapidly than required under the protocols of the WTO. Whilst such reforms were necessary for improving the competitiveness of these economies and to end a regime based on endemic rent-seeking, the impact on most LDCs, but particularly the least developed of them, has led to the closure of industries, and disemployment of workers. More serious for the LDCs has been the inability to attract investment in new economic activities linked to the dynamics of globalisation. A weak and in many cases nascent entrepreneurial class, operating within an underdeveloped financial structure has been unable or unwilling to put up the resources and assume the risks of investment in a more liberal trading regime.

31. Virtually all the LDCs lack an adequate infrastructure to sustain competitive industries. Transport is underdeveloped, particularly for land-locked countries, power capacity is insufficient and irregular, telecommunications remains both inadequate and technologically primitive. In such circumstances, FDI has been constrained from coming into the LDCs to fill the domestic entrepreneurial gap.

D. A REVIEW OF THE INTERNATIONAL SUPPORT MEASURES FOR THE LDCS

32. The SNPA and more recently the POA placed considerable emphasis on the role of international support measures for changing the condition of the LDCs. The Panel addresses the contribution of these measures under three heads: Trade, Capital flows, Debt.

Trade

33. It was recognised from the outset of the SNPA that market access could play a crucial role in transforming the production structures of the LDCs. Such a process of market access, based on quota free and duty free access to the markets of both the industrialised countries as well as the more advanced DCs, was seen to be the appropriate policy instrument to open up new opportunities for their economic transformation. Essential to such a system of market access was a preferential system which gave LDCs easier access to such markets than available to more developed DCs.

34. Some LDCs benefited from the quota driven trade regime provided by the *Multifibre Trading Arrangement* (MFA) which provided niche markets for LDCs with a manufacturing capability for textile export. The *Generalised System of Perferences* (GSP) was more pervasive in its impact on the LDCs by providing unrestricted access to a broad range of commodities exported by the LDCs to most industrialised countries. Some LDCs responded well to these opportunities but not all LDCs were in a position to generate an adequate supply response. In this respect the responses of the SSA LDCs as well as the landlocked and island economies merits special attention.

35. The recent initiative by the United States to provide unrestricted market access to 58 countries in Africa, the Caribbean and Central America opens up opportunities for these countries to avail 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 such as South Africa and Nigeria. It is projected that as a result of this initiative export of apparel from Africa to the USA could expand from the current level of $250 million to $4.2 billion by 2008.

36. It is to be kept in mind that most SSA LDCs may find it difficult to avail of this opportunity offered by the US due to supply side constraints, particularly if they have to compete with the bigger DCs in SSA. The U.S. initiative has also attached strong political conditionalities to be met by countries hoping to avail of the trade access on offer, which covers such issues as the state of democracy, human rights and workers rights. The U.S. legislation, however, provides a unique opportunity for SSA which needs to be addressed

with some urgency by their governments and the international system to support them in building an export capacity to target global markets.

37. However, it is to be noted that such a system of regional or territorial trade concessions offered under political considerations discriminates against a number of LDCs whose competitive position in the U.S. market may be weakened in relation to countries who do not have to pay customs tariffs on their exports to the US. Such an approach, thus, does not appear to be an adequate substitute for providing preferential market access to all LDCs to the markets of the industrialised countries. In this respect, the recent move by the EU to extend the GSP to over 900 commodities of importance to the DCs may have a more positive impact on helping LDCs, as a community, to diversify their production structures.

Capital Flows to the LDCs

Trends in Long-term Capital flows to LDCs

38. Long-term capital inflows into LDCs as a whole have declined by about 25 per cent in nominal terms since 1990. According to World Bank statistics, the level of such inflows was $10.4 billion in 1998, down from a peak of $14.2 billion in 1991. The decline is sharper in real terms. If the import price index of LDCs is used to deflate current values (i.e. to express them in terms of their purchasing power over foreign goods), long-term capital inflows to LDCs are now back to the level of 1980.

Official development assistance (ODA)

39. The decline in net resource flows to LDCs is largely the product of declining flows of ODA, particularly aid. Aid flows to LDCs, as measured by the share of net ODA disbursements to a donor's GNP, have almost halved in the 1990s. At the start of the decade, total ODA from DAC member countries to LDCs stood at 0.09 percent of their combined GNP, whilst in 1998 it was down to a record low of 0.05 per cent. Only five countries met the special targets for ODA to LDCs as a percentage of GNP which had been set in the Programme of Action for the LDCs for the 1990s. Gross ODA disbursements to LDCs in the period 1997-98 were 22 per cent lower than during the period 1990-95, and net ODA from DAC countries, which was estimated to be $10.8 billion in 1998, represented a cut of more

than $5 billion compared with 1992. Of the 48 LDCs, 37 countries, including 29 of the 33 African LDCs, experienced lower gross ODA levels in 1997-98 compared to the period 1990-95.

40. The composition of ODA has also changed with some implications for the restructuring of LDC economies. ODA flows in the 1990s show a significant increase in the proportion of ODA commitments devoted to social development, up from 14 per cent of ODA commitments in 1985-89 to 33 per cent in 1995-98. At the same time, commitments to the economic and productive sector infrastructure projects have fallen from 58 per cent to 39 per cent. The other significant feature of the 1990s is the increase in grants in the form of debt forgiveness and emergency aid.

Trends in Private Capital Inflows

41. Whilst ODA to the LDCs has been declining in the 1990s, private capital inflows have been increasing. But large increases in private long-term capital inflows to LDCs are concentrated in just a few countries and remain influenced by the behaviour of long-term private capital investments in the oil and gas sector. Private capital is generally such a small proportion of total capital inflows that even where they have been increasing they have been unable to offset the decline in official finance in most LDCs.

Debt and Debt Relief Measures

42. A large number of LDCs had to contend with to a rising burden of debt. Most of this debt in the LDCs derives from concessional loans received as part of ODA rather than the commercial debt which had exposed more advanced DCs to severe economic problems. The build up of LDC debt thus did not originate in profligate and unregulated commercial borrowing or speculative inflows of short term portfolio capital but through loans offered as ODA. Thus, it was the principal aid donors to the LDCs who participated in the process of debt creation and must share the responsibility with the indebted LDCs for the size and unsustainability of this debt.

43. Given the fact that ODA loans are usually offered on concessional terms such loans are not normally expected to end up by imposing an unsustainable debt burden on an LDC. The reason why this burden built up in the LDCs originated in the failure of the concerned LDC to enhance their external earnings to a level where it could adequately service its debt. A number of Asian LDCs substantially increased their external earnings and therefore could keep their debt service burden manageable. Thus, those countries who now find their debt unsustainable tend to be the more structurally constrained LDCs who were unable to expand their exports and revenue earnings to keep pace with their debt service obligations.

44. Most LDCs have taken advantage of a variety of debt-relief opportunities to alleviate their debt burden. Many LDCs have been granted debt forgiveness on at least part of their ODA debt. Between 1978 and 1986, 33 LDCs benefited from retroactive adjustment measures provided by 15 DAC countries, for an overall nominal value of $ 3 billion in the form of debt cancellation. Between 1988 and 1998, almost all LDCs benefited and total debt forgiveness according to statistics on grant commitments, had a face value of US$ 7.1 billion. Although these “traditional” debt relief mechanisms have ameliorated the debt burden of many LDCs, the measures have not sufficed to provide a total exit from their debt problems.

45. The HIPC Initiative is an extension of this process of debt amelioration which introduce three different innovations. First, the HIPC Initiative widens the coverage of the types of debts which are eligible for relief to include multilateral debt which had hithertoo remained outside such programmes. This is a critical shift as it recognizes the need for a formal mechanism of multilateral debt relief where the multilaterals remain the largest source of LDC debt. Secondly, the HIPC Initiative introduced new sources and mechanisms for financing debt relief. These include: IMF gold sales, enabling World Bank and other multilateral institutions to use some of their own resources, and also setting up the HIPC Trust Fund into which bilateral donors could contribute to help the multilateral institutions. Finally, one of the underlying principles in forming the HIPC Initiative was that debt relief would be targeted at the poorest member countries for whom excessive debt can be a particularly severe obstacle to development. Furthermore, the relieved debt is mandated to be directed for use in programmes targetted for poverty alleviation in beneficiary LDCs.

46. Reviewing the experience of the LDCs with debt relief, the Panel believes that for the LDCs, current expectations regarding the impact of the implementation of the enhanced HIPC Initiative are unrealistic. Unfortunately, the Initiative is not designed to create either the national or international conditions for "strong, sustained economic growth" in the recipient countries based on an agenda of structural change. In practice, debt relief is serving as a form of ODA, which is being provided in the form of a reduction in capital outflow obligations on official debt rather than in the form of official capital inflows.

RESPONSES AND CHALLENGES BEFORE THE LDCs

Assumptions underlying policy intervention

47. The above discussion is based on two assumptions which are of relevance to policy interventions for the LDCs. First, the source of their least developed status lies in their structural deformities and does not exclusively derive from a severe limitation in access to resources. Secondly, it is the weak capacity of the LDCs to mobilise domestic resources, both human as well as material, to make access to these resources more inclusive and to use these resource more productively, which perpetuates their LDC status. This capacity to mobilise, use and distribute resources is itself structural in nature but these structural constraints originate in a combination of policy weaknesses and governance failure which derive from the peculiar political economy of these countries.

48. The Panel emphasises that the above assumptions should not imply that access to external resources is unimportant to the SALDCs. Their peculiar structural constraints which inhibit resource mobilisaion have made them dependant on external resource inflows. This resort to external resources has however aggravated their crisis of external dependence and further constrained their capacity to mobilise resources. External dependence has, in turn, exacerbated the growing influence of aid donors on the policy agendas of the LDCs discussed above and the erosion in ownership over the direction and implementation of policy.

49. In the light of the above assumption underlying the Panel report, the following areas of action are identified by the Panel for helping the LDCs, to graduate out of their LDC status:

(i). Assumption of ownership over their policy agendas;

(ii). The design of policies which diversify the production and export base of the economy;

(iii). A strategy for ensuring wider participation of their citizens in the benefits of economic development.

(iv). Measures for improving the international economic environment within which the LDCs operate.

Ownership over policy

50. The need for each LDC to resume policy ownership over the direction of its development cannot be too strongly emphasised. 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 a process demands the need to build a political consensus behind any development agenda.

51. A meaningful programme of action must originate within a national plan drawn up through such a process of consultation. Such a national plan must draw upon, as far as possible, local professional skills and expatriate assistance should be used only where local experts identify such a need. Realistically speaking, in many LDC sufficient local capacity may not be at hand to undertake all the professional tasks involved in the preparation of such a plan. It should thus be central to a POA emerging out of the 2001 conference in Brussels to develop such professional capacity through investment in capacity building.

Diversifying the production and export base

52. To grow out of their LDC status, all such countries need to broaden their production base. This includes agriculture where dependence on a narrow range of subsistence or commercial crops 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. Institutional renovation and policy reform supportive of small farmers thus remain crucial to

any agenda for structural change in agriculture. Furthermore, any agenda for structural change in the LDCs most locate food security at its centre where policy to restructure agriculture must also provide for enhancing the capacity of the rural poor to diversify their earning opportunities.

53. Agricultural diversification needs to be backed up with diversification into and within the manufacturing sector. In countries where diversification into the labour intensive manufacturing sector has stimulated some export growth, there has been little backward linkage to stimulate either secondary industrial or agricultural growth. Furthermore, a large part of the export earnings of LDCs are appropriated along the marketing chain either by suppliers of intermediate inputs or those with intermediate links between domestic LDC producers and the final consumer in the global market.

54. It is recognised in most LDCs that accelerated import liberalisation has exposed local industry and new entrepreneurs to competition on an uneven playing field. However, under the provisions of the WTO as well as the SAR reforms today the LDCs cannot expect to return to a regime which protects local industry or new entrepreneurs. Thus all interventions designed to promote diversification in the production sector of the LDCs need to be designed to enhance the competitive capacity of these new entrepreneurs. Such a process of export diversification needs to be reinforced by policies to reduce excessive import dependence particularly for those LDCs with relatively larger populations. For smaller LDCs, regional arrangements should be pursued with vigour to address these problems in the coming decade. Where appropriate, both bigger partners in regional grouping and donors should provide unrestricted market access and meaningful support to enable the LDCs to benefit from these linkages. Within the domestic market attention needs to be restored to the small and medium industries (SMI) and rural based industries who have suffered heavily in a regime of indiscriminate import liberalisation since they remain crucial to any strategy for poverty-alleviating growth.

55. An industrialisation strategy needs to be backed up by credible public institutions. Notwithstanding the weakened capacity of the government in most LDCs to play a role in their industrialisation process some attention needs to be given to its role if many LDCs are to arrest the process of deindustrialisation which has contributed to their structural atrophy.

56. As part of a process for helping LDCs to diversify their economies, the Panel wants to put special emphasis on the information technology and telecommunications industries. These two quite different industries, both taken together and individually, offer LDCs a new plateau for economic development. Closed attitudes toward one or both industries, however, will further exacerbate an already significant "digital divide". The potential benefits include significantly reducing the problems among LDCs that derive from being land-locked or being small island states. This is a sector, however, that requires more attention and demands that a higher priority be given to education, both generally and through specialized training. The panel further recommends convening a global private sector commission to suggest the steps LDCs should consider in order to make themselves attractive partners to attract global information technology investment. One additional innovation would be a call to create an international *information technology corps* (patterned after the US Peace Corps).

An agenda for poverty eradication

57. Poverty eradication needs to be placed at the heart of any strategy for transforming the LDCs. However, such a strategy will need to move beyond standard target-group interventions based on micro-credit and higher allocations for human development. The poor and near poor, as a class, have to be located at the centre of any policy design. Policies, resources and above all community institutions have to be put in place which provide them basic education, health care, employment as well as security against income erosion from health, old age or environmental reasons. Such programmes may need to be backed by a more creative agenda of interventions designed give the poor access to productive assets and corporate wealth in the LDCs so that they can be more effectively integrated into the productive process through the dynamic of the market.

Improving Governance

58. All the above suggestions are premised on a reinvention of the state which will need to behave quite differently from the prevailing manifestations of the state in most LDCs. In

rethinking the role of the state, one obviously assumes that the state itself will be exposed to levels of accountability both to the public and within it own hierarchy. Devolution of authority to local elective institutions and accountability of administrative bodies, whether to farmers or investors, remains part of the standard agenda for good governance.

59. Most LDCs suffer from a low coverage of the fiscal system and low levels of collection. Thus major attention has to be given by the LDCs on improving governance in the revenue mobilisation agencies and investing the political authority of the state to ensure that the rich and powerful do not evade the tax net. However, improved revenue collections should also be directed to priority areas of poverty eradication and insrastructure development rather than consumed in non-productive areas. Since much of such public expenditure in the infrastructure sector, and for human development, still remain and are likely to remain, largely in public hands, the governance of these sectors has to be substantially improved since the state cannot divest itself of these operational responsibilities.

Enhancing Human Capital

60. In our consultations with LDC countries, the importance of Human Resources Development to the improvement of the condition of their populations was emphasized. These include investments in education and training, health, sanitation and the environment, managing population increase as well as coping with the ravages of HIV/AIDS. Notwithstanding the emphasis during the 1990s placed on human development, many LDCs suffered an erosion in the quality of their human resource base due to reform programmes which have in many cases led to drastic cuts in financial allocations to the social sectors. A new POA should, recognise that human capabilities such as good health, nutrition, and education, while being important in their own right also facilitate elimination of barriers that constrain people's ability to contribute to and benefit from improvement in the economy. The POA should thus strongly recommend investing in people.

61. Continuing high fertility rates in LDCs, among other things, result not only in rapidly growing populations, but also in a large proportion of young people of school - going age, which impacts both on the costs, content and quality of education. The demographic

implications of accelerated development must thus also be well-articulated in the next POA and concrete, well- funded, measures for moderating population must be supported in the LDCs.

62. In the area of health, the POA must address the issue of HIV/AIDS and other diseases such as malaria, which have impacted on development. There have been important advances in recent years in addressing these diseases but much more need to be done. LDCs cannot be expected to cope with such a deadly scourge as HIV/AIDS on their own. This demands a regional as well as global effort where more global resources will need to be invested in research as well as delivery to the affected countries at affordable prices.

63. The quality of the human resources must be viewed within the context of enabling LDCs to catch up with the rest of the world. In this respect, the content of education and training becomes relevant. The imperatives of technological change and especially development in information technology demand attention if LDCs are to position themselves to take advantage of liberalised cross-border transactions, competitiveness and global networks, so as to enhance employability and improve the access of their vulnerable populations to labour market opportunities. LDCs have not managed to keep pace with the changed nature and content of jobs and the ways that production systems and work are now organized. Workers have not been enabled to adjust flexibly and effectively to the job and career changes imposed by the globalizing world economy. This issue was highlighted during the field missions to the selected LDCs, where it was stated by the LDCs that access to markets would be meaningless if there was nothing to market, in terms of quality and competitiveness.

64. While appropriateness of the content of education and training can be cited as being responsible for hindering employability and job creation, it has to be recognised that in many LDCs, increased global competition has led to job losses which have been concentrated in particular sectors and industries. While this scenario may be justified on economic efficiency grounds, the negative impact and social pain have left difficult legacies which have contributed to civil unrest and political upheaval in many LDCs. The new POA must therefore recognize the key role of employment in wealth - creation, and as a primary instrument for distributing it equitably. Strategies must be designed to ensure that jobs

destroyed as a result of increased global competition are compensated for by the growth of more appropriate jobs in the context of the global market place.

65. The enhancement and preservation of a pool of high quality human resources cannot be delinked from the need for an appropriate system of remuneration and incentives which would enable LDCs to retain their trained manpower. One of the downsides of the globalisation process faced by LDCs is the massive brain drain of qualified persons from these countries and its impact on their professional capacity. The country visits to the LDCs confirmed the weaknesses of institutional capacity in the productive sectors particularly in the government and public agencies.

Responding to shocks

66. Part of the process of being an LDC lies in their more frequent exposure to shocks from the global system as well as from nature and civil upheaval. We have discussed the issue of civil upheaval in the context of governance. However, natural shocks in the form of periodic national disasters and pandemic diseases remain common to most LDCs. Little can be done about the ravages of nature. The operative issue lies in the capacity to respond to natural shocks.The inability to readily absorb shocks originates in the undiversified nature of the LDC economy. A natural disaster can cripple the economy of an LDC by interrupting agricultural growth, causing damage to the infrastructure and even industry as well as disturbing macro-economic stability through enhanced budgetary costs compounded by loss of revenue and export earnings.

67. Many LDCs remain ill-equipped to cope with such shocks which could lead to large scale loss of life, through famine and disaster. Some LDCs with long exposure to natural disaster have improved their coping capacity both through diversifying their agriculture in order to make it less dependent on the weather and by establishing permanent bodies to cope with disaster. This makes its possible to respond promptly to a crisis by quickly diverting resources to disaster management. In some countries civic mobilisation, led by well-established NGOs, often funded by donations from abroad, help the government to deliver resources to the disaster victims.

68. In the light of LDC experience the following interventions are suggested to cope with shocks administered by natural disasters:

- Disaster-prone countries should keep standing public bodies in place, involving both government and civil society, to cope with a disaster;
- Established response protocols should be in place to assign responsibility at short notice to this agency both to prepare the population for an impending disaster and to structure a national-wide response when disaster occurs;
- Mechanisms of oversight, to ensure accountability and transparency in the process of disaster management, must be in place;
- Every effort should be made to build a political coalition to deal with disaster rather than to use it for purposes of political opportunism;
- A global response mechanism needs to be in place, which moves beyond *ad hoc* relief measures to prevent starvation and diseases and to rescue victims. Such a mechanism would need to provide compensatory financing from external resource with a view to compensate the affected country for loss of both export earnings and domestic revenues as well as to cover the additional budget costs for providing relief, rehabilitation and investing in the recovery of the economy;

E. INTERNATIONAL RESPONSES

Trade

69. In the light of the Panel's earlier discussions on the role of the LDCs in the global trading system the following agenda for action is suggested for inclusion in the prospective Programme of Action which may emerge out of the Brussels's conference:

70. LDCs should be recognised as a single group of countries in the spirit of the *Uruguay Round* (UR) negotiations and also in view of the subsequent approach articulated in the successive *Ministerial Meetings*. This approach suggests the need for parity treatment for all the LDCs as a *group* instead of certain countries of the group which tends to divide LDCs and discriminate against those countries ommitted from its benefits.

71. Market access for the LDCs remains the most lasting service which the international system can provide to the LDCs. It will provide the basis for stimulating both investment and technology inflows guided by the impetus of market forces. A market access regime for all LDCs should aim for the following measures.

- Grant quota free and zero tariff access for all LDCs in markets of all the developed economies as well in DCs with larger economies;
- Revise the rules of origin (ROO) requirements for preferential treatment under the various GSP schemes to suit the development of the local manufacturing capacities in the LDCs and provide further encouragement for LDCs to participate in regional trading arrangements.
- Ensure that new issues such as labour standards, competition policy and environment will not be used in a manner which could be applied as NTBs on exports of LDCs.
- Provide for liberalisation of market access for movement of labour into the industrialised countries as this is an area where LDCs have a natural advantage.

72. The Integrated Framework initiative of technical assictance to the LDCs has failed because it has been an unfunded mandate. Furthermore, it was never intended to address the key supply side constraints of LDCs. There is need for a serious effort by donors, multilateral institutions and LDCs alike to give higher priority to the capacity problems for LDCs in the following areas :

- Funding capacity expansion and diversification;
- Providing incentives to industrial country enterprises and institutions for promoting transfer of technology to the LDCs;
- Providing funding and support for the LDCs to enable them to make more effective use of the WTO’s dispute settlement procedures.

73. Out of 48 LDCs, only 29 are currently members of the WTO. The others are severely constrained by lack of adequate capacity to ensure compliance with WTO provisions. It is time to consider a special membership status for countries that cannot possibly be expected to fulfil all of the WTO requirements. Such a status would confer helpful and relevant benefits

to these LDCs, while not requiring more of them than is reasonable. Indeed, some LDCs that are currently WTO members may wish to suspend their membership and assume this new status. While the panel understands that this suggestion runs counter to efforts to make the WTO all-encompassing, the panel views such efforts as unrealistic and, in the end, not in the interest of either the WTO or the multilateral trading system. This could be one of the more creative oucomes of a new multilateral trade round.

Capital Flows to the LDCs

74. The decline in relative and even absolute terms of ODA flows to the LDCs demands urgent address by the international community. In the Paris Conference in 1990, the international community made general and specific commitments in respect of ODA (paragraphs 20 to 24 of POA) which they have largely failed to honour. In the Mid-term Global Review in late 1995 the LDCs and their development partners again emphasised the critical importance of ODA, and resolved that "Donors need to expeditiously implement the agreed menu of aid targets and/or commitments as set out in paragraph 23 of the Programme of Action and fulfil their commitments to provide a significant and substantial increase in the aggregate level of external support to LDCs."

75. It is the view of the Panel that the failure of the donor community to deliver financial support in a measure 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 both the SNPA and the POA 1990. However, the Panel in no way argues that failure to increase ODA to LDCs fully explains the disappointments and setback 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, has been a major factor in perpetuating the crisis in the LDCs.

76. The Panel sees the early reversal of the steep trend of decline in developed countries' financial contribution through ODA to poverty alleviation and development in LDCs as a decisive condition for even limited success in many of these countries. A first task might be to at least return ODA to the LDC group to its 1990 level and then to seek ways and means in

the decade of 2000 to 2010 to expand ODA in line with what was agreed in the POA for the 1990s.

77. The Panel has 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 have presented themselves with urgency in the 1990s, such as needs arising in humanitarian crisis situations and in the rebuilding of economies in transition. In the donor community the attention to 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.

78. The Panel sees this as being in part due to deficiencies in monitoring of the POA. UNCTAD produces every year its own report on the LDC situation (including a forthcoming report concentrating on development financing), but at the country level – in LDCs and particularly in 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 realises 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.

79. Moving beyond the goals of asking the aid community at least to 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 such suggestion found worthy of consideration by the Panel indicates that ODA should gradually be phased out from the more advanced DCs who should

be left to access the global market which is increasingly financing capital transfers to the DCs and should be exclusively directed to the LDCs.

80. More attention also needs to be given by aid donors to enhancing ODA levels for financing infrastructure development in the 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 underprovisioning of investments in this sector in the LDCs. Not all LDCs can access FDI in these areas or access it with sufficient urgency. Since infrastructure investments stimulate investments in the commodity and service producing sector, delayed investment in infrastructure impacts on the willingness of FDI to come into the LDCs. The panel suggests that while LDCs should be encouraged to attract FDI into infrastructure development, ODA should help them to enhance and diversify their access to resources in these areas.

81. The panel is convinced that expanding private capital flows to and in LDCs is a necessary ingredient in assuring that LDCs do not lag further in the global economy and in alleviating poverty. Addressing this investment deficit should be a major item for the Program of Action for the coming decade.

Debt

82. In the light of the problems identified by the Panel in addressing the problem of debt relief to the LDCs the following programme of action is suggested in this area:

- Provisions for deeper, faster and broader debt relief which is based on lower thresholds for judging debt sustainability, more realistic forecasts of economic growth, exports and import, and more up-front extinction of debt stocks and the front-loading of debt service relief.
- International policy efforts should focus on the financing bottlenecks constraining debt relief for poor countries. Costs of debt reduction need to be made in a way which takes account of the risk of non-payment. Assessment of the real financing costs of debt relief to creditors should also take account of the benefits of removing

the debt overhang from official creditor-donors as a necessary condition for enhanced aid effectiveness.

- No durable exit from the debt problem will be possible unless domestic policies promote faster economic growth. There is a need for more policies which focus on the fundamentals of increasing investment, productive capacities, productivity, savings and international competitiveness targetted to structural change and poverty reduction.
- The tension between enhanced resource flows, policy conditionality and domestic ownership needs to be resolved, taking a more pragmatic view of the key policy ingredients for accelerating growth. Strengthening the capacity of debtor countries to implement effective debt management policies is also important. Further technical assistance is, thus, required to enable debtor countries to participate as equal partners in the HIPC process.
- It is imperative that domestic development strategies are supported by an appropriate international policy environment.
- Finally, the problem of moral hazard associated with the HIPC initiative needs to be addressed. More emphasis needs to be placed in seeing such debt as part of a process of structural change in all LDCs. It follows that the present approach of the HIPC to make debt relief a selective process based on the severity of an LDC's debt servicing need should be expanded to cover all LDCs. Similarly, the focus of using debt relief to focus exclusively focus on poverty alleviation should be extended to service investment in infrastructure which can be used to promote the structural changes needed to ensure that an LDC can enhance its external earnings capacity and avoid once again lapsing into debt.

Table 1

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 International 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

Source: 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 Mfg. 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(Claories per capita per day)	1980	1997	18	17	4	5	4
4.Percentage of Population with access to sanitation in Urban	1980	1997	30	10	2	1	5
5.Percentage of Population with access to sanitation in Rural	1980	1997	22	7	3	1	15
6.Total School Enrolment Ratio (% of Relevant age group) for primary	1980	1996	19	17	5		7
7.Female School Enrolment Ratio (% of Relevant age group) for primary	1980	1996	21	14	6		7
8.Total School Enrolment Ratio (% of Relevant age group) for Secondary	1980	1996	20	7	14		7
9.Female School Enrolment Ratio (% of Relevant age group) for Secondary	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							