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### REPORT OF THE EXPERT-LEVEL PREPARATORY MEETING FOR THE ASIAN AND PACIFIC LDCs

Held in Kathmandu, Nepal,  
from 3 to 5 April 2000

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## I. Background and objectives of the Meeting

1. The United Nations General Assembly, in its resolution 52/187 of 18 December 1997, decided to convene the Third United Nations Conference on the Least Developed Countries (LDC-III) at a high level in 2001. The mandate of LDC-III is: (i) to assess the results of the Programme of Action during the 1990s at the country level; (ii) to review implementation of international support measures, particularly in the areas of official development assistance, debt, investment and trade; and (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. The Conference will be hosted by the European Union in Brussels from 14 to 20 May 2001. The first meeting of the Intergovernmental Preparatory Committee (IPC) of the Conference will be held in New York during the period 24-28 July 2000 and the second meeting in the first quarter of 2001.

2. As part of the preparatory process, the General Assembly also decided, in the same resolution, to convene three regional expert-level meetings (two in Africa and one in Asia). Pursuant to this, the regional expert-level preparatory meeting for LDCs in the Asia-Pacific region was organized jointly by UNCTAD, His Majesty's Government of Nepal, and UNDP in Kathmandu during the period 3-5 April 2000. The main objective of the Meeting was to undertake a review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s, as well as to provide substantive inputs to the country-level preparatory process and on the main issues to be addressed by the IPC meetings and the Conference itself.

3. The UNCTAD secretariat prepared five substantive background papers for the Meeting on the following topics: (i) financing growth and development in LDCs; (ii) trade issues, market access and supply capacity for goods and services; (iii) social services delivery; (iv) good governance, stability and integrated national development in LDCs; and (v) guidelines for the preparation of the action programme for development at country level. These were supplemented by country presentations on each of the topics.

## II. Organization of the Meeting

4. The agenda of the Meeting as adopted is attached as the annex.

5. The Meeting elected the following members of the Bureau by acclamation:

Chairman: Mr. Iftekhar Ahmed Chowdhury (Bangladesh)

Vice-Chairmen: Mr. Alounkeo Kittikhoun (Lao People's Democratic Republic)

Mr. Shankar P. Sharma (Nepal)

Rapporteur: Ms. Noumea Simi (Samoa)

6. The Meeting was attended by experts from: Bangladesh, Bhutan, Cambodia, Kiribati, Lao People's Democratic Republic, Maldives, Myanmar, Nepal, Samoa and Vanuatu. Other participants included representatives of the South Asian Association for Regional Cooperation (SAARC), the European Union (EU), the European Commission (EC), the Canadian Centre for International Studies and Cooperation (CECI), the Canadian International Development Agency (CIDA), the Swedish International Development Agency (SIDA), and representatives of the United Nations Department of Economic and Social Affairs (DESA), the Economic and Social Commission for Asia and the Pacific (ESCAP), the United Nations Development Programme (UNDP), the United Nations Industrial Development Organization (UNIDO), the Office of the United Nations High Commissioner for Refugees (UNHCR), the World Food Programme (WFP), the International Telecommunication Union (ITU), the International Trade Centre (ITC), the World Bank, and the Asian Development Bank (ADB). The Meeting was attended by a large number of participants from the host country.

### III. Inaugural session

7. The Meeting was inaugurated by the Hon. Mr. Ramkrishna Tamrakar, Minister of Industry and Commerce of His Majesty's Government of Nepal. In his inaugural address, he referred to the results of UNCTAD X and stated that globalization and interdependence had added new urgency to growth and development through increased trade liberalization, investment flows, and advancement in technology. This poses significant challenges for LDCs, since implementation of international support measures, including ODA flows and efforts to tackle debt problems, have been far below expectations.

8. He emphasized the particular constraints faced by landlocked least developed countries, which confront added difficulties in competing at the international level. It is paramount that multilateral agencies and industrialized countries share the responsibility for providing the required support.

9. He emphasized that globalization must aim at freeing humanity from the state of poverty as well as from the fear of exploitation. The debt problem is a serious obstacle in the pursuit of economic and social development. The initiative taken by the G-7 countries in Cologne should be extended to provide total debt relief for all LDCs. ODA remains a critical source of financing for development in LDCs. The declining trend in ODA should be reversed. He also emphasized the importance of unrestricted market access and improving the supply capacity of LDCs.

10. Statements were also made at the inaugural session by: Mr. Shankar Sharma, Nepal; Mr. Mario Ferrucci, EC; Mr. Aynul Hasan, ESCAP; Mr. Henning Karcher, Resident Representative of UNDP, Kathmandu; and Mrs. Anna Kajumulo Tibajuka, Special Coordinator for Least Developed, Land-locked and Island Developing Countries (UNCTAD) and Executive Secretary of LDC-III.

#### IV. Substantive sessions

11. The work of the substantive sessions of the Meeting are summarized below.

(a) Review of progress in the implementation of the Programme of Action for the LDCs for the 1990s

12. From the early 1970s, the international community started articulating its concerns over the deteriorating socio-economic situation in the LDCs. It recognized that, if LDCs were left to themselves, their economic growth and development would not only be halted but would slide backward, leading to their increasing marginalization in the global economy. To reverse this situation and put the LDCs on a path to sustained and accelerated growth and development, the international community adopted two Programmes of Action for the LDCs: the Substantial New Programme of Action for the 1980s (SNPA) and the Programme of Action for the 1990s. Both programmes, by and large, had similar orientations in that they encompassed domestic policy measures to be implemented by LDCs themselves, with the international community providing complementary external support. The Programme of Action for the 1990s, however, has additional distinctive features in that it calls for a broad-based human-centred approach to development in the LDCs, including environmental concerns, participatory processes, transparency at all levels of decision-making, respect for human rights and observance of the rule of law. The Programme outlines measures to address supply-side constraints, expand and diversify LDCs' productive bases, strengthen their competitiveness in trade and improve access for their exports in the world market.

13. The Programme of Action for the 1990s addresses the multifaceted development problems of LDCs, in particular the deterioration in their socio-economic situation, and proposes remedial action on the basis of the principle of shared responsibility and strengthened partnership with the objective of revitalizing their growth and development. The main partners in this undertaking are the Governments of LDCs and their development partners (that is, the international donor community). LDCs have the primary responsibility for their own development, including the definition and implementation of appropriate policies on a participatory basis. The international donor community is to provide adequate resources in support of those policies and to improve the quality of that assistance while matching it closely with the needs of the countries concerned.

14. Five priority areas are identified in the Programme of Action for the 1990s for action by LDC Governments in their efforts to address their development problems and fight poverty: putting in place a macroeconomic framework to create a favourable environment for sustained economic development; development of human resources through a participatory approach, underscored by social justice and respect for human rights; undertaking a more effective environmental management approach in order to reverse degradation and attain a more sustainable use of natural resources, while taking more effective action to deal with natural disasters; pursuit of rural development within an integrated framework aiming at raising productivity in agriculture, enhancing food security, boosting rural incomes by promoting off-farm activities, and improving the quality of rural services; and creating a more diversified

productive sector driven by private initiative and efficient public enterprises, a high level of regional cooperation, enhanced access to international markets and coordinated international action in support of commodities.

15. The international donor community, for its part, undertook to provide LDCs with substantially increased external support to complement LDCs' own efforts. In this regard, a menu of ODA targets was established. A commitment was made to strengthen efforts on the international debt strategy to ensure a growth-oriented solution to the debt overhang of LDCs. LDCs' development partners also pledged to improve the international economic climate in a way that would facilitate the integration of those countries into the global trading system and enable them to reap the benefits of trade expansion. Competent NGOs were also called upon to work with LDCs and the international donor community to attain the objectives of the Programme of Action.

16. In considering this item, the Meeting had before it the Report of the High-level Meeting on the Mid-term Global Review of progress in the implementation of the Programme of Action for the LDCs for the 1990s (A/50/745), the Least Developed Countries 1999 Report, which includes a chapter on a preliminary assessment on progress in the implementation of the Programme of Action, and the report of the Secretary-General to the General Assembly on progress in the implementation of the Programme of Action. The Meeting also benefited from the agreed conclusions and recommendations adopted at the annual reviews of progress in the implementation of the Programme of Action for the LDCs for the 1990s by the UNCTAD Trade and Development Board on this subject, relevant General Assembly resolutions, and the declarations adopted by Meetings of Ministers of least developed countries in different global forums. The Meeting also took note of the recent assessment by UNCTAD X on this issue (TD/386).

#### Implementation of the Programme of Action

17. The Meeting noted that a key issue to be addressed by LDC-III is why the Programme of Action for the 1990s did not succeed in addressing the development problems of LDCs and in delivering the desired results. The question has to be asked whether the poor performance of LDCs in the 1990s was a result of inadequacies in the implementation of the commitments undertaken in the Programme of Action, including monitoring and follow-up, or deficiencies in the key elements of the Programme itself. Since the adoption of the Programme of Action in 1990, there have been major political, economic and technological developments at the global level such as the end of the cold war, acceleration of the twin processes of globalization and liberalization, and the emergence of information and communication technology as a major factor shaping global economic developments. The LDCs faced, during the 1990s, an adverse external environment in general, and in particular as relates to ODA and debt. The advent of a rule-based multilateral trading system did little to augment their export trade and earnings. A significant number of LDCs have suffered from natural and man-made disasters during the decade, with severe socio-economic consequences.

18. Against the above backdrop, the Meeting was of the view that the implementation of the Programme of Action has fallen short of expectations. The Meeting recalled the assessment by

the High-level Meeting on the Mid-term Global Review held in New York in 1995 and considered it valid at the end of the decade: “the requisite progress has not been made in most LDCs during the first half of the 1990s in realizing the overall objective of the Programme of Action, although some progress has been recorded in a number of LDCs as a result of the implementation of appropriate policies. Furthermore, the ongoing processes of economic globalization and liberalization are likely to have profound consequences for the future development of the LDCs. These processes, which offer great opportunities for growth and development, also entail risks of instability and marginalization. LDCs as a whole have made limited progress in overcoming structural constraints, infrastructural insufficiencies, debt overhang, promoting and diversifying the enterprise and export sectors, attracting foreign investment and creating a sufficient technological base. In this context, most of the LDCs will face globalization and liberalization from the situation of a constrained environment” (A/50/745, para. 10).

19. The Meeting expressed the view that, in the second half of the 1990s, the development problematic of LDCs was accentuated even further. In fact, participants in UNCTAD X noted that the external environment facing LDCs remained difficult: their share in world trade remained extremely low and their economies continue to be vulnerable to instability in commodity markets; ODA flows continued to decline and few donor countries met or surpassed the United Nations targets; LDCs attracted an insignificant share of FDI going to developing countries; and the LDCs’ external debt burden continued to be unsustainably high, amounting to about 90 per cent of their combined GDP (see TD/386, para. 26).

20. Turning to the experience of LDCs in the Asia-Pacific region, the Meeting noted that development in these countries continued to be constrained by shortcomings in physical infrastructure and human resources development; low-levels of domestic resource mobilization; gaps in macro-economic policy design and management; severe socio-economic consequences of local or regional conflicts afflicting a number of them; a generally disappointing performance in the agricultural and the rural sector; and lack of appropriate policies and legal and institutional frameworks for promotion of private entrepreneurship.

21. The above was considered by the Meeting a reflection of disappointing results in the implementation of the Programme of Action. It is a matter of priority to examine in a comprehensive and realistic manner the reasons for the failure of past efforts by both the LDCs and their development partners to address the critical development problems facing LDCs. Such an examination is critical if the new Programme of Action to be adopted by LDC-III were not to face the same fate of the previous Programmes. In this respect, the Meeting noted the plans of the Conference secretariat to establish a high-level evaluation team for this purpose.

(b) Country-level preparations and presentation of guidelines for national programmes of action

22. The Meeting noted that an important aspect of the preparatory process at the country level would involve preparation of a country-level action programme for each LDC for the

period 2001-2010. The global programme of action for the LDCs to be adopted at the Brussels Conference is expected to draw significantly upon these documents. To be useful, the country-level action programmes should be of high quality in terms of their contents and presentation. The guidelines prepared by the UNCTAD secretariat (A/CONF.191/IPC/5) were intended to assist the LDCs in this regard. The guidelines are not intended to make all presentations uniform and identical. The priorities and programme of each country would depend on country-level circumstances and specificities, though there are some common structural weaknesses and systemic problems that affect all LDCs alike. The guidelines, accordingly, are meant to assist LDCs to ensure that such common elements are adequately presented at the country level.

(c) Financing growth and development in LDCs in Asia and the Pacific

23. The background paper on financing growth and development in the least developed countries of Asia and the Pacific was comprehensive and well received. It elaborated on three sources of financing for development: (i) domestic resources generated through savings and production of exportable surpluses; (ii) ODA (concessional loans and grants); and (iii) foreign direct investment and other private external flows. The paper demonstrated trends in resource mobilization in the three areas. Domestic resource mobilization is constrained due to low levels of incomes and savings, while export earnings are constrained by limited access to external markets, the declining prices of exports and supply-side deficiencies. At the same time, there have been setbacks in the availability of external resources, including a decline in ODA flows and an inability on the part of these LDCs to attract FDI and the private flows.

24. Discussions focused mainly on:

- Ways to develop appropriate strategies at the country level in respect of the three sources of development finance;
- How ODA can assist in mobilizing domestic resources;
- How ODA can be a good means of building capacity for attracting FDI;
- How a better global environment can be created to attract FDI in these LDCs;
- How the effectiveness of aid resources can be improved.

Official development assistance (ODA)

25. It was noted with concern that ODA flows to LDCs in Asia and the Pacific had declined during the period 1990-1997 by 29 per cent, and that FDI flows remained small, in spite of the efforts by these countries to reform their economies and provide an enabling environment for foreign investment. In addition, the effectiveness of the use of aid resources continued to be an important issue.



### Aid effectiveness

26. Some of the policy recommendations proposed for effective aid utilization related to actions by both recipient and donor countries:

(a) Action by recipient countries

- Allow countries to prioritize aid-funded projects in line with their development strategies;
- Address the issues of human resource development and strengthening of government institutions;
- Good governance and devolution of responsibilities and broad-based participation at the local and national levels;
- Integration of aid-funded projects into the national budgetary process to give a clearer picture of the fiscal implications of aid-funded projects.

(b) Actions by donor countries

- Indicators such as the level of poverty and economic and geographic vulnerability, in addition to per capita income level or GDP growth rate of recipient countries, should be taken into account in determining eligibility for aid;
- Coordination among donors and information-sharing to reduce the transaction cost for recipient countries;
- Promote a sense of national ownership of aid-funded projects.

### Debt

27. High levels of debt and debt servicing continue to drain the limited resources of these countries. The debt overhang hampers the adjustment and development efforts of these LDCs. It was observed that while the HIPC initiative is a welcome development towards debt relief, only a few LDCs in this region are being considered for this facility. It was suggested that the debt sustainability analysis should be revisited to include more LDCs. It was noted with concern that in spite of some debt relief, debt servicing in these LDCs continues to increase.

28. As regards the implementation experience of the Programme of Action, with regard to support from the international community to the LDCs, the impact appeared to be weak. In terms of facilitating FDI flows to LDCs, as well as enhancing efficient and transparent use of grants, the experience in the Asia-Pacific LDCs has been mixed; and in terms of provision of external financial support and international debt strategy, the impact seems questionable. However, it was agreed that strong international support measures, including financial, technical and commercial assistance, are of critical importance in influencing the future growth and development of LDCs. The Meeting underscored the urgent need to reverse the current decline

in ODA flows and to give the LDCs priority in aid allocations. Moreover, decisive and early debt relief measures for LDCs would help in releasing the scarce resources for development, and to increase allocations to boost human and social development.

29. The discussion also raised some fundamental issues concerning development, including issues relating to infrastructure development, human resource development, financial reform and good governance. There was consensus that debt constitutes a critical development constraint for the LDCs for the coming decade (2001-2010). It is important to examine the external resource requirements of LDCs in the context of current international discussions on financing for development. In particular, the place of LDCs in the future international financial architecture should be an important issue for consideration in this context.

30. The Meeting noted with concern that, despite positive growth experienced by some LDCs in the Asia-Pacific region, poverty has continued to increase. There is a need to examine ways of mobilizing new and innovative sources of finance to alleviate poverty and achieve sustainable development of LDCs. Also, an important challenge for LDCs is to improve their competitiveness in the globalized and liberalized world economy by overcoming a number of supply-side constraints, and that requires strong external support.

31. A number of policy measures were suggested during the discussion:

- The issue of financial intermediation needs to be addressed in the context of increasing the mobilization of financial resources. In this context, financial sector reform is critical;
- Borrowing and lending rate discrepancies also need to be looked into;
- The area of micro-finance, especially mobilization of domestic resources through traditional savings arrangements (informal financial arrangements), needs to be examined;
- Financial sector reforms must be linked with reform efforts in other sectors;
- There is a need for analysis of financing factors explaining differential economic growth rates between 1990-1995 and the latter part of the 1990s;
- The role and place of LDCs in the international financial architecture needs to be adequately considered.

(d) Trade, market access and supply capacity in LDCs in Asia and the Pacific

32. Participants observed that for most of the LDCs, the opportunities of globalization remain in the realm of possibility rather than realized gains, and the dangers of further marginalization appear to be increasingly real. There was a widespread apprehension that the benefits of globalization will bypass this particular group of countries. This fear is accentuated by the possibility that LDCs might remain at the margin of ongoing transformations brought about by information and communication technologies. Beset with important structural

problems, low supply capacity, poor infrastructure, weak institutions, low levels of domestic and external private and public sector investment, lack of technological upgrading efforts, and a weak state of governance, the LDCs are finding it increasingly difficult to cope with the challenges posed by rapid changes in the global economy.

33. It was also noted that, unless effective global initiatives are put in place, the ongoing process of globalization may result in inequality, deindustrialization and further marginalization of LDCs. The urgent need to design appropriate policies for the LDCs was re-emphasized against the backdrop of the post-Uruguay Round global trading system and the establishment of WTO and ongoing dynamic changes in the nature and pattern of international trade and other economic exchanges.

34. Participants also focused on a number of demand-side considerations, including tariffs (e.g. tariff escalation and tariff peaks, as well as the issue of granting zero tariffs to LDCs' exports); non-tariff and para-tariff barriers; stringent quality and standard requirements, as well as rules-of-origin requirements; and emerging issues of labour standards, child labour, anti-dumping and countervailing duties, etc. They also discussed the issues and constraints faced by LDCs that are in the process of accession to WTO.

35. Participants stressed that, without substantial support from development partners, LDCs' actions alone would not enable them to overcome their continued vulnerabilities arising from the process of globalization and their continued marginalization in the world economy and international trade. Action by donors should include urgent and substantial support to resolve the supply and demand-side constraints faced by LDCs.

36. A number of policy measures were suggested during the discussions:

- LDCs should continue to improve their macroeconomic conditions and sectoral policies in a manner conducive to reaping opportunities of globalization, as well as regional opportunities;
- LDCs should also further intensify their trade diversification efforts, taking into account special and differential measures available to them under the multilateral trade rules, the prospects offered by information and communication technologies, and regional and subregional trading opportunities;
- The development partners should provide substantially increased financial and technical cooperation to mitigate demand and supply-side constraints faced by LDCs. Full and adequate implementation of the Integrated Initiatives for LDCs' Trade Development was emphasized;
- The proposal for granting zero-tariff treatment should be immediately applied and should include all products and services of LDCs;
- Support for LDCs should also include implementation of fast-track accession of LDCs that are not yet members of WTO and strengthened participation of all LDCs in multilateral trade negotiations.

(e) Good governance, stability and integrated national development in LDCs in Asia and the Pacific

37. The Asia-Pacific LDCs are characterized by wide-ranging variations in population, development indicators, geography, natural resource endowments, governance practices, economic, financial and political institutions, technological capabilities, and the influence of government, civil society and the private sector.

38. Notwithstanding such variations, it was considered that, while there is a strong case for wealth creation by stimulating the economy and trade, there is an equally strong case for mobilizing human resources, the ecosystem, productivity and good governance principles. The latter could create additional and proportionally very large wealth, though often non-monetized and in the informal sector.

39. The Meeting recognized that sustainable development involves a dynamic reconciliation of ecological imperatives (i.e. to remain within biophysical carrying capacity), economic development (i.e. to provide adequate material standards of living and services for all citizens) and social development (i.e. to provide a system of governance and decision-making to people to reflect their values and needs). Poverty alleviation, temporal equity (in terms of inter- and intra-generational considerations) and spatial equity (in terms of inter and intra-national dimensions) are inherent issues in the process.

40. It was also stressed that, for wealth creation, the economic cycle of production, commodities transformation and value adding leading to trade and services is the dominant mode. The new economy based on knowledge and electronic business capitalization offers new potential as well as challenges. A major source of wealth creation opportunities arises from peoples' participation and social mobilization, which offer enhanced potential for stimulating local-level economic services and efficacy of investment. Integrating local-level planning, people's participation, reduction of waste in investment, creation of sustainable livelihoods and employment, etc., were considered visible benefits of this participation-based wealth creation. These factors can support both good governance and sustainable development practices.

41. A number of policy measures were suggested during the discussions:

- While FDI could also increase where there is a good and large market, good governance and accountability of recipients and donor agencies are essential for aid efficiency. Transparency of decision-making, priority-setting in allocation and resource flows is vital for the success of projects, programmes, plans and policies;
- For sustainable development, it was considered essential that decision-making involve the whole range of “micro” (peoples and communities), “meso” (local level, ecosystem of enterprises), “macro” (national planning and action) and “and international) levels;
- It was recommended that pro-poor planning, social mobilization, enhancing resource availability, people's participation, use of indigenous knowledge and practices, creation of employment and livelihoods, integrating the poor in technology change

and the formal economy and adopting principles of sustainable development and good governance should be included as the key elements of development priorities of LDCs;

- The need to identify sustainable development and good governance practices to support catalytic agents such as think-tanks and sustainable development institutions was emphasized. Linking them to sustainable development networks, establishing stakeholder round tables and methods of conflict resolution, developing multilateral environmental and economic instruments, and supporting capacity-building based on joint collaboration and action, research and grass-root activities were considered critical.

(f) Social services delivery in LDCs in Asia and the Pacific

42. Social services delivery was recognized as an integral part of socio-economic development. Adequate provision or availability of such services, particularly in the field of education, health and water supply, serves as a critical factor in improving the quality of life of the common people. This assumes special significance in the least developed countries as compared to other developing countries. One of the important considerations is the accessibility of the population to the services provided by various organizations involved in this activity. It is essential that services should be responsive to the needs of the population. In this context it is often emphasized that, apart from quantitative expansion of social services, qualitative aspects such as efficiency and effectiveness should be given due importance.

43. The Meeting also noted the following:

(a) Delivery of social services is constrained by the low level of budgetary allocation in the public sector on the one hand and a low absorptive capacity in terms of utilization of available resources on the other. A more serious problem concerns the need for efficient and effective utilization of funds;

(b) Cost-sharing and cost-recovery in social services is limited due to the low income level and lack of awareness among the population, who look to the Government for free delivery of social services;

(c) Community participation is at a low level both in the implementation and in the operation and maintenance of social service projects;

(d) Women and vulnerable groups are afflicted by the problems of social exclusion, low family income and the heavy burden of household chores;

(e) Public sector service delivery has been affected by problems of low morale, poor performance of service providers, inadequate operating budgets and extremely poor supervision and monitoring systems;

(f) Private sector participation in social services delivery is confined to areas where profitability is assured.

(g) The activities of NGOs and community-based organizations are increasing at present. However, they are limited in terms of the coverage and content of their activities;

(h) Success stories found in the LDCs must be examined for replication in areas wherever possible, as this process will help maintain programmes in a sustainable manner.

44. A number of policy measures were suggested during the discussion:

- Public expenditure for the provision of social services needs to be increased. Mobilization of internal and external resources should be enhanced for this purpose;
- Apart from enlarging the size of the budget itself through additional resource mobilization from internal and external sources, possibilities for higher resource allocation to the social sector should be considered through intersectoral budget reallocation. Moreover, allocation of a higher proportion of the social sector budget to the basic social services through intra-sectoral budget restructuring could be another option. At the same time the rate of disbursement of the resources committed by the donors should be increased;
- There is significant room for improving the efficiency of social sector investment. In education, appropriate measures should be undertaken to increase the size of school enrolment and reduce the drop-out and repetition rates, in conjunction with the improvement of physical facilities. In the health sector, efforts should be made to increase the number of trained personnel and to supply essential drugs and equipment in an adequate manner. A change from the present mode of managing education, health and drinking water from the centre towards a participatory community approach could also lead to better performance in this sector;
- In view of the resource constraints faced by the Governments of LDCs in Asia and the Pacific, it is essential that cost sharing and cost recovery mechanisms should be developed in the social services sector. Different approaches can be adopted in the different sectors. For example, in the education sector, instead of making school education free, some costs could be recovered from those students with the capacity to pay, and tuition could be provided free to poor students. Education at the higher level needs to be based increasingly on the principle of cost recovery. In the health sector, there is scope for levying fees for certain health-care services, including charges for medicines. Similarly, in the water supply sector, the formation of user groups could go a long way towards meeting part of the initial cost of projects and of the operating and maintenance costs after their completion;
- In order to serve the needs of disadvantaged and vulnerable groups, including women, public policies must consistently pursue the goal of equity in the distribution of opportunities and social services. Specific target-oriented programmes should be launched in the delivery of social services. In education, programmes specially directed towards raising the enrolment of children from disadvantaged groups should be implemented through flexible scheduling, reduced daily school hours, extended teaching days and integrated literacy classes. There should also be strong

intervention in the form of broadening employment avenues, which would automatically reduce the excess burden on children. Similarly, female mortality can be reduced directly through health and nutrition interventions and indirectly through non-formal education and employment generation;

- It may be desirable for the Government to withdraw from some of the areas where it is currently involved and where its capacity to deliver is limited. This should apply in the case of social services. There is a general need for greater devolution of authority from the centre to local government institutions to manage social services in their respective areas. In addition, community participation in the management of schools, water supply and health services should be encouraged. Consideration should also be given to promoting social mobilization at the grass-roots level. The Meeting took note of the conceptual framework in this regard;
- The Government should make it easier for the private sector and non-government organizations to play a greater role in delivering social services in both urban and rural areas. Efforts should be made to ensure proper coordination among service providers. Norms and standards for service delivery by the private sector and non-government organizations should be developed and enforced;
- Steps should be taken to make service providers more accountable to the service recipients. This can also be done by empowering people through the creation of citizens' groups, consumer associations and user groups;
- A final review of the implementation of Programme of Action indicates that there is a lack of firm political commitment on the part of the policy makers, which inhibits social welfare as a whole. It is therefore imperative that there should be greater commitment on the part of the Governments of LDCs;
- In view of the lack of information in respect of the delivery of social services, in-depth studies should be undertaken at the national level with the objective of identifying problems that prevail from the centre to the field level and suggesting appropriate remedial actions.

#### V. Adoption of the report

45. At the closing session, Mr. Shankar Sharma, Vice-Chairman, Mrs. Anna Kajumulo Tibaijuka, Executive Secretary of the LDC-III, and Mr. Iftekhar Ahmed Chowdhury, Chairman, made brief statements on the outcome of the Meeting and future activities related to the preparations for LDC-III.

46. The Meeting adopted its report and agreed to authorize the Chairman, in accordance with past practice, to complete the final report taking into account the proceedings of its closing session.

Annex

Agenda of the Meeting

1. Opening of the Meeting
2. Election of officers
3. Adoption of the Agenda
4. Presentation and discussion of thematic issues in preparation for the Third United Nations Conference on the Least Developed Countries:
  - (a) Financing growth and development in LDCs;
  - (b) Trade, market access and supply capacity in LDCs;
  - (c) Good governance, stability and integrated national development in LDCs;
  - (d) Social service delivery in LDCs
5. Issues related to the preparatory process of the Third United Nations Conference on the Least Developed Countries
6. Other business
7. Adoption of the report of the Meeting

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