

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

**Paris Declaration
and
Programme of Action for
the Least Developed Countries
for the 1990s**

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FOREWORD

In 1971, the international community recognized the existence of a category of countries whose distinctness 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. Currently, 42 countries with a combined population of nearly 440 million (1990 estimate) are identified as "least developed countries" (LDCs)¹ These countries are particularly ill-equipped to develop their domestic economies and to ensure an adequate standard of living for their populations. Their economies are also acutely vulnerable to external shocks or natural disasters. The group of LDCs thus constitutes the weakest segment of the international community and the economic and social development of these countries represents 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 for the 1980s for the Least Developed Countries (SNPA)² containing guidelines for domestic action by LDCs, which were to be complemented by international support measures. However, despite major policy reforms initiated by many LDCs to carry out a structural transformation of their domestic economies, and supportive measures taken by a number of donors in the areas of aid, debt and trade, the economic situation of these countries as a whole worsened during the 1980s. In the event, the average GDP growth rate in the LDCs was only 0.1 per cent in per capita terms during the decade, with negative growth in many of these countries. Their share in world exports shrank to 0.3 per cent in 1988 (as against 1.4 per cent in 1960). Social conditions in these countries barely, if at all, improved during that period. On the eve of the 1990s, 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 shortcomings, natural disasters and adverse external conditions. In addition, external debt servicing emerged as a major problem for most LDCs during the 1980s.

For the international community, the refusal to accept the deterioration in the least developed countries was an ethical imperative. Thus, the United Nations General Assembly, upon the recommendation of UNCTAD VII, decided at its forty-second session 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. It reviewed the socio-economic progress in the Least Developed Countries during the 1980s as well as progress in international support measures during that decade; it also formulated national and international policies and measures for accelerating the development process in the Least Developed Countries for the 1990s. Drawing on the experience and lessons from the 1980s, the Conference was able to agree on the strategies and development priorities for those countries for the coming decade.

The outcome of the Conference was embodied in the Paris Declaration and the Programme of Action for the Least Developed Countries for the 1990s. In these documents, the international community committed itself to urgent and effective action, based on the principle of shared

responsibility and strengthened partnership, to arrest and reverse the deterioration in the socio-economic situation in the Least Developed Countries and to revitalize their growth and development. The various elements of the Programme should be viewed as an essential component of the overall strategy for economic and social progress for the developing world. It represents a qualitative step forward beyond the SNPA adopted in 1981 and contains many novel features.

One notable aspect concerning actions at the national level relates to the emphasis placed on the need for development to be human-centred and broadly based. Other elements highlighted in the Programme include respect for human rights and observance of the rule of law, the need to improve and expand institutional capabilities and efficiency, and the importance of decentralization, democratization and transparency at all levels of decision-making.

The Programme sets out detailed policy provisions for mobilizing and developing human capacities in the Least Developed Countries as well as for the development of their economic base. On the key issue of external financial support, the international community, particularly the developed countries, collectively committed itself to a significant and substantial increase in such support. The Programme provides for a set of alternative targets, which maps out clearly the different undertakings made by the donors in this regard. The Paris Declaration and the Programme of Action were endorsed by the General Assembly at its forty-sixth session, which called upon all Governments and organizations to give full and prompt effect to the provisions of the Programme.³

K. K. S. Dadzie
Secretary-General of UNCTAD

¹The following countries have been categorized by the United Nations as LDCs:

Afghanistan, Bangladesh, Benin, Bhutan, Botswana, Burkina Faso, Burundi, Cape Verde, Central African Republic, Chad, Comoros, Djibouti, Equatorial Guinea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lao People's Democratic Republic, Lesotho, Liberia, Malawi, Maldives, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Samoa, Sao Tome and Principe, Sierra Leone, Somalia, Sudan, Togo, Tuvalu, Uganda, United Republic of Tanzania, Vanuatu, Yemen.

²A/CONF.104/22/Rev. 1.

³United Nations General Assembly resolution 45/206.

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LDCS AT A GLANCE

A Statistical Profile

In comparison with:

I. Major economic indicators

		DC	DMEC
GDP per capita 1988 (dollars)	241	971	17339
Annual average rate of change of GDP per capita 1980-1988 (%)	0.1	-0.1	2.3
<i>GDP by economic activity, shares in 1988</i>			
Agriculture	44	16	3
Industry	18	38	38
Services	38	46	59
Annual average rate & change of agricultural production per capita, 1980-1989(%)	-0.9	0.3	0.0
Active population in agriculture 1989 (per cent of total population)	72	55	5
Output per worker in agriculture (in 1988 dollars)	378	763	22135
Share of investment in GDP 1988 (%)	15	25	22
Share of primary commodities in total exports 1988 (%)	63	22	15
Exports per capita 1989 (dollars)	22	235	2648
Imports per capita 1989 (dollars)	47	226	2786

II. Social indicators

Adult literacy rate 1990 ^a (%)	40	65	99
Rate of school enrolment 1988			
Primary (M,F,Total)	72,55,64	97,80,88	101,100,101
Secondary ~M,F,Total)	19,11,15	46,32,39	92,92,92
Percentage of population with access to safe water 1988	48	67	99
Telephones per 1000 Inhabitants 1988	3.0	33.2	613.0
Energy consumption per capita 1988 (kg of coal equivalent)	69	584	6137

III. Demographic indicators

Population 1989 (millions)	427	2756	811
Population growth 1980-1989	2.5	2.5	0.6
Life expectancy at birth 1985-1990 ^a (years)	50	58	75
Infant mortality rate 1985-1990 ^a (per 1000 live births 120)	120	97	14

IV. Aid I debt indicators

Total net flow of ODA 1989 (\$ billion)	12	47	.
Per capita ODA 1989 (dollars)	29	17	.
Debt/GDP ratio 1988 (%)	69	45	.
Debt service/exports ratio 1988 (%)	28	22	.

^a Projections

PARIS DECLARATION

We, the participants in the Second United Nations Conference on the Least Developed Countries, meeting in Paris from 3 to 14 September 1990, have agreed on concrete measures under a Programme of Action in order to revitalize the development of these countries.

By this Declaration, we solemnly commit ourselves to implementing this Programme throughout the coming decade.

We believe that the deterioration in the economic, social and ecological situation of most of the least developed countries during the 1980s is not irreversible. It can be reversed if these countries and all their partners, taking advantage of the new climate of confidence in international relations, combine their efforts in a spirit of genuine solidarity, particularly through new forms of co-operation, so as once again to give the least developed countries the prospect of sustained and sustainable development within the context of growth in the world economy.

This Programme of Action demonstrates our unanimous determination to promote an ambitious development policy. Its success rests on the effectiveness of national policies, a favourable international economic climate and a strengthened partnership based on mutual commitments:

- By the Governments of the least developed countries, which have primary responsibility for their development, to define and implement appropriate policies ensuring the involvement of populations in the decisions taken, the efforts called for and the results obtained;
- By their partners, to make available adequate resources in support of these policies and efforts, to improve the quality of this assistance and to match it more closely to needs.

In order to inspire national action by the least developed countries in their struggle against poverty, we have defined five priority areas in our Programme of Action:

- To conduct a macro-economic policy, taking account of market signals and aimed at accelerating long-term growth and development, showing concern for the situation of the most vulnerable groups of the population;
- To develop human resources, by making populations, both men and women, the actors and beneficiaries of development, by respecting human rights and social justice, and by applying effective population, health, education, training and employment policies;
- To reverse the trend towards environmental degradation, to manage the environment with a view to the effective and durable utilization of natural resources and to Reinforce action to deal with disasters;

- To promote an integrated policy of rural development aimed at increasing food production, enhancing rural income and expanding the non-agricultural sector;
- To develop a diversified productive sector based on private initiative, efficient public enterprises, regional co-operation, increased access to the international market and international action in the field of commodities.

In order to help achieve these priorities, we agree on the need to reinforce the efforts of the least developed countries with external support measures. Complementing national efforts to mobilize domestic savings and to create a favourable climate for foreign investment, we recognize the essential role of official development assistance for the least developed countries. Its amount should be substantially increased. The bulk of assistance should be provided in the form of grants and it must be managed effectively and with transparency.

We are determined to pursue our efforts to adopt and implement a variety of measures in the context of the international debt strategy in order to ensure that the various activities initiated to revitalize growth in these countries are fully effective.

We are also determined to contribute to the improvement of the international economic climate and to the integration of the least developed countries into the international trading system so as to associate them better with the benefits of trade expansion.

We call upon the competent non-governmental organizations to combine their efforts with those of the governments of the least developed countries and the international community so as to contribute to the success of the Programme of Action.

In order to monitor the effective implementation of our commitments, we agree on a system of national, regional and global follow-up to ensure the operational, adaptable and evolutive character of the Programme of Action; we intend to associate with it all Governments, international institutions primarily UNCTAD regional development organizations and non-governmental organizations.

Refusal to accept the marginalization of the least developed countries is an ethical imperative. It also corresponds to the long-term interests of the international community. In an increasingly interdependent world, the maintenance or deepening of the gap between the rich and poor nations contains serious seeds of tension. Our world will not enjoy lasting peace without respect for the United Nations Charter, international commitments and shared development. These are the objectives of our Programme of Action.

**PROGRAMME OF ACTION FOR THE LEAST
DEVELOPED COUNTRIES FOR THE 1990s**

ASSESSMENT OF THE SOCIO-ECONOMIC SITUATION IN THE 1980s

1. In 1981, the Substantial New Programme of Action for the 1980s for the Least Developed Countries (SNPA) was adopted in Paris by the first United Nations Conference on the Least Developed Countries. Its aim was to transform the economies of these countries towards self-sustained development and enable them to provide at least minimum standards of nutrition, health, housing and education as well as job opportunities to their citizens, and particularly to the rural and urban poor. However, despite national and international efforts on behalf of these countries, the social and economic situation of the LDCs as a whole worsened during the 1980s.

2. The SNPA had set an annual GDP growth target of 7.2 per cent for the LDCs: the actual average rate has been 2.2 per cent, with negative growth rates in some countries. The SNPA had set an annual growth target of 4 per cent for agricultural production: the actual rate has been 2 per cent. The SNPA had called for manufacturing output in the LDCs to grow at an annual rate of at least 9 per cent: the actual rate has been 2 per cent, less than half of the growth rate reached during the 1970s. The SNPA had called for official development assistance (ODA) to LDCs to reach 0.15 per cent of donors' GNP: while some donors achieve this target, or doubled their ODA, the average contribution represents 0.9 per cent of their total GNP. At the same time, the marginalization of the LDC group in the world economy has in fact become more accentuated, with their share in world exports amounting to merely 0.3 per cent in 1988, as compared to 1.4 per cent in 1960.

3. But there have been a few exceptional cases: several LDCs managed to achieve GDP growth rates above the rate of population growth. In a handful, agricultural or manufacturing output rose at relatively rapid rates. In a few, gross domestic savings rates exceeded 10 per cent. Nevertheless, apart from the fact that in these cases non-traditional items were their main source of foreign-exchange earnings, these LDCs do not present any other major common characteristic, be it continental location, size of the country, geographical situation, environmental strength, or even relative weight of the debt and debt-service burden.

4. In sum, therefore, the 1980s can be considered in general as a period of set-backs. Most LDCs have had to cut back imports and to undergo a process of painful adjustment with austerity. The fall in net investment (to about one quarter of its level at the beginning of the 1980s) and the deterioration of productive capacity and physical infrastructure have impaired LDCs' ability to resume growth and development and to meet the basic needs of their population. Their serious economic problems have been aggravated, and the modest gains of past economic development eroded. Particularly worrying was the rapid deterioration in the social conditions in the LDCs, where there has been an increase in the absolute number of illiterates and a rise in the incidence of child malnutrition. On the other hand, there was some improvement in indicators of average life expectancy at birth, infant mortality and immunization coverage.

5. There was a broad consensus on the factors which contributed to this worsening state of affairs. These included national problems, including the interaction of population growth, poverty,

and environmental degradation; policy shortcomings; the problems associated with the design and implementation of structural adjustment programmes; natural disasters; and adverse external conditions, such as depressed commodity prices, difficulty of access to markets and lower-than-expected aid flows. In addition, destabilization originating from outside had an adverse effect in some countries.

A. NATIONAL POLICIES AND MEASURE

6. Fundamental to the problems faced by the LDCs in achieving sustained long-term growth and sustainable development in the 1980s were rigidities in their economies, fiscal imbalances, monetary (and in some cases political) instability and pricing policies. While much weight was put on the role of the State in development, insufficient attention was paid to individual initiative and enterprise. The experience gained in implementing development plans to transform the social and productive basis for development confirmed the need to improve macro-economic policies, implementation mechanisms and institutions, and to put in place policy measures which would enable LDCs to adjust better to external shocks. In some countries, internal disturbances and instability, sometimes aggravated by destabilization originating from outside, also had an adverse effect, particularly where scarce resources otherwise available for economic and social development were diverted for other purposes.

7. For many of the LDCs only one or two sectors contributed to economic growth, domestic revenue and foreign-exchange earnings, so rendering their economies heavily dependent on, and vulnerable to adverse changes in, the international economy. To achieve broad-based growth, LDCs therefore needed to diversify their productive bases—a process which required structural change, and corresponding capital inputs, which were not available domestically, nor in many cases forthcoming from foreign private investment.

1. Structural adjustment programmes

8. Many LDCs introduced structural adjustment programmes particularly in the latter part of the decade. These were usually supported by IMF and/or the World Bank, in order to achieve short-term economic stabilization and to promote long-term development. However, the success rate in the 1980s was mixed. A number of these programmes could not be implemented fully or in a timely fashion, for a number of reasons. These include weakness in the design or implementation of early programmes, inadequate attention to the specific developmental characteristics of individual LDCs, inadequate external support and too much emphasis on measures to restore economic and financial stability, with too little on the need to maintain an essential minimum of investment in key areas. More recent structural adjustment programmes, profiting from this experience, are showing more promise, although the benefits of these programmes have yet to be fully realized and evaluated.

9. The expectations of stimulating traditional exports, *inter alia*, through devaluation, have not always materialized mainly because of over-supply conditions for the commodities concerned in the world market. While some efforts were made to increase government revenue by reforming the tax system and increasing the efficiency of collection, these objectives were more difficult to accomplish than expenditure cuts, particularly on development investment and social services

2. Agriculture

10. Agriculture, the most important sector of the economies of the LDCs, played a key role in providing food, employment, raw materials for industry, and export revenues. While some progress was noted, agricultural performance during the 1980s was generally disappointing, since food production lagged behind population growth in many cases. The reasons for this included marketing price and land-reform policies, inadequate and unsuccessful investment, damage done to the environment, natural disasters (flood, drought, locusts); bottle-necks in transport, seeds and fertilizers; and shortage of credit. External trade restraints, discussed later, were also a serious deterrent to agricultural production and diversification. These factors also affected rural development plans adversely.

3. Human resources

11. In most LDCs, the high rate of population growth was a fundamental problem adversely affecting efforts to alleviate poverty, the efficient allocation of resources, the adequacy of social services, food security and the quality of the natural environment. During the 1980s, limited investment led to cuts in expenditure on health and education which often weighed hardest on the most vulnerable groups, such as children, the aged and the urban and rural poor. The experience of this period also underscored the importance of adequate participation in the decision-making process at all levels, thus further promoting the economic, social, cultural, civil and political rights of the people and thereby allowing their natural talents to flourish.

4. The role of women

12. Despite the efforts undertaken by various national and international bodies, women continued to face the following obstacles which prevented them from being full agents and beneficiaries of development, such as: attitudes which tended to perpetuate the inferior status of women; the unequal access of women to education, training employment, earnings and to the means of production; the inadequate participation of women in decision-making; and inadequacies in government policies and structures with regard to the integration of women in development.

5. Environment

13. Sound environmental management in the LDCs during the 1980s also suffered, largely on account of lack of resources devoted to this purpose. In the majority of LDCs, most of the pressing environment problems resulted directly from endemic poverty and population pressure. These have often compelled the poor to adopt unsound farming, grazing and fishing methods, or to settle on ecologically fragile marginal lands. To these may be added a general low level of awareness among the people in LDCs of the issues relating to environment, particularly in rural areas.

6. Natural disasters

14. Natural disasters continued to cause heavy losses of human lives and property, with particularly severe and lasting impact on the national economies of the LDCs. Where natural disasters occurred, effort was often concentrated on immediate disaster relief

without fully addressing the requirements of long-term development, including disaster prevention measures.

7. Institutional and physical infrastructure

15. Eighty percent of the population of the LDCs lives in rural areas. The diminishing capacity of the agricultural sector to sustain a growing population triggered a rapid urbanization process, placing an unbearable burden on the urban infrastructure. Income redistribution, land reform and decentralization were viewed as policy options based exclusively on equity considerations, rather than as inescapable development imperatives, having profound efficiency implications. Some LDCs had begun decentralization programmes at the village and district levels, and administrative reforms had been launched to revitalize public sector operations and staffing

8. The enterprise sector

16. During the 1980s, private sector development began to play an increasing role despite the lack in many cases of an appropriate legal and institutional framework for the conduct of private entrepreneurship. There was greater recognition that the operation of public enterprises in the LDCs and the role of private initiative and competition should be approached in a more balanced and pragmatic manner. Measures have been taken to improve the efficiency of the parastatal sector including by reducing subsidies, but given the weakness of many institutions, further sustained efforts will be required. In some cases, programmes of divestiture have been implemented, but have encountered constraints owing to the small size of the investing public and the undeveloped nature of capital markets, associated with the low level of domestic savings and the lack of foreign investment.

B. EXTERNAL ENVIRONMENT

1. Trade

17. In the field of trade, the international economic environment of the 1980s has been difficult, especially for the LDCs, given the heavy dependence of most LDC economies on the export of a handful of commodities. With their very weak manufacturing base, exports were almost exclusively of unprocessed primary commodities. The prevailing trend over the 1980s of a decline in world prices for raw materials of interest to the LDCs weakened the LDCs' export earnings and their import and debt-servicing capacity. Since prices of goods imported by the LDCs continued to rise, the terms of trade of the LDCs worsened significantly, causing a significant trade loss. The two main international compensatory financing schemes, the IMF Compensatory and Contingency Financing Facility (CCFF) and the EEC STABEX arrangement (enlarged to include the non-ACP LDCs) helped to reduce the adverse impact on many LDC economies, but coverage of such schemes was limited. Furthermore, the IMF-CCFF has in recent years been less used on account of the conditionalities attached to it and the non-concessional terms it provides.

18. Special tariff preferences have been granted to LDCs and extended during the 1980s. However, trade barriers have affected actual and potential exports and discouraged diversification. Thus, certain LDC exports (especially textiles, vegetable oils, tobacco and sugar) faced tariff and non-tariff barriers in various parts of the *,At In addition some LDCs were

excluded by certain importing countries from the full benefits of the generalized system of preferences (GSP) and the "Special measures in favour of LDCs" adopted at the Tokyo Round. Moreover, consumer prices for tropical products have been kept relatively high in GSP donor countries through the application of high internal taxes. And in a large number of GSP schemes, semi-processed forms of products tend to be subject to considerably higher tariffs than the primary form, with ensuing disincentives for LDCs to process primary products for exports. Furthermore, more than 15 per cent of LDC exports, especially clothing, were subject to various non-tariff measures. Many LDCs lacked the expertise to derive full benefit from the various GSP schemes. Others, while aware that their products could find additional markets, lacked the resources to improve the quality and appearance of such products to the required standard. Moreover, co-operation between the LDCs and other developing countries, particularly at regional and subregional levels, did not develop as rapidly as hoped.

2. Resource flows

19. The 1980s have been marked by a slow-down in the rate of increase of ODA and the drastic fall in private flows such as export credits and direct investment, with a virtual stoppage of commercial lending. As LDCs' resource needs grew substantially during that period, in particular in connection with additional financial requirements to support rehabilitation and adjustment programmes and growing debt-service obligations, the volume of ODA has been generally insufficient, taking into account the virtual disappearance of private flows. Although a number of donor countries met or exceeded the 0.15 per cent aid target, or increased very substantially their aid to LDCs, donors' ODA/GNP ratio remained at the average of 0.09 per cent throughout the 1980s. Increased ODA flows to the LDCs has been limited by budgetary restrictions in donor countries. In some cases, shortcomings in LDC capacity to implement projects and programmes have hindered further the supply of ODA to certain LDCs in adequate volume. Moreover, some major international institutions have not yet recognized the LDC category and this militates against their designing programmes and measures targeted at this category of countries. On the other hand, new concessional facilities of special importance for LDCs, such as the Structural Adjustment Facility (SAF) and Enhanced Structural Adjustment Facility (ESAF) of IMF and the World Bank Special Facility for Sub-Saharan Africa (SFA), have been set up recently.

20. Among the problems identified by donors and/or recipients were cumbersome procedures, protracted negotiations, failure to identify or agree on priorities, too much tied aid, difficulty of meeting local costs and insufficient use of local products or skills. The adverse external environment also affected the ability of the LDCs to generate resource flows internally. The 1980s witnessed a significant depletion in the savings capacity of the LDCs in the face of rising population, declining economic growth and foreign-exchange constraints.

3. LDC debt problems

21. External debt servicing emerged as a major problem for most LDCs during the 1980s. By the end of 1986, total accumulated external debt of the LDCs represented over 60 per cent of their combined GDP; and service payments alone absorbed about 30 per cent, and in many cases as much as 50 per cent, of their exports of goods and services. Over one third of ODA to the LDCs (mainly from IFIsFS) was provided in the form of loans, albeit on highly concessional terms, with consequent debt implications for the LDCs. Increasing debt-service obligations to

multilateral institutions and the weight of debt to private (commercial) creditors constituted a considerable burden on LDCs.

C. CONCLUSIONS

22. During the latter part of the 1980s, major policy reforms were initiated by many LDCs to carry out structural transformation of their domestic economies, to reduce or arrest budgetary and/or balance-of-payment deficits, to improve the efficiency of utilization of resources, to promote mobilization of domestic resources, and to enhance the contribution of important sectors of their economies to GDP. More than half implemented stabilization and adjustment programmes with the support of IMF and the World Bank, and others have pursued reform programmes outside the IMF framework. These programmes place a heavy accent on introducing greater exchange rate flexibility and demand measures geared towards ensuring fiscal and monetary discipline. Many have also adopted major reforms under the aegis of the World Bank, principally directed towards improving the efficiency of public enterprises, expanding the role of private sectors in the domestic economy, and strengthening the directly productive sectors, particularly agriculture, through price incentives. There was an increased recognition of the need for sound domestic policies, including a stable and growth-oriented macro-economic framework and greater use of market signals, care for the environment and creation of a climate in which individual initiative could flourish, as well as the need for sustained, adequate and predictable external resources.

23. As regards the donors, a number took steps over the 1980s to improve the terms of their aid, and some also increased its real volume as a percentage of their GDP. Many donor Governments have cancelled ODA debt by means of retroactive terms of adjustment in pursuance of Trade and Development Board resolution 16 5 (S-IX), and the Toronto measures agreed by all Paris Club creditors marked a step forward in respect of official debt relief. The EEC STABEX scheme was liberalized and extended to non-ACP LDCs. GSP schemes were introduced in the 1980s, and some aspects of the rules of origin liberalized. Lomé Convention preferences-more favourable than those prevailing under the GSP applied to about two thirds of the LDCs and are being extended to cover all LDCs.

24. Some improvements were also observed over the 1980s in the mechanisms for distributing and coordinating aid. The establishment of the Country Review Mechanism was one of the major achievements of the SNPA. Other improvements were the extension of the time horizon and the inclusion of social considerations in the World Bank Consultative Group process. The new round-table format was also welcome, and the policy dialogue at round-table meetings has led to a better understanding of LDC policy frameworks and a better appreciation of their development assistance needs.

25. The assessment undertaken of the LDCs performance in the 1980s underlines the need for greater commitment to the formulation and implementation of a more coherent action-oriented programme for these countries in the 1990s, based on a strengthened partnership between the LDCs and their development partners. The chapters below set out in detail the proposed content of this programme of action.

THE PROGRAMME OF ACTION

I. Introduction

1. In this increasingly interdependent world, we all share a joint responsibility for creating favourable international economic conditions and in strengthening international co-operation which will help create an environment for sustained economic growth and development.
2. This growing interdependence challenges us all to forge an understanding of the principles which will lead to accelerated economic growth, sustained and sustainable development, and reversal of the decline in economic well-being experienced by many in the 1980s. The least developed countries have structural problems which are unique in their nature and degree: they are therefore deserving of special international support.
3. The prime objective of the Programme of Action for the LDCs during the current decade is to arrest the further deterioration in their socioeconomic situation, 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 Programme of Action outlines a number of principles which should constitute the basis for action for the LDCs, their development partners, including international organizations, financial institutions and development funds, to help a fundamental growth oriented transformation of the LDC economies. Concerned non-governmental-organizations, including particularly indigenous NGOs, are also requested to participate in the Programme of Action for the development of the LDCs. Men and women should participate equally in all development activities and at all levels of the decision-making process.
4. These principles imply the acceptance of a partnership which depends upon mutually reinforcing action, with each country contributing to the common objective to spur and sustain growth in the LDCs. While the LDC's have the primary responsibility for their development, each development partner should contribute to the common objective fully, taking into the account its capacities and weight in the world economy. The programme also seeks primarily to provide an efficient operational framework and identifies areas in which the LDC's , their development partners and international organizations need to take urgent and concrete action based on the principles, policies and commitments enumerated below.
5. While much remains to be done, there is no doubt that awareness of the special requirements and problems of the least developed countries is more manifest than in the past. This Programme of Action is aimed precisely and translating such awareness into concrete and optimal results.

II. Basic Principle

Principle No. 1: Success depends on a shared responsibility and a strengthened partnership for the growth and development of LDC's

6. The overriding of the reactivating and accelerating growth and sustained development requires strengthened joint efforts, by LDC's and their development partners, to implement sound strategies. The development partnership is based upon an open dialogue which creates a mutually reinforcing process of national initiative from the LDC's and international support provided by the international community.

7. In this partnership the LDC's have the responsibility for elaborating and implementing effective development strategies and policies conducive to broad-based growth, adapted to their individual characteristics and responsive to the real needs of population. This implies that development partners provide adequate support to LDC's endeavors, based on these policies, taking into account the LDC's structural handicaps and weaknesses. There are also unique opportunities and benefits to be gained through greater co-operation with other developing countries.

8. It is essential that all countries work together to develop more favorable international economic conditions and a more open trading system, recognizing that the results of this process will be a reflection, *inter alia*, of their respective weight in the world trade.

Principle No. 2: The least developed countries have the primary responsibility for the formulation and effective implementation of appropriate policies and priorities for their growth and development

9. Specific priorities and means to implement them will necessarily vary among LDCs according to their unique endowments and needs. However, national strategies should revolve around these major common policy axes:

(a) Creation of a domestic economic environment which is conducive to sustained growth and sustainable development in the LDCs and a stable and growth-oriented macro-economic framework;

(b) Structural adjustment should seek to accelerate the transformation of LDC economies and overcome their particular structural problems in a manner consistent with, and supportive of, medium-term plans and longterm economic and social objectives, bearing in mind the need for development with a human face;

(c) Identification and promotion of long-term, sectoral priorities designed to expand, strengthen and modernize the productive base, paying greater attention to market signals, while pursuing a sound management of the natural environment, taking into account the specific causes and individual characteristics of the LDCs;

(d) Greater scope for the private sector and more efficient management of public sector enterprises, *inter alia*, by subjecting them to competition;

(e) Adoption of policies to reduce poverty by creating employment opportunities and broadly-based growth, making more widely available the opportunities for, and the benefits of, the improved productive capacity, pursuing appropriate demographic and population policies, and enhancing the access to productive activities; and by initiating appropriate social programmes in

such important areas as health, education, and nutrition of vulnerable groups, in particular women and children;

(f) Building institutions based upon principles of democracy and equity that allow for broad-based popular participation in the development process.

10. These policy axes require a strengthening of human and institutional capacities for an effective management of the development process. Governments should provide the appropriate framework so that all actors in society, especially peasant farmers, entrepreneurs, workers, NGOs, and local and regional entities, can make their own distinctive contribution.

Principle No. 3: The strengthened partnership for development necessitates adequate external support from the LDCs' development partners

11. The international community should assist the least developed countries in pursuing effective policies of development, and its commitments should be based on the following axes:

(a) Extending support to policies that promote long-term growth and structural adjustment programmes adapted to the particular needs and circumstances of the LDCs, bearing also in mind the need to restore stability in the macro-economic framework;

(b) Extending support to sectoral policies and programmes designed and implemented for strengthening and diversification of the LDC economies, in particular through expansion and modernization of their productive base;

(c) Substantial support would also be extended to the LDCs to enable them to address environmental concerns effectively in the context of their accelerated development;

(d) Specific initiatives as discussed later and including, but not restricted to, human resource development, land reform and rural development, rehabilitation and expansion of the productive base, more efficient management of the public sector, greater scope for the private sector and advancement of women;

(e) Development partners should assist the least developed countries by providing adequate concessional development assistance in the form of finance and transfer of appropriate technology and skills and other complementary supports in the areas of access to markets for their exports, debt relief, assistance in the field of commodities and compensatory financing.

Principle No. 4: Commitments undertaken should be measurable and sufficiently transparent to enable monitoring and assessment of the Programme of Action for the 1990s

12. The approach to the development of the LDCs calls for commitment and strengthened joint efforts on the part of both LDCs and their development partners to render the Programme of action operational, implement its constituent parts and ensure coherence and complementarity between national and international efforts. In this context, sound predictable structural adjustment policies and the predictability and adequacy of resource flows will be a crucial component in the success of the implementation of the Programme, and hence the inclusion of measurable commitments and targets for resource flows and criteria and performance indicators for policies at the national and international levels. Specific follow-up mechanisms at national and international levels should constitute an integral part of the Programme of Action.

III Global framework

A. THE MACRO-ECONOMIC POLICY FRAMEWORK

13. The objective of macro-economic policy is to create a favourable environment and constitute a basis for sustained economic growth and the long-term development of the economy. The macro-economic policy framework should provide the basis to overcome the structural bottlenecks of the least developed countries, lead ultimately to their transformation and contribute to the eradication of poverty. Pursuit of such policies would be greatly assisted by efforts of the international community to encourage an international economic environment conducive to such change and the provision of adequate external support. Assistance should be made available to the least developed countries to help them face their critical development needs and strengthen their institutional capacity to design and implement their macro-economic framework and policies.

14. For the efforts of the LDCs to be successful, there is a need for all countries to implement national and international policy measures to improve the environment for accelerated and sustainable development. Major market-economy countries should continue to adopt coordinated policies to promote stable, sustainable, non-inflationary growth, enhance the positive impact on development of measures to deal with their mutual imbalances and strengthen mechanisms for the ongoing process of multilateral surveillance of economic policies.

15. A growth-oriented macro-economic framework should be consistent yet have room for flexibility as regards types of instruments to be used and the manner of their application, taking account of changing circumstances and/or the structural rigidities of a particular economy. The policy package should be adapted to the specific problems and needs of individual LDCs and the resource parameters. It would be important to reconcile the requirements of a long-term development strategy with the need to reestablish macro-economic balance rapidly: adjustment financing is necessary but there should also be adequate financing and support at the sectoral level in the social and economic fields.

16. The following policy guidelines should be home in mind in the design and implementation of the LDCs' macro-economic programmes, including those negotiated by individual countries with multilateral financial institutions such as IMF and the World Bank:

(a) Policies and measures should focus on the basic transformational needs of LDCs and aim at the acceleration of long-term growth and development in LDCs.

(b) Particular attention needs to be paid to the linkages between the different economic activities, as well as to the interaction of sectoral reform with broader macro-economic objectives. Some degree of selectivity as regards macro-economic instruments needs to be introduced or maintained so as to ensure an efficient allocation of resources among alternative activities. The operation of efficient markets, within a rational institutional setting, and the use of price signals to guide resource allocation are important factors.

(c) It is also an objective of macro-economic policy to establish external, monetary and fiscal stability, and wherever this has to be restored, there should be flexibility in the time span of adjustment and the sequencing of reforms. However, early recognition of the need for adjustment and quick action will facilitate a return to long-term growth and stability. The design of structural

adjustment policies should take into account social factors, and development partners should support efforts to protect the poorest and most vulnerable groups in a manner consistent with the overall programme.

(d) A stable and realistic exchange rate will support macro-economic objectives and may contribute to balance in the external accounts. It can help stimulate a vigorous and competitive export sector when combined with other appropriate policy initiatives, including measures to reduce domestic structural rigidities and to diversify exports, bearing in mind the international supply and demand factors affecting traditional exports.

(e) There are a number of initiatives and conditions which will encourage necessary investment, whether from domestic or foreign sources. The most important are policies to promote savings through positive real interest rates, and a stable domestic environment, including appropriate legal and administrative institutions. It is also essential to have an appropriate system of taxation, a predictable and stable regulatory and institutional setting, particularly for the financial sector, and an enabling environment for dynamic and competitive private and public enterprise sectors. Investment by the public sector in the physical infrastructure and in social services, especially education, is equally important. The appropriate mix of the above will vary according to the circumstances of individual countries, but the importance of mobilizing the maximum investment, efficiently and at remunerative rates of return, should be emphasized.

(f) Where entrepreneurial capacity and private capital are scarce, the public sector will still play a significant role in LDCs' economies, although as constraints are overcome its significance may diminish. Consequently, its efficient management would contribute to both fiscal balance and economic development. The LDCs should adopt measures to secure effective functioning of public enterprises, including where necessary improved policy mandates, objectives, accounting and institutional procedures, and the opening up to competition. The indigenous enterprise sector should be encouraged to play an important role in modernizing LDC economies and achieving national development objectives. Options such as opening up competition to and within the private sector, or cooperatives and gradual privatization will be considered. LDCs will also take measures to create an appropriate legal and institutional framework to encourage entrepreneurs on the one hand and to enable them to make a positive contribution to the social and economic development of the LDCs on the other.

(g) Subsidies and other such measures are useful in some circumstances but should be used after careful examination of other options. When used, it is important that they be carefully targeted, spur growth in specific areas, minimize any consequent distortions and avoid the perpetuation of inefficient, uncompetitive activities. Their continued need and level should be subject to ongoing review.

(h) Price controls which discourage production and investment should be phased out while other measures to compensate the poor for undue harm should be considered.

(i) Measures to improve income distribution by removing distortions in the tax system, land reform where appropriate and employment creation are essential complements to sustainable macro-economic policies, as they have direct repercussions on the ability and motivation of the population to participate fully in national development endeavours. The provision of basic education, health care and nutrition are critical elements in enabling the disadvantaged and the

poor to have the skills, health and knowledge to take advantage of these opportunities and to withstand the effects of natural disasters.

(j) Performance criteria applied to LDCs by multilateral lending institutions should continue to be adapted to the particular circumstances of these countries and should give due priority to the overriding policy objective of the LDCs, namely the acceleration of economic growth and long-term development. The programme agreed with multilateral institutions should constitute a coherent strategy for achieving balance and promoting this growth. Performance criteria could embody variables relating to both the external and fiscal balances and inflation rates on the one hand and desirable rates of economic growth and investment on the other. These criteria should reflect explicit assumptions regarding the external environment which affect the ability of the LDC concerned to achieve its goals. Changes in the external environment may render it necessary to review the appropriateness of the policies, time-frame or sequencing, in which case it is also envisaged that development partners would review their external support and the adequacy of resources. Development partners should bear in mind the possible consequences of their national policies on the international environment and the potential for either rendering it more difficult for or helping the LDCs in the adjustment process.

B. FINANCING GROWTH AND DEVELOPMENT

17. Economic growth and long-term development cannot proceed without sufficient resources-domestic and external-to finance investment. Significant additional financial resources will be needed to achieve the objectives of the Programme of Action. The availability of these resources depends heavily upon the implementation of the necessary policies to encourage savings and foreign investment, the provision of adequate development assistance and a supportive external economic environment. The magnitude of this task is highlighted by some projections which indicate that, even with an appropriate policy environment, a considerable increase in domestic savings and development assistance would be needed for, LDCs to reach a modest per capita growth.

1. Domestic resources

18. The mobilization and effective use of domestic savings is one of the imperative elements for sustained and equitable development. Governments of LDCs should endeavour to develop an appropriate network of financial institutions and incentives to encourage private savings; ensure an optimal allocation of resources and strengthen the management of public expenditure, including that by parastatals; implement a monetary policy conducive to price stability and confidence; establish a realistic exchange rate; provide investment guarantees and support joint financing facilities; and broaden the tax base without discouraging savings and investment. These policies, and a stable domestic environment and appropriate legal and administrative institutions, will promote domestic savings, reduce capital flight and encourage the repatriation of flight capital.

2. External resources

19. Given the magnitude of the LDCs' development needs and their limited capacity to generate an investible surplus, the volume, timeliness and terms of external financial resources will be critical and should correspond to the LDCs' immediate short-term and long-term

development needs. Foreign assistance should serve to promote domestic growth and long-term economic development and transformation so that eventually the LDCs could reduce their dependence on aid.

(a) *Volume*
(i) *Official flows*

20. External financial support to complement domestic efforts and appropriate policies should be both sufficient in terms of volume and efficient in terms of allocation according to LDCs' individual development needs and priorities. A significant and substantial increase in the aggregate level of external support should be made available.

21. The international community, particularly the developed countries, collectively commits itself to such increase. All donors should contribute to it.

22. The efforts made by donors to reach the target of 0.15 per cent of GNP devoted as ODA to LDCs and, for some of them, to well exceed it, are welcomed. Other donors have more than doubled their ODA to LDCs during the 1980s. Such efforts are also welcomed.

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

(a) Donor countries providing more than 0.20 per cent of their GNP as ODA to LDCs: continue to do so and increase their efforts;

(b) Other donor countries which have met the 0.15 per cent target: undertake to reach 0.20 per cent by the year 2000;

(e) All other donor countries which have committed themselves to the 0.15 per cent target: reaffirm their commitment and undertake either to achieve the target within the next five years or to make their best efforts to accelerate their endeavours to reach the target;

(d) During the period of the Programme of Action, the other donor countries: exercise individual best efforts to increase their ODA to LDCs with the effect that collectively their assistance to LDCs will significantly increase.

24. Taken together, these efforts should provide the adequate external financial support needed for the implementation of the Programme of Action for the Least Developed Countries for the 1990s and help the LDCs meet their external capital requirements for accelerated growth and development.

25. There is a need to increase substantially the overall volume of concessional multilateral assistance and, in view of its importance, the international financial institutions and regional development banks and other development funds are invited to take fully into account the special economic and social conditions of the LDCs. Where appropriate they could establish special programmes. These institutions have a crucial role to play in the design and implementation of economic programmes and could undertake to provide increased concessional aid to these countries. Ways and means to increase the flow of resources should be considered as a matter of priority. The recent increase in the International Development Association (IDA) resources available will be an important component of this flow of resources. The increased resources channelled, in grant form, through the Fourth Lomé Convention will also be important.

26. Developed countries should channel a substantial part of their resources to those United Nations organizations and bodies which have programmes of special interest and benefit to LDCs. It is noted that UNDP through the SMF, UNSO and the UNCDF have developed programmes focused specifically on the LDCs, while UNDP, UNFPA, IFAD, WFP, UNESCO, UNIDO, FAO and UNICEF have implemented specific programming criteria to ensure LDC needs are given priority attention. Other United Nations development agencies are invited to institute specific programmes and measures to respond effectively to the needs and requirements of the LDCs.

27. The United Nations development system should respond effectively to the needs and requirements of the LDCs, taking into account their different and complex conditions. In this context, reaffirming General Assembly resolution 44/211 on "comprehensive triennial policy review of operational activities for development of the United Nations system", the Conference requests the United Nations and other specialized agencies to proceed with its expeditious implementation. In this regard the recent decision of UNDP to assign 55 per cent of the Indicative Planning Figure (IPF) to the LDCs, in the course of the Fifth Cycle, is welcomed. The relevant national authorities are invited to consider:

- (i) Further encouraging the work of the United Nations Capital Development Fund and increasing its overall funding by 20 per cent a year over the 1990s; and
- (ii) Giving more support to the work of the International Institute of Development Law, including LDC needs in the training of negotiators.

28. Development partners of LDCs should also continue to provide emergency assistance to LDCs afflicted by food shortages, natural calamities and other emergencies. In observing the International Decade for Natural **Disaster Reduction (IDNDR)** the international community should give priority attention to the solution of problems caused by natural disasters in the LDCs.

34. The effectiveness of foreign assistance would be enhanced by the following measures undertaken by development partners and recipient country authorities as appropriate:

- (a) Improved co-ordination of multilateral and bilateral aid;
- (b) Untying of aid to the maximum extent and priority for purchasing from local sources;
- (c) Simplification of procurement, including tendering;
- (d) Greater flexibility in assistance for adjustment programmes such as balance-of-payments support or rehabilitation of infrastructure and sectoral programmes;
- (e) More grant aid or higher concessionality;
- (f) Greater local and recurrent cost support;
- (g) Multi-year programming of technical and financial assistance, as appropriate, in line with structural adjustment programmes;
- (h) Joint programming by donors;
- (i) Timely and predictable disbursement;

0) Institutional aid for better management and co-ordination of resources;

(k) Increased decentralization and further delegation of authority to the held level; and

(l) Improved negotiations between recipient and development partners to reach a consensus on programmes and projects financed by the latter.

35. Capital and technical support for small-scale activities can be a particularly effective way to benefit lower-income groups and contribute to poverty alleviation. It fosters local participation in the national economy, and improved access to productive facilities or social services helps these groups realize their potential. The role of NGOs in development assistance is recognized and they can play a useful role in extending assistance to and within the LDCs in close co-ordination with national authorities. Their contribution would be most effective if made within the framework of goals, policies and priorities outlined in national plans and programmes. In this context, a positive role can be played by indigenous NGOs.

C. EXTERNAL INDEBTEDNESS OF THE LDCs

36. Many LDCs face serious debt problems and more than one half are considered debt distressed. As a group, their total debt in 1989 was \$70 billion and annual debt service was about \$4 billion. This debt service represented approximately one quarter of their annual exports of goods and services. The debt overhang continues to be a major hindrance to their development plans making economic adjustment with growth extremely difficult and risks undermining the essential political commitment to reform. Any further aggravation will have serious consequences.

37. The serious debt problems of the LDCs necessitate strengthened efforts on the international debt strategy. This strategy should include concrete measures to alleviate the debt burden and increase concessional financing, in support of appropriate economic policy measures, which will be critical to the revitalization of growth and development. While progress in the debt strategy has occurred in the past several years, serious consideration should be given to continuing to work towards a growth-oriented solution of the problems of developing countries with serious debt-servicing problems, taking into account the particular problems faced by LDCs.

1. ODA debt

38. In 1988, bilateral concessional debt from all donors still accounted for around 40 per cent of total debt outstanding. About half of this debt is owed to OECD countries. Many countries have responded to Trade and Development Board resolution 165 (S-IX) of 11 March 1978 by cancelling or providing equivalent relief for official development assistance debt. While much progress has been made, a number of donors have not yet implemented such measures. All donors are urged to implement such measures as a matter of priority, in such a way that the net flows of ODA should be improved for the recipient.

2. Other official bilateral debts

39. Approximately \$7 billion of the LDC debt is in the form of nonconcessional bilateral credits

from OECD countries. Although the value of this debt is relatively low, it has, even after the comprehensive reschedulings agreed for many LDCs, accounted for one fifth of the LDC debt service payments. Thus further relief of such debts can be very important for those debt-distressed countries. The Paris Club is invited to continue to apply Toronto Terms, which can provide relief through a reduction of the principal or interest rates, or extended repayments period. The Paris Club is invited to consider the application of Toronto Terms to all LDCs seeking to reschedule their official debts according to its established procedures and criteria.

40. The relevant authorities are encouraged to continue discussions, as a matter of priority, to address the debt burdens and maximize the effectiveness of measures to alleviate them and the development problems arising therefrom. The Paris Club is urged, taking into account the July 1990 Houston Summit Communiqué, to review implementation of the existing Toronto options that apply to LDCs and also to review additional options which may be necessary. The discussions could include proposals made by some Governments which would involve further measures to reduce the debt burden of the LDCs. Such measures would be considered in the context of adjustment programmes for long-term growth and development based upon sound economic policies being implemented by the LDCs concerned.

41. In addition, some sources have estimated that close to \$3 billion was owed in 1988 by LDCs to non-OECD creditor countries. They are also encouraged to reduce the burden of non-concessional debt to LDCs by adopting measures in keeping with their economic capacities.

3. Debt and the multilateral institutions and development funds

42. During the 1980s the debt-non-concessional and concessional owed by the LDCs to multilateral institutions had increased to about \$24 billion by 1988 and represented over one third of their debt service. Non-concessional debt was approximately \$4 billion of this total, and particularly this part of multilateral debt causes serious difficulties to many countries.

43. The multilateral institutions and development funds have remained an important source of new money for LDCs largely through the Enhanced Structural Adjustment Facility (ESAF), IDA and the development funds of development banks. They can make an important contribution to alleviating the debt burden. More recently, resources of the international financial institutions, including the Debt Reduction Facility of the World Bank, have been made available for debt or debt-service reduction programmes undertaken in the context of an economic adjustment programme. Also the funds made available for structural adjustment under the Fourth Lomé Convention serve this purpose.

44. With regard to multilateral debt, a number of measures such as interest-rate subsidies or refinancing schemes funded by reflows or special trust funds have been proposed. The supplementary credit scheme recently established by the World Bank has provided relief to eligible countries in respect of non-concessional World Bank debt. Bearing in mind the need to preserve the sound financial basis and credit rating of these multilateral institutions and development funds and the revolving nature of their resources, all the institutions concerned, particularly those providing non-concessional credits, are invited to give serious attention to measures to alleviate the burden of the debt LDCs owe to them. In this process, particular attention should be paid to the conditions to be attached to such measures, to the provision of additional concessional resources and to the needs of individual LDCs.

41 Those LDCs with overdue obligations to multilateral institutions will need access to finance, possibly aided by support groups, to help clear arrears and finance necessary programmes of structural adjustment. This would enable countries to regain creditworthiness, reschedule debts and facilitate ODA flows. In this regard, the recently agreed revision to the IMF arrears strategy is to be welcomed. Donors should consider extending the necessary help in this regard.

4. Commercial debt

46. The private commercial debt owed by LDCs amounted to nearly \$3 billion in 1988 and represented some 10 percent of debt service. The Debt Reduction Facility of the World Bank provides resources to IDA-only countries for debt and debt-service reduction, in a manner similar to the Brady Plan. In future, greater use could be made of this facility and similar mechanisms, including debt buyback and conversion schemes which are also useful tools in managing the debt burden. They may bring additional benefits when coupled with other objectives such as reconstruction, environment, and assistance for the poor and children. Donors, commercial banks and NGOs are encouraged to consider these and other mechanisms to alleviate the commercial debt burden.

47. Other measures, such as improving market access and export development, the creation of conditions-both by developed countries and by LDCs-conducive to non-debt-creating flows such as direct investment, and technical assistance in the management of debt, can also be very helpful.

D. EXTERNAL TRADE

48. It is essential that all countries contribute to developing a more open, credible and durable multilateral trading system, recognizing that the results of this process will be a reflection, *inter alia*, of their respective weight in world trade. Such an improved system can effectively promote growth and development, particularly through improvements in market access. A successful conclusion to the present Uruguay Round of GATT negotiations would hold the prospect of significant market liberalization from which all would benefit, including LDCs. Urgent steps are needed to provide improved market access for products originating from LDCs. In this regard, there is scope for further improvement of the GSP schemes and improved utilization of the benefits conferred. Important supportive measures in favour of LDCs could be taken, *inter alia*, in such areas as duty-free treatment for their exports, exemption from quotas and ceilings and use of simplified and flexible rules of origin or derogations therefrom. All countries should strive to realize the principle stated in the Punta del Este Declaration that special attention should be given to the particular situation and problems of the least developed countries and to the need for positive measures to facilitate expansion of their trading opportunities.

1. Diversification

49. A greater diversity of exports would strengthen the domestic economy, as well as provide greater stability and predictability in export earnings. LDCs are encouraged to adopt the policies

and measures which could stimulate new export sources. Development partners should also extend help, *inter alia* through technical assistance in export development, promotion and diversification, including help to LDCs to participate in trade fairs, and through establishment of import promotion facilities. This could be done bilaterally or through organizations such as the International Trade Centre UNCTAD/GATT. A number of development partners have programmes to promote awareness and use of GSP schemes, and these are to be encouraged and to be emulated by others. Exports could be further promoted through the improvement of the quality and packaging of products, using appropriate advertising techniques and with improved management and export marketing. The experience and expertise of other developing countries could be valuable for LDCs in their efforts to promote a dynamic export sector.

50. Import procurement operations are an important and integral part of international trade, and LDCs stand to gain from saving valuable foreign exchange by prudent sourcing of imports. Assistance towards import management and planning would contribute considerably in this respect.

2. Access to markets

51. Within the framework of the multilateral trade negotiations (MTNs) of the Uruguay Round, special attention should be given to LDC needs and to the following:

(a) Advanced implementation of MFN concessions of particular interest to LDCs made by the contracting parties with the GATT;

(b) Enhanced access for products of LDCs through (i) the elimination, where possible, or substantial reduction of tariffs; and (ii) the elimination, where possible, or greatest possible reduction of non-tariff barriers;

(c) Special consideration regarding the application of strengthened GATT disciplines;

(d) Phased implementation by LDCs of the results of negotiations in the field of TRIPs (trade-related aspects of intellectual property rights) and of TRIMS (trade-related investment measures) and in the field of international trade in services;

(e) Possible modalities for special treatment for tropical products of special interest to LDCs; and

(f) The fullest possible liberalization of trade in textiles and clothing for LDCs in the context of the arrangements being negotiated in the Uruguay Round.

52. The Declaration of Punta del Este provided for an evaluation by the Group of Negotiations on Goods (GNG) of the results attained in the MTNs for developing contracting parties. In this context, the GNG is invited to give special consideration to least developed contracting parties.

53. There exists scope for the improvement of GSP schemes. Areas of interest to LDCs include: increasing the range of products covered or the tariff concession; applying flexible rules of origin; special terms or exemptions from quotas or ceilings; and greater long-term stability and predictability in the management of GSP schemes.

54. GSP schemes are often quite complex and administratively cumbersome: developed countries are strongly urged to take steps to simplify procedures, where appropriate. They could also help LDCs take fuller advantage of the GSP schemes, as in many cases the LDCs find it difficult to exploit fully the GSP opportunities owing to their weak and narrowly based economies. LDCs, for their part, should also make greater efforts to utilize existing GSP schemes more fully. This underscores the need for parallel progress in institution-building, the development of the export sector and development-partner assistance to help export promotion and diversification.

55. Preferential measures in favour of LDCs need to be considered in the context of bilateral arrangements with their neighbours, as well as in regional and subregional groupings of developing countries, taking into account the interests of LDCs during implementation of other regional integration schemes by developed countries.

3. Commodities

56. Commodity exports play a key role in the economies of the LDCs, making a crucial contribution to export earnings and investment, but the decline in many commodity prices in the 1980s caused significant difficulties. Improved access under the multilateral trading system, diversification and further local processing yielding higher value added would all help to diminish this dependence. The international community could consider assistance and other forms of multilateral co-operation in the field of commodities to improve transparency and market access, reduce trade distortions and improve the dialogue on supply and demand conditions. In this regard, efforts to revitalize and improve the functioning of existing commodity arrangements which are consistent with long-term market trends should be supported. The discussions in the United Nations General Assembly this autumn on the report by the United Nations Secretary-General's Expert Group on Africa's Commodity Problems (UNCTAD/EDM/ATF/1) will be of particular relevance to LDCs and their development partners.

57. Following the entry into force of the Agreement establishing the Common Fund for Commodities, members of the Fund should co-operate to make the Fund operational. Pledges to the Second Account are required so that the Fund can provide urgently a strong stimulus to international commodity co-operation in such areas as diversification, research and commodity development measures as well as market promotion activities- In considering projects eligible for Second Account financing, the members of the Fund are urged to give special attention to the needs of the LDCs with high dependence on commodities for their export earnings as well as priority to those few commodities which are of particular interest to LDCs.

4. Compensatory financing

58. In the long term, it is crucial that the LDCs find the means to diversify their exports. In the short term, however, the volatility of commodity prices means that there is a need for compensatory finance and appropriate producers' policies to help absorb the shock of sharp swings in export receipts so that LDCs can maintain a stable economic policy framework. In the future review of the IMF Compensatory and Contingency Financing Facility (CCFF), member Governments may wish to explore ways in which the resources of the Facility could be used more frequently, in support of LDCs' external finances. Such a comprehensive approach could serve to facilitate LDCs' access to the Facility on terms and conditions appropriate to their economic circumstances. Donor countries could consider complementary bilateral assistance on concessional terms when LDCs draw resources from the contingency finance portion of the CCFF. Similarly, accelerated drawings under ESAF programmes in response to unforeseen adverse external developments may now be considered within IMF. Also, assistance from the World Bank unit responsible for helping commodity-exporting developing countries-for example with training in coverage techniques, contract negotiations and technical assistance-could help LDCs to minimize the risk of export-earnings fluctuations.

59. The commodity-related shortfalls in export earnings of the LDCs are an important obstacle to their development efforts. Therefore, there was a recognition that the compensatory finance questions deserve full consideration, in particular as they relate to the LDCs. In this context, the value of the existing arrangements such as the EEC STABEX and the programme of Switzerland was recognized by the recipient countries. Other developed countries are urged to keep under review measures including, as they deem appropriate, establishing schemes similar to those of the EEC and Switzerland, to address the problem of export-earnings shortfalls of the LDCs. In the future a more general review of compensatory financing mechanisms should be undertaken.

E. STRENGTHENING ECONOMIC AND TECHNICAL CO-OPERATION BETWEEN LDCS AND OTHER DEVELOPING COUNTRIES

60. Strengthened co-operation between LDCs and other developing countries, as appropriate at regional and subregional levels, can play an important role in the development efforts of the LDCs during the 1990s. Arrangements in this connection should aim at providing greater and preferential access of LDC products to regional markets, importing LDCs' products on a long-term secured basis, providing financial and technical assistance for the benefit of LDCs, enhancing exchange of information and know-how, increasing collaborative ventures and, as regards land-locked LDCs, facilitating the flow of goods in transit. Some developing countries have programmes and expertise of interest which are being used by LDCs. Development partners are requested to fund projects to bring this assistance to them. Technical co-operation among developing countries is highly recommended as a mechanism to strengthen the LDC development efforts.

61. Consideration should be given to better implementation of the provisions already included in the relevant articles of the Global System of Trade Preferences Agreement, giving more favourable treatment to the LDCs and stipulating that they shall not be required to make concessions on a reciprocal basis. In order to alleviate transit problems of land-locked least developed countries, transit countries should provide transit facilities. Concerted efforts between land-locked least developed countries and transit countries should be continued at bilateral and

subregional levels, to simplify the transit procedures. Provisions should also be made for freight incentives for island least developed countries. All these measures would contribute to promoting international trade links in the 1990s, and development partners are called upon to participate in these efforts.

62. There are a number of multi-country programmes which could be very important to many LDCs, in particular arrangements for joint exploitation of common river basins or other resources. These and other multicountry efforts should be considered for support from the international community, especially where the investments may be too large for national Governments and where they hold the potential for significant economic and structural change.

IV. MOBILIZING AND DEVELOPING HUMAN CAPACITIES IN THE LEAST DEVELOPED COUNTRIES

63. Men and women are the essential resource and beneficiaries of the development of the LDCs. The mobilization and development of these human resources in the least developed countries are a crucial factor in promoting sustained and increasingly self-reliant socio-economic development. Policies for mobilizing and developing the human resources of the least developed countries during the 1990s should focus on two main areas: (i) the full involvement, integration and participation of all groups, especially women, in the development process; and (ii) the strengthening of human capital, in particular through access of the population to basic and adequate social services, with special priority for education. The creation of an environment conducive to releasing the full energies and potential of all men and women to contribute to the improvement of the societies of the least developed countries is a prerequisite for widening and developing the productive base and hence the attainment of sustained development. As investment in human capital needs substantial resources, LDCs themselves should seek to direct more resources to social services; but, as the least developed countries face severe budgetary constraints in social services, the international community, in allocating the significantly and substantively increased external financial support, is called upon to give adequate attention to financial and technical assistance to the efforts of the least developed countries in this area.

A. THE INVOLVEMENT OF THE ACTORS

64. Development should be human-centred and broadly based, offering equal opportunities to all people, both women and men, to participate fully and freely in economic, social, cultural and political activities. All countries should, therefore, broaden popular participation in the development process and ensure the full utilization of human resources and potential. Respect for human rights, individually and as a group, as enshrined in the United Nations Charter and the Universal Declaration of Human Rights, constitutes a universal obligation and stimulates the creativity, innovation and initiative necessary for socio-economic development. Its fulfilment, along with democratization and observance of the rule of law, is a part of the process of development.

Each particular country may therefore freely determine its own ways of advancing towards this established objective. It also entails a realization that any progress in this direction should be encouraged and supported by the international community, through development co-operation efforts among development partners.

65. It is important to promote measures aimed at increasing the motivation and the opportunities of all social and economic actors, public as well as private, to participate fully in the development process of the LDCs. Participatory development should be enhanced through, *inter alia*, measures timed at developing and improving institutional capabilities and efficiency in public administration, ensuring an optimal balance between the public and private sectors (enterprises, co-operative sector, informal sector) in order to foster productive activities, allowing natural talents to develop and flourish, fully integrating women into the development process, and encouraging bona fide NGOs, particularly the indigenous ones and grass-roots organizations, in their local, community based initiatives.

1. Improving institutional capabilities

66. Good governance is essential for economic and social progress for all countries. 'The LDCs need to undertake policies and measures with technical and financial international support, aimed at strengthening the ability of their institutions to operate efficiently. These institutional capacities are vital for the formulation and management of macro-economic and sectoral policies, the design, management and evaluation of their development programmes and projects, as well as for the creation of an environment propitious to the development and sound management of the public and private sectors. In this regard, in many least developed countries the incentives and remuneration of those in the civil service have declined to unrealistic levels, thus affecting adversely the effective discharge of their duties. Measures and policies to be undertaken by LDCs would include: (i) building and maintaining management training institutions at national and subregional levels; (ii) providing adequate incentives to attract and retain trained personnel in the public service and other development institutions; (iii) building endogenous capacities to assess, adapt and internalize science and technology. The implementation of these policy measures requires extensive international support, including provision of technical assistance and financial resources.

67. The improvement and expansion of LDCs' institutional capabilities and efficiency, further decentralization, democratization and transparency at all levels within the decision-making system are required in order to increase responsiveness to the needs of the population, enhance the effectiveness and relevance of development activities, ensure the rational and equitable utilization of resources and facilitate local participation in the implementation of development activities.

2. The role of public enterprises

68. There is a need for pragmatic approaches to balance public and private-sector involvement in the development of the LDCs. While measures should be taken to foster entrepreneurial capacity and private capital, which is scarce in LDCs, public enterprises will continue to play an important but supportive role.

69. The prime objective of policies affecting the public sector should be a marked increase in the efficiency and productivity of State enterprises, enabling them to operate

on a competitive basis relying on market signals. LDCs should continue to evaluate the performance and viability of public sector enterprises and, where appropriate, take the necessary measures, including consolidation, privatization, and/or dissolution. Where public sector activity is deemed essential, pertinent measures should include the establishment of clear mandates, objectives and accounting procedures, the enforcement of financial and managerial discipline, the creation of an adequate incentive and career structure to attract, train and retain qualified staff and the adoption of measures to enhance the accountability and managerial autonomy of management boards. National initiatives in the public-sector area should be supported by technical assistance from development partners, including UNCTAD and other international organizations in their respective fields of competence.

3. The role of the LDC private-enterprise sector

70. Private enterprises, as well as industrial and rural co-operatives, can play a greater role in transforming LDC economies and achieving national development objectives. The development of entrepreneurship should be stimulated and motivated by policies aimed at creating a more favourable economic environment for the local initiatives of the private sector. The LDCs would need to take measures aimed at creating an appropriate legal and institutional framework for the conduct of activities by the private entrepreneurs, which might include, *inter alia*, appropriate fiscal, financial and credit policies, as well as legal provisions promoting, fostering and protecting private investment. At the same time, LDCs should establish a monitoring and regulatory framework to bring about the private sector's positive contribution to the economic development and social welfare of these countries. Such measures are important in order to attract foreign companies to invest to any significant degree in the economies of the LDCs. Investment by foreign enterprises can provide a significant range of new skills which can over time facilitate the progressive integration of areas of economic activity of the LDCs into the international economy.

71. Specific programmes for private enterprise development should address promotion of domestic and foreign direct investment, management training, promotion of non-traditional exports, promotion of small scale ventures and micro-enterprises, including those within the informal sector, and the development of entrepreneurial skills. In this connection, more attention also needs to be paid to the promotion of small-scale enterprises which base their productive activities on local raw materials in order to ensure a positive contribution to the economic development and social welfare of these countries.

4. Full participation of women in the development process

72. Appropriate measures should be taken by the least developed countries fully to mobilize and involve women, both as agents and beneficiaries of the development process. Their role in development should be strengthened, *inter alia*, through better access to health care, including voluntary family planning, education and training, and to rural credit. LDCs are invited to ratify and implement all United Nations conventions against all forms of discrimination towards women.

73. The development and mobilization of women as an important component of overall human resources, within the circumstances peculiar to each least developed country, especially in the following areas would greatly enhance the development prospects of their countries:

- (a) Encouraging the media and various systems of education to convey information giving a realistic and positive image of women;
- (b) Promoting the establishment of women's associations in order for women to be conscious of their rights and to defend these rights themselves;
- (b) Creating greater awareness among men and associating them with the elaboration and implementation of measures to promote the role of women;
- (c) Ensuring women's full participation in the decision-making process, particularly in the design and evaluation of projects, and the administration of funds intended to promote the role of women in development.

5. The role of non-governmental organizations

74. The effectiveness of NGOs in promoting participatory development, which in recent years has been increasingly recognized, can be enhanced. While preserving their independence and distinctness, NGOs should abide by national laws and regulations. Their specific role in formulating programmes and projects in support of the strategies, priorities and policies designed by national Governments aimed at improving the wellbeing of all citizens should be encouraged.

75. Developed-country NGOs continue to make an important contribution in respect of institution-building of LDC NGOs. They should, wherever possible, establish relations of partnership, and co-operate with local NGOs, and recognize and be sensitive to concepts, ideas and cultural values of the LDCs. Developed-country NGOs also have an important role to play in mobilizing support, in their respective countries, for the strengthening of LDC NGOs and non-governmental activities, as well as in sensitizing public opinion, thus influencing policies concerning major international issues affecting the development of the least developed countries.

B. THE STRENGTHENING OF HUMAN CAPITAL

76. Three areas play a key role in strengthening the human capital in the least developed countries: population policies; health services; education and training. Furthermore, action on these three areas has a direct and positive impact on the status and role of women and on their contribution to improvement of social and economic conditions in the least developed countries. LDCs are invited to ratify and implement the United Nations Convention on the Rights of the Child. Within the framework of the follow-up to the Programme of Action, it is expected that each individual least developed country, within each overall development plan, will formulate measures and programmes with social objectives and targets corresponding to its specific situation and needs. The bilateral agencies as well as the United Nations and other international organizations, would be called upon to assist the least developed countries in designing and implementing programmes in this regard and to provide financial and technical support accordingly.

1. Population

77. In a number of least developed countries, the high rate of population growth is a fundamental problem, adversely affecting their efforts to alleviate poverty, the allocation of economic resources and the quality of the natural environment. The least developed countries concerned will further intensify their efforts to achieve, as appropriate, population growth rates which strike an optimal balance in the interrelation between their population, their natural resource base and the environment, taking into account traditions and values, as well as economic imperatives.

78. Population policies should be considered an integral part of national development strategies. These policies must be linked to programmes on child survival, health, education, housing and employment. Measures should be taken with a view to the creation of instruments required to monitor population developments, the incorporation of population issues into development programmes, as appropriate, and stronger political and financial support for national population policies and programmes. Least developed countries' efforts should be supported by financial and technical assistance from international organizations, in particular the United Nations Fund for Population Activities (UNFPA), and donor countries, respecting the sovereignty of LDCs. Governments should launch vigorous innovative and comprehensive information and education programmes on voluntary family planning, taking into account the specific concerns of women and children, and provide voluntary family planning services utilizing, where appropriate, the approaches and financing of other actors in the field. These programmes should be disseminated through the mass media, as well as in schools, universities, health centres and work places.

2. Education and training

79. Each least developed country should formulate a strategy with the support of UNESCO and other relevant organizations, where appropriate, for improving the education and training standards of its population, taking into account ongoing educational reforms in many LDCs, specifying both intermediate steps and approximate time-frames for attaining these goals. These strategies should entail measures aimed at redefining educational policies in the light of the country's broad development objectives, improving administrative and financial management of educational systems, boosting the quality of vocational training and giving priority to the development of basic education, in particular universal primary education. The recommendations adopted by the World Conference on Education for All in 1990 are particularly relevant in this regard. Special attention should be given to the securing of sufficient resources for recurrent expenditure, particularly on teaching materials and for the training of trainers, and to the designing of curricula which meet the specific needs of all sectors of the population of the least developed countries.

80. The least developed countries will have to make sustained efforts to stop and reverse the progressive erosion affecting the education sector and renew their commitment to combating illiteracy, particularly among women. Furthermore, the objective of universal primary education implies the reduction, and ultimately the elimination, of disparities in education levels between rural and urban areas as well as in schooling levels. Special emphasis has to be given to improved access for girls and women to education facilities. Secondary and higher education

systems need to be reformed in order to cope with the growing transformational needs of the LDCs' economies, thus gradually reducing the unemployment of graduates. In this context, incentives should be introduced with a view to increasing the attractiveness of critical subjects, including management skills, engineering, agricultural science and technical occupations. The educational system should thus be better aligned to professional life and oriented towards forming producers.

3. Health and sanitation

81. Without profound improvements in the health standards prevailing in the least developed countries, other measures of social and economic development will remain to a great extent ineffective.

82. Priority tasks in the least developed countries' efforts to attain the objectives of the Global Strategy for Health for All by the year 2000, as adopted by WHO, should be the strengthening of primary health care, the implementation of expanded immunization programmes, diarrhoeal disease control, malaria control efforts to combat AIDS, and the reduction of infant and child mortality, as well as maternal morbidity and mortality. The WHO/UNICEF goals and strategies for the 1990s should serve as important priority guidelines. The promotion of child survival through the measures of Universal Child Immunization (UCI) and universal access to Oral Rehydration Therapy (ORT) will serve as important measures in achieving the goal of reducing infant mortality by half before the end of the 1990s. Other goals for the 1990s should include the reduction by half of malnutrition in children under five, the eradication of poliomyelitis, as well as the elimination of neonatal tetanus. Each least developed country, assisted by WHO and other relevant organizations, should define a country-focused health policy, taking into account the above priorities, and identify its needs in terms of basic equipment adapted to local conditions, so as to facilitate and coordinate donors' responses to meet these needs. Also, donors and relevant international organizations should continue to provide technical and financial support to national and regional programmes, notably in respect of training, research and control of major endemic diseases.

83. Government efforts in the health sector will lay greater emphasis on preventive measures, including health education, the provision of safe drinking water and sanitation and the improvement of maternal and infant care. As regards this last point, safe motherhood programmes should be implemented, including adequate care and nutrition during the period of pregnancy, at childbirth and at lactation. More available resources should be allocated to primary health care centres, with a special emphasis on the rural network of the primary health care system. In the provision of health care services and products, the approaches and financing of other actors should be encouraged, where appropriate. The potential for increasing the active involvement of the population in rural primary health care should be examined.

V. DEVELOPMENT, PARTICULARLY EXPANSION AND MODERNIZATION OF THE ECONOMIC BASE

84. The development, expansion and transformation of the economic base are critical factors for the sustained and sustainable development of the least developed countries. A crucial task for

the LDCs will be to mobilize fully the complete range of skills available in their societies to achieve these objectives. In this regard, particular attention must be given to the most effective assignment of responsibilities to allow substantial progress towards durable development. The government sector will remain central to the process of elaborating national development plans. Governments should create the necessary conditions to encourage development in all sectors of economic life by all actors. An increasing role for the private sector will require Governments to play a more supportive role. An essential task for Governments, therefore, would be to facilitate and encourage the emergence and expansion of the role played by private initiative. The developed countries should extend support to the efforts of individual LDCs in the mobilization of, and in assigning appropriate roles to the public and private sectors. This approach should contribute to the strengthening of development partnership in the coming years. In order to attain an adequate growth of the economic base, linkages need to be built and strengthened between productive, service, and infrastructural sectors in the least developed countries. In the efforts made by the least developed countries in this regard, attention should be paid to several key dimensions: (i) production of essential goods and services to meet the needs of the majority of their people; (ii) generation of employment and enhancement of the domestic value added; (iii) a balance between expansion and rehabilitation so as to ensure the utilization of idle capacity; and (iv) the need to overcome difficulties inherent in the monoculture of their economies. These endeavours will entail a greater and more efficient mobilization of domestic resources, in particular human resources, as well as sustained and substantial technical and financial support from the international community.

A. RURAL DEVELOPMENT, MODERNIZATION OF AGRICULTURAL PRODUCTION AND FOOD SECURITY

1. Agriculture

85. The development of the agricultural sector will continue to rank high among the transformational objectives of the least developed countries in the 1990s. Around 80 per cent of the population of the least developed countries live in rural areas, and agriculture is the dominant sector of production. Rural development thus constitutes an indispensable element of any agricultural development strategy. Moreover, expansion of food production and food security continue to be a priority objective of the least developed countries. Towards this end, least developed countries should, with adequate international support, at the minimum strive to increase agricultural and food production at an annual growth rate significantly ahead of population growth if poverty alleviation and eradication, nutritional improvement as well as food security goals are not to be at risk.

86. The development of the agricultural sector will require the formulation, by the LDCs and with the support of the competent international organizations and donor countries, of an "agricultural development strategy". This strategy for development of the agricultural sector requires, among other things:

(a) Adoption of appropriate agricultural price and credit policies, taking into account market signals, as well as the need to ensure adequate incentives for agricultural development; support for farmers' initiatives; LDCs will study the impact on their agricultural production of cereals which are sold at low prices on world markets;

(b) Improving income distribution patterns and broadening income earnings opportunities at the national level so as to strengthen the purchasing power of the low-income strata of the population, and thereby expand the national demand for agricultural goods;

(c) Effective participation by the public sector, in particular with regard to the improvement of the physical and institutional infrastructure on which agricultural production depends directly in order, at any time, to help supply the zones affected by shortages from surplus regions, as well as the formulation and implementation of co-operation arrangements at regional and subregional levels aimed at fostering agricultural development;

(d) The diversification of the agricultural base through the integration of crop and livestock farming and by the promotion of fisheries, livestock, horticulture and forestry, and the improvement of productivity and competitiveness through more effective processing, distribution and marketing from production to consumption or export, especially for products intended for the world market;

(e) The development and application of agricultural research and improvement of the technical skills and know-how of farmers, groups of farmers or agricultural workers through flexible and decentralized agricultural extension systems;

(f) Reform of farming and land-tenure systems, where appropriate, aimed at encouraging investment in land;

(g) Adoption of agricultural techniques and farming practices keeping in mind the preservation and protection of the environment, including stepped-up efforts for afforestation and the prevention of soil erosion arising from land misuse and over-use;

(h) The establishment of agricultural support services-in particular agricultural credit systems, including mutual groupings-storage facilities and other relevant measures to minimize pre-harvest and post-harvest losses.

87. Within their agricultural development programmes, the least developed countries should provide appropriate incentive structures to small holders, who are the major producers of food crops and who thus have a crucial role to play in the attainment of national food security, as well as gainful employment to landless workers, who represent the large majority of agricultural producers in the least developed countries. Their success, or failure, has a direct impact upon the well-being of the mass of the rural population. Women's role in food production should be similarly strengthened through the recognition of the need for laws and regulations ensuring equal access to more efficient food-processing technologies, credit, land tenure and agricultural training and support services.

2. Development of fisheries resources

88. Fisheries resources-fresh-water and seas-have great potential in many LDCs, and their better management will enhance food security and domestic protein supply, and augment export earnings. Many LDCs have introduced new policies geared to fully privatizing the fisheries sector and the introduction of modern techniques, vessels, storage and repair facilities, as well as upgrading marketing and undertaking comprehensive resource surveys. Competent international organizations are invited to assist LDCs upon request to undertake studies on their marine resources, including renewal, protection and environmentally sound exploitation, conservation, production, infrastructure and marketing, and to identify the human resources needs.

89. The international community is called upon to assist and support the efforts of LDCs to develop and strengthen their overall fisheries policies, including a wider protection of their fisheries resources.

3. Rural development

90. Efforts to promote agricultural production and attain growth with equity should be supported by policies designed to enhance rural development. Indeed, rural development constitutes an essential element of any attempt to raise significantly both agricultural output and farmers' incomes and to induce a process of accelerated structural transformation of the economy of the least developed countries. This transformation should take into account the overriding need to support the often fragile rural environment of LDCs, as well as to ensure that the ecological balance is not further undermined. Policies would relate, *inter alia*, to the promotion of participatory development through support and encouragement of grass-roots activities, rural co-operatives, and peasants' initiatives, the establishment of agree and other small-scale industries in rural areas, the introduction or expansion in rural areas of services hitherto available mostly in towns (health, education and training activities, shops), creation or expansion of the rural credit and financial network, and the enabling of the informal sector to play fully its development role in the least developed countries. Rural development, coupled with the implementation of schemes for gainful employment of landless labourers in both agricultural and non-agricultural activities, would slow the exodus of the rural population towards urban areas-an exodus that imposes a heavy burden on the already weak urban infrastructure.

91. Action taken by the least developed countries will need to be supported by sustained financial and technical assistance, as well as by improved market access for their exports. Technical and financial assistance provided by competent international organizations and donor countries should be mobilized around an "agricultural development strategy" for the 1990s, to be defined by each least developed country. The international community will need to assist least developed countries' Governments in developing agricultural support systems and related infrastructure, establishing and consolidating agricultural research systems at national, regional and international levels, and improving farming practices, including soil and water management, measures to control overgrazing, salination and alkalinization of soils, desertification and soil erosion. In addition, efforts should be undertaken to rehabilitate the agricultural sector of those least developed countries whose economies have been ravaged by serious drought, floods, locusts, famine, and other formidable problems. The international community should support bilaterally and through competent international organizations, including the Consultative Group on International Agricultural Research, agricultural research which addresses the particular problems of the least developed countries and strengthens their research and development capacities.

4. Food security

92. The evil of hunger and malnutrition continues to haunt a vast part of mankind. Accordingly, a major policy objective for the 1990s is to achieve food security in LDCs. Projects and programmes to increase food production, processing and storage should be complemented by measures ensuring that the poor have access at all times to enough food of good quality.

93. A well-nourished, active population is essential for economic growth and development. In the long run, chronic and temporary food insecurity will be overcome, mainly through sustained increases in incomes of the rural and urban population, agricultural production and rural development. Meanwhile, comprehensive food security policies and programmes are necessary to improve the access to food of vulnerable groups. Such programmes would address constraints and limitations on achieving food security in the individual LDC, including macro-economic and trade policy issues, income generation and employment issues and social factors (health, water, nutrition and education).

94. The management of food security should be strengthened in order to ensure co-ordination for quick delivery of assistance in situations of transitory food insecurity, particularly in disaster-prone countries. Important components of such management plans are information on food deficit and surplus areas provided by existing early warning systems, adequate storage and transport facilities. The international community should extend the necessary support to achieve these objectives.

5. Food aid

95. Food aid should generally be a transitional measure and should be considered as a development tool. Food aid therefore should be provided in situations where real shortage of food exists, including structural food deficit situations and emergency situations. In those situations, food aid can serve as a development tool when used in support of activities such as food-for-work programmes, protection of vulnerable groups particularly during adjustment periods, rehabilitation of displaced populations and establishment of strategic food reserves, including storage facilities, handling and transport, particularly at the local level in order to improve food security and stabilize prices. In times of relatively favourable harvest, multi-year programme food aid could be replaced by other forms of aid, if necessary and justified. To strengthen the contribution of food aid to self-reliant development, measures should be taken in order to prevent perpetual dependence on food aid by counteracting its discouragement of local production and modification of dietary habits. It is necessary, therefore, to devise more innovative ways of adapting food aid to local dietary habits through, for example, greater use of local purchases or triangular transactions based on regional and subregional arrangements. In providing food aid, care should be taken to avoid disruption of international commercial markets.

96. Furthermore, food aid to LDCs should be provided as much as possible on a grant basis. Where the food aid is sold on the domestic market, prices should be carefully established to avoid disrupting local markets and production and normal commercial transactions. Where food aid is distributed free of charge, it should be directed mainly in support of food-for-work projects and nutritional programmes aimed at the poorest and most vulnerable population groups. Counter value funds generated by the sales of food aid should be properly managed and used mainly to foster agricultural and food production, marketing and processing. Where the reduction of financial support and protection to the agricultural sector in major producer countries might cause a substantial increase in world market prices, temporary measures-i.e. additional financial aid, food aid, taking into account the overall policy and balance-of-payments framework of the country-might be considered to alleviate the adverse effect on LDCs of the increase in prices of imported food. Such measures should be properly monitored to ensure their efficient functioning.

B. DEVELOPMENT OF INDUSTRIAL, SERVICE, SCIENTIFIC AND TECHNOLOGICAL BASE

1. Developing the industrial sector

97. The emphasis of public and private initiative of the least developed countries with regard to non-agricultural sectors should focus on three major objectives: rehabilitation, maintenance and upgrading of existing production facilities; expansion of the productive potential in line with dynamic comparative advantages, available resources and internal and external market prospects; and the diversification of their productive base. On the basis of local endowment, least developed countries should also promote the development of the service sector.

98. In their industrialization programmes, the least developed countries should promote the complementary, simultaneous development of the rural economy so as to ensure sustained purchasing power for the local absorption of industrial output, while establishing an assured supply base of agro (and mineral) inputs for industry. Increased attention should be accorded to regional and subregional markets so as to overcome constraints imposed by small domestic markets and low per capita income. The potential of regional and subregional co-operation to economize on scarce capital and human resources and as a catalyst for economic diversification and achieving regional complementarity in production also warrants close attention.

99. Individual least developed countries have to determine, on the basis of their specific economic base and of world market, regional and subregional prospects for their actual and potential exports, how to reduce the dependence on traditional commodities and enhance the export orientation of their domestic economies. To the extent that such activities are justified by their factor endowments and other natural advantages, least developed countries could explore the possibilities of exploiting niches in export markets and seek to establish links with major marketing chains of the industrialized countries through, for example, joint ventures and international sub-contracting and also with the co-operation of import-promotion organizations in the developed countries. At the same time, LDCs should take steps to strengthen their export competitiveness in co-operation with the International Trade Centre UNCTAD/GATT by way of improving quality and packaging, processing, marketing and distribution. Foreign direct investment (FDI) should be encouraged through effectively functioning legal systems which safeguard property rights, including intellectual property legislation, supportive tax régimes and double taxation agreements. Measures taken by least developed countries to attract FDI would be enhanced by appropriate measures taken by the home countries with a view to encouraging and facilitating investment in the least developed countries. Promotion of competitive industries will need to be underpinned by a positive policy environment, including realistic tax régimes, exchange rates and trade and price policies, and an appropriate regulatory framework and incentive system which encourage entrepreneurship, both private and foreign.

100. Industrialized countries and multilateral financial, development and other organizations, particularly UNIDO, should increase efforts to mobilize their resources in their co-operation programmes for projects designed to develop and strengthen the industrial base of the least developed countries, leading to the emergence of viable industrial enterprises. Co-operation

between enterprises, in particular medium and small-scale enterprises of the developed and least developed countries, can play an important role in the industrialization of the LDCs, in the transfer of technology and in the marketing of products of the LDCs.

2. Developing the services sectors

101. In pursuing their strategies of economic development, the least developed countries should take full advantage of the special role of services in the development process, which permeate the whole economy and provide necessary support for the proper functioning and efficiency of all economic sectors. Importance should be given to the development of key service sectors, including infrastructural and producer services. The possibilities of increasing export earnings through service exports should be explored, bearing in mind that for many least developed countries, possibilities of increasing export earnings from agriculture or industry may be limited.

102. The implementation of services-development programmes would require both internal and external efforts in the improvement of information facilities, and particularly statistics; business and trade legislation; personnel training; mobilization of technology and financial resources.

103. The international community, multilateral financing and development institutions, and in particular UNCTAD and UNDP and regional development banks should mobilize technical and financial resources to implement projects and programmes designed to strengthen the service sector of LDCs and to facilitate their participation in the world trade in services. Special attention shall be given to the particular situation and problems of the LDCs and to the need to encourage positive measures to facilitate expansion of their trading opportunities in this area.

3. Strengthening the scientific and technological base

104. The international community has recognized the fundamental role of science and technology in the socio-economic development of all countries and in particular of the LDCs. The creation of an adequate scientific and technological base is consequently a necessary condition for the medium-term and long-term transformation of the least developed countries. During the 1990s least developed countries should seek to: (i) place adequate emphasis on science and technology in their national development plans; (ii) enhance endogenous capacity to deal with the development and application of science and technology, particularly by strengthening the national scientific and technological infrastructure, introducing scientific and technological education, improving the quality and quantity of manpower training, linking production with indigenous efforts and devising appropriate mechanisms for the orientation of programmes and the practical application of the results of scientific research; and (iii) find alternatives to the export of traditional raw materials by the development of new products and processes and thus ensure the competitiveness of the least developed countries' exportable goods.

105. Given the special difficulties of least developed countries, due in part to the lack of domestic research and development capabilities, in acquiring modern technology and in strengthening their technological capacities, every effort should be made by the international community to accelerate the technological transformation of least developed countries, and particularly to:

(a) Assist least developed countries to acquire an adequate infrastructure, in order to, *inter alia*:

- (i) Facilitate the co-ordinated formulation and implementation of technology plans, policies, laws and regulations;
- (ii) Evaluate and negotiate transfer of technology transactions;
- (iii) Establish focal points in least developed countries between national and international technology suppliers and national technology users, including technology centres, if appropriate;
- (iv) Provide technical assistance, information and training to technology users;
- (v) Support or participate in programmes of research and development of technology in selected areas with the aim of developing indigenous technologies, and promote the adaptation of imported technologies to national requirements;
- (vi) Facilitate the transfer of technology to small and medium-sized enterprises;
- (vii) Exploit the immense economic impact and potential of biotechnologies and other new techniques and technologies, in particular those relevant to food and agriculture, agro-based industries, communications and data analysis methods in the least developed countries;

(b) Give least developed countries the freest and fullest possible access of technologies whose transfer is not subject to private decisions, and facilitate access, to the extent practicable, to technologies whose transfer is subject to private decisions;

(c) Continue to provide and strengthen support for programmes of technical assistance for least developed countries from other developing countries. Possible arrangements for least developed countries to benefit from the co-operative exchange of skills among developing countries should also be considered;

(d) Consider, as part of the process of accelerating the transfer of technology to the least developed countries, an increase in the number of scholarships for studies and training in science and technology;

(e) Assist the least developed countries in the formulation of appropriate laws, regulations and policies relating to the import of technology and promotion of the development of indigenous technologies.

4. Energy

106. In the 1990s energy availability in the LDCs needs to be enhanced in order to overcome their excessive dependence on traditional and non renewable sources of energy which severely handicap their development. LDCs, with the support of donors, should develop policies focusing on, in addition to afforestation and reforestation programmes, efficient use and conservation of energy and on the development of their energy capacity, based on viable conventional and alternative energy sources, including hydropower, geothermal, bio-gas, solar, wind and other forms of energy.

C. INFRASTRUCTURE

107. Investment in productive sectors, particularly in the agricultural sector needs to be

complemented by measures aimed at maintaining and expanding infrastructure, including roads, railways, waterways, airways, communication systems, health care facilities, schools and administration facilities. Due attention needs to be paid to the rapid urbanization process in the least developed countries and to its consequences for socio-economic development, as well as needs of the local communities. Priority should be given to infrastructural projects which directly serve the basic human needs of the local population, in particular for the transportation of agricultural products. The need to minimize or prevent damage from natural hazards should be fully taken into account in strengthening the physical infrastructure. In this context, measures aimed at improving the housing situation and urban development deserve high priority.

108. While the LDCs should seek to strike a balance between new investments and the need for maintenance in the infrastructure sector, specific measures should be designed for: (i) rehabilitation and maintenance of the existing facilities; (ii) creation of new infrastructure facilities; (iii) drawing up urban and housing development plans; and (iv) strengthening institutional capacities in the design and implementation of policies and programmes in the infrastructure sector.

109. The international community and donors and the multilateral financial development institutions, especially the United Nations Capital Development Fund, should provide substantial and adequate support to complement the efforts of LDCs in the area of investment and maintenance of infrastructure.

1. Transport and communication

110. Given the severe difficulties and bottle-necks which the LDCs face, the improvement of the transport sector is vital for the expansion of all the productive sectors and essential social services, for the efficient delivery of humanitarian and emergency relief, as well as for facilitating subregional and regional co-operation and integration.

111. To this end, donor countries and multilateral institutions should support the implementation of national and regional transport sector plans, addressing related institutional, financial and technical issues. Such plans may include, inter alia:

- (a) Developing ports, roads, rural tracks and railways;
- (b) Training the required manpower and setting up indigenous training institutions;
- (c) Creating internal transport facilities, particularly to link remote areas;
- (d) Expanding and improving transit-transport and port facilities in transit countries to facilitate transport to and from land-locked countries;
- (e) Giving appropriate attention to the development of coastal shipping services and of river and lake services;
- (f) Developing, where necessary, joint shipping companies or merchant Rees;
- (g) Overcoming congestion of ports;
- (h) Taking the necessary measures to ensure the management and maintenance of transportatio nequipment.

112. Equally, attention should be given to the communications sector. The international community, particularly developed countries, should provide technical assistance to the LDCs to enable them to develop and improve their telecommunications systems, including the use of

satellites and other technologies, where appropriate. LDCs should devise more effective pricing policies, which reflect economic and social needs.

113. Donors are requested to support and encourage the implementation of joint transport and communications projects between two or more LDCs, particularly when envisaged in the framework of subregional and regional economic integration. ECA and ESCAP should endeavour to devise special programmes tailored to LDCs in the context of the implementation of the programmes and projects of the United Nations transport and communications decade in Africa and Asia.

2. Human settlements

114. The interrelationships between people, resources, environment and development should be a basic concern in developing human settlements and in undertaking development projects. Despite many efforts, the vast majority of the LDC population lack shelter or have shelter unfit for human habitation and their number will increase, particularly as a result of population and urbanization pressure. Unplanned urbanization is simultaneously a threat to the environment and a major obstacle to the improvement of its quality, as well as to the provision of basic services.

115. The present conditions prevailing in the LDCs call for policies that encourage the informal sector and local communities to provide low-cost shelter, with public institutions concentrating on the provision of off-site infrastructure, land registration and credit. Local material should be given preference in constructing low-cost and environmentally suitable human settlements. LDCs should promote innovative measures by which bilateral and multilateral financial institutions would support the human settlements strategies of LDCs and provide resources for construction materials and technology to complement domestic resources. The United Nations Centre for Human Settlements should support the LDCs' efforts aimed at improving the housing situation of their population.

D. ENVIRONMENT AND DISASTER MITIGATION, PREPAREDNESS AND PREVENTION

1. Environment and development in the least developed countries

116. While the current threats to the global environment are of common concern to all countries, the LDCs' vulnerability is further exacerbated by a specific set of environmental problems such as soil degradation and erosion, drought and desertification, which impair prospects for their development. These environmental problems are closely linked to a number of complex and interrelated factors: these include poverty, underdevelopment, poverty-linked population pressure placing further demands on the natural resource base in a number of LDCs, a narrow technological base, geographical disadvantages, unregulated industrial operations, as well as the illegal transboundary dumping of hazardous waste and radioactive waste. The twin problems of poverty and environmental degradation have to be tackled simultaneously to provide a basis for long-term sustained growth and sustainable development, which are essential and will enhance the capacity of LDCs to protect the environment. One of the main endeavours by LDCs should be to achieve an optimum balance between human demands and the natural resource base for future generations

as well as for the present generation and at the same time to maximize the ability of the environment to meet these demands on a sustainable basis. To achieve these objectives, however, due attention needs to be given to these problems in domestic policy-making and additional resources, both in terms of concessional finance and access to environmentally sound technology, should be channelled to LDCs in accordance with General Assembly resolution 44/228 to assist in avoiding further degradation of the local ecosystems, in overcoming environmental problems crucial for development, in combating the negative impact of global environmental problems, and in implementing the measures listed in the following two paragraphs.

117. An integrated and multi-disciplinary approach in this regard should cover, inter alia: (i) incentives to motivate better environmental management and to ensure high efficiency of energy use, as well as to discourage environmental degradation; (ii) education of the local communities in both urban and rural areas, aimed at enhancing awareness of the economic and social benefits of environmental protection; (iii) developing human resources to deal with environmental problems, as an important component of capacity-building in the LDCs; (iv) addressing the intertwined problems of poverty eradication and improvement and management of the environment in an integrated way; (v) facilitating the access to and the transfer of environmentally sound technology to the least developed countries; and (vi) developing new techniques to rationalize the use of traditional energy resources, and developing low-cost alternative fuel sources, in particular new and renewable sources, which could provide an alternative to the use of fuelwood, thus alleviating pressure on the environment.

118. Special consideration should be given to LDCs which are prone to drought and desertification. Improved natural resources management and productivity increases in agriculture and livestock on a sustainable ecologically sound basis are needed in order to protect the productive basis of these countries.

119. There is a need to strengthen human, institutional and technological capacities of LDCs to identify environmental problems, assess the relationship between development and environment trends and prepare national environmental management plans for conservation and protection strategies. Women should be involved in these plans, especially in forest and land management programmes. They should also be involved in the choice and dissemination of appropriate technologies which would facilitate their household and productive activities while respecting the rhythm of renewal of the natural resource base. National early-warning and forecasting mechanisms, included as part of a wider regional effort, should be strengthened. Women should be associated with the establishment of warning systems and follow-up on natural calamities, as well as of programmes aimed at reducing post-harvest losses and food wastage. The United Nations organizations, including UNEP WMO and FAO, should give priority attention to the LDCs in their programmes and mechanisms relating to the environment.

120 The United Nations Conference on the Environment and Development, scheduled for 1992, should address, in accordance with its mandate, the environmental and developmental problems of the least developed countries. The Conference should provide for measures to enable the least developed countries to pursue their efforts to incorporate the environmental dimension into their development objectives and policies. Moreover, the Conference should be an opportunity to renew the international community's commitment to support, technically and financially, major projects designed to avoid the recurrence, of natural disasters due to environmental degradation.

121. Appropriate and adequate international support is also needed to explore possibilities to protect the least developed countries against the effects of new environmentally negative phenomena, such as climate change, marine pollution and the transboundary movement of wastes.

2. Disaster mitigation, preparedness and prevention

122. Natural and man-made disasters continue to cause heavy losses of human lives and property, with particularly severe and lasting impact on the national economies of the least developed countries. Furthermore, the magnitude of future losses will inevitably increase as population pressure leads to the occupation of even more vulnerable areas. Considerable knowledge exists of techniques for minimizing the impact of disasters, techniques which have not yet been systematically applied in the majority of the least developed countries. Each country will need assistance to increase or improve its capacity to identify scenarios, to establish appropriate protective measures and contingency plans, and to ensure that local community leaders and the population in general know how and when to apply these measures. LDCs would continue to under-take measures within their available capacity and with appropriate international co-operation: (i) to alleviate and mitigate the consequences of such disasters; (ii) to limit the extent of their damage; and (iii) to undertake feasible preventive measures. Activities in this regard should be integrated into new development projects.

123. It would be necessary for LDCs to continue efforts to stimulate among their population in general a clear perception of the benefits of disaster preparedness and prevention. Pilot projects to promote a coherent approach to disaster preparedness, mitigation and prevention should be initiated in the disaster-prone least developed countries, in line with the General Assembly guidelines on the International Decade for Natural Disaster Reduction (IDNDR), with adequate international support. Special attention should be given to women and children because of their vulnerability during disasters. LDCs should receive priority attention in the activities of the IDNDR. In particular, the international community will provide support to the implementation of the programme for the control of floods in Bangladesh, as well as to the project for the establishment of an environment-surveillance mechanism in the Sahara and the Sahel, aimed at the control of desertification in sub-Saharan Africa.

124. Several of the LDCs are or have been affected by refugee and migration problems. In view of the adverse impact of the presence of refugees and displaced persons on the socio-economic infrastructure and development process, the international community and competent international organizations should support the LDCs' efforts in facing these problems.

E. COPING WITH SPECIAL PROBLEMS OF CERTAIN GROUPS OF LEAST DEVELOPED COUNTRIES

Land-locked and island least developed countries

125. Altogether, 15 of the 41 least developed countries are land-locked. This geographical handicap adds to their structural deficiencies by impairing the capacity of these countries to conduct and benefit from international trade. Improvement of the physical infrastructure, in particular transport and communications, is vital for the movement of goods and services within a

country as well as for the expansion and development of the foreign trade sector. In order to alleviate this geographical handicap, the land-locked least developed countries and their transit neighbours should continue to make concerted efforts, at bilateral and subregional levels, to simplify transit procedures and to improve international trade links in the 1990s, taking into account the relevant resolutions of the United Nations, in particular the Final Act of UNCTAD VII, and the needs and the means at the disposal of the former countries.

126. In addition to the problems inherent in their least-developed status, island least developed countries face obstacles arising not only from their insularity and often archipelagic nature but also from their small size in terms of territory and population and their remoteness from the major economic centres. In order to generate income, governments will have to promote sectors such as fisheries and services. Island least developed countries should initiate programmes for the development of their internal and external transport links in order to improve their access to world markets. Given the special difficulties of island least developed countries, donors should consider the possibility of extending assistance with a view, *inter alia*, to providing greater local and recurrent cost support for development projects and programmes as appropriate.

127. The international community should consider the possibility of assisting land-locked and island least developed countries in their efforts to finance their infrastructure projects which are indispensable for their development.

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

128. Effective follow-up and monitoring mechanisms should support the development efforts of the LDCs and are a key to the successful implementation of the Programme of Action for the 1990s.

A. THE NATIONAL LEVEL

129. A strengthened country review process should continue as the principal means of policy dialogue and co-ordinating the aid efforts of development partners with the development programmes of the LDCs, as well as mobilizing the required resources for their implementation. Mechanisms such as the UNDP Round Tables and World Bank Consultative Groups, organized by the LDCs with the support of the respective institutions, will continue to constitute the backbone of the process to translate the principles and commitments of this Programme of Action into concrete measures at the national level. The leadership of the LDC governments is central to this process, assisted by development partners to strengthen their capacity to fulfil this role.

130. The development partners should support agreed objectives and policies designed by the LDCs following consultation and as set out in medium-term programmes. Linkages between the macroeconomic framework and sectoral strategies should be central to the process and reviewed and adapted regularly in the light of the evolution of the domestic and international environment while maintaining the overall long-term objectives and strategy.

131. On the basis of each LDC's mutual commitment to a long-term policy framework plan, development partners will undertake to commit adequate financing for the implementation of the plan. This requires that country review meetings, to discuss policy framework papers and national plans, take a comprehensive approach to the financial flows needed, considering, *inter alia*, the

debt of the LDC concerned and the possible need for debt and debt-service reduction.

132. Aid coordination is the key element for maximizing the efficiency of the external support under the leadership of LDC Governments. Efforts should be made to avoid parallel systems of targeting, programming and co-ordinating the allocation of resources.

133. The country review groups should be organized on a more systematic basis and include all donors concerned. LDCs which do not have regular country review groups should adopt this process. Country review meetings should be convened approximately every one to two years to build and maintain sustained momentum for development progress and improved aid co-ordination. Mechanisms chosen for these reviews should be fully committed to this time frame. Progress in meeting mutually complementary commitments under the LDC policy framework plan should be monitored prior to each consultative group and round-table meeting in a report prepared by each LDC government and the World Bank or UNDP as part of the documentation for the country review meeting. Furthermore, the latter should be buttressed by adequate follow-up arrangements, including sectoral and other ad hoc consultations. The conclusions of these meetings should be so formulated as to identify clearly the respective commitments of the participants.

134. A successful country review process requires an effective economic and technical capacity to carry out the necessary policy development and co-ordination. In particular, the responsibilities of the national planning agency and the finance ministry should be firmly delineated and made complementary. Similarly, the central point for aid co-ordination should be clearly identified, vested with adequate authority and strengthened in staff and skills as necessary.

135. In order to improve the capacity of LDCs in aid co-ordination and management, the overall capacity of the government has to be improved, for the institutional requirements of aid co-ordination cannot be isolated from the overall improvements that are necessary in the administrative system of LDCs. Technical assistance-in particular from UNDP and the Special Measures Fund for LDCs-can constitute a key element for supporting this process of institutional building and human resource development: it can greatly help the LDCs to formulate structurally sound and operationally relevant policies, priorities and programmes, including in the field of macroeconomic planning. This will provide a better basis for sectoral management and aid co-ordination, taking into consideration the capacity of individual LDCs, including the administrative capacity.

136. The individual countries should play a leading role in the activities of the local co-ordinating groups-the principal forums where policies, perceptions and responses are co-ordinated and agreements are reached on specific programmes and commitments. It would also be useful to develop a structure with the local co-ordinating group at the apex, supported by sectoral, subsectoral and implementation-related groups. The local co-ordinating groups could establish linkages with national and foreign NGOs working in the country, not only to avoid duplication in efforts but also to draw on the experiences and insights of NGOs, which work largely at the grass-roots level and with the underprivileged sections of the population, which could then be taken into consideration in related official policies and activities. The process described above is not easy and it might be desirable to focus attention initially on several particular cases until sufficient experience is attained and it is possible to extend the process beyond the initial pilot cases.

B. THE REGIONAL LEVEL

137. Progress in economic co-operation between LDCs and other developing countries, particularly countries in the same region, should be monitored by the United Nations regional commissions in close co-ordination with UNCTAD. Cluster meetings should be organized regularly, preferably every two years, under the aegis of the regional commissions, and with all countries concerned, in order to improve and strengthen existing cooperation arrangements at the regional and subregional level. The success of SADCC, ECOWAS, CILSS, IGADD and UMA in performing a useful subregional co-ordinating function is instructive of what can be achieved. The regional commissions should also ensure that the needs and problems of the LDCs are addressed as part of their ongoing work and, in this manner, should continue to contribute to the follow-up process.

C. THE GLOBAL LEVEL

138. Arrangements for monitoring, follow-up and review at the global level are an integral part of the overall process, being all complementary and supportive to the above-mentioned arrangements at the country and regional levels. This follow-up at the global level, which should be business-like, should focus on these main elements:

(a) Analysing and comparing the experience and lessons learned from formulating and implementing the policy framework plans and the functioning of the country-level co-ordination arrangements;

(b) Assessing, on a regular basis, the economic and social performance of the LDCs, in the context of the international environment and domestic factors;

(c) Monitoring the implementation of the commitments and measures contained in the programme of action;

(d) Reviewing the assistance of the development partners in responding to the special needs and circumstances of the LDCs; and

(e) Monitoring in particular the involvement of women in the implementation of the Programme of Action.

139. In co-operation with other concerned organizations, organs and agencies of the United Nations system, UNCTAD, as part of its ongoing work, should continue to serve as the focal point for the review and appraisal of the implementation of this Programme of Action, the follow-up at the global level, and to provide support at the regional level.

140. The UNCTAD Intergovernmental Group on the Least Developed Countries should conduct a comprehensive mid-term review of the situation of the LDCs and report to the United Nations General Assembly on progress in the implementation of the Programme of Action and consideration of new measures as necessary. At the end of the 1990s the General Assembly may consider holding a third conference in order to make a comprehensive appraisal of the implementation of this Programme and to decide on subsequent action. Each session of the Trade and Development Board should review progress in the implementation of the Programme as presented in UNCTAD's annual Report on the Least Developed Countries. Sectoral appraisals should also be undertaken at regular intervals by the agencies most concerned.

141. In order to make the necessary links between the follow-up at the national and global level, the UNCTAD secretariat should continue to participate in the UNDP Round Table process. UNCTAD should be invited to participate in the World Bank Consultative Group process if so desired by LDCs. Furthermore, participants representing all countries and agencies should be equipped with the appropriate authority.

142. The Secretary-General of the United Nations, in close collaboration with the Director-General for Development and International Economic Co-operation, the Secretary-General of UNCTAD, the Executive Secretaries of the United Nations regional commissions and the lead agencies for the aid groups should ensure at the secretariat level the full mobilization and co-ordination of all organs, organizations and bodies of the United Nations system for the purpose of implementation and follow-up of the Programme of Action. LDC focal points in each United Nations agency should be established where they do not exist and existing ones should be strengthened in order for them to get involved actively in the implementation tasks throughout the 1990s.

143. All development partners, UNCTAD and the United Nations agencies are invited to assist LDCs to undertake consultations among themselves on matters of common interest to them in the context of the implementation of the Programme of Action.

144. On the basis of the work mentioned above, it is recommended that UNCTAD's Special Programme for the Least Developed Countries should be provided with sufficient capacity and resources to enable it to implement effectively its mandate for this Programme on a timely basis. The Secretary-General of the United Nations should make proposals to this end. Also, the Secretary-General of UNCTAD should continue and where necessary expand technical assistance activities for LDCs, in consultation with the Administrator of UNDP and other concerned organizations and agencies.

UNITED NATIONS GENERAL ASSEMBLY RESOLUTION 45/206

45/206. Implementation of the Programme of Action for the Least Developed Countries for the 1990s

Date: 21 December 1990 *Meeting:* 71
Adopted without a vote *Report:* A/45/849/Add.4

The General Assembly,

Recalling its resolution 42/177 of 11 December 1987, in which it decided to convene the Second United Nations Conference on the Least Developed Countries, as well as its resolutions 43/186 of 20 December 1988 and 44/220 of 22 December 1989,

Deeply concerned at the continuing deterioration in the socioeconomic situation of the least developed countries as a whole,

Reaffirming the Declaration on International Economic Co-operation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, adopted at its eighteenth special session¹, in which it was stated, *inter alia*, that it would be essential to stem the increasing marginalization of the least developed countries and to reactivate their growth and development through comprehensive national action and international support measures,²

Affirming the International Development Strategy for the fourth United Nations Development Decade³, in which Member States stressed, *inter alia*, the need for full implementation of the Programme of Action for the Least Developed Countries for the 1990s, adopted by the Second United Nations Conference on the Least Developed Countries, held in Paris from 3 to 14 September 1990⁴.

Recalling that the prime objective of the Programme of Action for the Least Developed Countries for the 1990s is to arrest the further deterioration in the socio-economic situation of those countries, to reactivate and accelerate their growth and development and, in the process, to set them on the path of sustained growth and development,

Reaffirming the basic principles outlined in the Programme of Action as the basis for action by the least developed countries and their development partners, including international organizations, financial institutions and development funds, to promote fundamental, growth-oriented transformation of the economies of those countries.

Recalling the solemn commitment of the international community, as contained in the Paris Declaration, to implement the Programme of Action throughout the 1990s,

Stressing that successful implementation of the Programme of Action will depend on shared responsibility and strengthened partnership for the growth and development of the least developed countries,

1. Takes note of the report of the Secretary-General on the outcome of the Second United

Nations Conference on the Least Developed Countries, held in Paris from 3 to 14 September 1990⁵.

2. Endorses the Paris Declaration and the Programme of Action for the Least Developed Countries for the 1990s, adopted by the Second United Nations Conference on the Least Developed Countries⁵.

3. Expresses its appreciation to the Government and the people of France for acting as host to the. Second United Nations Conference on the Least Developed Countries, as well as for their gracious hospitality, excellent arrangements and important contribution to the outcome of the (Conference).

4. Calls upon all Governments, international and multilateral organizations, financial institutions and development funds, the organs, organizations and programmes of the United Nations system and all other organizations concerned to take immediate, concrete and adequate steps to implement the Programme of Action;

5. Reaffirms that the least developed countries have the primary responsibility for the formulation and effective implementation of national policies and priorities for their growth and development;

6. Strongly urges all donor countries to implement fully and expeditiously their commitments in all areas as set out in the Programme of Action, so as to provide adequate external support to the least developed countries;

7. Decides that regular review and monitoring of the progress in the implementation of the Programme of Action at the national, regional and global levels should be undertaken as envisaged in that Programme and, to that end, decides also that:

(a) The Intergovernmental Group on the Least Developed Countries of the United Nations Conference on Trade and Development shall meet in 1995 to carry out the mid-term review of the situation of those countries, report to the General Assembly on progress made in the implementation of the Programme of Action and consider new measures as necessary;

(b) The Trade and Development Board shall consider, during each of its annual spring sessions, the review of progress in the implementation of the Programme of Action;

(c) Towards the end of the 1990s, the General Assembly shall consider holding a third United Nations conference on the least developed countries to make a comprehensive appraisal of the implementation of the Programme of Action and to decide on subsequent action;

(d) The organizations of the United Nations system shall undertake sectoral appraisals at regular intervals;

8. Notes that mechanisms such as United Nations Development Programme round tables and World Bank consultative groups will continue to constitute the backbone of the country review process and, in that context, recommends that:

(a). The country review groups should be organized on a more systematic basis and at regular intervals, and include all donors concerned;

(b) Least developed countries that do not have regular country review groups should consider adopting a country review process;

(c) Development partners should assist in strengthening the capacity of the Governments of the least developed countries to ensure the leadership role of those Governments in the country review process;

(d) Necessary links should be established between the follow-up at the national, regional and global levels;

9. Decides that the United Nations Conference on Trade and Development as part of its ongoing work shall continue to serve as the focal point for the review and appraisal of the implementation of the Programme of Action and its follow-up at the global level, and shall continue to provide support at the national and regional levels, in co-operation with other concerned organs, organizations and agencies of the United Nations system;

10. Decides, in this regard, to strengthen the Special Programme of the United Nations Conference on Trade and Development on the Least Developed Countries and to provide that Programme with sufficient resources to enable the United Nations Conference on Trade and Development to discharge effectively its mandate concerning the implementation of the Programme of Action for the Least Developed Countries for the 1990s on a timely basis and provide the secretariat services specified in the report of the Secretary-General⁵

11. Invites the governing bodies of the organs, organizations, agencies and programmes of the United Nations system to take the necessary and appropriate measures for effective implementation and follow-up of the Programme of Action within their respective spheres of competence and according to their mandates;

12. Also invites the preparatory bodies of all major forthcoming meetings and conferences of the United Nations system to take into account the outcome of the Second United Nations Conference on the Least Developed Countries;

13. Requests the Secretary-General, in conformity with paragraph 142 of the Programme of Action, to ensure the full mobilization and co-ordination of all organs, organizations and bodies of the United Nations system in the implementation and follow-up of the Programme of Action, in close collaboration with the Director-General for Development and International Economic Co-operation, the Secretary-General of the United Nations Conference on Trade and Development, the secretariats of the regional commissions and the lead agencies for the aid groups;

14. Also requests the Secretary-General, bearing in mind the role of the Director-General for Development and International Economic Cooperation in the United Nations development system and his mandate concerning the implementation of the Programme of Action, to provide his office with the necessary support for activities related to the least developed countries;

15. Calls upon all organs, organizations and programmes of the United Nations system to

establish focal points for the least developed countries, where they do not already exist, and to strengthen the existing ones in order to involve them actively in the implementation tasks throughout the 1990s;

16. Invites all Governments, the United Nations Conference on Trade and Development and other organs, organizations and bodies of the United Nations system to assist the least developed countries in undertaking consultations among themselves on matters of common interest in the context of the implementation of the Programme of Action;

17. Urges all Governments, international and multilateral organizations, regional economic integration organizations and relevant non-governmental organizations to continue to pay special attention to the problems of the least developed countries and, in this regard, welcomes the initiative of the Government of Japan to hold a seminar, in collaboration with the United Nations Capital Development Fund, on the development problems of the least developed countries in the 1990s at Tokyo in May 1991;

18. Emphasizes the importance of economic and technical co-operation between the least developed countries and other developing countries and, in that regard, highly recommends mechanisms of economic and technical co-operation among developing countries to strengthen the development efforts of the least developed countries and urges the development partners to assist in such activities;

19. Calls upon the international community to assist the landlocked and island least developed countries in coping with their special problems, in line with the relevant recommendations contained in the Programme of Action;

20. Requests the Secretary-General to submit a report to the General Assembly at its forty-sixth session on the implementation of the present resolution and also to report, on a continued basis, on the implementation of the provisions of the Programme of Action.

Notes: ¹Resolution S- 18/3, annex.

²Ibid., para. 13.

³Resolution 45/199, annex.

⁴A/CONF. 147/Misc.9/Add. I and Corr. 1

⁵A/45/695