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Implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010

Report of the Secretary-General

Summary

The present report is submitted pursuant to Economic and Social Council resolution 2004/65 and General Assembly resolution 59/244.

This is the first results-oriented annual progress report on the implementation of the Programme of Action for the Least Developed Countries. The report shows that, despite significant progress by some least developed countries in meeting individual goals, their progress as a group in meeting most goals has been insufficient to meet the goals of the Brussels Programme of Action and its objectives of eradicating poverty, sustained growth and sustainable development in the least developed countries. Three major obstacles — country ownership, capacity and resources — identified in the previous reports continue to hamper the implementation of the Programme of Action by the least developed countries. Lack of statistical data jeopardizes monitoring and reporting on the progress of the Programme of Action at both the national and the global levels. Achieving the objectives and goals of the Brussels Programme of Action by 2010 requires increased efforts by the least developed countries and scaled-up official development assistance, full debt cancellation, fair trade and enhanced technical assistance from donors. It also calls for tapping the enormous potential of South-South and triangular cooperation.

* A/60/50 and Corr.1.
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I. Introduction

1. In Economic and Social Council resolution 2004/65 and General Assembly resolution 59/244 Member States reiterated their deep concern at the weak implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 and requested submission of an annual progress report “in a more analytical and results-oriented manner, by placing greater emphasis on concrete results and indicating the progress achieved in its implementation”.

2. Results orientation is a key underlying principle of the Brussels Programme of Action, designed as a partnership framework between least developed countries and their development partners.

3. Time-bound and measurable goals of the Programme of Action for the least developed countries not only provide benchmarks for measuring progress, they also serve as an effective means for planning, policymaking, institutional reform and resource mobilization. Furthermore, they ensure transparency and accountability. Finally, they mobilize national and international partners to action and help forge partnerships and alliances.

4. The Programme of Action contains 30 international development goals, including Millennium Development Goals. Monitoring progress on these goals, however, presents a real challenge. First, not all of them are specified in such a way that they can be monitored. Secondly, there are a number of full or partial overlaps between the goals. Thirdly, lack of resources, statistical capacity and necessary infrastructure for data collection, processing and evaluation results in poor data coverage of the least developed countries.[1]

5. Given existing constraints, the elaboration of the monitoring methodology for the Brussels Programme of Action was guided by two basic principles: simplification and harmonization. Thus, only simple indicators have been selected for the purpose of monitoring. Highly composite indicators, which often require a developed analytical capacity, complex statistical infrastructure and more resources, were explicitly excluded. Furthermore, pursuant to Economic and Social Council resolution 2000/27, and in line with recommendations of the Statistical Commission,[2] selected indicators have been harmonized with the Millennium Development Goals, to ensure their coherence.

6. Statistical data used in the report overwhelmingly originate from the Common Database. Given that some goals contained in the Programme of Action are the Millennium Development Goals, 1990 was used as a base year, to ensure consistency. Wherever possible, data were disaggregated by sex and rural/urban areas.

7. Inputs of least developed countries and their development partners,[3] as well as their relevant reports and existing reporting mechanisms, including the 2004 Economic and Social Council high-level segment review of the theme “Resources mobilization and enabling environment for poverty eradication in the context of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010”, were used in the preparation of this report to ensure “the broader development agenda” and to “avoid duplication”, as requested by Member States.[4]

II. Implementation of the Brussels Programme of Action

Commitment 1: Fostering a people-centred policy framework

8. Halving the proportion of people living in extreme poverty and hunger by 2015 has been the overarching goal of the Programme of Action. To that end, the least developed countries committed themselves to reaching a GDP growth of at least 7 per cent and to increasing the ratio of investment to GDP to 25 per cent per annum. In 2003, the economies of least developed countries grew at the annual rate of 5 per cent, benefiting from the world economic recovery. In fact, their economies grew faster than those of many other groupings of countries. Notwithstanding that positive trend, only 11 least developed countries[5] achieved the 7 per cent GDP growth rate target and 7 least developed countries[6] achieved the 25 per cent investment to GDP ratio target in 2003. Moreover, the relationship between growth and poverty in least developed countries has never been either automatic or straightforward:[7] despite their greater economic growth in the decade, the incidence of poverty in the least developed countries remained high, at about 43 per cent.[8]

9. Growth and poverty reduction lie at the heart of poverty reduction strategies in many least developed countries. By 31 March 2005, 32 of 50 least developed countries had prepared interim or complete poverty reduction strategy papers, including Bhutan and Cape Verde in 2005 and Burundi, Djibouti and the Lao People's Democratic Republic in 2004.[9] Poverty reduction strategy papers have constituted a step forward over the structural adjustment policies. Yet, analysis of the impact of economic and social policies on growth and poverty reduction in poverty reduction strategy papers remains weak. Coverage of infrastructure, rural development and other areas with poverty reduction potential and the integration of the macroeconomic framework with sectoral strategies have been inadequate. Poverty reduction strategy papers have added the most value in countries where government leadership and aid management were already strong and had less effect in countries with weak public sector capacity or with donor-dominated aid relations.[10]

10. Poverty reduction strategies of the least developed countries, including poverty reduction strategy papers, must have strong country ownership, be tailored to the special needs of least developed countries and be aimed at achieving long-term development objectives and goals, including those contained in the Brussels Programme of Action and the Millennium Declaration (see General Assembly resolution 55/2). Donors should align their assistance to these results-oriented investment and operational frameworks for poverty reduction and sustainable development in the least developed countries.

11. Government policies of the least developed countries must ensure that people, particularly the poorest, are both active agents and ultimate beneficiaries of growth. These policies must benefit all poor, regardless of gender, age, ethnicity, religion, race or location. Furthermore, these policies need to favour the poor and ensure that they benefit first, and that their incomes grow faster than those of the non-poor.[11] Hence, a people-centred policy framework for poverty eradication in the least developed countries needs to be both pro-growth and pro-poor.

Commitment 2: Good governance at national and international levels

12. Poverty reduction and sustainable human development cannot be achieved without good governance at the national level. Several least developed countries have reported on measures instituted by their countries towards good governance, in particular regarding their efforts to promote democracy and human rights, introduce institutional reforms, fight corruption, empower people, especially women, and promote national reconciliation and dialogue. To that end, in 2004 several least developed countries, including Afghanistan, Bhutan, Burundi, the Central African Republic and Uganda have adopted or amended their Constitutions to ensure greater voice and participation of poor people in decision-making. The new Constitution of Afghanistan guarantees women 27 per cent, or 68 seats, of seats in the Lower House and 50 per cent of appointments made by the President to the Upper House of the Parliament. Many post-conflict least developed countries, in the process of democratization, have adopted affirmative measures, such as reserved seats and a quota, to ensure the participation of women in decision-making. As of 28 February 2005, the overall proportion of seats held by women in the Parliaments of least developed countries was 12.4 per cent, but in Rwanda women occupy 48.8 per cent and in Mozambique 34.8 per cent of all seats in their respective Parliaments.[12] Greater representation of women at the highest decision-making level and gender sensitization campaigns resulted in more gender-sensitive legislation and policies. Thus, a national gender policy was elaborated and adopted in Burundi, Lesotho, Sierra Leone and the United Republic of Tanzania. An action plan on the advancement of women was adopted in Equatorial Guinea.

13. Presidential elections took place in 2004 in Afghanistan, Malawi, Mozambique and the Niger. Parliamentary elections were held in 2004 in the Comoros, Equatorial Guinea, the Gambia, Guinea-Bissau, Malawi, the Niger and Somalia. Municipal elections took place in 2004 in Equatorial Guinea, Mali, the Niger and Sierra Leone. Burundi held a referendum on 28 February 2005, and is currently preparing for local and parliamentary elections. Presidential elections took place in Togo on 24 April 2005.

14. The promotion of justice and the rule of law in post-conflict countries contribute to peaceful settlement of disputes, national reconciliation and consolidation of peace. By calling to account and de-legitimizing perpetrators, doing justice to victims and restoring their dignity, tribunals strengthen public confidence in the State's ability to enforce the law and serve the purpose of national reconciliation. To that end, the International Criminal Tribunal was established for Rwanda and mixed tribunals were established for Sierra Leone and Cambodia. The Panel with Exclusive Jurisdiction over Serious Criminal Offences was established in Timor-Leste. Past human rights abuses have also been addressed by truth commissions established in Timor-Leste and Sierra Leone.[13]

15. As of 1 April 2004, 14 African least developed countries[14] have voluntarily acceded to the African Peer Review Mechanism of the New Partnership for Africa's Development (NEPAD), a self-learning monitoring mechanism that evaluates performance in the following areas: political representation, institutional effectiveness, executive effectiveness, human rights and rule of law, independence of media and civil organizations, economic management and corruption control. In addition, governance in 15 least developed countries has been monitored by the Economic Commission for Africa under the African governance project.[15] Both the

African Peer Review Mechanism and the Economic Commission for Africa reviews reveal improvement of governance in African least developed countries. Fiscal Reports on the Observance of Standards and Codes in nine sub-Saharan least developed countries[16] also suggest progress in fiscal transparency, including the quality of budget formulation and investment in the fiscal reporting system.

16. Many least developed countries embarked on the path of decentralization and the strengthening of local governance. Senegal started the process of decentralization and the Local Government Act was adopted in Sierra Leone. Decentralization policies have been introduced and are being implemented in Malawi, Mozambique and Zambia. The Department of Local Governance was established in Bhutan. The United Republic of Tanzania has undertaken fiscal decentralization in local governance and education and health sectors. Donors have played a critical role in supporting the decentralization processes. France provided support to decentralization processes in Benin, Cape Verde, Chad, Madagascar, Mauritania, Morocco, Namibia, the Niger and Senegal. The United Nations Capital Development Fund (UNCDF) provided assistance to local governance in 11 least developed countries. The United States of America provides assistance to all 50 least developed countries in four areas: strengthening the rule of law and respect for human rights; promoting free and fair elections and political processes; increasing development of politically active civil society; and supporting more transparent and accountable governance. Good governance is also the most important criterion to qualify for development assistance from the United States of America under the Millennium Challenge Account. On 8 November 2004, its Board approved the first 16 countries eligible for Millennium Challenge Account assistance. Half of them are least developed countries.[17]

17. A number of least developed countries undertook measures to prevent and root out arbitrary and corrupt practices. A national anti-corruption strategy was developed and an anti-money laundering act was enacted in Sierra Leone. The Commission of Inquiry on properties and assets of civil servants was established in the Gambia. Anti-corruption, legal and judicial reforms, public administration reforms and armed forces reforms have been undertaken by the Government of Cambodia. The United Republic of Tanzania has adopted a national anti-corruption strategy and an action plan for the period 2003-2005, has established the National Integrity Fund to support anti-corruption activities and has passed an anti-money laundering act. Benin has undertaken reforms aimed at increasing efficiency, accountability and transparency in government procurement and established the Observatory for the Fight against Corruption. Of 50 least developed countries, 24 have signed and 4 have ratified the United Nations Convention against Corruption while 28 have signed and 15 have ratified the United Nations Convention against Transnational Organized Crime.

18. Good governance requires adherence to international standards in the area of human rights. In the period 2003-2004, Liberia, Mauritania and Timor-Leste acceded to the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights and the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment. During the 2003-2004 period, Afghanistan, Kiribati, Sao Tome and Principe and Timor-Leste acceded to the Convention on the Elimination of All Forms of Discrimination against Women and six least developed countries (Angola, Bangladesh, Bhutan, Equatorial Guinea, Ethiopia and Nepal) submitted their

country reports on their compliance with it. In 2004, all 50 least developed countries were States parties to the Convention on the Rights of the Child and 39 have acceded to the International Convention on the Elimination of All Forms of Racial Discrimination. An action plan to promote human rights was elaborated in Equatorial Guinea; human rights committees were established in Afghanistan, Guinea-Bissau and Sierra Leone. A national commission on women and children was established in Bhutan. The United Republic of Tanzania has established the Human Rights and Good Governance Commission and has reviewed laws discriminatory to women.

19. An effective State needs effective national governance. Effective governance requires the promotion of the rule of law and of political, economic and social rights; transparent, accountable and efficient public administration that provides public goods and social protection; sound economic policies, which boost growth, production and employment, encourage investment and promote private sector development. It also needs to be participatory and based on constructive dialogue with civil society. Effective planning and the implementation of poverty reduction policies, strategies, programmes and activities require the strengthening of the institutional and human capacities of governance and public administration of least developed countries.

20. Good governance at the international level consists of, first and foremost, a universal, open, fair, rule-based and transparent multilateral system. It requires coherence between national and international efforts and between multilateral monetary, financial and trading systems.

Commitment 3: Building human and institutional capacities

21. Progress in achieving poverty reduction and economic growth in the least developed countries depends, to a great extent, on human capital, on the access of people to nutrition, health, education, sanitation, safe drinking water and on their social integration. The Brussels Programme of Action contains 18 quantifiable goals and targets in these areas.

22. Achieving these goals depends not only on economic performance, but also on the population policies of the least developed countries. Of 50 least developed countries, 32 have adopted policies and programmes designed to decrease their population growth rates and two thirds have adopted policies and programmes to address adolescent fertility.[18] The United Nations Population Fund (UNFPA), the lead United Nations agency in the field of reproductive health and family planning, has been supporting their efforts by allocating between 67 and 69 per cent of its resources in 2004 and between 69 and 71 per cent of its resources in 2005 to Group A of the countries category classification, which includes all least developed countries.[19] Nonetheless, both the fertility level and the population growth rate of least developed countries remain very high. It is estimated that their population will reach 759 million in 2005 and 942 million by 2015. The population of least developed countries will more than double by 2050, and will more than triple between 2005 and 2050 in 11 least developed countries.[20]

23. The proportion of people who suffer from hunger has decreased slightly in the least developed countries, from 38 per cent in the period 1990-1992 to 36 per cent in the period 2000-2002. Especially acute is the malnutrition rate among children, with almost 43 per cent of children under five underweight for their age. Malnutrition

makes children particularly vulnerable to diseases. Half of them die worldwide from five major diseases: pneumonia, diarrhoea, malaria, measles and HIV/AIDS. Unsurprisingly, the least developed countries, where almost half the population lives in extreme poverty and hunger, have the highest under-five mortality rate (155 per 1,000 live births) in the world.

24. Child survival needs a continuum of care approach that begins in pregnancy and extends through birth and childhood. However, data reveal that only 32 per cent of women in least developed countries were assisted at birth by skilled personnel in 2003, and 20.2 per cent of pregnant women made four antenatal visits between 1995 and 2003. Insufficient maternal care during pregnancy and delivery is largely responsible for maternal and infant mortality in the least developed countries. Between 1985 and 2003 the maternal mortality ratio in the least developed countries was 890 per 100,000 live births, and the infant mortality ratio in 2003 was 98 per 1,000 live births. Poor maternal nutritional status and health also result in low weight of children at birth. Low birth weight has negative effects on the physical and/or the mental development of children and increases the likelihood of their death during their first years of life. The United Nations Children’s Fund (UNICEF) has reported that some 19 per cent of children in the least developed countries were born with low weight (less than 2.5 kilograms) but 68 per cent of infants were not weighed at birth because of their delivery outside health facilities.[21]

25. It has been reported that exclusive breastfeeding, immunization, bed nets and relevant drugs, as well as access to water and sanitation, could have saved millions of children in the least developed countries. However, only 30 per cent of children were exclusively breastfed, 79 per cent were immunized against tuberculosis, 68 per cent were immunized against diphtheria, pertussis and tetanus and 67 per cent were immunized against measles in 2003 in the least developed countries. Sleeping under a bed net has proved to be a cheap and effective way to prevent malaria, but only 19 per cent of children under the age of five in the least developed countries slept under a bed net, and 36 per cent of children under the age of five with fever received antimalarial drugs in 2003.[22] Free distribution of malaria bed nets has increased in 28 African least developed countries, but only Guinea-Bissau met the 2000 Abuja Summit bed nets target in 2002. All African least developed countries have adopted a national antimalarial treatment policy, but few have adopted the World Health Organization-recommended artemisinin-based combination therapies, and even fewer are implementing them due to their health budget constraints.[23]

26. The prevalence of tuberculosis has increased in the least developed countries owing partly to persistent poverty, but largely to the spread of HIV/AIDS, which weakens human resistance. Estimated prevalence of HIV/AIDS in least developed countries in 2003 was 3.2 per cent, but in most African least developed countries it was above that level. It was especially high in Lesotho (28.9 per cent), Zambia (16.5 per cent), Malawi (14.2 per cent) and the Central African Republic (13.5 per cent).[24] Infection rates are especially high among young women. HIV/AIDS is, however, not solely a health problem. It presents a serious threat to the development of the least developed countries by affecting their productive capacity and, ultimately, their economic growth. The prevalence of HIV/AIDS in the least developed countries has been stabilized since 1999, but its incidence has neither been reversed — a Millennium Development Goal target — nor reduced by 25 per cent in the most affected countries — a Brussels Programme of Action target.

27. There has been good progress in the least developed countries in the area of education. Thus, the net enrolment in primary education increased to 62 per cent in the period 2001-2002, with most dramatic changes observed in Bangladesh, Benin, Eritrea, the Gambia, the Lao People's Democratic Republic, Malawi, Mali, Rwanda, Senegal and Togo. However, the primary completion rate was at 50.1 per cent during the same period, which suggests a great number of dropouts, especially among girls, particularly in landlocked least developed countries. Data also suggest that in the area of education women are discriminated against and men are favoured in the least developed countries, especially the landlocked ones, at all levels. The adult literacy rate among 15-to-24-year-olds in the least developed countries has increased.

28. Access to water and sanitation has slightly improved, but rapid urbanization poses a real challenge to many least developed countries. The proportion of population of least developed countries residing in urban areas has increased from 22.6 per cent in 1994 to 28.1 per cent in 2004, and is projected to reach 35.3 per cent in 2015.[25] This presents a serious challenge to the Governments of the least developed countries with regard to the capacity of their cities to absorb new residents and to provide them with clean water, electric power and waste management. Providing basic services, such as health and education, and ensuring their accessibility and affordability are primarily the responsibility of Governments, but, in the situation of pervasive poverty and limited domestic resources in the least developed countries, Governments usually have little room to increase their public expenditures on social services,[26] ensure their affordability, invest in infrastructure or improve their accessibility. Improvement of the delivery of basic services in the least developed countries requires not only public sector reforms, an enabling regulatory framework for the private sector and adequate capacity-building, but also faster economic growth and scaled-up official development assistance (ODA) in the social sector.[27]

Commitment 4: Building productive capacities to make globalization work for the least developed countries

29. Growth of agricultural production and a vibrant agricultural sector are of particular importance for the least developed countries, where poverty is predominantly a rural phenomenon: 72 per cent of the population of the least developed countries lives in rural areas.[25] Several least developed countries have adopted policies to deregulate agricultural markets, provide a greater role for the private sector, attract investments and promote new agricultural technology (Bhutan, Guinea-Bissau, Sierra Leone and Zambia). The development of high-value agricultural products features prominently in the recent poverty reduction strategy papers of Ethiopia, the Gambia, Madagascar, Malawi, Nepal and Senegal.

30. Efforts of the least developed countries were supported by their development partners. The Food and Agriculture Organization of the United Nations (FAO) provided support to 33 least developed countries under the NEPAD comprehensive agriculture programme. The International Trade Centre (ITC) of the United Nations Conference on Trade and Development (UNCTAD)/World Trade Organization (WTO) assisted in market and business practice analysis in the areas of organic food, biodiversity products and medicinal plants that are of high interest to the least developed countries. It provided support to silk production (Cambodia) and strengthened the supply side in mushrooms and peaches (Lesotho), mangoes (Haiti)

and jute production (Bangladesh). Germany supported agriculture and rural development in 13 least developed countries and assisted in the development of strategies to promote private agriculture enterprise in 11 least developed countries. The New Rice for Africa (NERICA) project is a remarkable example of the global compact for food security in the African least developed countries, within the framework of the Tokyo International Conference on African Development. Protein-rich, weed-competitive, pest- and disease-resistant and fast-growing varieties of rice initially launched in seven African pilot countries, including Benin, the Gambia, Guinea, Mali and Togo, have been extended to Rwanda, Uganda and the United Republic of Tanzania. High-yielding rice varieties are forecast to raise production in these African least developed countries enough to reduce their food imports by $100 million per year.

31. Adequate physical infrastructure (roads, railways, ports, etc.) is crucial for a vibrant economy, the promotion of trade, reducing poverty and social integration of the poor. Comparing the progress of the least developed countries with the progress of other developing countries on these goals, however, presents a serious challenge. First, it is unclear whether the current progress of least developed countries on these goals should be compared with the current progress of other developing countries or with their progress in 2001. Secondly, the level of road and railway infrastructure depends on many endogenous factors: size of the country, type of economy, export orientation, proximity to market, density of population, terrain, etc. Existing data suggest, however, the dramatic deterioration of physical infrastructure in least developed countries as a result of the decline of public and foreign investment and limited participation of the private sector owing to the lack of an adequate regulatory framework, capacity and information base.

32. Information and communication technology (ICT) can improve delivery of services, promote trade, business, governance, foreign investment, employment and rural development and ensure social inclusion of the poor. The paradox of asymmetrical globalization, however, is that ICT has also widened the gap between the poor and the rich. More important, in the absence of adequate infrastructure, especially in the landlocked and small island least developed countries, ICT often is a substitute for more expensive or non-existent fixed telephone lines and it facilitates the delivery of basic services and the promotion of trade and, ultimately, contributes to growth. Thus, recent studies suggest that an increase of 10 mobile phones per 100 people can increase GDP growth by 0.6 per cent in the poorest countries.[28] Remarkably, teledensity and Internet penetration have almost doubled in the least developed countries since 2001, but the cost of mobile phones will be the decisive factor in further narrowing the digital divide between the least developed countries and wealthy nations. This will require the least developed countries to create an enabling environment for ICT-related investment and competitive services.

33. Private sector development can play an important role in poverty alleviation. A number of least developed countries have simplified regulations affecting the entry, operation and exit of private enterprises (Bhutan, Madagascar, United Republic of Tanzania and Zambia). However, much more remains to be done. Business registration is still a cumbersome, long and expensive procedure in many least developed countries.[29] No wonder they score lowest in business competitiveness among 102 developed and developing countries.[30]

34. Agriculture underpins food security, provides export earnings, promotes rural development and reduces malnutrition and poverty. Despite its crucial importance, agriculture remains underdeveloped in the least developed countries. Addressing the challenge of poverty reduction requires a renewed focus by the least developed countries on agriculture and rural development; adoption of sustainable agricultural development strategies, including macroeconomic and sectoral incentives; strengthening institutional capabilities; raising and sustaining productivity and competitiveness; diversifying production and trade; and improving access to credit and market.

35. Improvement of infrastructure in the least developed countries requires ODA, which could leverage their domestic private and public resources and institutional capacity-building. Effective delivery of infrastructure services in the least developed countries also calls for strong public-private partnership and increased private sector participation.

36. Bridging the digital divide between the poor and wealthy countries is the centrepiece of the Digital Solidarity Agenda contained in the Plan of Action for ICT adopted at the World Summit on the Information Society in Geneva in 2003. The second phase of the Summit, to be held in Tunis in November 2005, must ensure effective follow-up to the Geneva Declaration of Principles and the implementation of the Plan of Action. ICT needs to be integrated into the national development strategies of the least developed countries. ICT policies of the least developed countries should also address the gender gaps in the digital divide and ensure equal access by women and men to ICT.

37. The private sector alleviates poverty by contributing to economic growth, generating employment and empowering poor people by increasing their choices. Building a strong and vibrant private sector requires a global and domestic enabling macroenvironment, physical and social infrastructure and the rule of law. A level playing field, access to finance, knowledge and skills are also indispensable for the private sector to flourish.[31]

Commitment 5: Enhancing the role of trade in development

38. Trade can be a powerful engine of growth, poverty reduction and sustainable development.[27] Utilizing trade potential fully has been a daunting challenge for many least developed countries, heavily dependent on primary commodities in their export earnings.[32] The share of the least developed countries in world trade in 2004 remained below 1 per cent.[27]

39. Cotton is a main agricultural commodity in several least developed countries. It is estimated that current cotton subsidies depress the world price by nearly 12 per cent and cost Central African and West African countries $250 million, including $43 million for Mali, $33 million for Benin, $28 million for Burkina Faso and $16 million for Chad. Estimates also suggest that sugar subsidies cost Mozambique $38 million and Malawi $32 million in 2004.[33] The WTO July 2004 framework agreement envisages that cotton subsidies will be addressed ambitiously, expeditiously and specifically by the subcommittee on cotton established under the Committee on Agriculture.

40. Preferential market access and special and differential treatment of least developed countries have been the cornerstone of the Brussels Programme of Action

and the Doha and Millennium Declarations. Some 35 WTO members and observers, counting 25 European Union (EU) members as one, have undertaken measures to improve market access for least developed countries under the Generalized System of Preferences (GSP) and the Global System of Trade Preferences (GSTP) and through special trade preferences for least developed countries, such as the EU Everything but Arms initiative and the African Growth and Opportunity Act of the United States of America. However, almost half of the market access preferences granted under these schemes remain underutilized by the least developed countries, owing mainly to their supply-side constraints, lack of trade-related capacity and non-tariff barriers, notably rules of origin[34] and product standards.

41. The expiration of the WTO Agreement on Textiles and Clothing in January 2005 raised serious concerns among the least developed countries specializing in textile and clothing exports. Preliminary studies suggested that the Asian least developed countries, with the strongest textile export specialization, could be most seriously affected. The ultimate impact of the Agreement will depend on whether the unilaterally granted preferential market access for the least developed countries can counterbalance the negative effects of this phase-out. Easing the rules of origin for the exports of the least developed countries, providing financial and technical assistance to those affected by the elimination of quotas, extending preferences for their textiles and clothing and refocusing other trade preferences could significantly mitigate the impact of the phase-out. Expanded South-South trade could also ease adjustment to the expiration of the Agreement.[35]

42. Integrating the least developed countries into the global economy requires their voice and effective participation in the rule-based multilateral trading system. However, their accession to WTO has been hampered by policy issues related to adjustment of the development strategies, implementing instruments and legislative frameworks of least developed countries to WTO requirements; insufficient knowledge, expertise, resources, infrastructure and analytical capacities required for accession negotiations; and, finally, increasing demands by some WTO members for acceding countries to undertake a higher level of obligations and commitments.[25] Despite the adoption of the simplified and streamlined procedures by the WTO General Council on 10 December 2002,[36] the accession of least developed countries remains a protracted and complex procedure. So far, only two least developed countries (Nepal and Cambodia) have joined WTO in the post-Doha period, bringing their total number in WTO to 32. Yet nine least developed countries[37] remain in different stages of the accession process. Some of them have been in the process for between six and nine years and are nowhere near its completion.

43. Integrating trade issues in poverty reduction and national development strategies of the least developed countries has been the major focus of the Integrated Framework for Trade-related Technical Assistance,[38] revamped in 2000. The revamped Framework, launched as a pilot project in Cambodia, Madagascar and Mauritania, currently covers 22 least developed countries[39] and is expected to include 30 of them in 2005. The Integrated Framework Diagnostic Trade Integration Study was completed by 2004 in 14 least developed countries, and is under way or in the planning stage in another 14.[40] Nine African least developed countries (Benin, Burkina Faso, Malawi, Mali, Mauritania, Senegal, Uganda, United Republic of Tanzania and Zambia) also participate in the Joint Integrated Technical Assistance Programme.[41] Ten least developed countries[42] benefit both from the Integrated Framework and the Technical Assistance Programme. On 1 April 2005, WTO, with

the financial support of the Government of the Netherlands, also launched a new three-year WTO internship programme for the least developed countries.

44. Many least developed countries, including Bangladesh, Benin, Burkina Faso, Cape Verde, Ethiopia, Mali, Mauritania, the Niger, Togo, Uganda and Zambia, have been benefiting from trade facilitation programmes such as the Automated System for Customs Data and the Advanced Cargo Information System of UNCTAD. While the customs programme assisted the least developed countries in modernizing their customs service, ACIS has contributed to improving their transport infrastructure and significantly increased their financial gains.[43] UNCTAD has also been providing extensive training and capacity-building to the least developed countries in trade negotiations and commercial diplomacy, including on issues related to WTO accession. This assistance has resulted in greater effectiveness on the part of least developed countries' negotiators, including in the formation of coalitions with other developing countries on issues of common interest, in WTO and in other trade negotiations.

45. The International Trade Centre continued the export-led poverty reduction programme, aimed at integrating poor communities into international markets in Cambodia and Ethiopia. The ITC World Trade Net Programme, aimed at facilitating business community participation in the world trading system, currently covers Bangladesh, Cambodia, Haiti, Lesotho, Malawi, Mozambique, Nepal, Senegal and Zambia. Cooperation with 38 least developed countries accounted for 35 per cent, or $20.1 million, of total ITC delivery in 2004.

46. Making trade a more effective mechanism for poverty reduction in the least developed countries requires: (a) mainstreaming trade in poverty reduction and national development strategies; (b) increased international financial and technical assistance for building production and trade capacities in the least developed countries; and (c) a more enabling international trading environment.[44]

47. Special international support measures, such as preferential market access and special and preferential treatment of the least developed countries under WTO provisions, need to be expanded and deepened bearing in mind the supply-side constraints of the least developed countries.[27] Enhanced market access for least developed countries' products to other developing countries could also contribute to the expansion of their trade opportunities. All efforts should be made to reach a successful outcome of the Doha Round of multilateral trade negotiations no later than 2006 and the effective implementation of the Doha Development Agenda, which includes, inter alia, special treatment of the least developed countries. Continued support from all stakeholders will be necessary to strengthen the trade negotiating capacity of the least developed countries.

Commitment 6: Reducing vulnerability and protecting the environment

48. The poor, especially women, children and the elderly, are extremely vulnerable to natural disasters, and are highly susceptible to the adverse effects of global warming and climate change. The Hyogo Framework for Action, adopted at the World Conference on Disaster Reduction in January 2005, recognizes that "Disaster-prone developing countries, especially least developed countries and small island developing States, warrant particular attention in view of their higher vulnerability and risk levels, which often greatly exceed their capacity to respond to and recover from disasters". In view of the particular vulnerabilities and insufficient capacities

of least developed countries to respond to, and recover from, disasters, it recommends, as a matter of priority, that they be provided support in the implementation of the Framework for Action and in building their disaster-risk reduction capacity.[45]

49. Small island least developed countries are particularly vulnerable to climate change and natural disasters. The massive earthquake that triggered the tsunami in Asia in December 2004 had a devastating effect on Maldives. It seriously damaged housing and infrastructure and hit especially hard the poor people who lost their houses, boats, fishing nets and fish processing equipment used to sustain their livelihoods. The adoption of mitigation and adaptation policies is the responsibility of Governments under the United Nations Framework Convention on Climate Change. Currently, 46 least developed countries are States parties to the Convention and 33 have ratified the Kyoto Protocol.[46]

50. The LDC Fund of GEF provides funds for the enhancement of the adaptive capacity of the least developed countries and the implementation of their national adaptation programmes of action. It also provides grants for their environmental projects in six areas: biodiversity, climate change, international waters, land degradation, the ozone layer and persistent organic pollutants. Of 50 least developed countries, 48 have had regular access to GEF funds for national capacity self-assessments, country programmes, targeted capacity-building projects and enabling activities. In 2004 alone 26 least developed countries were allocated GEF funds.[47] GEF priorities for the period 2002-2006 include 90 per cent coverage of the least developed countries in transboundary water projects; capacity-building for sustainable land management and an integrated approach to ecosystem management; enhancement of adaptive capacity to adverse effects of climate change; and small grants to civil society organizations.

51. Pervasive poverty, high demographic pressure on natural resources, lack of adequate technology, including biotechnology, and lack of investments can lead to environmental degradation (land degradation, deforestation, pollution, loss of biodiversity, etc.) in least developed countries. Ensuring environmental protection and environmental sustainability in least developed countries calls for modern technology aimed at raising agricultural productivity; investments in improved environment management of forests, watersheds, coastal ecosystems and fisheries, freshwater and related ecosystems; integration of environmental sustainability into sector strategies; strengthening regulatory and institutional mechanisms, such as property rights, regulation of pollution and market-based strategies; and effective monitoring and enforcement. Protection of the environment and the rational use of natural resources (land, water, energy, forestry, etc.) also require mainstreaming environmental protection in poverty reduction and national development strategies of the least developed countries. Environmental protection, economic development and social development should be intimately interlinked in poverty reduction and sustainable development in the least developed countries.

Commitment 7: Mobilizing financial resources

52. Recognizing the critical role of financial resources in achieving the goals of the Brussels Programme of Action, the 2004 high-level segment of the Economic and Social Council undertook an in-depth and comprehensive review of domestic and external resources mobilization under the theme “Resources mobilization and

enabling environment for poverty eradication in the context of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010”.[48]

53. The Economic and Social Council review concluded that external debt can adversely affect economic performance of the least developed countries and hinder their efforts to eradicate poverty and achieve sustained growth. Bringing debt down to the level of long-term sustainability through deeper, broader and faster debt relief has been the most ambitious goal of the enhanced Heavily Indebted Poor Countries (HIPC) Initiative launched in 1999 by the International Monetary Fund (IMF) and the World Bank. By 1 March 2005, of 30 least developed countries that participate in the enhanced HIPC Initiative, 11[49] had reached the completion point, 10[50] had reached the decision point and 9[51] remained under consideration for debt relief. It is expected that Burundi will reach its decision point and that Chad, Rwanda and Zambia will reach their completion points in 2005. The Democratic Republic of the Congo, the Gambia, Guinea, Guinea-Bissau, Malawi, Sao Tome and Principe and Sierra Leone are expected to reach their completion points in 2006. The Lao People’s Democratic Republic has established a track record of sound macroeconomic performance under the IMF-supported Poverty Reduction and Growth Facility, but indicated that it would not avail itself of the HIPC Initiative.[52]

54. In September 2004, the International Development Association (IDA) and IMF Boards extended the HIPC sunset clause until the end of 2006 and lowered the thresholds so that more countries could become eligible for greater debt relief. Furthermore, interim relief is provided already at the decision point. In addition, some countries receive topping up,[53] which enables them to reach the level of sustainability at the completion point. Notwithstanding these positive developments, reconciling debt sustainability, sustained growth and poverty reduction remains a daunting challenge for many least developed countries. In that regard, the fourteenth replenishment of the International Development Association (IDA 14), finalized in February 2005, set a positive tone for future development financing by increasing financial resources by 25 per cent and the number of grants by up to 30 per cent over the next three years.[54] Debt sustainability will be the primary determinant for grant eligibility in IDA 14, while the joint IMF-World Bank debt sustainability framework aimed at supporting the efforts of HIPC countries in achieving the Millennium Development Goals will provide the analytical basis for linking debt sustainability to grant eligibility.

55. The Brussels Programme of Action recognizes that “Despite the positive effects that domestic policies can achieve in the mobilization of local resources, ODA will remain a critical resource for achieving the objectives, goals and targets of this Programme of Action”.[55] In the Millennium Declaration and the Monterrey Consensus developed countries committed themselves to achieving the target of 0.15 to 0.20 per cent of their gross national income (GNI) as ODA to least developed countries. They agreed not only to provide more but also better aid to harmonize their aid policies, procedures and practices; align aid to the recipient countries’ priorities; streamline aid delivery; and, finally, untie aid.[56] By 2003, seven Organization for Economic Cooperation and Development (OECD)/ Development Assistance Committee (DAC) countries (Belgium, Denmark, Ireland, Luxembourg, Netherlands, Norway and Sweden) had surpassed the 0.20 per cent GNI/ODA target and one country (France) had met the 0.15 per cent target.

56. It is worth noting that least developed countries accounted for most of OECD/DAC aid (41.1 per cent) and EU aid (47.1 per cent) in the period 2002-2003, with the aid disbursements of some donor countries exceeding 50 per cent: Belgium (67.3), Denmark (54.3), Ireland (69.6), Italy (63.5), Norway (53.4), Portugal (72.8), and Sweden (52.6). In 2003, 92 per cent of OECD/DAC aid was untied and 94.7 per cent of bilateral aid to least developed countries was provided in grants. Total OECD/DAC net disbursement to least developed countries reached $22,542 million, or 0.08 per cent of donors' GNI/ODA, a modest increase over 2002,[57] considering the sizeable dollar depreciation against other major currencies and debt forgiveness to the Democratic Republic of the Congo,[58] which accounted for most of the aid increase. It is projected that OECD/DAC aid to least developed countries will further increase in 2006, in the light of the commitments made by individual donor countries.[59] The Paris High Level Forum on Aid Effectiveness, held from 28 February to 2 March 2005, also signalled the determination of donors to improve aid effectiveness by monitoring progress on ownership, aid alignment, harmonization, managing for results and mutual accountability.

57. The share of net foreign direct investment (FDI) flows to least developed countries has increased, reaching almost 5 per cent in the period 2003-2004. However, FDI inflows remained highly concentrated in four oil-exporting African least developed countries: Angola, Chad, Equatorial Guinea and the Sudan. A number of least developed countries have also succeeded in attracting South-South FDI (Lesotho, Nepal, Uganda, etc.) from neighbouring developing countries, owing to their favourable investment climate, geographical proximity, common economic and environmental interests and cultural similarities.[60]

58. Workers' remittances have recently emerged as an important source of external finance for development. They are currently a primary source of external finance to several least developed countries. In 2004 they were quite significant for Bangladesh ($3.4 billion), the Sudan ($1.2 billion), Senegal ($0.3 billion) and Lesotho ($0.2 billion). They also account for a significant share of GDP in small island least developed countries (Haiti, Kiribati and Samoa).[61]

59. Microfinance and microcredit can be a powerful tool for increasing production, growth and poverty eradication. Still, the vast majority of poor people in the least developed countries do not have access to microfinancial services owing to the policy and regulatory environment, insufficient access to information, lack of collateral, and weak human and institutional capacities. In most of the least developed countries, with the exception of Bangladesh (5 per cent), the penetration rates hardly exceed 1 per cent. With the support of the United Nations Capital Development Fund, 11 least developed countries improved their policy and regulatory environment for microfinance, increased the number of borrowers and created viable microfinance institutions that provide quality services in 2004.[62] Many other least developed countries (Bangladesh, Benin, Sierra Leone, United Republic of Tanzania, Yemen and Zambia) also undertook concrete measures to create an enabling environment for microcredit and microfinance.

60. Several least developed countries,[63] with the support of donors, have also made sustained efforts to improve their investment and economic governance through the implementation of investment policy reviews, good governance in investment and least developed country investment guides executed by UNCTAD. These projects have enabled the beneficiary countries to improve their investment

frameworks, adapt to changing policy environment at the national and international levels and enhance perceived images of these countries as investment locations.

61. Official development assistance remains the main source of external finance for the least developed countries because of their limited capability to raise domestic resources, high vulnerability to external economic shocks and acute susceptibility to natural disasters. Donor countries that committed themselves to the 0.15-0.20 per cent GNI/ODA target should make their best effort to reach that target no later than 2006.[64] The International Finance Facility should be launched in 2005 to support an immediate front-loading of ODA.

62. Full cancellation of the external debt of HIPC least developed countries and significant debt relief for the non-HIPC least developed countries are critical to enable them to reduce poverty and achieve sustained growth. Debt sustainability needs to be redefined to enable the least developed countries to achieve the goals contained in the Brussels Programme of Action without an increase in debt ratio. All loans to least developed countries, including concessional ones, should be provided in the form of grants. Furthermore, debt relief needs to be placed in a broader development agenda that includes stronger national policies, more targeted and predictable development assistance and an enabling international environment for growth.

63. A good investment climate is essential for attracting productive private investment that drives growth, creates sustainable jobs for poor people and improves their livelihoods. Creating a good investment climate requires from Governments not only adopting policies and measures that remove unjustified costs, risks and barriers to competition by firms, but also addressing a broader investment agenda: stability and security, regulation and taxation, finance and infrastructure, workers and labour markets. A sound domestic investment climate also needs to be supported by international rules and standards. There is a need, through triangular cooperation, to ensure the complementarities of South-South and North-South private capital flows.

64. The enormous potential of microfinance and microcredit can be fully realized in combination with other interventions such as social protection programmes, wage employment schemes, and education and training, and as part of a broader poverty eradication strategy.

65. Workers' remittances can have a positive effect on poverty alleviation, sustained growth and sustainable development. To enhance the development impact of remittances, both recipient and origin countries should pursue integration of migration and remittances in their development policy. They should also adopt specific policies to affect volumes of remittances, remittance transfer mechanisms, management of remittance funds, the use of remittances and diaspora contributions to development. Other innovative financing mechanisms[65] need also to be explored, but as additional and, not alternative, sources of financing for development in the least developed countries.

III. Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States

66. During the reporting period, the Office has been pursuing the implementation of its mandate with regard to the least developed countries (awareness-raising and advocacy, mobilization and coordination of international support and monitoring and reporting), guided by its midterm plan[66] and based on the programme budget for 2004-2005.[67] As a result of successfully applied advocacy strategies and activities (statements, website, publications, events, media and outreach campaigns), there has been greater international awareness about the vulnerabilities and special needs of the least developed countries. That awareness was manifest in the increased number of references to the least developed countries in the statements of delegations and resolutions adopted by the United Nations and other multilateral, regional and subregional forums and their outcomes.

67. To ensure full mobilization of all parts of the United Nations system for the integrated and coherent follow-up, implementation and monitoring of the Programme of Action at the national, regional and global levels, the Office has been using the existing coordination mechanisms, such as the United Nations Development Group and, through it, the Resident Coordinator system, as well as the Executive Committee on Economic and Social Affairs. It has also continued to encourage all United Nations entities and multilateral organizations that have adopted decisions on mainstreaming to undertake regular sectoral reviews of the Brussels Programme of Action and include information on its implementation in their reporting.[68]

68. Four Open Forums for Partnership, on agriculture, commodities, HIV/AIDS and emergency preparedness, have been also organized by the Office to reach out to civil society and the private sector, mobilize international support and raise awareness about the specific constraints and special needs of the least developed countries in development. A number of activities, including panels, round tables and dialogues, were organized in preparation for the high-level plenary of the General Assembly and the International Year of Microcredit in 2005. Special events on governance, HIV/AIDS and gender equality were organized by the Office to highlight the challenges faced by the least developed countries and to advocate for the effective implementation of the Brussels Programme of Action. In collaboration with the Department of Economic and Social Affairs, the Office has ensured system-wide coordination in the organization of, and the effective follow-up to, the high-level segment of the 2004 substantive session of the Economic and Social Council on the theme “Resources mobilization and enabling environment for poverty eradication in the context of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010”.

69. The Office was instrumental in the preparation of the International Meeting to Review the Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States, held from 10 to 14 January 2005 in Port Louis, and its outcomes. To ensure effective follow-up to and implementation of the Almaty Programme of Action, the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States organized the high-level meeting on the role of international,

regional and subregional organizations for the implementation of the Almaty Programme of Action, in Almaty, Kazakhstan, from 29 to 31 March 2005. It also contributed to the successful outcome of the Ministerial Conference on Transport and Infrastructure, held in Addis Ababa in April 2005. The adoption in 2003 of the Almaty Programme of Action and in 2005 of the Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States constitute important contributions towards the implementation of the Brussels Programme of Action, since they directly concern 16 landlocked and 12 small island least developed countries.

IV. Conclusions and recommendations

70. **Despite the significant progress of some least developed countries in meeting specific goals, the progress of the least developed countries, as a group, in meeting most of the goals**[69] **has been slow and uneven. Their progress has not been sufficient to achieve the goals of the Brussels Programme of Action and its objective of eradicating poverty and achieving sustained growth and sustainable development in the least developed countries. Moreover, it is projected that the number of people living in extreme poverty may increase from 334 million in 2000 to 471 million in 2015, if the current incidence of extreme poverty persists.**[27]

71. **Three obstacles — country ownership, capacity and resources — identified in the first progress report,**[70] **continue to hamper implementation of the Brussels Programme of Action by the least developed countries. Lack of statistics and statistical capacity in the least developed countries pose a serious challenge to their proper monitoring and reporting on national implementation of the Programme of Action. Strengthening ownership requires preparation by the least developed countries of a results-based poverty reduction strategy whereby public actions of the least developed countries and donor support are aimed at achieving the goals and objectives of the Brussels Programme of Action. Addressing the challenges of capacity-building and resources mobilization calls for strengthening the partnership between the least developed countries and their development partners, the very foundation of the Brussels Programme of Action. Developed countries should fulfil their commitments on ODA, debt relief, trade and technology transfer, fully and expeditiously, to enable the least developed countries to achieve the goals of the Brussels Programme of Action by 2010.**

72. **The Brussels Programme of Action needs to be integrated in the development policies, strategies and programmes of the development partners of the least developed countries, including monitoring and reporting. All United Nations reports on economic and social items should include, in the analysis of global development trends, a group of countries classified by the United Nations as least developed countries to ensure monitoring of their development in a broader context, prevent their further marginalization and integrate them beneficially in the world economy.**

73. **Country-level coordination of various development programmes in the least developed countries needs to be strengthened in order to ensure that the integrated and coordinated follow-up to and implementation of the outcomes of the major United Nations conferences and summits will take into account the**

outcomes of the Brussels Programme of Action. To that end, United Nations country teams should support, as a priority, the preparation and the implementation of national development strategies based on the Brussels Programme of Action in the least developed countries. United Nations Resident Coordinators should also include the Brussels Programme of Action in their annual reporting.

Notes

[1] TD/B/48/14; UNCTAD, *The Least Developed Countries, 2004 Report*.

[2] E/CN.3/2002/26.

[3] A total of 41 inputs, 10 from the least developed countries, 6 from donors, 22 from the United Nations system and international organizations and 3 from regional organizations.

[4] Economic and Social Council resolution 2004/65.

[5] Afghanistan, Bhutan, Burkina Faso, the Central African Republic, Equatorial Guinea, the Gambia, Madagascar, Maldives, Mozambique, Sierra Leone and the United Republic of Tanzania.

[6] Angola, Chad, Lesotho, Mauritania, Mozambique, Nepal and Sao Tome and Principe.

[7] UNCTAD, *The Least Developed Countries, 2002 Report* and *The Least Developed Countries, 2004 Report*.

[8] Department of Economic and Social Affairs, Statistics Division.

[9] World Bank Board Presentation of PRSP documents, 30 September 2004.

[10] World Bank, *The Poverty Reduction Strategy Initiative: An Independent Evaluation of the World Bank's Support Through 2003*, 2004.

[11] Martin Ravallion, "Pro-Poor Growth: A Primer", World Bank Policy Research Paper, March 2004.

[12] See www.ipu.org/wmn-e/classif.htm.

[13] S/2004/616.

[14] Angola, Benin, Burkina Faso, Ethiopia, Lesotho, Malawi, Mali, Mozambique, Rwanda, Senegal, Sierra Leone, the United Republic of Tanzania, Uganda and Zimbabwe.

[15] "Striving for Good Governance in Africa", 2005 African Governance Report.

[16] Benin, Burkina Faso, Malawi, Mali, Mauritania, Rwanda, Uganda and the United Republic of Tanzania.

[17] Benin, Cape Verde, Lesotho, Madagascar, Mali, Mozambique, Senegal and Vanuatu.

[18] E/CN.9/2005/3.

[19] DP/FPA/2005/6.

[20] World Population Prospects: The 2004 Revision Population Database, Department of Economic and Social Affairs, Population Division.

[21] See www.childinfo.org/areas/delivery care.

[22] UNICEF, *The State of the World's Children Report 2005.*

[23] A/59/261.

[24] UNAIDS 2004 Report on the global AIDS epidemic.

[25] United Nations Department of Economic and Social Affairs, *Review and Appraisal of the Progress Made in Achieving the Goals and Objectives of the Programme of Action of the International Conference on Population and Development, the 2004 Report* (United Nations publication, Sales No. E.04.XIII.8).

[26] For example, public expenditures on health in the least developed countries in 2001 were only $4.3 per capita, or 1.9 per cent of their GDP, World Development Indicators, 2004.

[27] UNCTAD, *The Least Developed Countries, 2004 Report*.

[28] Vodafone Policy Paper Series, “Africa: the impact of mobile phones”, March, 2005.

[29] World Bank, *Doing Business in 2005: Removing Obstacles to Growth*, 2005.

[30] World Economic Forum, *Global Competitiveness Report 2004-2005*.

[31] See *Unleashing Entrepreneurship: Making Business Work for the Poor* (United Nations publication, Sales No. E.04.III.B.4), April 2004.

[32] In 2002, of 49 least developed countries, 31 were exporters of primary commodities and only 18 were exporters of manufactured goods or services.

[33] *One Minute to Midnight*, Oxfam Briefing Paper, July 2004.

[34] Recent research suggests that rules of origin raise costs of goods by between 3 and 5 per cent; see P. Brenton and M. Manchin, *Making EU Trade Agreements Work: The Role of Rules of Origin*, The World Economy, vol. 26, 2003; UNCTAD/ITCD/TSB/2003/8.

[35] TD/B/51/CRP.1.

[36] WT/L/508,WTO, 20 January 2003.

[37] Afghanistan, Bhutan, Cape Verde, Ethiopia, the Lao People’s Democratic Republic, Samoa, the Sudan, Vanuatu and Yemen.

[38] Jointly managed by IMF, ITC, UNCTAD, UNDP, World Bank and WTO.

[39] Benin, Burundi, Cambodia, Chad, Djibouti, Eritrea, Ethiopia, Guinea, the Lao People’s Democratic Republic, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nepal, Rwanda, Sao Tome and Principe, Senegal, the United Republic of Tanzania, Yemen and Zambia.

[40] Burundi, Cambodia, Djibouti, Ethiopia, Guinea, Lesotho, Madagascar, Malawi, Mali, Mauritania, Nepal, Senegal and Yemen.

[41] Jointly managed by ITC, UNCTAD and WTO.

[42] Benin, Burkina Faso, Malawi, Mali, Mauritania, Mozambique, Senegal, Uganda, the United Republic of Tanzania and Zambia.

[43] Independent evaluation of the Advanced Cargo Information System in 2002.

[44] UNCTAD, *The Least Developed Countries, 2002 Report*.

[45] A/CONF.206/6.

[46] Burkina Faso, the Democratic Republic of the Congo, Mozambique, Rwanda, the Sudan, Togo and Yemen ratified the Protocol in 2004-2005.

[47] Global Environment Facility, Annual Report, 31 March 2005.

[48] E/2004/54.

[49] Benin (2003), Burkina Faso (2002), Ethiopia (2004), Madagascar (2004), Mali (2003), Mauritania (2002), Mozambique (2001), the Niger (2004), Senegal (2004), Uganda (2000) and the United Republic of Tanzania (2001).

[50] Chad (2001), the Democratic Republic of the Congo (2003), the Gambia (2000), Guinea (2000), Guinea-Bissau (2000), Malawi (2000), Rwanda (2000), Sao Tome and Principe (2000), Sierra Leone (2002) and Zambia (2000).

[51] Burundi, the Central African Republic, the Comoros, the Lao People's Democratic Republic, Liberia, Myanmar, Somalia, the Sudan and Togo.

[52] Heavily Indebted Poor Countries (HIPC) Initiative — Statistical Update, 4 April 2005, prepared by the staffs of the World Bank and IMF.

[53] Topping up was provided to Burkina Faso, Ethiopia, the Niger, the Democratic Republic of the Congo, Rwanda, Sierra Leone and Zambia.

[54] Of 50 least developed countries, 47 are eligible for IDA soft loans, but Liberia, Myanmar, Somalia and the Sudan are inactive; a total of 81 developing countries are IDA borrowers.

[55] A/CONF.191/11.

[56] The 2001 DAC high-level meeting adopted a recommendation on untying all aid to least developed countries, excluding technical cooperation and food aid.

[57] Net disbursement of aid to least developed countries in 2002 was $15.8 million, or 0.06 per cent of total OECD/DAC aid.

[58] $4.4 million.

[59] Official development assistance from Austria, Germany, Greece, Italy and Portugal is expected to reach 0.33 per cent of GNI in 2006; from Luxembourg, Norway and Sweden, 1 per cent in the period 2006-2009; from Ireland 0.7 per cent and France 0.5 per cent by 2007; five countries committed themselves to reaching 0.7 per cent at a later stage — Belgium and Finland by 2010, France and Spain by 2012, and the United Kingdom of Great Britain and Northern Ireland by 2013.

[60] World Bank, *Global Development Finance 2005*.

[61] IMF, *World Economic Outlook 2005*.

[62] DP/2004/17.

[63] Bangladesh, Benin, Cambodia, Ethiopia, the Gambia, Guinea-Bissau, Lesotho, Maldives, Mali, Mauritania, Nepal, Senegal, Swaziland, the United Republic of Tanzania and Zambia.

[64] In fact, it is estimated that donor countries must reach 0.22 per cent of their GNI as ODA to the least developed countries to enable them to achieve the Millennium Development Goals; "Investing in Development — a practical plan to achieve the Millennium Development Goals", United Nations Millennium Project report.

[65] "Moving forward: financing modalities toward the MDGs", prepared by the staffs of the World Bank and IMF; A/59/272.

[66] A/57/6/Rev.1, programme 26.

[67] A/58/16, part III, section 10.

[68] Currently, only ESCAP, FAO, UNCTAD and WTO undertake sectoral reviews of implementation of the Programme of Action by their governing bodies.

[69] Not all goals could be monitored owing to poor data coverage and lack of adequate methodology to assess progress.

[70] A/58/86-E/2003/81.