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Implementation of and follow-up to major United Nations conferences and summits: review and coordination of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010

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

Report of the Secretary-General

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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 of the LDCs. The report shows that despite significant progress of some LDCs on separate goals the progress of the LDCs, as group, on most of the goals has been insufficient to meet the goals of the Brussels Programme and to reach its objective of eradicating poverty, sustained growth and sustainable development in the LDCs. Three major obstacles (country ownership, capacity and resources) identified in the previous reports continue to hamper the implementation of the Programme by the LDCs. Lack of statistical data jeopardizes monitoring and reporting on the progress of the Programme both at the national and global levels. Achieving the objectives and goals of the Brussels Programme by 2010 requires increased efforts from the LDCs and scaled up ODA, full debt cancellation, fair trade and enhanced technical assistance from the donors. It also calls for tapping the enormous potential of the South-South and the triangular cooperation.

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I. Introduction

In ECOSOC resolution 2004/65 and General Assembly resolution 59/244 member states reiterated their deep concern over the weak implementation of the Programme of Action of the Least Developed Countries for the Decade 2001-2010 and requested to submit an annual progress report “in a more analytical and results-oriented way, by placing emphasis on concrete results and indicating the progress achieved in its implementation”.

Result-orientation is a key underlying principle of the Brussels Programme, designed as a framework of partnership between LDCs and their development partners.

Time bound and measurable goals of the Programme of Action of LDCs not only provide benchmarks for measuring progress, they also serve as an effective means for planning, policy making, institutional reforms and mobilization of resources. Furthermore, they ensure transparency and accountability. Finally, they mobilize national and international partners into action and help forge partnerships and alliances.

The Programme contains 30 international development goals, including Millennium Development Goals (MDGs). Monitoring progress on these goals presents, however, a real challenge. *First*, not all of them are specified in a way they can be monitored. *Second*, there exist a number of full or partial overlaps between the goals. *Third*, lack of resources, statistical capacity, and necessary infrastructure for data collection, processing and evaluation results in poor data coverage of the LDCs.¹

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

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

Inputs of LDCs and their development partners,³ as well as their relevant reports and existing reporting mechanisms, including the 2004 ECOSOC 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

¹ The development goals of the Programme of Action of the Least Developed Countries for the Decade 2001-2010: Towards a set of indicators to monitor progress. TD/B/48/14; The Least Development Countries Report. UNCTAD, 2004

² Report of the Friends of the Chair of the Statistical Commission on the assessment of the statistical indicators derived from United Nations summit meetings. E/CN.3/2002/26

³ Total 41 inputs, including 10 from the LDCs, 6 from the donors, 22 from the UN system and international organizations and 3 from the regional organizations.

Decade 2001-2010” were used in the preparation of this report to ensure “a broader development agenda” and “avoid duplication” as requested by member states.⁴

II. Implementation of the Brussels Programme of Action

Commitment 1: Fostering a people-centered policy framework

Halving the proportion of people living in extreme poverty and hunger by 2015 has been the overarching goal of the Programme. To this end, the LDCs committed themselves to reach a GDP growth of at least 7 per cent and increase the ratio of investment to GDP to 25 per cent per annum. In 2003, LDCs grew at the annual rate of 5 per cent, benefiting from the world economic recovery. In fact, they grew faster than many other groupings of countries. Notwithstanding this positive trend, only 11 LDCs⁵ achieved the 7 per cent GDP growth rate target and 7 LDCs⁶ reached the 25 per cent investment ratio to GDP target in 2003. Besides, the relationship between growth and poverty in LDCs has never been either automatic or straightforward:⁷ despite their fastest growth in the decade the incidence of poverty in the LDCs remained high⁸.

Growth and poverty reduction lie at the heart of poverty reduction strategy in many LDCs. By 31 March 2005, 32 out of 50 LDCs have prepared interim or full Poverty Reduction Strategy Papers (PRSPs), including Bhutan and Cape Verde in 2005 and Djibouti, Lao DPR and Burundi in 2004.⁹ PRSP has been a step forward from the structural adjustment policies. Yet, analysis of the impact of economic and social policies on growth and poverty reduction in PRSP 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. PRSP has 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 relations¹⁰.

Poverty reduction strategies of the LDCs, including PRSPs, must have strong country ownership, be tailored to the special needs of LDCs and aimed at achieving long-term development objectives and goals, including those contained in the Brussels Programme of Action and the Millennium Declaration. Donors should align their assistance to these result-oriented investment and operational frameworks for poverty reduction and sustainable development in the LDCs.

Governments’ policies of the LDCs must ensure that people, particularly the poorest, are both active agents and ultimate beneficiaries of growth. These policies must benefit all poor, regardless of their gender, age, ethnicity, religion, race and location. Furthermore, these policies need to be in favour of the poor and ensure that the poor

⁴ ECOSOC resolution 2004/65

⁵ Afghanistan, Bhutan, Burkina Faso, CAR, Equatorial Guinea, the Gambia, Madagascar, Maldives, Mozambique, Sierra Leone, Tanzania

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

⁷ See in-depth and comprehensive analysis of complex relationship between poverty and growth in LDCs in the Least Development Countries Report. UNCTAD, 2002 and 2004.

⁸ About 43 per cent. Source: UN DESA

⁹ Board Presentation of PRSP Documents. September 30.2004. World Bank

¹⁰ The Poverty Reduction Strategy Initiative. An Independent Evaluation of the World Bank’s Support through 2003. World Bank, 2004

benefit first, and their incomes grow faster than that of the non-poor¹¹. Hence, people-centred policy framework for poverty eradication in the LDCs needs to be both pro-growth and pro-poor.

Commitment 2: Good governance at national and international levels.

Poverty reduction and sustainable human development cannot be achieved without good governance at the national level. Several LDCs have reported on measures instituted by their countries towards good governance, in particular about their efforts to promote democracy and human rights, introduce institutional reforms, fight corruption, empower people, especially women, and promote national reconciliation and dialogue. To this end, in 2004 several LDCs (Afghanistan, Bhutan, Burundi, CAR, 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 in the Lower House and 50 per cent of those appointed by the President to the Upper House of the Parliament. Noteworthy, many post-conflict LDCs, in the process of democratization, adopted affirmative measures (reserved seats, quota) to ensure women's participation in decision-making. As of 28 February 2005, the overall proportion of seats held by women in the LDCs Parliaments was 12.4 per cent but in the Rwanda women occupy 48.8 per cent and in Mozambique 34.8 per cent of all seats in their respective Parliaments¹². Higher representation of women at the highest decision-making level and gender sensitization campaigns resulted in more gender-sensitive legislation and policies. Thus, national gender policy was elaborated and validated in Burundi, Lesotho, Sierra Leone and Tanzania. Action Plan on Advancement of Women was adopted in Equatorial Guinea.

Presidential elections took place in 2004 in Afghanistan, Malawi, Mozambique and Niger. *Parliamentary elections* were held in 2004 in Comoros, Equatorial Guinea, the Gambia, Guinea-Bissau, Malawi, Niger and Somalia. *Municipal elections* took place in 2004 in Sierra Leone, Niger, Mali, and Equatorial Guinea. 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.

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 the 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 this end, an International Criminal Tribunal was established for Rwanda and a mixed Tribunal was 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

As of 1 April 2004, 14 African LDCs¹⁴ have voluntarily acceded to the African Peer Review Mechanism (APRM) of the New Partnership for Africa's Development (NEPAD), a self-

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

¹² Source: Inter-Parliamentary Union

¹³ The rule of law and transitional justice in conflict and post-conflict societies (S/2004/616)

¹⁴ Angola, Benin, Burkina Faso, Ethiopia, Lesotho, Malawi, Mali, Mozambique, Rwanda, Senegal, Sierra Leone, Tanzania, Uganda and Zambia,

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 LDCs has been monitored by the Economic Commission of Africa under the African Governance Project.¹⁵ Both the APRM and ECA reviews reveal the improvement of governance in African LDCs. Fiscal Reports on the Observance of Standards and Codes (ROSC) in 9 Sub-Saharan LDCs¹⁶ also suggest some progress in fiscal transparency, including the quality of budget formulation and investment in fiscal reporting system.

Many LDCs embarked on the path of the decentralization and strengthening local governance. Thus, Senegal started the process of decentralization and the Local Government Act is adopted in Sierra Leone. Decentralization policies have been introduced and are being implemented in Zambia, Malawi and Mozambique. The Department of Local Governance was established in Bhutan. Tanzania has undertaken fiscal decentralization in local governance, education and health sectors. Donors played a critical role in supporting the decentralization processes. Thus, France provided support to decentralization process in Benin, Chad, Cape Verde, Madagascar, Mauritania, Morocco, Namibia, Niger and Senegal. UNCDF provided assistance to local governance in 11 LDCs. USA provides assistance to all 50 LDCs 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 more transparent and accountable governance. Good governance is also the most important criterion to qualify for USA development assistance under the Millennium Challenge Account (MCA). On 8 November 2004, its Board approved the first 16 countries eligible for MCA assistance. Half of them are LDCs.¹⁷

A number of LDCs undertook measures to prevent and root out arbitrary and corrupt practices. Thus, a National Anti-Corruption Strategy was developed and Anti-Money Laundry Act enacted in Sierra Leone. The Commission of Inquiry in Properties and Assets of Civil Servants was established in the Gambia. Anti-corruption, legal and judicial reforms, public administration reforms and reforms of the armed forces have been undertaken by the government of Cambodia. Tanzania has adopted a National Anti-Corruption Strategy and an Action Plan for the period 2003-2005, established the National Integrity Fund to support anti-corruption activities and passed an Anti Money-Laundering Act. Benin has undertaken reforms aimed at increasing efficiency, accountability and transparency in government procurement and established the Observatory to Fight Corruption. Of 50 LDCs, 24 have signed and 4 have ratified the UN Convention against Corruption while 28 LDCs have signed and 15 have ratified the UN Convention against Transnational Organized Crime.

Good governance requires adherence to the international standards in human rights. In 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 and Degrading Treatment or Punishment. Afghanistan, Kiribati, Timor Leste and Sao Tome and Principe joined in 2003-2004 the Convention on the Elimination of All Discrimination against Women and 6 LDCs

¹⁵ Striving for Good Governance in Africa. 2005 African Governance Report

¹⁶ Benin, Burkina Faso, Malawi, Mali, Mauritania, Rwanda, Tanzania and Uganda

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

(Angola, Bangladesh, Bhutan, Ethiopia, Equatorial Guinea and Nepal,) submitted their country reports on the compliance with this Convention. In 2004 all 50 LDCs were state parties to the Convention of the Rights of the Child and 39 LDCs have joined the International Convention on the Elimination of All Forms of Racial Discrimination. The Action Plan to promote Human Rights was elaborated in Equatorial Guinea; Human Rights Committees were established in Guinea-Bissau, Sierra Leone and Afghanistan. National Commission on Women and Children was established in Bhutan. Tanzania has established the Human Rights and Good Governance Commission and reviewed laws that were discriminatory to women.

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

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

Commitment 3: Building human and institutional capacities

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

Achieving these goals depends not only on economic performance but also on *population* policies of the LDCs. From 50 LDCs, 32 have adopted policies and programmes designed to decrease their population growth rates and two thirds have also adopted policies and programmes to address adolescent fertility.¹⁸ UNFPA, the lead UN agency in reproductive health and family planning, has been supporting their efforts by allocating 67-69 per cent of its resources in 2004 and 69-71 per cent of its resources in 2005 to Group A that includes all LDCs.¹⁹ Nonetheless, both the fertility level and population growth rate of LDCs remain very high. It is estimated that their population will reach 759 million people in 2005 and 942 million people by 2015. The population of LDCs will more than double by 2050 and more than triple between 2005 and 2050 in eleven LDCs²⁰.

Proportion of people who suffer from *hunger* has slightly decreased in the LDCs from 38 per cent in 1990-1992 to 36 per cent in 2000-2002. Especially acute is malnutrition among

¹⁸ World population monitoring, focusing on population, development and HIV/AIDS, with particular emphasis on poverty, E/CN.9/2005/3

¹⁹ Review of the system for the allocation of UNFPA resources to country programmes. Report of the Executive Director DP/FPA/2005/6

²⁰ Source: United Nations Population Division

children with almost 43 per cent of children under-five who are underweight for their age. Malnutrition makes children particularly vulnerable to diseases. Half of them die worldwide from five major diseases: pneumonia, diarrhea, malaria, measles and HIV/AIDS. Unsurprisingly, the LDCs where almost half of population lives in extreme poverty and hunger, have the highest (155 per 1,000 live births) under-five mortality rate in the world.

Child survival needs a continuum of care approach that begins in pregnancy and extends through birth and childhood. However, data reveals that only 32 per cent of women in LDCs 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 LDCs. Between 1985 and 2003 the maternal mortality ratio in the LDCs was at 890 per 100, 000 live births and the infant mortality ratio in 2003 was 98 per 1,000 live births. Mother's poor nutritional status and health also results in *low weight of children at birth*. Low birth weight has negative effects on physical and/or mental development of children and increases the likelihood of their death during their first years of life. Some 19 per cent of children in the LDCs were born with low (less than 2.5 kg) weight but 68 per cent of infants were not weighted at birth due to their delivery outside health facilities²¹.

Exclusive breastfeeding, immunization, bed nets and relevant drugs, access to water and sanitation could have saved millions of children in the LDCs. However, only 30 per cent of children were *exclusively breastfed*, 79 per cent were *immunized from TB*, 68 per cent were immunized from DPT and 67 per cent *were immunized from measles* in 2003 in the LDCs. Sleeping under bed net has proved to be a cheap and effective way to *prevent malaria* but only 19 per cent of under-fives in the LDCs slept under a bed net, and 36 per cent under-fives with fever received antimalarial drugs in 2003.²² Free distribution of malaria bed nets has increased in 28 African LDCs but only one LDC (Guinea-Bissau) has met the 2000 Abuja Summit target of bed nets in 2002. All African LDCs have adopted national antimalarial treatment policy but few have adopted the WHO recommended artemisinin-based combination therapies (ACT) and even fewer are implementing them due to their health budgets constraints²³.

Prevalence of *tuberculosis* has increased in the LDCs partly due to the persistent poverty but largely due to the spread of HIV/AIDS that weakens human resistance. Estimated prevalence of HIV for LDCs in 2003 was at 3.2 per cent but in most of African LDCs it was above this level. It was especially high in Lesotho (28.9 per cent), Zambia (16.5 per cent), Malawi (14.2 per cent) and CAR (13.5 per cent)²⁴. Infection rates are especially high amongst young women. *HIV/AIDS* is, however, not solely a health problem. It presents a serious threat to the LDCs development by affecting their productive capacity and, ultimately, their economic growth. Prevalence of HIV/AIDS in the LDCs has been stabilized since 1999 but neither been reversed (MDG target) nor reduced by 25 per cent in the most affected countries (BPOA target).

²¹ Source: UNICEF

²² The State of the World's Children. UNICEF, 2005

²³ A/59/261

²⁴ Source: UNAIDS report on the global AIDS epidemic, July 2004

There has been good progress in LDCs on *education*. Thus, the net enrollment in primary education has increased to 62.0 per cent in 2001- 2002, with most dramatic changes observed in Bangladesh, Benin, Eritrea, Gambia, Lao, Malawi, Mali, Rwanda, Senegal and Togo. However, the primary completion rate was at 50.1 percent during the same period which suggests a great number of drop-outs, especially among girls, particularly in landlocked LDCs. Data, also suggests that education discriminates against women in favour of men in the LDCs, especially the landlocked LDCs, at all levels: primary, secondary and tertiary. The adult literacy rate among 15-24 years old in the LDCs has increased.

Access to *water and sanitation* has slightly improved but rapid urbanization poses a real challenge to many LDCs. Proportion of population of LDCs 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 percent in 2015²⁵. This presents a serious challenge to the LDCs governments with regard to the capacity of their cities to absorb new residents and provide them with clean water, electric power, and waste management. **Providing basic services (health, education) and ensuring their accessibility and affordability is primarily the responsibility of the governments but in the situation of the pervasive poverty and limited domestic resources in the LDCs, governments have usually little room to increase their public expenditures on social services²⁶ ensure their affordability, invest in infrastructure or improve their accessibility. Improvement of the delivery of basic services in the LDCs needs not only public sector reforms, enabling regulatory framework for the private sector and adequate capacity building but also faster economic growth and scaled up ODA in social sector²⁷.**

Commitment 4: Building productive capacities to make globalization work for LDCs

Growth of agricultural production and vibrant agricultural sector are of particular importance for the LDCs where poverty is predominantly a rural phenomenon: 72 per cent of population of the LDCs lives in the rural area²⁸. Several LDCs have adopted policies to deregulate agricultural markets, provide a greater role for private sector, attract investments and promote new agricultural technology (Guinea Bissau, Zambia, Sierra Leone and Bhutan). Development of high value agricultural products features prominently in the recent PRSPs of Ethiopia, the Gambia, Malawi, Madagascar, Nepal, and Senegal.

Efforts of the LDCs were supported by their development partners. Thus, FAO provided support to 33 LDCs under the NEPAD Comprehensive Agriculture Programme. ITC assisted in market and business practices analysis in the areas of organic food, bio-diversity products and medicinal plants that are of high interest to the LDCs. It provided support to silk production (Cambodia), strengthening the supply side in mushrooms and peaches (Lesotho), mangoes (Haiti) and jute production (Bangladesh) in the LDCs. Germany supported agriculture and rural development in 13 LDCs and assisted in development of strategies to promote private agriculture enterprise in 11 LDCs. NERICA, the New Rice for Africa, is a remarkable example of global compact for food security in the African LDCs within the framework of TICAD. Protein rich, weed-competitive, pest- and disease-resistant and fast

²⁵ Source: United Nations Population Division

²⁶ For example, health public expenditures in the LDCs in 2001 were only \$4.3 per capita or 1.9 per cent of their GDP. WDI, 2004

²⁷ UNCTAD, 2004

²⁸ Source: United Nations Population Division.

growing varieties of rice initially launched in seven African pilot countries, including Benin, the Gambia, Guinea, Mali and Togo, have been extended to Uganda, Rwanda, and Tanzania. High-yielding rice varieties are forecast to raise production in these African LDCs enough to reduce their food imports by \$100 million per year.

Adequate physical infrastructure (roads, railways, ports, etc.) is crucial for vibrant economy, promotion of trade, reducing poverty and social integration of the poor. Comparing the progress of the LDCs to the progress of other developing countries on these goals presents, however, a serious challenge. *First*, it is unclear whether the current LDCs progress on these goals should be compared to the current progress of other developing countries or to their progress in 2001. *Second*, 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 suggests, however, the dramatic deterioration of physical infrastructure in LDCs, as a result of the decline of public and foreign investment and limited participation of private sector due to the lack of adequate regulatory framework, capacity and information base.

Information and Communication Technologies (ICT) can improve delivery of services, promote trade, business, governance, foreign investment, employment, rural development and ensure social inclusion of the poor. The paradox of asymmetrical globalization, however, is that they also have widened the gap between the poor and the rich. More importantly, in the absence of adequate infrastructure, especially in the landlocked and small island LDCs; they often substitute for more expensive or non-existent fixed telephone lines and facilitate delivery of basic services, promotion of trade and, ultimately contribute to growth. Thus, recent studies suggest that an increase of ten mobile phones per 100 people can increase GDP growth by 0.6 per cent in the poorest countries²⁹. Remarkably, teledensity and internet penetration have almost doubled in the LDCs since 2001 but the cost of mobile phones will be the decisive factor in further narrowing of the existing digital divide between the LDCs and wealthy nations. This will require from LDCs creating enabling environment for investments and competitive services in ICT.

The private sector development can play an important role in poverty alleviation. A number of LDCs have simplified regulations affecting the entry, operation and exit of private enterprises (Zambia, Bhutan, Tanzania, and Madagascar). However, much more remains to be done. Business registration is still a cumbersome, long and expensive procedure in many LDCs.³⁰ No wonder the LDCs score lowest in business competitiveness among 102 developed and developing countries.³¹

Agriculture underpins food security, provides export earnings, promotes rural development, reduces malnutrition and poverty. Despite its crucial importance, the agriculture remains underdeveloped in the LDCs. Addressing the challenge of poverty reduction needs a renewed focus of the LDCs on agriculture and rural development; adoption of sustainable agricultural development strategies, including macroeconomic and sectoral incentives; strengthening institutional capabilities; raising and sustaining

²⁹ Africa: the impact of mobile phone. Vodafone Policy paper series, March 2005

³⁰ Doing business in 2005: Removing obstacles to growth. World Bank, International Finance Corporation and Oxford University Press, 2005

³¹ Global competitiveness report 2004

productivity and competitiveness; diversifying production and trade; and improving access to credit and market.

Improvement of infrastructure in the LDCs needs ODA that could leverage their domestic private and public resources and institutional capacity building. Effective delivery of infrastructure services in the LDCs calls also for strong public-private partnership and increased private sector participation.

Bridging the digital divide between the poor and wealthy countries is the centerpiece of the Digital Solidarity Agenda in the Plan of Action for ICT adopted at the World Summit of the Information Society (WSIS) in Geneva in 2003. The second phase of WSIS in Tunis in November 2005 has to ensure the effective follow-up to Geneva Declaration of Principles and the implementation of Plan of Action. ICT needs to be integrated in national development strategies of LDCs. ICT policies of LDCs should also address the gender gaps in digital divide and ensure equal access of women and men to ICT in LDCs.

The private sector alleviates poverty by contributing to economic growth, generating employment and empowering poor people through the increase of their choices. Building a strong and vibrant private sector requires a global and domestic enabling macro-environment, physical and social infrastructure and rule of law. A level playing field, access to finance, knowledge and skills are also indispensable for the private sector to flourish.³²

Commitment 5: Enhancing the role of trade in development

Trade can be a powerful engine of growth, poverty reduction and sustainable development³³. Utilizing full potential of trade has been a daunting challenge of many LDCs, heavily dependent on primary commodities in their export earnings³⁴: their share in the world trade in 2004 remained less than 1 per cent³⁵.

Cotton is one of the main agricultural commodities in several LDCs. It is estimated that current cotton subsidies depress the world price by nearly 12 per cent and cost \$250 million to Central and Western African countries, including \$43 million to Mali, \$ 33 million to Benin, \$28 million to Burkina Faso and \$16 million to Chad. Estimates also suggest that sugar subsidies cost \$38 million to Mozambique and \$32 million to Malawi in 2004.³⁶ The WTO July 2004 Framework Agreement envisages that cotton subsidies be addressed “ambitiously, expeditiously and specifically” in the Sub-Committee on Cotton established under the Committee on Agriculture.

Preferential market access and special and differential treatment of LDCs have been the cornerstone of the Brussels Programme, the Doha and Millennium Declarations. Some 35

³² See *Unleashing Entrepreneurship: Making Business Work for the Poor*. United Nations publication, Sales No. E.04.III.B.44 and the Report of the Secretary-General *Strengthening the role of the private sector and entrepreneurship in financing for development*. A/59/?

³³ For in-depth and comprehensive analysis of the relationship between trade, growth and poverty reduction in LDCs see UNCTAD, 2004

³⁴ In 2002, of 49 LDCs 31 were exporters of primary commodities and only 18 were exporters of manufactures or services.

³⁵ Source: UNCTAD

³⁶ *One minute to Midnight*, Oxfam briefing paper. July 2004

WTO members and observers, counting 25 EU members as one, have undertaken measures to improve market access for LDCs under the *Generalized System of Preferences* (GSP) and the *Global System of Trade Preferences* (GSTP) and through special trade preferences for LDCs like the EU “Everything but Arms” (EBA) initiative and the USA African Growth Opportunity Act (AGOA). However, almost half of the market access preferences granted under these schemes remain underutilized by LDCs, mainly due to their supply-side constraints, lack of trade related capacity and non-tariff barriers, notably rules of origin³⁷ and product standards.

Termination of the Agreement on Cotton and Textile (ACT) in January 2005 raised serious concerns among the LDCs specializing in textile and clothing exports. Preliminary studies suggested that the Asian LDCs, with the strongest textile export specialization, could be most seriously affected. The ultimate impact of the ACT will depend on whether the unilaterally granted preferential market access for the LDCs can counterbalance the negative effects of this phase out. Easing the rules of origin for the LDCs exports, providing financial and technical assistance to the LDCs affected by the elimination of quotas, extension of preferences for textile and clothing from the LDCs, refocusing other trade preferences could significantly mitigate the impact of this phase out. Expanded South-South trade could also ease adjustment to ACT elimination.³⁸

Integrating the LDCs into the global economy requires their voice and effective participation in the rule-based multilateral trading system. However, accession of the LDCs to WTO has been hampered by policy issues related to adjustment of the LDCs development strategies, implementing instruments and legislative framework to the WTO requirements; insufficient knowledge, expertise, resources, infrastructure, and analytical capacities required for accession negotiations; and finally, increasing demands by some WTO members for the higher level of obligations and commitments from the acceding countries.³⁹ Despite the adoption of the simplified and streamlined procedures by the WTO General Council on 10 December 2002⁴⁰, the LDCs accession remains a protracted and complex procedure. So far, only two LDCs (Nepal and Cambodia) have joined WTO in the post-Doha period, bringing the total number of the LDCs in WTO to 32. Yet another 9 LDCs⁴¹ remain in different stages of accession process. Some of them have been in this process from six to nine years and are nowhere near to its completion.

Integrating trade issues in poverty reduction and national development strategies of the LDCs has been the major focus of the Integrated Framework (IF) for Trade-related Technical Assistance,⁴² revamped in 2000. The revamped IF launched as a pilot project in Cambodia,

³⁷ Recent research suggests that rules of origin raise costs of goods by 3-5 per cent. See P. Brenton and M. Manchin. Making EU Trade Agreements Work: the Role of Rules of Origin. The World Economy, 2003. See also Trade Preferences for LDCs, UNCTAD/ITCD/TSB/2003/8.

³⁸ Assuring development gains from the International Trading System and trade negotiations: implications of the ATC termination on 31 December 2004. UNCTAD, 30 September 2004, TD/B/51/CRP.1

³⁹ UNCTAD, 2004

⁴⁰ Accession of Least Developed Countries, WT/L/508, 20 January 2003, WTO

⁴¹ Afghanistan, Bhutan, Cape Verde, Ethiopia, Loa PDR, Samoa, Sudan, Vanuatu and Yemen

⁴² Jointly managed by UNDP, UNCTAD, WB, IMF, WTO and ITC

Madagascar and Mauritania currently covers 22 LDCs⁴³ and is expected to include 30 LDCs in 2005. The IF Diagnostic Trade Integration Study (DTIS) has been completed by 2004 in 14 LDCs and is under way or in the planning stage in another 14 LDCs.⁴⁴ Nine African LDCs (Benin, Burkina Faso, Uganda, Tanzania, Malawi, Mali, Mauritania, Senegal and Zambia) also participate in the Joint⁴⁵ Integrated Technical Assistance Programme (JITAP). Ten LDCs⁴⁶ benefit both from IF and JITAP. On 1 April 2005 the WTO, with the financial support of the Dutch Government, has also launched a new three-year WTO internship programme for the LDCs.

Many LDCs (Bangladesh, Benin, Burkina Faso, Cape Verde, Ethiopia, Mali, Mauritania, Niger, Togo, Uganda and Zambia) have been benefiting from trade facilitation programmes such as the Customs Automation and Modernization Programme (ACYCUDA) and the Advanced Cargo Information System (ACIS) of UNCTAD. While ACYCUDA programme assisted the LDCs in modernizing their customs, ACIS has contributed to improving their transport infrastructure and significantly increased their financial gains⁴⁷. UNCTAD has been also providing extensive training and capacity building to the LDCs in trade negotiations and commercial diplomacy, including on issues related to the WTO accession. This assistance has resulted in greater effectiveness of LDCs' negotiators, including in the formation of coalitions with other developing countries on issues of common interest, in the WTO and other trade negotiations.

The International Trade Centre (ITC) continued the Export-Led Poverty Reduction Programme (EPRP), 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 LDCs accounted for 35 per cent, or \$20.1 million, of total ITC delivery in 2004.

Making trade a more effective mechanism for poverty reduction in the LDCs requires: 1) mainstreaming trade in poverty reduction and national development strategies 2) increased international financial and technical assistance to building production and trade capacities in the LDCs and 3) a more enabling international trading environment⁴⁸.

Special international support measures like preferential market access and special and preferential treatment of the LDCs under the WTO provisions need to be expanded and deepened bearing in mind the supply-side constraints of the LDCs⁴⁹. Enhanced market access for LDCs' products to other developing countries could also contribute to the expansion of their trade opportunities. All efforts should be made to reach a successful

⁴³ Benin, Burundi, Cambodia, Chad, Djibouti, Eritrea, Ethiopia, Guinea, Lao PDR, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nepal, Rwanda, Sao Tome and Principe, Senegal, Tanzania, Yemen and Zambia

⁴⁴ Burundi, Cambodia, Djibouti, Eritrea, Guinea, Lesotho, Madagascar, Malawi, Mali, Mauritania, Nepal, Senegal and Yemen.

⁴⁵ Jointly managed by WTO, UNCTAD and ITC

⁴⁶ Benin, Burkina Faso, Uganda, Tanzania, Malawi, Mali, Mauritania, Mozambique, Senegal and Zambia

⁴⁷ Independent evaluation of ACIS in 2002

⁴⁸ UNCTAD 2002

⁴⁹ UNCTAD 2004

outcome of the Doha Round of multilateral trade negotiations no later than 2006 and effective implementation of the Doha Development Agenda which includes, inter alia, the special treatment of the LDCs. Continued support from all stakeholders will be necessary to strengthen the trade negotiating capacity of the LDCs.

Commitment 6: Reducing vulnerability and protecting the environment

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: Building the Resilience of Nations and Communities to Disasters adopted at the World Conference on Disaster Reduction that took place from 18 to 22 January 2005 recognizes: “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 LDCs to respond to, and recover from disasters, it recommends, “as a matter of priority”, to provide support to LDCs in the implementation of the Framework for Action and building their capacity in disaster risk reduction.⁵⁰

Small island LDCs are particularly vulnerable to climate change and natural disasters. Thus, massive earthquake that triggered tsunami in Asia in December 2004 had a devastating effect on Maldives. It seriously damaged housing and infrastructure and hit especially strongly the poor people who lost their houses, boats, fishing nets and fish processing equipment that used to sustain their livelihoods. Adoption of *mitigation* and *adaptation* policies is the responsibility of governments under the United Nations Framework Convention on Climate Change (UNFCCC). Currently 46 LDCs are state parties to the UNFCCC and 33 LDCs have ratified the Kyoto Protocol.⁵¹

The LDCs Fund of the Global Environmental Facility (GEF) provides funds for the enhancement of the LDCs adaptive capacity and the implementation of their National Adaptation Plans of Actions (NAPAs). It also provides grants for their environmental projects in 6 areas: biodiversity, climate change, international waters, land degradation, the ozone layer, persistent organic pollutants (POPs). Of 50 LDCs, 48 has had regular access to the GEF funds for national capacity self-assessments (NCSAs), country programmes, targeted capacity building projects and enabling activities. In 2004 alone 26 LDCs have been allocated the GEF funds.⁵² The GEF priorities for 2002-2006 include 90% coverage of the LDCs in transboundary water projects; capacity building for sustainable land management and integrated approached to ecosystem management; enhancement of adaptive capacity to adverse effects of climate change; and small grants to civil society organizations.

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 LDCs. Ensuring environmental protection and environmental sustainability in LDCs calls for modern technology, aimed at raising agricultural productivity; investments in

⁵⁰ A/CONF.206/6

⁵¹ Seven LDCs (Yemen, Togo, Sudan, Rwanda, Mozambique, DRC and Burkina Faso) ratified the Protocol in 2004-2005

⁵² Annual report. GEF, 31 March 2005

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 (property rights, regulation of pollution, market based strategies), effective monitoring and enforcement. Protection of the environment and the rational use of natural resources (land, water, energy, forestry, etc.) also require the mainstreaming of environmental protection in poverty reduction and national development strategies of the LDCs. Environmental protection, economic development and social development should be intimately interlinked in poverty reduction and sustainable development in the LDCs.

Commitment 7: Mobilizing financial resources

Recognizing the critical role of financial resources in achieving the goals of the Brussels Programme the 2004 high-level segment of ECOSOC undertook in-depth and comprehensive review of the domestic and external resources mobilization⁵³ 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”

The ECOSOC review concluded that external debt can adversely affect economic performance of the LDCs 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 IMF and the World Bank. By 1 March 2005 of 30 LDCs that participate in the enhanced HIPC Initiative 11⁵⁴ have reached completion point, 10⁵⁵ have reached the decision point and 9⁵⁶ remain under consideration for debt relief. It is expected that Burundi will reach its decision point, and Rwanda, Zambia and Chad will reach their completion points in 2005. The Gambia, DRC, Guinea, Guinea-Bissau, Malawi, Sao Tome and Principe and Sierra Leone are expected to reach the completion points in 2006. Lao PDR has established a track record of sound macroeconomic performance under the IMF-supported Poverty Reduction and Growth Facility (PRGF) but indicated that would not avail itself of the HIPC Initiative.⁵⁷

In September 2004, the IDA and IMF Boards extended the HIPC sunset clause until end 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,⁵⁸ that 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 LDCs. In this regard, the fourteenth replenishment of International Development Association (IDA 14) finalized in February 2005 set a positive tone for future development financing by

⁵³ For comprehensive analysis of resources mobilization in the LDCs see a separate report E/2004/54

⁵⁴ Benin (2003), Burkina Faso (2002), Ethiopia (2004), Madagascar (2004), Mali (2003, Mauritania (2002), Mozambique (2001), Niger (2004, Senegal (2004). Tanzania (2001), Uganda (2000)

⁵⁵ Chad (2001), DRC (2003), the Gambia (2000), Guinea (2000), Guinea-Bissau (2000), Malawi (2000), Rwanda (2000), Sao Tome and Principe (2000), Sierra Leone (2002), Zambia (2000)

⁵⁶ Burundi, CAR, Comoros, Lao PDR, Liberia, Myanmar, Somalia, Sudan, Togo

⁵⁷ Heavily Indebted Poor Countries (HIPC) Initiative- Statistical Update, April 4, 2005

⁵⁸ Topping up was provided to Burkina Faso, Ethiopia, Niger, DRC, Rwanda, Sierra-Leone and Zambia

increasing financial resources by 25 percent and the proportion of grants up to 30 per cent over the next three years.⁵⁹ 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 HIPC countries' efforts in achieving the MDGs will provide the analytical basis for linking debt sustainability to grant eligibility.

The Brussels Programme recognises "Despite the positive effects that domestic policies can achieve in mobilization of local resources, ODA will remain a critical resource for achieving the objectives, goals and targets of this Programme of Action".⁶⁰ In the Millennium Declaration and the Monterrey Consensus developed countries committed themselves to achieving the target of 0.15-0.20 per cent of their gross national income (GNI) as official development assistance 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.⁶¹ By 2003 seven OECD/DAC countries (Belgium, Denmark, Ireland, Luxembourg, Netherlands, Norway and Sweden) had surpassed the 0.20 percent GNI/ODA target and one another country (France) has met the 0.15 percent GNI/ODA target.

Noteworthy, LDCs accounted for most of the OECD/DAC (41.1 per cent) and EU (47.1 per cent) aid in 2002-2003, with some donor countries aid disbursements exceeding 50 per cent: Portugal (72.8), Ireland (69.6), Belgium (67.3), Italy (63.5), Denmark (54.3), Norway (53.4) and Sweden (52.6). In 2003, 92 per cent of the OECD/DAC aid was untied and 94.7 per cent of bilateral aid to LDCs was provided in grants. Total OECD/DAC net disbursement to LDCs reached \$ 22 542 million or 0.08 per cent of donors' GNI/ODA, a modest increase from 2002,⁶² considering the sizable dollar depreciation against other major currencies and debt forgiveness to DRC⁶³ that accounted for most of the aid increase. It is projected, that OECD/DAC aid to LDCs will further increase in 2006 in light of the commitments made by individual donor countries.⁶⁴ The Paris High Level Forum on Aid Effectiveness held from 28 to 2 March 2005 also signaled about the determination of donors to improve aid effectiveness by monitoring progress on ownership, aid alignment, harmonization, managing for results and mutual accountability.

The share of net FDI flows to LDCs have increased and reached almost 5 per cent in 2003/04. However, FDI inflows remained highly concentrated in 4 oil-exporting African LDCs: Angola, Chad, Equatorial Guinea and Sudan. A number of LDCs have also succeeded in attracting South-South FDI (Lesotho, Nepal, Uganda, etc.) from neighboring developing countries due to their favourable investment climate, geographical proximity, common economic and environmental interests and cultural similarities⁶⁵.

⁵⁹ From 50 LDCs 47 are eligible for IDA soft loans but 4 (Liberia, Myanmar, Somalia, Sudan) are inactive. Total 81 developing countries are IDA borrowers.

⁶⁰ A/CONF.191/12

⁶¹ The 2001 DAC High Level Meeting adopted recommendation on untying all aid to LDCs, excluding technical cooperation and food aid.

⁶² Net disbursement of aid to LDCs in 2002 was \$ 15 856 million or 0.06 per cent of total OECD/DAC aid

⁶³ \$4 440 million

⁶⁴ Austria, Germany, Greece, Italy, Portugal to reach 0.33 in 2006, Sweden, Norway, Luxembourg to reach 1 per cent in 2006/2009, Ireland to reach 0.7% and France 0.5% by 2007. Five countries committed themselves to reach 0.7% at a later stage: by 2010 (Belgium and Finland), by 2012 (France and Spain) and by 2013 (UK)

⁶⁵ Global Development Finance, World Bank 2005

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 LDCs. In 2004 they were quite significant to Bangladesh (\$3.4 billion), Sudan (1.2 billion), Senegal (0.3) and Lesotho (0.2). They also account for a significant share of GDP in small island LDCs: Samoa, Kiribati, Haiti.⁶⁶

Microfinance and microcredit can be a powerful tool for increasing production, growth and poverty eradication. Still, the vast majority of poor people in LDCs do not have access to micro financial services due to the policy and regulatory environment, insufficient access to information, lack of collateral, and weak human and institutional capacities. In most of the LDCs, with the exception of Bangladesh (5%), the penetration rates hardly exceed 1 per cent. With the support of UNCDF 11 LDCs have improved their policy and regulatory environment for microfinance, increased the number of borrowers and created viable microfinance institutions that provide quality services in 2004⁶⁷. Many other LDCs (Bangladesh, Benin, Tanzania, Sierra-Leone, Zambia, Yemen, etc) also undertook concrete measures to create enabling environment for microcredit and microfinance.

Several LDCs,⁶⁸ with the support of the 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 LDC-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.

ODA remains the main source of external finance for the due to 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 efforts to reach this target no later than 2006⁶⁹. The International Finance Facility should be launched in 2005 to support an immediate front loading of ODA.

Full cancellation of the external debt of HIPC LDCs and significant debt relief for the non-HIPC LDCs are critical to enable the LDCs to reduce poverty and achieve sustained growth. Debt sustainability needs to be redefined to enable the LDCs to achieve the goals contained in the Brussels Programme without an increase in debt ratio. All loans to LDCs, 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.

A good investment climate is essential for attracting productive private investment that drives growth, creates sustainable jobs for poor people and improves their livelihoods.

⁶⁶ World Economic Outlook, IMF, 2005

⁶⁷ 2003 Results-oriented annual report of the United Nations Capital Development Fund DP/2004/17

⁶⁸ Bangladesh, Benin, Cambodia, Ethiopia, Gambia, Guinea-Bissau, Lesotho, Maldives, Mali, Mauritania, Nepal, Senegal, Swaziland, Tanzania and Zambia

⁶⁹ In fact, it is estimated that donor countries must reach 0.22 per cent of their GNI as ODA to the LDCs to enable them to achieve MDGs. Investing in Development, 2005. UN Millennium Project report to the UN Secretary-General

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. Sound domestic investment climate needs to be also supported by international rules and standards. There is a need, through triangular cooperation, to ensure the complementarities of the South-South and the North-South private capital flows.

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

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's contribution to development. Various other innovative financing mechanisms⁷⁰ need to be also explored but as additional and not alternative sources of financing for development in the LDCs.

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

During the reporting period the Office has been pursuing the implementation of its mandate with regard to LDCs (awareness raising and advocacy, mobilization and coordination of international support and monitoring and reporting) guided by its midterm plan⁷¹ and based on the programme budget 2004-2005.⁷² As a result of successfully applied advocacy strategies and activities (statements, website, publications, events, media and outreach campaigns), there has been a greater international awareness about the vulnerabilities and special needs of the least developed countries. This manifested in the increased number of references to the LDCs in the statements of delegations and resolutions adopted in the United Nations and other multilateral, regional and subregional fora and their outcomes.

To ensure the full mobilization of all parts of the United Nations system for the integrated and coherent follow-up, implementation and monitoring of the Programme at the national, regional and global levels, the Office has been using the existing coordination mechanisms, such as UNDG and, through it, the Resident Coordinator system, as well as EC-ESA. It has also continued to encourage all UN entities and multilateral organizations that have adopted

⁷⁰ See details in the Development Committee study "Moving forward: Financing modalities toward the MDGs", 14 April 2005, World Bank and report of the Secretary-General A/59/272

⁷¹ A/57/6/Rev.1. Programme 26.

⁷² A/58/16. Part III. Section 10.

decisions on mainstreaming, to undertake regular sectoral reviews of the BPoA and include implementation of the Programme in their reporting.⁷³

Four Open Forums for Partnership (on agriculture, commodities, HIV/AIDS, emergency preparedness) have been also organized by the Office to reach out for civil society and private sector, mobilize international support and raise awareness about the specific constraints and special needs of the LDCs in development. A number of activities (panels, roundtables, 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, gender equality were organized by the Office to highlight the challenges faced by the LDCs and advocate for the effective implementation of the Brussels Programme. In collaboration with UN DESA, the Office has ensured the system-wide coordination in the organization of, and the effective follow-up to the high-level segment of the 2004 substantive session of ECOSOC “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”.

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 10-14 January 2005 in Port Louis, Mauritius and its outcomes. To ensure effective follow-up to, and implementation of the Almaty Programme, UN-OHRLLS organized the High-Level Meeting on the “Role of International, Regional and Sub-regional Organizations for the Implementation of the Almaty Programme of Action” from 29 to 31 March 2005 in Almaty, Kazakhstan. It also contributed to the successful outcome of the Ministerial Conference Transport and Infrastructure that took place in April 2005 in Addis Ababa. The adoption in 2003 of the Almaty Programme of Action and in January 2005 of the Mauritius Strategy for the further implementation of the Barbados Programme of Action constitute important contributions towards the implementation of the Brussels Programme since they directly concern 16 landlocked and 12 small island LDCs.

IV. Conclusions and recommendations

Despite significant progress of some LDCs on specific goals the progress of the LDCs, as group, on most of the goals⁷⁴ has been slow and uneven. This progress has been less than sufficient to achieve the goals of the Brussels Programme of Action and its objective to eradicate poverty and achieve sustained growth and sustainable development in the LDCs. Moreover, it is projected that the number of people living in extreme poverty can increase from 334 million in 2000 to 471 million in 2015 if the current incidence of extreme poverty persists⁷⁵.

Three obstacles identified in the first progress report⁷⁶ (country ownership, capacity and resources) continue to hamper the implementation of the Programme by the LDCs. Lack of statistics and statistical capacity in LDCs pose a serious challenge for their

⁷³ Currently only four (UNCTAD, WTO, FAO, ESCAP) undertake sectoral reviews of implementation of the Programme by their governing bodies.

⁷⁴ Not all goals could be monitored due to poor data coverage and lack of adequate methodology for the assessment of progress

⁷⁵ UNCTAD, 2004

⁷⁶ A/58/86-E-2003/81

proper monitoring and reporting on the national implementation of the Programme. Strengthening ownership requires the preparation by the LDCs of a results-based and BPOA oriented poverty reduction strategy where public actions of the LDCs and donors' support are aimed at achieving the goals and objectives of the Brussels Programme. Addressing the challenges of capacity building and resources mobilization calls for strengthening the partnership between the LDCs and their development partners, the very foundation of the Brussels Programme. Developed countries should fulfil their commitments, on ODA, debt relief, trade and technology transfer, fully and expeditiously, to enable the LDCs to reach the goals of the Brussels Programme by 2010.

Brussels Programme needs to be integrated in the development policies, strategies and programmes of the LDCs' development partners, including monitoring and reporting. All UN reports in economic and social fields should include in the analysis of global development trends a group of countries classified by the UN as the LDCs to ensure monitoring of their development in a broader context, prevent their further marginalization and integrate them beneficially in the world economy.

Country level coordination of various development programmes in the LDCs needs to be strengthened in order to ensure the integrated and coordinated follow-up to, and implementation of the outcomes of the UN major conferences and summits that will take into account the outcomes of the Brussels Programme. To this end, UN country teams should support, as a priority, the preparation and implementation of national development strategies based on the Brussels Programme in the LDCs. UN Resident Coordinators should also include the Brussels Programme in their annual reporting.