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

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**PROGRESS TOWARDS ATTAINMENT OF THE MILLENNIUM DEVELOPMENT
GOALS THROUGH THE IMPLEMENTATION OF THE PROGRAMME OF ACTION**

IMPLEMENTATION OF REGIONAL SUPPORT MEASURES

(Items 3 and 4 of the provisional agenda)

Note by the secretariat

SUMMARY

The comprehensive global mid-term review of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 will consider ways to ensure that the Commitments of the Programme of Action enables progress towards attainment of the Millennium Development Goals by the least developed countries. The present report undertakes a brief review of the progress towards attainment of internationally agreed development goals, including those contained in the Millennium Declaration, by the least developed countries of the Asian and Pacific region and offers recommendations, based on the Programme of Action, to ensure that these countries are able to reach their Goals by 2015.

Although several least developed countries of the Asian and Pacific region have made significant progress in their socio-economic development, others have failed to achieve similar progress. Even in countries which have attained many of their development goals, constraints placed by geography, limited human resources and economic and environmental vulnerabilities continue to be significant factors affecting their progress.

The report reviews the implementation of the Programme of Action in the specific Commitments which are especially relevant to the least developed countries of the region and where regional cooperation can be most effective, namely, (i) financing for development; (ii) trade, migration and technology transfer; (iii) environment; and (iv) security. The report contains recommendations on these issues as adopted at the Expert Group Meeting on the Implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010, Phnom Penh, 14-16 February 2006. The recommendations in the report could be considered for endorsement as the main regional input to the mid-term comprehensive global review of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010.

INTRODUCTION

1. The United Nations Millennium Declaration (A/RES/55/2), adopted by the General Assembly at its fifty-fifth session, resolved to create an environment, both at national and global levels, conducive to development and the elimination of poverty and committed countries to address the special needs of the least developed countries. In line with this Declaration, eight goals on development and poverty eradication, otherwise known as the Millennium Development Goals (MDGs), which need to be achieved by all countries by 2015 were established.¹

2. The Brussels Declaration and the Programme of Action for the Least Developed Countries for the Decade 2001-2010 (A/CONF.191/13) of the Third United Nations Conference on the Least Developed Countries, Brussels, 14-20 May 2001, were guided by the Principles set in the Millennium Declaration and committed all to the eradication of poverty and improvement of the quality of lives of people in least developed countries. The Programme of Action articulated the policies and measures that need to be implemented by the least developed countries and their development partners in order to ensure that these Goals are reached.²

3. The 2005 World Summit Outcome (A/RES/60/1) adopted by the General Assembly at its sixtieth session, reiterated its determination to ensure timely and full realization of the development goals and objectives, including those agreed at the Millennium Summit and described as the Millennium Development Goals. The Outcome reaffirmed the commitment to address the special needs of the least developed countries and urged all countries and relevant organizations to make concerted efforts and adopt measures for meeting the goals and targets of the Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010.

¹ The Millennium Development Goals were aimed at (1) eradicating extreme poverty and hunger; (2) achieving universal primary education; (3) promoting gender equality and empowering women; (4) reducing child mortality; (5) improving maternal health; (6) combating HIV/AIDS, malaria and other diseases; (7) ensuring environmental sustainability; and (8) developing a global partnership for development. While each country was expected to achieve the first seven goals, the eighth goal was set as a measure of the international community's commitment. A framework of these eight goals, 18 targets and 48 indicators to measure progress towards the Millennium Development goals was adopted by a consensus of experts from the United Nations Secretariat and IMF, OECD and the World Bank. United Nations. "Road Map towards the Implementation of the United Nations Millennium Declaration" (A/56/326).

² These Commitments are (1) fostering a people-centred policy framework; (2) good governance at national and international levels; (3) building human and institutional capacities; (4) building productive capacities to make globalization work; (5) enhancing the role of trade in development; (6) reducing vulnerability and protecting the environment; and (7) mobilizing financial resource. United Nations. Report of the Third United Nations Conference on the Least Developed Countries, Brussels, 14-20 May 2001. (A/CONF.191/13)

4. In accordance with paragraph 114 of the Programme of Action, the General Assembly, in its Resolution 59/244, decided to hold a comprehensive review of its implementation at its sixty-first session in 2006. In preparation for the comprehensive review, regional commissions were requested to assist the least developed countries in undertaking reviews of the implementation of the Programme of Action in their respective regions.

5. In preparation for the Regional Review of the Implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010, ESCAP prepared two studies, one on the landlocked and littoral least developed countries and the other on the small island least developed countries, based on the national reviews conducted by the least developed countries.³ An Expert Group Meeting on the Implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 was subsequently conducted in Phnom Penh from 14 to 16 February 2006. Section III contains the conclusions and recommendations adopted at this meeting in the specific areas where regional cooperation could be most effective.

I. LEAST DEVELOPED COUNTRIES OF ASIA AND THE PACIFIC

6. Despite significant progress towards achieving the Millennium Development Goals in many developing countries in the Asian and Pacific region, overall attainment of the goals in the region, will be largely determined by the progress achieved by the least developed countries. The least developed countries are a diverse group of countries; the needs and challenges of each of these countries thus differ greatly. Given the significant differences in the challenges of these countries, effective implementation of the Programme of Action requires implementation of appropriate measures that take into account the specific challenges of each country.

7. In the triennial review conducted in 2003 to determine countries, the Committee for Development Policy (CDP) based its identification of least developed countries to be added to or graduated from the list on the three dimensions of a country's state of development, namely, (i) its income level, (ii) its stock of human assets and (iii) economic vulnerability.⁴ Gross national

³ The landlocked and littoral least developed countries are Afghanistan, Bangladesh, Bhutan, Cambodia, Lao People's Democratic Republic, Myanmar and Nepal while the small island least developed countries are Kiribati, Maldives, Samoa, Solomon Islands, Timor-Leste, Tuvalu and Vanuatu.

⁴ The subsequent triennial review will be conducted on during the eighth session of the Committee for Development Policy, United Nations, New York from 20 to 24 March 2006. United Nations. Committee for Development Policy: Report on the Fifth Session, 7-11 April 2003. Economic and Social Council. Official Records, 2003, Supplement No. 13.

income (GNI) per capita was used as an indicator of income, the Human Assets Index (HAI) as an indicator of the stock of human assets and the economic vulnerability index (EVI) as an indicator of economic susceptibility.⁵ In addition, no country with a population exceeding 75 million was considered for addition to the list. The results based on eligibility indicators for 14 least developed countries in Asia and the Pacific region are summarized in Table 1. Since establishment of the list of least developed countries in 1971, Bangladesh, Cambodia, Kiribati, Myanmar, Solomon Islands, Timore-Leste, Tuvalu and Vanuatu have joined the original six least developed countries in Asia and the Pacific region.⁶ Clustered in South Asia, South-East Asia and the Pacific region, the 14 least developed countries in Asia and the Pacific region vary widely, with four landlocked countries and seven island developing countries among them.

8. Among the 50 least developed countries globally, Bangladesh is the largest in terms of population while Tuvalu is the smallest. Bangladesh and Myanmar account for nearly three-quarters of the total population in the least developed countries of the region, resulting in a larger population, on average, in least developed countries in Asia and the Pacific than in other regions. During the period 1990-2003, per capita gross domestic product (GDP) of the least developed countries in Asia and the Pacific generally rose consistently, partly as the result of the expanding external sector (Annex: Table 1). Although agriculture, including fisheries, continued to employ a significant share of the population in these countries, its share of GDP declined considerably over the period as the share of GDP held by industry and service sectors rose (Annex: Table 2). With the exception of Afghanistan, life expectancy at birth in 2003 exceeded 50 years for both men and women in all least developed countries. (Annex: Table 3) The average per capita GNI and average HAI of the small island least developed countries are higher than the comparable figures for these indicators in other least developed countries, and even surpass the income and HAI threshold for graduation in some cases.

⁵ The Human Assets Index (HAI) reflects (a) nutrition, measured by the average caloric consumption per capita as a percentage of the minimum requirement; (b) health, as measured by the under-five child mortality rate; and (c) education, measured by (i) the adult literacy rate and (ii) the gross secondary school enrollment rate. The Economic Vulnerability Index (EVI) reflects structural economic vulnerability through an average of five indicators: (a) merchandise export concentration; (b) instability of export earnings; (c) instability of agricultural production; (d) share of manufacturing and modern services in GDP; and (e) population size.

⁶ Least developed countries on the original list are Afghanistan, Bhutan, Lao People's Democratic Republic, Maldives, Nepal and Samoa.

Table 1. Criteria used in determining eligibility for least developed country status

Country	Population 2002 (in millions)	Per capita GNI (USD)	HAI	EVI	EVI (modified)
Afghanistan	23.3	523	11.6	50.1	49.0
Bangladesh	143.4	363	45.3	22.9	29.5
Bhutan	2.2	600	40.4	40.6	41.0
Cambodia	13.8	263	44.5	49.7	48.1
Kiribati	0.1	923	67.5	64.8	60.4
Lao PDR	5.5	297	46.4	43.9	43.4
Maldives	0.3	1983	65.2	33.6	37.5
Myanmar	49.0	282	60.0	45.4	45.6
Nepal	24.2	240	47.1	29.5	31.0
Samoa	0.2	1,447	88.8	40.9	50.8
Solomon Islands	0.5	657	47.3	46.7	49.1
Timor Leste	0.8	478	36.4	n.a.	n.a.
Tuvalu	0.01	1,383	63.7	70.3	67.3
Vanuatu	0.2	1,083	57.4	44.5	46.4

Note: Thresholds for inclusion in the list of least developed countries are population less than 75 million; a three-year average (1999-2000) per capita gross national income (GNI) less than US\$ 750; Human Assets Index (HAI) less than 55; and economic vulnerability index (EVI) greater than 37. A country must meet all the criteria. Thresholds for graduation from the list of least developed countries are a three-year average (1999-2000) per capita GNI greater than US\$ 900; HAI greater than 61; and EVI of less than 33. A country must meet at least two of the criteria for graduation. The modified EVI includes percentage of population displaced by natural disasters as a supplement to the data on the instability of agricultural production and has a threshold of greater than 38 for inclusion and less than 34 for graduation. Since the table uses figures reported by international sources, they may differ from national figures. *Source:* United Nations. Committee for Development Policy: Report on the Fifth Session, 7-11 April 2003. Economic and Social Council. Official Records, 2003, Supplement No. 13.

9. Since there is no typical least developed country, there is likewise no uniform prescription or strategy to address their priority concerns. In small countries with dispersed population, their small domestic markets often allow limited scope for economy based on large-scale production. If domestic employment opportunities are limited, migration in search of employment may occur, and remittances may become an essential source of finance. Since the disadvantages of a small domestic market can be increased only through deeper economic integration with their neighbouring countries, most least developed countries have become members of subregional organizations.⁷ Such economic integration, however, need to be accompanied by greater integration in trade and transport networks and facilitation measures. While larger least developed countries with coastal access may be able to take advantage of some of the trade related concessions rendered to these countries, their limited supply capacities could lead to dependence on a limited number of export products and high cost of production. Their specific concerns, such as those on market access, may, differ from remote least developed countries

⁷ All least developed countries are members of Association of South-East Asian Nations (ASEAN), South Asian Association for Regional Cooperation (SAARC) or the Pacific Islands Forum.

where possibilities for export of goods may be limited. Larger countries, however, may be more constrained in the implementation of government policies throughout the country, given their institutional and resource constraints relative to their development needs.

II. REGIONAL PARTNERSHIP FOR DEVELOPMENT

10. Among its fundamental values, the Millennium Declaration noted that responsibility for managing worldwide economic and social development must be shared among the nations of the world and should be exercised multilaterally. As recognized in the Brussels Declaration, the primary responsibility for development in the least developed countries rests with these countries themselves. Without appropriate actions by the least developed countries in the areas outlined in the seven Commitments of the Programme of Action, the best intentions and efforts by their development partners may not confer significant improvements to these countries.

11. At the global level, the Millennium Declaration called on the industrialized countries to adopt a policy of duty and quota free access for essential all exports from the least developed countries; to implement the enhanced programme of debt relief for the heavily indebted poor countries and to agree to cancel all official bilateral debts of those countries in return for their making demonstrable commitments to poverty reduction; and to grant more generous development assistance, especially to countries that are genuinely making an effort to apply their resources to poverty reduction. In line with the Millennium Declaration, developed and developing country members declaring themselves in a position to do so, thus agreed to implement duty-free and quota-free market access for products originating from least developed countries and to take additional measures to provide effective market access in the Ministerial Declaration (WT/MIN(05)/DEC) of the Sixth World Trade Organization Ministerial Conference. At the G8 Gleneagles 2005 Summit, the developed countries also committed themselves to the doubling of aid by 2010 and writing-off immediately the debts of 18 of the world's poorest countries, most of which are in Africa.

12. Given this shared responsibility, implementation of recommendations contained in the Programme of Action by developing countries could also enable greater progress towards attainment of the Millennium Development Goals in the least developed countries. This is especially true since the economies of least developed countries in Asia and the Pacific are closely tied to those of their neighbouring developing countries. Given the capacities and

experiences of developing countries in Asia and the Pacific, integrated economic and technical cooperation and adoption of a strategic orientation focusing on trade and investment, debt, environment, poverty alleviation, production and employment, macroeconomic policy coordination and aid management could greatly assist the least developed countries. These activities could be led by government and involve public and private institutions, non-governmental organizations and individuals. Technical cooperation activities may also be implemented through bilateral, multilateral, subregional, regional or interregional arrangements. Since countries in Asia and the Pacific are diverse, triangular cooperation, where technical cooperation among two or more developing countries is financially supported by donor countries or international organizations, is another possible modality.

III. CONCLUSIONS AND RECOMMENDATIONS

A. Integration of the Millennium Development Goals and the Programme of Action for the Least Developed Countries into national development strategies

13. Least developed countries in the Asian and Pacific region have national development strategies to address poverty. The effectiveness of these national development strategies vary, owing to existence of more than one planning frameworks, focus on different aspects of poverty and limited availability of statistics. Donor support of the planning process has also contributed toward development of parallel, and sometimes competing, strategies.

14. Least developed countries need to ensure that the Millennium Development Goals and the Commitments of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 guide formulation of the national development strategy. This strategy should be outlined in a comprehensive, participatory, result-oriented and monitorable national development plan, which set goals and ensure that the overall process leads to their achievement. This requires taking stock of what has been done, what needs to be done and knowing how to sustain them. The national development plan must address the specific needs of each least developed country and take into consideration the limited absorptive capacity of these countries as well as the gender-related dimensions of development. A periodic strategic review should be integrated in the national development plan in order to ensure its relevance over time. The national development plan should ensure that all areas within the country equally benefit from development.

15. Poverty reduction through effective implementation of the national development strategy requires both increase in resources and strengthening of institutions. Funding from the national budget and external sources should be directed towards the priorities contained in the national development plan. Funding of medium-term expenditure, which enables budget allocation in prioritized programmes in the medium-term, could also be considered. To ensure effectiveness of national development strategies, challenges related to human resources, institutional capacities and infrastructure development also needs to be addressed. Donors should also rely on the national development plan to supporting the poverty reduction strategies of these countries.

16. In many least developed countries, it is still difficult to translate strategies and targets into outcome and intermediate indicators that can be monitored. Statistical capacity for monitoring the implementation of the national development strategy, encompassing the Millennium Development Goals, Poverty Reduction Strategy Papers and national poverty reduction strategies, must be strengthened. Indicators should be collected regularly, quality of data should be improved, and data gaps and inconsistencies identified. Technical capacity to assess the impact of government policies should also be strengthened.

17. The integration of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 into the national development strategy of each country will ensure coherence in its implementation. Conclusions and recommendations in the specific Commitments which are especially relevant to the least developed countries of the region and where regional cooperation can be most effective, namely, financing for development; trade, migration and technology transfer; environment; and security at the regional-level are outlined below.

18. Since four of the least developed countries in the Asian and Pacific region are landlocked and seven are small island developing countries, the Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework For Transit Transport Cooperation for Landlocked and Transit Developing Countries and the Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States should be implemented in parallel.

B. Financing for development

19. Owing to the resource gap resulting from their low per capita income, structural bottlenecks and weak financial sector, least developed countries in the Asian and Pacific region are unable to finance their investment requirements from their domestic resources alone. Measures to support positive real interest rates, strengthen pension fund and insurance schemes, reduce budgetary deficit and capital costs, maintain macroeconomic stability and expand savings institutions are essential in order to increase domestic saving.

20. Aid and debt relief from development partners complement domestic efforts to reduce the financing gap. On average, disbursements of aid in per capita terms to the least developed countries in Asia have been significantly lower than those to countries in other regions. Such aid to least developed countries in Asia and the Pacific has also not increased in per capita terms since 1990. Since the fact that most of these countries in Asia and the Pacific have succeeded in achieving higher growth rates than elsewhere and in keeping debt-servicing ratios relatively low, they continue to deserve a higher level of ODA and should be considered eligible for debt relief.

1. Official development assistance and debt relief

Actions at the national level by the least developed countries

21. Issues related to governance determine the absorptive capacity of least developed countries. Ensuring effective use of aid through improved management is critical. This requires (a) national development strategy which directs aid to priority sectors identified by a national development plan, (b) aid coordination through a national consultative process; (c) harmonization of process and procedures with donors to reduce the resources required on the part of the recipient least developed countries and (d) development of an aid coordination database to facilitate coordination. Improvements in public resource management, prioritization of expenditure, stronger national institutions and policies, better institutional coordination, greater decentralization of project implementation and better monitoring and evaluation framework will not only improve the efficiency of resource utilization but can help increase assistance. Countries also need to accelerate reforms to reduce poverty, improve the capacity to manage the economy and reduce corruption.

22. A consultative process is essential in order to ensure that the national development plan addresses the priorities of the primary beneficiaries. Investments should be made according to local specifications so that they are appropriate for local needs and can be easily maintained. The consultative process furthermore needs to explain the reason for cost recovery in public services.

23. The public sector investment plan should ensure that the national development plan is linked to the national budget. Sustainability of aid was a concern. Public investment should focus on areas where there is limited or no investment by the private sector. Public investment should aim at cost recovery and be front-loaded so that they can be completed.

24. Since the population in many least developed countries, especially those that are small islands, are often dispersed, national strategies should take into consideration the need for economies of scale so that investments, especially in the social sectors, are viable in the long-term.

25. A multi-sectoral approach, which addresses all factors that affect achievement of a country's development goals, is essential. Improvement of social indicators through provision of social services in remote areas may, for example, require development of transport infrastructure.

Actions at the national level by development partners

26. Development partners should support the national priorities of least developed countries and ensure that the country's efforts to strengthen its capacity are not undermined. Their strategies and assistance should be transparent, and channeled to prioritized activities benefiting the poor. Extensive consultations and dialogues with least developed countries are essential for formulating strategies. Aid should be front-loaded so that they meet the targets set by the Millennium Development Goals and Programme of Action.

27. Development partners can improve aid effectiveness by untying aid, financing investment requirements and recurrent expenditures, supporting a sector-wide approach, providing budgetary support and supporting country's strategies and priorities. The least developed countries need to create an environment conducive for such aid harmonization.

28. Since the gap between aid commitments and disbursements affects the budget of least developed countries, committed assistance should be disbursed on time. Conditionalities should be reduced since they could lead to delays in aid disbursement and project implementation.

29. Activities by non-governmental organizations (NGOs) should help countries achieve their specific development goals. NGOs should be held accountable for their activities. This requires transparency in their activities. Resources to NGOs should pass through the government's planning framework.

30. Domestic capacity should be developed. To enable transfer of technology and knowledge and to strengthen the institutional capacity, more consultants should be used from the recipient countries.

Actions at international levels

31. Development partners need to keep their commitments with regards to assistance to least developed countries. The international community was urged to meet the targets of 0.15 per cent or 0.20 per cent of GNP as aid to least developed countries as embodied in the Brussels Declaration.

32. Steps should be taken to establish coherence among donors in areas such as policy conditionalities, aid practices and their trade regimes. Efforts should be made to ensure recipient country ownership of policy conditionalities as well as aid projects. Such ownership should be based on genuine dialogue and a spirit of partnership between the donors and the recipient countries.

33. The international community should continue dialogue with least developed countries on such issues as grant component, tied purchase, and financing of recurrent costs, and to bring about improvements in those areas.

34. Although many developing countries increasingly provide aid in the form of technical assistance and development projects to least developed countries, the level of their assistance is still low. Developing countries could provide greater assistance to the least developed countries in trade, investment and aid. Developed and developing countries could collaborate to provide

aid more effectively. Triangular cooperation provides a cost-effective way to use the financial resources and technical expertise available from different sources.

35. Although these least developed countries have received increased attention under the Heavily Indebted Poor Countries debt initiative, none of these countries in Asia and the Pacific have yet to benefit from this initiative. All severely indebted least developed countries that have made tangible progress towards attainment of their Millennium Development Goals should be given debt relief. Debt forgiveness has to be provided over and above the regular assistance.

36. Debt in least developed countries were largely from multilateral sources and highly concessional. Such debt obligations were relatively large for these small economies and often affected their decision to solicit additional aid. Multilateral partners could consider granting debt relief to least developed countries, especially those which were in post-conflict situations.

2. Investment

37. Subregional economic integration could lead to greater investment inflows. Such economic integration requires greater cooperation on issues related to infrastructure and trade facilitation, such as transport, customs clearance and product standard, as well as financial and labor services. Agreements on these issues therefore need to be both deepened and widened.

38. In least developed countries of Asia and the Pacific, infrastructure poses obstacles to greater investment. Since power outages and load shedding lead to erratic electricity supply, firms in these countries often need to rely on generators. Many of these countries have transport problem owing to their rugged terrain and topography. Road and rail networks are limited, narrow roads allow only limited loads and speeds, and maintenance of infrastructure is difficult. Landlocked countries also depend transit countries to enable their access to the sea. Port services and infrastructure also needs to be improved.

39. Limited access to credit, especially to small and medium enterprises, high capital costs, high non-performing assets and weak financial intermediation are some of the challenges in the financial sector. Banking intermediation is rudimentary, lending practices are conservative and only limited financial products are available in these countries.

Actions at national level

40. Despite liberalization of policies, investment flows into least developed countries remained minuscule, owing to the limited size and growth of the domestic market, political and economic stability, the overall economic policy framework, resource endowments, infrastructure, labour skill and work discipline. Countries should examine the various elements that determined locational advantages and introduce measures to enable improvements in areas amenable to policy action. Investment from both domestic and international sources should be directed to sectors in which the country has comparative advantages and that generate employment within the country.

41. Strengthening of the private sector requires reduction of risks and transaction costs, macroeconomic stability, trade and investment liberalization and freeing of prices. Business support services such as information on foreign markets, advice on productivity improvements, certification, quality control and human resources development are also essential. Enforcement of effective labor laws could provide greater flexibility for managers as well as improved work conditions and rights for workers.

42. Least developed countries should simplify administrative procedures. Regulations need to be streamlined so that bureaucratic delays, lack of regulatory clarity and scope for informal payments are minimized. Procedures for entry of new firms could be simplified. Tax administration, including customs, warrant particular attention.

43. Since access to finance and high cost of capital constrained private sector development, greater competition within the financial sector and introduction of microfinance was desirable. Strengthening of pension and provident funds, insurance scheme, the development of capital markets and positive real interest rates can also help improve resource mobilization. State-owned banks should be either privatized or made more efficient, and rural finance institutions should be developed. Supervisory capacity over the financial sector should be strengthened.

44. Since the public sector accounted for a significant portion of economic output in least developed countries, privatization of economic activities that could be undertaken more efficiently by the private sector should be considered. This required the articulation of a clear private sector and foreign direct investment policy framework by the Government, development

of necessary legislation to protect private sector investment, and initiation of investment promotion activities. Greater private sector participation, fostered through public bidding, could increase competition and lower costs for providing various services previously provided by the public sector. More areas, especially in the service sector, could be opened to foreign investment.

45. Issues related to land ownership was a constraint towards greater investment in several least developed countries. Land ownership encourages private investment. Without possibility of land ownership, greater private sector investment was possible only with the assurance of long-term leases.

Actions at international levels

46. A number of countries as well as multilateral institutions provide insurance guarantees to private sector investment in least developed countries. The international community could also contribute to the increased flow of investment through co-financing, enhanced market access for export from such countries and strengthening infrastructure facilities in them. Export-Import banks should support credits to direct more investment to least developed countries.

47. Generalized System of Preferences facility should be extended to least developed countries by countries which have yet not done so, since it encourages greater investment.

48. Development partners can also help in developing project profiles, undertaking feasibility studies and detailed project reports, and conducting detailed project design in order to attract more investment.

C. Trade, migration and technology transfer

1. Trade

49. Tariff and non-tariff barriers as well as subsidies adversely affect the export earnings of least developed countries. Tariff rates imposed by developing countries on imports from other developing countries, including least developed countries, are not only high, but sometimes higher than those of developed countries. Although developed countries generally levy lower overall tariff rates on exports from developing, tariff peaks are applied on agricultural products

and labor-intensive products. As a result least developed countries face higher average tariffs than their developed country counterparts.

Actions at national level

50. Trade liberalization policy should be integrated into the country's national development plan and poverty reduction strategies, not only to promote exports, but to also reduce poverty through the expansion of trade.

51. The limited physical infrastructures undermine the ability of least developed countries to increase the volume of trade and to ensure optimal use of available trade preferences. Since unfavorable geographical location increases both export and import costs and improved transport and communication networks are essential. Development of infrastructure for processing, storage and transport were needed in order to lower costs and improve delivery times for their exports. Given the large investment costs, developed partners should assist least developed countries in improving supply side limitations.

52. Cumbersome documentation requirements and bureaucratic impediments raise trade-related transaction costs and erode competitiveness of exports from many least developed countries. Least developed countries should modernize customs agencies and streamline procedures to facilitate trade.

53. Greater diversification of their exports and export markets were essential, given the narrow base of least developed countries. Given their dependence on a few commodities and export markets, these countries were vulnerable to sudden changes in demand for their products in their main export markets. This requires identification of new niche markets where these countries were competitive.

54. With the abolition of the Multi-fiber Arrangement on 31 December 2004, trade in textiles and clothing is governed by WTO rules. Least developed countries which are exporters of these products need to cope with the adverse impact of such trade liberalization on employment, economic growth and poverty reduction. In addition to the Trade Integration Mechanism of the International Monetary Fund which is designed to address balance-of-payments issues resulting from trade liberalization, other financial mechanisms to assist these are needed.

55. Given the current pattern of trade of these countries, the benefits for these small economies from their membership in global and regional trading bodies need to be more evident. Greater capacity needs to be developed in key ministries so that they understand their obligations for complying with the global and regional trading bodies and to benefit fully from available trade concessions.

Actions at international levels

56. Asian and Pacific least developed countries call on their trading partners to provide bound, duty- and quota free access to all exports. Least developed countries should be given a non-discriminatory universal treatment for all of their products on a lasting basis.

57. Rules of origin should be simplified and harmonized to promote exports from least developed countries. Difficulties in complying with rules of origin result in their low utilization rates of the preferential treatment provided by developed countries.

58. Effective special and differential measures in favour of least developed countries should be made an integral part of the multilateral trading system and be binding within the framework of WTO.

59. A large share of the population in least developed countries is employed in the agriculture sector. The share of the sector, including fisheries, in total exports of least developed countries is also significant. Developed countries should reduce agricultural subsidies while developing countries could reduce tariff and non-tariff barriers. Such measures could lead to increase in investment to the agricultural sectors in the least developed countries.

60. There should be policy coherence on the part of development partners in their responses to the market access and supply capacity concerns of least developed countries. Market protection for exports from least developed countries could be considered. Measures should be taken to ensure remunerative commodity prices and the stabilizing of commodity trade.

61. Developing countries should reduce tariffs levied on exports from least developed countries and provide trade preferences on a non-discriminating basis so that least developed countries can increase exports in regional markets.

62. Multilateral trade rules governing regional trade arrangements should be supportive of regional integration efforts and provide flexibility to the Asian and Pacific least developed countries in adjusting to a more liberalized and competitive trade regime under those arrangements. These arrangements could increase intraregional trade by the least developed countries and accelerate their integration within the region.

63. Some least developed countries are engaged in the WTO membership process. Despite guidelines on simplifying and streamlining accession, the process has proven both complex and costly. The process for WTO membership should be expedited.

64. There should be a longer period of transition in the implementation of WTO agreements. Support should be intensified for the building up of capacity in least developed countries to undertake multilateral trade negotiations and ensure adequate representation in WTO trade negotiations.

65. Effective implementation of the Integrated Framework for Trade-related Technical Assistance to Least Developed Countries should be accelerated. Technical assistance should be offered in order to ensure that exports from countries comply with the quality standards of importing countries.

2. Migration

66. Migration from least developed countries occurred as a result of their limited opportunities for better education and employment. Migration leads to a drain in human resources if professional and skilled workers depart. To foster and retain human resources within the country, governments need to improve the quality of education at all levels and to create conditions that lead to better domestic employment opportunities. This may require development of tertiary education as well as alternative training opportunities with support from donors.

67. Migration within the Asian and Pacific region, however, has offset also unemployment in least developed countries. Migration, especially from the small island least developed countries, has reduced their population pressure and allowed acquisition of new skills through the return of residents who have temporarily migrated abroad. Remittances account for a larger share of the balance of payments than trade in many least developed countries. In addition to being a major source of foreign exchange and income, they indirectly contribute to economic growth of these countries.

68. Regional cooperation on the legal and institutional aspects of migration is essential in order to ensure safety of migrant workers, transparent and accountable labour policy and effective monitoring mechanisms.

Actions at national levels

69. In order to ensure that the migrants have the skills in demand and obtain technical or professional work, appropriate training to improve human resources should be provided.

70. Efforts must be strengthened to develop mechanisms by which remittances are invested in productive activities.

Actions at international levels

71. Safety and security of migrant workers are of major concern to countries sending these laborers. The international convention on the protection of the rights of all migrant workers and members of their families (A/RES/45/158), New York, 18 December 1990, must be ratified.

72. There should be preferential market conditions for least developed countries with respect to the movement of natural persons. Greater temporary movement of natural persons from least developed countries to receiving countries which requires their specific skills, through official channels, could reduce illegal migration and facilitate their integration in the receiving country. Establishment of recognized institutions to facilitate official migration could ensure enforcement of established labour standards, minimum wages and social benefits, and reduce discrimination.

73. Since international human migration is a transnational phenomenon, a common migration policy framework at the regional and multilateral levels and bilateral negotiation within such a framework would be highly beneficial.

74. In order to provide the safe avenue for transferring remittances, money transfer must be encouraged and promoted through formal channels. Earnings of the informal migrant workers must be protected.

3. Technology transfer

75. Transfer of technology, that is appropriate to the needs and resources of least developed countries, could improve integration of these countries into the global economy and facilitate their overall development. Technology and knowledge transfer which parallel investment flows could also increase their productivity. Transferred technology should be readily accessible, use resources and skills available within the country, minimize maintenance costs and be less costly in the long-term. Technology transfer could be beneficial in all areas, including agriculture, energy, production, commerce and government. Technology transfer, especially of information technology, could contribute to better public services in education and health.

Actions at national level

76. National policy to strengthen research and development capacity in these countries should be strengthened. For countries in the Pacific, technical assistance and training opportunities should be available through research institutes attached to regional universities. Lower cost of technology could improve access and expand knowledge significantly in these countries.

77. A legal framework should be established for the transfer of traditional knowledge as well as indigenous technology.

Actions at international levels

78. Since the Asian and Pacific region is one of the leaders in development of new technologies, regional cooperation and support from the countries of the region can help transfer and use of new technologies, especially in the least developed countries.

79. Transfer of technology could contribute to development of niche markets that are essential for exports from these countries.

C. Environment

80. Least developed countries are particularly vulnerable to natural disasters and environmental degradation since the livelihood of many, especially the poor, are dependent on the availability of natural resources.

Actions at national level

81. Environmental protection is a priority. Environmental concerns need to be mainstreamed in all public policy decisions. Governance of environmental challenges can be improved by integrating poverty-environment issues into national planning frameworks, ensuring effective participation of broad stakeholders in implementing the environmental action plan, and improving monitoring of poverty-environment policy implementation. This may require introduction of legislation and establishment of an institutional body to enforce these laws.

82. Measures to protect and conserve the environment must be adopted, promoted and supported since environmental cost may rise if they are not addressed quickly. Areas that need to be addressed include dumping of hazardous wastes, use of clean and renewable energy and promotion of carbon sinks through community forestry and afforestation program must be promoted. Given the limited capacity of least developed countries, especially those that are small islands, to contain waste, an effective waste management and sanitation system, through greater use of recycling and use of biodegradable materials is required.

83. Industrial development should be in line with proper environmental safeguards. Any possible changes to the environment should be assessed for its environmental impact in advance. Awareness of environmental concerns, conservation and biodiversity should be promoted.

84. Given the vulnerability of least developed countries, especially those that are small islands, to natural disasters and the fragility of their ecosystems, a disaster mitigation strategy is essential. This requires development of an early warning system, coupled with the institutional capacity to

rapidly respond to disasters, in conjunction with regional partners. Development of infrastructure to reduce the impact of disasters should also be considered.

85. Legislation and enforcement of environmental legislation should extend to the coastal areas and seas. Surveillance at regional level through shared use of satellite technology could be considered.

Actions at international levels

86. The least developed countries calls for the immediate ratification of the Kyoto Protocol as well as existing regional protocols by all countries.

87. Environmental issue is not only a local issue, but also a regional and global concern as the water pollution and deforestation problems in the upstream countries will have adverse impact to the downstream countries. Similarly, countries in the region suffer from acid rain with the excessive emission of carbon dioxide. Enhanced regional cooperation in the environmental issues helps minimize adverse transboundary environmental impact. Donors could also consider funding national waste management technology.

D. Security

88. There are several factors behind conflicts. Inequalities among regions or groups within a country could heighten both political and economic tensions that lead to conflicts. Conflicts, not only lowers economic growth, exports and private investments, but also has a negative impact on a country's social and human development indicators. The cost of conflict could spread beyond national borders, leading to rise in regional military spending, decline in investment and disruption in trade.

89. Several least developed countries in the Asian and Pacific region have been seriously affected by violent conflicts. Others have experienced security issues and difficulties in maintaining law and order. Measures to reduce and prevent conflict are therefore of interest to all least developed countries.

Actions at national level

90. Since conflict can be a major cause of poverty, a national development strategy to address poverty must contain effective measures to both prevent and to address conflict.

91. Equitable and transparent distribution of resources as well as benefits from economic growth could contribute towards a more inclusive development. Such development could in turn lead to greater security. Resolution of conflicts through reconciliation between different social and ethnic groups is essential. Greater emphasis should also be placed on development of rural institutions.

92. Since minerals and natural resources provide means to sustain violent conflicts and weaken state capacity, introduction of the certification schemes can reduce opportunities for such exports.

93. Law and order institutions need to be strengthened.

Actions at international levels

94. Since aid to fragile countries may be low or unpredictable, a global fund to finance their long-term reconstruction and development needs on a predictable basis should be established. Development partners should also be more transparent about the conditions for aid allocations and their reasons for reducing investments in conflict-prone countries.

95. Since security concerns have a regional impact, they may require a regional solution, especially in the small island least developed countries. The judiciary and police in order to maintain law and order could be strengthened at national and regional levels. Countries also need to be more proactive so that tensions can be reduced before they reach crisis proportions.