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POLICY

PROGRAMME IMPLEMENTATION

IMPLEMENTATION OF DECISIONS ADOPTED BY THE GOVERNING COUNCIL  
AT PREVIOUS SESSION

Implementation of the Substantial New Programme of Action  
for the 1980s for the Least Developed Countries

Report of the Administrator

Summary

By decision 84/10 Governing Council requested the Administrator to submit to it at its Thirty-Second Session an evaluation report on the role of UNDP in the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries (SNPA) at the Council's thirty-second session within the framework of the Substantial New Programme of Action for the 1980s for the Least Developed Countries (SNPA) focusing particularly on the experience gained with the donor consultation process through the round-table conferences. The report was to be prepared within the framework of SNPA and in preparation of the global mid-term review of that programme to be held in September 1985.

This report reviews the involvement of UNDP with the least developed countries (LDCs) and its response to the special action programmes introduced since the designation of the first group of LDCs in 1971 and, in particular, since the adoption of SNPA. Since the early 1970s UNDP has made special efforts towards the establishment of increased levels of resources for LDCs, both through a larger share of the national indicative planning figures (IPF) and through greater contributions from the Special Measures Fund for the Least Developed Countries (SMF/LDC) and the United Nations Capital Development Fund (UNCDF). The report makes recommendations for the revitalization of the SMF/LDC as a special purpose fund for LDCs.

The designation of UNDP by a large number of LDC Governments as the lead agency for assistance in the preparation and holding of formal donor consultations (round-table conferences) has caused UNDP to take a closer look at the process which has resulted in the introduction of an improved format for these consultations. The report discusses the new format and makes recommendations for the financing of the round-table process during the fourth programming cycle, 1987-1991.

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### Introduction

1. From the early 1970s, after the adoption of the Consensus and General Assembly resolution 2768 (XXVI) of 18 November 1971, establishing the first list of LDCs and calling upon, inter alia UNDP to initiate action-oriented programmes for those countries, the Programme has made a sustained effort to mobilize additional resources for LDCs, both through its own programmes as well as by taking the initiative towards better aid co-ordination through the organization of donor consultations, which became known as round-table conferences.
2. Compared with the real needs of LDCs, the level of additional funding through UNDP has remained modest; however, the use of SMF/LDC resources for activities aimed at overcoming specific constraints in the development of LDCs may further the goals of SNPA.
3. The success of the round-table conferences in mobilizing additional resources for LDCs concerned has varied from case to case and over the years. It would seem that changing perceptions of the concept and modalities of development co-operation in the wake of economic changes in both donor countries and the LDCs themselves have played a role in the generally disappointing results of round-table conferences in the early 1980s.
4. Of particular relevance is the growing awareness that more official development assistance (ODA) alone will not cause the desired reversal of economic stagnation in many LDCs. Donors are looking increasingly for opportunities to engage in a dialogue with the LDCs which should lead to sustained development co-operation that will channel scarce development resources to activities aimed at removing constraints and supporting viable development action. It is generally accepted that LDCs will be hard-pressed in solving the immense problems facing them without generous and understanding co-operation on the part of the donors. The LDC Governments, for their part, are conscious of the need to critically review the state of their economies and to adopt tough policies and sometimes take unpopular measures to regain the lost momentum in economic development. The meeting with ministers of planning and of finance of the African LDCs, organized by the UNDP Regional Bureau for Africa and held at Cotonou, Benin, in November 1985, has shown the preparedness on the part of LDC Governments to engage in a dialogue with the donor community on development issues, concrete steps towards the solution of their current problems and sustained co-operation in the development of their countries.
5. The round-table conference as currently conceived emphasizes a programmatic approach to development assistance, replacing the project approach which was peculiar to the round-table conferences in the 1970s and those initiated immediately after the 1981 Paris Conference. Its principal objective is to create the conditions for a sustained and productive development dialogue between individual LDCs and their donors. While UNDP has only just started with the application and the improved round-table process and although it is too early to present a picture of its full impact, UNDP is confident that the process will be beneficial for all those participating in it.

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6. This report does not discuss the question of aid co-ordination in the broader sense as it applies to LDCs, since that is a subject of a separate report submitted to the Governing Council in documents DP/1985/4 and Add 1.

#### I. ADDITIONAL RESOURCES FOR THE LEAST DEVELOPED COUNTRIES

7. During the often lively debates of the Governing Council at its sessions in the early 1970s when country programming was a new experience and expectations for the Programme's growth were high, the question of increased resources for LDCs was broached with determination. This was not only due to the initiatives taken by the United Nations Conference on Trade and Development (UNCTAD) in the late 1960s for special action programmes for LDCs and the designation in 1971 of the first group of 25 LDCs referred to above, but more specifically to the wish expressed in the Consensus that when establishing the first series of IPFs, "special consideration (be) given to the situation of the LDCs ... whose lack of an adequate administrative structure (had) prevented them from taking proper advantage of programme assistance." <sup>1/</sup> The Consensus further requested the Administrator to make recommendations on the manner in which resources were to be made available to meet, inter alia, the special needs of LDCs. Thus, the Consensus and General Assembly resolution 2768 together formed a major motivation for UNDP to take special initiatives in favour of LDCs.

8. The arrangements made for LDCs during the first programming cycle, 1972-1976, yielded \$47.2 million in additional funds over their respective IPFs. Individual allocations were prorated in accordance with the level of each. Some \$3 million of the resources pledged for special measures were made available for regional, interregional and global activities affecting LDCs.

9. The special financial provisions adopted for LDCs during the first IPF cycle were to be discontinued for the second cycle (1977-1981) and replaced by an appropriate increase of the level of their respective IPFs. The Governing Council, at its sixteenth session in June 1973, had decided "that the least developed among the developing countries (should) obtain as a whole at least 25 per cent of total resources available for distributed country IPFs". <sup>2/</sup> The Programme Reserve was no longer to be available for the LDCs. <sup>3/</sup>

10. At its sixteenth session the Governing Council also adopted IPF criteria for the second cycle which were based for the first time upon population and per capita gross national product (GNP) and on a set of supplementary criteria. (These supplementary criteria did not include a country's LDC status which was introduced for the first time in the calculation of IPFs for the third programming cycle, 1982-1986.) An additional amount of \$40 million was allocated for distribution among LDCs in order "to maintain the spirit of the Council's decision on the least developed among the developing countries". In the final count, LDCs were allocated 30.1 per cent of the distributed country IPFs for the second cycle. The original group of 24 LDCs received 26.2 per cent against 25.6 per cent during the first cycle.

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Table 1. Share of LDCs in distributed country IPFs during three cycles

(In millions of \$US)

	First cycle 1972-1976 (distributed country IPFs (\$1300.3)		Second cycle 1977-1981 (distributed country IPFs (2,036.1)		Third cycle 1982-1986 (distributed country IPFs (\$3925.9)a/	
	\$	%	\$	%	\$	%
1 First group of LDCs	251.8	19.4 b/	512.0	25.1 b/	1061.0	27
2 All LDCs 2nd cycle	-	-	621.95	30.1 b/	1328.0	33.8
3 All LDCs 3rd cycle	-	-	-	-	1451.45 a/	35.543

a/ Illustrative IPFs

b/ If SMF/LDC country allocations for the first and second cycles are included, the percentage for group 1 would rise to 21.7% for the first cycle and to 26.8% for the second cycle. For group 2 the percentage for the second cycle would be 32.4%.

11. New criteria governed the distribution of country programme resources for the third programming cycle, 1982-1986.<sup>4/</sup> These included: (a) the adoption of a revised list of supplementary criteria which accorded added weight to a country's recognized LDC status; and (b) the allocation of 80 per cent of the resources available for country programmes to countries with a per capita GNP of up to \$500. Within that group, special treatment was to be given by allocating higher increases in IPFs for low-income countries with per capita GNP of \$250 and below, and to countries falling within one or more selected categories of which LDCs were one. For LDCs, this has resulted in a share of 35.5 per cent in the total of country IPFs available during the third programming cycle. (This increased percentage is due in part to the addition of eight countries to the list of LDCs between 1977 and 1982.) The stagnation in the growth of UNDP's real resources for development during this cycle has led to a reduction of the projected amount of \$1,451.45 million (illustrative IPFs based on assumed growth of 14 per cent annually to \$798.3 million (55 per cent of the illustrative IPF) which is still some \$127 million or 16 per cent more than the IPFs for this group of countries during the second cycle.

12. The resources available to LDCs are programmed in the traditional fashion of UNDP through the preparation of country programmes based upon development priorities determined by the Government. The country programmes of LDCs for the third programme cycle, many of which had been elaborated before the Paris Conference, do not show any marked difference in sectoral emphasis from the UNDP programme as a whole. Table 2 provides an overview of UNDP expenditure

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from the Programme's central resources, including cost sharing, for all LDCs and for the overall programme for the years 1981-1983.

Table 2. UNDP expenditures by sector for all countries (Programme)  
and for LDCs as a group <sup>b/</sup>  
 (per cent)

Sector <sup>a/</sup>	1981		1982		1983		1984	
	Programme	LDC	Programme	LDC	Programme	LDC	Programme	LDC
1	0		0	0	0	-	0	0
2	12	12	13	14	14	14	13	13
3	11	14	12	15	14	15	12	15
4	26	27	24	26	23	24	24	26
5	11	10	12	11	11	10	11	10
6	14	14	13	11	12	12	13	12
7	2	1	2	1	2	2	2	2
8	0	0	0	0	0	0	0	0
9	1	2	2	2	2	2	2	2
10	5	3	4	3	5	3	5	3
11	6	6	6	5	6	6	6	5
12	6	6	6	6	5	6	6	6
13	0	1	0	0	0	0	0	1
14	1	0	1	1	1	1	1	1
15	1	1	1	1	1	1	1	1
16	4	3	4	4	4	4	4	3

<sup>a/</sup> Political affairs; 2. General development issues, policy and planning; 3. Natural resources; 4. Agriculture, forestry and fisheries; 5. Industry; 6. Transport and communications; 7. International trade and development Finance; 8. Population; 9. Human settlements; 10. Health; 11. Education; 12. Employment; 13. Humanitarian aid and relief; 14. Social conditions and equity; 15. Culture; 16. Science and technology.

<sup>b/</sup> The figures show that UNDP programme assistance to LDCs follows closely the sectoral trends of the overall programme. The SNPA has not caused a shift in sectoral priorities in programme spending in LDCs as a group.

## II. SPECIAL MEASURES FOR THE LEAST DEVELOPED COUNTRIES

13. The total amount of special measures resources which have been made available to LDCs since the first contribution in 1972 is given in table 3. Total receipts of the SMF/LDC through 1984 amount to some \$132.5 million in pledges and \$12 million from the Programme Reserve, a total of \$144.5 million of which \$129.2 million has been allocated to LDCs at the end of 1984. Of this amount, \$103 million had been spent at the end of 1983, and \$22.4 million was committed for projects through 1986. <sup>5/</sup> SMF/LDC resources, being programmed along with regular IPF resources, have been applied mainly to assistance in development policy and planning (19 per cent), agriculture (18 per cent) and natural resources development (14 per cent). Other sectors which received important assistance from the SMF were industry, employment and transport and communications with about 10 per cent each.

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From 1980 onwards, agriculture has lost some ground while assistance for development policy and planning increased notably, which is largely due to special activity for the preparation of the 1981 Paris Conference for LDCs and, subsequently, of round-table conferences for individual LDCs. A comparison of expenditure patterns for IPF and SMF/LDC resources during the period 1980-1983 shows a reverse emphasis on planning (13 per cent IPF and 23 per cent SMF/LDC)

Table 3 Contributions to the Special Measures Fund for the Least Developed Countries <sup>a/</sup>  
 (In millions of \$US)

1972	2.5	1979	11.5
1973	8.0	1980	11.7
1974	8.9	1981	12.9
1975	10.8	1982	16.4
1976	8.0	1983	16.1
1977	4.1	1984	13.6
1978	8.0	1985	9.7 <sup>b/</sup>
		Total	142.2

<sup>a/</sup> The figures do not include allocations from the Programme Reserve.

<sup>b/</sup> Pledges made in 1984.  
 The boxed figures show contributions pledged since the Paris conference for the Least Developed Countries, September 1981.

and agriculture (26 per cent IPF and 14 per cent SMF). The SMF share of total resources devoted to planning during that period was 12 per cent. SMF assistance in the employment sector has grown appreciably, especially since 1981, representing 21 per cent of the total resources made available by UNDP to the LDCs for that sector.

14. About 60 per cent of total SMF resources expended was devoted to the procurement of expertise (experts and subcontracts) and 25 per cent to equipment. About \$7.5 million (or 7 per cent) was spent on training during the first 11 years of the SMF/LDC's existence. These percentages do not differ significantly from those applying to UNDP's programme as a whole (expertise 64 per cent, equipment 21 per cent and training 10 per cent). The amount of additional resources obtained through cost sharing was \$4 million, or 4 per cent of SMF/LDC resources programmed. The percentage is equal to that of cost sharing in total programme expenditure for LDCs in 1983. (By comparison, cost sharing for all developing countries in total programme expenditure in 1983 was \$68.7 million or 12 per cent.)

15. A striking aspect of SMF/LDC is the consistent support which it has received from a few donors. While all Governments support the concept of a major emphasis of UNDP assistance being placed on the lower-income countries and agree with the earmarking of 80 per cent of overall country programme resources for programmes

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in those countries, different positions are taken with regard to special arrangements for LDCs. Many Governments consider that the method adopted for the determination of the level of IPPs for individual countries adequately provides for additional programme resources for LDCs. For them the existence of SMF/LDC detracts from the universality of the Programme and the obligation of UNDP and its Governing Council, through an equitable distribution of available resources for country programmes, to provide for all countries according to their special needs and economic strength. On the other hand, the four or five donors that have, through the years, contributed to SMF look upon it as an important means of providing the necessary additionality in resources for LDCs.

16. SNPA put upon the Governments of LDCs the primary responsibility for introducing economic reform measures before relying on external support to help them overcome their economic problems. Recognizing that in doing so, LDC Governments would be dependent on outside assistance, SNPA further urged donors to make adequate special allocations to the SMF/LDC to provide the necessary resources needed by LDC governments, for the envisaged increased activities in planning, feasibility studies and project preparation, aimed at the improved performance of national economies and concomitant increase in ODA. Thus, SNPA revived the concept of SMF/LDC as a special-purpose fund for LDCs and confirmed UNDP's traditional role in helping to strengthen national planning mechanisms which for many LDCs constitutes a priority area for UNDP-financed assistance.

17. A few Governments responded to the appeal made in SNPA for additional contributions to SMF/LDC. One of the traditional donors to the Fund raised its contribution for each of the years following the Paris Conference and one other donor made an additional contribution for 1983. A third donor resumed its contributions in 1985. The overall result was a modest increase in available SMF/LDC resources for 1982 and 1983 which enabled UNDP to provide, on a limited scale, additional funding for the assistance sought from it by LDCs for the round-table conferences. The arrangement was made in 1982, with the consent of the major contributors to the Fund, to facilitate the implementation of the relevant recommendations of the SNPA. Of the \$3.6 million thus set aside, by the end of 1984 \$2.9 million had been programmed for the preparation of round-table conferences in 27 LDCs. Of this amount \$2.3 million had been spent at the end of 1983. (See also chapter IV, section D, below.)

18. The additional SMF/LDC resources were insufficient to finance all of the technical and logistic support needed to achieve the quality required for productive consultations between donors and LDC Governments. Significant supplementary funding from the country IPF was needed in most cases, and a special contribution from the Netherlands Government has facilitated the broadening of the scope of the preparation for round-table conferences and, in particular, for follow-up action which is already showing its utility to greatly improve the focus of the consultation and negotiation process at the sectoral and project levels.

19. The round-table process is more than an improved co-ordination mechanism. It is, above all, a means of systematic appraisal of overall economic requirements and of how to attain the best possible complementarity of national efforts and external support. In order to ensure an effective consultation process, the Governments of

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LDCs will have to dispose of a minimum of institutional capability to undertake in a sustained manner the macro-economic and sectoral appraisal and the formulation of appropriate recommendations for external assistance.

20. UNDP's experience with the round-table conferences has brought out major institutional weaknesses in most LDCs, in particular in the planning, management and administration of the development process. The problems are both structural and related to the basic problem of human resources. Economic recovery which is to draw its strength from the internal measures of the LDC Governments towards economic reform and, as necessary, restructuring, will require a special effort from those Governments towards the improvement of national capability to deal with planning and plan implementation. The structural weakness in these areas in many LDCs would make the establishment of comprehensive national capability to assume the full responsibility for the planning, management and administration of the development process a priority area for special assistance. Requirements would differ from one country to another, but the urgency of establishing such national capability within the shortest possible time applies to all of them. It is, therefore, recommended that consideration be given to the use of SMF/LDC for sustained assistance to LDCs in such areas of special concentration where the application of additional resources could make a difference and have special impact on a country's capability to manage its development process.

21. Such assistance, representing adaptations and modifications, in part, of the initial terms of reference for SMF/LDC (see paragraph 17 above), would include, inter alia, the strengthening of national capacity to (a) conduct macro-economic structural and policy analyses to serve as a framework for policy reform and development planning, and programming and management; (b) conduct technical co-operation needs assessments in order to determine sectoral requirements and relative priorities; (c) formulate human resources development strategies and plans; and (d) conduct action-oriented feasibility and viability studies to substantiate national development programmes and projects.

22. Other special activities which might be considered for SMF/LDC support would include: (a) the strengthening of non-governmental economic activity in LDCs such as grass roots programmes, income generating activities in the rural sector, the strengthening of extension and support services and implementation of structural adjustments with a direct effect on the productive capacity of the poorer segments of the population; and (b) the promotion of TOKTEN (transfer of knowledge through expatriate nationals) type arrangements which mobilize foreign-based national human resources for short-term special assignments, and of United Nations volunteers and OPAS (operational assistance) type arrangements to temporarily fill gaps in national expertise.

23. If SMF/LDC is to support selected development activities in LDCs, the continued validity of the current system of a pro rata distribution of available Fund resources to all LDCs should be examined. Depending on the size of SMF/LDC, it might become necessary to reserve all or a part of those resources for the financing of such activities. This might call for the central management of all or a part of the Fund.

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24. The advantages of such an arrangement would be several. The dispersal over many users of limited resources would be avoided and, therefore, the loss of opportunity to make the additional funds contribute to development in a meaningful way. It would also provide the assurance that the funds are used in accordance with the objectives of SNPA which is not always the case when SMF/LDC resources are programmed along with the country IPF.

### III. ASSISTANCE TO THE LEAST DEVELOPED COUNTRIES FROM UNDP-ADMINISTERED FUNDS AND PROGRAMMES

#### A. The United Nations Capital Development Fund

25. At the Paris Conference the United Nations Capital Development Fund (UNCDF) was singled out as an important channel for providing concessional capital assistance to LDCs in the implementation of SNPA. The General Assembly, in its resolution 36/196, confirmed the Governing Council's decision that UNCDF should be enabled to play a direct role in such implementation.

26. During the period 1981-1984, UNCDF approved capital assistance to the 36 LDCs in the amount of \$ 184.4 million for the implementation of 132 projects aimed at meeting the basic needs and developing the productive capacity of the poorest segments of the populations. On an annual basis, the level of approved UNCDF assistance to the LDCs from 1981 onwards was as follows: 1981, \$61.7 million; 1982, \$54.6 million; 1983, \$29.8 million; and 1984, \$38.3 million. More detailed figures are provided in document DP/1985/45.

27. UNCDF-funded projects are designed to bring early and direct benefits to low-income and other vulnerable groups. Through such flexible financing modalities such as grants, concessional loans, credit and guarantee schemes and revolving funds, UNCDF works at the grass roots level in the implementation of projects which are smaller than those usually considered by other multilateral financing institutions. Whenever appropriate and justifiable, UNCDF provides local cost financing for inputs procured locally on the basis of national competitive bidding. UNCDF may also arrange for the gradual takeover of some recurrent costs by the recipient countries. UNCDF assistance provides for maximum participation of the beneficiary groups and is aimed at strengthening the national capacities, both in terms of implementation and management, so as to facilitate replicability of the projects on a larger scale by the Government and the local communities, either directly or with the assistance of larger-scale financing institutions.

28. The organizational links between UNCDF and UNDP facilitate complementarity between UNCDF concessional capital assistance activities and UNDP financed technical assistance programmes. Of the 132 projects approved during the period 1981-1984, 55 received supporting technical assistance financed by UNDP country IPFs.

29. During the period under review, many UNCDF-funded projects were designed to develop the productive sectors, particularly agriculture and small-scale industries. Over the past four years, UNCDF assistance in the productive sectors (74.6 per cent of its commitments or \$ 137.5 million) aimed at self-sufficiency in food production and enlarging the employment and income base.

30. Of the total assistance to LDCs since 1981, 38.7 per cent was applied to agricultural production. The emphasis on the agricultural sector is consistent with the high priority attached to it by LDCs themselves. Assistance to agricultural production in LDCs has assumed special importance in recent years as a result of the devastating drought which has affected many of these countries. UNCDF-funded projects in the field of food production include: (a) reduction of post harvest losses through the construction and equipment of storage facilities; (b) development and multiplication of seeds; and (c) reduction of vulnerability of agricultural production to climatic conditions through development of irrigation schemes, surface and underground water development, restoration and conservation of soils.

31. An additional \$ 28.5 million or 15.5 per cent was directed to the improvement of the transportation and communication infrastructures in rural areas. UNCDF assistance in this sector includes the provision of equipment and other inputs for construction and maintenance of secondary roads, the provision of transport and communication equipment to facilitate access and provide basic services to remote areas. The sharp rise in the cost of energy coupled with the increasing demand from LDCs for energy in support of their economic development efforts have underlined the urgent need to develop renewable sources of energy and improve efficiency in their utilization. Since 1981, UNCDF has earmarked 12.1 per cent of its commitments to this sector for the construction of mini hydro-electric schemes and the construction of distribution systems.

32. UNCDF assistance in the industrial and manufacturing sector is aimed at the development of small-scale agro-based industries which can contribute to economic growth by developing productive employment opportunities and by supporting income-generating activities. Projects financed in this sector since 1981 accounted for 8.3 per cent of UNCDF commitments. UNCDF also finances projects in the area of local manufacturing of agricultural tools and equipment as well as the production of spare parts for agricultural machinery and industrial plants and finances credit and guarantee schemes for the creation and promotion of small and medium-sized enterprises and cottage industries.

33. An important part of UNCDF resources (25.4 per cent or \$46.9 million) has also been devoted to the strengthening and development of social infrastructure to meet the basic needs of the population, including primary health care, water supply and sanitation, primary education and low-cost housing.

#### B. United Nations Sudano-Sahelian Office

34. The mandate of the United Nations Sudano-Sahelian Office (UNSO) covers two areas. The first is assistance to the member States of the Permanent Interstate Committee for Drought Control in the Sahel (CILSS) in their efforts to recover from the effects of drought including rehabilitation and medium and long-term development activities. The second, carried out under a joint UNDP-UNSO/UNEP venture, is assistance to 21 Sudano-Sahelian and adjacent countries in combating desertification. Following recommendations by the Council of Ministers of the Economic Commission for Africa and by the Economic and Social Council, the General Assembly in December 1984 in resolution 39/168 requested the UNEP Governing Council  
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to examine at its thirteenth session in May 1985 the possibilities of adding the nine Southern Africa Development Co-ordination Conference (SADCC) countries to UNSO's coverage. UNSO's assistance to LDCs is multisectoral and integrated. It includes agriculture, livestock (animal husbandry and range management), forestry, agro-forestry, roads, water resources development, sand dune fixation, development of renewable alternative sources of energy and fuel efficient stoves. While the UNSO programme does not include direct emergency or financial assistance, through its feeder road programme it assists in facilitating the movement of emergency goods to otherwise inaccessible areas. Total assistance provided to the LDCs from the United Nations Trust Fund for Sudano-Sahelian Activities is as follows: 1980, \$8.4 million; 1981, \$8.3 million; 1982, \$10.4 million; 1983, \$12.1 million; and 1984, \$14.0 million.

35 In addition to the above, UNSO has mobilized considerable amounts of multi-bilateral assistance as set out in document DP/1985/50.

### C. United Nations Volunteers

36. The United Nations Volunteers (UNV) programme is continuing to assign increasing numbers of middle and upper-middle-level operational experts as volunteers to LDCs. Within its Domestic Development Service (DDS) programme, UNV is helping not only to stimulate an increase in the number of participatory development projects, but also to create networks of mutual assistance within developing countries among governmental and non-governmental DDS organizations. UNV is exploring with the various development banks the use of United Nations volunteers in technical assistance activities financed by them in LDCs.

37. UNV assistance is concentrated mainly on agriculture (15 per cent), education and training (17 per cent), health services (5 per cent), infrastructure and environment (7 per cent) and administration (8 per cent). The assistance provided under UNV programmes to LDCs is summarized in Tables 4 and 5.

Table 4. Number of United Nations volunteers provided to LDCs

	(In work-months)				
	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
UN volunteers provided through projects executed by UNV	2124	1800	1920	2316	1884
UN volunteers provided through projects executed by other agencies	5700	7676	7568	5508	6828
TOTAL	7824	7476	7488	7824	8712

Table 5. Total expenditures incurred for provision of United Nations Volunteers Services in LDCs (by source of funds)  
(In thousands of \$US)

	1980	1981	1982	1983	1984
UNV Special Voluntary Fund (SVF)	902.0	887.8	976.3	909.9	861.1
IPF related sources (including SMF/LDC)	736.0	1517.2	1895.1	1890.1	2131.1
Others (trust funds) administered by UNV	57.6	69.9	72.5	70.3	102.5
<b>TOTAL</b>	<b>1695.6</b>	<b>2474.9</b>	<b>2943.9</b>	<b>2870.3</b>	<b>3094.7</b>

## V. UNDP AND THE SUBSTANTIAL NEW PROGRAMME OF ACTION FOR THE 1980s FOR THE LEAST DEVELOPED COUNTRIES

### A. The Substantial New Programme of Action

38. The global economic recession of the early 1980s has been an obstacle to the mobilization of the badly needed special assistance to many developing countries, particularly LDCs, for their economic recovery. The significant increases in ODA in the 1970s could not be sustained in the 1980s and the likelihood of a return to the expanding assistance programmes of the 1970s is small indeed. The only alternative for LDCs would be a significant shift in the allocation of available resources for development co-operation. However, in spite of a general trend towards further concentration of development assistance on the poorer countries and on the poorer segments of populations, a dramatic movement of assistance away from "traditional" recipients in favour of the low-income countries, particularly LDCs, has not yet been observed. The difficulties being encountered by both donors and LDCs in meeting the objectives of SNPA call for a careful search for viable solutions.

39. The successful application of external aid to the development of a country depends on the relevance of the assistance to the country's development needs and hence, on proper planning and aid co-ordination. Since the recipient Government formulates national policy for economic development and determines its external aid requirements, while the availability of external aid and, its application and modalities are controlled by the policies of individual donors, it would seem logical that the best chances for a successful solution lie in agreement at the level of the recipient and its donors to tackle the problem jointly. Experience has shown that success in development co-operation is dependent on relevance and co-ordination. The chances of success will increase considerably if participants engage in a collaborative search for solutions to the problems of LDCs within the

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means available to both recipients and donors, in which realistic programmes of aid are hammered out whose continuity can be assured by sustained assistance geared toward clearly verifiable objectives, and if partners are prepared to review jointly needs and assistance opportunities, are prepared to discuss frankly the obstacles and to take decisions on remedial action. In other words, collaborative relationships between individual donors and the LDC Governments will have to be strengthened within the broader framework of co-ordinated development co-operation. LDCs should develop the framework and instrumentalities for the creation of such relationships. UNDP has assisted a large number of them in these efforts.

40. In light of its special responsibilities, UNDP in 1984 undertook a series of important steps towards helping the LDCs in securing the external assistance needed to return them to economic stability and growth. The most significant initiative has been the in-depth assessment of experience with the round-table process and the conceptualization of a revised, more appropriate methodology for conducting country reviews and consultations on external aid, including relevant negotiations. In addition, further progress was made in the consultations with the World Bank on collaborative efforts in the programming and delivery of aid to developing countries, started in 1982 and beginning to be put into practice. Within the context of the overall co-ordination of assistance to the developing countries, UNDP further participated in joint consultations with the World Bank and member States of the Organization for Economic Co-operation and Development (OECD) on aid co-ordination at the field level, with particular reference to Sub-Saharan Africa

#### B. The UNDP-assisted round-table process

41. SNPA urges Governments of LDCs to establish, as a mechanism for regular and periodic review and implementation of SNPA, aid consultative groups or to adopt other arrangements where they do not already exist (e.g., in the form of World Bank consultative groups, UNDP round-table conferences and the Club du Sahel).<sup>6/</sup> It should be open to LDCs, the SNPA continues, to invite actual and potential donors and trade partners to join in establishing suitable new consultative arrangements. Existing ones should be strengthened and broadened to review the implementation of SNPA.

42. The reviews, to be carried out under such arrangements should take place at appropriate intervals at the initiative of the interested LDC. They should be devoted to the implementation of SNPA and, in particular, concentrate on the consideration of: (a) the economic and financial situation, and external assistance; (b) progress in the implementation of the SNPA and of an annual or mid-term plan elaborating economic and financial strategies, priorities and objectives and requirements for external resources to support their implementation; (c) assistance for the implementation of plans and programmes; (d) aid conditions, terms and modalities, including technical assistance, and what further steps may be needed to ensure their more effective application; and (e) ways and means to expand trade in existing and new markets. LDCs should have completed their first round of country reviews by 1983 at the latest.<sup>7/</sup> This should facilitate an assessment of the implementation of SNPA at the mid-term review planned for 1985 and the adjustment of the action programme for the remainder of the decade.

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43. UNDP was designated as the lead agency to assist LDCs in the organization of the country reviews, (except in countries where World Bank-sponsored consultative groups already existed). The term Round-Table conference or meeting already used for donor meetings organized previously with UNDP assistance in some African countries was informally adopted for such consultative arrangements.

44. Following the Paris Conference, the Secretary General of UNCTAD and the Administrator of UNDP, in a joint Note Verbale to each of the LDCs, <sup>8/</sup> (and, subsequently, to the Governments of newly designated LDCs), brought the conclusions of the Paris Conference to the attention of the respective Governments and requested them to indicate their intentions regarding the establishment of the consultative mechanisms recommended in the SNPA. The response of LDC Governments is reflected in the annex to addendum 1. Of the 30 LDCs that did not already have a consultative group arrangement with the World Bank, 26 have indicated in the course of the past three years, their choice for the organization of UNDP-assisted round-table conferences. Since 1981, 21 of these conferences have been held and, to-date, 18 are planned to be undertaken in 1985 and 1986.

45. The donor round-table conferences as they had evolved in Africa since 1972 had been aimed mostly at facilitating a joint review of assistance needs of the country concerned, and giving interested donors an opportunity to make a selection of activities which they were willing to support. By also inviting potential donors, it was hoped that more of the assistance needs would be met. The emphasis of the presentations prepared for the round-table conferences was on both investment and technical co-operation. Documentation on development plans and priorities served primarily as a framework for the proposed projects. The same principles were at first adopted for the round-table conferences initiated as a follow-up to SNPA. The results, however, were disappointing both for LDCs which did not see signs of increased assistance, as well as for the participating donors who were looking for opportunities for an in-depth review as intended in SNPA which could guide them in determining aid objectives, volume and modalities.

46. The generally disappointing results of roundtable conferences held in 1982 and 1983, <sup>9/</sup> have caused UNDP to take a closer look at the round-table process and - in consultation with recipients and donors, as well as partner agencies - design what is considered to be a much more appropriate model for that process. The model is based on the premise that to be successful, co-operation for development should lead to the generation of economic growth through the removal of development constraints. This should be achieved through a frank discussion between the Government and its partners of these constraints - internally or externally induced - obstructing the desired progress and how they may be overcome, of the measures that should be taken by the Government and the supporting actions that may be taken by the international community; and, finally, of the assistance that is needed and which can be provided. The round-table process as presently designed should provide the framework for effective interaction between the recipient, its donors and the supporting (international) organizations and institutions for a country's development. This improved format for the round-table process is discussed in more detail in section C below.

47. UNDP through its field offices and through solid backstopping of those field offices by UNDP headquarters, has a responsibility for helping LDCs, to continue  
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the process of assessment, consultations and implementation. Considering its limited "in-house" capacity to deal substantively with macro-economic and sectoral issues, UNDP relies on support from the United Nations system in discharging its responsibility as the lead agency in assistance to LDC Governments in implementing the round-table process. It has made extensive use of the capabilities of the United Nations and the Specialized Agencies in development planning and it has worked out collaborative arrangements with the World Bank for development assistance and aid co-ordination in LDCs. The designation of UNDP resident representatives as resident co-ordinator of the operational activities of the United Nations system has proved to be a considerable asset in mobilizing the multi-disciplinary capacity of the United Nations system for the benefit of LDCs. By bringing to bear the substantive potential represented by the United Nations system in macro-economic and sectoral analysis in planning and plan implementation and in development assistance generally, UNDP can make a significant contribution to the realization of the basic goals of SNPA.

48. In addendum 1 the results of the assessment of the UNDP round-table experience will be briefly discussed. The full reports for the Africa and the Asia and Pacific regions are available in English to the members of the Governing Council.

#### C. The improved format for the round-table process

49. The round-table process according to the improved format is viewed as a recurrent cycle, not focused on a single conference but constituting a continuing process with multi-purpose functions of consultation, information and negotiation with the donor community over a period of time. The process focuses on two groups of closely interrelated events. The first is the round-table conference and its related activities, the second is the process of sectoral and other special programme consultations following the round-table conference.

50. The round-table conference will take place outside the country in a major European capital. Participation in this meeting will be restricted to the principal development partners, including the major bilateral donors to the LDC in question as well as the World Bank and the International Monetary Fund (IMF). The European Economic Community and the regional development bank concerned may be invited to take part. UNCTAD, in view of its global responsibilities for the implementation of SNPA, and OECD will attend as observers. The round-table conference constitutes the first step in the dialogue between the Government of the LDC and its principal donors on national (macro-economic and sectoral) development policies and strategies and should result in efficient policy commitments on the part of the government of the LDC as well as commitments of the participating donors. In order to facilitate this, the Government of the LDC will in preparation for the conference, conduct macro-economic and sectoral studies as a basis for determining its development strategy, economic policies and reforms, if needed. It will prepare its public investment programme and current budget and assess human resources availability and public management capacity for the determination of project and non-project aid requirements including technical assistance needs. Relevant documentation will be prepared for the conference. After the round-table conference, it is expected that the Government where necessary will adjust its policies, plans, strategies, programmes and budgets to reflect any understandings

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reached at the conference. It will then convene an in-country conference of all interested aid partners to report on the conclusions of the round-table conference and to elicit support for agreed policies and programmes.

51. The sectoral and sub-sectoral programme consultations will be conducted in the country with the multilateral and bilateral development partners concerned. These consultations may concentrate on given major sectors or sub-sectors of the economy or they may be aimed at specific socio-economic development issues, programmes and projects or a combination of these. They should lead to concrete action in support of the country's development efforts. These consultations should start within six months after the in-country conference and be supported as appropriate by detailed sectoral and/or sub-sectoral review papers, issues papers and other related documentation. The implementation of agreed programmes, projects and other commitments will be monitored on a daily basis and through periodic consultations. This process of implementation and monitoring should become an integral part of the LDCs' continuing development administration process and merge into the subsequent cycle of the round-table process.

52. UNDP will be actively involved in the various phases of the cycle. It will assist the LDC Governments in ensuring the timeliness and the quality of inputs in the donor consultation process and for ensuring the appropriate involvement of other multilateral organizations and financial institutions. UNDP will assist Governments in securing the appropriate assistance for the preparation of the round-table conference and its follow-up. It will make use of the services of development economists/planners both at the field and headquarters levels. The Resident Representative will become a principal interlocutor at the field level in the dialogue between the government and the members of the donor community and play a key role in the setting of the stage for the donor consultations.

#### D. The financing of the round-table process

53. Although varying widely from case to case, with very few exceptions, the cost of a round-table conference has exceeded \$100,000. In some cases costs have run as high as \$300,000 and more. Total expenditures for round-table conferences by the middle of 1984 amounted to some \$3.5 million against \$5.4 million committed in approved budgets. The hidden costs of the conferences are difficult to gauge. In many cases ongoing UNDP-assisted planning projects have been used to finance additional consultancies and other expenditures.

54. For each LDC an amount of \$100,000 has been available since 1982 from a special allocation from SMF/LDC. The arrangement was made with the agreement of the three largest donors of special measures resources to help defray the cost of round-table conferences initiated as a result of the recommendations of SNPA. From what was said in the previous paragraph, it follows that the amounts in most cases did not suffice to help in the preparation and holding of the first round-table conference since the adoption of SNPA ("first generation"). For those LDCs that are preparing for a second round-table conference ("second generation"), further arrangements will have to be made. For LDCs that have not yet held their first round-table conference, SMF/LDC allocation of \$100,000 remains available.

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55. In 1983, the Government of the Netherlands contributed 20 million (\$6.7 million guilders at the time of payment) to be devoted to the strengthening of the round-table process. Of this amount, \$3.6 million was available for activities aimed at enhancing the preparation of the round-table conferences and for follow-up activities. The remaining \$3.1 million was for projects. A trust fund was created (Trust Fund for the Special Netherlands Contribution for the Least Developed Countries) whose resources have been used for the preparation of first-generation round-table conferences for four LDCs. Proposals are pending for providing Trust Fund assistance in the preparation of two second generation conferences. Extensive use has been made of the Trust Fund for the financing of follow-up activities to first-generation round-table conferences held in the past few years. More than 50 per cent of the resources available for such activities had been allocated in nine LDCs by the end of February 1985.

56. A provisional projection for round-table activities in 1985 and 1986 includes nine round-table conferences and in-country conferences in 1985 (six first generation and three second generation) and eight in 1986. Follow-up to the 1985 round-table conferences should take place in 1986.

57. A conservative estimate of the average cost of a round-table conference and the following in-country conference (improved format) is \$300,000. The cost of activities related to sectoral and other special programme consultations following the round-table conference (sectoral studies, review-meetings, project activation, consultation visits, etc.) is estimated at \$200,000. According to this estimate, the funds needed for round-table activities in the 1985-1986 biennium would amount to approximately \$8 million. Of this amount \$900,000 represents the unutilized portion of the \$3.6 million referred to in paragraph 56 above.

58. Various ways of raising the remaining funds needed can be conceived of, but realistically only one solution seems to present itself when taking into consideration the following: (a) the sharply declining contributions to SMF/LDC (pledges for 1985 amounted to barely \$10 million); and (b) the need to avoid charging the IPFs of the countries concerned with the cost of round-table activities. The second consideration follows from the Governing Council's view that the additional resources available to LDCs through their IPFs should enable them to strike more effectively at those bottlenecks and other problems of development that place these countries in their especially disadvantageous situations. To oblige them to use a significant portion of the IPF for round-table activities would limit LDCs in adding to their capability to cope with such bottlenecks and other development problems. LDCs and other countries for which a World Bank consultative group has been established need not apply scarce IPF resources to preparing and conducting the consultative group meeting. Therefore, countries opting for the round-table process would be at a disadvantage if they had to use IPF funds for round-table conferences preparations while countries opting for consultative groups would not have to do so.

59. The most appropriate solution would seem to be the financing of the cost of the various activities related to the round-table process from Special Programme Resources (SPR). According to present estimates a ceiling of \$500,000 per LDC per round-table cycle should ensure adequate support to the LDCs concerned as well as a reasonable measure of control over SPR spending. Consideration might be given to

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adopting such an arrangement for the fourth programming cycle, 1987-1991. The use of SPR for these particular needs of the LDCs would accord fully with the Consensus, the more so when considering that the Programme Reserve, the SPR's predecessor, was created in 1972 to implement paragraph 27 of the Consensus which called for provisions to meet the special needs of LDCs.<sup>10/</sup>

60. In order to bridge the intervening period, UNDP is actively exploring alternative sources of funding as a temporary solution. Such alternative financing should be enough to independently finance the round-table process during the period 1985-86. The redirection of the remaining resources of the Trust Fund for the Special Netherlands Contribution, recently agreed to with the Netherlands government will assure the availability, at least for 1985, of the necessary funds.

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Notes

- 1/ General Assembly resolution 2688 (XXV), annex, para. 16.
- 2/ Official Records of the Economic and Social Council, Fifty-fifth Session, Supplement No. 2A (E/5365/Rev. 1), para. 90.
- 3/ Official Records of the Economic and Social Council, Fifty-ninth Session, Supplement No. 2A (E/5703:Rev. 1), para. 314 (i).
- 4/ Governing Council decision 84/30, para. 1(c), adopted at the twenty-seventh session.
- 5/ SMF/LDC resources are allocated annually on the basis of pledges made for each year. The time lag between resources allocations and their obligation for approved projects causes expenditure to fall behind total funding by a few percentage points (4-9 per cent since 1980).
- 6/ Report of the United Nations Conference on the Least Developed Countries, Paris, 1-14 September 1981 (United Nations publication, Sales No.e. 82.I.8), part one, sect. A. (Chap. III A., para. 111 of SNPA.)
- 7/ The term country review used in this report refers to both the UNDP-assisted round-table process and the World Bank-sponsored consultative group arrangements.
- 8/ Except those for which a World Bank-sponsored consultative group already existed.
- 9/ Some round-table conferences were relatively successful. Especially in the case of a newly independent country which did not have an "established" community of donors, the round-table conference offered a good opportunity for interested donors to signify their readiness to provide assistance. This applied, for instance, to Cape Verde, Djibouti and possibly a few other countries.
- 10/ The Administrator regards provisions for the special needs of LDCs, referred to in paragraph 27 of the Consensus, as being of a different nature from the special consideration to be given to the situation of LDCs in the establishment of IPFs, referred to in paragraph 16 of the Consensus and provided for through the application of supplementary criteria.