

# Some Reflections on the Least Developed Countries

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## 1. INTRODUCTION

The categorization of certain countries as "least developed" is comparatively a recent phenomenon. In the sixties and the seventies, the number of developing countries increased considerably in the international arena as the process of decolonization was speeding up. It was found that some had a higher per capita income, literacy and life expectancy than others and were making a considerable progress in this period. On the other hand, there were others which had remained backward because of a variety of reasons—some going back to their colonial heritage. The colonial powers mainly in Africa had neglected certain areas which were poor in natural resources. According to a scholar from the Third world,<sup>1</sup> most of the ministates, the landlocked countries and the extremely resource deprived ones resulted from "artificial borders drawn by the colonial power according to the outcome of their disputes or in order to divide ethnic groups or at the limit to satisfy the greed of a major company or the megalomania of a local colonial officer".

Some countries in Asia were found to be less developed than others because they were landlocked and had remained isolated, Others had a large population and had remained a "hinterland" for a comparatively developed area before they became independent. Some of the least developed countries are islands situated at a great distance from population centres and areas having large scale economic activity. Many had also the disadvantage of a "late start

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1. Abdalla, Ismail -Sabri, Heterogeneity and Differentiation—the end of the Third world? Development Dialogue 1978, No. 2

either becoming independent or entering the international arena comparatively late as they were relatively isolated.

## 2. RATIONALE FOR THE CATEGORIZATION AND "SPECIAL MEASURES"

The least developed countries (LLDC) are predominantly agricultural and some of these are not only self-sufficient in food but are also exporters of foodgrains. However, food production in general, has lagged behind population growth. Besides, the terms of trade for agricultural exports seem to be worsening. As none of the LLDC is a producer of oil, they are also adversely affected by the recent increase in the price of oil. This was especially evident because of the increase in the cost of such energy-intensive inputs as fertilizers and pesticides. Besides, irrigation by pump and transport are also bound to become more expensive.

Most of the LLDC have implemented the land reform programme but the condition of the landless poor has not improved to a great degree. Moreover, international assistance has tended to benefit that part of the population which is already affluent. According to one study, multilateral loan by an international lending agency in one such least developed country was found to be helping the well-to-do farmers more than the landless and the poor.<sup>2</sup> Some writers have also thought that there was an implicit bias against the least developed among the developing countries in international strategy which tends to reflect the problems and project the interests of the more developed ones. This is because of the fact that most of the measures for international development are cast in general terms and are supposed to apply to all developing countries.<sup>3</sup>

Some statistical data will help to illustrate the relative backwardness of the LLDCs compared to the developing countries as a whole. It is interesting to note that the gap between the industrialized countries and the developing countries is getting wider. In a similar way, the gap between the two groups of developing countries - the LLDCs and the other developing countries, is also getting wider. A recent study undertaken by Economic Commission for Africa (ECA) on the least developed countries in Africa which sub-divided this group of countries into "less poor" and the "poorest" found that the gap between these two groups inside the category of LLDCs was widening.<sup>4</sup>

2. Nitish R. De, Alternative Development Strategies; Why? Background document on the seminar "Prospects for the least developed countries in the 80's" OECD Development Centre, 1979

3. D. P. Ghai, Perspectives on future prospects and problems in Africa, Economics and world Order, 1972.

4. Commission Economique pour l'Afrique, Analyse quantitative des problemes et des perspectives des pays Africains des moins developpes dans le cadre de la troisieme decennie des Nations Unies pour le developpement, 1980, p. ix

The LLDCs containing 12% of the population of the developing countries contained only 3.45% of the total GDP. Their share of agriculture in the GDP was 48% compared to 18% for the developing countries as a whole. Their per capita energy consumption was only a third of the figure for all developing countries. The most remarkable factor concerns the growth rates in two kinds of developing countries. The per capita GDP in LLDCs grew from 123 US dollars in 1960 to 139 US dollars in 1977 (1976 Prices) whereas it grew from 313 US dollars to 505 dollars for all developing countries. Actually, the growth rate in LLDCs was only 0.2% between 1970 and 1977. Exports from LLDCs a percentage of all developing countries fell from 3.97% in 1970 to 1.57% in 1978. Similarly, per capita earnings from export declined from US dollars 22 in 1960 to 19.1 in 1977.<sup>5</sup>

In a nutshell, the LLDCs are characterized by low per capita income (less than 300 US dollars), low literacy (less than 10%), high predominance of agriculture in GDP (more than 80%). Two thirds of these countries are also geographically handicapped, being either land-locked or sea-locked (island). A vast majority of these countries are located either in South Asia or sub-Saharan Africa. Some least developed countries in Asia and Africa as Afghanistan, Laos and Ethiopia have also been scenes of widespread fighting in recent years. The fact that these were least developed characterized by extreme poverty and illiteracy could have been one of the reasons for such unrest which resulted eventually in foreign interference.

By the beginning of the 1970's there was an increasing awareness in the international community that some less developed countries were not doing as well as others and their condition was likely to deteriorate further. A Resolution passed by the UN General Assembly identified\* 25 such countries as being the "least developed" among the developing countries. It is in this context that the search for alternative strategies different than those followed either by the countries having capitalist market economy or centrally planned system or even other developing countries has become important. On the other hand, the Report of the Brandt Commission published in 1980<sup>6</sup> suggests that the motive for giving priority to the poorest countries and

5. D. G. Clarke, Structural Economic Changes in Least Developed countries, UNCTAD Social programme for Least Developed Land-locked and Island Developing Countries, 1979, mimeographed report, p. 20.

6. Brandt Commission, Report, North-South, A programme for Survival Cambridge, Mass. MIT Press, 1980, p. 79-89

\* There were 25 countries in the original list which consisted of Afghanistan, Burundi, Chad, Dahomey (now Benin), Ethiopia, Guinea, Haits, Laos, Malawi Mali, Nepal, Niger, Maldives, Rwanda Somalia, Tanzania, Sudan, Upper Volta Uganda, Samoa and Bhutan. Later, Bangladesh, Central African Republic, Botswana, Cape Verde, Democratic Yemen, Gambia, Comoros and Yemen were added to the list which now includes 31 countries

a major initiative in poverty belt in Asia and Africa is not only solidarity and international social justice but also expanding export markets, the preservation of biological environment and the limitation of population growth. This is in brief, the rationale for categorizing certain countries as "least developed" and also advocating "special measures" for them.

The United Nations Resolution on the establishment of New International Economic Order passed by the General Assembly in 1974 declared the importance of giving attention to the adoption of special measures in favour of the least developed, land-locked and island developing countries. The Lima Declaration adopted by second general conference of UNIDO in 1975 envisaged that the share of developing countries in world industrial production should be increased to 25% by the year 2000. It also included special measures to be taken in favour of LLDCs and gave special emphasis in establishing production facilities in such countries. It also advocated a plan of action in view of the need to industrialize these at a more rapid pace than the average.

International Development Strategy (IDS) of the Third United Nations Development Decade adopted by the General Assembly in 1980 recognizes that the most pressing problems and the deteriorating situation of the least developed countries must receive special attention (A/Res/35/56). It urges efforts by both the international community and the least developed countries themselves.

The UNCTAD Secretariat started a special Programme for the least developed, land locked and island developing countries in 1977. The UNCTAD V conference in Manila in 1979 passed three resolution unanimously dealing with a new programme of action for the least developed, land-locked and island developing countries. The Resolution on the LLDCs urged measures which would cause structural change in their economies, for adequate and internationally minimum standards in health, housing, education and employment and also called for doubling the flow of official development assistance to such countries. Regarding commercial policy measures, the Conference recommended expansion for the exports of the LLDCs including special treatment for their imports, longer term purchase arrangements and creation of industries for "on-the-spot" processing of raw materials. Special measures were also advocated for transfer of technology and shipping. Since 1977, UNCTAD Secretariat has provided a network of advisory service in promoting foreign trade of LLDCs. UNCTAD, ECA, ESCAP and ECLA are supporting regional trade projects which would include many LLDCs for establishing preferential trade areas. Many LLDCs in Africa have benefitted from bilateral and multi-lateral assistance in regional projects as Sub-Saharan agricultural recovery Programme, Senegal River Basin Project etc.

International Labour Organization (ILO) has undertaken activities for helping the urban and rural poor in many least developed countries. These include promotion of labour intensive public works programme which aims to bring benefit to the poorest section of the population and developing appropriate technology in the rural sector and a training programme for development of skills in rural occupations and rural development.

A new specialized agency of the United Nations, International Fund for Agricultural Development (IFAD) set up in 1977 envisages to mobilize additional resources to finance projects at concessional terms to improve food production, level of nutrition and the condition of life of the poorest in the developing countries. By the end of 1980, almost all of the LLDCs were provided at least one loan from the Organization.

The Vienna Programme of Action adopted by the United Nations Conference on Science and Technology for Development held in 1979 recommended that the needs of the LLDCs be given priority and the flow of technical assistance in Scientific and technical co-operation projects be expanded. (A/CN/11/12, operational plan for the implementation of the Vienna Programme of Action).

ESCAP (Economic and Social Commission for Asia and the Pacific) has adopted resolution on special measures for least developed and land-locked countries which called special attention to be given to trade needs of these countries. ESCAP also organizes a workshop on special measures in favour of least developed land-locked countries. ECA (Economic Commission for Africa) has also been active in this respect.

There has been a major change in the lending policy of the world Bank favouring the poorest people in the 1970's. However, the world Bank defines the poorest countries as those having an average per capita income of less than 265 US dollars (in 1975 dollars). However, the list of "low income countries" or "poorest countries of the world Bank does not exactly correspond to the list made by the United Nations. Such countries as Cambodia, Burma, India, Vietnam, Pakistan, Sri Lanka, Madagascar, Kenya, Mauritania, Angola and Indonesia are not included in the "developed countries" list. On the other hand, Yemen PDR and Yemen Arab Republic are not included in the world Bank list. International Development Association (IDA) resources are being increasingly channeled to the "less developed countries". It was estimated that 84% of IDA resources are used to help very poor countries finance development projects in concessional terms as these are too poor to afford borrow money on world Bank terms. IDA assistance is given in general, to those countries having a per capita income of less than US dollars 520.

Since 1960, when it was first established, IDA had committed US dollars 11 billion (till 1977) to finance projects in 66 "less developed countries" of the world which included many LLDCs. Recently, the world Bank has also designed new style projects more than 51% of whose beneficiaries would be on the poverty target group consisting of bottom 40% of the population.<sup>7</sup>

Such regional banks as African Development Bank are also giving due emphasis to low income countries. According to the Annual Report of the Bank in 1979, it was estimated that 63% of lending of the Bank and Nigeria Trust Fund in 1979 went to countries having per capita income below 280 US dollars.

Although LLDCs received only 16.5% of total bilateral aid given by DAC of OECD countries in 1978, there are indications that a trend favouring them is emerging. According to a white paper published in 1975, increasing emphasis in British aid was to be given to the "poorest countries", especially in the group most seriously affected by the rise in the price of oil and other commodities. In other words, poverty focussed aid became the 'leitmotive' of British aid policy. Such countries are likely to get increasing British aid on soft terms.<sup>8</sup> It was estimated that a third of Swedish aid was going to the LLDCs by 1978. A large portion of this aid has<sup>9</sup> gone to those countries which have followed income redistribution policies.

The United Nations Conference on the Least Developed Countries was held in Paris in 1981. It adopted a Substantial New programme of Action for the 1980's to reverse poor economic trends in the LLDCs. The programme contains specific targets for different sectors. In agriculture, the target of 4% growth in food production and also to eliminate hunger and malnutrition by 1990 has been adopted. Each least developed country is also expected to reduce its dependence on food imports. In manufacturing, the rate of increase of growth is envisaged to be 9% annually.

Most of the donor countries participating in the conference committed to provide 0.15% of their GNP as ODA to the LLDCs. Other donor countries agreed to double their ODA. The Conference also agreed that review and follow-out of the Substantial New programme of Action will take place at national, regional and international levels.

7. United Nations Economic and Social Commission for Asia and Pacific ESCAP in brief, 1980, p. 36-38.

8. Mahhub-Ul. Huq, Changing emphasis of the Bank's lending policies The world Bank and the world's poorest, 1980, p.5

9. Adrian Hewitt, British Aid-Policy and practice, ODI Review, 2 Peter, Svedberg, Book Review—Current Swedish Aid, ODI Review, 1, 1979, p. 78

### 3. FUTURE PROSPECTS AND STRATEGY

Several scenarios and studies made by different international organizations seem to agree on a common point that the LLDCs are likely to be worse off in next two decades compared to other developing countries and even more so in relation to the industrialized countries.

According to the Interfutures study of the OECD<sup>10</sup> which has forecasted the per capita incomes in the year 2000 in the two major geographical areas where the LLDC are located, the future prospects are indeed pessimistic. In Black Africa as a whole, the per capita income will rise upto US dollars 400. But it can be presumed that it will be lower for the LLDCs in the region. The OECD study recognizes that poverty will become considerably worse in Africa unless the orientation of the economy changes. Similarly, projections of per capita income in South Asia are even lower-between 220 and 350 US dollars. The figure for Bangladesh will be less than 200 dollars. The Report considered South Asia (including India) to be representing a specific challenge for North-South relations as a whole in view of its huge population and the immensity of its requirements.

World Bank projections are not much different. For this purpose, they take into account "low income countries" as a whole having per capita incomes below 360 US dollars (in 1977) whose list contains 38 countries. According to World Development Report of 1980, oil importing developing countries will grow at a slower rate in 1980-85 than either in the 1960's or 1970's. The most pessimistic case, "the biggest case of concern" will be that of the poorest countries of sub-Saharan Africa. Even under a high scenario indicating optimistic forecast, the per capita income of these countries will grow only at the rate of 1% per annum in 1980-90. On the other hand, under a low scenario, per capita income in 1990 will be less than in 1980. A better picture is projected for poorest countries in Asia. The annual rate of per capita growth in GNP in these countries will be 1.1% and 2.0% in the period 1980-85 and 1.5% and 2.6% in the period 1985-90 under the high and low scenarios respectively. To some extent, the less pessimistic forecast for low income countries in Asia is because of the fact that India, Pakistan and Indonesia are also included. Both India and Pakistan have been receiving considerable remittances from migrant workers in the Middle East and Indonesia is an oil exporting country.

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10. OECD, Interfutures Facing the Future Paris, 1979 p.285, 208, 228

Besides, the performance of Indian agriculture in recent years has been good and it also has considerable industrial output. According to the World Bank, "seeds of low scenario may already have been sown and the low case is the likely outcome."<sup>11</sup>

On the other hand, projection made by the UNCTAD on the basis of growth rates for the period 1960-70 and 1970-77, it was assumed that the per capita GDP of LLDCs will rise only to US dollars 156 and 154 respectively in the year 1990. Even if it were possible to achieve the growth rate as envisaged by International Development Strategy, i. e. 3.5%, the per capita income will rise only to US dollars 217.<sup>12</sup>

A study made by Economic Commission for Africa (ECA) on the Least Developed countries in Africa gives some interesting results. These countries were subdivided into four groups on the basis per capita GDP. Under a scenario which assumed the past trends to continue and did not foresee any major international measures, growth was found to be very slow and actually the per capita income in the "poorest" group actually remained the same as it was in 1980 in the year 1990. Another scenario envisaging a 6% rate of growth forecasted that the annual rate of growth in per capita GDP will be 3.6% in the year 1990. But it was found the even such a growth in per capita income was not sufficient to meet the basic needs of the population and to increase internal resources for self-sustained growth at the same time.<sup>13</sup>

Any strategy to alleviate the poverty of the LLDCs should be somewhat different than for other developing countries. Unlike poor regions in other countries as the Northeast in Brazil or Bihar in India, the LLDCs have little resources and have poor infrastructure besides being geographically handicapped in many cases. In other words, the problem of poverty is more serious and is worsening. Such strategy should take into account their deteriorating situation regarding food production which has fallen behind population growth not only affecting self-sufficiency but also prospects for exports and the adverse impact of the increase in the price of oil.

11. IBRD, World Development Report, 1980, p. 6

12. UNCTAD Draft Report, opt, cited, p. 20-25

13. Commission Economique pour l'Afrique opt, cited, p. x



**Food :**

As agriculture constitutes about 48% of GDP and employs 83% of the people and provides two thirds of the export earnings of the LLDCs, it needs to be given a priority. The average annual rate of growth of food production in the LLDCs in the period 1961-65 to 1978 was 1.6% whereas population was growing at the rate of 2.5%. In other words, the per capita output of food and agricultural production was actually declining at a rate of 1% per annum. The agricultural exports which constituted such an important part of the total exports remained virtually stagnant in the period 1961-65 to 1978 but their imports of food products were growing steadily. As the OPEC countries, the Soviet Union and other less developed countries have become the principal customers in the international grain market, it is possible that the LLDCs may be priced out of market by other grain deficient countries which are financially better off. This is one of the most serious aspects of problems confronting the LLDCs. Therefore, one of the most important components of such a strategy would be to increase the growth in food production which can be achieved by greater use of such inputs as fertilizer and water. However such items as fertilizer and pumped water are likely to be more expensive because of increased price of oil, due attention needs to be paid to increase production by low energy inputs.

Besides, "multiple cropping" could also increase production in tropical countries having abundant water. On the other hand, research is needed for producing improved varieties of such crops which could flourish in semi-arid climate which is prevalent in most of Sub-Saharan Africa to see if it is possible to have another green revolution.

**Employment :**

One of the biggest resources of LLDCs is its abundant manpower, especially in the rural sector which is often unemployed. The potential of this vast resource has not yet been fully realized. The rural poor are also the most underprivileged people in these countries. It is in this context that increasing attention should be paid to small scale rural public works programme and above all, organize the rural poor for their own development. As increased deforestation and soil erosion are also becoming a major problem, long gestation labour intensive public works programme in such fields as soil conservation, afforestation, and watershed management should also be considered.

**Aid :**

As stated in the UNCTAD Resolution on Least Developed Countries, "the aim

should be to provide fully adequate and internationally accepted minimum standards for the poor", both external assistance and internal efforts will be needed. On the one hand, the developed countries could fix a GNP target for assistance to the LLDCs as a certain percentage of their ODA or as a percentage of GNP. They could also choose certain projects which could specifically help the rural and urban poor. Perhaps, the parliament and the people in the donor countries will be more receptive if aid were to be given for specific targets in the field of primary health, nutrition and primary education. Local cost financing of certain projects, especially in the field of family planning preventive health services and rural development could also be included in aid which would increase its absorptive capacity of these countries. Many of the LLDCs have also been receiving assistance from the OPEC countries. Such assistance has been both bilateral and multilateral and in the form of grants or low interest loans. But there has been a tendency for such assistance to be concentrated in certain regions and countries because of geographical, political and religious reasons. Western industrial countries could perhaps give relatively more assistance to those countries which have received comparatively less from OPEC countries in this respect.

#### **Internal Structural Changes:**

No amount of external assistance is likely to be effective unless the LLDCs themselves make some structural changes in their efforts to alleviate poverty. This is perhaps difficult because the ruling elites in some of such countries have been enjoying power and are reluctant to change the "status quo". Action is needed to "demonopolize" education so that opportunity for education does not remain largely confined to the elites in the cities. A large disparity is also found to exist between the "haves" and "have nots" in the rural sector. The land ownership is often concentrated in few hands and there are a large number of landless who are actually working in the farm who have little incentive to increase production. Such countries have paid "lip service" to land reform which have not been effective in practice. Even if the Government were to give a high priority to agriculture and allocate large funds, the productivity is unlikely to increase unless these are accompanied by agrarian reforms. The LLDCs could also pay more attention in mobilizing their own resources. Additional resources should be generated by taxing the affluent in the urban areas and by such means as capital gains tax. It is also necessary that such countries change their priority in certain sectors i.e. emphasize primary education and spreading literacy instead of spending huge resources for highly trained manpower irrelevant to their needs, divert resources to providing primary health care and for preventive

measures instead of building big hospitals which only benefit those in the big cities. In other words, their development policy needs to be more "rural oriented". Perhaps any attempt by DAC countries to influence the domestic policies would be regarded as an interference in internal affairs. But such leverage should be used to some extent if aid were to be effective and poverty were to be alleviated.

#### Regional Cooperation :

There should be increasing emphasis on regional co-operation. Many LLDCs in West Africa have benefitted considerably from such projects. Some have considered "Club du Sahel" to be a new model for regional co-operation which seeks to resolve the problem of basic needs in the member countries (many of which are LLDCs) by expanding their absorptive capacity, establishing food and health security and by establishing a basis for self sustained growth. Such projects could be undertaken in irrigation, agriculture, hydropower and rural development. Assistance in the implementation of a large regional development project involving irrigation, hydropower and agriculture in the plains of the Ganges and Brahmaputra in South Asia could be beneficial to the LLDCs in the region.

#### Energy :

None of the LLDCs is a producer of oil although Afghanistan and Bangladesh produce natural gas. In spite of the fact that the per capita consumption of energy in the LLDCs is only 10% of other developing countries, these have been seriously affected by rise in oil prices recently. The foreign exchange reserves of these countries have depleted and they also have to pay more for energy intensive inputs. There has not been a systematic exploration for oil in most of the LLDCs. In view of the fact that oil is a depletable resource and the prospects for worldwide shortage, multilateral aid should be channelized in exploration and preliminary investigations for oil and natural gas. Multinational companies should be provided incentives to invest risk capital for this purpose. As many of the LLDCs especially in South and Southeast Asia have considerable potential for hydro-power, efforts should be made to develop it, especially in a regional context.

Solar energy is already competing with other energy in certain LLDCs which have no fossil fuel and which have to pay a high transportation charge for oil. Research should be undertaken to develop solar energy in such a way so as to benefit the LLDCs in view of their own special kind of requirements. Firewood constitutes one of the important sources of energy in many rural areas of the LLDCs and many regions have been effected by reckless cutting of

the trees which has also caused soil erosion. Efforts should be made to mobilize manpower in these countries to plant certain varieties of trees on a large scale which grow in a relatively short period of time.

### Trade :

One of the major problems facing the LLDCs consists of declining of exports and deteriorating terms of trade which has reduced their capacity to import resulting in adverse effects in their efforts for a self-sustained growth. Therefore, urgent action is needed to be taken on UNCTAD Resolution on the Least Developed Countries which has urged assistance for the promotion of exports from the LLDCs and for special treatment for their exports. In this context, it has also been suggested to make countrywise investigation for food and other products for which individual countries may have a comparative advantage. It has also been suggested to suspend tariff and non-tariff barriers to facilitate the access of their products to market.

There is a considerable potential for cattle ranching in many LLDCs in Africa. If trade barriers of some of the industrialized countries, especially in Western Europe were to be relaxed, there is scope to increase export of meat, oilseeds and fruit from these countries.

LLDCs also have little share in the processing of primary commodities which constitute a large part of their exports. Actually, LLDCs account for only 0.5% of MVA (Manufacturing Value ADDED)<sup>14</sup> of developing countries was contributed by LLDCs. It has been suggested to take several measures including direct foreign investment in favour of small-scale enterprises.

As a large number of LLDCs are also land-locked, transit transport infrastructure needs to be improved in both the transit and land locked countries. Special measures are needed to lower transit costs. Studies on alternate transit routes should also be made for such countries. Resources made available to UN Special Fund for Landlocked Developing Countries needs to be increased substantially.

A perspective on the future of the Least Developed Countries will also require regionwise or countrywise projections. Whereas such LLDCs in Asia as Bangladesh are densely populated, Bhutan and Afghanistan are not. On the other hand, many LLDCs in Africa have a large size

14. UNIDO, Concreted action and special measures to accelerate the industrial development of the least developed, landlocked and island developing countries Third General Conference, 1980

and their population is usually concentrated in the fringes. The island least developed countries are characterized by their small size. Such diversity, in itself shows the difficulty in making forecasts for the future and above all, identifying the strategy for their development. But it is nonetheless interesting to note that 72% of the population of the 31 LLDCs is concentrated in 7 "big" countries—Bangladesh, Ethiopia, Tanzania, Afghanistan, Nepal and Uganda. On the other hand, the combined population of 11 countries (Central African Republic, Bhutan, Lesotho Botswana, Cape Verde, Comores, Gambia, Maldives, Samoa, Benin and Democratic Yemen) was less than 10 million or 5% of the total population of the LLDCs. The remaining 12 LLDCs were "medium sized" having a population of about 5 million each on the average. If the vast majority of the poor in the LLDCs were to be benefitted, 7 "big" countries should receive special attention.

Whereas such countries as Sudan and Bhutan have ample scope for expansion as their population is relatively small and they are endowed with resources, the future for a country like Bangladesh would indeed seem bleak unless immediate measures were taken to control the growth in population. Certain countries, especially in Sub-Saharan Africa and Middle East as Sudan, Comores, Mali, Niger and the two Yemens appear to be in a favourable position as far as the availability of large-scale resources from OPEC countries are concerned. On the other hand, some in west Africa have strong historical and cultural ties with France which had led to their special ties with EEC resulting in favourable terms for their trade.

Some countries as Afghanistan and Laos in Asia and Ethiopia, Somalia and Chad in Africa have also suffered by widespread fighting. This phenomenon has finally ended in Laos but is still continuing in Afghanistan, Ethiopia and Somalia resulting in untold suffering to the population. In other words, foreign intervention has remained a major problem in these countries and prospects for change in the near future appear slim. Uganda, another LLDC has suffered because of the repressive policy of its own government and faces a difficult task of reconstruction. Chad is still suffering from the effects of the civil war.

In a nutshell, foreign interference and conflict between many tribal groups will perhaps continue in many of these countries and will have adverse impact in the future prospects of development.

## INTERNATIONAL MOBILIZATION OF RESOURCES

One of the crucial factors in any development strategy consists of mobilization of resources. It is evident that the Least Developed Countries will be able to make little social and economic development unless there is a massive transfer of resources to these countries. According to the Report of the Brandt Commission, additional financial resources amounting to 4 billion US dollars is needed for next two decades annually in the form of grant or soft loans to these countries.

While a 0.7% percent GNP target set by the United Nations has been adopted for the transfer of resources as Official Development Assistance (ODA) by the OECD countries, to all the developing countries including the LLDCs, only four countries of western Europe, Denmark, Norway, Sweden and the Netherlands have approached this target. ODA from DAC countries amounted to 22.3 billion dollars which was only 0.34% of GNP of these countries in 1979.<sup>15</sup>

Aid given by the OPEC countries in 1979 amounted to 4.7 billion US dollars which was about 1.35% of GNP of these countries. More than half of this aid was given on highly concessionary terms. On the other hand, capital surplus oil exporting countries are expected to have current account surpluses of around 110 billion dollars in 1979 according to the World Bank estimates.

According to estimates based on limited information available, the resource flow from the centrally planned economies, (USSR, Poland, GDR, Rumania, Czechoslovakia, Hungary and Bulgaria) was 0.7 billion dollars in 1979 which was only 0.4% of GNP of these countries. The purpose of this statistical data is to indicate that additional resources amounting to 4 billion dollars could be made available if all the donor countries were determined to help the LLDCs and share the burden. It is indeed a welcome sign that many DAC countries have pledged to allocate 0.15% of GNP as assistance to LLDCs in the UN Conference on Least Developed Countries. DAC countries thus increase both the quality and quantity of aid, especially on concessionary terms. According to the Interfutures study conducted by OECD, developed countries are urged to increase and redirect their aid. It recommends that sub-Saharan Africa and South Asia should receive the entire increase in aid.<sup>16</sup> The

15. OECD, Observer, Recent Trends in Aid, July 1980, no. 105

16. OECD, Interfutures, Opt. cited, p. 420, 282.

World Bank (World Development Report) has urged the donor countries to redistribute their aid towards the poorest countries.

Although it is desirable to expect an increase in the flow of resources from DAC countries, it seems unrealistic to expect that 0.7 percent target may be achieved in the near future mainly because of the state of economies of DAC countries characterized by recession and the substantial transfer of resources to OPEC countries in the past decade. In other words additional<sup>17</sup> funds on a large scale are unlikely to become available because of the political realities and the lessening of executive and legislative support for foreign aid in some of these countries.

It has therefore, also become urgent to consider alternate sources for mobilizing resources. As the Brandt Commission Report suggests,<sup>18</sup> the ways of realizing resources by such means as taxing international trade and seabed royalties following a new principle of international taxation for development purposes, should also be given serious thought. Such international tax, if it were ever brought into practice, will have to be paid by all countries irrespective of their geographic location or level of development which will imply a more equitable way of sharing the burden. A certain percentage of this tax could be allocated for the development of the least developed countries. Other suggested measures including the doubling of borrowing to capital ratio of the World Bank and other Regional Development Banks should also be considered.

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17. IBRD, opt. cited, p. 30

18. Brandt commission Report, opt. cited, p. 89