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A.I.D. AND THE RELATIVELY LESS DEVELOPED COUNTRIES

At the UNCTAD III meeting in Santiago the United States and other developed countries made a commitment to undertake special measures for the least developed countries. The attached Policy Determination reflects A.I.D.'s response under that commitment.

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POLICY DETERMINATION

A.I.D. AND THE RELATIVELY LESS DEVELOPED COUNTRIES

A. The Least Developed Countries

Explicit concern for the situation of the least developed nations arose at the second UNCTAD in New Delhi. This concern grew until at the third UNCTAD, these nations - defined by criteria of per capita income, structure of GNP and literacy - became the subject of a unanimous resolution agreeing on special measures for their assistance.

The least developed countries represent less than ten percent of the total population of the developing countries, and consequently the greater part of total assistance flows will continue to be directed to other countries. But the justification for special measures for this group of countries is compelling: their poverty, the critical nature of the problems they face, the fact that they have not been able to benefit greatly from existing programs and measures designed to assist the developing countries in general and are lagging further behind. For developmental, humanitarian, moral, political and economic considerations, the U.S. strongly supported the resolution to make a special effort to assist this group of countries.

The development of policies and approaches for special measures of assistance to the least developed countries shall be part of A.I.D.'s assistance strategy. Appropriate steps shall be taken through program submissions to the OMB, in Congressional presentations, and in general public education and information to emphasize this goal.

B. Supporting the Multilateral Approach

We desire to assist the least developed countries within a multi-lateral framework and through an international effort. Particularly because of the extreme shortage of skilled manpower and the extremely limited institutional capacity of these countries, it becomes even more necessary for donors to cooperate fully in the effort, and for the existing mechanisms of coordination to be rapidly expanded. This objective can be achieved by giving positive and specific support to expand and upgrade the capacity and competence of the UN assistance organizations. An example of such an innovative approach is the mounting of regional, multinational, interdisciplinary advisory teams - by ECOSOC - to cooperate with

all aid-giving agencies and directly assist the least developed countries to expand their capacity for development planning and programming, and increase the flow of foreign assistance.

Positive steps will be taken to increase cooperation and coordination of the assistance effort to these countries, with special attention to -

- a) the UNDP on technical assistance matters, especially through the promotion of appropriate joint activities;
- b) the IBRD group and regional development banks on capital development matters;
- c) the DAC on donor policy problems, especially to achieve improvements in terms, tying, and debt burden issues;
- d) other donors in individual country and regional aid situations.

A.I.D. will undertake to second technical officers to the UNDP, for assignment to their priority programs in the least developed.

A.I.D. shall consider support of regional development advisory teams - UNDAT's - for placement in Africa. This offer may include, where appropriate, professional A.I.D. and other U.S. technical experts.

C. Agency Assistance Policies and Practices

The major, common bottleneck of the least developed countries, is their very limited capacity to develop plans and allocate resources, to prepare projects and programs for capital and technical assistance, to organize and administer their development. At the same time, the social and economic framework of most of these societies prevents any effective mobilization of savings and other resources. Responding to the progress made in the more advanced of the developing countries, and the changing foreign assistance situation, we have developed new policies and procedures which place greater responsibility upon the recipient countries. However, some of these changes may not be appropriate for the least developed and may impose strains upon their limited ability and capacity to benefit from foreign assistance.

The Agency will give further consideration to guidelines and policy determinations aimed at obtaining greater effectiveness in aid

giving and to accelerating the flow of development assistance for these countries. Such new approaches for consideration include -

- a) the substitution of grant for loan funding, especially for joint technical/capital projects;
- b) relaxation of requirements for local cost financing;
- c) the financing of recurrent expenditures;
- d) untying of assistance, both goods and personnel services;
- e) greater flexibility on requirements for counterpart personnel, for administrative and contracting procedures, and for meeting local support needs of technical assistance personnel.

D. Research and Evaluation

In spite of our expanding awareness and understanding of the problems and needs of the least developed countries, much of this knowledge derives from the personal experiences of individual technicians. There is a great need for systematic analysis of the development and assistance experience, of adaptive research to relate development policies, practices, strategies and tools to the special circumstances of the least developed countries. While present indications are that the least developed benefit little from measures to expand trade, existing analysis based on empirical data, especially for the African countries, is inadequate for policy purposes. In the field of education, only a beginning has been made towards the development of education systems and strategies relevant to the conditions and requirements of the least developed.

Much of our existing knowledge of agriculture, disease, transportation, housing and the technologies that spring therefrom, is based upon research and investigations of physical, economic, and social conditions different from those common to the developing countries, and little of the research on developing countries has focused on the special problems of the least developed. Major underlying physical, environmental, and resource conditions or constraints (e.g., the encroachment of arid lands in the sub-Sahara regions) need to be tackled systematically and scientifically.

Priority shall be given to the development of a program of research and evaluation by this Agency, and in cooperation with similar research organizations and LDC institutions in the developing

countries, oriented towards the needs of the least developed countries. In addition, special efforts will be made to link the least developed countries with existing or emerging international research networks.

E. The Role of Non-Government Organizations

Many private, non-profit organizations are active in the least developed countries, each with its own objectives, interests, field of endeavor. Many are eager to expand their outreach, to develop new areas and new programs. Some of their activities parallel and strongly supplement the development efforts of recipient countries and donor governments. Innovative efforts should be made by A.I.D. to more effectively tap this wealth of private efforts, and experience, without, however, changing their own goals and approaches.

Within A.I.D. there should be close cooperation between the regional bureaus and PHA to develop a program that will direct these organizations toward giving assistance to the least developed countries in priority development assistance areas.

F. Interim A.I.D. Actions

The Regional Bureaus have the responsibility for program development and project planning for the least developed countries and should take further steps to implement the new measures directed towards these countries. Recognizing, however, the limitations on U.S. assistance resources, and the need to further distinguish between the different least developed countries, a special effort should be made to identify individual country situations most appropriate for further program development along the lines described above.

An additional effort shall also be made to identify other innovative approaches, on a country or regional basis, which will offer opportunity for more effective use of U.S. and other assistance in the least developed. Such effort should be based upon:

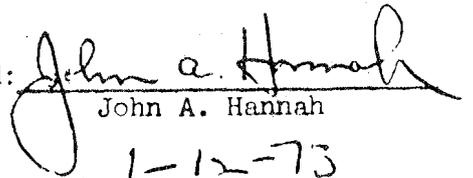
- 1) analysis of priority needs and constraints to development, both for individual countries and groups of countries possibly sharing common problems;

- 2) identification of host countries' interests, capacities, and self-help efforts;

3) review of multilateral and regional assistance programs and activities, and possible U.S. participation in them (as the preferred U.S. assistance approach);

4) possible development of limited additional input in the form of direct assistance projects which capitalize upon special U.S. expertise and experience, attack critical and basic development problems, and which would stimulate other donor interest and action.

Approved:



John A. Hannah

1-12-73

Date