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Special event

THE CHALLENGE OF ERADICATING POVERTY FOR SUSTAINABLE DEVELOPMENT: INTERNATIONAL COMMUNITY RESPONSE

Summary prepared by the Conference secretariat

1. The Conference was launched with an interactive debate on “The Challenge of Eradicating Poverty for Sustainable Development: International Community Response”. Heads of LDCs, high-level representatives from the international community – the United Nations, the European Union, donors, NGOs and the business community – were called upon to debate key issues, expectations and opportunities for LDC III and beyond. Selected panelists were expected to set the tone for a result- and commitment-oriented conference.
2. The debate evolved around three guiding questions:
 - What has been achieved over the past 30 years?
 - Do the new approaches and initiatives address LDC needs?
 - How can we reach the 2015 international development goals ?

3. The panelists drew attention to the fact that the LDCs represent 10 per cent of the world's population, but account for only 0.5 per cent of the world's GDP. The development of the least developed countries must – at its core - address the reason as to why the LDCs have been unable to reap the benefits of the globalization process and why they have been subjected to a continued marginalization. The LDCs have experienced increased poverty. Moreover, the majority of LDCs are not on track to reach the international development goal of halving poverty by 2015.

4. **Political environment:** It was broadly acknowledged that conflict prevention and resolution and good governance (including a reliable, effective, and transparent legal and administrative system) are indispensable elements for sustainable and people-centered development.

5. **Social and physical infrastructure:** Food security, the provision of shelter, safe drinking water, sanitary institutions and a functioning health care system were identified as areas of primary concern. Particular emphasis was placed on the need to address the **HIV/AIDS** challenge and take necessary actions to prevent the spread of other diseases. Also of central importance is investment in the education system, as it promotes the achievement of the international development target of universal primary education. This also helps the LDCs to close the gender gap in the education and employment sectors.

6. Investment in social infrastructure must go hand-in-hand with the development of infrastructure and productive capacities, the spread and mastery of information technology and the promotion of an attractive investment climate.

7. **External financing for development:** It was emphasized that the debt relief provided under the current HIPC initiative is insufficient to break the debilitating economic cycle and to provide a sustainable exit from the debt trap. More debt relief is required. The decrease in ODA must be reversed and the bilateral donors must finally meet their aid commitment of 0.7 per cent of GNP. Donor community support is indispensable as long as LDCs are unable to attract sufficient private capital flows.

8. **Trade:** Trade is a necessary but insufficient condition for poverty reduction, particularly as LDCs are characterized by strong commodity dependency, which exposes them to volatile export revenues. LDCs must be aided in their effort to diversify their export baskets and to engage in trade. The European Union's "Everything But Arms" (EBA) initiative was recognized to be an important step in this direction. But the developed countries were encouraged to eliminate remaining restrictions on commodity imports from the LDCs and to abandon the extensive subsidies for their domestic agricultural sector. Mr. Kofi Annan, Mr. Mike Moore, and Mr. James Wolfensohn voiced their support for a new round of international trade negotiations. This new round, it was emphasized, must be a true development round, as the integration of LDCs into the world economy is an ethical imperative.

9. **Aid coordination:** It was highlighted that effective aid can only be achieved through genuine partnership and active dialogue among development partners, policy makers and civil society. The private sector also stressed the need to focus on comparative advantage “core competencies” in articulating effective development projects. Not only aid coordination but also ownership of development programmes at national level was presented as an essential condition for the success of development policies.

10. The European Union presented concrete steps to accelerate their commitment to the fight against poverty. These measures address the following: firstly, a policy framework and a programme of action to fight communicable diseases (HIV/AIDS, malaria and tuberculosis). Secondly, in addition to the “Highly Indebted Poor Countries” (HIPC) initiative, the European Union recommended a total settlement of the debt service related to special loans for the ACP least developed countries that are eligible for the HIPC initiative. Thirdly, the European Union proposed liberalizing imports of all products from LDCs except arms – the Everything But Arms (EBA) initiative. This initiative is to be complemented with trade-related measures aimed at helping the LDCs to improve their capacity to trade and draw full benefit from EBA.