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PROVISIONAL SUMMARY RECORD OF THE 33rd MEETING

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on Thursday, 20 July 2006, at 3 p.m.

President: Mr. ČEKOULIS (Vice-President) (Lithuania)

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In the absence of Mr. Hachani (Tunisia), Mr. Čekuolis (Lithuania), Vice-President, took the Chair.

The meeting was called to order at 3.10 p.m.

IMPLEMENTATION OF AND FOLLOW-UP TO MAJOR UNITED NATIONS CONFERENCES AND SUMMITS

(a) FOLLOW-UP TO THE INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT (A/61/81-E/2006/73)

(b) REVIEW AND COORDINATION OF THE IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES FOR THE DECADE 2001-2010 (A/61/82-E/2006/74 and Corr.1; E/2006/L.15)

Mr. MOTHAE MARUPING (Observer for Lesotho) said that containing and reversing disturbing trends in HIV/AIDS was the greatest challenge faced in most of the least developed countries (LDCs). Intensive international collaboration was called for, from both the humanitarian and development standpoints. Overcoming HIV/AIDS was a major co-requisite for achieving the rates of development sought by the LDCs.

The international community should not neglect those LDCs that did not fall into the category of non-Heavily Indebted Poor Countries. Some LDCs labelled as non-performers by development partners had found their share of dwindling official development assistance (ODA) being scaled down. Lack of capacity, often reflected in the inability to articulate development needs effectively, to devise workable strategic frameworks, action plans and implementation programmes, and to implement and review policies efficiently, was often the challenge to be faced.

Employing human resources to their full potential was another key requirement. There was a need to empower women, the disabled, and other disadvantaged persons in the LDCs. Massive migration to OECD countries was best addressed by redoubling efforts to promote the development process in developing countries. Electric fences, strengthened patrols and other inhumane measures were not the answer.

The outcome of the Doha Development Agenda negotiation would be crucial for LDCs, with particular regard to the enhanced Integrated Framework and Aid for Trade and the Duty-Free Quota-Free initiative. Meticulous implementation of existing programmes would also go a long way towards hastening the pace of development for the LDCs. The Brussels Programme of Action was one such existing pledge yet to be fully implemented. At the same time, additional ODA remained essential to the LDCs' development endeavour and should not be neglected on the basis of failed past efforts.

Mr. MÉRORÈS (Haiti), associating himself with the statement made by the representative of South Africa on behalf of the Group of 77 and China, and by the representative of Benin on behalf of the Group of Least Developed Countries, said that despite the progress made in implementation of the Brussels Declaration and Programme of Action, much remained to be done to fulfil the commitments made to the LDCs. Special attention should be given to those countries suffering from acute social and political crises. An example was his own country, where civil strife was compounding chronic problems of indebtedness and inadequate infrastructures. The support of the international community was essential if democratic government was to be sustained and Haiti was to undertake new steps on the path to development.

Ms. SAHAMI (United Nations Conference on Trade and Development (UNCTAD)) said that, since the adoption of the Brussels Programme of Action in 2001, UNCTAD had been undertaking extensive activities in favour of the LDCs at the institutional, intergovernmental, substantive and technical levels. The conclusions of an expert meeting held in May 2006, to be transmitted to the General Assembly as UNCTAD's contribution to the High-Level Mid-Term Review, showed that progress in the implementation of the Brussels Programme had been mixed. Efforts by the LDCs and their development parties in the period 2001-2004 had been reflected in significant advances in terms of aid levels, debt relief and initiatives to improve market access. However, half of the LDCs for which data were available had been unable to achieve per capita growth rates of more than 0.5 per cent per annum, which was far too low to have a real impact on the extreme poverty in which about half the populations of LDCs lived. Similarly, while infrastructure growth was on target in half the LDCs, the other half lagged far behind, with major consequences for production and human welfare.

The sustainability of growth was notoriously fragile in the LDCs, dependent as they were on unpredictable movements in commodity prices, trends in external finance, shifts in export preferences and climatic conditions. UNCTAD's Least Developed Countries Report 2006 pointed out that the basic cause of poverty in the LDCs was widespread unemployment, under-employment and low labour productivity. The critical challenge was to accelerate economic growth and to promote inclusive development rather than simply mainstream trade within poverty-reduction strategies. Poverty reduction would require development strategies that promoted sustained economic growth that was socially inclusive and environmentally sustainable. At the international level, there was a need for a scaling up of assistance and removal of the debt burden, improved quality of development assistance, greater coherence between aid, trade, debt relief and investment, increased policy autonomy for governments, and greater attention by international institutions to what the LDCs themselves identified as their real problems.

In conclusion, what UNCTAD was suggesting as the key to poverty reduction in the LDCs was sustained economic growth accompanied by the creation of productive employment opportunities. The focus over the next five-year period should be on improving the quality of growth so as to increase employment generation through the development of the productive capacities of the LDCs. They must be enabled to enjoy the sound human resource foundations that would underpin genuine structural change in their economies. UNCTAD was optimistic that such a development would transform the changes in partnership already under way into a real turning point in the lives of poor people in the LDCs.

Ms. BREINES (United Nations Educational, Scientific and Cultural Organization (UNESCO)) said that the least developed countries (LDCs) were a cross-cutting concern encompassing all UNESCO’s fields of competence. The Global Alliance for Cultural Diversity was a UNESCO programme that supported the emergence or strengthening of cultural industries in developing countries and countries in transition with a view to creating or promoting local markets and worldwide market access favourable to sustainable development. The originality of the approach lay in the creation of a new kind of partnership, associating the public sector, the private sector and civil society. Launched in 2002, the Global Alliance today comprised a network of 500 members and had created some 50 projects as well as tools for decision makers. There today existed a major gap between North and South in the field of cultural industries, which currently represented more than 7 per cent of gross world product. Quality crafts and industries, which were among the foremost resources born of creativity, were a major reservoir of employment in many countries. UNESCO's activities in the cultural realm ranged from the defence of copyright, promotion of books and publishing, encouragement of efficient cultural policies to the strengthening of cultural industries. Its recent normative actions in the cultural sphere had included the adoption in 2005 of the Convention on the Protection and Promotion of the Diversity of Cultural Expressions. Increased recognition of the importance of creative and cultural industries by many agencies and institutions was matched by the concerns of governments, as evidenced by the Conference of Ministers of Culture of the African Union, which in December 2005 adopted a plan of action on "Cultural industries for the development of Africa".

Mr. MUNZBERG (International Monetary Fund (IMF)) said that the dialogue between UNCTAD and WTO and the IMF had become one of the main elements in the follow-up to the Monterrey Conference on financing for development. Important aspects to be considered in that regard included the question of timing, whether the dialogue was to take place at the level of management or executive board, the type of topics to be discussed, and the issue of results and impact. With regard to type of topic, it would seem that discussion should focus on current issues of relevance to the Monterrey Consensus. Concerning results and impact, the IMF would approach the discussions with a readiness to listen and learn even if the meetings were not decision-making occasions.

With regard to follow up of the Brussels Programme of Action, the IMF was actively engaged with the least developed countries across a broad range of related issues. Its main focus, however, was on country-owned strategies and on support for building a sound domestic environment, managing the scaling up of resources, offering financial support in times of crisis, providing debt relief, and affording technical assistance.

Draft resolution on Implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 (E/2006/L.15)

Mr. AHO-GLELE (Benin), speaking on behalf of the Group of 77 and China as facilitator of the drafting group, said that draft resolution E/2006/L.15 was an essentially procedural text pending the adoption of a substantive decision at the Council's forthcoming session in New York.

Panel discussion on "Mobilizing resources and creating an enabling environment for poverty eradication in the Least Developed Countries: implementation of the 2004 Ministerial Declaration"

Mr. CHOWDHURY (United Nations Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States) said that, following consideration of the Brussels Programme of Action at the Council's sessions in 2003 and 2004, it was appropriate that the international community should revisit the topic and examine whether real progress had been made in the provision of assistance to the least developed countries (LDCs). In that connection, the Council might wish to consider whether - in addition to traditional sources of financing such as ODA, debt cancellation and increased market access - public-private partnerships offered opportunities for a new form of foreign direct investment (FDI). A discussion at the Council's High-Level Segment in 2003 had highlighted the role that could be played by public-private partnerships in rural development in the LDCs. Mention had also been made at the current session to the opportunities for resources generation in the LDCs offered by creative industries involving South-South cooperation. Other possible sources of income were the special funds created by agencies and entities of the United Nations system, such as the Global Environment Facility, the FAO Trust Fund for Food Security and Food Safety, or the assistance provided by the World Meteorological Organization to develop meteorological capacity in the LDCs. Finally, microcredit schemes, examples of which were to be found in all the LDCs, provided valuable opportunities for poverty reduction while simultaneously empowering women. In the course of the discussion, it might be borne in mind that official development assistance to the LDCs had doubled from US$ 12.5 billion to US$ 23.5 billion between 2001 and 2004 and that it had continued to increase in 2005.

Ms. BAINS (Senior Policy Adviser for the United Nations Millennium Campaign) said that the panel discussion would focus on measures taken under the Brussels Programme of Action and on implementation of the 2004 Ministerial Declaration. With regard to her own professional focus, which was the Millennium Development Goals, it was clear that progress was slow and patchy and that at the halfway point implementation was way behind schedule. Yet where there was political will, remarkable things were possible. In the case of the Brussels Programme of Action, whose objectives were much more ambitious, progress at the halfway stage was similarly lagging. Hopefully, the planned September 2006 review would give the process new impetus, but as matters stood very few of the LDCs would reach the Brussels targets.

The 2004 Brussels Programme review had identified four main challenges for development partners. The first was to create an enabling business and legal environment for the least developed countries, to increase ODA in the form of grants, to ensure greater aid effectiveness, and to devote 1.5 to 2 per cent of gross domestic income (GDI) in development aid to LDCs; the second challenge was to create an international global policy framework to generate resources; the third was to promote partnerships at all levels, including public and private ventures; and the final challenge was to make funding provision for countries in conflict and post-conflict situations. The challenge for the Panel was to review progress in the mobilization of resources in the light of the 2004 Brussels Declaration, to identify new and emerging challenges, and to suggest innovative ways of responding to them.

Mr. SCOTT (Head of Statistics and Monitoring Division, Organization for Economic Cooperation and Development (OECD)) said that overall aid flows to the LDCs since 2000 had increased to US$ 25 billion, with five recipients accounting for about one third of that amount. Aid by the United States had risen most sharply, in particular to Afghanistan, followed by aid to the Highly Indebted Poor Countries (HIPC) from France and the United States. In terms of multilateral aid, International Development Assistance (IDA) funding had increased most sharply, reflecting multilateral HIPC debt relief, followed by European Community aid. Smaller donors gave a proportionately higher share of their aid to LDCs, much of it focused on Africa. Almost half of Development Assistance Committee (DAC) members had met the 0.15 per cent target for aid to LDCs in 2004, 15 DAC members having improved their ratios since 2000. LDCs had received one third of all aid in 2004, compared with 21 per cent in 2000.

There was evidence that the quality of aid to LDCs had improved. In 2004, all DAC members had met the DAC Terms Recommendation by giving at least 86 per cent of their aid as grants, which meant that it could be used to buy goods and services at the lowest prices available. In the case of the more fragile LDCs, aid had gone mainly to the social sectors and debt relief, whereas more stable countries had tended to receive more aid in the economic sectors. Educational aid had been largely for basic education, while the main focus in the health sector had been on population policies, including HIV/AIDS control. There were no specific commitments about the share of aid that would go to LDCs up to 2010, but half the extra aid was promised to Africa, so the LDCs should benefit disproportionately.

Hopeful signs for aid to LDCs included: G8 and Millennium Summit promises to double aid to Africa, where most LDCs were located; a renewed focus on aid to the water sector, which should especially benefit the LDCs; global funds targeting HIV/AIDS and renewed emphasis on combating malaria. Warning signs were: budget support to Ethiopia and Kenya showing problems; governance and security concerns impeding aid to many other LDCs, including countries outside Africa such as Timor-Leste and Solomon Islands; several major aid donors likely to miss their aid targets for 2006.

While targets for measuring aid quality, of the kind contained in the Paris Declaration, were important, results remained the ultimate test. There was a need to focus on the real problems of the developing world rather than pushing “hobby horses”. Finally, there was a need to ensure that First World concerns did not obscure more urgent problems of hunger, disease and lack of freedom and opportunity.

Mr. IMOROU MAKO (Director of Housing and Sanitation, Ministry of Environment, Habitat and Urban Planning of Benin) described an International Land Coalition (ILC) initiative aimed at helping landowners to formally register their land in order to use the title deeds as collateral to obtain financing from national and international financial institutions for investment in production. Its goal was therefore to secure property rights to combat poverty and to facilitate access to capital and financial markets and empower the poor. Benin had been selected as the pilot country to implement the project because it was experiencing a special set of circumstances with regard to land. It was a cradle of democracy in Africa, a country where political stability prevailed. Banks functioned well, and the country had an excellent geographic situation. However, there was a problem with regard to land tenure.

When the ILC initiative was launched, Benin had already begun land reforms, since the land tenure situation in the country was highly insecure as many owners did not have reliable title to their land. The most common form of title involved occupancy rather than ownership rights. The latter were necessary to serve as collateral for loans, but the procedures for obtaining title were so lengthy as to be dissuasive. The reform initiated in 2001 was aimed at making it easier to acquire land, reduce land transfer costs, increase tax revenues, simplify the task of the taxation service, and facilitate land-use planning. A number of reforms had already been initiated with national funding and were proceeding with support from the United States Government through the Millennium Challenge Account and from the World Bank.

In that way, Benin had put into effect the idea to which the Council had lent its support, namely that of promoting access to financing through the delivery of land titles serving as the basis for bank loans to improve agricultural and other forms of production. The success of the Benin experiment would seem to justify its generalization as a means of creating wealth and reducing poverty, notably in the least developed countries.

Mr. KARKI (President, LDC Watch) said that the 2004 Ministerial Declaration on the mobilizing of resources and promotion of an enabling environment for poverty eradication had recognized the need for increased efforts and speedy measures to meet the goals of the Brussels Programme of Action. It was clear that the commitments of the international community had not been translated into action and that greater political will was required if the Brussels targets were to be met. Poverty must be seen as an ethical challenge and efforts to overcome it must be guided by the rights-based dimension of development. Every human had the basic right to food, shelter, health care, education, decent work and a sustainable environment. We had a shared moral responsibility to combat the persistent socio-economic deterioration in the LDCs by reinforcing pro-poor growth and development.

Globalization had offered greater threats than opportunities in the LDCs. If globalization was to be development-friendly, issues of global economic injustice had to be addressed, namely a reorientation of aid programmes, correction of trade-distorting policies, unconditional cancellation of debt, and mobilization of productive investment in the LDCs. There was a need to refocus the international agenda so as to integrate the principles of human development and social justice in a context of human global governance.

All ODA should be non-tied, should ensure local ownership and should be made demand-driven. It should also be stopped from being diverted towards supporting war and conflict, which were frequently rooted in situations of unequal development against which aid should be militating. Trade justice called for fair rules that discriminated positively in favour of the LDCs and recognized the central role played by women in production and trade. Trade liberalization, aid for trade, export dumping, agricultural export subsidies, bilateral trade agreements, imbalances and inequities in WTO agreements and unequal market access only made the poor poorer. Unconditional debt cancellation was essential, since the burden of debts already repaid many times over impeded domestic resource mobilization essential for socio-economic development.

Foreign direct investment (FDI) alone was not sufficient to drive growth in the LDCs. FDI inflows to LDCs were seen to be selective, biased and conditional; and conflict-ridden, vulnerable and resource-poor LDCs attracted little or no FDI. The rights-based and pro-poor development approach should be used in mobilizing resources and creating an enabling environment in the LDCs. In the context of globalization, such an approach was essential to a just global order. Good governance implied participation, transparency, accountability and equity; it promoted the exercise of democracy and the rule of law at all levels. It also required the democratization of national governments, international financial institutions and the WTO and the reform of the United Nations to ensure pro-poor governance. It applied both to the North in its dealings with the South as well as within the South, since rampant corruption was typically prejudicial to the poor and disadvantaged.

LDC governments and development partners should strengthen their links with civil society as a matter of urgency. Broad participation contributed to effective decision-making and to the legitimacy of the decisions taken, which in turn made for effective implementation and encouragement of further participation. A mechanism for the implementation, monitoring and evaluation of the Programme of Action should engage civil society at every level. Finally, there was an utmost need to initiate a global campaign on the LDCs. Such a campaign, preferably under the leadership of the Under-Secretary-General for the LDCs, should ensure lobbying and advocacy in donor countries and in the LDCs themselves to advance the cause of the LDCs in pursuit of the huge task of poverty eradication.

Mr. CHOWDHURY (Bangladesh) said that the world’s underprivileged in the LDCs were faced by such structural impediments that they were unable by themselves to break out of the poverty trap and confront the challenges of the contemporary world. Their vulnerable economies and fragile institutions made it impossible for them to mobilize external and domestic resources and put them to use in a meaningful way. The Brussels Programme of Action was designed to halt the process and set them on the path to sustainable development. He believed that many of the LDCs possessed non-technological or intellectual resources that could be profitably employed through partnerships between them and the developed countries. For example, their often scattered energies could be turned to account in the area of information technology or remote servicing, enabling them to leapfrog several stages of development. Such an approach constituted a healthier and more equal partnership than the normal donor-recipient relationship. We should think in terms of a development paradigm that struck an appropriate balance between quantity and quality of growth, which might be called “humanomics”. It could have recourse to innovative ideas and concepts, such as microcredit and non-formal education, that could help in the creation of the sought-for environment. Simple ideas sometimes brought about the profoundest changes when combined with partnerships enabling them to be developed to optimum effect.

Mr. CABRAL (Guinea-Bissau) said that the presentation by Mr. Scott had provided valuable factual evidence of progress in the flow of aid to the LDCs. It was particularly encouraging to see that 30 per cent of development assistance had gone to the social sector and over 50 per cent to education and that the emphasis in the health sector had been on combating epidemics such as HIV/AIDS. The forecast that 56 per cent of total ODA would go to Africa in 2010, although the actual amount could never be sufficient, was gratifying and should encourage the countries concerned to do more themselves. As Mr. Karki had emphasized, the necessary changes - including good governance, respect for human rights and furtherance of democracy - had to come from within and other countries could only assist in the process. The developing countries must be grateful for what had been done and encouraged to do more, which would in turn encourage donors themselves to do more.

Mr. BARUTI (United Republic of Tanzania) said that mobilizing resources presupposed the efficient and effective use of those resources. Development strategies in Tanzania combined national ownership with close consultation with donors and, in some cases, the private sector. Poverty-reduction strategies funded by the World Bank had proved ineffective until they became part of a national strategy integrating the dimensions of growth and poverty reduction. Investment must also be broad-based, encompassing economic growth, poverty reduction and social welfare but also including good governance and accountability. While donors must honour their commitments, the same was true of recipient countries, which must maximize the impact of development assistance.

Mr. AHO-GLELE (Benin) said that greater attention should be paid by both donors and recipient countries to the objectives of resource mobilization, which must be those identified by the Brussels Programme of Action. As underlined by Mr. Imorou Mako, the aim must be to translate assets into utilizable capital. The Millennium Challenge Account funded by the United States was an example of aid in the form of resources that made it possible to mobilize further resources. In that connection, his delegation wished to record its support for the idea put forward at an earlier meeting by the High Representative that a surcharge of 10 cents might be applied to each barrel of oil to mobilize resources in specific areas liable to yield cumulative resources for development in the LDCs.

Mr. SCOTT (Head of Statistics and Monitoring Division, Organization for Economic Cooperation and Development (OECD)) noted that the example quoted by Mr. Imorou Mako showed how a very limited input of resources could have a very substantial impact by securing title that had a huge multiplier effect in terms of the additional resources generated. Public-private partnerships, mentioned by the Under-Secretary-General, likewise had very great potential by way of a multiplier effect for liberating substantial resources for developing countries. It was important, then, to think not only of mobilizing resources but of generating resources and to consider the mechanisms required to that end.

Mr. IMOROU MAKO (Director of Housing and Sanitation, Ministry of Environment, Habitat and Urban Planning of Benin) confirmed that the project in his country had begun as a pilot project with very limited resources before being extended subsequently. It was worth noting that, for whatever reason, the International Land Coalition had not pursued the project and that Benin had had recourse, in addition to the United States, to support from countries such as France and Germany.

Mr. KARKI (President, LDC Watch) said that it was important to distinguish between the different purposes for which aid was given, which were in some cases more political than developmental. He did not wholly agree with the distinction made between mobilizing and generating resources since it was often the case that resources existed in the LDCs but were not properly utilized. One must also distinguish between nominal partnerships and genuine partnerships that ensured LDC ownership. Finally, there was a need for a clearer focal point within the international community for generating political will and implementing commitments with regard to the LDCs.

Mr. CHOWDHURY (United Nations Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States) said that implementation of the Brussels Programme of Action over the next five-year period should place the emphasis on performance. Experience showed that where a country performed well it had not experienced any reduction in assistance. Ingenuity was needed to attract non-traditional resources. Exchanges between countries and donors, in the form of round tables or development forums, were typically not very fruitful and needed to be more knowledge-based. Domestic resource mobilization was to some extent a function of governance, as illustrated by the poor record of revenue collection in the LDCs. While the absorption of aid by debt relief and humanitarian assistance understandably attracted criticism, it must be remembered that both were relevant, if indirectly, to pro-poor growth. Another important aspect to be borne in mind was aid independence. Aid could be inimical to self-reliance, which must be the ultimate aim of development assistance. A diversity of sources of aid was helpful in that regard. In conclusion, it was worth noting that all United Nations programmes had continuously increased their aid to the LDCs proportionate to their overall development assistance.

The meeting rose at 6 p.m.