



## Fourth United Nations Conference on the Least Developed Countries

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### Intergovernmental Preparatory Committee for the Fourth United Nations Conference on the Least Developed Countries

#### First session

New York, 10-14 January 2011

Item 3 of the provisional agenda\*

#### Substantive preparations for the Conference

### Report of the regional preparatory review meeting for Africa and Haiti

#### *Summary*

The Africa and Haiti regional preparatory review meeting was held on 8 and 9 March 2010 in Addis Ababa as part of the preparatory process for the Fourth United Nations Conference on the Least Developed Countries that will be held in Turkey in 2011, pursuant to General Assembly resolutions 63/227 and 64/213. The meeting was attended by representatives of 25 African least developed countries, as well as representatives of African parliaments, United Nations agencies, civil society and other stakeholders.

The objective of the meeting was to undertake a comprehensive review of the implementation of the Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010 and to propose measures at the national, regional and international levels to advance the development of the least developed countries in the next decade. The meeting deliberated on the progress made towards achieving the objectives of the Brussels Programme of Action and made proposals for a new programme of action.

The Outcome Document was deliberated on and endorsed at the regional preparatory review meeting on 9 March 2010 and was presented at the 3rd Joint Annual Meeting of the African Union Conference of Ministers of Economy and Finance and the Economic Commission for Africa Conference of Ministers of Finance, Planning and Economic Development, which was held in Lilongwe on 29 and 30 March 2010. At that meeting the Outcome Document was discussed and endorsed (E/ECA/CM/43/4).

\* A/CONF.219/IPC/1.



## **Outcome of the Africa regional preparatory review meeting for the Fourth United Nations Conference on the Least Developed Countries**

### **I. Background**

1. In resolutions 63/227 and 64/213, the General Assembly decided to convene the Fourth United Nations Conference on the Least Developed Countries in Istanbul, Turkey, in the second half of 2011, at the highest political level. The Conference is expected to undertake a comprehensive appraisal of the implementation of the Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010, identify progress, challenges and lessons learned, and in the light of the review, adopt a renewed and strengthened global partnership for the development of the least developed countries in the next decade.
2. In the same resolution the General Assembly also decided to convene two intergovernmental preparatory committee meetings. The first intergovernmental preparatory committee meeting will be convened in January 2011 while the second meeting is scheduled for April 2011. These preparatory committee meetings are to be preceded by two regional-level preparatory meetings, one for the Asia-Pacific region and the other for the Africa region and Haiti.
3. It is against this backdrop that the Economic Commission for Africa (ECA) organized, in close coordination and cooperation with the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLLS) and the United Nations Development Programme (UNDP) Regional Bureau for Africa, the Africa regional preparatory meeting for the Fourth United Nations Conference on the Least Developed Countries on 8 to 9 March 2010 in Addis Ababa.
4. Ministers, parliamentarians and senior officials from 25 African least developed countries, members of the Global Coordinating Bureau of the group of the least developed countries, the United Nations system, relevant regional organizations, development partners, and the broad spectrum of civil society attended the African regional preparatory meeting. The international coordinator of LDC Watch also made a statement. The list of countries and organizations which participated in the meeting is annexed to the present report.
5. The objective of the meeting was to undertake a comprehensive review of the implementation of the Programme of Action for the least developed countries for the decade 2001-2010, assess the effectiveness of the existing mechanisms for follow-up, monitoring and review and propose measures at national, regional and international levels to advance the development of the least developed countries in the next decade. The meeting benefited from broad-based national consultations involving a wide spectrum of stakeholders including governments, parliamentarians, civil society and private sector actors, bilateral and multilateral development partners and United Nations agencies.
6. The meeting was officially opened by Mr. Mekonnen Manyazewal, State Minister, Ministry of Finance and Economic Development of the Federal Democratic Republic of Ethiopia. Mr. Abdoulie Janneh, Executive Secretary of ECA and Mr. Cheick Sidi Diarra, Under-Secretary-General and High Representative for

the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States made opening statements. The United Nations Resident Coordinator ad interim Mr. Samuel Nyambi also delivered a statement on behalf of the Administrator of the United Nations Development Programme. An interactive high-level round table was held where ministers, parliamentarians, the Under-Secretary-General, the Executive Secretary of ECA, the deputy Director-General of the World Trade Organization (WTO), as well as senior government officials from the least developed countries, made further substantive contributions to the debate.

7. The meeting recalled the Ministerial Declaration of the least developed countries, adopted by the ministers of foreign affairs on 29 September 2009 and their recommendations. The meeting also recalled the relevant General Assembly resolutions, including 63/227, and 64/213.

8. The exchange of views and extensive deliberations at the two-day preparatory regional meeting produced this Addis Ababa Outcome Document. This Outcome Document will be submitted to the 3rd Joint Annual Meeting of the African Union Conference of Ministers of Economy and Finance and the Economic Commission for Africa Conference of Ministers of Finance, Planning and Economic Development in Lilongwe on 29 to 30 March for its consideration. The Outcome Document will serve as an important substantive input into the Fourth United Nations Conference on the Least Developed Countries in Istanbul, Turkey. The international coordinator of LDC Watch also made a statement.

## **II. Review of the implementation of the Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010 in Africa: progress and challenges**

9. The implementation of the Brussels Programme of Action in Africa must be addressed within the context of the emerging global challenges and their wide-ranging ramifications and impact on African least developed countries. It has become evident that the world is mired in the worst financial crisis since the Great Depression. High dependence on primary commodities and external finance for development renders the least developed countries vulnerable to the effect of the global financial and economic crisis. The crisis is already undermining those factors that had enabled the strong growth performance of the least developed countries as a group between 2002 and 2007.

10. The meeting expressed deep concern over the wide-ranging adverse impact of the global financial and economic crisis on the realization of the internationally agreed development goals, including the Millennium Development Goals, particularly the efforts to eradicate poverty and hunger and the health-related Millennium Development Goals, and on the ability of developing countries to gain access to the financing necessary for their development objectives.

11. The meeting observed that African least developed countries have made considerable efforts in implementing the commitments contained in the Programme of Action. Wide-ranging economic reforms have been undertaken, including macroeconomic, public sector reform, privatization and trade and financial liberalization. Growth improved considerably during the current decade, averaging over 5 per cent, better than in the 1990s. Several African least developed countries

reached or even surpassed 7 per cent growth per annum in the mid-years of the decade (2004-2008), prior to the negative effects of the global financial and economic crisis. The economic growth was driven by high primary commodity prices and better macroeconomic management.

12. African least developed countries have also made notable progress towards improving their governance institutions. A large number of them have sought to institutionalize governance by acceding to continental and global initiatives such as the African Peer Review Mechanism (APRM) of the New Partnership for Africa's Development (NEPAD), and the Kimberley Process for diamond-producing countries aimed at eliminating blood diamonds. Democratic governance is slowly taking hold and multiparty elections are becoming the norm rather than the exception in an increasing number of African least developed countries.

13. Post-conflict countries face unique challenges in achieving reconstruction, reconciliation, rehabilitation and development. This calls for greater national and international efforts to build institutional and human capacities to lay the foundation for durable peace and sustainable development.

14. Improved economic performance in African least developed countries has not contributed to commensurate gains in poverty reduction. This is due to the type of growth occurring in these countries, driven by capital-intensive extractive sectors, and thus with limited impact on employment creation. Furthermore, agriculture where the majority of the population is employed has been growing slowly. In addition, high levels of income inequality limit the impact of growth on poverty reduction.

15. The positive economic growth in African least developed countries in the period under review has enabled them to make some progress towards human development. They have made considerable progress towards gender equality and universal primary education. Progress towards the health-related Millennium Development Goals has been limited. Reducing under-five mortality has shown very little progress with half of all deaths among children under five in the world occurring in sub-Saharan Africa (most of which are least developed countries). Maternal mortality rates have not improved in African least developed countries. HIV/AIDS and malaria show better yet slow progress. Progress in prevention of malaria has increased thanks to provision of insecticide-treated nets, yet treatment is not commensurate with progress in prevention. Furthermore, with 4 million people on antiretroviral treatment for HIV patients in lower and middle income at the end of 2008 — a tenfold increase in five years — advances in access to treatment are estimated to have saved 1.1 million lives in sub-Saharan Africa since 2004. It is therefore important to ensure that treatment is available to everyone in need as we begin to boldly address HIV prevention. Therefore, on current trends African least developed countries are unlikely to meet the health Millennium Development Goals by 2015.

16. Many African least developed countries have also taken measures to improve universal access to essential services such as health, education, water and sanitation, energy, transportation and others. Public expenditures on health and education have increased considerably in the last decade, aided partly by increased donor funding. Equity considerations in access to services remain a concern. Public provision of services that depend on household income has demonstrated slower progress (for example water and sanitation), while publicly funded services have shown faster

rates of progress (for example education). Some countries have made considerable efforts to improve their regulatory environment and encourage private sector engagement and market-based policies to improve universal access to basic essential services. Despite all of these efforts, the provision of many basic services remains inadequate and inequitable.

17. Hunger remains pervasive in many African least developed countries. The problem of food security has become even more acute in the context of the global financial and economic crisis which has come on the heels of the food and energy crises. This is likely to increase the number of undernourished people in African least developed countries.

18. The problem of food security poses a serious challenge to African least developed countries, which have been adversely affected by the ongoing global economic and financial crisis, in addition to the adverse impacts of climate change. The agricultural sector is massively under-capitalized with irrigation technology hardly in existence. This makes agriculture vulnerable to increasing threats of climate change. Fast population growth is a further challenge for least developed countries to provide food for a large number of people. Achieving food security calls for the need to focus more on the agricultural sector in national public policies. Economic diversification must therefore be encouraged to help strengthen the resilience of the economies of African least developed countries to external shocks.

19. With regard to trade, African least developed countries have been pursuing export-led growth policies for the last two decades. These policies have focused on exploitation of natural resources and raw materials rather than value addition and diversification. This has resulted in an unbalanced pattern of development, with weak linkages between the export-oriented sectors and other sectors of the economy. In fact, many African least developed countries have become increasingly dependent on primary commodities, making them vulnerable to terms of trade shocks.

20. Despite benefiting from preferential trading schemes such as the Everything But Arms regulation, the Africa Growth Opportunity Act and the Generalized System of Preferences, and preferential market access provided by India, China, Brazil and other emerging economies, the share of world exports of African least developed countries remains miniscule at 1.08 per cent. This is partly due to the restrictive rules of origin, non-tariff barriers, technical barriers, environmental and health standards, coupled with the weak productive and supply capacity of the least developed countries. The meeting called for greater efforts to facilitate accession of African least developed countries to the WTO without the imposition of political conditionality.

21. The meeting recognized the importance of finance in productive capacity development. African least developed countries have made efforts to increase domestic resource mobilization through strengthening macroeconomic policy, reforming revenue collection institutions, improving the tax base and addressing corruption. As a result, African least developed countries have experienced an increase in government revenue, rising from 17.3 per cent of GDP in 2000 to 24.8 per cent in 2008. Similarly, savings ratios increased from 12.5 per cent in 2000 to 17 per cent in 2006. This notwithstanding, gross domestic saving remains inadequate at 18 per cent, relative to investment requirements targeted at 25 per cent.

22. External financial resources, including official development assistance, foreign direct investment and debt relief are urgently needed in order to augment domestic savings. Official Development Assistance (ODA) flows to African least developed countries increased to \$36.9 billion in 2008 from \$12.4 billion in 2000. The share of the least developed countries in total aid to developing countries increased from 23 per cent in 2000 to 30 per cent in 2008. However, ODA flows to the least developed countries remain at 0.09 per cent of gross national income (GNI), well below the target of 0.15 to 0.20 set by the Third United Nations Conference on the Least Developed Countries. Moreover, the substantial increase in ODA flows has been accounted for by emergency humanitarian assistance and debt relief. Aid is also increasingly funding social infrastructure at the expense of productive sectors.

23. Debt sustainability and indebtedness remain serious challenges in African least developed countries, despite debt relief under the Heavily Indebted Poor Countries (HIPC) and the Multilateral Debt Relief (MDR) initiative adopted by the G-8 Summit at Gleneagles in 2005. African least developed countries have seen a substantial drop in their export earnings on account of the crisis. Indeed, their external debt relative to GDP and debt service to exports has risen in the fourth quarter of 2008, resulting in high levels of debt distress.

24. Foreign direct investment (FDI) flows to African least developed countries have increased, yet they have been concentrated in extractive industries in resource-rich countries. Thus they have had a limited impact in terms of contributing to productive capacity development and employment creation. In recent years, several African least developed countries have attracted FDI inflows from China, India and countries from the Gulf for infrastructure development and to a limited extent in manufacturing and agriculture.

25. African least developed countries suffer from a considerable infrastructure deficit even compared to other least developed countries. This constitutes a major constraint to their growth and development. Energy, roads, railways, ports and airports are in inadequate supply and in woeful condition. The poor state of infrastructure, especially transport, is one of the factors contributing to the low level of intraregional trade in Africa. This is of particular importance for the landlocked least developed countries, as lack of access to seaports and inadequate infrastructure facilities impose additional constraints on the overall development effort.

26. South-South trade and investment flows as well as trade finance have also become important sources of financing development in the least developed countries, including the development of much-needed infrastructure in several of them. While South-South trade and investment is growing for African least developed countries, there is a need to further harness and leverage this contribution to their development.

### **Limited progress towards graduation**

27. Overall performance in terms of graduation out of the least developed country category has been disappointing in Africa. Only one African country has graduated from the group since the adoption of the Programme of Action in 2001. Another country, Equatorial Guinea, has been recommended for graduation. Equatorial Guinea and other least developed countries in the Asia-Pacific region nearing the graduation threshold are concerned about the post-graduation uncertainty and abrupt

disruption of international support measures, including ODA, market access, special and differential treatment, trade-related capacity-building and others. Enhanced measures should be put in place to ensure the effective and smooth transition of graduating countries. In this regard the meeting noted the request of the Government of Equatorial Guinea made to the Committee on Development Policy to postpone its graduation from the group of least developed countries to 2020.

### **New challenges threaten to derail progress towards the Brussels Programme of Action and the Millennium Development Goals**

28. The participants noted that progress, albeit slow and uneven, has been registered in some areas of the Brussels Programme of Action. These gains are eroded by emerging new challenges including the multiple crises of food, fuel, climate change and the ongoing global financial and economic crisis. These have poignantly exposed the acute vulnerabilities of the least developed countries to external shocks, and threaten to reverse progress made.

29. The high rise in food prices and their volatility have had a negative impact on food security, an important feature of African least developed countries, since most of them are net food-importing countries. The high food prices and worsening balance of payments has made it difficult for them to finance their food import bill, resulting in an increase in food insecure people in these countries. This is compounded by the global financial and economic crisis. The lack of fiscal space and institutional mechanisms to mitigate the impact of the crisis could lock African least developed countries into long-term poverty.

30. Climate change represents an additional challenge, further exacerbating the vulnerability of African least developed countries, with many of them suffering droughts and floods, erratic weather patterns and natural disasters. Within this group the small island least developed countries, due to their low-lying nature are more susceptible to climate change. This requires short-term measures at national and international levels to mitigate the adverse effects of these crises. Furthermore, long-term measures will be required to strengthen the resilience of the least developed countries and reduce their vulnerability and promote sustained growth and development in African least developed countries.

31. The meeting expressed its concern over the high level of poverty, unemployment and environmental degradation in African least developed countries. This poses systemic implications for the global economy. In this regard it is a moral and ethical imperative for the international community to assist these countries in their efforts to exit poverty, adapt to climate change, and embark on a sustainable path of development.

### **III. Mobilizing enhanced national, regional and international support for development of the least developed countries**

#### **Strengthening the resilience of African least developed countries through development of productive capacity**

32. Despite improved growth performance in the current development decade, the quality and sustainability of growth remains a serious challenge for African least developed countries. There is a need for pro-poor growth that enhances its positive impact on employment and poverty reduction. An important element is the development of a critical mass of productive capacities in agriculture, manufacturing and services, reducing their vulnerabilities and bringing about structural transformation. This requires improving human capital, strengthening capital accumulation in areas of their inherent and acquired comparative advantages, transfer and diffusion of technology and specialization in new and dynamic sectors.

33. An important feature of any strategy geared to productive capacity development is diversification and technological upgrading. Progress on this front requires development of infrastructure to overcome the supply-side bottlenecks limiting the capacity of least developed countries to integrate beneficially into the world economy.

34. Science and technology are vital for the achievement of development goals and the “technological gap” between the African least developed countries and other countries impedes their capacity to fully participate in the global economy and constitutes a major challenge in their efforts to enhance productive capacity, increase competitiveness, attract private capital flow, generate income and employment, reduce poverty and achieve sustained economic growth and sustainable development.

35. The meeting urged the international community to promote and facilitate access to and the development, acquisition, transfer and diffusion of technologies, particularly environmentally sound technologies and corresponding know-how to the least developed countries; and called for increased technical and financial assistance to the African least developed countries for strengthening their national innovation capacity, inter alia, through research and development.

36. Enterprises play an important role in adapting innovation and technological learning. However, in private sector development in African least developed countries remains rudimentary, with many firms operating in the informal sector. The main focus of public policy in these countries should be to encourage the graduation of firms out of the informal sector into the formal sector, increase their scale and scope and help them in modernizing their business practices.

37. The potential of South-South cooperation in facilitating technology catch-up should be exploited. Targeting the development of sectors of strategic importance to the least developed countries must be central to policies geared at productive capacities.



## **Infrastructure development**

38. Substantial investment in infrastructure will be needed, in addition to investment in maintenance of existing infrastructure. This must be accompanied by further institutional reforms of the infrastructure sectors, including through improved governance and regulation.

39. There is a need for affordable, reliable, economically viable, socially acceptable and environmentally sound supplies of energy for promoting growth and sustainable development. The meeting thus calls upon the international community to assist the least developed countries in building a strong energy sector by providing financial and technical assistance, and facilitating public and private sector investment in the sustainable use of traditional energy resources, advances, cost-effective and cleaner fossil fuel technologies and renewable energy resources, such as solar photovoltaic and thermal energy, wind power, geothermal energy, hydropower and biogas.

40. African least developed countries and their development partners need to increase investment in the energy sector to build transformational generation and transmission facilities. Given the impact of climate change on the least developed countries, particular attention must be given to the development of clean energy such as hydropower and solar energy. Development partners should also provide financial and technical support to the development of regional infrastructure such as road corridors, power pools, etc. In line with the Almaty Programme of Action for landlocked developing countries, the meeting called for the strengthening of regional and subregional coordination through trade-transit corridors. This is critical for deepening regional cooperation and improving the access to seaports of landlocked least developed countries in Africa.

## **Financing for development**

### **Mobilizing increased domestic resources to finance self-sustaining development**

41. The mobilization of financial resources is key if the least developed countries are to achieve sustainable development and poverty reduction. African least developed countries still face huge financing gaps that must be filled if they are to have a realistic chance of meeting the Millennium Development Goals.

42. Efforts need to be made to ensure that in the next development decade, this crucial commitment is delivered upon. In many ways, achieving success on this issue will constitute a litmus test of development partnership in the next decade of development of the least developed countries.

43. As recognized in the Monterrey Consensus and reaffirmed in the outcome of the Doha Financing for Development Conference, domestic resource mobilization is the foundation for self-sustaining development. An enabling environment is crucial to mobilization of adequate financial resources for development. African least developed countries need to redouble efforts to mobilize increased domestic resources through further deepening financial sector development and increasing the access of the poor to financial services through promoting microfinance institutions.

44. Given the shallow nature of financial sector development in least developed countries, commercial banks will continue to play an increasingly important role in

savings mobilization. To mobilize resources for productive capacity development, least developed countries need to revisit the role of special funds geared to promoting specific strategic sectors of importance to them. The role of the sector-specific financial institutions like agricultural development banks, industrial development and export-import (EX-IM) banks and others should be encouraged.

45. The small size of domestic savings renders African least developed countries very reliant on external finance for their development. Enhanced international support will be needed in the next development decade through ODA, FDI and debt relief, as well as targeted financial and technical assistance.

#### **Enhancing the developmental impact of ODA**

46. Considerably scaled-up, predictable, concessional and targeted ODA to least developed countries is indispensable for their development in the next decade. Their development partners should address urgently the quality and quantity of aid. Efforts should be made to increase aid to least developed countries in line with international commitments. Meeting the 0.15-0.20 ODA/GNI target will go a long way in increasing the resource envelope for the development of the least developed countries. Beyond meeting proportional targets, the option of setting progressive quantitative targets based on needs assessment could be more effective.

47. In addition, there is a need to target ODA to productive sectors with greater impact on development, employment creation and poverty reduction. Particular focus must be given to the agriculture sector. Development should support African least developed countries with the implementation of their national agriculture strategies within the framework of the Comprehensive Africa Agriculture Development Programme (CAADP).

48. Increased ODA flows will also be required to finance infrastructure development in African least developed countries. To meet the huge financing gap for infrastructure financing, Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) countries should at least double ODA to infrastructure by 2011. There is also a need to further harness the positive contribution of new donors for the development of African least developed countries.

49. To enhance the developmental impact of aid in recipient countries, development partners should fully implement the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. They should reduce conditionality, align aid to the national development strategies of African least developed countries and improve coordination with a view to reducing the administrative costs of aid. Further progress is required in untying technical assistance and food aid to the least developed countries.

50. Given the disproportionate impact of the global financial and economic crisis on African least developed countries, the meeting called for a special stimulus and resilience-building package for least developed countries for the next 10 years.

51. The meeting recognized the importance of increasing global liquidity to support African least developed countries in their efforts to cope with the impact of the global financial and economic crisis. In this regard, to meet their urgent financial shortfall, a Special Drawing Rights (SDR) allocation of \$100 billion should be made available to them at no interest cost.

**Attracting increased foreign direct investment flows to African least developed countries**

52. The Africa regional preparatory meeting underscored the important role that FDI can play in promoting sustained growth and development through technology diffusion, as well as its effect in enhancing efficiency and productivity.

53. Efforts should be made to channel FDI to support productive capacity development and diversification. Strengthening national, bilateral and multilateral efforts can go a long way in overcoming the constraints limiting the attractiveness of African least developed countries to foreign investment. Bilateral and multilateral partners can support them in attracting FDI by providing insurance to offset their high perceived political risk. Furthermore, FDI incentives by home countries to match measures taken by African least developed countries for attracting inflows and targeting them to priority sectors should be encouraged.

54. Given the increasing competition for FDI, African least developed countries should continue to improve their attractiveness to foreign investment through a number of fiscal and non-tax incentives. Fiscal incentives should be used as part of a broader policy package. In attracting FDI, they need to introduce targeted and sector-specific investment incentives to facilitate FDI into priority sectors.

**Leveraging the impact of remittances on development**

55. The meeting recognized the potential that migration and diaspora hold for the promotion of the economic, social and cultural development of all countries involved. In this regard, the meeting also welcomed the ongoing efforts for the establishment of the International Migrants Remittances Observatory for least developed countries and called for the implementation of the pilot programme initiated to prove the operational viability of the International Observatory with a view to extending its scope to all least developed countries. The meeting called upon development partners to further support the activities of the International Observatory.

56. Although remittances are disproportionately channelled to consumption, in some least developed countries they are increasingly being used for investment purposes, especially for financing small and medium enterprises. However there is a need to leverage the developmental impact of remittances. This could be done by channelling remittances through official channels, especially the financial system, and allowing foreign currency accounts.

57. In view of the growing importance and potential for export of services from least developed countries, the modalities for special treatment for least developed countries in the WTO negotiations on trade in services should be fully implemented. In this regard, priority needs to be granted to methods and mode of supply under Mode 4 of the General Agreement on Trade in Services (GATS).

**Ensuring debt sustainability**

58. There is continued need for lasting and comprehensive debt relief for least developed countries. Strengthened efforts are needed to ensure that recent gains under HIPC and MDRI are not eroded. The international community must also make efforts to address the debt problem of post-conflict countries, most of which are least developed countries, through fast-tracking their movement from

pre-completion points to completion points. Furthermore resources earmarked for debt relief should be additional to development finance.

59. Ensuring full participation of all multilateral creditors in the HIPC is also essential for addressing the debt problem of the least developed countries. This is especially important in light of the proliferation of new creditors for African least developed countries. There is also a need to consider a debt moratorium for African least developed countries to help them cope with the global financial and economic crisis.

#### **Mobilizing additional resources through innovative sources of funding**

60. The meeting underscored the increasing importance of new and non-traditional sources of development finance for African least developed countries. Given the importance of these new sources of funding for the development of these countries, there is a need for scaling and targeting them to all areas, especially productive sectors. Some of the schemes proposed include levies on airfares, taxes on foreign exchange transactions, and carbon financing. The meeting further invited African least developed countries to adhere to and participate in the Pilot Group on New Innovative Funding as called for in the Conakry Declaration of November 2008. The meeting also urged other developed and developing countries to support the work of the Group.

#### **Unleashing the benefits of trade for the development of the least developed countries**

61. Greater effort is required to promote diversification and production of high value-added goods and services in order to allow trade to play its role in the development of the least developed countries. This must be complemented by measures to deal with commodity problems, including the establishment of commodity security stocks and other measures protecting the productive capacities of the least developed countries from the adverse volatility of global markets. Measures should also be put in place to address the factors that have contributed to increased volatility of food and commodity prices such as the use of commodities for biofuels and excessive speculation.

62. African least developed countries have developed strong tourism industries in recent years but face increasing competition from other developing countries. In order to remain competitive in this market, they need to upgrade the quality of their tourist products and services ranging from accommodation, catering and security to other aspects. Full implementation of modalities for special treatment of least developed countries in the WTO negotiations on trade in services could go a long way in increasing service exports in least developed countries. Promoting domestic and regional tourism could also be important in minimizing the impact of global downturns on the tourism sector in African least developed countries.

63. An enhanced level of support is needed to help the least developed countries increase their share of world trade through provision of adequate and predictable market access for the products of special export interest to them. Full implementation of duty-free and quota-free market access by developed countries and developing countries in a position to do so, in line with the decision of the WTO Hong Kong Ministerial Conference would go a long way in ensuring the beneficial

integration of the least developed countries into the world economy. Non-tariff barriers continue to impede their efforts to increase their trade and this should be addressed in the context of the ongoing Doha Development Round of trade negotiations.

64. There is a need to simplify rules of origin to make them more transparent. Allowing for regional and South-South cumulation would enable least developed countries to optimize the benefits of preferential trading schemes.

65. Non-tariff barriers constitute a significant market entry barrier for the least developed countries. In particular they need to be supported in setting up a standards-related infrastructure to enable them to participate in and cope with the plethora of standards in global markets that their exports and potential exports face.

66. Domestic support in the developed countries undermines the capacity of small farmers in developing countries, especially the least developed countries, to compete in global markets. In this regard, there is a need for WTO-consistent, non-trade-distorting special measures aimed at creating incentives for smallholder farmers in the least developed countries, enabling them to increase their productivity and compete on a more equal footing on world markets. A timely, ambitious, comprehensive and balanced conclusion of the Doha Development Round of trade negotiations is urgent and would be important for fully harnessing the benefits of trade for the development of African least developed countries. There is also a need to facilitate their accession to the WTO.

67. Furthermore, African least developed countries need strengthened financial and technical assistance through Aid for Trade. This need is more urgent given the impact of the global financial and economic crisis on least developed countries. Resources for Aid for Trade, including the Enhanced Integrated Framework, should be increased and aligned to the national development strategies of individual least developed countries. Given the need to strengthen productive capacity development, development partners should also scale up more financial and technical assistance to support economic diversification and industrial development and strengthen the capacity of African least developed countries to meet their obligations, including technical barriers to trade.

### **Orienting macroeconomic policies towards growth, development and poverty reduction**

68. In view of the importance of macroeconomic policy for growth, poverty reduction and development, African least developed countries need to continue maintaining strong macroeconomic fundamentals based on policy space and policy innovation. Apart from the pursuit of short-run stabilization, macroeconomic policies should be geared at promoting sustainable development and mobilizing resources for financing productive capacity development and internationally agreed development goals in least developed countries. In this regard, greater flexibility is required in the conduct of macroeconomic policies to enable them to pursue counter-cyclical policies to support productive capacity development and finance the Millennium Development Goals. This is particularly urgent in the context of the current economic downturn and the need for the least developed countries to mitigate the impact of the global economic and financial crisis on their economies.

69. This calls for macroeconomic policies aimed at accelerating growth and reducing poverty. Fiscal policy must be aimed at increasing public investment in social sectors such as health and education, physical infrastructure as well as protecting government spending on programmes that target the poor. Public expenditure in least developed countries must also prioritize primary health care as well as universal access to essential services. In this regard, African least developed countries should take measures to strengthen ownership of their development policies through mainstreaming plans of action within their poverty reduction strategies or national development plans. Development partners and multilateral finance institutions should further reduce conditionality in their lending programmes to African least developed countries.

### **Ensuring agricultural development and achieving food security**

70. Considering that agriculture is a pivotal sector in African least developed countries, as it underpins food security, foreign exchange earnings, rural development and employment generation, and is facing extreme challenges, there is a need to reprioritize agricultural development in national and international development policies. The NEPAD Comprehensive Africa Agriculture Development Programme (CAADP) constitutes a good framework through which enhanced and coordinated support for agriculture in African least developed countries can be provided. African least developed countries should make further efforts to meet the target of allocating 10 per cent of their budget to agricultural development as called for in the Maputo Declaration. Development partners should align their support to agriculture for African least developed countries to the priorities of NEPAD, as spelled out in CAADP.

71. Development partners should also increase financing to the agriculture sector to enable African least developed countries to expand agriculture and food production through increased investment in agriculture, agribusiness and rural development. The L'Aquila initiative adopted by the G-8 Summit which aimed to mobilize \$20 billion for agricultural development and food security in the poorest countries is welcome and should be fully implemented. Special support must be given to smallholder farmers in African least developed countries to enable them to access locally adapted seeds, fertilizers, animal feed and other inputs in order to increase agricultural production.

72. Increased investment will be needed in science and technology for food and agriculture. Increased international support should be directed to research and development, applying, transferring and disseminating improved technologies and policy approaches. There is a need for African least developed countries to establish a clear regulatory and policy balance for production and trade of biofuels in the interests of safeguarding food security. African least developed countries and their development partners should launch an African green revolution within the framework of CAADP to substantially increase agricultural yields and reduce hunger. The role of the Alliance for a Green Revolution in Africa (AGRA) funded by the Bill and Melinda Gates Foundation is welcome and should be further supported by other development partners, as well as international agricultural research centres. There is also a need to support infrastructure development in agriculture such as irrigation schemes and storage and processing facilities.

73. Given the impact of the food crisis on food security in African least developed countries, there is a need for the international community to increase funding for short-term food emergency. On their part the least developed countries should put measures in place to avoid disruption in food supply due to external shocks. Maintaining sufficient buffer stocks of essential food commodities would be critical in this regard.

74. Given that the banking sector is unlikely to finance agricultural activities, the least developed countries should explore options for establishing special funds or agricultural development banks to channel finance for agricultural development. This could also be supported by development partners as well as philanthropic funds.

75. Climate change poses a significant challenge to food security and the agriculture sector, and is expected to adversely affect the least developed countries and other vulnerable countries. Efforts to address climate change must allow for mitigation options and a firm commitment to the adaptation of agriculture, including through conservation and sustainable use of genetic resources for food and agriculture.

### **Dealing with the challenge posed by climate change**

76. Climate change and environmental degradation are affecting African least developed countries severely and present significant threats to the achievement of the Millennium Development Goals. Owing to the low level of development and limited policy space, the least developed countries are disproportionately impacted by climate change. This is despite the fact that they contribute least to greenhouse gas emissions.

77. To effectively address climate change, the least developed countries should integrate climate change into their national development frameworks and plans and promote environmentally friendly development policies in the context of sustainable development.

78. Developed countries should support the least developed countries in adapting to climate change through providing adequate, predictable, sustainable financial resources aimed at reducing vulnerability, to enable them to strengthen their resilience to climate change.

79. This must be complemented by the transfer and diffusion of affordable environmentally sound technology and capacity-building to the least developed countries to support the implementation of their adaptation programmes. Development partners must deliver a new Green Deal for the least developed countries, aimed at ensuring green production and consumption patterns and bottom-up fostering of climate- and environment-friendly productive capacity in manufacturing, agriculture, and services.

80. African least developed countries welcomed therefore the establishment of a High-level Advisory Group on Climate Change Financing by the Secretary-General of the United Nations earlier this year to mobilize resources committed by development partners in Copenhagen to help developing countries, especially the most vulnerable countries, to adapt to and mitigate the impact of climate change.

### **Combating drought, desertification and land degradation**

81. Desertification and land degradation pose a serious threat to African least developed countries, adversely affecting agricultural activities, rural and urban development, land use, water resources, and efforts for eradication of poverty and hunger and promotion of health and well-being in desert and adjacent areas.

82. The acquisition, transfer and development of modern technology, capacity-building and the promotion of traditional knowledge to improve land and water management policies are essential to reverse land degradation and its consequences. Improving soil and water use can positively impact land productivity and the resilience of farming systems.

83. Much greater attention to desertification and land degradation in African least developed countries by the global community is needed. This includes, inter alia, supporting the establishment and development of information centres specialized in the monitoring and combating of desertification, and providing assistance to facilitate the incorporation of strategies and priorities to combat desertification into national sustainable development policies for African countries. Greater investment by donors and development banks and greater cooperation among United Nations agencies and the Rio Conventions is needed to promote sustainable land and water management.

84. The United Nations Convention to Combat Desertification is one of the tools for poverty eradication, and reiterates the resolve to eradicate extreme poverty, promote sustainable development and improve the livelihoods of people affected by drought and/or desertification. The meeting called for substantial, additional resources for the land degradation focal area during the fifth replenishment period of the Global Environment Facility.

### **Managing disasters and mitigating risk**

85. The meeting expressed support and solidarity with Haiti for the devastating earthquake that hit the country, causing the destruction of its infrastructure, and the deaths of thousands of its people.

86. The meeting expressed its deep concern at the number and scale of natural disasters and their increasing impact in recent years, which have resulted in massive loss of life and long-term negative social, economic and environmental consequences for vulnerable societies in African least developed countries that hamper the achievement of their sustainable development.

87. It also recognized the urgent need to further develop and make use of existing scientific and technical knowledge to build resilience to natural disasters, and emphasized the need for African least developed countries to have access to appropriate, advanced, environmentally sound, cost-effective and easy-to-use technologies so as to seek more comprehensive solutions to disaster risk reduction and to effectively and efficiently strengthen their capabilities to cope with disaster risks, especially through strengthening early-warning systems.



## **Improving governance and promoting peace and security**

88. Considerable progress has been made by African least developed countries, inter alia, in the promotion of democracy, human rights, the rule of law, transparency, accountability, combating corruption and other legal and institutional mechanisms, as well as in strengthening human and institutional capacities and macroeconomic reforms.

89. Commendable progress has been achieved in implementing the African Peer Review Mechanism, in particular the completion of the peer review process in the national programmes of action in a number of countries, resulting from these reviews. African States that have not done so are urged to consider joining the Mechanism as soon as possible and to strengthen the Mechanism process for its efficient performance.

90. The meeting also took note of the efforts by the least developed countries to improve transparency and accountability in industry through participation in voluntary global mechanisms, including the Extractive Industries Transparency Initiative, and urges them to promote transparency and accountability in industry.

91. The meeting further underscored the importance of promoting and improving transparency and accountability in the public, private and corporate sectors in order to enable the least developed countries to maximize the benefits that accrue to them from the extractive industries, taking into account, where appropriate, the implementation of relevant initiatives on extractive industries.

92. Strengthening the rule of law, enforcing property rights and combating corruption are all essential to improving governance. In the wake of the global financial and economic crisis, addressing the structural problems of the least developed countries would require a rebalancing of the roles of the State and the market. The meeting called for a greater role of the State in the development of the African least developed countries.

93. While some progress has been made towards improving governance of key multilateral institutions such as the World Bank and the International Monetary Fund (IMF), the representation and voice of African least developed countries remains marginal. The meeting urged development partners to broaden and strengthen the participation of the least developed countries in international economic decision-making and norm-setting and in this regard calls upon the international community to undertake pragmatic and innovative measures to further enhance their effective participation in international dialogues and decision-making processes.

94. Peace and security is a condition sine qua non for growth and sustainable development. Enhanced efforts are required to help build durable peace and sustainable development in the least developed countries. The support of the international community, including the United Nations, is vital for strengthening national, subregional and continental efforts aimed at peacebuilding, including capacity for conflict mediation, resolution and management and post-conflict consolidation. Special support should be provided to post-conflict countries to enable them to achieve a smooth transition from relief to development. The United Nations Peacebuilding Commission has emerged as an important addition to the

global institutional architecture for peace and development and should be further strengthened to enable it to fulfil its mandate.

#### **IV. Appreciation and vote of thanks**

95. The participants expressed their appreciation to the people and Government of Ethiopia for their kind hospitality. The participants also expressed their gratitude to ECA, OHRRLLS and UNDP for their excellent preparations and generous support for the success of this meeting. Finally, the participants expressed their sincere thanks for the pivotal role and commitment played by Turkey in the organization of the Fourth United Nations Conference on the Least Developed Countries.

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**Annex****List of countries and organizations which participated in the meeting****Countries**

Benin  
Burkina Faso  
Burundi  
Central African Republic  
Comoros  
Democratic Republic of the Congo  
Djibouti  
Equatorial Guinea  
Ethiopia  
Gabon  
Gambia  
Guinea  
India  
Lesotho  
Liberia  
Madagascar  
Malawi  
Mali  
Mozambique  
Nepal  
Niger  
Senegal  
Sierra Leone  
Solomon Islands  
Somalia  
Spain  
Sudan  
Togo  
Turkey  
Uganda  
United Republic of Tanzania  
Zambia

**United Nations and other organizations**

Common Fund for Commodities  
Economic Commission for Africa  
Food and Agriculture Organization of the United Nations  
International Labour Organization  
International Telecommunication Union  
International Trade Centre  
Joint United Nations Programme on HIV/AIDS  
LDC Watch  
Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States

Office of the United Nations High Commissioner for Human Rights  
Office of the United Nations High Commissioner for Refugees  
United Nations Children's Fund  
United Nations Conference on Trade and Development  
United Nations Development Fund for Women  
United Nations Development Programme  
United Nations Framework Convention on Climate Change  
United Nations Industrial Development Organization  
United Nations Liaison Office — African Union  
United Nations Population Fund  
World Food Programme  
World Intellectual Property Organization  
World Meteorological Organization  
World Trade Organization

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