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President: Mr. Abdul Momen (Vice President) .... (Bangladesh)

Contents

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In the absence of Mr. Kapambwe (Zambia), Mr. Abdul Momen (Bangladesh), Vice-President, took the Chair.

The meeting was called to order at 10.10 a.m.

Implementation of and follow-up to major United Nations conferences and summits (*continued*)

(a) Follow-up to the International Conference on Financing for Development (*continued*)

Panel discussion on "Building on Istanbul: financial support for development efforts of least developed countries, including through South-South and triangular cooperation"

1. **The President** said that the Istanbul Programme of Action was an ambitious, forward-looking plan for the least developed countries (LDCs) that provided a sound framework for development cooperation over the coming decade. Its objectives, along with the Millennium Development Goals (MDGs), were achievable if adequate resources were made available.

2. A mutual compact between LDCs and their development partners was required to meet the goal of halving the number of LDCs by 2020. Several key points had emerged from the special high-level meeting held in March 2011 between the Economic and Social Council and the Bretton Woods institutions, the World Trade Organization (WTO) and the United Nations Conference on Trade and Development (UNCTAD). The international community needed to take a more holistic, targeted and integrated approach to development in LDCs, with a focus on developing and diversifying their productive capacities. Such investment and the creation of decent jobs were keys to achieving the MDGs.

3. The mobilization of domestic resources could be fostered by broadening the tax base, fighting corruption, and increasing transparency and accountability in LDCs. The private sector had a key role to play in providing technology transfers and could be mobilized through: targeted plans for project development; the use of risk mitigation tools; the setting of performance benchmarks; and the use of new technologies and social media tools for financing for development.

4. The Doha Round of multilateral trade negotiations needed to be concluded in order to increase the benefits of trade for LDCs. Especially important was the provision of 100 per cent duty-free and quota-free access for products exported by LDCs and the elimination of cotton subsidies. The international community should also increase aid for trade with a view to enhancing trade-related infrastructure in LDCs.

5. Donor countries should establish clear timetables to meet their aid commitments and thereby enable recipient countries to plan for the long term. Official development assistance for LDCs was currently less than 0.1 per cent of developed countries' gross national income. Under the Istanbul Programme of Action, they had committed themselves to increasing that ODA to between 0.15 per cent and 0.2 per cent.

6. Possible mechanisms for dealing with debt sustainability of LDCs included the renewal of the Heavily Indebted Poor Countries (HIPC) initiative, a debt moratorium and debt standstills. South-South and triangular cooperation should go beyond financing to include such areas as: trade; infrastructure; industrial projects; energy and energy security; and research and development. The capacity of regional and subregional mechanisms and institutions for cooperation needed to be maximized, as they played an important role in pooling resources, diversifying risk and mobilizing new development finance on capital markets. The financing for development process and the Development Cooperation Forum of the Council were important platforms for the promotion of South-South cooperation.

7. **Mr. Diarra** (Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States), speaking as moderator, said that donor countries had made commitments since 2000 to deliver more and higher quality aid, and to channel a substantial part of it to LDCs. In turn, recipient countries had pledged to step up efforts to mobilize domestic resources and ensure that better use was made of aid.

8. International initiatives culminating in the Istanbul Programme of Action had been accompanied by the emergence of mechanisms known as "innovative sources of finance", including levies, taxes, voluntary contributions, insurance schemes, thematic global trust funds and distribution systems for global environment services. There was, however, concern about the extent

to which their frequently sector-specific nature matched the priorities and needs of LDCs.

9. LDCs continued to be buffeted by enormous global change. The economic and financial crisis had cut into their export receipts and financial flows, including foreign direct investment (FDI) and remittances, compromising their capacity for development. The emergence of economies such as Brazil, China, India, the Russian Federation and South Africa had created new opportunities for development and trade, but the challenge was to ensure that such opportunities contributed to the building of productive capacity and the accelerating of structural transformation rather than locking LDCs into production structures that entailed low economic growth and development or left them as mere sources of raw materials. Lastly, climate change had brought new challenges and LDCs needed full access to climate-related funding mechanisms, such as the Clean Development Mechanism.

10. **Mr. Acharya** (Permanent Representative of Nepal to the United Nations in New York and Chair of the Global Coordination Bureau of the Least Developed Countries) said that two thirds of the 48 LDCs were in Africa, one third in the Asia-Pacific region and one (Haiti) in the Western hemisphere. They were the poorest and weakest sector of the international community, with more than 75 per cent of their total population living on US$ 2 a day. Only three countries had managed to graduate from LDC status to that of developing country.

11. LDCs suffered from limited production capacity, a severe infrastructure deficit and a lack of human and social development. Institutions of government were inadequate and many LDCs were also embroiled in or emerging from conflict. The economic and financial crisis, food and energy price volatility and climate change had increased inequality and adversely affected gains made by LDCs.

12. There was no doubt that LDCs had to take more responsibility for their own development. However, in an increasingly integrated world, continued marginalization of LDCs was neither morally defensible nor economically or politically desirable. At the meeting preceding the adoption of the Istanbul Programme of Action, it had been concluded that, after years in which efforts had been concentrated on human and social development in the context of the MDGs, more needed to be done to strengthen productive capacity in all sectors of LDCs with a view to achieving their structural transformation and integrating them into the global economy. That goal had to be combined with continued progress in human and social development and efforts to build resilience to external economic shocks. Failure to make progress on one of those objectives would undermine efforts to achieve the others.

13. Halving the number of LDCs by 2020 required efforts at a national level and strong global partnership. The Istanbul Programme of Action included a target of at least 7 per cent annual growth for LDCs, the minimum required to make any impact on poverty. Objectives of the programme included the provision of enhanced financial resources and their effective use for the development of LDCs through the mobilization of domestic resources and private sector development. The quality, quantity and effectiveness of ODA needed to be examined closely, along with trade, external debt relief, FDI, technology transfers and remittances. Governance in the recipient countries also had to be strengthened, with a view to enhancing their capacity to develop pro-poor policies and activities.

14. Low per capita domestic income had led to low levels of savings and investment, and a small tax base. Although tax accounted for an average of 10 per cent to 15 per cent of gross domestic product in LDCs, at least 25 per cent was required to invest in infrastructure, the productive sector and human resources. More domestic resources could be mobilized by broadening tax bases, combating corruption and improving transparency and accountability. International cooperation on tax matters was a key to reversing the flight of capital from LDCs.

15. However, more than half of expenditure on development in LDCs depended on ODA. In the past few years, ODA had grown from US$ 14 billion to US$ 37 billion, but that figure fell short of the amounts pledged by donor countries. LDCs looked to them to maintain their pledge of increasing ODA to LDCs to at least 0.15 per cent of gross national income by 2015. Given the multiple obstacles to development faced by LDCs, that figure would need to be further increased subsequently.

16. ODA had to be distributed more evenly across countries and sectors, based not only on performance by LDCs but also on their needs. Directing a greater

proportion of ODA to the productive sector would help attract more private investment. It was equally important that ODA to LDCs remained stable and that volatility in disbursements should be eliminated. Mutual accountability should be ensured and ODA channelled through the budgetary systems of LDCs, thereby enabling them to plan for the long term. Innovative sources of financing had awakened much interest but could only be complementary to ODA.

17. Improved trading conditions for LDCs would enhance their competitiveness and their share of exports, which in turn would boost economic growth and development. Improved access to markets, through duty-free and quota-free access for all products exported by LDCs, would greatly contribute to their capacity to mobilize resources and had to be achieved as early as possible.

18. Since the crisis of 2009, the ratio of external debt to exports in LDCs had increased. A standstill mechanism for debt was vital and measures set out in the Istanbul Programme of Action needed to be implemented. Action to relieve debt should not lead to a reduction in ODA or trade initiatives. South-South and triangular cooperation were important but could not be a substitute for North-South cooperation. Coherence across all sectors, between different institutions of the United Nations, between the United Nations and other bodies, and between LDCs and their development partners, was essential for meeting the aims of the Istanbul Programme of Action.

19. **Mr. Lewis** (Director, Economic Policy and Debt Department, World Bank) said that concerns raised by the World Bank's Global Monitoring Report 2011 about the impact of the recent crisis on official development assistance (ODA) financing for low-income countries had not so far been justified by the volume of aid flows in 2010, which had increased by 6.5 per cent compared with 2009. However, since the effects of financial crises might not be felt for some time, aid provisions would have to be closely monitored over the coming years.

20. A number of international meetings had been held to try to find a solution to the increasing fragmentation of aid donors. Thus far, progress had been uneven and aid consolidation and coordination were not moving in the right direction. Consideration should be given to how to both address the challenges and optimize the advantages of the increasing number of untraditional bilateral donors.

21. Concerns had also been raised about the impact of the precipitous collapse in trade that had occurred over the past two years in the context of the global economic and financial crisis. The effect on low-income countries had been mixed: those that had been integrated into global markets had suffered considerably but had also benefited from the sharp global recovery, while those that had not been so well integrated had not been affected as badly, but had not had the advantages of recovery. Continued vigilance against protectionism and trade restriction measures was required.

22. International financial institutions and multilateral development banks had made progress within the international development framework by focusing on results-based lending and impact assessments to inform project design. Many of the multilateral development banks had received replenishment for their concessional arms, such as the World Bank's International Development Agency (IDA), which had received an 80 per cent increase in funds.

23. The World Bank attached particular importance to the growing role of South-South knowledge sharing and had been active in preparing for the Fourth United Nations Conference on the Least Developed Countries (LDC IV) in Istanbul. IDA, the main vehicle for World Bank support for LDCs, channelled concessional funding to low-income countries, including 47 of the 48 LDCs and a number of other smaller low-income States with vulnerable economies. The IDA 16 replenishment process would provide substantial additional resources and would encourage lending innovation to assist LDCs, with a particular focus on gender issues and help for fragile and conflict-affected countries. A crisis response window had been established under the replenishment process to enable the World Bank to respond more flexibly and effectively to future economic crises.

24. Over the past fiscal year, the World Bank had committed US$ 57 billion to developing countries. One area of particular concern for the World Bank had been the global food crisis, to which it had responded with the establishment of a response programme as well as a global agriculture and food security programme and a trust fund. In 2010 it had distributed US$ 16.3 billion

through the IDA facility. Half of those funds had been allocated to countries in sub-Saharan Africa, with some amounts earmarked for specific issues that had rendered countries in that region particularly vulnerable in the context of the crisis.

25. Turning to external debt relief and trade-related issues, he said that the Heavily Indebted Poor Countries (HIPC) Initiative had mostly been implemented. Of the 40 eligible HIPC Initiative countries, 32 had reached the completion point and received debt relief. Average debt servicing payments by post-decision-point HIPCs as a proportion of GDP dropped to around 1 per cent in 2009. There was evidence that as debt service decreased, expenditure on poverty reduction activities tended to increase.

26. Regarding concerns about external commercial debt, he said that the World Bank had a debt reduction facility, which was donor financed and helped countries to engage in buy-back operations. Most of that debt traded on a discount in secondary markets, since debt holders tended to have low expectations with regard to receiving repayment in full. Some countries had external commercial debt that was greater than their overall official debt. Failure to address the issue of external debt would therefore mean that even if official debt was serviced those countries would not be financially stable.

27. Trade liberalization and integration should be supported as a means of providing sustainable poverty reduction in many low-income countries. Duty-free, quota-free access to markets for LDCs should be promoted, since it would effectively lift 3 million people over the poverty line. The World Bank was working to expand the reach of Aid for Trade with a focus on low-income countries. Sub-Saharan Africa had received around 40 per cent of Aid for Trade in 2009. The World Bank Group was the largest provider of Aid for Trade projects, with activities focusing on improving private sector competitiveness, reducing trade costs through capacity-building projects, expanding the supply of trade-related infrastructure, promoting regional integration, advocating liberal trade policies by G-20 countries and promoting multilateral cooperation.

28. **Mr. Paugam** (Deputy Executive Director, International Trade Centre) said that although Aid for Trade was a recent concept, it was a key element of financing for development. It currently amounted to US$ 40 billion per year. Technical assistance for trade provided by the International Trade Centre accounted for 1 per cent of total trade assistance. Aid for Trade had three main positive characteristics: it was efficient, provided innovative solutions to the problems of growth distribution, and contributed to development policy coherence.

29. Aid for Trade was efficient, since it enabled public funds to be leveraged to mobilize export revenues for the benefit of LDC development efforts. The main aim of Aid for Trade was therefore to strengthen private-sector export capacities to create a self-sustaining growth dynamic for exports. That aim could be achieved through action at two levels: firstly, that of small- and medium-sized enterprises (SMEs), and secondly, that of trade support institutions, such as chambers of commerce and industry, professional associations and external trade promotion agencies. Aid for Trade could support SMEs throughout the trade process, from production to marketplace. It could take the form of market information, information on market access, transport, logistics, export financing or distribution. With regard to trade support institutions, the aim of Aid for Trade was to establish the local institutional infrastructure that would enable efforts at the enterprise level to be sustained and increased, without the need for external assistance. While the specific results of Aid for Trade remained unknown, midterm indicators showed that it was having a positive impact on LDCs.

30. Aid for Trade could be a source of innovative solutions to promoting more inclusive growth. Although dynamic exports had a positive effect on growth, the connection between growth and poverty reduction was not automatic. Aid for Trade had therefore been developed as an approach that did not focus exclusively on a quantitative increase in exports, but rather channelled the benefits of participating in an international economic system towards the most vulnerable populations. That approach could include promoting the products made by poor communities among large international buyers: in the tourism sector, for example, poor producers of handicrafts could be connected with large tour operators. The role of women in export could also be promoted, in order to increase their training and competence and thus boost their role in the trade process. Those approaches to Aid for Trade would have an important impact on the income of the populations concerned.

31. Aid for Trade could contribute to coherence within LDC development strategies, since it was an all-encompassing approach that presupposed inter-ministerial dialogue, dialogue between governments and the private sector, as well as general dialogue with the different agencies supplying aid. The competitiveness required for export in the private sector went beyond the remit of a single ministry, since it encompassed issues of regulation, tariffs, customs procedures, funding, transport and logistics. The process of drawing up national export strategies called for lengthy consultations with the private sector, academia and government ministries. Preparation for WTO accession also required a comprehensive approach, using public-private dialogue to foster trust during negotiations and to identify the trade opportunities that would arise from accession.

32. Two main challenges remained following LDC IV in Istanbul: the first was to consolidate the role of Aid for Trade in the international support strategy for LDCs, and the second was to adapt Aid for Trade to economic evolution in those countries. In order to meet the first challenge, the impact of Aid for Trade must be better understood, action by the international community must be made more effective, and the volume of Aid for Trade allocated directly to LDCs should be increased. The second challenge could be met by diversifying Aid for Trade, which currently focused on basic products and progression through the value chain, to take account of the economic potential of LDCs with respect to the service sector, in particular tourism. Dialogue with the private sector and measures to ensure inclusive growth were also essential.

33. **Mr. Yu** (Programme Coordinator, Global Governance for Development Programme, South Centre) said that international cooperation for development would be crucial for helping vulnerable LDCs and other developing countries to overcome the multiple crises that they faced, including the global financial crisis. It had emerged from the Istanbul Programme of Action (IPA) that long-standing international assistance commitments to the LDCs were not being met by the developed nations. In order to overcome the development gap more focus should be placed on developing the productive capacity of LDCs, while aiming for sustainable development. By diversifying their economies, LDCs should become more resistant to external shocks, including those triggered by climate change. In the North countercyclical fiscal policies were giving way to fiscal tightening, which meant that LDCs would need to find ways of addressing the financing gap. He suggested six ways in which the development of LDCs could be best financed, as had been outlined in the IPA.

34. First, the developed countries had to meet their development aid commitments, providing measurable, reportable and verifiable financing. In order to narrow the gap between ODA commitments and LDC needs, an appropriate multilateral measurement, reporting and verification mechanism, such as that used at the Organization for Economic Cooperation and Development (OECD), would be required. Moreover, ODA needed to be shifted towards supporting productive capacity while financing the social sector in LDCs. The ultimate aim was for LDCs to graduate not only to developing status but, in the longer term, to developed status. LDCs should be helped not through isolated projects but by creating the infrastructure needed to build innovation societies based on technology.

35. Second, new non-debt-creating development financing had to be made available for developing countries, for example through the creation of new special drawing rights.

36. Third, countercyclical multilateral lending facilities needed to be established for LDCs and other developing countries.

37. Fourth, non-financial multilateral mechanisms should be introduced to ensure that rapid outflows of capital from LDCs and other developing countries did not have adverse effects on their economies; they might include debt standstills and moratoriums and capital controls. A multilateral sovereign debt restructuring mechanism could be created under the auspices of the United Nations. An international debt arbitration system would also be useful.

38. Fifth, sustainable development should be pursued in the LDCs in the context of climate change. According to the World Economic and Social Survey 2011, global energy-related infrastructure investments of US$ 65 trillion were required between 2010 and 2050, much of which would have to be transferred to the LDCs and other developing countries, which dwarfed the developed world’s pledges to combating climate change. Moreover, that huge investment should not be at the expense of ODA commitments and should be multilaterally measurable, reportable and verifiable

as a separate commitment within the United Nations Framework Convention on Climate Change (UNFCCC). That infusion of finance should be consistent with the sustainable development requirements of the LDCs and other developing countries.

39. Sixth, the necessary flexibility had to be introduced into policies concerning LDCs and other developing countries with regard to trade and intellectual property. In that regard, the waiver for LDCs approved by the WTO Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS) should be extended beyond 2013. Moreover, policy-restrictive lending conditionalities should be abolished.

40. Lastly, while South-South cooperation was important, the IPA was right to make it clear that it was complementary to North-South development cooperation based on ODA commitments.

41. **Ms. Vitie** (Finland) said that ODA commitments must be honoured in order to finance the development of the LDCs. Several of Finland's long-term cooperation partners were LDCs and one third of its ODA went to LDCs, a sign of her country's commitment. In view of their important role in implementing the IPA, she asked the panellists how the emerging donors might help to finance the needs of LDCs. Another key element of the IPA was its focus on previously neglected productive capacity support, an area where the emerging donors were more active. The enabling environment had been improving in many LDCs and the fourth United Nations Conference on the Least Developed Countries (LDCs) had made a good start on involving the private sector. She wished to know how that sector could be more closely involved in implementing the IPA.

42. **Mr. Hunt** (International Labour Organization (ILO)) said that ILO strongly supported maintaining and even increasing the level of ODA to LDCs, in keeping with the Accra Agenda for Action, the Doha Conference on Financing for Development and the Paris Declaration. However, any increase in ODA must result in significant employment growth and investment in social protection if the LDCs were to end extreme poverty. Yet the employment growth rate in LDCs from 2000 to 2009 had been only 2.9 per cent per annum, whereas GDP had grown by as much as 10 per cent in Africa in 2007. In order to meet the Millennium Development Goal (MDG) on poverty eradication, LDCs would need to double the rate of employment that provided income at least equivalent to the poverty threshold of US$ 1.25 a day.

43. ILO had been involved in South-South cooperation since the 1970s, through technical cooperation among developing countries. Since 2005 it had launched several South-South cooperation agreements, with Brazil, Chile, China, India, Morocco, Panama, South Africa and Turkey. It had begun to move towards triangular cooperation too, but while South-South cooperation was on the increase it had to be seen as a complement to, not a substitute for, North-South cooperation. The most important aspect of South-South and triangular cooperation was the tremendous potential for knowledge sharing, crucial for the development of the LDCs.

44. **Ms. Ormancı** (Observer for Turkey) recalled that, at the fourth United Nations Conference on the Least Developed Countries (LDCs) in Istanbul, world leaders had promised to help half of all LDCs to graduate from LDC status by 2020. In implementing the ambitious IPA, a coordinated approach should be taken, engaging all relevant players. Turkey had been and would continue to be committed to assisting the LDCs and the prime minister had announced an economic and technical package worth US$ 200 million per annum for the next decade. Inspired by South-South cooperation, the package focused on improving productive, institutional and human capacity.

45. Implementation of the IPA was closely linked to the Millennium Development Goals (MDGs) and climate change negotiations. The concerns of LDCs should remain on both agendas while every effort should be made to successfully conclude the Doha Development Round of the World Trade Organization (WTO). As a member of the G-20 and an emerging donor, Turkey would continue to advocate LDC issues at all international forums. Since Turkey believed that the private sector was an important agent for change and development in the LDCs, she asked how the panellists thought that dialogue between the LDCs and the international private sector could be strengthened.

46. **Mr. Alami-Hamedane** (Morocco) said that Morocco had developed both specific and diversified South-South cooperation, in particular with African LDCs and island States, in areas such as human development, trade and science and technology. Morocco had granted African LDCs free access for

their exports, cancelled their debt and helped to set up a legal framework for speedier regional and subregional integration, through trade and investment protection agreements, incentives for economic operators and encouragement for public-private partnerships. Against a challenging background of international political turmoil, in particular in the Arab region and Africa, Morocco had taken measures aimed at mutually promoting trade and investment with its African partners. Under the right conditions for regional and subregional integration, investment would be further facilitated.

47. LDCs accounted for only 1 per cent of world trade, attracted a tiny share of foreign direct investment (FDI) and still suffered from structural handicaps, while most had made unsatisfactory progress towards achieving the MDGs. The international community had to join forces in attacking the root causes and the political and social constraints that kept LDCs off the road to progress and prosperity. Efficient and renewed international cooperation was needed, with international support measures tailored to each country, region and subregion so that the LDCs could make irreversible progress towards development and poverty eradication. The international community needed a new generation of measures, targeting its support with precise, measurable and feasible objectives backed by adequate resources. Since external financial resources had to be mobilized, he called on the donor community to honour its development aid commitments even though they unfortunately did not suffice.

48. **Ms. González** (Bolivarian Republic of Venezuela) said that the international financial and economic system was dominated by financial speculation and oppressed the developing world, in particular LDCs. Her country was alarmed that the critical situation of LDCs continued to deteriorate in the midst of the global capitalist crisis. The goal of eradicating poverty by 50 per cent would be missed unless donor countries set aside 0.7 per cent of their GDP to ODA. The developed countries must honour their pledges, as the international community was responsible for the development of LDCs and substantial improvement in the living conditions of their inhabitants.

49. The Bolivarian Republic of Venezuela again supported calls by the Group of 77 and China to the developed countries to increase their voluntary contributions to the United Nations funds and programmes and to honour the commitments made at United Nations conferences and summits. One model of financial solidarity was Petrocaribe, a South-South cooperation mechanism that guaranteed 18 Caribbean countries access to the oil that they needed for their development. She highlighted the solidarity that her country had shown to Haiti, the only LDC in Latin America and the Caribbean: the Bolivarian Alliance for the Peoples of Our America had set up a humanitarian aid fund of US$ 100 million and had unconditionally cancelled US$ 400 million of the country’s debt. In response to a United Nations alert about the food crisis in the Niger basin in 2005, her country had sent aid to Burkina Faso, Mali, Mauritania and Niger through the World Food Programme. It also supported the Heavily Indebted Poor Countries (HIPCs) initiative in its efforts to alleviate the debt burden of LDCs in order to reduce poverty; debt relief should not, however, replace development aid. While countries had begun to receive assistance under the enhanced initiative for HIPCs, the conditions prevented some eligible countries from doing so. Lastly, technical assistance programmes had to be tailored to each country; the lists of needs and definition of priorities should therefore be drawn up jointly with the beneficiary countries.

50. **Ms. Williams** (Observer for Barbados) said that greater emphasis needed to be laid on technology transfer in order to accelerate the development of LDCs and small island States. The waiver approved by the WTO Council for TRIPS had been helpful and its extension beyond 2013 was essential but not enough. Education programmes in technology transfer were required while research and development should switch from pure research to commercially viable projects.

51. South-South dialogue on technology transfer should be encouraged but, since the developing countries were struggling, the North-South dynamic should become more supportive of development in the South. Cooperation should be stepped up between the private sector in developed countries and government in developing countries and between the governments of developed countries and the private sector in LDCs and small island States. Capital was not enough; the absorptive capacity of developing countries had to be improved. The main difference between developed and developing countries might be their ability to absorb technology transfer.

52. **Mr. Christófolo** (Observer for Brazil) said that his country saw the IPA as an opportunity for the

international community to address the structural and institutional deficits faced by LDCs. It was their joint responsibility to ensure that half of all LDCs graduated from LDC status by the end of the decade. Having actively supported the process, Brazil was determined to intensify its cooperation with LDCs. Brazil did not consider itself to be an emerging donor but saw South-South cooperation as a mutually beneficial partnership between developing countries. Both South-South and triangular cooperation had a major role to play in helping LDCs to develop but only as a complement to North-South cooperation. ODA, in particular, should be increased; but whereas it had risen in recent years, the latest forecasts pointed to shortfalls in 2011. ODA given by the developed countries fell far short of the commitments made at Gleneagles. Although Brazil understood the constraints imposed by the global crisis, it should not be used as an excuse to delay support to the poorest countries. The developed countries should meet their ODA commitments, in particular the target of 0.7 per cent of GDP by 2015.

53. **Ms. Nemroff** (United States of America) agreed with the representative from Brazil that the developed countries must deliver on their ODA commitments. The United States had increased its ODA disbursements tenfold in the past decade.

54. She would welcome additional information from panellists on responsible borrowing and lending, especially in regard to commercial loans provided by emerging countries to LDCs.

55. With regard to the issue of enabling environments, the World Bank Doing Business reports, which ranked 183 countries on the quality of their enabling environment for entrepreneurs and small business, could be an important tool. It would be useful to obtain additional information about national efforts to create enabling environments.

56. **Ms. Yasmin** (Bangladesh) said that, as a member of the Bangladesh Parliament, she was aware that the poor placed their trust in public representatives. In 2000, people had placed their trust in the MDGs, which had provided them with development aspirations and offered a road map for creating a world free from poverty, hunger, illiteracy and disease. Unfortunately, it appeared that people's hopes would be dashed, given that many countries were off track on several MDGs. She would be interested in panellists' thoughts on ways to maintain people's faith in those goals or those embodied in the Istanbul Programme of Action.

57. Some progress had been made in mobilizing domestic resources so as to reduce dependence on foreign aid. There had been a shift in the mindset of public representatives in LDCs, who no longer believed that levying taxes could undermine their popularity and or endanger election prospects. However, until domestic resources could be fully tapped, countries like her own would have to rely on sources such as ODA, export earnings and remittances. She would welcome suggestions from panellists on alternative fundraising options during the transition period.

58, **Ms. Helle Ajamay** (Norway) said that climate change, although a global challenge, particularly affected LDCs. It was therefore important to link climate change, development and sustainable growth. Even if emission reduction targets were met, climate change would still have severe consequences, especially for the poorest countries. Norway's climate adaptation aid would thus increasingly focus on food security and disaster risk reduction.

59. Access to energy for all, both at household level and for industrial purposes, must be made a priority in financing for development. Her Government was currently preparing for an international conference on access to energy for all to be held in Oslo in October 2011. Norway had substantially increased its ODA allocation for renewable energy initiatives.

60. Aid was an important source of revenue for LDCs, and Norway was committed to allocating at least 1 per cent of GDP to ODA. However, other financial flows in and out of LDCs also needed to be examined since poor countries suffered greatly from illicit flows. Tax systems were crucial in both emerging and least-developed economies to securing increased revenues and building citizenship.

61. Emerging economies had changed the picture of international financial flows and international trade and some of them provided a substantial amount of aid to LDCs. Developing countries were key partners in future aid, debt relief, trade and investment efforts. At the same time, global systems for financing development must be strengthened, especially by broadening the financial basis of United Nations funds and programmes, including through voluntary contributions from middle-income countries.

Increasing the multilateral nature of funds and programmes would enhance their sustainability.

62. The Istanbul Programme of Action would reach beyond 2015 and serve as a platform for continuing efforts to fight poverty. Political will, good governance, protection of human rights and a particular focus on education and health, women and young people were crucial to achieving the MDGs. Emphasis must also be placed on the structural causes of poverty such as climate change, armed conflicts and illicit capital flows out of developing countries.

63. **Mr. Arvinador-Kanyirige** (Ghana), commending existing efforts by developed and developing partners to help build productive capacity in LDCs, said that greater emphasis should be placed on energy infrastructure development and support for national and regional industrial development strategies. To that end, it was important to leverage regional and South-South cooperation. He encouraged the United Nations and the Bretton Woods institutions to cooperate with the South Centre and other think tanks in providing support to regional groupings. Regional economic groups should mainstream the concerns of LDCs; develop national and regional industrial strategies that would effectively take into account the special interest of LDCs, post-conflict countries and landlocked countries; and provide a platform for regional cooperation to share perspectives and deepen cooperation.

64. **Ms. Siphiromya** (Observer for Thailand) said that Thailand's technical cooperation with LDCs focused on human resources development and productive capacity-building, especially SME development in agriculture, fishery and health. Regional integration could be an important catalyst for LDC development and Thailand would welcome international support in that area.

65. To increase the participation of LDCs in international trade, international support was required for private sector development, relevant institution-building and the promotion of trade negotiation skills. Acknowledging the efforts made by the United Nations, WTO and UNCTAD, she said that targeted programmes were required to improve LDC participation in that regard.

66. With regard to the increasing impact of climate change and natural disasters on LDCs, she asked whether the countries affected would be offered targeted financial support.

67. **Mr. Yu** (South Centre) said that the assistance provided to LDCs through South-South cooperation was based on solidarity, horizontal partnership, mutual respect and equality. South-South cooperation could not be placed on the same level as ODA. While developing countries might be able to assist LDCs, they also needed to address their own development needs. South-South cooperation must therefore be seen as complementary and based on voluntary partnerships.

68. South-South cooperation could be beneficial in several areas. Developing countries delivering technical cooperation were often at similar levels of development as the recipient country or had their own recent development experiences. They might therefore be in a position to offer more appropriate expertise, skills or technologies, or more cost-effective approaches to development solutions than traditional aid channels.

69. South-South trade and investment was another potential area of cooperation. Strengthening the General System of Trade Preferences (GSTP) and South-South regional integration were important elements. Regional integration networks could ensure complementarity in productive capacities and access to greater markets. South-South regional financial cooperation could provide regionally focused lending facilities and regional funds to help cushion the potential impact of new debt crises.

70. South-South cooperation in science and technology was also important, including in the area of climate finance and technology, as developed country technologies were not always well adapted to developing country contexts.

71. **Mr. Paugam** (ITC) said that emerging countries could extend assistance to LDCs through aid for trade, best practices sharing and the development of relevant benchmarks. Many emerging countries had valuable knowledge to share with LDCs. ITC had a benchmarking programme for all trade-promotion organizations, for example, and some emerging country organizations had state-of-the-art practices in terms of services to SMEs.

72. One way to strengthen links between LDCs and the international private sector at the macro level would be through WTO accession. At the micro level,

lowering trade transaction costs in LDCs would help facilitate access to international buyers.

73. In terms of building trust in the MDGs, he said that since their adoption ITC had progressively mainstreamed new perspectives such as gender equality, poverty alleviation and climate change into its export promotion activities. Thus, regardless of the level of MDG achievement globally, the MDG agenda had been shaping those of United Nations agencies and other international actors.

74. **Mr. Lewis** (World Bank) said that, while greater emphasis on the private sector would be useful, it should not become the focal point of attention at the expense of other aspects such as human development.

75. The relevance of technology transfer and the promotion of new technologies in terms of inclusive growth opportunities had been neglected for too long. Given the World Bank's focus on poverty alleviation, the objective was not the transfer of cutting-edge technology, but rather bottom-of-the-pyramid innovation that enabled low-income countries to progress.

76. Since an effective domestic resource mobilization system could not be created overnight, he advised developing countries to start with capacity-building, assessment and training. The World Bank had benchmarking tools on debt management, revenue mobilization and public finance management that helped countries take stock and take appropriate steps towards improvement.

77. With regard to responsible lending and borrowing, he said that norms and guidelines should be in place to ensure that lenders operated responsibly and borrowers understood the terms of lending. When assessing loans from newer donors, for example, emphasis should be placed on sensible investment. Infrastructure projects or transformative investments were useful; investments that were not directed towards building productive capacity were not.

78. World Bank Doing Business indicators were important reference tools for governments and ministries. However, underlying those benchmarks were much broader considerations that exceeded the scope of initiatives such as Doing Business. The latter should be viewed as an initial diagnostic to help reform-minded governments to identify opportunities and constraints. To complement Doing Business, the World Bank and other international agencies offered a range of tools, including investment climate analyses.

79. The World Bank used existing and new instruments to assist countries affected by climate change or natural disasters. One example was the use of catastrophe bonds in the Caribbean region. On some occasions, undisbursed funds from country programmes were retargeted and channelled into disaster relief. The World Bank was also engaged in multilateral efforts to set up climate investment funds, including the Green Climate Fund.

80. **Mr. Acharya** (Nepal) said that human and social development was crucial, but not sufficient to help LDCs escape from the poverty trap. Emphasis must be placed on productive capacity-building, and the role of the private sector was critical in that regard. In most LDCs, private-sector capacities were extremely limited. While enabling environments, rules and regulations were important, private-sector development required the promotion of SMEs, public-private partnerships and the development of banking and insurance sectors. Some of those aspects were reflected in the Istanbul Programme of Action which must be implemented promptly.

81. South-South cooperation would be highly beneficial in areas such as the sharing of development experience, technical cooperation, transfer of technology and best practices for low-cost and easily manageable technologies. The establishment of rules and regulations on investment, banking and financing was also vital.

82. A key emerging issue was climate change and its impact on vulnerable LDCs. LDCs had the least capacity to adapt to climate change and there was an urgent need for additional mechanisms to assist them in that area.

The meeting rose at 1 p.m.