

**Statement by Mr. Sandagdorj Erdenebileg, Director, Policy and Monitoring Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States at the Africa Civil Society Meeting in Preparation for the Fourth United Nations Conference on the Least Developed Countries**

Addis Ababa, March 4

Dear friends from civil society, non-governmental organizations, distinguished participants, Ladies and Gentlemen,

Firstly, allow me to express a warm word of gratitude to the Economic Commission for Africa, the United Nations Development Programme and LDC Watch for the wholehearted support extended to our Office during the preparations of this important meeting.

On behalf of the High Representative, who unfortunately could not be with us today due to a pressing commitment, I would like to note that UN-OHRLLS is deeply appreciative of the time and effort invested by all of you into the successful staging of this event.

Distinguished Participants,

As we undertake a comprehensive assessment of the implementation of the Brussels Programme of Action over the past decade, it is crucial that civil society - who has shown to be a true partner in the development of the LDCs - has the opportunities and the necessary space to make their contribution. As many of you are aware, the Brussels Programme itself recognizes the integral role civil society has in its implementation.

Indeed, over the past few years a number of initiatives have been undertaken by civil society as a follow up of the Brussels Programme. Civil society organizations have produced assessment reports on the implementation of the BPoA, and before today's meeting, NGOs have been engaged in the review process, including at national level in the preparation of national reports on the implementation of the Programme.

I am therefore confident that your insights and recommendations, informed by your interaction with the LDCs at the grassroots level, as well as the policy makers at the national and global level, will greatly benefit the process.

Ladies and Gentlemen,

Allow me to paint a broad picture of where we stand today: indeed, since 2001 a number of significant milestones have been reached in the effort to reduce poverty in the world's 49 most vulnerable countries.

For example, from 2004-2007, the LDCs as a group achieved an average growth rate of 7 percent annually. In 2008, growth decelerated to 6.4 percent but nevertheless remained better than the aggregate for all other developing countries.

In 2008, the World Bank issued a new series of internationally comparable poverty data, based on a new international poverty line of \$1.25, measured in terms of 2005 purchasing power parity. Data for about two thirds of the least developed countries confirm their continued high poverty rates but also show that progress, while limited, has been made in reducing poverty.

On the issue of good governance at the national and international levels, most LDCs have taken measures to promote democracy and improve governance. Elections that meet international standards are increasingly becoming the norm in the LDCs. In several instances, there has been an increase in the proportion of seats held by women; in a number of LDCs, the female share exceeds 30 percent, partially because of quotas for women.

The 2008 Transparency International Corruption Perceptions Index indicated that corruption was being reduced, albeit slowly, in many of the LDCs. As part of this process, several LDCs have signed the Extractive Industries Transparency Initiative.

These achievements are to some extent fruits of the determination of civil society organizations to hold their governments accountable to its people.

Ladies and Gentlemen,

All of us can agree that building human and institutional capacities is paramount to the development of LDCs. A positive sign in this regard is the progress made towards universal primary education. Some countries have achieved gender parity in primary education; in a few cases, there are now more girls than boys in primary school.

On the health front, progress in reducing mortality among infants and children under 5 years of age has been mixed, ranging from substantial improvements in a few countries to marked deterioration in others. In sub-Saharan Africa, the proportion of children between the ages of 12 months and 23 months vaccinated against measles, a simple proven means of reducing childhood deaths, rose from 55 percent in 2000 to 72 percent in 2006.

There has been some, but not universal, progress made in reducing HIV infections in many of the LDCs. With substantial international support, many of the LDCs have been able to increase significantly the number of people receiving antiretroviral therapy

Distinguished Participants,

Let me now turn to the subject of building productive capacities, which is key to the economic progress of the LDCs. Since 2000, most of the LDCs have continued their broad economic reforms and have taken a variety of steps to increase domestic and foreign investment, including the provision of incentives to domestic and foreign investors. Reform by the LDCs has contributed to substantial and widespread progress in raising their investment rates. The ratio of gross fixed capital formation to GDP for the group as a whole rose from 16 percent in 2000 to exceed the Brussels Programme target of 25 percent by two percentage points in 2007. Part of the increase in the investment rate is attributable to FDI in the LDCs, which increased by 150 percent between 2000 and 2007. Although concentrated in resource-rich countries, almost all of the least developed countries have succeeded in attracting increased FDI in recent years.

This is indeed a positive development, which should be encouraged.

Having said that, however, I should underscore that there remains room for improvement.

As we push beyond 2011, greater emphasis is needed on increased investments related to the development of productive capacities, namely productive resources, entrepreneurial capabilities and production linkages.

Understandably, the necessary investments to develop productive capacities and to relieve constraints on them are a formidable challenge for any country, but especially the LDCs, which are resource-strapped economies.

For this reason, it is important to emphasize that these investments should go beyond the current investment foci of many countries. Investment in entrepreneurial capabilities goes well beyond the current focus on universal primary education. It should include investment in technical and vocational training, secondary and tertiary education, research and development and extension schemes; investment in institutions goes well beyond an exclusive focus on anti-corruption measures and a favourable investment climate, it should also include the development of effective business support institutions and banks; and investment in physical infrastructure should go beyond current efforts to close the digital divide, it must also include investments in electricity grids and transport networks.

Another area in need of serious attention is trade-related services, which as many of you know, goes hand-in-hand with productive capacity and is, of course, an indispensable component of an enabling business environment.

Trade support institutions these days are understood to go well beyond dedicated trade promotion organizations and are more effective if they network the whole range of business services available to support export development. They include services relating to market information, training, quality management and standards, export finance, packaging, improvement of industry structure, FDI promotion and cluster development, benchmarking and

other promotional services. Measures include support to SMEs. Technical assistance should address critical trade support service requirements for exporters and contribute to institutional capacity building. These are all areas which should receive greater attention.

Ladies and Gentlemen,

Over the last 10 years enhanced trading opportunities has been a pre-occupation of the LDCs, and justifiably so. We should be reminded that although the LDCs account for less than 1 per cent of world trade, international trade plays a crucial role in their development prospects, accounting for about 50 percent of the GDP of the LDCs as a group. In nominal terms, the value of merchandise exports from the LDCs increased from \$83.3 billion in 2005 to \$128.5 billion in 2007, while imports increased from \$87.9 billion to \$101.4 billion during the same period, resulting in a positive trade balance.

In many instances, LDC exports benefit from the preferential trading schemes, including the Everything But Arms initiative of the European Union and, for African LDCs, the African Growth and Opportunity Act of the United States.

Since the adoption of the Brussels Programme of Action, flows of ODA to the LDCs have increased from less than \$13 billion in 2001, to \$32 billion in 2007. ODA to the LDCs also grew as a percentage of the gross national income of the OECD countries, from 0.05 per cent in 1996-1997 to 0.09 per cent in 2007, but remained short of the Brussels Programme target of between 0.15 and 0.20 per cent. Within the total, however only 8 of the 22 Development Assistance Committee countries met the target.

At this stage it would be remiss of me not to highlight the important role of remittances. Inflows of remittances from migrant workers from the least developed countries living and working in other countries have become an important source of development finance for their home countries and of general income for their families. For a handful of the LDCs, remittances from workers have become a larger source of foreign exchange earnings than exports; in a few cases, they are equivalent to as much as a quarter of gross domestic product.

At the early stage of the downturn in the developed countries, remittances were more resilient than other financial flows, but anecdotal evidence suggests that the flow of remittances has declined substantially, despite the desire of migrants to maintain or increase transfers to their families during a time of crisis. This potential decrease could cause severe hardships for poor households that depend on remittances for their livelihood.

Harnessing remittances for development remains an area ripe for further exploration, and it is my hope that in your deliberations over the next two days you afford some time to this crucial issue.

Participants,

What I have recounted is merely a snap shot of the current state of affairs in the LDCs. Undoubtedly, all of you are acutely aware of the reality that lies beyond the figures and statistics.

Poverty remains a staggering concern with 100 million more people forecast to join in the next decade the ranks of the 370 million – nearly half the total population of these countries – already living in abject poverty in the LDCs. Not only will these countries, by the current trends, miss the target of the Millennium Development Goals to halve the proportion of people living in extreme poverty by 2015, but the proportion of poor people will, in fact, increase. While other developing countries make progress, the LDCs are sinking deeper into poverty.

Ten years ago, we were faced with a different set of issues whereas today we have witnessed a sequence of global economic crises that have combined to present a major threat to the development of the LDCs.

I am pleased then that your discussions over the next two days will focus on the newly emerging challenges that thwart progress in the LDCs.

2008 was an extraordinarily challenging year for developing countries, and in particular the LDCs. The triple 'food, fuel and financial' crisis threatens global food and nutrition security and the achievement of the MDGs and poses a broad range of challenges – humanitarian, human rights, socio-economic, environmental, developmental, political and peace and security-related challenges.

It is true that the LDCs have remained relatively unscathed in the initial phases of ensuing global economic slowdown because of their limited involvement in trade in manufacturers. But as the International Monetary Fund warned, the economic slowdown is expected to have an impact on the trade performance of the least developed countries. Just as their sound export performances contributed significantly to improved growth in the LDCs in recent years, reduce export earnings are leading to widening current account deficits, depletion of international reserves, currency depreciation and reduced economic growth.

The food crisis has, in 2007 and 2008, thrown an additional 115 million of the world's most vulnerable people into chronic hunger, bringing the number of hungry people in the world to almost one billion, and reversing progress towards achieving the internationally-agreed hunger reduction.

Food security is, of course, a priority today and one that is likely to be with us in the foreseeable future.

At the global policy level, and of particular relevance to the LDCs because of their difficult food situation, in April 2008 the Secretary-General created a High-level Task Force on the Global Food Security Crisis, comprising members of the United Nations system, the Bretton Woods institutions and other relevant organizations. The Comprehensive Framework for Action prepared by the Task Force identified options for tackling all aspects of food security, including food aid and nutrition, smallholder farming and agriculture, local and regional food markets and global trade.

The CFA presents two sets of actions to promote a comprehensive response to the global food crisis. Both require urgent attention. The first set focuses on meeting the immediate needs of vulnerable populations. The second set builds resilience and contributes to global food and nutrition security. These actions are neither exhaustive nor exclusive. They are intended to guide assessments and strategies developed at the country level and support international coordination efforts.

In December 2007, as part of its response to the crisis, FAO launched the Initiative on Soaring Food Prices with the immediate aim of rapidly increasing food production during the 2008 and 2009 agricultural seasons, mainly by supporting direct access to inputs for smallholders. The recently approved EUR 1 billion EU Food Facility is a testament to the High Level Task Force capacity and commitment to this role.

Distinguished Participants,

As we embark on the comprehensive review of the Brussels Programme, it is clear that the goals and targets of the programme are elusive. If progress has been limited in the last 10 years, it is not for lack of a framework of action. The seven commitments of the Brussels Programme provided a comprehensive blue-print for partnership confronting the key challenges faced by the LDCs.

Indeed, civil society and NGOs are already playing a big role in many key areas of the BPOA. But greater engagement of civil society at all levels is needed to make the required progress. The potential of deeper partnerships needs to be exploited to the full.

The unique capacity of civil society to forge grand coalitions that transcend borders, running from the grassroots to the international level needs to be put to the service of the development cause of LDCs.

We have seen very successful civil society campaigns for debt cancellation, banning of landmines and for the establishment of the international criminal court; I believe the same level of success can be achieved in focusing world attention on the development needs of LDCs.

Many of you are well aware that financial resources alone are not sufficient to make an impact, because many population groups face serious barriers when trying to access basic services. The barriers are physical, legal, financial and socio-cultural in nature.

The poor are not a homogenous group; different groups face different barriers and many groups face multiple barriers. Barriers include the remote location of many poor groups, the low capacity of service providers and low quality of service. The inability of the poor to pay for services is a major financial barrier to access.

Overcoming such barriers to improving the provision of services requires a variety of strategies because different groups often confront different barriers and local conditions vary. It is important to match services to the unique conditions and needs of the users.

The Office for LDCs, LLDCs and SIDS is therefore eager to hear your ideas not only on the implementation of the Brussels Programme, but also on how to enhance the contribution of civil society as we move beyond 2011.

I conclude here and wish you a productive meeting.