

Global Action in Favour of the Poor

Recommendations for the
Implementation of the Istanbul
Programme of Action

Elliott Paige



**FRIEDRICH
EBERT
STIFTUNG**

Global Action in Favour of the Poor

Recommendations for the
Implementation of the Istanbul
Programme of Action

Elliott Paige

Table of Contents

Foreword	4
Introduction and Summary	6
1 Background – Origin of Istanbul Programme of Action (IPOA)	10
2 Review of Istanbul Programme of Action	14
3 Recommendations for IPOA	18
3.1 Productive capacity – Recommendations for LDCs	18
3.2 Private sector – LDCs	19
3.3 Trade – for developed countries	20
3.4 Aid – developed countries	21
3.5 Debt – developed countries	22
3.6 Climate change – developed countries	23
3.7 Foreign direct investment – LDCs	24
4 Implementation, follow-up monitoring	26
5 General recommendations	28
5.1 Implementation of the IPOA must be based on a platform of social justice	28
5.2 Do Development Partners uphold the Platform of Justice? ...	32
5.3 The “Missing Middle”	33
5.4 Geo-political relationships	36
6 Specific recommendations to ACP-LDCs	38
6.1 Vision	38
6.2 Process	38
6.3 Implementation of platform of social justice using certain principles and tools	39
7 Additional international development architecture	42
8 Conclusion	44
Bibliography	45
Acronyms and Abbreviations	46

The author’s views expressed in this publication do not necessarily reflect the views and position of the African, Caribbean and Pacific Group of States, nor the ACP Secretariat.

Foreword

This discussion paper seeks to make recommendations to improve the International Development Architecture (IDA) to attain the targets and goals established by the Istanbul Programme of Action (IPOA). Among these objectives the paper emphasizes (1) enhancing productive capacity and (2) strengthening trade capacity. Well before the Fourth United Nations Conference on the Least Developed Countries (LDC IV) took place in Istanbul, May 2011, the African, Caribbean and Pacific (ACP) Group of States' delegations in Geneva noted their concern that the envisaged Istanbul Programme of Action should not repeat the failure of the Brussels Programme of Action, put on stage ten years earlier at LDC III in Brussels, 2001. The Group wanted to see actual graduation of Least Developed Countries (LDCs) as a result of a concerted effort by the international community to lead these countries to development and a better quality of life for their citizens. The ACP Group would like to see a reformation of development assistance from the international community. It seeks to influence and guide the process that can lead to greater support to alleviate poverty through implementing much of the productive and trade capacity mechanisms formulated by

development partners, basing their approach on sound inclusive research and focusing on impact rather than on disbursement of funds.

Recognising that trade and productive capacity are key issues to increase economic growth and long term sustainability for LDCs, the ACP Geneva Office and the Friedrich-Ebert-Stiftung (FES-Geneva) agreed to publish this policy paper. Indeed this paper seeks to look at those key issues from an ACP Group of States perspective in an attempt to strengthen the voice of the Group in any discussion on the development of Least Developed Countries resulting from their interaction with the international community. An earlier version had formed the basis for discussions within the ACP Group Geneva. The paper shall in no way be interpreted as an official ACP Group document. It hopefully contributes to an open discussion among stakeholders.

The author wishes to express sincere appreciation to His Excellency, Marwa J. Kisiri of the Geneva Office of ACP Group of States for his assistance and advice in the preparation of this policy paper. In addition, special thanks to Matthes Buhbe and Yvonne Theemann of Friedrich-Ebert-Stiftung

(FES-Geneva) and others who made comments on earlier drafts of this paper.

Finally, I express my appreciation to those ACP delegations that offered their insights on the earlier paper during a workshop on possible new steps for development to be taken at the LDC IV Conference in Istanbul and thereafter. Their input highlighted the passion that ACP Group of States and the LDCs among them, placed into seeing these countries meet their urgent challenges to find sound solutions for sustained development. I note the words of one LDC colleague during our workshop in Geneva who said, "The wealth of the poor is hope". I certainly hope that the next decade will bring real and meaningful tangible development to members of the ACP Grouping and in particular those of its Members aspiring to rise above Least Developed Country status. This paper therefore aims to identify and explore how the IPOA can channel "hope" into reality for LDC countries and their people.

Introduction and Summary

The African, Caribbean and Pacific (ACP) Group of States has since its inception held true to its founding mission to stand as an alliance aiming to collectively support the development of the Group's members. Today, the majority of ACP States, 40 out of 79, are Least Developed Countries (LDCs). While the ACP countries on a whole are faced with a plethora of challenges – social, economic, and structural – that often hinder their sustained development, the state of affairs is exponentially exasperated for LDCs. The situation is proven acute by the fact that despite substantial development assistance since this category of countries was designated by the UN in 1971, only three countries – Botswana in 1994, Cape Verde in 2007, and Maldives in 2011 – have graduated from LDC status to that of developing country. The success of these three countries is countered by the fact that the number of LDCs has increased from 25 countries in 1971 to 48 currently. Ultimately, the development of these countries remains the final responsibility of their governments. However, with the intense degree of global integration that drives growth to a worldwide scale, and the need for all countries to be plugged into that economic ecosystem to enable real progress, there is a clear requirement

for the global environment to support the sustained development of LDCs.

The Fourth Conference of the United Nations on Least Developed Countries was held in May 2011 in Istanbul (LDC IV), and for many presented an unparalleled opportunity for examination of the Brussels Programme of Action (BPOA), and its achievements in alleviating poverty in LDCs. There are some evidence when assessing the successes and failures of the BPOA since 2001, that the LDC Group in many cases has accomplished vital macroeconomic reforms such as capital market and trade liberalisation, public sector reform, and privatisation. Still major challenges remain.

Today, it is pellucid that a number of international donor partners often did not fully comprehend the unique processes of development in LDCs. As a consequence, too often the recipient countries missed targets in enhancing both productive and trade capacity and exports. The hope is that the IPOA will indeed fulfil the aspirations of LDCs through better implementation of the programmes it recommends.

“One-size-does-not-fit-all!” is a statement used to depict that a generic programme or project cannot work

without adaptation in all countries based on their individual circumstances. Unfortunately, this basic tenet is still ignored. The same policies and approaches are often replicated across different countries and regions. A typical example is that economists and by extension many governments and development agencies, still push the Washington Consensus principles to developing countries as an appropriate economic paradigm that will work for all countries. This practice has proven not to work and in fact often can do more harm to vulnerable countries that are open economies and heavily reliant on international aid. There is clearly a need for the international community and for governments in LDCs to listen more to the needs of the citizens of these countries and give them a voice in decision-making. Furthermore, stronger support mechanisms need to be institutionalized to address strengthening economic resilience to world economic crises and expedite recovery after natural disasters.

While not ignoring the value of domestic markets, movements towards deeper regional integration can indeed lead to expanded markets for goods and services of LDCs. Integration does not have to be patterned according to historical relationships such as colonialism, but should follow real trade patterns based on sound market intelligence.

Trade and productive capacity are intricately related to output and growth. LDCs need the opportunity to grow

and gain from being members of the international community. During the next ten years, development agents and institutions must be able to show positive impact as impecunious people depends on their methodology to have a better life.

The performance of the productive trade capacity under the Brussels Programme of Action (BPOA) has been lacklustre. The lessons learnt from BPOA can help to improve the implementation of the Istanbul Programme of Action (IPOA). But the implementation mechanisms of the productive capacities must be sufficiently addressed.

Solutions and recommendations for improvements in productive capacity of LDCs include the promotion of technology transfer and productive structure under a combination of domestic policies and donor support. Needs assessment for projects should be based on public-private stakeholder participatory approach where all involved in the implementation of these projects are taken into account in design and implementation. Donor agencies must be cohesive internally and among each other in aid delivery. A weak donor agency is one where all internal units operate in silos. The mandate and outcome of the agency's then becomes irrelevant and ineffective to the individuals working there because each is jostling for individual recognition. Both the donors and beneficiaries should be held accountable for aid delivery through transparency mechanisms such as an Istanbul

Thermometer. This means measuring impact rather than monies spent on both the delivery side and the beneficiary side.

Trade capacity includes building on the supply side of trade constraints by promoting productive capacity, boosting burgeoning projects that have great potential for multiplication of benefits. Trade negotiations should lead to open markets for LDCs. Preferential trading schemes will need to be free of burdensome requirements on rules of origin, environmental standards, and non-tariff barriers. Flexibilities that are encapsulated in trade rules must be binding and the development dimension of the Doha Development Agenda functional for the needs of LDCs.

Smoother accession procedures and "early harvest" including duty-free, quota-free access for products of LDCs will go a long way in providing markets for products of LDCs. The damaging effects of climate change must also be considered when designing trade policies and trade-related projects.

A new international architecture must also include an oversight apparatus that could include reports from various global forums and reports. Financing for development will need to be predictable and accessible so that it does not jeopardise the success of projects for LDCs. Disbursements should be fast-tracked and reporting requirements made easy with appropriate audits as required. Donor

agencies must also seek to learn best practice in aid delivery from past mistakes using the knowledge gained to improve on future programmes.

There is a need for a citizen's forum for dialogue. This will give the citizens of LDCs a greater opportunity to voice their needs and dreams for a better life. They can also act as a means of measuring impact through greater transparency. Fortification of national economies becomes vital to shield against food price hikes, and economic collapse due to global financial crisis and natural or man-made disasters. This includes policies and aid to support real food security and disaster preparedness contingencies.

All agents for development must accept and need to embed social justice in their initiatives. The LDCs have much physical wealth – land, natural resources, and its people. Another wealth of LDCs is hope that the international development community support can lead to real poverty alleviation and sustained advancement.

The paper is divided into eight sections. Section one briefly looks at the background and origin of the Istanbul Programme of Action (IPOA), while in section two, there is a review of the IPOA noting some of the missing areas that would have made the process more holistic, and noting the improvements from the Brussels Programme of Action. Section three analyses certain recommendations from the review namely along the lines of productive capacity for LDCs development. Sec-

tion four looks at implementation, and monitoring, while section five adds general recommendations looking at e.g. development on the basis of a platform of social justice and geo-political relationships. Section six makes specific recommendations to the LDC members of the ACP group of states, section seven makes a contribution to an additional international development architecture while section eight provides concluding remarks.

1 Background – Origin of Istanbul Programme of Action (IPOA)

Least Developed Countries (LDCs) consist of 48 of the poorest nations totalling about 880 million people¹. The African, Caribbean, and Pacific (ACP) Group of States², hosts the majority of LDCs amounting to 40 independent states. These are characterised by extreme poverty due to their history and exploitation by foreign external powers. Furthermore, they possess inefficient economic strategies, weak democracies, domestic corruption, civil unrest, natural disasters that have a severe impact on development initiatives due to poor infrastructure, weak disaster preparedness systems, coupled with insufficient recovery mechanisms. These unfortunate but prevalent circumstances augmented by a bureaucratic international development community that often does not invest adequate research time

into understanding country specific needs, have contributed significantly to the failure to address indigence in a long-term sustainable way.

Various international efforts have been made to assist the development of LDCs including the valuable work of the United Nations International Conference on Least Developed Countries. To date, this major event has been held every ten years since 1971 to charter a plan of action for the implementation of development support for LDCs based on lessons learnt from previous Programmes of Action, and development paradigms of the international community³. The most recent and the fourth series of such Conferences was held in Istanbul from 9th to 13th May 2011. The stated purpose of the Conference was to:

¹ “The United Nations Committee for Development Policy (CDP) uses the following criteria to identify LDCs:

- Low-income, measured by an average income per person over three years. An average income less than \$745 per person per year is considered for inclusion, and above \$900 for graduation;
- Weak human resources, as measured by indicators of nutrition, mortality of children aged five years or under; secondary school enrolment; and adult literacy rate;
- High economic vulnerability, measured by population size; remoteness; diversity of goods exported, share of agriculture, forestry and fisheries in the economy; instability of agricultural production; instability of exports of goods and services; and homelessness owing to natural disasters”. (UN, 2011)

² For more information on the ACP Group, go to <http://www.acpsec.org/>.

³ In 1971, the international community recognized a category of countries as the Least Developed

1. Assess the results of the 10-year action plan for the Least Developed Countries (LDCs) adopted at the Third United Nations Conference on LDCs in Brussels, Belgium, in 2001; and
2. Adopt new measures and strategies for the sustainable development of the LDCs into the next decade” (UN, 2011).

The preparatory process involved many sessions allowing for the participation of key stakeholders, including governments, international organizations, civil society organizations, academia, and the private sector. These meetings were coordinated by the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island States (OHRLLS) since this New York based body is the UN system-wide Focal Point for LDC-IV Conference⁴.

The feedback from these consultative meetings clearly suggested that many LDCs were expecting this Fourth UN

Conference on Least Developed Countries to result in a comprehensive plan of action with effective implementation. Such a plan would include specific targets to ensure developed countries fulfil their financial and capacity building pledges to poor countries. As the Malawi Minister of Education and head of that government’s delegation pointed out, “(...) The Istanbul Programme of Action should include concrete policies and actions directed towards tackling poverty and generating employment (...)”. In fact, many LDC governments expect that in the ensuing ten year period before the LDC V, the anticipated development measures from the donor and development agency community should allow Malawi and other LDCs to enjoy a better quality of life and enhanced health and financial stability. The fact is 60 per cent of Malawi’s population of 13 million live below the poverty line (Ngozo, 2011). This underscores the urgent importance of the implementation of effective development strategies.

Countries characterised by widespread poverty, structural weakness of economic, institutional and human resources, and usually compounded by natural disasters, geographical handicaps, and lack of resilience to overcome these challenges quickly. Then the LDCs comprised 25 countries and have now grown to 48 of what the United Nations describes as “the poorest and weakest segment of the international community” whose economic and social development presents a major challenge both for them and for their development partners. The UN General Assembly convened the First United Nations Conference on the Least Developed Countries in Paris in 1981 to respond to the special needs of the LDCs. (UN, 2011)

⁴ It was established in January 2002 by the United Nations General Assembly as the LDC advocacy body to mobilize international support and monitor implementation of development programme of action for LDCs, as well as Landlocked Developing Countries (LLDCs) and Small Island Developing States (SIDS). (UN, 2011)

In the lead up to LDC IV, civil society groups advocated for northern countries to actively support the transfer of finances and up-to-date technology with the appropriate technical know-how to help LDCs to build capacity and generate sustained growth and development approaches. Many development agents suggest that such concrete initiatives coupled with the LDCs' own economic agenda, would assist those nation states in formulating their respective strategies. For the purposes of this paper, Malawi provides a useful example where an LDC has a Growth and Development Strategy. This Strategy represents their home-grown long term development plan. Though a highly commendable effort, if such a strategy is to be successfully implemented, Malawi would need the requisite resources and external assistance to facilitate implementation in the short to medium term. The Malawian scenario is typical to most LDCs and in the lead up to LDC IV, the Malawian and other LDC governments recognised that they needed full ownership of their national strategies to allow them to develop country specific solutions.

The stated specific expectations of LDC governments coupled with the invaluable input from both civil society and the international donor community facilitates the development of a number of recommendations aimed at halving the number of countries categorised as LDCs from the current 48 to 24 by 2021. This development constitutes a significant departure from previous LDC Conferences since

this was the first time that an explicit recommendation was pronounced for the graduation of LDCs. It was also the first time that the meetings at the Conference were more inclusive of a broad range of stakeholders. This development is significant because whilst the Conference hosted the usual intergovernmental meetings, it also included for the first time a private sector segment in the form of a trade fair. This fair provided an invaluable space – in which a number of LDC businesses were able to network with buyers, importers and investors from developed countries. The Conference emitted a series of recommendations towards a Programme of Action for the decade 2011–2020 (UN, 2011).

In preparation for the LDC IV Conference, the ACP delegations in Geneva were anxiously hopeful that this Conference would not be another big “talk-shop” where the true purpose of supporting development of the most vulnerable countries would be lost. In an effort to ensure that this did not occur, the Geneva-based ACP Group made many constructive interventions during the preparatory stage of the Conference as well as in the event. One such noteworthy contribution was a Part I to this paper entitled, “The Wealth of the Poor – Trade and Productive Capacity of Africa, Caribbean and Pacific Group of States in the Framework of the Fourth United Nations Conference on Least Developed Countries” (Paige 2011). That paper analysed the implementation of the Brussels Programme of Action noted that while there had been some

progress in alleviating poverty and improving growth in recent years, much of the symptoms of poverty were not addressed sufficiently to make a sustainable and pronounced difference to aid in the alleviation of poverty through improvements in productive and more efficient output. Further, The Wealth of the Poor also corroborated the findings of other UNCTAD studies which have repeatedly suggested that developing trade capacity is vital for increasing ACP-LDCs exports into the markets of developed countries for products and services in which they have a comparative advantage.

The paper presented an ACP policy perspective for discussion and reflection before and at the LDC IV Conference on how to scale up the Istanbul Programme of Action (IPOA) so that LDCs could make a quantum leap in development over the next ten years. It is not an easy undertaking to achieve development targets. Measurable development can only be calculated based upon a complex and interrelated series of elements at the local and global level. The Wealth of the Poor did not presume to have all the answers, but was able to explore some provocative themes that are not normally considered for political and other reasons. However, the paper did provide some contextual basis of important issues for consideration that are useful in advancing the thinking on development issues as they will relate to LDCs' growth and development in the next ten years.

The next section reviews the extent to which the IPOA addressed these concerns among others expressed in the development and donor community.

2 Review of Istanbul Programme of Action

The main goal of the Istanbul Programme of Action (IPOA) shall be to overcome the structural challenges faced by LDCs to ensure that they can eradicate poverty, achieve “agreed” developmental goals and graduate from LDC status. Unlike the previous LDC Conferences’ Programmes of Action, the aim of the IPOA now is to half the number of countries in LDC category by 2020 through the following measures:

1. Promotion of an environment to support economic growth of at least seven per cent per annum on average through productive capacity improvements, structural transformation, integration into the multilateral system, and regional integration;
2. Human capacity building through social development, equity in distribution of resources, equality in gender, and empowering women;
3. Reduction of vulnerability to exogenous shocks especially climate change;
4. Addition of more financial resources both foreign and local coupled with external debt relief,

improved Foreign Direct Investment (FDI) and remittances; and

5. Good governance through stronger democracies, adherence to the rule of law, transparency in governing, reducing corruption, and coherence and the promotion of human rights (UN, 2011).

Additionally, the driving principles for this revisited Programme of Action will be guided by the following objectives:

1. Country ownership and leadership;
2. An integrated approach which enables the development process in LDCs to be viewed in a comprehensive and holistic manner;
3. Genuine partnership and solidarity;
4. Result orientation.

The success of the IPOA will ultimately be based upon the implementation of internationally agreed development goals and targets to create an environment that will enable LDCs to graduate. This excellent objective presents an unparalleled opportunity

for LDCs to truly activate all the parameters necessary for a substantial number of LDCs to become developing countries during the Programme. LDC governments and the relevant stakeholders recognise that achieving these commendable and in fact highly desirable solutions will not be an easy undertaking.

Peace and security, development and human rights are signalled as vital components needed to foster the necessary environment to facilitate the creation of a society. A society built on rules recognising the collective right to peace and prosperity, good governance, implementation and respect for rule of law, right to food and good nutrition, gender equality, respect for nature and the environment, and commitment to strong functioning democracies (UN, 2011).

The LDC IV identified the need for equity at all levels of society. This need for equity would be of paramount importance for long term sustainability of development in LDCs. Therefore strategies need to be developed to truly enhance the participation and empowerment of the poor. Critics have pointed out that the LDC IV failed to provide an adequate description of how it would define equity. Notwithstanding, for the first time since its inception, the Programme of Action under LDC IV recognised the need for social justice to be a platform for the workings of this development process.

For the first time such an international conference has emphasized the value of the “voice and representation” of LDCs in the international economic system. It also acknowledged the need for the creation and development of an economic political and social architecture. Such architecture should be built on the value of a consultative process to facilitate responsiveness to the cited needs.

However, the language employed in the recommendations strongly suggests that the IPOA intends to aggregate all people in LDCs as one. It depicts the country collectively as a whole entity that needs to have a “voice” to be “represented”. It is unclear what mechanism will be implemented to ensure that the voices of stakeholders would be heard or how such views would be included in the process. In the past, only a few people within the society of LDCs have benefited from the established social norms, for example, to articulate their views and opinions. The IPOA does not seem to consider this reality. People are condemned to be disadvantaged in silence as institutions controlling the decision making process do not give them due consideration. These people deserve the right to be heard and to create systems allowing their own dignity to shine.

To fully understand the enormity of the challenge facing LDCs, stakeholders and those wishing to implement the goals of the IPOA must recognise that those goals represent a direct challenge to the established status

quo where much of the power rests with the elite class. This often micro-group with macro-power capitalises on, and actively engineers situations and political decisions that maintain a system of inequity to ensure the protection of their status and to maintain their wealth. It is an indisputable fact that these social and political inequities must be identified and appropriate mechanisms implemented to address the root causes of inequality within LDCs. True development will only be possible if the political establishments in LDCs, the relevant stakeholders and indeed the international donor community fully recognise the importance of collective responsibility to bring about lasting and meaningful change.

At the Conference, delegations agreed on the role of LDC governments to design policies and institutions that can achieve inclusive growth leading to full employment, decent work opportunities, and sustainable development (UN, 2011). Economic markets must be allowed to function with interventions only for extenuating market failures. There may often be good causes for interventions in LDCs. However, such interventions need to be managed to ensure the sovereignty of countries is respected and the decision making power remain firmly vested in the duly elected authorities from the beginning transition until graduation.

Indeed, seeking to establish societies, that adopt, integrate and hold these fundamental democratic rights and principles as integral aspects of

their societal and economic systems remain a truly daunting task for some developing countries. Recognition of the true meaning and influence on the local economic structure and the power held within the elite class in poor countries constitutes an essential component in understanding the challenges countering the eradication of poverty.

The recommendations for the LDC IV Conference only touch on this important issue peripherally because even non-LDC countries find themselves faced with similar situations. Many stakeholders acknowledge the need to exert power as a means of keeping control of people. Poverty is an important vehicle used to maintain that perceived or real power. In recent history, very few leaders worldwide have accepted that capacity development of human resources and empowerment of people is the most effective way to truly develop a country. Leaders who recognise the value of human capital seek to empower all the people within their countries as a tool to attain measurable development within their country's borders. The Conference results neglected to emphasise the need to ensure an environment where every person in LDCs is guaranteed protection of their human dignity.

Social justice first needs to focus on the impoverished, whether in a LDC, developing, or developed country. It is fundamental to enable people to have pride and maintain dignity by empowering them to enjoy these aforementioned rights for a decent

future for them and future generations. Resolving military and tribal conflict, thus uplifting security and showing that every life has a value and contribution to make to the future of a country would be a grand start in resolving poverty issues. This return to dignity would involve not only using development catch phrases, like "eradicating poverty", but actually setting up systems enabling the poor to help themselves. This return of their dignity helps poorer people understand their world and its impact on them. Sustainability in poverty eradication must establish social justice at its core.

3 Recommendations for IPOA

With the Action Plan for implementation of the IPOA on the table, the question is how all development partners can make the next ten years really count and lead to as many graduation of LDCs as possible. In this section, issues related to productive capacity and the recommendations for LDCs are analysed in detail. The main aim is to disaggregate productive capacity into several important components which, while not exhaustive, are in fact fundamental to address development concerns. The areas normally affecting productive capacity are private sector development, trade based on open and non-discriminatory rules, aid delivery from developed countries and other donors, climate change and foreign direct investment.

3.1 PRODUCTIVE CAPACITY⁵ – RECOMMENDATIONS FOR LDCS

The Conference agreed to and essentially re-iterated the aims of the Brussels Programme of Action (BPOA) “to address structural and supply-side constraints that have a negative

impact on economic growth and sustained development”. For the last ten years, these meant scaling-up the physical infrastructure; roadways, railways, airports, seaports and waterways, information technology, communications network, and create an environment that allowed for the adoption of modern technology usually referred to as technology transfer. The recommendations included the following:

- Increase significantly the value addition in natural resource-based industries, paying special attention to employment generation;
- Diversify domestic productive and export capability with a focus on dynamic value-added sectors in agriculture, manufacturing and services – what is commonly called addressing sectoral supply side constraints;
- Increase access to modern telecommunication services and strive to provide 100% access to the Internet by 2020;

⁵ The term “Productive capacities” refers to the interrelated process of a country being able to accumulate capital, absorb technology and even later being able to reinvent that technology to suit its local needs, i.e. innovation (UNCTAD, 2010).

- Strive to increase total primary energy supply per capita to the same level as other developing countries;
- Significantly increase the share of electricity generation through renewable sources by 2020 (Tran, 2011).

All recommendations listed above are vital for the improvement of productive capacity. However, they are only one side of the coin. Improving the productive capacity by allowing value to be added to primary production is only possible if the following preconditions are met. Developed countries are required to eliminate tariff peaks and tariff escalation on value chain improvements so that LDCs can scale up their production of primary materials to add value. Developed countries would also need to find new and workable ways to support technology transfer. Being serious about helping poor countries would require stronger economic incentives in tax breaks and other benefits for companies that take greater risks and establish production facilities closer to the source of raw materials in LDCs and developing countries.

Policies that support alternative and renewable energy, as well as improved access to the internet and telecommunications modernisation in general, do indeed provide the platform for growth of other sectors. More efficient, competitively priced, telecommunications platform (and physical infrastructure) can facilitate

domestic commerce, and stimulate exports. It is important that beneficiaries are able to adapt foreign technology to suit local conditions such as poor road network, far distances and a lack of resilience to changing climatic conditions.

The reality is that in many cases there is still no sufficient technology transfer that can significantly impact LDC growth. Many donor countries and agencies still believe they have the answers to development. They also often suggest that beneficiaries do not understand their own countries or development paradigms. There remains resistance to dialogue and cooperation among civil society, private, and public sector. Thus is vital but often ignored or given false credence by governments intent on conducting development in the usual fashion. Donor driven aid delivery erodes ownership and therefore reduces the chance of sustainability of programmes. Including all stakeholders creates ownership and greater understanding in how to address the challenges. This is no less true for the value added to policy that the private sector can bring. The next section will discuss the usefulness of including the private sector in development programmes.

3.2 PRIVATE SECTOR – LDCS

For many international donors, LDC governments are the main local interlocutors for projects. In any case, governments must give at least their blessings to donor projects to ensure

that the government does not erode the outcome of the projects for their own gain. Recommendations for private sector involvement include:

- Support for private-public dialogue and partnership; and
- Promotion of women's business and entrepreneurship.

These are crucial recommendations that emphasise the importance of stakeholder participation and ownership. Such ownership ensures that project results survive in the long term. In fact, needs assessment for projects should be based on a public-private stakeholder participatory approach including the opinions and recommendations of all stakeholders involved in the implementation of the various project phases. If such a consultative approach is to be effective, donor agencies need to be much more cohesive internally and strive to develop agency cooperation with each other to facilitate a more efficient aid delivery.

Public-private dialogue and partnerships must to some degree also include civil society consultation if a truly inclusive approach to development is to be achieved. Additionally, while ensuring that donor support targets women for entrepreneurship support, such partnerships must not neglect youth employment and job creation for young people. Systems should be available for example to allow young mothers to continue their education and to either prepare to be employed

or better yet to become self-employed. This will also have a direct positive effect on the next generation of youths thus creating a multiplier effect in poverty reduction in the long term. Unfortunately, many development agencies still focus mainly on women, without supporting youth entrepreneurship.

Trade based on a system of transparent rules that benefit LDCs will also support productive capacity development. However, trade rules are still being used to hinder development. Special and differential treatment provisions designed to give consideration to LDCs are often non-binding legally and unenforceable. The next section deals with multilateral trade rules and their benefits.

3.3 TRADE – FOR DEVELOPED COUNTRIES

Multilateral trade rules can help to foster growth and bring millions of people out of poverty. However, if these rules are to benefit any given nation, the same rules demand that they must be applied fairly. WTO Members must indeed operationalize Special and Differential Treatment provisions for developing countries and Least Developed Countries if they are to:

- Realise timely implementation of duty-free, quota-free market access on a lasting basis for all LDCs consistent with the Hong Kong declaration by the World Trade Organization in 2005;

- Make substantial efforts for early conclusion of the Doha trade talks; and
- Reaffirm Special and Preferential Treatment for LDCs in WTO trade agreements.

Any multilateral trade policy would also need to support efforts to ensure the protection of the most vulnerable countries' right to real market access. The present impasse within the World Trade Organization Doha Development Agenda which has seen the trade round stalled for more than ten years despite valiant efforts by successive Director Generals of the WTO Secretariat, and intense negotiations by diplomatic bureaucrats and political push from world leaders. For many LDC delegations, WTO pecunious countries show no willingness to compromise in the interest of even a minimal outcome in the form of duty-free, quota-free market access to LDCs to hallmark a successful Eight Ministerial Conference. This further undermines the prospects for LDCs to graduate.

Ministers of Trade and representing WTO member states must be prepared to go beyond political re-affirmation of old mandates as has been the reality in successive Ministerial Conferences of the WTO in recent years. They must be prepared to actually im-

plement the provisions of agreements and rules, monitor them to evaluate what works and realign their approach to the rules to suit development. Despite the increasingly urgent need for the multilateral trade process to agree to provisions that would aid the development agenda, it is the unvoiced conclusion of many delegations, the press and many stakeholders in the Doha process that the Doha Round will go into hibernation perhaps with technical discussions that add new dimensions to trade liberalisation⁶. The current impasse is likely to continue certainly while the United States of America and the European Union battle to emerge with solid economic confidence and growth hindered by a mammoth debt crisis and a struggling EURO currency. These challenges are added to the already severe resistance for the conclusion of the Doha Agenda.

Aid efficiency is also a vital component of trade capacity. The next section looks at the interrelationships between developed countries and LDCs on aid delivery.

3.4 AID – DEVELOPED COUNTRIES

Donors have promised at the LDC IV Conference to scale up their financial contribution towards development programmes. In many instances,

⁶ Such new areas may include a more solid conclusion on trade and the environment, labour standards, investment regimes, government procurement, and climate change and its impact on trade.

there is a clear need to provide more support. Some regard additional assistance as a form of moral social justice resulting from history. Many richer nations were able to achieve their development successes due to a combination of the availability of cheap raw materials from developing countries (during colonialism and even today), trade policy that support tariff escalation, and aid programmes that serve to perpetuate the debt burden of poor countries. The Conference recognised the following solutions:

- A pellucid need for more determined efforts by developed countries to fulfil and, where possible, enhance their aid commitments;
- Donor countries providing more than 0.20% of their GNP as official development aid continue to do so and maximise their efforts to further increase aid to Least Developed Countries;
- Other donor countries which have met the 0.15% target: undertake to reach 0.20% expeditiously; and
- All other donor countries which have committed themselves to the 0.15% target: reaffirm their commitment and undertake either to achieve the target by 2015 (UN, 2011).

All above recommendations remain political pledges countries make but

often do not allow to fruition. Where the pledges are in fact fulfilled, the problem of highly complicated draw down procedures and requirements, which are too stringent for poor countries, remains. Aid subsequently stays insufficiently accessed by those most in need. Financial contribution to aid must indeed be increased, but also made easier to obtain. The effectiveness of aid should be measured through the outcomes of programmes. The programmes should be flexibility enough to adjust where necessary for greater efficiency. Donors must also be held accountable for the ease of drawdown of their funding and the level of fulfilment of their pledges.

Unsustainable indebtedness is a burden that hinders growth. Many LDCs are also concern that loans are used to keep developing countries and LDCs in particular from developing by eroding their future earnings. The next section examines the argument that debt without sound investment can have a debilitating effect on future growth and development.

3.5 DEBT – DEVELOPED COUNTRIES

This paper has illustrated that loan aid augments the debt burden of poor countries sentencing them to a future imprisonment in poverty. To some extent, the LDC IV Conference recognised this and offered to provide complete and timely financing for the implementation of the Heavily Indebted Poor Countries (HIPC) initia-

tive as well as the multilateral debt relief initiative that has provided debt relief to 25 LDCs.

Indeed, according to the International Monetary Fund (IMF), 32 of the countries eligible to benefit from the HIPC Initiative are receiving debt relief. It should be noted the IMF has a two-step process to determine the eligibility of countries to receive debt relief from IMF and other international creditors. In step one, low income countries are deemed eligible for subsidised rates where their national debt to GDP ratio has been found to be “unsustainable”. A Poverty Reduction Strategy Paper developed in conjunction with the country helps to keep good reform policies on track. In the second step, full irrevocable debt reduction can occur when the country demonstrates a sound track record in implementing reforms (IMF, 2011).

Each country is unique and no two nations will have identical circumstances. Whilst some poor countries find themselves in that situation because of inadequate policies, yet others are poor because of a medley of reasons including externally led exploitation, a lack of resilience to natural disasters, and pandemic diseases. These circumstances often contribute to increasing the country’s debt as it borrows more money to deal with each new domestic crisis. In many instances, there are painful little funds left for actual development programs. Consequently, it is often the case that future growth is inhibited by increasing outflows of

foreign exchange earnings to pay for debt. Future investments in the important elements of productive capacity such as physical infrastructure, education, health care, innovation policies suffer as a result of this outflow of earnings.

In addition to the debt dilemma facing LDCs, there is also the dilemma of climate change. The next section will discuss the issue of climate change and its impact on LDCs’ development.

3.6 CLIMATE CHANGE – DEVELOPED COUNTRIES

The impact of and adaptation to climate change issues continue to receive limited attention within developing countries, relative to the discussion of greenhouse gas emissions and mitigation policies. Within the discussion on impacts and adaptation in the LDCs, it is the assessment of future climatic changes and impacts that tend to dominate. The discussion on adaptation by developing countries is often limited to the identification of generic options (Tran, 2011).

Some developed countries do focus on policies, essentially those that address natural hazards management serving to promote adaptation to climate change. Most LDCs do not have the capacity to report on actual implementation of anticipatory measures which take into account future climate change (Gagnon-Lebrun & Agrawala, 2006). The Conference

recommended that donors provide adequate financial and technical assistance and support, as necessary, to access appropriate, affordable and sustainable technologies needed for the implementation of national plans of action and mitigation solutions (Tran, 2011).

In the future, developed countries will have to assume fuller responsibilities for the considerable impact that their production and lifestyle has on the global environment. LDCs and developing countries often suffer from low adaptive capacity. Inhabitants of poor countries usually struggle to cope with extreme weather events and climate variability. The greater frequency and severity of climate crises repeatedly erodes coping capacity. It is a worthy challenge for development partners to find solutions to improve social, economic, and technical resilience, while increasing flexibility within systems and policies (Parliamentary Office of Science and Technology, 2006). One such policy example could be instituting a government regulation that requires all houses to have their own water storage facility. Another could be to improve resilience by adhering to new and modern building codes that make housing and infrastructure more resilient to climate change and more energy efficient.

3.7 FOREIGN DIRECT INVESTMENT – LDCs

LDC IV also made recommendations regarding the injection of more for-

eign direct investment (FDI) into LDCs. FDI is often sought by poorer countries to bring capital, technology, and expertise along with networks leading to international markets (Soliman, 2003). It is seen as a means to promote growth in countries that lack capital and technology for development. The Conference recommended:

- removal of barriers to investment;
- securing contract enforcement;
- promoting respect for property rights;
- promote public-private partnership; and
- establishment of a one-window facility for registration and oversight of new and existing FDI as well as other external financial flows (Tran, 2011).

The question whether FDI crowds-in or crowds-out local investment in developing countries remains to be more fully explored by donor and recipient countries. Does it stimulate upstream and downstream investments or does it actually displace domestic investment opportunities? Developing countries and LDCs normally assume that all FDI is good for growth. However, studies by UNCTAD have revealed that total investment can grow faster than FDI, and were able to highlight instances where FDI actually did not grow at all. The available data also fails to support the belief erroneously held by

many governments that liberalisation of regulations to support FDI is more efficient than a non-liberal system (Agosin & Mayer, 2000).

Mechanisms are needed to promote domestic investment where capital is available to stimulate internal growth. This means that domestic investment authorities will need to examine their policies to incentivise local investment. To ensure a positive impact of mechanisms such as FDI on LDCs, it is clear that more needs to be done to monitor and evaluate the results over a longer term period. The next section will examine the need for a sound monitoring system for the implementation of the IPOA.

4 Implementation, follow-up monitoring

The LDC IV Conference recognises that participating countries must necessarily monitor the implementation of the Plan of Action to ensure its regular evaluation. LDCs will also have a role to play in supporting their development. The Conference recommended the following:

- That each LDC should integrate provisions of the plan of action into national policy; and
- The UN Secretary General should mobilise all parts of the UN system to coordinate implementation in follow-up and monitoring at all levels from national to global.

Monitoring and evaluation on a regular basis should be conducted by the UN as well as LDC beneficiaries. This would be a positive approach to effective aid delivery. However, methodologies must be improved where aid programmes have proven to be ineffective. Some donor agencies develop logical frameworks and do not actually use them to monitor the projects. Once a project starts, the logistical frameworks are often unfortunately forgotten. The monitoring and critical evaluation of project logical frameworks could assist both donors and beneficiaries to evaluate the real suc-

cesses of development projects upon their completion. If properly conducted, such reviews have the potential to greatly improve the delivery of country specific aid to LDCs and developing countries.

The LDC IV Conference adopted its action plan based on a quadripartite process that includes intergovernmental delegations, parliamentarians, civil society, and the private sector. These four parallel tracks made for a richer participatory input to formulate the plan of action for the implementation of the IPOA.

Admittedly, much of the draft outcome document of the action plan was developed after substantial negotiations dating back to 2010. During the Conference in Istanbul, there was little tolerance to debate any changes in the document. The allotted time and structure of the Conference's negotiating process did not allow for any detailed discussion on the proposed draft text nor did it ultimately allow for any meaningful revision that would have aided the LDCs. In reality, many of those present were not fully empowered to continue the negotiation process with the draft text that was circulated in time for the Conference.

In hindsight, it is regrettable that many LDC delegations did not have the time or the finances to aggressively advocate for more beneficial conditions to be included in the final draft text that was considered at the Conference. As many delegations have learnt at this and other trade negotiation meetings, it is too late to seek to influence the final text once the parties arrive at the Conference. If these conferences are to realise meaningful changes in LDCs leading to graduation, considerable attention MUST be paid to ensuring that the LDC delegations are afforded adequate opportunities to contribute comprehensively to pre-conference negotiations that ultimately influence and impact their development.

The participation of the parliamentary actors namely government ministers, members of the legislatures from LDCs and their development partners, was commendably coordinated by the Inter-Parliamentary Union (IPU). However, since many of these actors had not been party to the preparatory process, it is highly likely that their views would have gotten lost in the manic negotiating process at such conferences that lead to an actual Action Plan. The same holds true for civil society (NGOs, academia, media, and foundations) and private sector actors. The inclusion of an Expo-Trade Fair at this Conference was marketed as an integrated part of the Action Plan designed to promote investment and growth through trade. It is difficult to comprehend how the inclusion of such a Fair at a conference of this nature could generate any positive

long-term business-to-business connections that would impact or benefit LDCs. It would be interesting to see a report from the organisers of the Conference on the actual and future that have accrued to LDCs as a result of the staging of the Expo-Trade Fair as part of the conference.

Furthermore, the UN coordinated many Thematic Round Tables which drew participants from government representatives, UN agencies, academics, parliamentarians, the private sector, and civil society. These round table events were staged in addition to many other side events organised by different UN agencies, governments and other organisations on issues relating to the agenda of the conference. While these meetings undoubtedly enriched the overall discussion of LDC development at the Conference, the current negotiating process would have had no room to entertain any useful suggestions that may have undoubtedly arisen in these fora because of the manner in which the negotiating process is currently conducted.

It remains regrettable that such fora were not included as integral aspects of the pre-negotiating process. This scenario also raises questions regarding the overall process of negotiations for the preparation of the LDC IV Conference and highlights the absence of certain fundamental principles in the approach to LDC development. The next section looks at a timely recommendation that seeks to address this missing element in the on-going development process.

5 General recommendations

5.1 IMPLEMENTATION OF THE IPOA MUST BE BASED ON A PLATFORM OF SOCIAL JUSTICE

The concept of a platform of social justice refers to the promises or big objectives set by world leaders to make the playing field equal for all countries by providing LDCs with the opportunity to catch-up with developed countries' level of wellbeing for their citizens.

Indeed, the inclusion of this concept of a platform of social justice presents challenges for many trade negotiators who have traditionally been conditioned to negotiate primarily on economic terms and interests of their nation state. Experience has shown that there is considerable reluctance amongst diplomatic negotiators, charged with defending their private and government sectors' pure capitalist interests, to negotiate on non-economic terms looking at a bigger picture of long-term global prosperity. This would explain in part why despite numerous Special and Differential Treatment (SDT) provisions in the World Trade Organization's rules, negotiators fail to take into account the operationalization of this mechanism to support poor countries largely remains to be imple-

mented. The diplomatic actors at the WTO and indeed many development partners operate on the basis of mercantilism. This means that negotiators are always looking for the visible economic incentives that can be derived in the short to medium term to help determine and define their respective country positions

Notwithstanding the avaricious nature of trade negotiators operating within the WTO, there is also evidence of a growing appreciation for social justice considerations within the negotiating process given that current trade rules provide support for LDCs in the form of SDT. In addition to the SDT, there is much flexibility that favour LDCs formulated in the draft chairpersons' texts of the final modalities for implementation of the DDA negotiations. The platform for social justice is increasingly being seen as a means of "coalescing and integrating force that holds society together" (Aristotle, 1134a).

The preamble of the Marrakesh Agreement establishes the WTO mandate as a firm symbol of the principle of social justice (WTO, 1994). The institutional aims for equity and fairness in its rules are based on facts (the Trade Policy Review mechanism for example),

on impartiality and on objectivity especially in its dispute settlement mechanism. All WTO member states have equal rights regardless of their size and levels of development. Member obligations are therefore based on a complex system of equality where flexibilities recognize asymmetries through the proportionality principle. For example, a treatment via most-favoured-nation (MFN) is reciprocal and is based on mutuality of benefits. SDT Provisions are an important distributive feature of WTO rules. The DSU serves as a retributive construct, while it silently recognizes the inherent sovereignty of each member states.

The WTO is primarily responsible for making and monitoring trade rules, has managed to incorporate within its agreements and functions, the foundation principles of social justice: equity and fairness; equality in the sense of non-discrimination; reciprocity; mutuality; proportionality and rebalancing of damages; retribution; distributiveness and recognition of sovereignty. The WTO has also advocated for solidarity in its operation as seen in the BPOA, Millennium Development Goals and now the IPOA. Indeed, the provision of trade-related technical assistance and capacity building training to developing countries as well as Aid for Trade are collectively integral aspects of the international trade community's recognition of the responsibility to achieve consensus on some issues as nation states move towards attaining the ultimate goal of global solidarity towards development.

ACP countries should note that though the mandate of the WTO is modelled upon the concept of a platform of social justice; and in theory the WTO should provide tools to support the development of all its Members; the present reality is that there remains a marked shortfall in both the process and the quality of implementation. A poignant example already cited is duty-free, quota-free market access for LDCs. WTO member states regularly struggle to agree to DFQF market access for LDCs since many of the Member States do not have the internal political will or any genuine consideration for the plight of LDCs to truly commit to supporting those products that show promise for development as viable exports from LDCs. It remains that two of the fundamental tenets of civilized living such as trust and social justice are essential features lacking in the implementation of the DDA.

Consultations are often skewed to the benefit of the major trading partners (for example, discussions in sectoral initiatives in non-agricultural markets access are based on largest traders globally, not according to contribution to Gross Domestic Product of small suppliers). The fact remains that even in round table discussions on trade negotiations (including the Green Room process), "generosity" towards the poor is lacking. Despite the vision of the DDA, the process is hindered by external interests, biased positions, and a baffling support for a largely myopic form of self-serving justice. This conflict of vision and process was clearly evident in the unattained goals

and targets of the BPOA. In order for the DDA to be completed, there must be an evaluation as well as an adaptation of the convergence of the values and vision, the proposed trade rules, the decisions and processes, the impact of development institutions, and the choices that ACP governments make in the overall interests of their people.

There remains the demanding human duty upon whom to help and support disadvantaged countries. The weight of this duty must also be considered in the context of many developed country partners owning much of their industrialization and development to developing and LDC countries which were instrumental in providing free raw materials for production, free land during domination, and free or lower than ordinary market cost labour.

Apart from the historical justifications, there must also be an accord that all countries are inevitably linked. There should be no real difference between the response of a compatriot of a developed country and a foreigner in response to a situation of extreme poverty in their country and to a similar situation in a developing country or LDC nation. The inalienable right of all human beings to adequate food, water, and shelter as articulated in the Universal Declaration of Human Rights must be extended to all persons without reference to their country of origin; race, colour, ethnicity or gender. Therefore, many proponents of international social justice justifiably

argue that one's political duties to help the disadvantaged should "be extrapolated from one's compatriots to the world at large" (Miller, 2010).

However, LDCs and developing countries must generally bear in mind that despite the aforementioned historical context and the need for international social justice, in reality most citizens' generosity towards the disadvantaged tends to manifest itself in a more localized context. Indeed, domestic fiscal policies to alleviate the unequal distribution of income should take advantage of this fact in LDCs. In the final analysis, it is fundamentally the role of the state to manage the welfare of its citizens and reduce unnecessary suffering (Mulgan, 2007).

SDT is designed to give impecunious countries a head start on trade rules so that they can eventually graduate and reap the benefits of being party to multilateral trade rules. However, developing countries and LDCs are faced with tremendous injustice from the outset of the negotiations leading to the creation or ratification of trade rules. During the Hong Kong Ministerial Conference in 2005, the ACP Group had joined forces with the LDC and African Group to form the G90 Alliance. This powerful Alliance made its demands heard before and during the Conference. This was particularly noticeable in the services trade negotiations where an alliance led by the EU and USA had invented and proposed a services liberalization grading scheme called 'benchmarking'.

Whilst the Group 90 Alliance ardently raised their collective concerns about 'benchmarking' proposal, delegations among the members of the Alliance, namely a few from LDCs, were bluntly told that their defensive actions within the G90 was unnecessary as LDCs had gotten a "Round for free". The few delegations accosted were also warned that continuing their actions within the G90 Alliance posed a considerable risk to the entire process and could indeed erode the progress that had been made in the ongoing negotiations. Delegations were informally reminded that LDCs possibly contributing to a failure of the Hong Kong Ministerial could also have a negative impact upon bilateral aid provided to them by some developed countries. Some powerful negotiators armed with the tacit support of their rich developed country governments masterfully engineered a situation where many "threatened" delegation by what was said and more so by what was implied. Many LDC ministers either unilaterally or after considerable pressure from their capital stopped voicing their opposition to 'benchmarking' and potentially avoided risking possible retribution from their development partners or systems at home that depended on foreign aid for their very survival. The cohesiveness of the G90 Alliance was consequently considerably diluted by the end of the Conference.

Another significant example of inadequate implementation of social justice famously occurred during the Uruguay Round of negotiations (1986-

1994), where the then United States trade representative Carla Hill threatened that her government would not hesitate to start "trade wars for all sorts of silly things" (Wiener, 1995) with those countries that held out during the negotiations. Such bullying tactics by trade representatives of powerful developed countries are sadly common practice in the international trade negotiating arena. These approaches are often articulated in the genuine, yet mistaken, belief that they operate for the general good of completing the trade negotiations. To those country representatives on the receiving end of such undiplomatic treatment understand that for many of their developed country colleagues the task at hand is solely to consider the demands of their national lobby groups and constituents rather than the needs of their global compatriots.

Pascal Lamy in many of his speeches has been known to reiterate the virtues of the DDA in alleviating poverty, and contributing to the development of the neediest countries of the world. When taken in conjunction with the right domestic policies, such as a stimulation of output and technical assistance designed to build supply side constraints both intuitively and empirically, the DDA can contribute significantly to development. While many NGOs claim that the benefits of DDA would come from agricultural market access in developed countries, the World Bank has somewhat counter intuitively claimed that the major benefits of the DDA would be trade facilitation and services. In fact, the

benefits of the DDA can be extended to agriculture, services as well as trade facilitation.

Developed countries promised that this would be the Round to bring social justice into the international trade negotiating process. In fact, Mike Moore, the then Director General of the WTO coined the Round “the Doha Development Agenda” to signal that this Round was intended to be significantly different from the previous Rounds. It was anticipated that developing countries and the least developed amongst them would be given a head start in the race, equipped with tools such as SDT, enhanced trade-related technical assistance and a clear development focus in all aspects of the negotiations. Participating member countries subsequently agreed to the roadmap that provided the DDA with possible tools which were aimed at remedying many of the acknowledged economic shortfalls of the past Uruguay Round, and were meant to form the basis to make trade the catalyst for development.

5.2 DO DEVELOPMENT PARTNERS UPHOLD THE PLATFORM OF JUSTICE?

The LDCs could do much better at integrating into the multilateral trading system if they were allowed to do so. The three LDCs that have graduated prove that appropriate country specific domestic policies, an enabling environment coupled with the right international focus were key ingredients necessary to help LDCs make that

quantum leap from LDC status to developing country status.

Many studies have highlighted the need for more national governance and more pellucid strategies to mainstream trade into domestic policies of LDCs. In many instances, ACP member countries have not only been reactive to negotiations in trade rules, but have also been proactive in developing trade positions in the DDA that if adopted would significantly contribute to their national plans. The principal aim should therefore be to ensure that any international instruments to which LDCs subscribe should support the development objectives of developing countries as well as those of their developed country counterparts.

Can development partners live up to the mandate in its entirety? This question remains to be examined after ministers set the platform of social justice in the form of the DDA mandate. The previous description of the situation among ACP-LDCs seems to strongly suggest that this will not be the case. In current trade negotiations, there is no generosity. Despite the need to offer LDCs DFQF market access to developed and large developing countries, many still see this early harvest as a destabilizing effect in the “Single Undertaking”.

The approach “nothing is agreed until everything is agreed” was conceived with the aim of ensuring that everyone benefits from the outcome as much as possible. Thus, those countries whose

economies are predominantly agriculture-based would require strong, user friendly contingency measures or mechanisms in addition to open markets. They would not seek to conclude on market access in services to those specializing in services trade, without some desired benefit derived from the agricultural negotiations. Whilst this appears to be a fair principle, there has been no agreement on this to proceed despite the loophole offered by paragraph 47 of the Doha Declaration which allows for the implementation of early harvest where agreements are reached early. In addition, a typical malaise of negotiations is that no group of countries wants to conclude on their areas or give unilateral concessions by surrendering their leverage too early in the game.

Doha can support the development of LDCs, but not just with DFQF market access. Equally important in this process is flexibility in rules regarding origin criteria and the reduction of trade distorting subsidies (including non-prohibitive green box subsidies) with fair and transparent non-tariff barriers. The above measures, coupled with focused technical assistance and capacity building that uses resources available in the country or the region, can collectively support LDCs as partners. Such empowerment will allow LDCs and developing countries to operate as equals to their developed country counterparts in the trade negotiation process.

The ACP Group has the right institution in the WTO to achieve more targets and objectives in the IPOA. However, there must be harmony between the vision or platform of social justice and the process of implementation. The following section recognizes that there is an important segment that is often not considered in aid efficiency. The Missing Middle will be examined more closely, calling for new institutional concepts that will overall improve the lives of citizens in LDCs.

5.3 THE “MISSING MIDDLE”

It is almost indisputable that trade is good for development. SDT provisions can support LDC integration into the multilateral trading system if developed countries allow themselves to see the bigger picture of social justice. Keeping the vision of the DDA at the forefront means going beyond preaching to ACP Group of States that tariff liberalization is beneficial. Many developed countries continue to adhere to the view that developing countries could help themselves by opening their markets to manufactured goods and services, irrespective of the actions (subsidies, anti-dumping legislations, non-tariff barriers) available to developed countries. The reality is that many developing countries are not only Net Food Importing Developing Countries (NFIDCs), but they are overall net importers of inputs for production as well as food. Tariffs are designed to protect a valuable fiscal

revenue source from duties and trade taxes, as well as for time-limited protection of specific infant production.

The DDA is now in its tenth year of negotiations. There have been many unsuccessful attempts to re-energize these negotiations in the past few years. Chairperson's texts have been prepared on draft modalities, and negotiations at very technical levels continue, even though many of these negotiations have reached their logical conclusions through the intense negotiating process. However, these advanced negotiated issues cannot be implemented in the absence of the collective agreement being concluded. Despite these negotiated accomplishments, the negotiations remain officially stalled primarily because of one major contributing factor, i.e. a perceived and real lack of respect for the platform of social justice established by the parties.

GLOBAL ACCOUNTABILITY AND AUTHORITATIVE OVERSIGHT

One of the major lessons learnt from the global economic and financial crisis, is the need for global economic reform (UNCTAD, 2010), as well as a new developmental and inclusive paradigm. In addition there is also a need for institutionalized global accountability with authoritative oversight.

The WTO already has a mechanism that provides institutionalized accountability and oversight that can be seen in action in Aid for Trade Global Reviews, and in the inclusion of

Aid for Trade support in Trade Policy Reviews (TPRs) in the WTO. Whilst this is a commendable achievement in the overall process, there is still room for more inclusion. TPRs should for example conclude with a set of recommendations for improvement to governments' trade policy and its contribution to a national long term development plan that becomes a formal document with a status report at least once in-between TPRs.

Furthermore, there should also be a more comprehensive report at the subsequent TPR. This report should cover all aspects of any SDT utilization, technical assistance provided; reports on the provision of technical assistance by donors as well as the utilization and impact of the aid or technical assistance provided. This report could then be discussed at the TPR with other Members making suggestions on how international donor agencies, bilateral donors, and nations can make aid effective towards achieving the BPOA and the MDGs. Where LDCs have difficulties accessing a market because of supply-side constraints or because of lack of access to markets, then this should be explained in detail to the TPR Council and solutions solicited. TPR would then act as an oversight body.

CITIZENS' FORUM FOR DIALOGUE AND GLOBAL INCLUSIVENESS

Citizens need to have a forum to be heard nationally and to replicate their voices globally in some entity fashioned after Mulgan's "United

Democracies Organization" (Mulgan, 2007). This body would also include mechanisms to ensure that not just the voices of governments and selected diplomats are heard, but also those of NGOs that are truly representative of their members and have access to the decisions or the decision-makers of the "United Democracies Organization".

The BPOA review in the LDC IV Conference should start this process with a forum for LDC citizen's representation (a cross section of representatives for various private sectors, social development associations, and other civil society groups). This could mean giving organisations such as LDC Watch a greater voice to make transparent the needs of LDCs and provide constructive solutions. While this recommendation may not be ready for the LDC IV Conference as it requires much discussion and institutional changes, it does warrant some internal debate by LDCs to determine its merits.

The IPOA must take into consideration the wave of recent events of public protests and toppling of long-standing dictators and regime governments in the Arab world. This has implications for the voice of citizens and the need to promote equality of the relative benefits/income accrued to all people in a country. It is true that LDCs are poorer than Arab countries and may not have access to social networking tools (Facebook, Mobile phones, Internet, etc.), but the fact that citizens, in particular poor citizens are calling for their equal share of benefits shows

that they should not be excluded from discussions on their own welfare. Leaders of LDCs must ensure that there is greater representation of the people in their development policies.

FORTIFY NATIONAL AND REGIONAL RESILIENCE TO EXOGENOUS SHOCKS

Coherence of donor and beneficiary objectives should include peace, security, and good governance. The IPOA also saw this as vital for sustainability. Higher incomes and growth also lead to greater resilience towards natural and manmade disasters. Regionalism is growing globally, and should be encouraged and deepened. Countries of Regional Commission Agreements (RCAs) should be seen as the best options for markets, thus the need to build more and better infrastructure for growth and development. Greater integration of market needs among RCAs would also see coordinated trade and production markets allowing reduced dependency on developed country markets. Regional market support and coordination can help to reduce extra-regional dependency and resulting exogenous shocks.

Other solutions to integrate LDCs into the multilateral trading system and towards sustainable development should include the following priorities:

- Developing solutions with international partners based on sound research of needs ensuring cohesion with domestic goals;

- Inclusiveness of the private sector in trade policy making processes by including their leaders in round table discussions and actually integrating their recommendations;
- Ownership of development aspirations and plans by LDCs, i.e. home grown solutions that can adopt development principles not just from Western economists and institutions, but are open to different approaches to development whether Western, Asian, local intellectual knowledge or a hybrid of all;
- Solid national, regional, and international institutions that are inter-related.
- For this one can foresee that a “World Council for Regional Co-operative Agreements” and related secretariats would be useful to consolidate cohesive regional policies that would feed back into domestic needs;
- Cooperation where developed countries can come to realize that LDC graduation can benefit the world overall.

have affected how countries trade, how aid flows, and thus productive capacities that donors need to support. Economic prosperity and growth caused greater influence of emerging countries rather than the traditional G8 countries. As a result, South-South cooperation has flourished. Questions remain whether the new South-South cooperation is a continuation of exploitation of raw materials for the production of advanced economies support, as is still predominantly the case in the North-South trade relationship. Despite these questions, so far the relationship holds many promises for LDCs.

Due to the global financial crisis, there has increasingly been calls for a new financial architecture that is inclusive of all countries (essentially a WTO-type system). Economic prescriptions based on the Washington Consensus have borne little fruit for many developing countries and LDCs. LDCs must continue to find economic modelling solutions that will truly benefit their development based on relevance to their economic and cultural structures. The IPOA must seek to develop a new set of relevant models of economic growth and development for the LDCs over the next ten years. This should be clearly stated in the final declaration of the IPOA.

5.4 GEO-POLITICAL RELATIONSHIPS

Since the last LDC Conference, the geo-political environment has changed considerably. This change commenced in September 2001 with the recognition of the advent of new global security threats that themselves

6 Specific Recommendations to ACP-LDCs

These recommendations are submitted as possible avenues to realize the successful implementation of the IPOA. Some of the recommendations impose requirements on domestic governments, whilst others concern international development partners and institutions. Relying upon the concept of the platform of social justice, the processes outlined aim to meet the vision as set out in the IPOA. ACP countries should take the following actions under the categories of vision, process, and implementation:

6.1 VISION

- Harmonize a platform of social justice promises made by governments, with the processes both in terms of design (of projects, of modalities for trade rules, or intervention policies for international institutions), and implementation;
- Create an explicit recognition of a platform of social justice set by the DDA should be included in the General Council and again in the Eight WTO Ministerial Conference schedule for December 2011 ;

- Insist that WTO Members agree and implement “early harvest” in DDA on issues and concerns of interests to LDCs.

6.2 PROCESS

In trade negotiations, negotiators from developed countries should be given the mandate to negotiate with developing countries in a fair and unbiased process;

Meetings should be scheduled so that all Geneva-based delegates from LDCs and developing countries are represented and such representation should be paid for by developed countries during a specific time period until these countries reach graduation;

Developing countries and LDCs in specific region should pool their scarce resources and have joint diplomatic missions so that they can all have representation in meetings and share the costs of running a mission in Geneva as well as other strategic cities worldwide.

6.3 IMPLEMENTATION OF PLATFORM OF SOCIAL JUSTICE USING CERTAIN PRINCIPLES AND TOOLS

In order to facilitate the implementation of a platform of social justice, the ACP would need to employ certain principles and trade related tools namely:

- Request that trade agreements and preferential agreements allow more flexible , easier Rules of Origin criteria that will make a difference (LDCs should request funding to have customs, trade officials, and export businesses present in Geneva to make a written proposal);
- Provide support for trade and business promotion in LDCs, professional value chain management, trade and business support institutions;
- Request coherence in international organizations where they should be held accountable when they deliver TRTA via reports on impact for example in the TPR (supra);
- Ensure that their governments are more transparent regarding their utilization of TRTA via reports on success stories, challenges and even failures;
- Empower the citizenry to participate in the process and eventually to have an international voice develop Aid for Trade projects that

are long term, but nonetheless time bound, so that they become sustainable and without the need for subsequent aid thus giving LDCs the possibility to graduate using their own resources;

- Human development is fundamental, and includes trade awareness as well as business awareness – building and strengthening institutions is key to ensuring sustainability;
- Develop a more sequenced liberalization, building sound regulatory framework before opening markets;
- Continue to deepen regionalism with harmonized trade-related legislations and forming political federations in some instances where empirical studies signal that it would be an optimal solution;
- Improve South-South Cooperation;
- Developing countries should show more generosity towards LDCs in negotiations and not be purely rent seeking;
- Recognise that the private sector and informal sectors need greater support to actually trade;
- Develop programs that allow them to give subsidies to poor farmers in LDC countries (based on some measure of equivalency);

- Encourage food security since developed countries cannot eliminate subsidies to their domestic farmers because of their strong lobby power;
- Create a mechanism to ensure measurement providing an ethical monitoring of the outcomes and decisions should be available to evaluate all parties on a continuous basis using tools such as the Global Aid for Trade Review, more frequent and meaningful UN LDC Reviews, and enhanced Trade Policy Reviews. This ethical monitoring mechanism could determine the benefits and measure the impact of implementation on the benefits that LDCs receive from an implementation of real DFQF.

7 Additional international development architecture

The Least Developed Country Report of UNCTAD (2010) noted that in order to achieve accelerated development and poverty reduction for LDCs there needed to also be improved targeted international support mechanisms (ISMs). The need for New International Development Architecture for LDCs (NIDA) has also been highlighted.

Any NIDA for the LDCs would be a set of formal and informal institutions, rules, incentives, standards, and processes, which would shape economic relations in a way that is inclusive of LDCs' development. The Istanbul Program of Action Report alludes to the reformed global economic regimes which work to support LDCs as well as a "new generation of special international support mechanisms". Other solutions to enable rapidly growing developing countries to contribute to the development of LDCs including greater mechanisms to improve flows of South-South trade, FDI and knowledge. The objectives of NIDA would be to support a path to accelerated growth to improve the wellbeing of people of LDCs, reverse marginalization of LDCs in the global community, and ultimately to assist LDCs' graduate from LDC status. Indeed, much of this paper has presented mechanisms showing actions that the donor

community must implement in their interventions, as well as actions LDCs must undergo themselves. These can certainly be considered as improved, yet targeted, ISMs.

Whilst, the continued support of the international community is important, international support should not be the only tool for development of LDCs and cannot be perceived as a long-term solution. It can be contended that support should shift to creating innovation which will allow for targeted economic policy for directing self-sustaining projects which in turn may lead to increased employment and productive capacity. This suggests that trade will not always be the solution to growth and development. It also suggests that economic models may need to be geared to promote first development-driven projects, and only secondly if required, trade-driven projects, rather than vice versa.

This approach poses a dilemma for many project implementing agencies designed to promote export-led growth instead of selected import substitution to support food and livelihood security. In order for the IPOA to have a positive impact on LDCs, they must implement projects that will make a meaningful difference in the

lives of beneficiaries and meet their needs, rather than projects that meet only their organisational mandate. Notwithstanding, their mandate, the needs and realities on the ground for LDCs must come first, even if it means collaborating with other agencies to benefit from a wider range of expertise. Reaffirming additional financing from the donor community at the LDC IV Conference will only be effective if the approach to achieving the IPOA objectives is based on the relevant economic model.

A typical example of targeted economic policy is one that alleviates poverty via growth of the success sectors that are likely to employ the poor (e.g. those with low literacy rates, low incomes, those living in remote areas, and those working in subsistence farming). In this instance, the policies should be geared to improving the production and quality of the employment opportunities that those in the poorest groups in the society have or would have access to. This involves value-chain breakdown to improve efficiency at each link to support greater integration of sectors and benefits to those most in need. It also means applying projects to the less dynamic sectors where the insufficiency of dynamism may be due to a lack of support.

As previously stated, the important role of domestic demand must not be forgotten. In most low-income countries, domestic demand has been proven to be the single largest contributor to economic growth.

In the long term, improving employment opportunities and the quality of employment available will lead to increases in domestic demand. These are all general principles of benefit to their economies.

8 Conclusion

The IPOA is a new opportunity for all stakeholders in the development of the LDCs to be credible and really work with the clear aim of contributing to the graduation of LDCs helping them to integrate into the international community and become prosperous as a result. These countries have renewed hope that they too can be on a path to sustained development, leading to better economic and social conditions for the country and its people. Citizens of LDCs also deserve a better life.

Once all agents – LDC governments, donor community, civil society, each staff member of development agencies, and the beneficiaries themselves – all accept this basic tenant, then the “how” to achieve this, and the “what” should be done becomes easier. While not exhaustive, many of these tools for understanding the “how” and “what” part of the development equation are addressed in this paper. Some explanation of given under the idea of social justice that explains that development agents have an obligation to help LDCs achieve a better life. This level of respect and acceptance of why IPOA and other LDC development initiatives will present clear direction to all agents on what is needed to contribute to the graduation of LDCs.

It is fundamental that the leaders of LDCs also accept this tenant. They are asked by their citizens to pave future path of prosperity for their country. Leaders include not just governments, but also the private sector, and civil society groups. If they understand this basis tenant, then they will be able to dedicate themselves and all their actions to fulfilling this objective. LDCs must take charge of their own development plans that are based on sound analyses and vision for a more prosperous future.

There has been progress in some LDCs, and there are still vast potential. It is still possible to provide some “early harvest” in the Doha Round of trade negotiations to support LDC development. However, with or without a successful Doha completion, private sector agents and trade promotion agencies that work with them are in a position to foster business links through building development winners in the private sector.

The wealth of the poor is hope for basic needs of life – food, security, future prospects, and aspiration for their children to have had a better life than they did because they deserve it!

Acronyms and Abbreviations

ACP	African, Caribbean and Pacific Group of States
AGOA	African Growth Opportunity Act
BPOA	Brussels Programme of Action
CA	Cotonou Agreement
DDA	Doha Development Agenda
DFQF	Duty-Free, Quota-Free
DTIS	Diagnostic Trade Integration System
EBA	Everything But Arms Agreement
EC	European Communities
EU	European Union
FDI	Foreign Direct Investment
IP	Intellectual Property
IDS	International Development Strategy
IPOA	Istanbul Programme of Action
LDC	Least-developed Countries
MFN	Most-Favoured Nations
NFIDC	Net Food Importing Developing Countries
NGO	Non-Governmental Organisation
NIDA	New International Development Architecture
NTB	Non-Tariff Barriers
PPP	Public-Private Participatory Approach
S&DT	Special and Differential Treatment
SNPA	Substantial New Programme of Action
TRIPS	Trade-Related Intellectual Property Rights
TRTA	Trade-related Technical Assistance
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UN-OHRLLS	United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and the Small Island Developing States
WTO	World Trade Organization

Bibliography

- Agosin, M. R., & Mayer, R.** (2000). *Foreign Investment in Developing Countries: Does it Crowd in Domestic Investment?* No.146. Geneva: UNCTAD.
- Artstotle.** (1134a). *Ethica Nicchomachaea*. Retrieved 02 21, 2011, from Electronic Text Center, University of Virginia Library: <http://etext.virginia.edu/etcbin/toccer-new?id=AriNico.xml&images=images/modeng&data=/texts/english/modeng/parsed&tag=public&part=all>
- Bashir, S.** (2011). Special Session of the Committee on Trade and Development - TN/CTD/26 of 21 April 2011. Geneva: WTO.
- Gagnon-Lebrun, F., & Agrawala, S.** (2006). *Progress on adaptation to Climate Change in Developed Countries: An Analysis of Broad Trends*, ENV/EPOC/GSP(2006)1/FINAL. Paris: OECD.
- IMF.** (2011, 03 31). *Debt Relief Under the Heavily Indebted Poor Countries (HIPC) Initiative*. Retrieved 08 20, 2011, from International Monetary Fund: <https://www.imf.org/external/np/exr/facts/hipc.htm>
- Miller, R.** (2010). *Globalizing Justice – The Ethics of Poverty and Power*. New York: Oxford.
- Mulgan, G.** (2007). *Good and Bad Government – The Ideals and Betrayals of Government*. London: Penguin.
- Ngozo, C.** (2011, 05 12). *Globaldevelopment*. Retrieved 07 20, 2011, from Guardian.co.uk: <http://www.guardian.co.uk/global-development/2011/may/12/malawi-agenda-conference-least-developed-countries>
- Paige, E.** (2011). *The Wealth of the Poor – Trade and Productive Capacity of African, Caribbean and Pacific Group of States in the Framework of the Fourth United Nations Conference on Least Developed Countries – LDC IV, Istanbul, Turkey, 9–13 May 2011*. Geneva: FES-ACP. (internal working paper)
- Parliamentary Office of Science and Technology.** (2006). *Adapting to Climate Change in Developing Countries*. Post-note, 4.
- Sociology Guide.** (2011). *Social Justice*. Retrieved 10 18, 2011, from Sociology Guide: www.sociologyguide.com
- Soliman, M.** (2003). *Foreign Direct Investment and LDCs Exports: Evidence from the MENA Region*. Sharjah: American University of Sharjah.
- Stiglitz, J.** (2003). *Globalization and its Discontents*. New York: Norton.
- Tran, M.** (2011, 05 13). *Action plan for LDCs: key points from the UN conference*. Retrieved 08 20, 2011, from Globaldevelopment: <http://www.guardian.co.uk/global-development/poverty-matters/2011/may/13/least-developed-countries-un-conference-action-plan?intcmp=239>
- UN.** (2011). *About LDC-IV*. Retrieved 07 09, 2011, from Fourth United Nations Conference on the Least Developed Countries: <http://www.un.org/wcm/content/site/ldc/home/Background>
- UN.** (2011). *Programme of Action for the Least Developed Countries for the Decade 2011–2020, A/CONF.219/3*. Istanbul: UN.
- UN.** (2011). *Quick Facts About The Least Developed Countries (LDCs)*. Retrieved 07 2011, 10, from Fourth United Nations Conference on the Least Developed Countries, 9–13 May, Istanbul, Turkey: http://www.un.org/wcm/content/site/ldc/home/Background/quick_facts
- UN.** (2011). *The Fourth United Nations Conference on the Least Developed Countries (LDC-IV)*. Retrieved 07 09, 2011, from Civil Society Forum 4th UN Conference on LDCs (UN LDC-IV): <http://www.ldcistanbul.org/index.php?lang=en>
- UNCTAD.** (2010). *The Least developed Countries Report 2010 – Towards a New International Development Architecture for LDCs*. Geneva: United Nations Conference on Trade and Development.
- Wiener, J.** (1995). *Making Rules in the Uruguay Round of the GATT*. Aldershot: Dartmouth Publishing Company.
- WTO.** (1994). *The Legal Texts – The Results of the Uruguay Round of Multilateral Trade Negotiations*. Cambridge: Cambridge University Press.
- WTO.** (2001). *Implementation of Special and Differential Treatment Provisions in the WTO Agreements and Decisions - Note by Secretariat, WT/COMTD/W/77/Rev1*. Geneva: WTO, Committee on Trade and Development.

About the author

Elliott Paige is a national of Antigua and Barbuda and presently managing the Trade and Export Development department in the Caribbean Export Development Agency – a pan-Caribbean trade promotion and enterprise development intergovernmental organization in Barbados. He also is a visiting lecturer on trade policy and the multilateral trading system at the University of the West Indies in Barbados. He has been involved in various aspects of trade development for the past 17 years. He established the Permanent Mission of the Organization of Eastern Caribbean States (OECS) in Geneva and as a diplomat and trade negotiator for six Caribbean countries represented his region's trade policy interests at the World Trade Organization in Geneva.

The photo on the cover is a scene of women carrying water where in many LDCs there is no running water in their house. To the author, the photo symbolises domestic people working together sharing the burden to ensure that they all improve their lives. The water bottles are foreign and perhaps the water source also came as a result of development assistance projects provided by donors, but locally, the people must act together! The photo is courtesy of Sabino Parente of Fotolia at <http://www.fotolia.com/id/31521069>.

© 2011 Elliott D. Paige. All rights reserved.

Reproduction in whole or in part without permission is prohibited.

Contact elliottdpaige@gmail.com for more information.

Revision: FES Geneva Office

Publisher:
Friedrich-Ebert-Stiftung
Hiroshimastraße 17
10785 Berlin
Germany

Design and Layout: Shantala Fels
Printed by: roco-Druck
Printed in Germany

ISBN 987-3-86498-012-1



ISBN 987-3-86498-012-1