



# Least Developed Countries in the Next Decade

What is there in the Istanbul Programme of Action?

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- In 1971 the world was first introduced to a specific category of countries styled as »least developed countries« (LDCs). This category, established by the United Nations General Assembly, comprised 25 low-income countries facing severe structural impediments to growth. These countries were »at a very early stage of economic and social development« (UN 1970). Over the last four decades, the number of LDCs has grown to 48.
- Around 12 per cent of the world's population lives in the LDCs, with more than half of them belonging to the extreme-poor category. The LDCs account for less than 2 per cent of the world's GDP, and around 1 per cent and 0.5 per cent of world trade in goods and services respectively.
- The Istanbul Programme of Action (IPoA), adopted at the Fourth United Nations Conference on the Least Developed Countries (LDC IV), states that »a successful renewed and strengthened global partnership that effectively addresses the special needs of least developed countries will contribute to the cause of peace, prosperity, and sustainable development for all« (UN 2011a).
- How effective will be the decisions of the LDC IV in catalysing an accelerated, inclusive, and sustained development process in this most disadvantaged set of countries in the coming decade? Could the authors of the outcome document of LDC IV design an adequate institutional approach that will overcome the earlier observed shortcomings of the implementation and follow-up mechanism? Will there once again be a deficit of political will on the part of all concerned parties towards realisation of the agreed goals and targets?



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## List of Abbreviations

BPoA	Brussels Programme of Action
CDP	Committee for Development Policy
CSO	civil society organisation
DAC	Development Assistance Committee
DF-QF	duty-free quota-free
ECOSOC	Economic and Social Council (UN)
FDI	foreign direct investment
GDP	gross domestic product
GEP	Group of Eminent Persons
GNI	gross national income
HIPC	Heavily Indebted Poor Countries
ICT	information communication technology
IF	Integrated Framework for Trade-related Technical Cooperation
ILO	International Labour Organization
IMF	International Monetary Fund
IPC	Inter-governmental Preparatory Committee
IPoA	Istanbul Programme of Action
LDC	least developed country
LDCF	Least Developed Countries Fund
LDC IV	Fourth United Nations Conference on the Least Developed Countries
MDG	Millennium Development Goal
MDR	multilateral debt relief
ODA	official development assistance
OHRLS	United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
PoA	Programme of Action
SDT	special and differential treatment
STI	science, technology, and information
TRIPS	Trade-Related Aspects of Intellectual Property Rights Agreement (WTO)
UNCTAD	United Nations Conference on Trade and Development
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
WTO	World Trade Organization



## 1. Introduction

The Istanbul Programme of Action (IPoA), adopted at the Fourth United Nations Conference on the Least Developed Countries (UN LDC IV), states that »a successful renewed and strengthened global partnership that effectively addresses the special needs of least developed countries will contribute to the cause of peace, prosperity, and sustainable development for all« (UN 2011a). An overwhelming sense of optimism in bringing together the development spirit of all countries is apparent from the statement. The mass conclave of governments, international agencies, business, and civil society representatives held in Istanbul, Turkey, from the 9<sup>th</sup> to the 13<sup>th</sup> of May 2011 at the LDC IV epitomised the significance of and concern for international cooperation in addressing the development challenges of the least developed countries (LDCs).<sup>1</sup>

While the list of LDCs has grown from 25 to 48 over the last four decades, only three countries<sup>2</sup> have graduated since 1971 and another two<sup>3</sup> remain in the pipeline. Notwithstanding some discernible recent progress made, LDCs as a group remain in a state of structural atrophy characterised by low income, poor human development, and high economic vulnerability. Given the mixed balance sheet regarding implementation of the Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010 (BPoA), hard questions were asked prior to the Conference concerning the rationale and effectiveness of the venture. These questions received expanded relevance in the aftermath of the global economic and financial crisis as well as due to the emerging effects of a number of new risks, such as climate change. Concerns were expressed regarding the concrete »deliverables« of the LDC IV.<sup>4</sup>

How effective will be the decisions made at the LDC IV in catalysing an accelerated, inclusive, and sustained development process in this most disadvantaged set of

1. The Conference brought together by about 9,000 participants including 36 heads of state or government, 200 parliamentarians (including 10 Speakers), 96 ministers, and 60 heads of the UN and other international organisations as well as more than 1,500 civil society representatives and 500 business leaders. Source: <http://www.unohrlls.org/en/orphan/892/>. See also: <http://www.cpd.org.bd>; <http://www.istanbul-symposium.org/en>.

2. Botswana (1994), Cape Verde (2007), and Maldives (2011).

3. Equatorial Guinea (2012) and Samoa (2014).

4. See for example, Bhattacharya (2010a).

countries in the coming decade? Could the authors of the outcome document of LDC IV design an adequate institutional approach that will overcome the earlier observed shortcomings of the implementation and follow-up mechanism? Will there once again be a deficit of political will on the part of all concerned parties towards realisation of the agreed goals and targets?<sup>5</sup>

The present paper does not intend to provide an exhaustive review on the current status and performance of the LDCs. It also does not seek to provide detailed strategies for implementation of the identified actions in the IPoA at the global, regional, or country level. The major objective of the present paper is to improve our understanding about the core components and various features of the IPoA in relation to the challenges of structural transformation facing the LDCs. The paper also seeks to raise policy awareness regarding the challenges underpinning the delivery of the promises made in the IPoA.

## 2. Istanbul Programme of Action: Context and Rationale

### 2.1 Rationale for a Special Programme for the LDCs

In 1971 the world was first introduced to a specific category of countries styled as »least developed countries« (LDCs). This category, established by the United Nations General Assembly, comprised 25 low-income countries facing severe structural impediments to growth. These countries were »at a very early stage of economic and social development« (UN 1970). Over the last four decades, the number of LDCs has grown to 48. Around 12 per cent of the world's population lives in the LDCs, with more than half of them belonging to the extreme-poor category. The LDCs account for less than 2 per cent of the world's GDP, and around 1 per cent and 0.5 per cent of world trade in goods and services respectively. The development prospects of these countries are severely constrained not only by socio-economic impediments but also by adverse geographical location, making these countries more susceptible to environmental changes and natural calamities. Indeed, the devastating impacts of the earthquakes in the island states of Haiti and Samoa further highlight the misfortune of the LDCs.

5. For details on these concerns, see Bhattacharya (2010b).



The main reason for identifying the LDCs was to seek them out for targeted international interventions so that these countries could accelerate the process of overcoming their low level of industrialisation, lack of productive human capital, and different forms of geo-physical vulnerabilities. It was in recognition of such adverse development attributes that the Substantial New Programme of Action on LDCs for the 1980s was adopted in Paris in 1981. Later on, this new programme culminated in a decadal framework for international co-operation at the LDC II in Paris (1991), and later at the LDC III in Brussels (2001).

The LDCs should benefit from enhanced flows of concessional financial resources from the developed countries and preferential access to developed country markets (UNESCAP 2007). Beyond these two specific areas of tangible interventions in the areas of aid and trade, the rest of the envisaged support measures largely relate to policy intentions. The only exception in this case may be the technical assistance for capacity-building provided by the advanced countries to the LDCs. Although studies by the Committee for Development Policy (CDP)<sup>6</sup> have shown that even these tools for extending support turned out to be of relatively limited value – either because of lack of promised delivery or due to delivery with restrictive conditions (UN 2010).

The LDCs were increasingly exhibiting diverse developmental needs due to their varying resource endowments and structural vulnerabilities. This circumstance demanded that the support measures be more tailor-made so as to accommodate the heterogeneity of the group. The other challenge had been ensuring »internal« and »external« coherence of the support measures. Attaining internal coherence would imply that the support measures have to be mutually supportive (if not synergistic), while external coherence would suggest aligning the international support measures with domestic policies.

Assessing the development outcome of the very first Programme of Action (Paris, 1980), it was observed that »the dismal record of the 1980s was not due solely to the LDCs' structural weaknesses, but also had to be attributed to the fact that the responsibilities undertaken in 1981 had not been fully implemented, that support

6. The Committee for Development Policy at the UN Department of Economic and Social Affairs (UNDESA) prepares triennially the list of countries to be recognised as LDCs as well as the list of »graduating« countries.

measures had been insufficient and that the international climate had been unfavourable« (UN 1990). Curiously, this observation may be largely, if not fully, applied in case of implementation of the BPoA. In view of the continuing vulnerability of the LDCs and in the absence of structural transformation in their economies, this indictment stands valid even today, two decades later.

Given the current state of affairs in the LDCs, it was imperative to continue with a dedicated programme in support of these countries for the next decade. Such a programme has to be more effective with regard to both the design and the deployment of the international support measures. The experiences during implementation of the BPoA, as discussed later, further demonstrate the validity of this observation.

## 2.2 A Reflection on the Outcome of the BPoA

Of the three previous LDC programmes of action, the Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010 drew relatively more attention of the international development community and the LDCs alike. The BPoA proposed to provide »a framework for a strong global partnership to accelerate sustained economic growth and sustainable development in LDCs, to end marginalisation by eradicating poverty, inequality and deprivation in these countries, and to enable them to integrate beneficially into the global economy« (UN 2001). The wider acceptability of the document was also owed to the declaration of an ambitious overarching goal, which was »to make substantial progress towards halving the proportion of people living in extreme poverty and suffering from hunger by 2015 and promote the sustainable development of the LDCs« (UN 2001). Indeed, a large part of the BPoA targets were aligned with the Millennium Development Goal (MDG) timelines.

Concretely, BPoA was based on seven inter-linked mutual commitments, thirty goals, and five guiding principles that the LDCs and their development partners undertook to implement. The relevant question is whether the BPoA was ultimately successful in meeting the commitments and goals that it took upon itself.

Although there has been an emphasis on the need for strengthened global partnerships to help the LDCs overcome their development constraints, a large number



of the targets of the BPoA remained unachieved.<sup>7</sup> Empirical evidence shows that in terms of economic growth, macroeconomic stability, trade and investment, as well as resource flow and balances, the LDCs fared well until the multiple crises in the international arena drastically turned the prospects for growth against the LDCs.<sup>8</sup> The food, fuel, financial, and economic crises in the second half of the last decade – coupled with the growing adverse impacts of natural disasters and climate change – contributed much in the way of increasing the vulnerability of the LDCs. Nonetheless, the LDCs as a group closed the decade with a relatively high benchmark. The improved performance of the group masked the skewed distribution of the progress and its fragile nature; there was not enough momentum to generate a breakthrough for structural change in the LDC economies. In this connection, the United Nations Conference on Trade and Development (UNCTAD 2010b) concluded that changes have been particularly lagging in the areas of investment in productive sectors, trade diversification, infrastructure development, science, and innovation capacity-building.

The UNCTAD LDC Report 2010 identified eight specific international support measures that were mentioned in the BPoA. Collating information from various sources, Table 1 presents the status of implementation of those measures at the end of the BPoA decade. The Table reveals faltering progress in implementation of each of the support measures, indicating an unfinished agenda.

How does one explain such an unsatisfactory implementation record of the BPoA? Table 2 depicts a catalogue of factors identified by various UN bodies that have affected adversely the delivery of the programme targets. The factors that stand out in the listing relate to inadequate provisioning of external support measures, including inadequate flow of ODA. Interestingly, one of the UN agencies mentions that the impact of international measures on development and poverty alleviation in the LDCs was overemphasised in the BPoA. There was

7. For details on implementation of the BPoA, see the UN Secretary General's report to the General Assembly, titled Ten-Year Appraisal and Review of the Implementation of the Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010 (UN 2011d).

8. The mid-term review of the BPoA noted that during this time around, LDCs as a group were able to register a robust economic growth rate of about 7 per cent, record some reduction in extreme poverty and hunger, and achieve gradual progress in human development indicators (UN 2006). Also see UNCTAD (2010a).

also a lack of attention given to mitigating specific risks and the varying needs of the LDCs as well as the impact of the global financial crisis.

Among the factors inhibiting fuller implementation of the BPoA, a significant number of them concern the domestic circumstances of the LDCs. These factors range from misguided domestic policies to lack of infrastructure to weak public sector institutions. The list of reasons defining the scope of implementation of the BPoA also mentions that important policy areas such as agricultural employment and information communication technology (ICT) did not receive an adequate measure of attention in the BPoA. In other words, the major factor underpinning the revealed limited effectiveness of the BPoA indicates a combination of international and domestic issues coupled with some unforeseen negative developments. While a number of them relate to design failure, others are essentially delivery failure. Nonetheless, it is interesting to note that none of these assessments identify weak monitoring and follow-up activities in relation to implementation of the BPoA as being to blame.

### 3. Istanbul Programme of Action: Processes and Features

The UN General Assembly decided to convene the LDC IV Conference in May 2011 in Istanbul, Turkey (UN 2009). The key mandates of the Conference included:

- (i) undertaking a comprehensive appraisal of the implementation of the BPoA;
- (ii) identification of the obstacles and constraints encountered in its implementation as well as the initiatives to overcome them;
- (iii) identification of effective international and domestic policies in the light of the outcome of the appraisal as well as new and emerging challenges and opportunities and the means to address them;
- (iv) mobilisation of additional international support measures and actions in favour of the LDCs together with renewed partnership between the LDCs and their development partners.

In the following sections, we take a closer look at the framework issues and the substantive components of the IPoA.



Table 1: State of Implementation of Eight Specific Support Measures under the BPoA

Measure	Status	Remarks
Official development assistance (ODA) targets of 0.15 or 0.20 per cent of donor's gross national income (GNI) to be allocated to LDCs	Aggregate ratio of aid to GNI of the Development Assistance Committee (DAC) member countries rose from 0.05 per cent of GNI in 2000 to 0.09 in 2008.	Improved but below the target. If the lower ODA target of 0.15 per cent of GNI had been achieved, LDCs would have received 60.7 billion US dollars in aid rather than the 37 billion US dollars they actually received.
2001 DAC Recommendation to untie aid to LDCs	79 per cent of all ODA is now untied, 17 per cent is still tied, and the tying status of only 4 per cent of aid is not reported.	Good progress is being made in untying aid in general and in reporting on the tying status of aid.
Special consideration given to LDCs in their accession to the World Trade Organization (WTO)	Almost no progress has been made; in fast-tracking of the accession process of the LDCs, only two joined the WTO between 2001 and 2010; 12 LDCs are in the pipeline to join the WTO.	Developed countries have sought concessions above and beyond those that were demanded of existing least developed country WTO members at the time of their accession negotiations.
Special and differential treatment (SDT) for LDCs in WTO agreements on goods and services	One of the major areas where very little action has been taken; SDT provisions have become WTO agreement-specific.	Failure to implement is due to LDCs choosing not to utilise the few opportunities of SDT that exist within the agreements.
Preferential market access for LDCs	Empirical evidence indicates: countries that cannot export competitively cannot benefit from preferential market access. All developed country members of the WTO (except the US) currently provided duty-free quota-free (DF-QF) access to at least 97 per cent of the LDCs' products. US contribution through the African Growth and Opportunity Act is provided to some African LDCs.	DF-QF for all products from all LDCs remains an unfinished agenda. Often the remaining 3 per cent of products not covered may be precisely those that the LDCs are able to export.
Article 66.2 of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement)	TRIPS Article 66.2 has been implemented in such a way that rather than offering financial incentives for technology transfer, existing activities have simply been reclassified.	Proposal needs to be restructured to make it work for the LDCs.
The Integrated Framework for Trade-related Technical Cooperation (IF), which has now been succeeded by the Enhanced Integrated Framework	The total amount allocated to LDCs through the IF process between 2000 and 2010 was, on average, a little more than 1 million US dollars per LDC.	The lack of funding for the LDC-specific international support measures contrasts markedly with the United Nations system's expenditure on operational activities, which has been increasingly focussed on LDCs.
The Least Developed Countries Fund (LDCF), established to implement the UNFCCC work programme.	LDCF disbursed 4 million US dollars per LDC (in 32 countries) to support climate change adaptation projects between 2001 and June 2010.	

Sources: UN (2011d), UNCTAD (2010c), and WTO (2011)

### 3.1 The Process

The complexity of the LDC IV preparatory process was inherent to the structure and operational modalities of the UN itself. Beginning in 2009, the bottom-up approach to the process saw initiation of the national level consultations that fed into regional level consolidations and subsequently to global level aggregation. The nodal point of all these multi-track activities had been the UN-OHRLLS.

### Inter-governmental Process

The inter-governmental process was tasked to negotiate the outcome document of LDC IV. An Inter-governmental Preparatory Committee (IPC) was set up that met formally on two occasions in New York to consider substantive preparations for the Conference. The first session of the IPC was convened in mid-January 2011 to discuss the basic elements of the draft declaration of the LDC IV. In this session, Nepal – as the Coordinator of the

Table 2: Factors Adversely Affecting Implementation of the BPoA According to Various UN Agencies<sup>9</sup>

<b>Assessing Agencies</b>	<b>Reasons for Failure of BPoA</b>
CDP/UNDESA	<ul style="list-style-type: none"> <li>■ Goals of the BPoA were too ambitious in relation to the measures introduced to achieve them.</li> <li>■ Inadequate external support, misguided domestic policies, and unforeseen shocks made it difficult to implement the strategies and projects according to the original plans.</li> <li>■ BPoA overemphasised international measures whose impact on development in general and on poverty reduction in particular has not been compellingly demonstrated.</li> <li>■ International support measures may not be sufficient to address the structural impediments facing the LDCs.</li> </ul>
ECOSOC	<ul style="list-style-type: none"> <li>■ While LDCs have included most aspects of the BPoA in their national development plans, explicit reference to the PoA and general awareness within countries appears to be low.</li> <li>■ BPoA did not focus much on providing readily available support to reduce specific risks.</li> <li>■ BPoA did not address the different needs among the LDCs.</li> <li>■ Such important policy areas as agriculture employment and ICT, and the special needs arising from fragile and conflict situations in some LDCs did not receive adequate measure of attention in the BPoA.</li> </ul>
OHRLS	<ul style="list-style-type: none"> <li>■ Lack of international support measures in the form of budgetary support were viewed by the LDCs as the greatest challenge in implementing the BPoA.</li> <li>■ The narrowness of national tax bases, and the weakness of domestic tax collection and policies by the LDCs inhibited achievement of BPoA targets.</li> <li>■ Though some LDCs benefited from debt relief under the Heavily Indebted Poor Countries (HIPC) and Multilateral Debt Relief (MDR), several LDCs found debt sustainability a major concern for attainment of BPoA targets.</li> <li>■ Lack of intermediate indicators in the context of implementation monitoring of BPoA was viewed by many LDCs as a key problem.</li> <li>■ Lack of adequate infrastructure in LDCs is a major challenge that they faced in</li> </ul>

Sources: UN (2010), UN (2011d), and UN-OHRLS (2010)

LDC Group of Countries in the UN System – identified six elements for the new framework of partnership.<sup>10</sup> During the second session of the IPC, held in early April 2011, the Committee adopted the draft report of the Istanbul Outcome Document and initiated the process of finalisation of the same. Intense negotiations on the draft continued informally until its adoption in Istanbul. Several high-level meetings were also convened during 2010 and 2011 prior to the LDC IV as part of the inter-governmental preparatory process.<sup>11</sup>

The negotiation process during the inter-governmental process was underpinned by the varying stances among

9. CDP/UNDESA (Committee for Development Policy. New York: United Nations Department of Economic and Social Affairs), ECOSOC (UN Economic and Social Council), OHRLS (United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States).

10. i) building competitive and diversified productive capacities to transform the economies for eventual graduation from LDC status; (ii) ensuring agricultural development and food security; (iii) overcoming infrastructure bottlenecks and integrating the LDCs into the global trading system; (iv) addressing human and social development challenges and achieving the MDGs; (v) building a new international support architecture; and (vi) ensuring a multi-stakeholder approach and a solid mutual accountability framework with follow-up and monitoring mechanisms at the national, regional, and global levels (UN 2011b).

11. For details, see <http://www.un.org/wcm/content/site/ldc/lang/en/home/pid/13103>.

various country groups towards addressing LDCs' concerns. No less than five versions of the outcome of LDC IV were drafted. The LDC Group forcefully argued for an agenda that would address the unfinished tasks of the BPoA and the new risks affecting their development prospects. The LDCs looked for a strengthened framework that would effectively follow-up the delivery of the agreed goals and targets. The main protagonists of the LDCs' positions were the traditional development partners led by the United States, the EU, Japan, and the CANZ Group.<sup>12</sup> These developed countries were essentially restricting their pledges to those made on earlier occasions and were not ready to make any additional commitments.

The emerging economies such as China, India, South Africa, and Brazil extended principle support to the demands of the LDCs while remaining cautious about the articulation of such demands in the outcome document. The umbrella platform of the developing countries (including the LDCs) had been the G-77 and China, which remained reticent about the differentiations among the developing countries while politically promoting the interests of the LDCs.

12. CANZ Group comprises of Canada, Australia and New Zealand.



With the evolving consensus on the language of the text and subsequent removal of square brackets, successive drafts of the outcome documents increasingly became less contentious and more flexible. For example, a number of implementation- and monitoring-related issues on mutual accountability that figured in the earlier drafts of the outcome document were conspicuously absent from the final version due to objections from a number of important developed countries. The very notion of a »paradigm shift« through collaborative actions by LDCs and their developed and developing partner countries was in many ways overshadowed by the presentation of the status quo in the draft.

#### Other Tracks

While the inter-governmental track created a sound base for articulation of the issues for the LDC IV Conference, various UN agencies – including the UN Development Programme (UNDP), UN-OHRLS, and UNCTAD – as well as the International Organization for Migration and the World Bank carried out a number of events to highlight the concerns of the LDCs in areas of their mandate during the run-up to the Istanbul Conference. The magnitude of issues covered by these conferences was wide-ranging: impacts of the global financial crisis; sustainable tourism in LDCs; promotion of democratic governance in LDCs; ODA and debt relief; resource mobilisation; aid for trade; food security; climate change; migration and remittances; growth and employment, among other topics. It was, however, unfortunate that none of these events took place in an LDC.

In addition, OHRLS undertook a task – in collaboration with the UN Global Compact Office – to highlight the views and aspirations of the private sector for the development of countries, including the LDCs, in such areas as investment and finance. The events under this collaboration were articulated under four set of core values – human rights, labour, environment, and anti-corruption – guided by ten principles.<sup>13</sup> During the Istanbul Conference, the private representatives met at the Global Business Partnership Forum, the High-Level Meeting of Investment and Partnerships, as well as the Trade Fair to sensitise global leaders in identifying concrete and action-oriented policy measures to integrate the role of the private sector in meeting the development challenges of the LDCs.

13. <http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>.

The preparatory process of the LDC IV Conference also included parliamentarians. This track was implemented in collaboration with the International Parliamentary Union. The underlying objective was to bring the national-level experiences regarding implementation of the BPoA under the scrutiny of the public representatives as well as to channel their views in shaping the outcome document of LDC IV.

Alongside them, civil society organisations (CSOs), mainly from the EU, Africa, Asia, and the Pacific, carried out a number of activities at the national, regional, and global levels to facilitate greater understanding of the LDCs' issues across the globe from a non-governmental perspective. A number of other civil society-driven pre-events and parallel events were also held outside the official preparatory process<sup>14</sup> as well as during the Istanbul Conference. Unfortunately, while CSOs were given some space in the preparatory process of the IPoA, many of their declared positions remained unaddressed in the final outcome document of the Istanbul Conference. The CSOs particularly called for a new international support architecture to ensure a change in the development paradigm that would mark a turning point towards a more just, more equitable, and more sustainable world.<sup>15</sup>

The Civil Society Declaration expressed deep disappointment with the outcome of the LDC IV Conference and urged civil society members to play a more vigilant, analytical, critical, and proactive role in the monitoring of the implementation of the IPoA (LDC Watch 2011).

#### The Group of Eminent Persons (GEP)

The UN Secretary General created a Group of Eminent Persons (GEP), bringing together a set of high-profile people with demonstrated credentials in the field of development. Accordingly, GEP was to take stock of the initiatives and developments that took place during the BPoA decade with regard to the LDCs. The GEP was to

14. International Dialogue on »Exploring a New Global Partnership for the LDCs in the Context of the UN LDC IV« was held in Dhaka in November 2010 and was organised by a consortium of independent think tanks and some international agencies. (The Declaration emerging from the event is available on the CPD website at the following link: <http://www.cpd.org.bd/LDC4/Documents/SummaryofRecommendation.pdf>). A two-day Trade and Development Symposium on LDCs in Istanbul took place during the LDC IV (details on this event are available at: <http://www.istanbulsymposium.org/en/events/istanbul-trade-and-development-symposium-on-ldcss/organisers>).

15. For details, see: <http://www.ldcistanbul.org/images/hakan/declaration.pdf>.



come up with recommendations to further the interests of the LDCs, particularly in view of the key shortcomings in BPoA implementation. The GEP advocated the concept of »No MDGs without LDCs« and asked for better coordination among the LDCs and the development partners to make the IPoA decade work for the LDCs. The report of the GEP was published under the title *Compact for Inclusive Growth and Prosperity*, which put forward a 10-objective agenda (Table 3) for the IPoA (UN 2011c). However, the core proposals articulated by the GEP failed to be realised in the final version of the IPoA.

Table 3: The 10-Objective Agenda of the GEP

Objective	Description
1	Achieve adequate, prioritised, and better targeted assistance for LDCs
2	Reduce the human assets gap
3	Improve export performance and diversity
4	Reduce the productivity gap in agriculture and enhance food security
5	Address the infrastructure deficit
6	Remove the spectre of debt distress from LDCs
7	Provide migration flows
8	Prepare for and address the climate change challenge
9	Secure certainty of access to trade routes and provide good transport infrastructure facilities for land-locked countries
10	Ensure the best environment for the productive exploitation of natural resources

Source: UN (2011c)

In sum, the OHRLS did devise a multi-track preparatory process for the LDC IV with the inter-governmental process at its core. While there was an effort to integrate different groups of stakeholders in the preparatory process, the influence of the supplementary tracks on the IPoA at the margin remained quite feeble. However, the plethora of events organised during the run-up and parallel to the LDC IV did contribute towards raising global awareness about the development challenges facing the LDCs in the current context.

### 3.2 Basic Elements of the IPoA

The major achievement of the LDC IV was adoption of the Istanbul Declaration and IPoA for the least devel-

oped countries for the decade 2011-2020. Before we identify the distinguishing features of the IPoA, it would be useful to obtain a general overview of the framework issues and its core elements. As Figure 1 reveals, the IPoA focusses on five clearly defined objectives and eight priority areas for overcoming structural challenges to eradicate poverty, achieving developmental goals, and enabling graduation.

The eight priority areas under five objectives contain 47 goals and targets (Table 4). It may be noted that the priority area »Human and social development« has been endowed with maximum number of goals and targets, followed by »Mobilising financial resources«. The next area with the largest number of goals and targets is related to building »Productive capacity«, followed by ensuring »Good governance at all levels«.

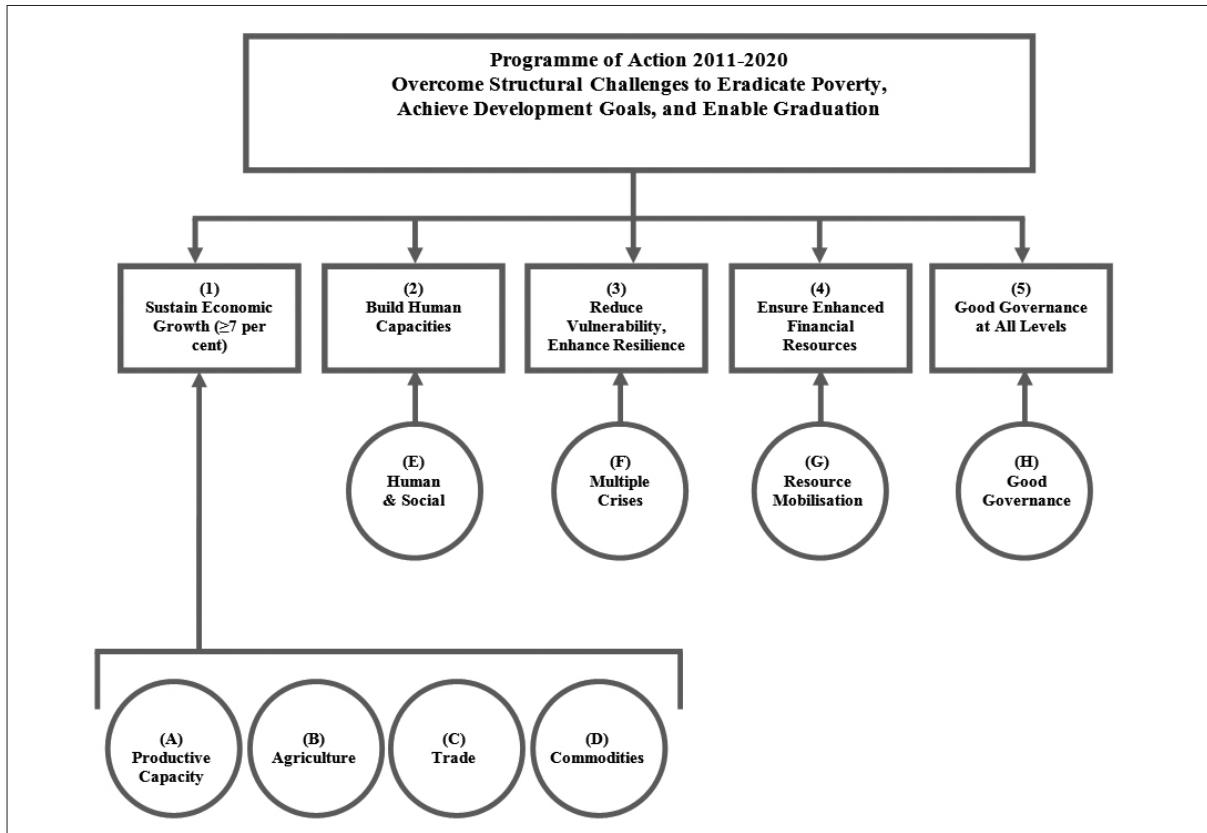
Table 4: Goals and Targets in the IPoA by Priority Areas

Sl.	Priority Areas	Goals and Targets
1	Productive capacity	7
2	Agriculture, food security, and rural development	3
3	Trade	2
4	Commodities	1
5	Human and social development	15
6	Multiple crises and other emerging challenges	3
7	Mobilising financial resources for development and capacity building	10
8	Good governance at all levels	6
<b>Total for all priority areas</b>		<b>47</b>

Source: Authors' calculation based on UN (2011a)

Table 5 reports the distribution of 251 identified actions to achieve the goals and targets contained under each of the eight priority areas. As in the case of goals and targets, the single largest number of actions is concentrated in the priority area »Human and social development« (60 actions), while the second concentration of the actions is in the area of »Mobilising financial resources« (47 actions). »Productive capacity« ranks third (44 actions) among the priority areas in terms of total number of measures slated for action. The fourth position goes to meeting »Multiple crises and other emerging challenges« (28 actions).

Figure 1: Objectives and Priority Areas of the IPoA



Source: Cortez (2011)

Table 5: Actions identified in the IPoA by Priority Areas

Sl.	Priority Areas	Actions			
		LDCs	DPS	Joint	Total
1	Productive capacity	26	17	1	44
2	Agriculture, food security and rural development	14	9	4	27
3	Trade	4	7	5	16
4	Commodities	2	4	0	6
5	Human and social development	35	22	3	60
6	Multiple crises and other emerging challenges	14	13	1	28
7	Mobilising financial resources for development and capacity building	18	27	2	47
8	Good governance at all levels	13	10	0	23
<b>Total for all priority areas</b>		<b>126</b>	<b>109</b>	<b>16</b>	<b>251</b>

Source: Authors' calculation based on UN (2011a)

The IPoA for the first time identified »Joint Actions« along with actions attributable to the LDCs and development partners. However, in this case no distinction has been made between the traditional and non-traditional development partners. If the number of actions is any indicator of delegated responsibility, then the LDCs have agreed to take the majority share vis-à-vis the development partners. Specific priority areas where the development partners are expected to take more actions relate to »Mobilizing financial resource«, »Commodities«, and »Trade«.

While the IPoA is supposed to represent a common vision within a framework of shared objectives and differentiated responsibilities, the LDCs have committed to undertake the primary responsibility to ensure their transition. The development partners – through collective actions by the developed countries and joint actions with LDCs – have renewed their commitments through stronger articulations in the priority areas of actions for achieving the goals and targets of the IPoA.



### 3.3 Distinguishing Features

A comparative analysis of the BPoA and IPoA reveals that the latter distinguishes itself from its predecessor in a number of ways. These distinguishing features not only relate to treatment of the systemic issues, but also in terms of goals and targets articulated for the LDCs for 2011-2020. While some of the features of the IPoA are completely new, there are a number of other issues that built upon the proposals made in earlier programmes of action (Annex Table). We mention below some of the new elements of the new programmes of action.

**Mainstreaming IPoA:** Development partners have committed to integrate the IPoA into their respective national cooperation policy frameworks. Similarly, the LDCs have reiterated their commitment to ensure better integration of the same in their respective development strategies.

**Partnership:** Moving away from the traditional concept of »donor-recipient relationship«, the IPoA is built on a much wider political consensus and recognises that its partnership with the LDCs is not only a moral imperative but also an economic and political one. The term »partnership« has been elaborated and now includes traditional donor countries; the United Nations System, including Bretton Woods Institutions and other multi-lateral financial and development institutions; developing countries, within the framework of South-South cooperation; the private sector; civil society; and private foundations.

**Graduation:** For the first time, the issue of graduation has been mentioned up front as one of the major targets. One may find the target of halving the number of LDCs in a decade a bit ambitious, yet such a lofty goal expresses the powerful message that the LDC Group is not there for all time to come. This message is underlined by the extension of preferential treatment to graduating LDCs for a particular period of time in order to ensure their smooth transition. The LDC IV agreed to establish an ad-hoc working group by the General Assembly to further study and strengthen the smooth transition process of the LDCs.

**Productive Capacity:** The IPoA makes a marked shift by way of putting strong emphasis on development of productive capacity for generating gainful employment. This emphasis encapsulates the need to expand invest-

ment in manufacturing and agriculture, and reduce the physical infrastructure deficit. It also implies enhanced diversification of export baskets and domestic processing of natural resources. This is in contrast to the earlier focus on aid flow and export growth.

**Addressing Heterogeneity:** Recognising the heterogeneity of the LDCs, IPoA has taken cognisance of diverse and specific needs of individual countries. This sensitivity informs the IPoA as a cross-cutting issue.

**South-South:** Reflecting the shifting wealth and changing economic geography, the IPoA has emphatically brought in emerging economies due to their potential role in supporting the LDCs. This is particularly relevant, *inter alia*, in cases of market access and technology transfer arrangements. The IPoA text cautions that »South-South Cooperation is not a substitute to North-South cooperation«, and alludes to triangular cooperation.

**Risk Mitigation:** Special emphasis has been given on developing risk-mitigation strategies, such as national facilities for crisis mitigation and resilience in LDCs with the support of their development partners.

**Climate Change:** Special focus on the economic and social impacts of climate change in the LDCs is a key feature of the IPoA. With a view to help improve the global climate change scenario, all countries have called for the establishment of the Green Climate Fund. One of the major objectives of this fund is expected to be facilitating establishment of clean development mechanism projects in the LDCs.

**Concrete Deliverables** A proposal has been made to establish a Technology Bank and an STI (science, technology and information) support mechanism dedicated to LDCs. This signifies greater emphasis on technological innovation and technology transfer to LDCs. Development partners have also committed to providing enhanced financial and technical support for this sector, including concessional start-up finance for LDC firms investing in new technologies.

**Implementation:** The commitment to ensure and facilitate active engagement of civil society, the private sector, and parliamentary tracks in implementation of the IPoA at both the country and international levels is an addition to the BPoA modalities.



## 4. Istanbul Programme of Action: Main Components

Systemic and structural interests and concerns of the LDCs have been broadly addressed in the IPoA. Given the non-binding nature of the commitments made under the partnership, the formulation of the goals, targets, and actions acquired special significance. There are three types of measures in the IPoA. Some are unfinished agendas of the BPoA, some are strengthened measures from the BPoA, and some are totally new measures. In this connection, this section scrutinises the eight priority areas of the IPoA to ascertain the substantive content of the new partnership agreement for the decade 2011-2020.

### 4.1 Sustaining Economic Growth in the LDCs

The first and foremost objective of the IPoA has been identified as taking measures for creating a sustainable base for economic growth in the LDCs. To this end, four major areas of intervention have been specified, namely (i) productive capacity; (ii) agriculture, food security, and rural development; (iii) trade; and (iv) commodities. Thirteen goals and targets, and a total of 93 actions have been mentioned in the IPoA to address these four priority areas. Greater focus has been put on enhancing the productive capacity of the LDCs.<sup>16</sup>

**Building Productive Capacity for Growth:** Renewed and welcomed emphasis on building productive capacity comes with awareness about past failures to precipitate structural changes in the least developed economies in earlier decades.<sup>17</sup> Indeed, the much desired structural change has not taken place in the LDCs, notwithstanding their impressive growth performance from 2001-2010. Thus, reducing supply-side constraints and enhancing value addition in local production have been taken up as key areas for action. Furthermore, development of physical infrastructure – namely (i) the increase in generation and supply of primary energy and electricity, (ii) the expansion of multi-modal transport network, and (iii) the improvement of telecommunication – has been considered critical in this connection.

16. A total of 44 actions have been designed to address the seven goals in the area of productive capacity.

17. In the BPoA, productive capacity-building figured as Commitment 4.

The overarching objective of the IPoA is to achieve 7 per cent annual GDP growth in the LDCs from 2011-2020 (UN 2011a, Para. 28(a)). A Similar target was also set out in the BPoA, and the LDCs as a group recorded a 6.8 per cent GDP growth rate (2001-2010).<sup>18</sup> Thus, given the growth performance of the LDCs during the last decade (even in the face of global economic downturn), the IPoA target for economic growth does not look ambitious. On the other hand, the average GDP growth figures for the African LDCs was 7.2 per cent<sup>19</sup> from 2001-2010, while the matching figure for the Island State LDCs was only 0.4 per cent – illustrating the stark differences among the LDCs in terms of their productive capacity and readiness to achieve sustainable economic growth (ILO 2011). Hence, implementation of the actions under the IPoA has taken into consideration the variations among the LDCs to ensure that each of the LDCs can reach the 7 per cent annual GDP growth target in a sustainable manner by the end of the current decade, if not earlier.

A number of observations may be offered regarding the quantitative targets mentioned under the priority area of productive capacity. For example, the IPoA is to »strive to provide 100 per cent access to the Internet by 2020«. Available data for 2008 suggests that only about 2.3 per cent of the LDC population had access to the Internet (Hossain et al. 2010), which is far short of the BPoA target of increasing the rate of Internet users to 10 per cent by 2010. The other related example concerns the target of total per capita primary energy supply in the LDCs; it has been mentioned that it will be put on par with that of the developing countries. While per capita electricity consumption in the LDCs in 2007 was only about 133 kWh, it was more than 1,750 kWh in the developing countries (Hossain et al. 2010). Hence, the IPoA has highly ambitious sectoral targets, given the benchmark conditions.

**Addressing Barriers to Sustainable Agriculture:** The IPoA not only recognises the crucial need for agricultural development for eradicating poverty in the LDCs by 2020, it also rightly seeks to address the limitations faced by these countries in terms, inter alia, of lack of adequate investment in rural infrastructure as well as agricultural research and extension services. Whereas the issue of agriculture was treated as a sub-section under

18. *World Economic Review 2010*.

19. More on this in section 4.3.



Productive Capacity in the BPoA, it has been identified as a distinct priority area in the IPoA. The IPoA calls upon the LDC members to allocate »at least 10 per cent of government expenditure to agriculture«. There are a number of LDCs where such allocation is already in the range of 10 per cent,<sup>20</sup> while in a number of LDCs, public spending on agriculture has declined over time – declining from 9 per cent in 2000 to as low as 4 per cent in 2004 (Fan et al. 2008).

The list of actions identified for the LDC governments and the developed countries in the IPoA is long and covers a wide range of issues, including the important subject of improving access to food by the disadvantaged sections of the population, particularly given the price volatility. Fulfilment of the pledge of the developed countries with respect to elimination of all forms of agriculture export subsidies by 2013 also figures among the list of actions. With the Doha Development Round still struggling for consensus, the possibility for attainment of this goal remains suspect.

**Ensuring Better Integration of the LDCs into the Global Trading Regime:** The value of LDC trade almost quadrupled between 2000 and 2008 (from 95 billion US dollars in 2000 to 397 billion US dollars in 2008), reaching just about 1 per cent of global trade. However, raw materials and semi-finished products dominate the export markets of the LDCs. Thus, the apparent export expansion is underpinned by the increase in commodity prices. The stipulated »aim of doubling the share of least development countries in global exports by 2020, including broadening least development countries' export pace« is neither quantitatively ambitious nor qualitatively assertive. Indeed, such a target is on the very low side compared to the graduation target for the LDCs.

Regarding the major demand of DF-QF market access for *all* products from *all* LDCs, IPoA refers to »timely implementation« of the Hong Kong Declaration, which talks about only 97 per cent of nominal access. This is definitely one step back from the comparable provision of the BPoA.<sup>21</sup> The issue of an »LDC waiver« in trade in services – frequently discussed in the WTO – has been

20. See: <http://www.resakss.org>.

21. The BPoA, in Para. 6 and Para. 68(h), specifically mentions »duty-free and quota-free market access for all LDCs' products«.

completely ignored in the IPoA.<sup>22</sup> It is also interesting to note the tasks of resisting protectionist tendencies, rectifying trade-distorting measures, and addressing non-tariff measures as a joint responsibility.

**Commodities:** Many of LDCs are highly commodity-dependent. Their export baskets predominantly contain primary products including agriculture produce and extracted natural resources. The IPoA target is to broaden the economic base and reduce the commodity dependence of LDC economies. The new element added in this context is adoption of commodity management stability by the LDCs. Account will be taken of the Voluntary Extractive Industries Transparency Initiative, among other things. The development partners have also committed to enhancing corporate transparency and accountability of all companies working in the natural resources sector in the LDCs.

#### 4.2 Building Human Capacities

**Sustaining Human and Social Development:** This priority area covers a wide range of issues, including education and training, population and primary health, youth development, shelter, water and sanitation, gender equality and empowerment of women, and social protection. One of the new action areas happens to be provisions of a safety net, including cash transfers. However, much of what has been targeted under the IPoA on the issue of human and social development relates to achievement of the MDGs by 2015. Emphasis has been given to achieving MDG targets 3, 4, 5, and 6, which concern education, gender equality, water and sanitation, and population and primary health, respectively. Both the LDCs and the developed countries have also pledged to take appropriate measures to ensure sustainability of achievements in these areas in the medium run, that is, beyond the timeline for the MDGs. Available data suggests that, aside from primary education, LDC progress in most of the other MDGs related to human asset development – particularly relating to child and maternal health and population control – has been off track and requires serious attention both from the LDC govern-

22. For a long time, LDCs have been urging »non-reciprocal special priority« in services exports, particularly in the context of Temporary Movement of Natural Persons (GATS Mode 4) by the developed countries – along with developing countries that are in a position to do so – in the form of a »waiver« from Most Favoured Nation obligations.



ments and their development partners (UNCTAD 2011). Progress made by each LDC in the context of achieving MDGs is country-specific and requires divergence in approach as well as initiatives in order to address concerns.

The issue of MDG financing – the key component under MDG 8 – has also been dealt with in a pretty general manner. The IPoA in Para. 78.3(a) calls upon the development partners to »[p]rovide financial and technical support for the least developed countries to strengthen their national health systems, in particular health financing systems to improve access to affordable quality primary health-care services«. Understandably, the MDG monitoring mechanism will need to be adequately strengthened in the LDCs to identify the resource requirements to achieve the targets.

#### 4.3 Mitigating Vulnerabilities

**Dealing with New Risks and Shocks:** The IPoA recognises three types of shocks and risks that are increasing the vulnerabilities of the LDCs. These are: (a) economic shocks, including food, fuel, financial and global economic crises; (b) climate change-related adverse impacts; and (c) natural hazards and disasters. Indeed, throughout the last decade, the LDCs have been hit successively by these shocks, which have undermined their meagre development achievements. Thus, the explicit inclusion of these multiple crises as a priority area was the right decision.

While the few oil-exporting LDCs (i.e., Chad, Angola, Equatorial Guinea) derived some benefits from the increase in oil prices, albeit temporarily, the sector overall suffered from the knock-on effects resulting from price rises of food and fuel. Many LDC governments had to cut back on their social expenditures to pay for increased food- and fuel-import bills. Rising commodity prices not only affected the macroeconomic balances, but also had adversely negative impacts on incomes and savings of poor households. One study concluded that due to the global economic crisis that took place in the second half of the last decade, the number of poor people in LDCs could rise by 6.1 million in Africa and by 1.2 million in Asia by 2010 (Karshenas 2009).

The IPoA calls for implementing prudent policies and regulations to make the private sector a »responsible« player. The LDCs are to develop and strengthen national

risk-mitigation strategies and facilities. Without creating a dedicated fund, the development partners promised to provide financial and technical assistance to the LDCs in the areas concerned. Aside from their current practices, no new measures were recommended to the international and regional financial institutions.

A large number of LDCs are particularly vulnerable to the adverse impacts of climate change. The *Least Developed Countries Report 2010* states that »for every 1°C rise in average global temperature, annual average growth in poor countries could drop by 2-3 percentage points, with no change in the growth performance of rich countries« (UNCTAD 2010c). The report further noted that the cost to LDCs for mitigating the impacts of climate change might require 17 billion US dollars per annum until 2030 in order to cope with these difficulties. LDCs currently contribute less than 1 per cent of greenhouse gas emissions to the environment. Amidst the backdrop of the stalled global climate negotiations, it is unfortunate that no additional financial commitments with regard to adaptation and mitigation measures were pledged beyond promising support in accessing resources from relevant existing sources. Financial and technical assistance was, however, promised for technology transfer, particularly in the area of green technology. Recognising the increased occurrence of natural disasters in the LDCs, the IPoA puts emphasis on building capacities for preparedness and promoting coherence between disaster risk-reduction and climate change agendas. The development partners are to contribute financial and technical assistance in this regard.

#### 4.4 Ensuring Resource Flow

The IPoA articulates five major sources of assistance that will flow into the LDCs, namely (i) domestic resource mobilisation, (ii) ODA, (iii) external debt, (iv) foreign direct investment (FDI), and (v) remittances. These are considered as the key driving forces in catalysing structural transformation in the LDCs. Hence, it is pertinent to understand how the IPoA designs the tasks of the LDCs, development partners, and donor agencies in bringing about necessary procedural and systemic changes in the context of these issues to address the development concerns of the LDCs.

**Strengthening Domestic Resource Mobilisation:** Weak ability to mobilise the required financial resources from domestic sources continues to remain a major



stumbling block to efforts of the LDCs to ensure availability of adequate funds for sustainable development. The tax-GDP ratio in most of these countries is very low. A major share of the resources had to be spent on social sectors, and due to a paucity of resources, not much was left to deal with economic issues. A narrow economic base, widespread poverty, and a lack of effective participation by the private sector contributed much in the way of limiting the scope towards meeting the development finance requirements of the LDCs. Hence, the key challenge confronting the LDCs is to mobilise higher amounts of domestic resources by strengthening fiscal initiatives, developing financial infrastructure, and designing proper regulatory measures in the next decade to reduce dependence on foreign resources. Towards this end, the IPoA specified a number of goals, including raising domestic savings, increasing tax revenue, strengthening institutional capacity, and reducing corruption and increasing transparency at all levels as well as promoting public-private partnerships and venture capital operations.

**Repackaging Development Assistance and Debt Relief Measures:** In this context, the IPoA calls for fulfilment of all ODA commitments to the LDCs and alignment of aid with LDCs' national systems and priorities. Besides, developed partners have been urged to enhance the quality of aid, continue the untying of aid, and align ODA to LDCs' priorities, with a particular focus on development of productive capacity. It may be mentioned here that as of 2008, the aggregate ratio of ODA to GNI by the members of the Development Assistance Committee remained far below the 0.15-0.20 per cent target set out in the Brussels Programme of Action. Debt pressure remains a major concern for many LDCs. There is, thus, a need for raising availability of ODA, redesigning its structure and eligibility of LDCs with regard to debt relief. This is reflected in the IPoA goal of ensuring »fulfillment of all ODA commitments to least developed countries».

DAC members who have already reached the 0.20 per cent limit have been urged to »continue to do so», while those having met the initial target of 0.15 per cent will undertake appropriate strategies to »reach 0.20 per cent expeditiously«.<sup>23</sup> The rest of the donors falling behind the minimum target of 0.15 per cent committed

23. Only seven countries met the target of 0.15 per cent of GNI; in contrast, seven countries allocated less than 0.10 per cent of their GNI as ODA to the LDCs in 2008.

to achieve that by 2015. Available statistics suggest that 19 per cent of the share of ODA disbursements to LDCs in 2008 went to economic infrastructure and production sectors, as compared to about 43 per cent going to social infrastructure and services. Hence, in order to achieve structural changes, increases in ODA for social infrastructure and services must be accompanied by increases in ODA for economic infrastructure and productive sectors. Developed countries should also strive to provide debt relief to LDCs under the Heavily Indebted Poor Countries (HIPC) and the Multilateral Debt Relief Initiative, as has been committed in the IPoA. These issues command greater attention, particularly in view of the growing vulnerability of LDCs to external shocks originating from financial and food crises, natural disasters, and climate change impacts. This is also critical for the LDCs to attain the MDGs.

**Promoting FDI for Development:** The BPoA commitments on FDI were partially fulfilled with no significant impact on structural changes in the LDCs (UN 2011d). The IPoA, in this context, calls for designing appropriate strategies and regulatory measures to attract and retain increased FDI in the LDCs. Development partners have committed to provide incentives in the form of insurance, guarantees, preferential financing programmes, and private enterprise funds so that FDI is encouraged to flow to LDCs. Partnership programmes for technology transfer are to be strengthened as well. Fulfilment of these commitments will require enhanced efforts by the development partners. The LDCs, on their part, will need to ensure a corruption-free, transparent, and accountable environment in order to attract, retain, and sustain investment flows from overseas.

**Augmenting Remittance Flow:** Remittance is increasingly playing a crucial role in the economic development of the LDCs. Hence, incorporation of the issue of remittances in the IPoA as a separate sub-section under resource mobilisation is a welcome initiative. The IPoA target articulates reducing transaction costs and fostering development impact of remittances. The stipulated relevant actions by LDCs and development partners cover such crucial issues as workers' security in the host countries, compliance with international conventions, and better utilisation of knowledge, skills, and earnings of returnee migrants. The IPoA, however, does not provide for any commitment regarding market access for the LDC migrant workers.



#### 4.5 Promoting Good Governance at All Levels

##### **Good Governance with Transparency and Accountability:**

**ability:** There is no denying that it is the primary responsibility of the LDCs themselves to strive for changes within their national governance systems. The IPoA rightly presents a host of issues in the context of addressing good governance, including strengthening law; human rights; gender equality and empowerment of women; democratic participation; enhancing institutional capacity of LDCs; and the need for continued support for strengthening LDC participation in relevant international fora. A major departure from the BPoA is manifested in the urging of LDCs to ensure effective participation of parliamentarians in the overall process of bringing in transparency and accountability in governance. The IPoA also calls upon the developed countries to extend support to the LDCs in their efforts to develop human resources for good governance. However, like in most other priority areas, no quantitative indicator has been set or proposed to measure the efficacy of support from the development partners or the initiatives taken by the LDCs themselves.

### 5. Istanbul Programme of Action: Challenges of Implementation

The LDC IV process leading to the adoption of the IPoA has definitely provided renewed visibility to the plight of the LDCs in different international platforms. However, a programme of action is only as good as one makes out of it. Since the IPoA has already been endorsed through »difficult and strenuous« deliberations by the LDC IV, the best one can aspire for is full and faithful implementation of the agreed goals and targets, remaining mindful about the design shortfalls.<sup>24</sup> In this context, it is important to identify the major challenges standing in the way of IPoA delivery.

#### Concretising the Deliverables

One of the initial tasks for the OHRLS, the main custodian of the IPoA, would be undertaking a benchmark exercise. This would entail creating a baseline of relevant development indicators of the LDCs as well as the

24. The Annex Table underscores the key features of the IPoA in terms of monitoring of implementation at various levels and by different agencies and actors.

development partners so that there would be no confusion later in measurement of subsequent progress. A related task would be to clarify the goals and targets of the IPoA, as many of them have been presented in a descriptive manner or in relation to the specific benchmark conditions of a specific country (as in the case of MDGs). These measurable goals and targets have to be compatible with the data collection practices of concerned national and international agencies. During this process, the data and information needed for undertaking a meaningful monitoring of the IPoA will become evident.

#### Establishing Coherence, Sequence, and Linkages

The need to establish a certain degree of internal coherence among the actions is important for achieving fruitful delivery of the IPoA goals and targets. It may be pointed out that a number of actions indicated under a certain priority may be no less important for addressing another priority area. Moreover, one will have to distinguish between input and output indicators, acknowledging that output under one priority area may very well be an input for meeting the goals and targets of another priority area. This may call for sequencing the actions in the right order for achieving results, and that may require undertaking research to establish the causal variables between various development variables in the context of LDCs. Furthermore, one will have to clarify the interrelationship of the IPoA goals, targets, and actions and other international development commitments (e.g., MDGs, climate negotiations, and WTO negotiations). It has to be ensured that all relevant bodies use the IPoA as a common reference point while drawing up their LDC agendas.

#### Integration in National Processes and Disclosure

Following up on the pledges made in Istanbul, both LDCs and the development partners will have to integrate the IPoA commitments in their national development plans and international cooperation frameworks, respectively. The LDC governments would need to undertake a comparative assessment between the existing national development strategies and the IPoA commitments to make necessary adjustments and adaptation. On the other hand, development partners, including the World Bank, will need to adopt the LDCs' concepts into



Table 6: New and Strengthened Actions in the IPoA: A Select List

Areas of Action	New Measures	Strengthened Measures
Infrastructure	- Allocation in budget for development and maintenance of infrastructure (L)	- Developing comprehensive national policies (L) - Building and expanding e-connectivity (L)
Energy	- Priority in budget allocation for energy sector development (L)	- Efficient and sustainable use of energy (L) - Transfer of appropriate and affordable technology (L, D)
Science, technology, and innovation	- Undertaking, by 2013, joint gap and capacity analysis in LDCs (J) - Mainstreaming science and technology in national development and sectoral policies (L) - Budgetary allocations for development of science, technology, and innovation (L) - Concessional start-up finance for LDCs (D)	- Strengthening strategic partnership with private sector including universities (L) - Promoting investment for modern and cost-effective technologies (L) - Setting up and strengthening appropriate institutions (L) - Financial assistance in line with LDCs' development priorities (D)
Agriculture	- Exploring feasibility of a system of stockholding (J) - Elimination of export subsidies by developed countries by 2013 (J) - Safety nets to poor small-holder farmers (L) - Enhance land tenure security (L) - Promote empowerment of rural women for enhancing agricultural security (L) - Mainstreaming food and nutritional security in marine and coastal resources management plans and strategies (L) - Twin-track ( <i>direct actions and medium-long-term actions</i> ) approach to food security (L) - Provide resources to UN agencies for support programmes for LDCs (D)	- Greater transparency in commodity markets, and free movement of food supplies (J) - Strengthening agricultural marketing system (L) - Product diversification (L) - Deliver on commitments made to achieve global food security (D) - Support LDCs to establish or strengthen safety nets (D)
Trade	- Provide incentives to their enterprises to encourage technology transfer to LDCs (D)	- Resist protectionist tendencies by addressing tariff and non-tariff barriers (J) - Reaffirm the provision of S&DT (J)
Commodities	- Establish and strengthen national commodity management strategies (L) - Enhance corporate transparency and accountability of multi-national corporations in host LDCs (D)	- Adopt appropriate national policies (L)
Education	- Support LDCs to go beyond MDG targets (D) - Ensuring quality of formal and informal education systems for catering to requirements of the labour market (L)	- Providing financial support to LDCs for better implementing education policies (D)
Economic shocks	- Adopting policies to make private sector responsible players (L) - Develop and strengthen national risk-mitigation strategies and setting up national crisis-resilient and mitigation facilities (L)	- Provide financial and technical support to LDC risk-mitigation strategies (D)
Climate change	- Mainstreaming climate change issues in national development plans (L) - Build national capacity to absorb relevant funding mechanisms (L) - Sustainable management of marine biodiversity and ecosystems (L) - Expedite disbursement of funds under UNFCCC (D)	
Domestic resource mobilisation	- Enhance disclosure practices and transparency in source and destination countries of enterprises (L) - Eliminate safe heavens to resist illicit financial flows (D) - Assist in recovery and return of stolen assets to the countries of origin (D)	- Taking measures to attract investment (L) - Undertaking necessary fiscal reforms (L)
ODA	- Integrate and align ODA within national plans and priorities (L) - Donor countries reaching »0.2% of GNI as ODA« target to maximise effort to further increase ODA (D)	- Using aid to achieve overall development goals (L) - Make every effort to reach »0.2% of GNI as ODA« target (D)
Remittances	- Improve financial and banking services for easy transaction of remittances (L) - Simplify migration rules (L) - resist unfair treatment of migrant workers (D) - Support to LDCs in establishing the International Migrants Remittance Observatory (D)	
Good governance	- Promote accountability of development actors that receive funds (L) - Strengthen statistical capacity of national institutions (L) - Consider ratifying UN Convention against Corruption (D) - Harmonise and align assistance with national priorities of LDCs (L, D)	- Transparency in development cooperation (L, D)

Note: In parentheses: L = LDC action; D = Development partner action; J = Joint action

Sources: UN (2001) and UN (2011a)

their working modalities, particularly for resource allocation. One will have to devise a transparency mechanism to have a timely disclosure on compliance of the matter.

#### Resource Flow and Global Economic Outlook

Ensuring adequate flow of ODA remains one of the major implementation challenges of the IPoA. The current state of the global economy and the projected outlook suggest that the traditional donor countries in all probability will continue to suffer from depressed growth, public debt overhang, and pressure on exchange rates. Accordingly, sustained pressure has to be maintained so that the advanced economies do not renege on their financial commitments to the LDCs. As the emerging economies are enjoying robust economic growth rates, it will be quite important to pursue the non-traditional (Southern) development partners to play an important role in maintaining a steady flow of resources to the LDCs. Given the fact that there has been a drastic increase in South-South regional agreement over the last decade,<sup>25</sup> the importance of such cooperation in complementing the development relationship between the North and the South can hardly be overemphasised.<sup>26</sup> Admittedly, the evolving global economic scenario is going to have a negative impact on the overall development prospect of the LDCs in the near future, particularly affecting export revenue, remittance flow, and FDI. This implies that there has to be some quick disbursement channels that will make adequate resources available to mitigate systemic risks for the LDCs. The emerging global scenario and resource outlook also provide a strong message to the LDCs that they need to strengthen their domestic resource mobilisation efforts.

#### Periodic Reporting and Accountability

The IPoA implementation mechanism provides for various intermediate reviews, including biennial reviews as well as a mid-term assessment. It needs to ensure that

25. The number of South-South regional agreements has drastically increased in the last decade. Between 1990 and 2003, 70 new South-South trade agreements were signed, 30 of which were between neighbouring African countries (Yang and Gupta 2005).

26. One study concluded that if Brazil, China, India, Mexico, and the Republic of Korea provide 100 per cent DF-QF access to LDC products, the export gains for the LDCs could increase by several billion dollars (Laborde 2008).

such interim reviews and assessments do not become pro forma but an effective transparency and accountability exercise. Greater dissemination of these reports and broader public debate on them are to be organised beyond the concerned UN bodies. Engagement of the private sector leaders, public representatives, and non-government policy experts and activists in such debates will be of crucial importance.

#### Political Will and G-20

The full delivery of BPoA targets faltered because of the absence of the necessary political will on the part of development partners. The LDC governments also often demonstrated institutional and political weaknesses in addressing the BPoA commitments. Thus, there has to be a conscious attempt to ensure that the concerns and interests of the LDCs receive sustained political attention. The LDC agenda needs to be included in high-level discussions of major country groups, particularly in the G-20. It is highly desirable that the G-20 invites an LDC representative to its regular meetings (even as an observer) and that the LDC agenda is reflected in the programme of the G-20's Development Working Group.



## Annex

Annex 1: Implementation, Follow-up, and Monitoring Mechanism of the IPoA: Key Departures from BPoA

Issue	BPoA	IPoA	Comments
<b>National Level</b>	LDC governments should engage in broad-based dialogue with civil society and the private sector in undertaking the task of implementation and follow-up of the PoA	Role of civil society recognised as complementary to the efforts of the government and the private sector in the implementation of the PoA	Renewed emphasis on the engagement of civil society and the private sector in the overall implementation process of the IPoA
	Nothing mentioned about the role of parliaments and parliamentarians in the review and monitoring process	Role of parliamentarians in ensuring effective implementation of the PoA at the national level strongly emphasised	This is likely to open up opportunities for constructive debate on the implementation of goals and targets of the IPoA in parliaments
	Development partners were not required to integrate BPoA into their development strategies	Development partners have been urged to integrate IPoA into their aid, trade, and development strategies	A welcome initiative to ensure increased predictability of aid flows and greater market opportunities
<b>Regional Level</b>	<i>Periodic</i> monitoring and review of progress of PoA implementation	<i>Biennial</i> and <i>mid-term</i> review of PoA implementation	The IPoA provides predictability by specifying review intervals
	UN should take note of capacity strengthening needs of regional commissions in undertaking sub-regional and regional follow-ups	This provision is missing in the IPoA	The role of regional commissions could have been incorporated in the IPoA
<b>Global Level</b>	UN General Assembly should monitor implementation of PoA as a specific item on its agenda	In addition to that, IPoA calls for periodic review at the Annual Ministerial Review	The IPoA calls for enhanced regularity and further intensification of the review process
	Monitoring process focussed mainly on the goals and targets	UN General Assembly called upon to consider conducting regular high-level <i>mid-term</i> reviews of the PoA  Monitoring and follow-up should not only focus on goals and targets, but also on actions	A proposal to strengthen the principle of mutual accountability
<b>Role of the UN System</b>	Dedicated sub-section on the role of UN system as a whole	Merged within the texts on national, regional, and global level initiatives  UNCTAD has been specifically urged to contribute to the implementation of the IPoA	A dedicated section/sub-section would have added greater emphasis on the issue
<b>Role of the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLS)</b>	Request for creation of OHRLS placed	OHRLS should continue assisting the UN Secretary General in the follow-up and monitoring of the implementation of the IPoA	OHRLS mandated to effectively engage with the review and monitoring process of implementation of the IPoA
	No responsibilities specified for OHRLS	It should continue awareness-raising and advocacy works in favour of LDCs in partnership with UN, parliaments, civil society organisations, media and academia. It should also provide support to group consultations of the LDCs	

Source: Bhattacharya and Hossain (2011)



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