



**STATEMENT BY LDC WATCH¹
AT THE UNCTAD XII Conference**

**Accra, Ghana
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In 1971 the United Nations defined 'Least Developed Countries (LDCs)' on the basis of a set of socio-economic criteria. At the time the group comprised of 24 countries. Today, there are 49 LDCs. In these countries on average 81% of the population lives on less than US\$2 a day. The doubling of the number of LDCs since 1971 is a shocking condemnation which points to the deterioration of socio-economic conditions in an increasing number of extremely vulnerable countries.

It is widely acknowledged that globalization has generated remarkable wealth and prosperity for particular countries and particular industries. But these benefits have not reached the LDCs, where the majority population is still living in extreme poverty. At the Third UN Conference on the LDCs in Brussels in May 2001, the Brussels Program of Action was agreed, referring to the values, principles and objectives of the Millennium Declaration.

The Brussels Program of Action (BPoA) aims to ensure that the LDCs achieve sustainable development by 2010 and stipulates that "its success will be judged by its contribution to progress of LDCs toward achieving international development targets, as well as their graduation from the list of LDCs".

Six years later, following the midterm review of the Brussels Program of Action, the scenario looks just as bleak urging more attention and commitment of all the key stakeholders.

LDC Watch is convinced that if the MDGs are not achieved in LDCs, they cannot be achieved overall. It is also certain that targets for poverty eradication cannot be met without a clear focus on the special problems, concerns and potentials of LDCs.

In the context of the UNCTAD XII conference, LDC Watch calls on all respective Governments and development partners to consider and deliver on the following demands:

Food Sovereignty

The food crisis caused by the severe increase in food prices is an extremely serious threat which puts the lives of many in the LDCs in immediate jeopardy. The UN recently identified eleven LDCs with an "exceptional lack of access" to food, as well as hit by demonstrations sparked by the steep rise in basic foodstuffs, including Haiti, Eritrea, Liberia, Mauritania, Sierra Leone, Afghanistan, Mozambique, Burkina Fasso, Lesotho, Somalia and Senegal. One of the causes

Steering Committee Chair and International Secretariat:

c/o Rural Reconstruction Nepal, P.O. Box 8130, 667 Neel Saraswoti Marg, Lazimpat, Kathmandu, Nepal
Tel: +977-1-4415418/4422153, Fax: +977-1-4418296, Email: ldcwatch@rrn.org.np

European Coordination Office:

c/o Eurostep, 115 Rue Stevin, B-1000, Brussels, Belgium
Tel: + 32-2-231-1659, Fax: +32-2-230-3780, Email: info@ldcwatch.org

identified, the diversion to biofuels, has been described by some as “a crime against humanity”. UNCTAD XII is asked to:

- Adopt clear targets to address this crisis to promote consumption and production of local crops raised by small, sustainable farms rather than in encouraging LDCs to specialize in cash crops for western markets.
- Promote national policies that involve the management of stocks and pricing, which will limit volatility of food prices and are vital for the protection against such food crises.
- Recognize the principle of food sovereignty as an underlying principle for international trade in agricultural goods in order to ensure the protection of the poorest farmers and consumers.
- Identify supporting measures, such as safety nets and public distribution systems, to be put in place to prevent widespread hunger.

Climate Change

In LDCs the food crisis is exacerbated by climate change and urgent action is needed to tackle the problem. UNCTAD XII is asked to:

- Commit to a five-year moratorium on biofuels until a second generation is developed.
- Not create parallel financing initiatives with asymmetrical governance structures, such as the proposal to establish a World Bank fund that would be donor driven.

Financial volatility

LDCs are particularly vulnerable to the financial volatility but have little if any influence over it making, as it is resulting from the international banking system. The instability is created by industrialised countries banking systems for high profit returns, which inevitably carry great risks, born by tax-payers and by economies of developing countries. The potential for development of LDCs is constrained by the approaches of the international financial institutions in hedging the potential instability of the financial system by requiring reserves to be built by LDCs using aid money and therefore preventing the use of such funds for recurrent and productive costs. UNCTAD XII is asked to:

- Promote a stronger voice for LDCs in the decision-making structures of the IFIs.
- Promote global funding sources in addition to aid to provide support in circumstances of instability.
- Promote measures for the adequate regulation in the international banking system to mitigate against unsound risk, such as the proposals on taxes on international speculation.

Debt

The debt burden, in many LDCs, is often built on illegitimate lending processes, stemming from unequal power relations. It has been aggravated by conditionalities imposed by the IMF and the World Bank since the early 1980s. Debt and these conditionalities are among the leading factors in the abject poverty affecting LDCs. Moreover, much of that debt has been paid many times over. For this reason, debt has been one of the main channels through which resources are being transferred by LDCs to developed countries.

The HIPC Initiative, launched in 1996 by the IFIs, has failed and the debt burden remains unsustainable constraining effective measures to tackle the eradicating of poverty in LDCs. The G8 decision in 2005 in Gleneagles (Scotland) is limited to a handful of LDCs and is laden with neoliberal conditionalities that tend to offset the potential “benefit” of debt alleviation.

Therefore, UNCTAD XII is asked to:

- Support the call for a speedy, unconditional and total cancellation of all debts in all LDCs.
- Support CSOs' claim that the debt of all LDCs is illegitimate
- Join CSOs in calling for an end to all IFIs' conditionalities
- Propose that all future lending to LDCs be in the form of grants
- Promote transparent rules and co-responsibility in future lending

Trade Justice

Trade is the engine of development and crucial for the sustainable development of the LDCs. Access of LDC products to developed country markets needs to be open and assured. Where barriers continue to exist these need to be taken away. UNCTAD XII is asked to:

- Promote mechanisms for supporting capacity of LDCs to use the opportunities of globalisation and liberalisation which need to be addressed through adequate financing and transfer of technology.
- Promote regional trade whilst ensuring that LDCs be allowed to maintain levels of protection for the establishment of their own productive capacity in all regional and international trade agreements.
- Promote rules of origin be broadened to enable LDCs to benefit from opportunities to be recognised as part of production processes. This would enable significant added value of the countries concerned and contribute to its own development capacity.
- Give clear guidelines that financial compensation offered under trade and aid arrangements and in compensation for free trade arrangements must be additional to aid flows, and should be focussed on fostering the productive capacity of the LDCs and not finance the negotiations themselves, as often is the case.
- Ensures that the use of subsidies by developed countries that facilitates the competitiveness of their exports be stopped.

Democratic Accountability

Long-term sustainable development strategies require accountable and responsive governments. An independent judiciary and the rule of law, as well as a functioning Parliament established by free and fair elections are essential. The protection of Human Rights, the rights of women, the rights of children, indigenous peoples, freedom of speech and association as well as ILO Conventions all need to be enshrined in national laws and governments must do all in their ability to promote the implementations of these rights. Civil Society Organisations represent the diverse interests of citizens. UNCTAD XII is asked to:

- Promote governance with clear accountability mechanisms to national parliaments.
- Promote policies for the protection of Human Rights and ILO Conventions.
- Promote special measures for the protection of women's rights, and their equal access to economic opportunity and political representation and participation.
- Abolish all child labour and promote education for all.
- Promote social welfare systems, including health systems and access to sexual and reproductive health care.
- Promote the rights of indigenous peoples, especially the right to self-determination.
- Promote the creation of open and transparent societies where the diversity of civil society organisations is encouraged and freedom of speech and association are guaranteed.

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ⁱ About LDC Watch:

LDC Watch is an alliance of regional and national civil society organisations based in the Least Developed Countries. It was established after the Third UN Conference on the Least Developed Countries (LDCs) in Brussels, 2001. LDC Watch monitors the implementation of the Brussels Plan of Action (BPoA), to ensure that civil society is included in this implementation, and acts as a coordinating group for LDC civil society activities. LDC Watch also has a programme of lobbying, networking and advocacy at national and international levels to ensure that the BPoA is implemented by LDC governments and their development partners.

Bearing in mind that the Brussels Program of Action recognizes the vital role that civil society has to play in its implementation and follow-up, LDC Watch in turn believes that civil society inputs and interventions will be crucial in order to ensure a thorough assessment of progress and to devise effective and appropriate campaign, lobbying and advocacy strategies for the way forward thus meeting the intended targets once and for all.