Progress has been made in the Least Developed Countries and Landlocked Developing Countries to improve transit policies, make transportation and logistics infrastructure more efficient, and increase international support measures for the LLDCs. The Almaty Declaration and Programme of Action for Landlocked Developing Countries serve as a sound framework to address these goals through the forging of global partnerships.

Prior to the crisis, record high inflows “of foreign direct investment were obtained in the LLDCs as a result of strategic policy reforms and continued economic liberalization. In 2007, FDI in the LLDCs totaled US $14 billion. The LDC agenda has likewise been advanced in international negotiations and trade talks, such as the WTO’s Doha Development Round, which seeks to lower the barriers to global trade.

But the current state of the world economy puts that progress in jeopardy. According to IMF growth projections, the gross domestic product of 27 out of 31 LLDCs will sharply decline in 2009.

“The global economic and financial crisis, the most severe to hit the world economy in seventy years, has added unbearable pressure on developing economies, especially since it came on the heels of the food, energy and commodity crises,” Erdenebileg continued.

LLDCs are increasingly unable to service their debt, and public spending has thus been restricted. The international community has also been tightening budgets for foreign assistance and investment, and many countries are turning toward protectionist measures.

The challenges and opportunities facing LLDCs and LDCs during this time of the crisis are examined in more depth in this issue of The Commitment. We speak to Paraguay’s Ambassador about his country’s trade issues and to Japan’s Ambassador about his country’s commitment to LDC development. We also look at the many ways in which UN-OHRLLS is helping to strengthen partnerships and raise the profiles of the Least Developed Countries.
Is Japan fulfilling the international commitment of giving 0.7 percent of its GNP in aid to poor countries?

Well, unfortunately the percentage of GNP isn’t really close to 0.7 percent. There are many reasons for that. Though Japan is making good efforts through bilateral and multilateral channels.

Some of the European countries have fulfilled that commitment . . .

. . . In the last few years we have had economic and financial difficulties; like many other countries domestic expenditures have to be prioritized . . . from 1992 through 2001 the amount of Japan’s ODA was the largest in the world. But even then, it was about or less than 0.3 percent. It has not been easy for us to make it to 0.7 percent, but we are making efforts.

What has Japan done to implement the Almaty Programme for the Landlocked Developing Countries?

Again in our implementation of ODA, we put the emphasis on landlocked countries, least developed countries and small island developing states. There are many ways we are doing this, for example under the UN Trust Fund for Human Security, out of 196 projects, 80 are in LDCs, 49 in LLDCs and 16 in SIDS, since the Fund was established in 1999.

And for Asia?

In Asia, Japan supports the Asian Highway Project through ESCAP. The head of Governments of Japan and five countries of the Mekong region met in early November in Tokyo and agreed to cooperate for the further development of both hard and soft infrastructure. In Afghanistan we are assisting with building an airport, major roads and in Mongolia, a major international airport.

And what is Japan’s role in Africa?

Japan’s support for African countries is based on the real needs on the ground.

Over the next five years there is a good momentum towards regional infrastructure improvement projects under the Tokyo International Conference on African Development (TICAD) process. In Africa, LLDCs are particularly affected by high transportation costs, so we’re helping with that.

If I can shift gears to South-South Cooperation, which is of course very big. You mentioned JICA. Do you feel that an organization like JICA is implementing South-South Cooperation?

Japan is a pioneer in promoting South-South Cooperation, because Japan used to be a developing country fighting poverty and hunger less than sixty years ago. We were a major beneficiary of UNICEF and other UN programmes and the World Bank. We know by experience what development means. Japan promotes Triangular Cooperation to support developing countries assist and cooperate with other developing countries.

And has JICA been a multi-pronged technical tool for areas of development?

In addition to that JICA has a mid-term plan stretching from 2003 onwards. JICA has supported South-South Cooperation and interregional cooperation. For example, JICA provides third-country training programmes in 35 countries with 175 training courses impacting over 3,500 people per year.

With the Climate Change conference coming up in Copenhagen next month, what concrete steps is Japan taking?

There are many reasons why Japan has the potential to play a leading role in Copenhagen. First of all the spirit of the
Landlocked Countries Seek to Boost Trade in Face of Financial Crisis

By MediaGlobal News Service

The Third Meeting of Trade Ministers of Landlocked Developing Countries was held 21-22 October 2009 on the theme of “Strengthening Trade Competitiveness in Times of Global Economic Crisis – Challenges Faced by LLDCs.” Trade ministers and other senior government officials met in in Ezulwini, Swaziland, along with representatives of UN agencies and other international financial institutions to discuss the challenges and opportunities facing the LLDCs in relation to trade.

“It is well established that trade is a powerful engine for economic growth, prosperity and higher standards of living,” said Cheick Sidi Diarra, Special Adviser on Africa and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, in his opening remarks, delivered by Sandagdorj Erdenebileg, UN-OHRLLS Policy Chief.

But low-income countries, and LLDCs in particular, are isolated from world markets due to underdeveloped infrastructure and distance from the sea. According to a World Bank study, landlocked countries trade on average 30 percent less than coastal countries. LLDC goods represent less than 1 percent of global trade.

To be sure, a number of improvements have been made in recent years. According to UN-OHRLLS, the average time it takes LLDCs to complete export formalities was reduced by an entire week over the last three years. The time for LLDC imports dropped by six days in the same time period. Contributing to this increased efficiency are the establishment of one-stop border facilities, increased competition among customs brokers, regional customs transit systems, and a reduction in the number of checkpoints along transit routes. The number of checkpoints between Dakar, Senegal and Bamako, Mali dropped from 25 to four, reducing the average transport time between the two capital cities by one week.

GDP growth in LLDCs, according to Diarra, averaged an annual rate of 7.7 percent between 2003 and 2007.

Jo Butler, Deputy Director Division for Africa, Least Developed Countries and Special Programmes, discussed UNCTAD’s continued commitment to trade facilitation in the Landlocked Developing Countries.

She noted in particular the development of the ASYCUDA customs management system, which “has modernized the handling foreign trade transactions in about two-thirds of the LLDCs and in many of their transit neighbours,” streamlining customs procedures and making them more transparent. She also emphasized the advisory services provided to LLDCs by UNCTAD, particularly with regard to GATT negotiations and WTO accession.

Unfortunately, Butler also noted a reduction of world trade in 2009 of between 9 and 11 percent. Shishir Priyadarshi, Director of the WTO Development Division, cautioned against international protectionism and said the WTO has implemented a monitoring mechanism on trade restrictions, which he called a WTO “Radar Screen.”

“These are countries whose ability to the fight the crisis is more limited, given their limited financial resources — they cannot afford multi-billion dollar stimulus packages to bail out struggling enterprises — and therefore are very much at the mercy of the global economic system for their recovery,” Priyadarshi said.

Priyadarshi discussed the 7th Ministerial Conference, to be held in Geneva in December, to review WTO activities and the WTO’s contribution to recovery, growth, and development. He emphasized that, among the principles established for the Ministerial Conference, number one was “full participation, inclusiveness, and transparency.”

In 2005, the WTO Ministerial Conference endorsed the Aid for Trade Initiative. The initiative was cited as a “positive development to complement the successful conclusion of the Doha Round.” It may also aid in a more rapid implementation of the Almaty Programme of Action for LLDCs.

The African Development Bank’s Contribution to Aid for Trade, as described by Kennedy Mbekani of NEPAD’s Regional Integration and Trade Department, has consisted of training trade policy officials,
conducting studies and reports on African markets and trade issues, and providing support to trade facilitation programs, and sharing lessons with other donors, member countries and regional economic communities. Its Trade Finance Initiative, which provides emergency funds to support trade has included US$ 500 million worth of credit lines to African financial institutions for trade finance operations and another US$ 500 million in the Global Trade Liquidity Programme.

The IMF likewise has recognized the needs of low-income countries at this critical juncture, allocating more than $250 billion in financing over the next few years.

Between 2003 and 2007, ODA increased from US$12 billion to $18.6 billion. Although overall levels of official development assistance have continued at pre-crisis levels, certain countries have already cut back. Ireland’s budget for 2009 contains a 10 percent cut in ODA, while Italy has announced a reduction in ODA of 56 percent.

“The status quo will hardly suffice,” said Diarra. “Although grappling with their own set of domestic issues, donor countries must acknowledge the particular hardships that the LLDCs and other vulnerable groups are facing and live up to their previous commitments, in which they, unfortunately, continue to lag.”

ODA represents the most significant source of external financing for the LLDCs, according to UN-OHRLLS, however only 4 percent of it is allocated to long-term trade improving investments in LLDCs, such as transport, storage, and communications development.

Along with ODA, the global crisis is expected to deter private investment in infrastructure.

Drawing on the experiences of Switzerland, a landlocked but highly developed country, H.E. Ambassador Rudolf Baerfuss, noted the importance of regional cooperation and significant investment in research, contributing to the advanced skills in education, science, and technology. “Skills is the name of the economic game,” he said, emphasizing as well the role of public-private partnerships in this investment. “Geography is no destiny.”

“At the global level, it is very important for LLDCs to continue to bring their special needs at the forefront of the Development Agenda in order to mobilize greater attention and support of the international community,” said Diarra.

At the conclusion of the two-day discussions, the ministers and government officials adopted the Ezulwini Declaration, expressing solidarity in their concerns and anticipated actions regarding such trade issues as accession to WTO and multilateral trade negotiations.

PROFILE OF A LANDLOCKED COUNTRY

Paraguay: A Need for International Help to Build Roads and Rails

In conversation with Nosh Nalavala

Paraguay’s name derives from “Pararaguay,” a word meaning “From a Great River” in the indigenous Guaraní language.

Landlocked between Brazil, Argentina, and Bolivia, Paraguay relies on its “Great River,” the Paraná, for vast hydroelectric power resources as well as access to the Atlantic Ocean and a number of the region’s large cities. The Paraná River is the second largest river in South America next to the Amazon and, according to the Permanent Representative of Paraguay to the United Nations, Ambassador Jose Antonio Dos Santos, is “one of the few blessings of Paraguay.”

Paraguay is a constitutional democracy, currently led by President Fernando Lugo in the capital city of Asunción. It is the least densely populated nation in South America with roughly 6.3 million people, approximately one third of which live below the poverty line.

Its major exports include soybeans, meat, flour, vegetable oils, and various grains. Paraguay has a large informal sector, which, according to estimates, comprises roughly half of the country’s GDP and employs more than 40 percent of its wage-earning workers.

Paraguay suffered a recession in the late 1990s after a local banking crisis, and was later further hit by the financial crises in 2002 of its major trading partners, Brazil and Argentina. Paraguay’s growth began to improve after reforms were implemented in 2004, including anti-corruption initiatives and tax reforms. Per capita income has since increased and extreme poverty has been significantly reduced.

According to the latest Human Development Report, Paraguay ranks 101 on the Human Development Index out of 182 countries with data. Its GDP per capita stands at US $4,433. The life expectancy at birth is 71.7 years, and the literacy rate is just under 95 percent.

Paraguay’s exports rose to US $4.5 billion in 2008, up from just over US $1 billion in 2003. In 2007, US $469 in remittances were sent to Paraguay from families that had migrated abroad.

continued on page 7
The United Nations Office of the High Representative for the LDCs, LLDCs and SIDS, in collaboration with the World Bank, organized a Seminar on 27 October 2009 on the sidelines of the 64th session of the GA Second Committee to underscore the critical relevance of trade facilitation as a means for vulnerable countries to emerge stronger and more competitive from the current crises.

The keynote presentation by John S. Wilson, a lead economist at the World Bank, along with his colleague Alberto Portugal, provided an update on global trade prospects — and the role of trade facilitation reform in expanding trade. World Bank analysis, data, and indicators on trade facilitation, and transparency were outlined. He also presented new Bank research on the impact of aid targeted at trade.

This work shows that a 10 percent increase in “aid for trade facilitation” — targeted at regulatory reform alone — translates into an $8 billion increase in global trade. The “rate of return” on each dollar of this type of trade-related aid is about $700.

Because of the relatively low demand characterizing competitive environments in emerging markets, World Bank research suggests that product delays of one additional day prior to shipping can result in a 1 percent decrease in trade.

Progress on trade facilitation, according to the World Bank, “requires sustained reform at the national level in ensuring the rule of law, increasing the transparency of trade, investing in regulatory reform, and upgrading infrastructure to lower trade costs.” But because of the difficulties developing countries have in enacting such reforms, particularly with recent cutbacks in trade-related finance, multinational institutions and donors offer critical support.

The World Bank will be partnering with corporate leaders to develop an action agenda for “aid for trade facilitation.” Working through and with industry associations in the North and South, the partners will sponsor and monitor new projects to facilitate trade, focusing in particular on improving trade logistics and border management. Drawing on best practices of pilot projects, low-cost, high-return projects will be replicated in partner developing countries. Those countries with demonstrated records of success in improving trade logistics will be targeted first.

Trade facilitation is shown to lower the costs of trade over time. Infrastructure investment, harmonization of standards, and customs modernization are crucial to facilitating trade and streamlining the global trading system, a move that will benefit all countries in this time of crisis.
As a result of the current global financial and economic crisis, the Ambassador reported that Paraguay’s exports are down by 31 percent and remittances are down 20 percent. “Official Development Assistance of this year is less than in 1970s for Latin American countries,” he said in an interview with The Commitment.

The crisis has further exacerbated the country’s natural impediments to trade. “Paraguay is far from the markets and landlocked. We need international help and aid to build infrastructure — roads and railroads,” said the Ambassador. “We have excellent relations with our neighbours, but access is expensive.” Although the river is large enough to accommodate low-cost transit of large quantities of Paraguay’s exports, transport by water is a time-consuming process and puts the country at a disadvantage.

The Ambassador added that increased ODA would help the country to transform its production processes, so that grains could be exported at higher volumes. Export diversification, trade facilitation, and international solidarity on agricultural subsidies were among other issues that the Ambassador noted as important for Paraguay’s progress.

Paraguay hosted a meeting of LLDC trade ministers in August 2005, which resulted in the adoption of the Asuncion Platform for the negotiations of the Doha Development Round. The country’s leaders have sustained their engagement in trade negotiations, at the margins of WTO Ministerial Conference and in the adoption of the Ulan Bator Declaration in 2007.

Speaking on 21 October at the Meeting of Landlocked Developing Countries held in Ezulwini, Swaziland, H.E. Dr. Hector Lacognata, Paraguay’s Minister of Foreign Affairs, said, “Allow me to call on all members to work together, with solidarity and determination to overcome our difficulties, especially in this moment, when we face an unprecedented global economic and financial crisis, for we know that, when we work together, advantages multiply and obstacles are reduced.”

Agreement in the Kyoto Protocol should not be lost. It should be continued and expanded. We have achieved through technology and investment very low emissions, and our share is getting lower in terms of emissions. That is why the Japanese Prime Minister, Dr. Yukio Hatoyama came to New York last September to attend the Climate Change Summit and a pitch that Japan should lead by example and send a signal to two sides: to the developed countries who haven’t committed yet, but also to the developing countries.

The focus has now shifted to adaptation, particularly with developing countries. Is Japan doing anything towards helping them with adaptation?

Yes, of course, Japan has been already doing this. The best example is the small island country of Maldives which escaped serious damages when the tsunami hit in 2005, owing to the seashore protection works financed by the Japanese ODA.

And more recently the Philippines . . . But we have to do more and Japan committed last year to establish a new financial mechanism called “Cool Earth Partnership” of $10 billion over the five years from 2008 and we are implementing this. For example, we launched Japan-UNDP Joint Framework to address climate change in Africa. Prime Minister Hatoyama stated “Japan is prepared to provide more financial and technical support than in the past”.

So how does Japan see itself as a major donor in the 21st century?

Japan knows the challenges of the twenty-first century. The most important thing is the concept of human security. The philosophy of development must not be an aggregate of economic growth, but a measurement of development — so that individuals feel much safer and they have means to live in dignity, and feel protected and supported. That is the purpose of development. Millennium Development Goals are important, but to achieve the MDGs the emphasis must be on capacity building. Individuals have enormous potential to grow and expand if given the opportunity and training. That is the concept of human security.
SEYCHELLES AND SMALL ISLANDS REMIND THE WORLD THAT MAKING A DEAL IS ABOUT SURVIVAL.

The Small Island Developing Republic of Seychelles has urged leaders of the world’s industrial nations to double their efforts toward concluding an ambitious and legally binding pact at the December climate summit in Copenhagen. This call was made by the Seychelles delegation during the last UN Climate Change negotiating session which took place in Barcelona, Spain from 2-6 November, 2009. Seychelles was represented by Ambassador Ronny Jumeau and Mr. Wills Agricole, Director General, Climate and Environmental Services of the Ministry of Environment, Natural Resources and Transport.

More than 4,500 participants, including delegates from 181 countries, took part in the talks. This call to action by Seychelles’ negotiators follows the statement by President James Michel to the special event on climate change organized prior to the United Nations General Assembly in September, where he clearly pitched the fight against Climate Change as a battle for survival by small island states: “For small islands, climate change is about our existence. It is about maintaining our human right to live and work in the land of our birth, the land of our parents. We must act now to ensure that it is also the land of our children” the President had declared. Seychelles expressed deep concern at attempts to steamroll the world’s most vulnerable countries into accepting a watered down political agreement at the Copenhagen Climate Summit, rather than an internationally legally binding outcome, which prompted Seychelles to reiterate its position firmly along with the world’s Least Developed Countries and Small Island Developing States, that steep emissions cut pledges by the developed world would limit global warming to at most 1.5 degrees Celsius above pre-industrial temperatures. Industrial nations have been aiming for targets that limit global warming to 2 degrees C above those levels.

Ambassador Ronny Jumeau commented that “Now is not the time for backsliding, because the failure to deliver ambitious legally binding outcomes in Copenhagen will threaten the very survival of Small Island Developing States like Seychelles”.

URGENT EFFORTS UNDERWAY TO TACKLE UNDERNUTRITION IN LDCs.

As the number of hungry and malnourished people passes 1 billion, a new report identifies undernutrition as one of the major causes of death among young children in Least Developed Countries. The 119-page report, titled “Tracking Progress on Child and Maternal Nutrition” and released by the United Nations Children’s Fund (UNICEF), says that undernutrition in mothers and children is a factor in a third of all deaths of children under five in developing countries. At the same time, the global financial crisis and rising food prices have left many more families struggling to put nutritious food on the table.

As the report shows, the problem is concentrated in just a few regions, and 80 percent of all chronically undernourished children are found in just 24 countries. Among children who suffer from stunting — a consequence of chronic nutritional deprivation that begins before birth if the mother is undernourished — 90 percent live in Africa and Asia.

Approximately 200 million children under the age of five in the developing world suffer from stunted growth as a result of chronic maternal and childhood undernutrition, said the report.

The good news is that reducing and even eliminating undernutrition is entirely feasible. Of all the proven interventions, exclusive breastfeeding for the first six months — together with nutritionally adequate foods from six months — can have a significant impact on child survival and stunting, potentially reducing the under five child mortality by 19 percent in developing countries.

Huge strides have also been made in the delivery of cost-effective solutions to undernutrition, including micronutrients, to vulnerable populations worldwide.

MEDIAGLOBAL is an independent news service, based in the United Nations Secretariat, designed to create awareness in the global media for the countries of the global South, with a strong focus on Least Developed Countries, Landlocked Developing Countries and Small Island Developing States.

The Commitment is published in cooperation with the United Nations Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States. For information, contact us at:

Telephone: 609.529.6129 and Email: media@mediaglobal.org

www.mediaglobal.org

MediaGlobal

Publisher and Editor
Nosh Nalavala

Assistant Editor
Christina L. Madden

Coordinators
Fred Kirungi
Ricardo Dunn

MediaGlobal Correspondents (at the United Nations)
Alison Walkley
Amy Lieberman
Ryan Dicovitsky
Henoch Derbew
Mary Slosson
Nicola Winter
Allyn Gaestel
Sydney Oh