The Outlook for LDCs, LLDCs & SIDS

For Least Developed Countries, Landlocked Developing Countries and Small Island Developing States

According to the World Bank, the Millennium Development Goals may be set back three years as a result of the current financial crisis.

The Global Fund to Fight Aids, Tuberculosis, and Malaria is $5 billion short of its target, as developed countries, such as the United States, are scrambling to stimulate domestic economies amid declined growth.

International investment, which had been growing steadily since 2004 and reached a record high of $1.8 trillion in 2007, has already begun to decline as a result of the financial crisis. World trade is slowing, remittances to Least Developed Countries from overseas are down and the prices of commodities, which many developing countries rely on, are falling.

Yet the news out of the Least Developed Countries isn’t all that bad. Earlier this year Japanese Prime Minister Taro Aso pledged at least $17 billion dollars in aid to developing countries in Asia, marking a 20 percent increase in the country’s Official Development Assistance (ODA) over last year. Japan has also stated the need to increase Official Development Assistance to Africa after 2010 in order to strengthen health systems, achieve universal primary education, and solve water and sanitation issues on the Continent.

And the East African Submarine Cable System (EASSy) is scheduled for completion in 2009, along with a number of projects set to connect Landlocked Developing Countries to the network, bringing low-cost, high-speed Internet access to a number of countries. Information and Communications Technology is an indicator of social and economic development, and many believe that it can allow poorer countries to leapfrog traditional stages of development.

In a similar vein, mobile technology, known as mHealth, is being used to help collect health data, support diagnosis and treatment for patients, and advance education and research, even in remote, Least Developed Countries.

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Yet the constraints facing the world’s poorest countries, including Small Island Developing States (SIDS) and Landlocked Developing Countries (LLDCs) are grave.

Due to constraints, such as high tariffs and poor infrastructure, LLDCs collectively account for only 2 percent of the world’s total gross domestic product and the average GDP of LLDCs is roughly half of that of their maritime neighbours.

SIDS is heavily impacted by climate change, despite the fact that they contribute very little damage to the environment. They also tend to suffer from few natural resources, economic volatility, and high susceptibility to natural disasters. Because of rising sea levels, the Maldives may become uninhabitable within this century.

The situation has not gone unnoticed. In April of 2008 the United Nations held a meeting to address providing disaster relief to SIDS hit hard by natural disasters.

In October, UN-OHRLLS convened a meeting in New York to review the Almaty Programme of Action and assess how to make progress in boosting trade and private sector development in LLDCs.

In an exclusive interview, the Ambassador of the Republic of Mali, Ambassador Oumar Daou, told THE COMMITMENT that, although the obstacles facing Landlocked Developing Countries present significant challenges, they are not, he said, insurmountable.
Fulfilling The Commitment

Interview With the High Representative

Cheick Sidi Diarra, Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, in conversation with Editor Nosh Nalavala

Mr. Diarra, the economic downturn is impacting the world, but the Least Developed Countries (LDCs) are the worst hit. Do you see a tangible way for the LDCs to emerge from the current crisis?

It should not come as a surprise that the LDCs are quite possibly the most affected by the economic crisis. We have seen, time and time again, that the LDCs suffer the most from any crisis because of their high levels of poverty and heavy dependence on external resources. Whether one is talking about climate change or the food crisis, the LDCs are always the worst hit. It is a reflection of their extreme economic weakness. The economic crisis threatens to wipe out the modest gains a number of LDCs have made over the last few years.

Do you see a tangible solution?

I think a two-pronged approach is needed to get the LDCs out of the crisis. The first thing is for the international community to immediately come to their aid to help them deal with the current crisis. As the Secretary-General said in his message to the G-20 Summit, a stimulus package of at least 1 trillion dollars is needed to help developing countries, especially the poorest and most vulnerable, to weather the crisis (NOTE: The leaders have agreed to mobilize $1.1 trillion, in addition to $5 trillion for the global stimulus package). Secondly, the international community needs to help the LDCs address their underlying weaknesses in order to reverse the ever-worsening poverty crisis. The first step is for the international community to fulfill its current commitments, specifically allocating 0.2 percent of their national income to development assistance for LDCs.

Recently, at the Commission on the Status of Women, the issue of initiating policies to promote the equal sharing of responsibilities between women and men as an essential component of rural life was brought up. Do you feel that due to lack of gender equality women in rural areas are carrying a “double burden”; holding jobs and caring for their families at the same time?

First of all, it must be pointed out that LDCs have made significant strides in empowering women economically and politically in recent years. A number of LDCs, for example, have some of the highest proportion of women in positions of decision-making. A good number of LDCs have also narrowed the gap between boys and girls in primary education. So a lot of progress has been made. That said, it is true that poverty affects women the most. About 70 percent of the world’s poor are women. In most poor countries, women bear the heaviest burden in both production and reproduction. The lack of health services, for example, affects women and children more than the men. That is why child and maternal mortality is a major problem in the Least Developed Countries. HIV/AIDS also affects women more than the men. Therefore, the economic and political empowerment of women is very important to the achievement of the Brussels Programme of Action and the Millennium Development Goals.

For the poorest nations, increased and sustained industrial development is the only way to move their people out of extreme poverty. While some of these nations are among the 49 LDCs and enjoy preferential market access, the developed world must extend concessions and technical assistance to all of them. Without such concessions, these countries will not be able to create a viable manufacturing base or break into the global markets. Would you, as the High Representative for LDCs, call for defining “least developed manufacturing countries” as a category by the UN and for trade preferences for these nations within the WTO framework?

The rationale of the category of the Least Developed Countries is for the international community to focus on its weakest members, the poorest of the poor, if you like. Certainly, there are a number of countries outside the LDC group that deserve international support, including trade concessions. Indeed, it could be said that all developing countries need support of one form or another. That is why the concept of special and differentiated treatment under the WTO process applies not only to LDCs, but other developing countries as well.

That, however, does not take anything away from the fact that the 49 LDCs are

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In the past year, the population of malnourished has increased to over 960 million after fluctuations in food prices and a calamitous global recession. This number comprises nearly one-sixth of the world’s population, having risen some 40 million from 2007 alone. Realizing the global community’s need for aid leadership, early this year Spain stepped up as one of the emerging providers of funds to meet emergency and long-term food aid.

It was noted that the global economy has deteriorated and global growth projections are nearly flat for the near-term, many of the Least Developed Countries (LDCs) are saddled with the greatest economic losses and their citizens have been left without any tangible or significant recourse.

In commitment to preventing another food crisis and solving the hunger crisis at hand, Secretary-General Ban Ki-moon and Spanish Prime Minister José Luis Rodríguez Zapatero co-hosted the High-Level Meeting on Food Security for All in Madrid. This year’s two-day conference evaluated progress, prioritized immediate and long-term action and reaffirmed advancement toward the Millennium Development Goals (MDGs), which are targeted for completion in 2015.

As a statement of Spain’s ongoing commitment to ending hunger, the nation generously pledged €200 million per year over the course of five years. In addition, at least 15 other countries have stated intentions to provide monetary and technical assistance as well as political support.

Speaking on behalf of Spain’s commitment to the MDGs, Soraya Rodríguez, Spain’s Secretary of State for International Co-operation, reported, “Spain remains firm in its commitment to reach the 0.7 percent GDP goal for Official Development Assistance (ODA) in 2012. This target level should reach all countries by no later than 2015 in fulfillment of the MDGs.”

Despite exceptional and unprecedented scale-ups in emergency hunger aid, this year the meeting resumed discussions and resolved to respond with even greater efforts. Representatives from more than 120 countries came together, including 62 ministers, civil society leaders, and delegates from UN agencies.

Dr. David Nabarro, the Coordinator of the United Nations High-Level Task Force on the Global Food Security Crisis, said that over the past 30 years, development assistance earmarked for agricultural development had dropped significantly and was now down, from 15 to 20 percent, to just 2 or 3 percent of overall Official Development Assistance (ODA). However, as the international community had been made aware of the crisis, that trend had started to shift. “It’s a tough time for all of our work,” he added, noting that before making commitments, donors wanted to be sure that agencies were maximizing efficiency, coordinating better, and making the most of existing development assistance.

Several specific objectives were addressed in terms of policy and social development. Though they agreed that foreign assistance is integral to boosting Least Developed Countries’ food security, participants also stressed the importance of affected countries leading their individual initiatives to fight hunger by involving their own parliaments, local governments, and citizenship.
Seychelles: The Garden of Eden

Interview with the Ambassador

By Christina Madden, Assistant Editor

Situated in the Indian Ocean with a total landmass of 455 sq km spread over 115 islands, Seychelles is known for its coral beaches and rich biodiversity. Some even call it the Garden of Eden.

The Small Island Developing State (SIDS) is home to a number of indigenous species, including the heaviest land tortoise and the world’s smallest frog. Seychelles has been independent since 29 June, 1976 and is headed by President James Michel.

It should come as no surprise that the majority of Seychelles’ revenue is brought in by its high-end tourism industry, accounting for roughly 50 percent of its foreign exchange earnings and 20 percent of gross domestic product (GDP). Tourism is followed by the fishing industry, tuna in particular, which comprises about 97 percent of the country’s exports.

Seychelles ranked 50 out of 177 countries on the most recent Human Development Index. The middle income SIDS has a population of 82,247 people, and a per capita GDP of over USD 8,700.

In an exclusive interview with THE COMMITMENT, Ambassador Ronny Jumeau of the Republic of Seychelles said, “We have always had a history of putting people at the centre of development. The biggest parts of our budget still are and have always been health and education.” Seychelles has a literacy rate of approximately 92 percent for both sexes over 15 years of age, and a life span at birth of 72 years.

Yet, according to the Ambassador, Seychelles “may have done too well for its own good.” Seychelles owes its relatively high level of economic and social development in large part to borrowed money, and now faces external debt in excess of USD 800 million. No differentiation is drawn between development policies towards middle income countries (MICs) to account for country-specific constraints. Beyond unsustainable debt, Seychelles lacks mineral wealth compared to some low-income countries, and just over 2 percent of the total land mass is arable.

The Ambassador noted that SIDS like Seychelles would have to come up with innovative approaches to socio-economic development. The country is currently exploring for oil in its waters and has considered establishing a university to draw in foreign students and develop advanced research on marine life.

Seychelles also made the decision to market itself only to high-end tourists. The islands’ five-star hotel rooms start at about USD 1500 per night, according to the Ambassador. The economic barrier put in place ensures that, while the environmental impact of tourists is limited, the tourists who do come to the islands bring a great deal of revenue with them.

But Seychelles, like most countries, is feeling the effects of the current financial turmoil. “We’re finding it, especially now with the financial crisis, increasingly difficult to maintain the current level [of socio-economic development],” Ambassador Jumeau told THE COMMITMENT. The tourism industry has experienced a fifteen percent drop in visitors from abroad since the start of the year, and according to the International Monetary Fund that may decline 25 percent by the end of 2009.

The Government of Seychelles is committed to weathering the economic storm and has implemented a reform programme designed to double the country’s GDP by the year 2017. The Seychelles’ government is also trying to intensify domestic agriculture, and is planning to launch a training programme to encourage the country’s citizens to grow their own food.

Seychelles is taking a multi-stakeholder approach to positioning itself as a global leader in sustainable development. The Ambassador and the Government of Seychelles, after all, are well aware of the country’s vulnerability to climate change. “All of our infrastructure is on the coast,” said the Ambassador. If a rise in sea levels were to occur, the country’s airports, power stations, schools, ports, and hotels would be destroyed.

The Ambassador cautioned, “We will disappear economically before we disappear physically.” He emphasized the need for middle income small developing states to be given special consideration in international climate change negotiations regarding Official Development Assistance related to adaptation and mitigation.
LLDCs Must Strengthen South-South Cooperation

Interview with Ambassador Oumar Dao, Permanent Representative of the Republic of Mali to the United Nations

Ten of the 20 countries ranking lowest on the human development index are landlocked, according to UNDP’s Human Development Report 2007/8. The recent volatility of the global economy has the potential to compound the situation further with sharp increases in food and fuel prices that severely affect LLDCs. If the world is to meet the Millennium Development Goals by 2015 the potential of trade for human development in landlocked and transit countries must become a reality. Where do you see the LLDCs falling short of reaching the MDGs?

Growth and socio-economic development of the LLDCs suffer the combined effect of crises currently affecting all countries of the world; whether it is a crisis of food, energy, finance, or the effects of climate change. Their vulnerability to external shocks constitutes a serious handicap to the efforts that they deploy in order to achieve the Millennium Development Goals. During the mid-term review of the Almaty Programme of Action, held in New York in October 2008, the LLDCs reaffirmed their commitment to achieving the MDGs. A drastic cut in foreign direct investment or Official Development Assistance to LLDCs would be prejudicial to their already fragile economies. From this perspective, the LLDCs should give priority to the strengthening of South-South Cooperation and of partnerships with industrialized countries. Putting in place the Almaty Programme of Action with the active support of technical and financial partners will contribute to accelerating the achievement of the MDGs by the LLDCs.

According to the MDG Gap Task Force report, the proportion of Official Development Assistance (ODA) for Landlocked Developing Countries has not changed much since 1990; in 2006 LLDCs received 6.3 percent of their GNI in ODA. When it comes to trade, in 2000 world leaders set the goal of developing an open, rule-based, predictable and non-discriminatory trading and financial situation, including special attention for LDCs, LLDCs and Small Island Developing States. Unfortunately the “failure to conclude the Doha Round constitutes the largest implementation gap in the areas of trade”. Do you feel that increased ODA will fill the gap in trade and generate growth for the LLDCs?

Yes, Official Development Assistance must be considered as a supplement to national and collective efforts being deployed by the LLDCs to assure continued growth and sustainable development. Reducing the gap between rich and poor countries cannot be conceived without supporting measures of ODA, such as debt cancellation, the creation of a true partnership allowing LLDCs to diversify their exports, and above all to access markets for agricultural products. A substantial growth in ODA is necessary to assure the well being of populations. The objective we’re aiming for is to obtain 0.7 percent of the GDP of developed countries.

Trade capacity development work is already geared towards accelerating the integration of the Almaty Programme of Action priorities into areas of work in the participating LLDCs. As the Chair of LLDCs, have you made any tangible suggestions towards narrowing the trade divide?

I believe that a real partnership must be put in place between the LLDCs, transit countries, financial and development organisms, and developed countries. Such a partnership could set essential goals to carry out the Almaty Programme of Action, which is the expression of the firm will of the international community to respond to the specific needs of the LLDCs. One of the principal objectives of the Programme of Action is to assure a better participation of LLDCs in global trade.
universally recognized as the most deserving of special measures, be it in terms of trade or official development assistance. Not only do LDCs lack a manufacturing base, but they also suffer from other constraints, such as widespread poverty and weak technical, human and institutional capacities.

It is refreshing to note that for four years Africa has experienced record economic growth with the Continent registering 5.7 percent GDP growth and a per capita increase of 3.7 percent in 2007. Do you feel that despite this growth, countries of the South will not be able to meet the Millennium Development Goals, specially since the current food crises is disproportionately affecting the African continent?

The 5 to 6 percent annual growth of the last few years is an important achievement. It reflects the necessary, if sometimes painful, economic and political reforms that the LDCs have undertaken, and the support of the international community. The LDCs and the development partners must commend themselves for this achievement. It shows that with the right mix of policies and international support, a lot can be achieved.

Do you feel that the LDCs will reach their MDG targets?

Given the situation the LDCs are in, this rate of growth is insufficient to meet the MDGs. This is a point recognized by the Brussels Programme itself, which sets a target of a sustained annual growth rate of at least 7 percent in order to meet its goals. We shouldn’t forget that the impact of the 5 to 6 percent annual growth rate on poverty and hunger reduction has been limited due to income inequalities and continuing high rates of population growth. Moreover, this economic growth has not been even across LDCs, it has tended to concentrate in a few natural resource-rich LDCs.

And the food crisis has added to this burden...

Yes, the food and economic crises have also shown that the little gains that have been made over the last few years can be wiped out overnight. Greater efforts are therefore needed to meet and sustain the 7 percent annual growth target of the Brussels Programme while, at the same time, addressing the challenges of income inequalities and high population growth rates.

Recently it was pointed out that 22 of the 49 Least Developed Countries in debt were Muslim. Do you support a fund be set up by oil-exporting Islamic countries to support the poorer least developed Muslim states?

Realistically, LDCs suffer in nearly equal measure, whether they are Muslim or not. Of course, a number of Arab Muslim countries have a significant amount of not only financial resources, but also technical expertise in a number of fields that could support LDCs in general. I must add that a number of these Muslim countries already provide support to the LDCs. While I do support the idea of a fund by oil-exporting Muslim countries, I don’t think that such a fund should benefit only the Muslim LDCs. Rather, it should cover all the 49 LDCs.

In October last year you said that five LDCs accounted for about two-thirds of the LLDC total FDI flow, while 15 LLDCs, or half of all LDCs, received less than 12 percent in FDI. Have the LLDCs considered strategies to mitigate factors that make LLDCs unattractive for investment?

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TAX HAVENS HARM POORER NATIONS. Days before G-20 leaders were scheduled to meet at the highly anticipated London summit, a study conducted by Oxfam International determined that the Least Developed Countries lose up to $124 billion dollars a year due to offshore assets held in tax havens. In recent weeks British Prime Minister Gordon Brown and other G-20 leaders have joined those in civil society who are calling for a serious crack down on tax havens “that siphon off money from developing countries...that could otherwise be spent on bed nets, vaccinations, economic development and jobs.” While major economies lose money to tax evasion, the consequences in developing nations are much more severe. Upon launching their Stolen Asset Recovery (STAR) programme last year, the World Bank and the UN Office of Drugs and Crime reported that up to $1.6 trillion of annual illicit financial flows from criminal activity, corruption and tax evasion. Without the resources or capacity to challenge tax evaders, poorer countries must replace that lost revenue with aid or debt.

VICIOUS CYCLE OF WATER-BORNE DISEASES. In Southern Sudan, where water is not just a basic survival need, but a game of risk, children fall victim to preventable water-borne diseases caused by contaminated water and poor sanitary conditions. Diarrhea prominently impacts developing regions and hits young children swiftly. The “vicious cycle,” as identified by the World Health Organization (WHO), of ongoing exposure to unsafe water which leads to diarrhea can render young children seriously ill and in severe cases lead to death. UNICEF has undertaken several initiatives specifically in Southern Sudan to ensure more awareness for children.

DEMAND FOR SAFE DRINKING WATER. Never before has the demand for safe, drinking water been as great as it is today, cites the recent United Nations World Water Development Report. The report is a comprehensive assessment of the planet’s freshwater resources and urges for intensification in efforts to improve sustainable water management. There are several factors that create “widespread shortages,” which include increases in energy production, population growth, and consumption habits. The impact of climate change exacerbates the situation even further. According to the report, the world is currently on track in reaching the drinking water target of the Millennium Development Goals (MDG). It highlights sub-Saharan Africa as an area that is far from reaching its target with about 340 million people lacking access to safe, drinking water. In addition, the report projected that between 75 and 250 million people in Africa could experience increased water stress because of climate change by 2020.

BIOTECHNOLOGY MAY HELP ALLEVIATE FOOD INSECURITY AND CLIMATE CHANGE. The Times of Zambia reported that recently government officials have been urged by the Zambia Agriculture Research Institute to speed up the process of establishing a Biological Technology Authority to approve and supervise research and development for the good of Zambia’s people. Biotechnology is hoped to help alleviate some of the growing challenges wrought by food insecurity and climate change by creating alternative energy sources, such as ethanol; improving crop yields to feed more people and reduce food prices; and developing vaccines to eradicate certain diseases. In March 31, Zimbabwe’s government-run The Herald reported on similar agricultural technology programs underway in other parts of southern Africa. Regional Agricultural and Environment Initiatives Network–Africa is putting $5 million worth of financing into local research institutions specifically to develop agricultural and environmental technologies to aid rural farmers in Zimbabwe.