United Nations
Office of High Representative for the Least Developed Countries,
Landlocked Developing Countries and Small Island Developing States

BUILDING NATIONAL CAPACITY FOR THE FOLLOW–UP AND IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES FOR THE DECADE 2001-2010

Outcomes of the Workshop for the National Focal Points held in New York on 17 July 2008

New York, 2008
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I. REPORT

on the Workshop of the National Focal Points of the Least Developed Countries
held on 17 July 2008 at the United Nations Headquarters in New York

1. The workshop was the fifth in the series of such events initiated in 2004 aimed at building the national capacity of LDCs for the follow-up, monitoring and reporting on the implementation of the Programme of Action of the Least Developed Countries for the Decade 2001-2010.

2. The workshop was organized in collaboration with the United Nations Development Programme (UNDP) and the Food and Agriculture Organization (FAO). Funding for the workshop has been provided by the Governments of Austria, Canada, Iceland, Ireland, Republic of Korea and South Africa.

3. The main objectives of the workshop were as follows: 1) discussion of the follow-up to the midterm review and measures for further implementation of the Brussels Programme, 2) advice on integration of rural development and food security in the national development strategies of LDCs and 3) defining the role of entrepreneurship development in poverty reduction and in achieving the objectives of the Programme as well as identifying priority actions in the context of climate change and compliant to the principles of sustainable development.

4. As in the past, the workshop also provided an opportunity for the exchange of national experiences, lessons learned and best practices of the least developed countries in the implementation of the Programme of Action.

5. Under-Secretary-General and High Representative for Least Developed, Landlocked Developing Countries and Small Island Developing States, Mr. Cheick Sidi Diarra opened the workshop and briefed on the organisation of work of the workshop. He then gave the floor to H.E. Ambassador Ismat Jahan, the Permanent Representative of Bangladesh to the United Nations and Chair of the LDC Coordination Bureau.

6. In her address, H.E. Ms. Jahan briefed on progress achieved since the last meeting of LDCs in 2007. In particular, she informed about a number of initiatives undertaken by LDC Group in New York on active coordination of the Group position, while sensitising key decision-makers about issues of concern for LDCs and ensuring the needed focus in all meetings and debates. H.E. Ms. Jahan reported that LDC Group was proactive in debates on climate change and MDGs and its statements were delivered in all relevant items of Economic and Social Council (ECOSOC) sessions. As a result and upon close consultations with Permanent Representative of Japan to the United Nations and other G8 Member States, in this year special concerns and priorities of LDCs have been reflected in the G-8 Summit outcomes under climate change and development sections.
Drawing inspiration from this achievement, H.E. Ms. Jahan called upon the LDCs to renew and accelerate their efforts in promoting interests of the LDC Group in such other forum and high-level events.

7. Subsequently, H.E. Ms. Jahan referred to the resolution A/62/203 that invites Secretary General to prepare a note on the modalities of holding LDC IV conference and expressed gratitude to those countries which volunteered to host this high-level event. She also expressed expectations that LDC National Focal Points will co-operate effectively and efficiently for the preparation of the Fourth Conference at the country level.

8. Then, H.E. Ms. Jahan referred to the food security as one of the current global challenges faced mostly by LDCs being the net exporters of agricultural products. In the countries where some 70% of household income is spent on food, a sharp increase in food prices will have strong adverse impact on poverty, development and malnutrition. H.E. Ms. Jahan therefore stressed the importance of development of coherent and multifaceted approach in addressing long-term and short-term needs to ensure food security. Furthermore, she briefed that Bangladesh Minister on behalf of the Chairperson of LDC Group, at the UNCTAD XII Conference proposed establishment of a task force to address food crisis. Subsequently, this proposal was embodied in the LDC Ministerial declaration adopted in April 2007 in Accra.

9. On the other side, **H.E. Mr. Cheick Sidi Diarra** then thoroughly briefed on the latest activities of the Office, particularly in advocating priorities and concerns of LDCs. *Inter alia*, OHRLLS contributed to preparation for UNCTAD XII conference, organised UN High-Level Meeting on AIDS 2008, delivered ministerial breakfast on climate change and its influence on agricultural production in LDCs and engaged in annual review of the implementation of BPoA within general segment of ECOSOC, - just to name a few.

10. In addition, H.E. Mr. Diarra took the floor to inform on the implementation of the Brussels Programme of Action (BPoA) and the preparation of the UN Conference of the LDCs (LDC IV). He reminded that as a result of the sixty-first session of the General Assembly on the mid-term global comprehensive review of the implementation of the Programme, the Chief Executive Board chaired by the Secretary General of the United Nations decided to “*redouble the efforts in order to accelerate the implementation of the Brussels programme of Action*” [CEB 2006/3, para 32a]. Pursuant to this decision, the Office of the High Representative, in consultations with the UN system entities, has elaborated the United Nations Action Plan for the accelerated implementation of the Programme of Action during the remainder of the Decade. This United Nations Action Plan includes specific actions (strategies and programmes) for achieving the objectives, goals and targets of the Brussels Programme in seven interlinked areas: (1) fostering a people-centred policy framework; (2) good governance at national and international levels; (3) building human and institutional capacities; (4)
Building productive capacities to make globalization work for LDCs; (5) enhancing the role of trade in development; (6) reducing vulnerability and protecting the environment; (7) mobilizing financial resources. In this context, the role of UN-OHRLLS is to ensure system-wide coordination of the implementation of Brussels Programme of Action, as well as of this Action Plan.

11. As per General Assembly resolution 62/203 the Secretary General has been requested to prepare a note on the modalities of the fourth United Nations Conference on the Least Developed Countries, including it preparatory process. Based on consultations with the UN system and the UN Member States, the Office of High Representative is currently finalising the note of the Secretary General. At present, Austria and Turkey expressed their interest in hosting LDC IV.

12. In this context, H.E. Mr. Diarra emphasized the importance of full and effective participation of National Focal Points of LDCs in ensuring transparent, broad-based and inclusive approach to LDC IV preparations at the country level. In addition, he mentioned that country preparations should build upon the existing review mechanisms while providing input to regional and global preparatory process. To this end, each LDC will be provided with both, technical and financial support from the United Nations Resident Coordinator and the World Bank Representative in the preparation of the national report for the fourth UN Conference on LDCs. However, High Representative underscored the significance of strengthening the implementation of BPoA by Programme Countries and called upon enhancing partnerships between governments, parliaments, civil society, private sector, media, academia, donors, UN system and international organizations. H.E. Mr. Cheick Sidi Diarra also emphasized the pivotal role of these key actors in effective and timely implementation of the Brussels Programme.

13. The questions-and-answers session was opened by Ms. Pamela Kasese-Bwalya, Acting Deputy Director Ministry of Finance and National Planning of Zambia who raised the question of the necessity to ensure broad-based consultations as part of country-level preparations for LDC IV. She explained that in Zambia the 5th National Development Programme and its Action Plan incorporated the provisions and requirements of the Brussels Programme of Action. The country already has monitoring mechanism to review the implementation of this National Development Programme in place. Therefore Ms. Kasese-Bwalya asked if it would be possible to forego the broad-based consultations and to use the same NDP monitoring report for the review of BPoA implementation.

14. In this regard, H.E. Mr. Diarra drew attention of participants to the difference between Annual Review of Brussels Programme of Action and the Final Assessment to be conducted in 2010. In particular, the Annual Review is usually submitted to ECOSOC and then presented at General Assembly and is based on
different contribution from national authorities and the UN system. Final assessment will not only review the achievements, but will also incorporate new priorities for LDCs to be subsequently integrated in the new Programme of Action. Therefore, in their annual reviews LDCs may be flexible, but as for final assessment the specific requirements [including broad-based consultations] should be fulfilled.

15. In his address, Mr. Yusupha Kah, Permanent Secretary Department of State for Trade, Industry and Employment of Gambia agreed with Zambia’s concerns regarding duplication of efforts in the reporting exercise and expressed intention to build largely on the existing Poverty Reduction Strategy Papers (PRSP) monitoring mechanisms in preparation for annual review of BPoA.

16. In his reply, H.E. Mr. Diarra strongly recommended to put in place two important prerequisites when submitting these reports as annual reviews for Brussels Programme of Action: (i) to “take on board” the priorities of BPoA; (ii) to ensure consultations are inclusive as much as possible and involve Civil Society, Government, Private Sector, donor community and other stakeholders.

17. In addition, he mentioned the importance of involving Parliaments in programming and monitoring exercise. To this end, UN-OHRLLS started pilot project in 10 LDCs1 aimed at establishment of mechanism at the level of Parliament in support of better advocating of Brussels Programme of Action and for better monitoring of BPoA. The exercise will be replicated at the level of all 49 LDCs in order to create more awareness about the Brussels programme at the grass roots level.

18. Mr. Ce Gamy, Economic Councillor of the Ministry of Economy and Planning of Guinea took the floor to inform LDCs that currently his country is the chairperson of a pilot group which embarked upon mobilising the Solidarity Fund. Therefore, the government of Guinea called upon LDCs speaking with a single voice and therefore on behalf of the Group will present the Roadmap on ECOSOC session on 18 July 2008. Mr. Gamy also invited other LDCs join the pilot group.

19. In this respect, H.E. Mr. Diarra commented that innovative sources of financing is one of the parts of BPoA and Secretary General made it one of his priorities by appointing Special Adviser, Minister of France to provide support in defining the SG’s policy on this issue. However, in order to create convergence within the LDC Group, he proposed circulation of information for comments and suggestions in order to formulate strong and unanimous position during ECOSOC session discussions of 18 July 2008.

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1 If successful, this pilot project will be later extended on the remaining LDCs
20. In his address, Mr. Mohammad Naeemi, Counsellor of the Permanent Mission of Afghanistan to the UN emphasized several important aspects to draw attention to, which include *inter alia* (i) strengthening support to National Focal Points (NFP) by UN agencies and other international organisations in preparation of reporting or simplification of reporting; (ii) model of report for final review, the modalities of reporting by different other UN agencies responsible for their tasks within BPoA and the timing of final review – will it coincide with the mid-term review and (iii) goals and targets of LDC IV.

21. In his response, H.E. Mr. Diarra explained that the LDC Conference is an intergovernmental process not owned by the Secretariat and therefore Member States will determine the objectives and priorities for LDC IV Conference. He highlighted that the Final Review should therefore incorporate new needs of LDCs. In addition, the national reports will feed in the regional processes of assessments to be undertaken by regional Commissions for Africa, Asia, America and the Pacific to be further developed at global level. Furthermore, H.E. Mr. Diarra briefed about the procedures that require the General Assembly to adopt a resolution on convocation of LDC IV, to approve the hosting country as well as to define the dates of the conference.

22. Regarding cooperation with other development agencies, H.E. Mr. Diarra informed the participants that based on the priorities of Brussels Programme the Office has prepared an Action Plan for BPoA implementation which establishes a clear framework and deadlines for each measure. Each agency reports annually to UN-OHRLLS on their elements of the report, which is subsequently incorporated in a single comprehensive document on mid-term review of the implementation of Brussels Programme to be submitted for discussion at ECOSOC and to be presented later at General Assembly.

23. As for simplification of reports and strengthening capacities of National Focal Points (NFPs): the UN and World Bank representatives already provide support to national authorities in producing and delivery of annual reports and UN-OHRLLS yearly renews this request to continue rendering of such assistance to LDCs. However, H.E. Mr. Diarra agreed that it is imperative to commence upon the design of the structure and model of the final report at an early stage.

24. In his statement, Mr Paul Losoko Efambe Empole, Diplomat at the Ministry of Foreign Affairs and International Cooperation of the Democratic Republic of Congo (DRC) supported the request to further strengthen NFPs capacity, particularly by setting modalities for interaction between UN-OHRLLS and the NFPs, as well as amongst NFPs themselves. He expressed expectations that this will enhance the dialogue between LDCs and UN-OHRLLS, will rise awareness amongst NFPs on the activities undertaken by OHRLLS and will foster exchange of experiences. Furthermore, Mr Empole proposed to institutionalize the meeting of NFPs by establishing a regular date and specific structure for this workshop. In
addition, he shared the DR Congo’s experience in private enterprise development through establishing partnership between Government and private sector and tackling food security through a number of initiatives on lifting customs duties on agricultural equipment, local taxes and budget support.

25. In reply to the last comment, H.E. Mr. Diarra briefed the participants that at UNCTAD XII Conference held on 20th April in Accra a ministerial decision was adopted to overcome food crisis in the LDCs. Furthermore, the Task Force established by the Secretary General that consists of Food and Agricultural Organization (FAO), World Bank, International Monetary Fund (IMF) and other agencies developed a framework of action to mobilize resources in support of farmers. Thus, World Bank provided special resources for acquisition of seeds for farmers. However, many countries still face difficulties in the elaboration of national strategies at national level which are often a prerequisite for receiving support from donor community.

26. **Mr. Getachew Adem, Head of the Development Planning and Research Department within the Ministry of Finance and Economic Development of Ethiopia** also emphasised the importance of simplifying reporting and harmonising activities in the interest of serving international commitments. He reiterated the importance of integration of seven commitments under the Brussels Programme of Action into national development programme and establishment of a clear format for assessment of BPoA. Having this mechanism in place would make the reporting easier despite existent lack of capacities at LDCs. Yet any support provided to LDCs would be beneficial. For instance, assistance provided by Economic Commission for Africa to Ethiopia in making national voluntary presentations at ECOSOC in July 2007 was crucial.

27. Regarding national consultations, Mr. Adem briefed participants that the system of national consultations is already in place in Ethiopia. The Parliament endorses the 5-year National Development Plan (NDP) which is then monitored on annual basis and every minister has to report on sectoral performance of the NDP’s implementation. Therefore, the major concern in this context is the methodology of extracting all the monitoring data on NDP for the purpose of review of BPoA.

28. Additionally, he expressed concern about the fact that many LDC National Focal Points represent institutions weakly conversant with MDGs, PRSP and NDP implementation. He therefore called upon some measures to ensure that the right institutions are designated to serve as Focal Points for review of BPoA’s implementation.

29. In reply to the last point, H.E. Mr. Diarra mentioned that UN-OHRLLS is not entitled to replace the sovereign decision of the Member States and just only updates the list of National Focal Points.
30. The Brussels Programme provides for establishment of a forum [broad base structure at national level] where NFPs assume secretariat of the Forum. This mechanism allows for achievement of better synergies and rising of awareness amongst government and private sector, civil society and donor community on the issues of concern.

31. In addition, H.E. Mr. Diarra welcomed integration of BPoA into National Development Plans and emphasized that in carrying out monitoring exercise the countries can rely on the existing monitoring data and/or mechanisms while elaborating on the elements relevant to BPoA. However, he mentioned that Brussels Programme is more specific than the MDGs and contains benchmarks that are not necessarily included in MDGs.

32. However, H.E. Mr. Diarra agreed with the need in harmonised and better structured approach and he also informed that on an annual basis ECOSOC and General Assembly request UN system entities to lend support to LDCs to deliver the Brussels Programme of Action. Based on that Resident Coordinators through UNDP are informed by UN-OHRLLS on the commitments and the results expected from them.

33. In her address, Ms. Sene Rokhaya, General Director of Planification Ministry of Economy and Finance of Senegal proposed to institutionalise the contacts [and reports] from countries that have similar economic realities and are from the same geographic area. She argued that this initiative will facilitate interaction between the countries, stimulate exchange of experience in preparing reports, particularly for global conferences, and will contribute to the development of sustained regional approach amongst LDCs. In addition, she stressed the importance of having interagency platform [in the form of a document] that will make it easier to follow up the implementation of BPoA for the rest of decade, as well as to define priorities in the context of current crises, resources, and programme implementation timeframe.

34. In his reply, H.E. Mr. Diarra commented that UN agencies organise quite often specific events on specific topics for countries which belong to the same geographic area: e.g. Accra Conference on remittances or Izmir Conference on the preparation for UNCTAD XII. He underscored the importance of these events, particularly for discussing common needs and ensuring as focused international advocacy as possible. Besides, it is very useful also to bring together different regions to exchange different opinions. As for the interagency platform, he confirmed that it is structured around main priorities and objectives of the BPoA and explained thematic/cluster approach of the BPoA.

35. Mr. Mamounou Toure, Deputy Director of International Cooperation Ministry of Foreign Affairs from Mali took the floor to brief that Mali has already developed 5-year planning document [2008-2012] aimed at poverty reduction and ensuring growth. In addition, the Government of Mali has
undertaken so called “rice initiative” to stimulate cultivation of rise aimed at elimination of food crisis consequences.

36. In his address, Mr. Jean Claude Berthélémy, Premier Assistant Ministry of Foreign Affairs of Haiti drew attention to the issue of capacities for management of financial resources, particularly compliance with preconditions for access to such funds.

37. In his statement, Mr. Abihudi Baruti, Director of External Sector Division, President’s Office Planning Commission of Tanzania stressed the importance of integration of BPoA into national planning documents and called upon better monitoring and responsibility for the implementation of Brussels Programme. In particular, he drew attention to the fact that objectives and targets against which monitoring and consequently reporting should be conducted were ambitiously established by LDCs in 2001 and therefore the latter should be accountable for proper fulfilment of these tasks. Besides, he also mentioned the need in setting a simple reporting format to measure and compare progress within and between the LDCs.

38. In addition, Mr. Baruti mentioned that although Brussels Programme of Action required LDCs to contribute at least 0.7% of their GDP to specific development purposes this commitment has not been met. He also expressed his opinion that food crisis may bring negative consequences on one side, but also stimulate agricultural production at some countries within the region and enhance export opportunities on the other side. Furthermore, Mr. Baruti proposed to focus not solely on agricultural production as a way to ensure food security, but also to stimulate production of food for fuel.

39. Besides, Mr. Baruti proposed to establish a website that would contain data on the implementation of Brussels Programme of Action and where LDCs can exchange their best practices or experience in various aspects of development. He expressed confidence that this database will simplify the reporting exercise and stimulate interaction between the LDC Group.

40. H.E. Mr. Diarra welcomed the idea of website creation and promised to work on its feasibility. Regarding food for fuel production, he informed that the position of the UN Secretariat and the UN-OHRLLS is first to tackle food security problems and then to embark upon the production of food for fuel or such other initiatives. However, the food for fuel may be promoted especially on the lands which are useless for food crops production.

41. Mr. Solomon Scott, Acting Director of Planning Ministry of Finance and Economic Development from Sierra Leone supported the idea to harmonise the method of reporting and proposed to establish a template to be posted on the website. In addition, he welcomed the initiative of involving parliamentarians in the implementation and monitoring of Brussels Programme.
42. **Mr Yassin Abdalla Iessa, Director of External Resource within the Ministry of International Cooperation of Sudan** informed that the country has a different structure of national planning and therefore supported harmonisation of and more flexibility in reporting. In addition, he referred to debt cancellation for LDCs as one of the important elements for achieving their goals and objectives and mentioned decent work initiative within UNCTAD as key factor for LDCs development.

43. High Representative informed that a thematic workshop on decent work was organised by UN-OHRLLS jointly with the International Labour Organization (ILO) and this issue was covered in the report of the Secretary General. On the issue of external debt, H.E. Mr. Diarra referred to HIPIC initiative and such other advocacy activities undertaken by UN-OHRLLS to obtain 100% cancellation of debt for all LDCs.

44. **Representative from Maldives** informed that despite different structure of national planning, the Brussels Programme has been integrated in their National Development Plan. It is expected that Maldives will graduate from LDC Group by 2011.

45. In her address, **Ms. Pamela Kasese-Bwalya, Acting Deputy Director of the Ministry of Finance and National Planning [Zambia]** asked for clarification about the nature of support to be provided to countries involved in the pilot project on Parliamentarians’ involvement in the implementation and monitoring of Brussels programme. In addition, Ms. Kasese-Bwalya confirmed that Zambia, as well as Malawi and Tanzania are not facing food crisis problem. Moreover, Zambia is willing to increase its capacities to produce more food for export, however to do so they called upon some help from international community in order to increase production capacities. Besides, she drew attention to the problem related to shortage of electric power that may hinder achievement of the 7% economic growth requirement under Brussels programme.

46. In his response, H.E. Mr. Diarra welcomed bringing into agenda specific needs of African countries such as energy supply. However, he stated that UN-OHRLLS is involved mostly in the provision of advocacy and therefore can only create a platform for promoting these specific regional projects amongst development partners. On the food crisis, Mr. Diarra informed that currently United Nations is developing a comprehensive work plan for long-term solutions to food crisis. This would require LDCs to make relevant commitments in their national policies and to put in place so called “green revolution”. Based on that, UN Secretariat will work towards generating donor support in order to achieve these commitments.

47. **Representatives of Laos and Malawi** reiterated the need to integrate Brussels Program of Action into national planning and to simplify final reporting on Brussels Programme.
48. **Mr. Themba N. Masuku, Director of FAO Liaison Office within UN**, made a presentation about integration of rural development and food security in the national development strategies of LDCs. In particular, he highlighted some aspects for consideration when integrating rural development policies and food security into national development strategies. This includes [but is not limited to] the design and implementation of comprehensive rural development policies that emphasize small farmer agriculture as this is fundamental to the livelihoods of the rural poor. For instance, he drew attention on the supply of improved and *locally adapted* seeds, fertilizers, as well as the provision of agricultural extension services. Moreover, Mr. Masuku underscored the importance of the promotion of investment in agriculture and rural development while taking into account climate change issues.

49. Consequently, sound rural development policies would include: (i) Support/development of small farmers productive capacity (through rural extension services, technology development and transfer as well as the provision of financial services); (ii) provision of basic infrastructure in rural areas; (iii) incorporating territorial dimension in the development programs and projects, integrating local governments, local organizations and the private sector into those programs; (iv) encouraging/strengthening the institutional capacity of producers (farmers groups/organizations) to participate in the decision making process at the various levels.

50. In addition, Mr. Masuku called upon the review/alignment of national and international trade policies and regulations concerning commodities, in order to address barriers and market distortions that reduce competitiveness and discourage investments in the agricultural sector of LDCs.

51. He also advocated integration of rural development policies into the framework of the national development strategy so that the former do not operate as a sectoral intervention but rather, as a cross cutting policy that is a coherent part of major national development initiatives.

52. Mr. Masuku’s presentation was followed by a briefing from **Mr. Alex A. Y. Namaona, Deputy Director of the Ministry of Economic Planning and Development of Malawi**. He informed that in Malawi 85% of population lives in rural areas and agriculture contributes up to 40% of the country’s GDP. The small household subsector is the main producer of food in the country. Therefore, the Government has undertaken a number of initiatives aimed to support and develop agriculture. Yet, within structural adjustment programme advocated by the World Bank and IMF in early 90s the Government of Malawi abolished agricultural subsidies which lead to heavy consequences and an increase in prices of farm inputs. In this context, in 1999 Malawi’s Government introduced subsidy in the
form of supply with free input packs of fertilisers and seeds for farming. However, this measure worked only for 2 years when the donor-funded project existed. As a result, in 2000-2001 the country faced strong food crisis and had to import grain for the price much higher than the prime-cost of producing the same commodity in the country. Meantime, Malawi introduced indirect subsidy and pulled agricultural productivity while producing food surplus. The full subsidy in the form of fertilisers was introduced only in 2004 which lead to the production of agricultural surplus thus making people very enthusiastic. However, these fertilisers were used for the wrong crops and therefore in the second year locally adapted hybrid seeds have been produced and planted. Finally, despite the drain of budget resources, these subsidies produced positive impact on the overall economy which reflected in 7.9% of GDP growth in the country\(^2\). This initiative is still in the agenda, but the amount of subsidies has substantially declined due to a decrease in food prices level caused by surplus of agricultural commodities. In addition to the above, the Government provides support to rural development projects such as building of storage facilities and infrastructure like transport, irrigation, water supply. At decision-taking level, Malawi aims at integration of poverty and environmental issues in the development agenda. In spite of all these efforts, there is still much to be done. In particular, Malawi faces challenges such as sustainability of government resources and marketing agricultural surplus. However, experience proved that Malawi is better off if it is subsidising its agriculture rather than importing food.

53. In his presentation, **Mr. Diallo Amadou from the Ministry of Economy and Finance of Burkina Faso** also shared experience on the elaboration of national development strategy. In particular, he briefed about investment programme [2004-2010] which comprises several components, such as: (i) enhancement of small and medium agriculture, (ii) intensification of irrigation, (iii) integrated soil management, (iv) enhancement of agricultural productivity, (v) alleviation of negative consequences and enhancement of natural resources. As a result, the country increased its agricultural productivity, fostered creation of rural jobs, facilitated an increase in producers’ income and improved infrastructure, particularly housing and enhanced availability of food.

54. In this context, **Ms. Hinari Petana, Chief Executive Officer of the Ministry of Finance of Samoa** provided information on how they tackle agricultural growth and food security which have been established as priorities for 2008-2012. In particular, as a result of these efforts agricultural activity in villages increased, a number of village outreach programmes for marketing of agri-products were implemented and vegetables and livestock initiatives have been promoted on a competitive basis. The Program involves all households in a village and is implemented and monitored by village council that provides institutional support for farmers. Government support is ensured through the provision of infrastructure and facilities, research on new crop varieties, markets and prices. In addition, the private sector widely invests in food processing which absorbs the

\(^2\) Cca. 7.9% growth was recorded in the years when subsidies were provided
surpluses of primary agriculture in the country. Yet, despite many achievements, Samoa also faces some challenges such as the impact of climate change on agriculture and lack of financial and human resources to respond to it. Moreover, there is a lack of local experience in tackling climate change and adaptation. In this context, Ms. Hinari Petana called for the development of an integrated, well co-ordinated approach and adequate responses to food security and climate change. To do so, Samoan Government with the assistance of Global Environmental Facility will be implementing pilot projects that contain number of measures aimed at adaptation in agriculture and food security sector. It is expected that this will improve management of commercial farms in line with climate-related risks and consequently instability of the sector will be reduced. Another emerging problem is impact of changing dietary habits and risks associated with it. At present, Samoa imports less nutritious food which created a need in re-education of general public to consume more locally produced food. Other challenges include the production of bio fuel, improve land management practices, reduce degradation of soil that requires use of sectoral approach.

55. Due to a large number of participating countries willing to share their experiences and to draw attention on a number of common problems, Mr. Abihudi Baruti, Director of External Sector Division from President’s Office Planning Commission of Tanzania proposed to organise a forum aimed at exchange of best practice and experience between LDCs on a regular basis. In addition, he strongly supported the idea to establish a website containing information and/or data about the performance of LDCs in implementing Brussels programme. He advocated, that availability of such informative platform would bring added value by increasing awareness and making such workshop more interactive and action-oriented rather than just informative.

56. In addition, Mr. Baruti highlighted the importance of supporting the other cross-cutting sectors influencing and/or supporting the development of agriculture, such as infrastructure. In particular, he referred to a phenomenon when peasants are encouraged to produce more, but when they do so, market surplus decreases the prime-cost of agri-products while poor infrastructure [logistics] increases the price for the same products.

57. In his address, Mr. Posh Raj Pandey, Member of the National Planning Commission of Nepal spoke about specific conceptual problems in translating food security issues into their national planning. In addition, Nepal is not currently facing food problem, but has certain difficulties with infrastructure development. Furthermore, Mr. Pandey drew attention on the diminishing donor support to agriculture in Nepal and underscored excessive conditionality tied to this aid.

58. As a follow-up, Ms. Pamela Kasese-Bwalya, Acting Deputy Director of the Ministry of Finance and National Planning [Zambia] referred to the issue of infrastructure development as the major problem having direct impact on
agriculture. In particular, due to heavy reliance on provision of subsidies in agriculture, the other priority issues such as irrigation development received less attention. In addition, the ministries face problem of absorption capacity which hinders implementation of certain programmes. Furthermore, Ms. Pamela Kasese-Bwalya emphasized the need to take into account long-term implications of agricultural subsidies for the budget while reminding about the deficit experienced many LDCs decades ago. She therefore called upon searching for some solutions in order not to loose sight of this problem and to think of the long-term strategy for the future.

59. In his address, **representative from Senegal** asked the presenter from Burkina Faso to share experience in small-scale irrigation.

60. To answer the questions, **Mr. Namaona from Malawi** referred to the issue of pricing for agricultural products as the Government’s responsibility of protecting farmers from low prices caused by surpluses. As for long-term implications of subsidising agriculture on the budget, he argued in favour of supporting farmers who cannot afford expensive fertilisers.

61. The presentation by **Mr. Casper Sonesson from UNDP** was focused on the role of entrepreneurship and enterprise in sustainable development and MGDs achievement in developing markets. In particular, he explained UNDP’s strategy and approach for working on inclusive markets and provided specific insights about recent research on development of inclusive markets, inclusive business models and inclusive entrepreneurship. In particular, Mr. Sonesson outlined five priority areas within UNDP Private Sector Strategy as follows: (i) establishing the policy and institutional infrastructure (ii) facilitating pro-poor value chain integration (iii) facilitating investments in pro-poor goods and services (iv) fostering inclusive entrepreneurship (v) promoting corporate social responsibility. In addition, he presented the first UNDP report on growing inclusive markets initiative. This initiative is looking at the role or private sector and enterprise in contributing to sustainable development through its core business activity. It also responds to a need for better understanding of how the private sector can contribute to human development and to the Millennium Development Goals.

62. In particular, the initiative’s broad aims are: (i) raising awareness by demonstrating how doing business with the poor can be good for poor people and good for business; (ii) clarifying the ways that businesses, governments and civil society organizations can create value for all and (iii) inspiring the private sector to action. As a result of extensive research, the Report brought into attention the following main messages: (i) opportunities to build bridges between business and the poor exist and may create value for all (ii) capturing these opportunities is challenging due to five widespread market constraints in the rural villages and

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3 The five widespread market constraints are: (1) market information (2) regulatory environment (3) physical infrastructure (4) knowledge and skills (5) access to financial services
urban slums where the poor live (iii) entrepreneurs have used core strategies to overcome these constraints (iv) business leaders, but also governments, donors, NGOs, communities and other stakeholders can take action to create value for all and make markets more inclusive.

63. In addition, Mr. Sonesson provided examples of “Smart Communications” which allows sending remittances to Philippines via cell phone; delivery of sanitation services by Association of Private Water Operators in Uganda [public-private partnership approach]; and setting of milk collection facilities for the Camel Milk Diary in Mauritania.

64. Based on 50 case studies the Report identified several ways on how to support the development of inclusive business models from business [reaching the poor as consumers, producers, employees and entrepreneurs], Government [building capacity and conditions for functioning markets] and civil society [acting as facilitator of private sector engagement with communities, governments and other organizations] perspective.

65. In the discussion that followed, participants emphasised the need for providing support to entrepreneurs in the informal sector, clarifying who are those poor eligible for support under UNDP programme and establishing framework and/or body in charge of private sector development and supportive to the country’s national development strategies. Given that many donor organisations provide support in this sector, participants called upon an integrated approach amongst donor institutions in the development of private business. Furthermore, in some countries there is a limited capacity for growth unless the Government undertakes relevant initiatives. Therefore the issue of an integrated approach to private sector development is important. Besides this, participants raised questions related to funding of business start-ups and criteria for supporting certain businesses.

66. Mr. Sonesson replied that UNDP supports those enterprise solutions that benefit the poor, whereas the poor may not be the most appropriate for this kind of solutions. In addition, UNDP often plays facilitating role in providing capacity building resources and catalysing these specific resources. However, in defining the poor, the focus has been set on those who have the capacity to pay for financial services, which shifts the target away from the poorest population. Yet, UNDP would generally welcome any business initiatives engaging poor people, supportive to sustainable development and/or implementation of MDGs.

67. Mr. Sonesson encouraged participants to request the copies of the Report on Growing Inclusive Markets Initiative and welcomed any other additional requests of information of support from LDCs.

68. Mrs. Harriet Schmidt concluded the workshop by informing about the upcoming ECOSOC events and the annual review of the implementation of the Brussels Programme in the general segment. She invited everyone to take an active participation in all events and meetings.
II. ANNEXES
(i) Presentation of Mr. Themba N. Masuku, Director of FAO Liaison Office, NY

The integration of Rural Development and Food Security in the national development strategies of LDCs

5th Workshop for the National Focal Points (NFPs) of the LDCs
17 July 2008
Themb N. Masuku
Director, FAO Liaison Office with the UN

Current conditions

- Some 854 million people in the world today suffer from hunger and undernourishment. Of those, an estimated 614 million live in LDCs.

- 46 out of the 49 LDCs are included amongst the 82 countries classified as Low Income Food Deficit Countries (LIFDCs) by FAO. Out of the 49 LDCs, 20 countries are experiencing food crises.

- Majority of the poor and food insecure live in rural areas
A few definitions ...

**Rural Development** as process affecting the well-being of rural populations including the development of natural resources and provision of basic needs and services such as access to food, health services, water supply, basic infrastructure and development of human capital through education.

**Food security** exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.

**Dimensions of Food Security**

- **Availability** of food
- **Accessibility** for all
- **Stability of supply**
- **Biological Utilization** of food

---

**Rural Development and Food Security in national development strategies**

- **Increase in productivity policies**
- **Investment in agriculture and rural development**
- **Key international and domestic policy considerations**
Increasing Productivity

- Pro-poor policies

- Agricultural input subsidies (fertilizers, improved seeds, access to land use) for main and high value crops

Investment in agriculture

- Rural infrastructure

- Sustainable land and water resource management

- Integrated pest and pesticide management

- Storage and distribution facilities

- Agricultural research and extension
Investment initiatives in agriculture and food security

- Monterrey Consensus
- Gleneagles G8 Summit
- 2003 AU Maputo Summit Declaration
- FAO Initiative on Soaring Food Prices

International agricultural trade policies

- **Trade contribution**
  - Augment domestic supply
  - Reduces of stockholding costs
  - Fosters economic growth

- **Negative effects**
  - Undermine domestic production
  - Cause supply dependency
Agricultural Import Growth and Trade Deficit

Since the late 1980s, the least developed countries have become major importers of agricultural products.

Tariffs, tariff escalation and producer support

Developed countries’ tariffs on agricultural and non-agricultural products by region, 1997

Developed countries levy much higher tariffs on agricultural exports from developing countries than on those from other developed countries.

Tariffs levied by industrial countries on imports from each region (percent)

MFN tariff peaks in developed country markets on agricultural imports from developing countries*

* Average weighted MFN tariff**
** Maximum MFN tariff

Source: World Bank

Source: WTO
Domestic market policies

- Transaction costs
- Product wastage and loses
- Poor market integration
- Limited access to trade finance
- Weak regulatory institutions

Agriculture: on driving climate change

**Demand drivers**
- Population growth
- Urbanization
- Income growth
- Changing dietary patterns
- Demand for inputs by non-food sector

**Supply drivers**
- Intensification
- Area expansion
Greenhouse Gases Emissions

By sector (CO₂ eq) (2004)

- Waste and wastewater: 2.8%
- Forestry: 17.4%
- Agriculture: 13.5%
- Energy supply: 25.9%
- Residential and commercial buildings: 7.9%
- Transport: 13.1%
- Industry: 19.4%

IFCC

Effects of Climate Change on Food Security

- Food production losses
- Infrastructure damage
- Asset losses
- Increased livelihood risks
- More food emergencies
- Human health risks
- Market uncertainties
Mitigation Role for Agriculture

**Emission reduction (CO₂, methane & nitrous oxide)**
- Reduced deforestation and forest degradation
- Improved forest management
- Improved livestock management
- Efficient energy use of commercial agriculture and agro-industries
- Efficient application of fertilizers

**Carbon sequestration**
- Afforestation and reforestation
- Introduction of integrated agro-forestry systems
- Conservation agriculture
- Improved grazing land management

---

A comprehensive approach to rural development and food security

- The rural territorial development proposal focuses on the productive, social and institutional transformation of a region or territory.
  - Clear definition of the region where programme is applied.
  - Economic activity targets must have potential for transformation and enhancement within the context of the regional economy.
  - Strengthened local, regional and grassroots organizations to form social capital
  - Local, regional and national level conditions considered in policy and programme design
Conclusion

- Design and implement comprehensive rural development policies that emphasize small farmer agriculture.

- Review and align national and international trade policies and regulations concerning agricultural commodities.

- Carry entire challenge of addressing food security and rural development at the same time mitigating effects of climate change.

- Integrate rural development policies into the national development strategy framework.

Further information at:

- http://www.fao.org

THANK YOU
(ii) “Integration of rural development and food security in the national development strategies of LDCs”

by Themba N. Masuku
Director, FAO Liaison Office with the UN
17 July 2008

Context and Background

The Brussels Programme of Action for the Least Developed Countries for the decade 2001-2010 aims significantly to improve the human conditions of the poorest people in all LDCs. Further, reducing hunger and food insecurity in particular is an essential part of the international development agenda, as stated in the Rome Declaration in 1996 and reaffirmed during the World Food Summit: five years later in 2001. In addition, the Millennium Declaration reflected the World Food Summit target by making hunger part of the first Millennium Development Goal (MDG 1).

However, despite significant progress in world agriculture during the past 40 years and recent increases in agriculture outputs and improvements in agricultural technologies, some 854 million people worldwide remain undernourished and food insecure. An estimated 614 million of these are in LDCs and 206 million are in sub-Saharan Africa where thirty-three of the LDCs are to be found.

As a consequence in most LDCs, the reduction of poverty, hunger and food insecurity have become an overarching goal. To this end, LDC governments have engaged in the process of the formulation of policies and strategies to promote agriculture and rural development, and food security.

These rural development and food security policies and strategies are framed or should be framed in the greater context of national development policies which include macroeconomic, trade, institutional and social policies. Although the type of link between agricultural policies and national development strategies may vary from one country to another, there seems to be a consensus as to the connection between food security and poverty as well as food security and the rural sector.
Definition
Rural development is a process which affects the well-being of rural populations including the provision of basic needs and services, i.e. access to food, health services, water supply, basic infrastructure and the development of human capital through education. Food security is characterized as the situation in which all people at all times have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.

Some aspects for consideration in the integration of rural development policies and food security in the national development strategies.

In the last few years, there has been a growing recognition that hunger is a cause as well as a consequence of poverty and that the majority of the poor food insecure people live in rural areas. Therefore, to achieve poverty reduction, food security, and to improve the human conditions of the poorest, the following considerations among many are critical:

i) Rural development is linked to rural-urban movements. Migration from rural areas to cities/towns is one of the main sources of increasing urbanization and sadly slum dwellers. This puts a lot of pressure on the urban services systems such as water and sanitation, health facilities and education services. Low growth rates in agriculture in the rural areas result in constant migration flow to the cities, which transfer poverty, as opposed to increasing rural incomes. However, moving to urban centres entails changes in livelihood and income earning strategies. This transition is often difficult for a number of skills-related reasons. The linkages, social, economic and cultural, between these two spaces (rural-urban) become more complex and involve different levels of interaction that need to be understood and considered in the integration of rural development policies and food security in the national development strategies. Food security strategies at the national level need to take into account the socio-economic interaction between the rural and urban sectors, and between agricultural and non-agricultural activities, as they have a direct impact on sources of income of rural populations.

ii) Increasing productivity and the productive potential of those who suffer directly from hunger in the rural areas, in particular. This requires the design of policies that are pro-poor, such as provision of agricultural input subsidies, like improved and locally adapted seeds, fertilizer as well as the provision of agricultural extension services. While input subsidies in the last three decades of Structural Adjustment Programme (SAP) have been discouraged by the World Bank and IMF, the WTO Agreement on Agriculture (AoA) allows agricultural input subsidies that target “low income or resource-poor producers”. For example, Malawi has re-introduced agricultural subsidies targeting the low income or resource-poor producers who are particularly needy and it looks like this policy initiative is working.
iii) Promotion of investment in agriculture and rural development are essential for overall economic growth and sustainable rural poverty reduction. Key areas of investment include (but not limited to) rural infrastructure, water management (particularly for agriculture) production inputs, integrated pest management, storage facilities, extension and research services. This approach appears to be at the heart of many FAO programmes, including the Special Programme for Food Security and the International Alliance Against Hunger. This approach also provides the framework for collaboration with WFP and FAO. In fact, based on that premise, FAO developed a twin-track approach to hunger and poverty reduction. The approach combines measures to meet the immediate food and nutrition needs of the food insecure rural poor, with resource mobilization for agriculture and rural development. Thus, food insecure households can meet their immediate food needs while they have the opportunity to build sustainable livelihoods in the medium-term.

iv) Investing in climate change, and in particular in mitigation and adaptation, is important when designing or reviewing rural development policies. Human-induced climate change represents one of the most serious global environmental problems. While the Earth climate has always varied over millennia, there is a scientific consensus that human activities are now changing global climate as will be seen later.

v) Further, in order to design comprehensive and effective food security and poverty reduction strategies an understanding of key international and domestic factors that affect the agricultural sector is critical, for example subsidies, trade regimes and policies. The next section provides an overview of some of these factors followed by a proposition as to what issues that the strategy should take into account.

**International Agricultural Trade and Food Security**

Food security depends to a large extent on measures at the national, sub-national and individual levels, but the international context in which national policy is being implemented is instrumental and critical in the success or failure of national efforts.

While trade can contribute to food security in a number of ways including (but not limited to): augmenting domestic supplies to meet domestic consumption needs; reducing and relieving countries of part of the burden from costly stock holding interventions; reducing supply variability though not necessarily price stability; fostering economic growth; and allowing global production to take place in those regions most suited to it, it can also negatively affect domestic production of developing countries, and the LDCs in particular. In the wake of the current rise in food prices, some countries have taken political decisions to impose export bans causing artificial shortages in the market. This has further pushed food prices to new highs.
Many developing countries are experiencing (through trade liberalization), unsustainable growth of imports which displaces domestic agricultural production and threatens their food and livelihood security as a result of “dumping” of subsidized agricultural products by some developed countries.

Unregulated import liberalization can severely damage the interests of vulnerable smallholder farmers. For example, in 1995, Haiti cut import tariffs on rice from 50% to 3%. This led to the rapid increase of imports from the US which lowered domestic producer prices by around 25%. Domestic production fell from 180,000 tons in 1986-89 to 105,000 tons in 1997-99. The external shock delivered to the resource-poor rice farmers by the dramatic change in the price pushed many into destitution, with damaging consequences for rural poverty.

**Unsustainable Agricultural Import Growth and Trade Deficit**

In the meantime, there is an alarming growing food dependency that is being experienced by developing countries. Alongside this growing dependency and unsustainable import growth, there is the worrisome agricultural trade deficit which is also growing. The dependency and the unsustainable growth in food imports may be negative for development especially when the rural populations cannot earn a living from other sectors. Data reveals that food imports by developing countries increased remarkably during the 1970’s and accelerated over the 1990’s. (See table 1 below).

<table>
<thead>
<tr>
<th>Table 1</th>
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<tbody>
<tr>
<td>Agricultural trade balance of least developed countries, 1961–2002</td>
</tr>
</tbody>
</table>

Since the late 1960s, the least developed countries have become major net importers of agricultural products.

![Line graph showing agricultural imports and exports from 1961 to 2002](image)

**Effects of Tariffs and Tariff Barriers in General**

Developing countries are negatively affected by market access barriers and the support policies that developed countries provide to their agricultural sector. Both these factors limit the ability of developing countries to pursue a food security strategy based on self-reliance by exploiting the advantages of international trade. Barriers into developed country markets discourage agriculture commodity diversification in developing countries.
Developed countries’ tariffs in general are much higher on agricultural exports from developing countries than on those from other developed countries (See table 2). Meanwhile, average tariffs faced by developing countries may be low, but tariff peaks that are substantially higher than the average are applied for a number of commodities they export, such as poultry, chocolate, oil seeds, tobacco, sugar and horticultural products. (See table 3).

Table 2

<table>
<thead>
<tr>
<th>Region</th>
<th>Agricultural products</th>
<th>Non-agricultural products</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Asia</td>
<td>35%</td>
<td>10%</td>
</tr>
<tr>
<td>Latin America</td>
<td>25%</td>
<td>15%</td>
</tr>
<tr>
<td>Middle East</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>South Asia</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Table 3

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Average-weighted MFN Tariff</th>
<th>Medium MFN Tariff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poultry</td>
<td>350</td>
<td>250</td>
</tr>
<tr>
<td>Chocolate</td>
<td>300</td>
<td>200</td>
</tr>
<tr>
<td>Oilseeds</td>
<td>250</td>
<td>150</td>
</tr>
<tr>
<td>Tobacco</td>
<td>200</td>
<td>100</td>
</tr>
</tbody>
</table>

Production and export subsidies and market access issues for commodities create market distortions that affect the food supply and access to food by important segment of the population, more notably the rural poor. Appropriate agriculture trade policies can help address poverty and hunger, as well as provide livelihood and food security in the developing countries, by enabling greater job opportunities and incomes from agricultural production, processing and trade, where the international and domestic environment in regard to trade deals are improved.

**Domestic Trade and Rural Livelihoods**

Agriculture is the main source of income and livelihood for the majority of rural populations. An estimated 2.5 billion of the rural population of the developing world are households involved in agriculture, and 1.5 billion of these are small holder households. Many of these are involved in food staple production when they can, and the market for food staples remains the most important and predictable. Food staples take up a major share of household food expenditures and accounts for the bulk of agricultural gross domestic product (GDP). Making smallholder farming more productive and sustainable is one of the best ways to work a rural population out of poverty and ensure food security. Undermining the development of domestic trade for food staples are factors like high transaction costs, product wastage and loses, poor market integration, limited access to trade finance, and weak regulatory institutions. Developing domestic trading systems and markets for food staples have broad implications for agricultural growth because they raise the potential for farm gate prices, motivate and build confidence of farmers to diversify to higher-value products.
Investment in Agriculture and Rural Development for Food Security.

Investment in agriculture and rural development has been on the decline, both from internal and external sources. World Bank lending for rural development decreased from US$ 4 billion in 1990 to US$ 1 billion in 2000 – the lowest ever. ODA to agriculture has seen similar trends. Data reveals that at present 63% of African countries allocate less than 6% of national budgets to agriculture.

The first imperative in the integration of rural development policies and food security in national development strategies is, therefore, to reverse the adverse trends in investment in agriculture and rural development. There are, however, some positive signs that investment in agriculture in food insecure countries (including LDCs) could rise remarkably as a result of some initiatives such as: the FAO Initiative on Soaring Food Prices (ISFP); Monterrey Consensus; the Gleneagles G8 Summit; the renewed interest of the World Bank on agriculture lending; and the 2003 AU Maputo Summit Declaration to commit 10% of annual national budget to agriculture. Such investment would address rural infrastructure such as roads, storage, irrigation and enhancement of agriculture productivity.

FAO ISFP
The FAO Initiative on Soaring Food Prices has usefully drawn the attention of the international community to this issue. There is an urgent need for US$ 1.7 billion for the next 18 months. Over 60 countries have signaled a need for FAO’s assistance in facing the enormous strain posed by soaring food prices. Under the ISFP, FAO has allocated US$ 17 million to respond to the immediate emergency to help smallholder farmers boost production and secure the next harvests through improved access to seeds, fertilizers and animal feedstock. Farming inputs are already being procured or distributed in four critically affected countries: Burkina Faso, Haiti, Mauritania, and Senegal. FAO’s Country Guidelines has been made available to member countries to help formulate national action plans to address soaring prices. It provides an overview of different policy responses to higher food prices, their possible effects, advantages and disadvantages, and offers advice on when various interventions are most appropriate. It explains why some quick-fix solutions such as export restrictions or tariff cuts may be counter-productive and even harmful in the long run, despite well-meaning intentions.

Impact of Climate Change on Food Security in LDCs
Climate change is a natural process that takes place simultaneously on various timescales and locations. Climate change can be caused by both natural forces and human activities. According to the IPCC, most of the observed increase in globally-averaged temperatures since the mid-20th century, the phenomenon known as global warming, is very likely caused by human activities, principally the burning of fossil fuels and deforestation, which have increased the amount of greenhouse gases in the atmosphere.
Greenhouse gas emissions from the food and agriculture sector contribute over 30% of the current annual total emissions (17.4% deforestation and 13.5% agriculture). However, the food and agriculture sector can be a solution to the impact of climate change through mitigation. Around 13 million ha of forests are being lost annually through deforestation, mainly due to conversion of land for agriculture use, forest fires, and pests or diseases.

Significant changes in climate conditions, such as extreme droughts, floods, increased incidents of pests and diseases, destruction of infrastructure, will affect food security and the livelihoods of the 614 million people who live in LDCs, through their impacts on all components of global, national and local food systems.

**Investment in Climate Change**

Consideration of investment in climate change is vital in designing rural development policies, since agriculture contributes over 30% to global warming. Two major areas of investment in climate change are in mitigation and adaptation. Investments in best practices include the following:

**Mitigation**
Reduce emissions of carbon dioxide through reduction in the rate of deforestation and forest degradation; better control of wildfires; avoid the practice of burning crop residue after harvest; avoid pasture degradation; reduction of emissions from commercial fishing operations; and more efficient energy use by commercial agriculture and agro-industries.
Reduce emissions of methane and nitrous oxide through improving nutrition for ruminant livestock; more efficient management of livestock waste; more efficient management of applications of nitrogen fertilizer and manure on cultivated fields; and reclamation of treated municipal wastewater for aquifer recharge and irrigation.

Sequestration of carbon through afforestation; reforestation and improved forest management practices; introduction of integrated agro-forestry systems that combine crops, grazing lands and trees in ecologically sustainable ways; use of degraded lands for productive planted forests or other cellulose biomass for biofuels; and improved management of pastures and grazing practices on natural grasslands, including by optimizing stock numbers and rotational grazing.

**Adaptation**

To protect local supplies, assets and livelihoods from the effects of increasing weather variability and increased frequency and intensity of extreme events, adaptation measures will need to respond to a variety of risks, many of which are specific to particular ecosystems. For example, in dryland ecosystems, there is need to invest in improved crop, grassland and livestock management, community grain storage for food distribution, research and dissemination of crop varieties and livestock breeds adapted to changing climatic conditions.

Already, some development partners such as Japan have announced financial resources to assist developing countries to address climate change, in particular, in addressing adaptation and mitigation. What remains to be explored and clarified are issues such as mechanisms and conditions of access to these financial resources, limits to amounts, and compatibility of donor interest and domestic policies of beneficiary country. Climate change affects all and therefore interests have to be reconciled with this reality.

**A Comprehensive Approach to Rural Development for a Food Security and Poverty Reduction Strategy**

**The notion of rural territorial development**

As opposed to previous rural development paradigms (such as the integrated rural development strategy and later on the livelihood system approach), the rural territorial development proposition focuses on the productive, social, and institutional transformation of a region or territory, which is clearly defined and for which procedures of implementation are also defined. According to this approach, there should be a clear definition as to what region the development programme applies. Moreover, the economic activities targeted by the programme should have the potential to be transformed and enhanced and are not limited to the productive unit but are seen within the context of the regional economy. In addition, local and regional institutions need to be strengthened as well as organizations such as farmers groups and associations to
encourage the formation of social capital. Finally, the local, regional and national levels are considered in policy and program design.

The need to integrate the territorial perspective into rural development policies is underlined by a number of success stories where rural populations have found employment without migrating to the cities and where poverty levels have declined. In these cases, economic growth has been achieved on a regional basis whereby the links between farm activities and off-farm activities have been strengthened or developed. Because of these links, employment opportunities in a broad range of economic activities (including agriculture, light industries and services linked to agriculture as well as manufacturing) have become available to the rural poor.

Under this approach, regions may be defined in several ways. For instance, at the municipal level, where municipalities can be effective to outreach the rural poor in the provision of public goods and services. Regions as larger administrative units can also be defined, which might operate at a province level. Likewise, territories as functional economic units may be defined. An underlying objective in defining a region is to tap into the interrelations between the agricultural and non-agricultural sector as well as into the comparative advantage and the social capital that the productive units in that region have or share.

**Conclusions**

Design and implement comprehensive rural development policies that emphasize small farmer agriculture as this is fundamental to the livelihoods of the rural poor. Sound rural development policies would include:

Support/develop the productive capacity of small farmers (through rural extension services, technology development and transfer as well as the provision of financial services); provide the basic infrastructure in rural areas; incorporate the territorial dimension in development programs and projects, integrating local governments, local organizations and the private sector into those programs; encourage/strengthen the institutional capacity of producers (farmers groups/or ganizations) to participate in the decision making process at the various levels of decision making.

Review/align national and international trade policies and regulations concerning commodities, in order to address barriers and market distortions that reduce competitiveness and discourage investments in the agricultural sector of LDCs.

Integrate rural development policies into the framework of the national development strategy so that the former do not operate as a sectorial intervention but rather, as a cross cutting policy that is a coherent part of major national development initiatives.
(iii) Presentation of Mr. Casper Sonesson, UNDP

Entrepreneurship and Inclusive Markets

ECOSOC, New York, July 17, 2008

United Nations Development Programme

Session outline

1. Competitive entrepreneurship in the context of inclusive markets
2. UNDP’s strategy and approach to Inclusive Markets
3. Examples of inclusive entrepreneurship and business
   - Growing Inclusive Markets Report
   - Growing Sustainable Business Initiative
Entrepreneurship & inclusive markets

- Traditional approach for entrepreneurship development has had limited effect
- Too strong focus on supply and capacity without enough consideration of competitiveness and real market opportunities
- More comprehensive perspective of making broader markets work, including for entrepreneurs, is necessary

Entrepreneurship development needs to be seen in the broader context of markets
UNDP Private Sector Strategy

Inclusive Market Development

Priority 1 – Establishing the Policy and Institutional Infrastructure

Priority 2 - Facilitating Pro-Poor Value Chain Integration

Priority 3 - Facilitating Investments in Pro-Poor Goods and Services

Priority 4 - Fostering Inclusive Entrepreneurship

Priority 5 - Promoting Corporate Social Responsibility

UNDP’s Platform for Work with Private Sector

Private Sector Engagement
Clients/partners: Business

Private Sector Development
Clients/partners: Gov't

Growing Markets
Growing Sustainable Business
Growing Productive Assets
Growing Off-Farm Activities
Growing Agribusiness

UNDP’s Private Sector Priority Areas

Policy
Value Chains
Pro-Poor Goods and Services
Entrepreneurship
CSR

Name, Place, Date
Insights from the first report of the UNDP Growing Inclusive Markets Initiative

http://www.growinginclusivemarkets.org/

The Private Sector is emerging as a development partner – now on the threshold of a new phase: Core Business

- Pro-poor business models / inclusive markets
  - Enterprise solutions that accelerate and sustain access by the poor to needed goods and services and to income generating opportunities and that contribute to economic empowerment.

Development benefits

Risk

Philanthropy

CSR / Social investment

- Contribution of financial or in-kind resources to development projects
- Social investment that facilitates business objectives and the achievement of the MDGs
The Growing Inclusive Markets Initiative

- Conceived in 2006 following the success of "Unleashing Entrepreneurship: Making Business Work for the Poor"
- Offers a platform for collaboration and already gathers over 20 key stakeholders including business associations, academic institutions and development agencies

Goals:
- Raise awareness about how doing business with the poor can be good for poor people and good for business.
- Clarify the ways that businesses, governments and civil society organizations can create value for all.
- Inspiring the private sector to action.

Principles:
- Core business emphasis
- Developing world focus
- Human development framework, guided by the Millennium Development Goals (MDGs)
- Local agenda
- Partnership and multistakeholder approach

Empirical Research Approach

- Report findings are strictly based on empirical evidence
- 50 case studies on inclusive business models have been conducted by 18 case authors from the regions of the case
- Research question: how do businesses work successfully with the poor?

Empirical basis: 50 case studies

<table>
<thead>
<tr>
<th>Region</th>
<th>Sector</th>
<th>Type of Company</th>
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<tbody>
<tr>
<td>Africa</td>
<td>Agriculture</td>
<td>Non-profit</td>
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<td></td>
<td></td>
<td>organization</td>
</tr>
<tr>
<td>Asia &amp; the Pacific</td>
<td>Energy</td>
<td>Local SME</td>
</tr>
<tr>
<td>Europe &amp; the CIS</td>
<td>IT</td>
<td>Northern MNC</td>
</tr>
<tr>
<td>USA</td>
<td>Other</td>
<td>North American</td>
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<tr>
<td></td>
<td>sectors</td>
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</tbody>
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39
Report – Main Messages

1. Opportunities exist to build bridges between business and the poor and create value for all.
2. Capturing these opportunities is challenging due to five widespread market constraints in the rural villages and urban slums where the poor live.
3. Entrepreneurs have used five core strategies to overcome these constraints.
4. Business leaders, but also governments, donors, NGOs, communities and other stakeholders can take action to create value for all and make markets more inclusive.

1 Poverty Remains Pervasive

Poverty is best understood as a lack of opportunity to lead a life one values.

The global income pyramid: 2.6 billion people live on less than US$ 2 per day

Billions of people lack access to essential goods and services
- No clean water: 1 billion
- No adequate sanitation: 2.6 billion
- No electricity: 1.6 billion
- No internet: 5.4 billion
1. Opportunities exist to build bridges between business and the poor and create value for all.

**What are inclusive business models?**
- Inclusive business models are ways of doing business that build bridges between business and the poor for mutual benefit.
- They include the poor on the demand side as clients and customers, and on the supply side as employees, producers and business owners at various stages in the value chain.

**Value for business**
- Generating profits
- Developing new markets
- Creating innovation
- Expanding the labour pool
- Strengthening supply chains

**Value for the poor**
- Meeting basic needs
- Enabling them to be more productive
- Increasing incomes
- Empowering communities

2. Capturing these opportunities is challenging due to five widespread market constraints

<table>
<thead>
<tr>
<th>Constraint Area</th>
<th>Explanation</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Information</td>
<td>Businesses know too little about the poor, their preferences, resources, skills, etc.</td>
<td>THIF lacked information on the demand for computers in rural China</td>
</tr>
<tr>
<td>Regulatory Environment</td>
<td>Rules and contracts are not enforced. People and enterprises lack access to the legal system. Regulation is not conducive to business.</td>
<td>Manila Water lost much water due to illegal tapping of its pipelines.</td>
</tr>
<tr>
<td>Physical Infrastructure</td>
<td>Lack of transportation infrastructure and networks for water, electricity, sanitation and telecommunications.</td>
<td>Smart found it hard to distribute prepaid phone cards to areas without roads.</td>
</tr>
<tr>
<td>Knowledge and Skills</td>
<td>The poor may lack the knowledge or skills to benefit from a product or service or participate in the supply chain.</td>
<td>Farmers did not know how to produce coir fiber materials for CocoTech.</td>
</tr>
<tr>
<td>Access to financial services</td>
<td>People lack access to credit, insurance, savings and transactional banking services.</td>
<td>People could not finance the irrigation systems offered by Amanco.</td>
</tr>
</tbody>
</table>
Entrepreneurs have used five core strategies to overcome these constraints.

**Strategies**
- Adapt products and processes
- Invest in removing constraints
- Leverage the strengths of the poor
- Combine resources and capabilities
- Engage in policy dialogue with gov'ts

**Explanation**
- Avoid constraints through technological adaptations or business process redesign.
- Remove market constraints through own investments by maximizing private or leveraging social value.
- By engaging the poor as intermediaries and building on their social networks, a company can increase access, trust and accountability.
- Businesses collaborate with other organizations and pool resources.
- Informing the policy making process can help to remove constraints on a broad scale.

**Example**
- Mobile banking uses wireless technology and operates without a grid or bank account.
- Denmore trains all employees in basic and job-related skills.
- CFW franchises shops and clinics in Kenya to people from poor communities.
- VCP works with ABN AMRO to provide credit to its eucalyptus growers.
- Tiviski works to change EU regulation to get access for its products.
Case Example: Smart Philippines

Strategies

<table>
<thead>
<tr>
<th>Constraints</th>
<th>Market Information</th>
<th>Regulatory Environment</th>
<th>Physical Infrastructure</th>
<th>Knowledge and Skills</th>
<th>Access to Financial Services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Simplify requirements</td>
<td>Engage in policy dialogue</td>
<td>Engage in policy dialogue</td>
<td>نGH</td>
<td>Engage in policy dialogue</td>
</tr>
<tr>
<td></td>
<td>Adapt products and processes</td>
<td>Invest in ownership models</td>
<td>Leverage the gifts of the poor</td>
<td>Combine resources and capabilities</td>
<td>Engage in policy dialogue</td>
</tr>
</tbody>
</table>

Association of Private Water Operators (Uganda): Affordable and Safe Water for the Urban Poor

- Over 2 million people living in small towns with poor access to water
- PPP between government, local councils and private water operators (2002)
- APWO chaired by a women entrepreneur

Key constraints

- Regulatory environment: private water operators cannot set tariffs
- Physical infrastructure: lack of boreholes for water supply
- Access to financial services: difficulty for private operators to access funding

Development outcomes

- 490,000 people gained access to water in 57 small towns
- 800 new employment opportunities
- Cleaner water, resulting in fewer diseases, lower medical costs and increased productivity
- New small-scale businesses

Key solutions

- Adapt products and processes: coin-operated water kiosks
- Combine resources and capabilities:
  - Gov't drills boreholes, constructs reservoirs and subsidizes water provision
  - PVWO distributes water and ensure security
  - Local councils set up tariffs and regulations
- Combine resources and capabilities: APWO acts as coordinating mechanism for 8 companies and provides capacity to conduct fundraising

Business outcomes

- 18,000 connections, with an annual turnover of US$1.2 million
- Water supplied increased by 60% from 2002 to 2006

### Tiviski (Mauritania):
**Africa’s first camel milk dairy**

<table>
<thead>
<tr>
<th>Key constraints</th>
<th>Key solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical infrastructure: insufficient infrastructure for milk collection,</td>
<td>Adapt products and processes: flexible collection system (collective transportation, donkey carts, etc)</td>
</tr>
<tr>
<td>processing and distribution. Scattered herders and lack of transportation</td>
<td>Invest in removing constraints:</td>
</tr>
<tr>
<td>facilities</td>
<td>- Building own dairy facilities</td>
</tr>
<tr>
<td>Knowledge and skills: herders lack knowledge about business and best animal</td>
<td>- Creating NGO to support herders (credit for animal feed, veterinary care, etc)</td>
</tr>
<tr>
<td>husbandry practices + cultural challenges</td>
<td>- Engage in policy dialogue with G7, EU delegation working towards</td>
</tr>
<tr>
<td>Regulatory environment: lack of regulation, to export camel products to the EU</td>
<td>establishment of standards and quality assurance institution</td>
</tr>
</tbody>
</table>

#### Development outcomes
- 1,000 semi-nomadic herders earning a comes suppliment while keeping their    |
  traditional way of life                                                    |
- 200 direct local jobs created                                               |
- Local milk substitutes imported milk                                       |

#### Business outcomes
- Sufficient cash flows to invest 1 million euros in new milk processing plant |
- Processed milk sold twice the price of raw milk purchased                   |
- Camel cheese now sold in NY                                                  |

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### 3 Market Heat Maps - a Tool to Improve Market Information

Spatial maps on market access + Information on market structure

- Percentage of households in Guatemala living on less than $2 a day with access to credit by source:
- 93% from the bank
- 6% from non-bank sources: microcredit institutions, credit union, friends, other
4 How to Support the Development of Inclusive Business Models

**Business**
- Create capacity and space for innovation
- Develop specialized investment tools
- Deepen community engagement
- Build capacity for collaboration
- Engage in policy dialogue

**Government**
- Remove constraints in the market environment
- Support and finance inclusive business models
- Strengthen institutional capacity for collaboration
- Establish dialogue platforms to engage business

**Others**
- Communities can organize to make it easier for businesses to engage
- NGOs can facilitate private sector engagement with communities, governments and other organizations
- Donors can raise awareness and provide funding

4 Role of governments and development agencies – supporting business enabling environment

*Donor Committee on Enterprise Development – Supporting Business Environment Reforms – Guidance document*

**Principle 1:** Adopt a systemic approach to reform
**Principle 2:** Understand and respond to the political economy of reform
**Principle 3:** Respond to and stimulate the demand for reform and drivers of change
**Principle 4:** Ensure domestic ownership and oversight of reform efforts
**Principle 5:** Strengthen the role and capacity of key stakeholders
**Principle 6:** Focus on what the private sector needs through public-private dialogue
**Principle 7:** Focus on the binding constraints to business growth
**Principle 8:** Sequence business environment reforms and allow time
**Principle 9:** Address the implementation gap
**Principle 10:** Formulate a communication strategy and use media strategically
**Principle 11:** Work with government as the lead agent
**Principle 12:** Align business environment reforms with national development plans
**Principle 13:** Ensure good donor coordination
**Principle 14:** Balance international and national expertise
**Principle 15:** Promote quality assurance in development agency
The Growing Sustainable Business (GSB) Initiative

- GSB is a matchmaker platform that engages business in their core business to maximize development impact and poverty reduction in support of the achievement of the MDGs.
- GSB is operational in 15 countries in Africa, Asia and Eastern & Central Europe supported by UNDP Country Offices and a HQ Team.
- Works with more than 50 local and international private sector partners, from medium-sized companies to multinationals and as well as UN agencies and donors.

Service offering:

- **Local brokers on-the-ground**: GSB brokers relationships with lead companies, matchmaking with local government, business and NGOs, helps to resolve political barriers and assists with project preparation.
- **Information**: brokers assist with business model development, provide technical assistance, market and legal environment assessments.
- **Sources of Funding**: GSB co-funds feasibility studies with lead companies and bridges access to other sources of finance.

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Selected GSB Priority Projects:
Spar Supermarkets (ZAMBIA)

Nearly everything in Zambian Supermarkets is imported from South Africa. GSB, by facilitating alliances and providing Technical Assistance helps the company to source locally from poor small holder farmers (honey, fresh produce), thereby improving income of poor farmers. The company benefits from greater flexibility, reduced costs and more control over its supply.

<table>
<thead>
<tr>
<th>GSB Contribution</th>
<th>Expected Impact</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilitation of partnerships (matching TA providers and a commercial buyer)</td>
<td>Increased income for smallholder producers of dairy, agriculture, and fishery produce Skills upgrade Increased access to locally produced goods</td>
<td>Partners committed Pilot initiated First phase will focus on honey. Impact expected in the coming months.</td>
</tr>
</tbody>
</table>
**Selected GSB Priority Projects:**

**Bionexx (MADAGASCAR)**

<table>
<thead>
<tr>
<th>GSB Contribution</th>
<th>Expected Impact</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-funding of feasibility study</td>
<td>Income for smallholder growers</td>
<td>Committed partner</td>
</tr>
<tr>
<td>Advocacy and political support</td>
<td>Skills upgrade</td>
<td>Project implemented</td>
</tr>
<tr>
<td>Donor round table</td>
<td>Increased local access to anti-malaria medicine</td>
<td>Efforts on-going to implement outgrower scheme</td>
</tr>
<tr>
<td>Support for establishment of outgrower scheme</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

WHO and UNICEF are advising countries to adopt Artemisinin-based combination therapies (ACTs) as an alternative to traditional monotherapy treatments that have built up unacceptable levels of resistance to their effectiveness. Bionexx is producing Artemisinin in order to deliver treatments to malaria to the most vulnerable. So far, Bionexx has created about 700 jobs and has contracts with 26 farmers as part of its Outgrower scheme.
(iv) EVALUATION\(^5\) OF THE WORKSHOP OF NATIONAL FOCAL POINTS OF THE LEAST DEVELOPED COUNTRIES

Location: United Nations Headquarters in New York
Duration: 1 Day
Number of participants: 27 out of 49 LCD beneficiary countries
Financed by: Multi-donors

The workshop of the National Focal Points of LDCs targeted at the discussion of the implementation, monitoring, follow-up and reporting of the Brussels Programme of Action (BPoA) took place on 17 July in Conference Room #5.

According to evaluations submitted at the end of the workshop, the majority of participants expected to receive an update on the implementation of BPoA and to exchange best practices /experiences /information between LDCs. However, the expectations varied starting from organizational issues such as coordination and direction of reporting to strategic planning such as steps undertaken by OHRLLS for decade next after 2010 or substantive issues like food security and agriculture or role of private sector in poverty reduction. Nevertheless, majority of participants were satisfied with both, the workshop organization and its content, thus providing on average a “very good” grade. In particular, quality of presentations and interaction between participants were considered as the main strengths while limited time for discussions and exchange of experience was considered as its major weakness. In addition, none of the participants had difficulties with interpretation: just one person commented that it was difficult to understand the speakers due to some dialect/slang they used.

In their evaluation forms, participants very actively provided suggestions and recommendations on the topics to be discussed during the next workshop. In particular, thematically LDCs are interested in private sector development [SME development and

\(^5\) Evaluations are based only on English evaluation forms, however all the “very good, good and poor” answers were calculated.
export promotion], macroeconomic aspects of development [poverty vis-à-vis growth, measures to improve economic prosperity in LDCs, food crisis and raising of prices level and rehabilitation issues, poverty and sanitation], implementation of BPoA and strategic framework for next decade [linkages between the BPoA, PRSP, MDGs, strengthening national development planning and monitoring, accountability of the donors, discussion of the seven commitments under the BPoA, graduation from LDC group] and empowerment [how LDCs can rely more on its own resources rather than external aid].

In terms of location, it was proposed to organize such workshop in one of LDCs to show best practices and discuss situation in the field.

Although there is a very positive assessment of the workshop by participants, there is still some place for improvement. Some of NFPs suggested establishment of a web-site or directory that would contain information on the best practices in LDCs. It is clear that LDCs lack communication and information mechanism which could keep them updated on the developments in the other countries, as well as to co-operate better on a number of common issues.