

# The COMMITMENT

April 2008



## Cape Verde no longer a least developed country

- Climate change fund for small islands launched
- South-South cooperation should focus on the poorest
- Poor roads keep Africa poor

## Climate change fund for small islands launched

A fund to support Small Island Developing States in responding to the challenges posed by climate change has been launched, with an initial contribution of one million euros by Greece.

The Global Island Green Finance Facility was launched on Wednesday 13 February 2008 at a special meeting, the third in a series, to discuss financing for adaptation to climate change in the Small Island Developing States. It was organized by the United Nations Foundation, the Friends of Climate Change and the Alliance of Small Island States. The Permanent Mission of India to the United Nations in New York hosted the meeting.

Announcing the contribution, the Permanent Representative of Greece to the United Nations, Ambassador John Mourikis, said that his country was prepared to contribute to the facility “every year for the next three years.” He encouraged other countries to contribute to the fund, which will be complementary to the Global Environmental Facility and the Adaptation Fund established under the United Nations Framework Convention on Climate Change of 1994.

Ambassador Mourikis said the contribution demonstrated the commitment of Greece, itself a country with about 400 islands, to participating in efforts to mitigate the negative impact of climate change.

Speaking at the meeting, the United Nations Special Advisor on Africa and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, Mr. Cheick Sidi Diarra, said Greece’s contribution could become a model for other regional groups.

“There is an urgent need for mainstreaming adaptation into economic policies,” he said, adding that care should be taken to properly define the role of the fund.

Talking about opportunities in small islands, the Chairman of the Alliance of Small Island States and Permanent Representative of Grenada to the United Nations, Ambassador Angus Friday, called for the creation of strong linkages between United Nations diplomats, partners and capital experts. The use of social networks, such as Facebook, could promote exchange of ideas and experiences among Small Island Developing States, he said.

Ambassador Friday recalled the existence of an on-line financial clearing house in the Caribbean and highlighted the possibility of using text messages and e-mail to share information. He emphasized the need for creating public-private partnerships.

*Continued on page 4*

## No more an LDC, Cape Verde looks to build on economic gains

Its GDP grew as fast as 6.5 per cent per annum and reached US\$ 1.3 billion in 2006. Human development indicators are also impressive: life expectancy at birth is 71 years and adult literacy rate is 81 per cent. Women constitute 15 per cent in the parliament and almost 19 per cent in the government

### Cape Verde is looking towards new challenges after its graduation from the group of Least Developed Countries



In November 2007, this African island-country graduated from the LDC category bringing down the number of LDCs from 50 to 49 and becoming only the second country to leave this group since its establishment in 1974. Botswana left the LDC group in 1994.

In December 2007, Cape Verde also concluded over 7 years of negotiations and became the 152<sup>nd</sup> member of the WTO.

Graduation from the LDC list and accession to the WTO attests to strong commitment of Cape Verde to good governance, socio-economic progress and respect for human rights. Since 1991, the country has pursued market oriented and people centered policies, private sector development, trade liberalization, privatization, promotion of investments, in particular in tourism, transport and telecommunication infrastructure. Its GDP grew as fast as 6.5 per cent per annum and reached US\$ 1.3 billion in 2006. The GDP per capita is US\$ 2, 316. Human development indicators are also impressive: life expectancy at birth is 71 years and adult literacy rate is 81 per cent. Women constitute 15 per cent in the parliament and almost 19 per cent in the government.

Mr. Cheick Sidi Diarra, the United Nations Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States and the United Nations Secretary-General's Special Advisor on Africa, hailed Cape Verde's graduation and accession to the WTO. "The graduation of Cape Verde from the list of LDCs and the accession to the WTO is a clear demonstration that with the right domestic policies and strong international support, the fight against poverty can be won," he said. He also urged development partners to

As an archipelago of nine islands, Cape Verde faces the challenge of interconnectivity, a narrow resource base, remoteness from the major world markets, and scarcity of fresh water. It is also highly vulnerable to environmental degradation, climate change and natural disasters

continue to support the graduating least developed country to ensure its smooth transition, better integration into the world economy and avoid the disruption of its socio-economic development.

As an archipelago of nine islands, Cape Verde faces the challenge of interconnectivity, a narrow resource base, remoteness from the major world markets, and scarcity of fresh water. It is also highly vulnerable to environmental degradation, climate change and natural disasters. High dependence of its economy on services (over 70 per cent of GDP), remittances (12 per cent of GDP) and ODA (17 per cent of GNI) combined with low share of food production (10 per cent of GDP) and large proportion (nearly 70 per cent) of the population living in rural areas makes the country extremely vulnerable to external shocks.

Further integration of Cape Verde in the world economy will depend crucially on government policies to enhance macroeconomic stability and implement structural reforms by removing barriers to productivity of growth and encouraging private sector-led development. It will also depend on the continued international support of the development partners. Luckily, a number of bilateral and multilateral donors signaled that their special partnership with Cape Verde will be not affected by its graduation.

## **Climate Change fund for Small Islands Launched**

*Continued from Page 2*

The meeting was attended by members of the Alliance of Small Island Developing States, other United Nations member states, representatives of the private sector, United Nations agencies and international financial institutions.

Dominica, the Maldives and Cape Verde shared their experiences in adapting to climate change and promoting socio-economic development.

Dominica has developed a plan for producing geothermal energy, some of which would be exported to Guadeloupe and Martinique. Estimated to cost 235 million dollars, the project would have an estimated 15 % rate of return.

The Maldives made a presentation on the Safe Islands programme, which aims at relocating communities, elevating islands and protecting coastal zones so as to better safeguard the population from climate hazards. The project will cost an estimated 100 million dollars.

Cape Verde, which this year graduated from the group of Least Developed Countries, presented a plan to overcome its structural weaknesses through tourism development and becoming an international financial center.

## South-South cooperation should focus on the poorest

*By Cheick Sidi Diarra, UN Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing State and Special Advisor on Africa*

The importance of South-South cooperation has been recognized since the 1950s, but it is only in the last two decades that it has begun to realize its potential.

Traditionally, developing countries have looked to the industrialized countries, particularly their former colonial masters, for aid, trade, investment and development opportunities. But in the last few years, it has become evident that greater interaction among the developing countries can bring them immense economic and social benefits.

Many developing countries have acquired excellence that rivals industrial countries in many economic fields, ranging from manufacturing to information technology, modern agriculture to medical science, and management to scientific innovation. For reasons of a shared historical experience, comparable socio-economic conditions and geographical proximity, the expertise of such developing countries is often more appropriate to the needs of other developing countries. These developments, coupled with regional integration, have given a fresh impetus to South-South cooperation.

As the Buenos Aires Plan of Action adopted by 138 countries and endorsed by the United Nations in 1978 to implement technical cooperation among developing countries recognizes, South-South cooperation is not a substitute for North-South cooperation. Rather, it is another, increasingly significant, pillar of international cooperation for the development of the poorer members of the international community.

The importance of South-South cooperation to the economic progress of the most vulnerable countries – the Least Developed Countries (LDCs), Landlocked Developing Countries (LLDCs) and Small Island Developing States (SIDS) – is reflected in their respective programmes of action.

The Brussels Programme of Action for the LDCs identifies potential areas for South-South cooperation that would benefit LDCs. They include building human and productive capacity, technical assistance and exchange of best practices particularly in health, education, trade, investment, environment, training, transit transport cooperation and technology.

While promoting South-South cooperation, the Brussels Programme recognizes that given their economic strength, the developed



Cheick Sidi Diarra

South-South cooperation has become particularly important in the area of trade, the driver of economic growth. Trade between developing countries continues to increase rapidly, with more than 40 per cent of developing-country exports now going to other developing countries. This trend needs to be encouraged through, among other measures, greater regional integration

countries have the biggest role to play in supporting the efforts of the LDCs. The support of the developed countries, however, needs to include support to South-South initiatives among LDCs and between LDCs and other developing countries.

The Almaty Programme is premised upon cooperation between countries of the South – the Landlocked Developing Countries and the Transit Developing Countries, with the support of the developed countries. It is a triangular relationship whose three sides must all work properly in order to achieve the Programme's objectives relating to transit transport policy issues and to infrastructure development and maintenance.

The Mauritius Strategy for Small Island Developing States recognizes South-South cooperation as critical at the bilateral, sub-regional and regional levels in investment, capacity-building, disaster management, environment, food, agriculture, oceans, water, energy, health and education. Again, the needs of the SIDS cannot be comprehensively met without the support of the developed countries.

South-South cooperation has become particularly important in the area of trade, the driver of economic growth. Trade between developing countries continues to increase rapidly, with more than 40 per cent of developing-country exports now going to other developing countries. This trend needs to be encouraged through, among other measures, greater regional integration. This requires dismantling further tariff and non-tariff barriers to regional trade, as well as improving the physical infrastructure, especially transport and communication networks. More developing countries should join countries such as Brazil, China and India to grant products from LDCs quota-free and duty-free access to their markets. This would help expand trading opportunities of the most vulnerable countries and contribute to poverty reduction. Like North-South cooperation, the primary focus of South-South cooperation should be improving conditions in the most vulnerable countries.

South-South cooperation has made considerable progress over the last few years, but a lot more can be achieved. It is the primary responsibility of the developing countries to advance South-South cooperation, but the industrial countries of the North can support this process through technical and financial support. The high level United Nations conference that the General Assembly last year decided to convene in commemoration of the 30<sup>th</sup> anniversary of the adoption of the Bueno Aires Plan of Action will, no doubt, provide new directions and give a timely boost to South-South cooperation.

## Poor roads keep Africa poor

There is an urgent need for supporting African countries to develop affordable transport systems that would promote trade expansion, economic growth and competitiveness

The sorry state of Africa's transport and communication systems remains a major hindrance to the continent's efforts to attain the Millennium Development Goals



In some African countries, transport costs account for as high as 77% of the value of exports, making it virtually impossible for those countries to compete on the global market.

The state of transport in Africa was the subject of the World Bank's Annual Sustainable Development Network Week in Washington this month.

In a keynote speech, Cheick Sidi Diarra, the UN Special Adviser on Africa and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, noted that road transport, accounting for 90% of interurban transport in Africa, is in such a poor state that it is seriously undermining efforts to accelerate economic growth and reduce poverty. Less than a third of Africa's two million kilometers of roads are paved.

"There is an urgent need for supporting African countries to develop affordable transport systems that would promote trade expansion, economic growth and competitiveness," Mr. Diarra said.

The widening development gap between landlocked developing countries, especially those in Africa and the rest of the developing world, is a clear and unmistakable trend

The challenge is particularly acute in the landlocked African countries. Of the 31 landlocked developing countries, 15 are in Africa. Mr. Diarra observed that geographical realities, coupled with critical infrastructure deficiencies, as well as cumbersome border crossing procedures, pose more significant impediments to trade for landlocked developing countries than tariffs do.

“Because of such realities, landlocked developing countries find themselves among the poorest developing countries today, beset with anemic growth rates and deteriorating social conditions,” he said, observing that of the 15 countries with the lowest level of human development in 2006, nine were landlocked.

“The widening development gap between landlocked developing countries, especially those in Africa and the rest of the developing world, is a clear and unmistakable trend,” he added.

Because of the low rates of return on infrastructure development, international financial assistance remains the major source of funding for infrastructure development.

“Donor-supported public funding is an essential prerequisite for boosting or upgrading supply capacity and infrastructure building in African economic and social development and has important spill-over effects,” Mr. Diarra said.

He welcomed international initiatives aimed at improving transport and communication in Africa, such as the Infrastructure Consortium for Africa, jointly supported by African countries, the European Commission, the G8 and multilateral financial and development institutions.

He emphasized the need for the full and effective implementation of the New Partnership for Africa’s Development (NEPAD) whose major priorities includes infrastructure development.

He said that cooperation across borders with transit countries was crucial to decreasing transport costs and establishing efficient transit transport systems.

The UN’s midterm review of the implementation of the Almaty Programme of Action for Landlocked Developing Countries due this year, he said, will serve to enhance support to landlocked developing countries to effectively participate in the international trading system.

Adopted in 2003, the Almaty Programme provides a global framework for partnership to advance the participation of landlocked developing countries in the international trading system.

Donor-supported public funding is an essential prerequisite for boosting or upgrading supply capacity and infrastructure building in African economic and social development and has important spill-over effects