

Report on the Joint CUTS-UNCTAD Breakout Session

The Role of LDCs in Reshaping Global Economic Governance

10 May 2010, Geneva, Switzerland

At the UNCTAD Public Symposium 2010, CUTS International in collaboration with UNCTAD hosted a breakout session on the role of LDCs in reshaping global economic governance. Mr. Debapriya Bhattacharya, Special Adviser to the Secretary General of UNCTAD on LDC Issues moderated the session. Issues addressed included the evolving international trade regime and how it will play out for LDCs; the ODA regime and international financial architecture including resource transfer to LDCs; and the current debates on climate change and access to technology.

H.E. Dr. Anthony Maruping Ambassador of Lesotho highlighted the current foci of LDCs as the UN LDCs IV Conference at Istanbul in 2011; the MDGs deadline of 2015; and the stalled Doha Development Agenda in the WTO. He explained how the LDCs neither caused nor resolved the financial crisis, but suffered it. LDCs are still faced with multiple challenges including food and energy price crises, global financial and economic crises, as well as the impact of climate change and are susceptible to external shocks which would however require minimal resources and assistance to address. In the recent crises Bretton Woods institutions predicted minimal adverse effects on LDCs however this was not the case since external trade of LDCs declined, remittances dropped significantly and ODA was jeopardized. He reasoned that voice of the Bretten Woods institutions is of those with economic might as is the case with G-8 and the G-20. He identified the Enhanced Integrated Framework (EIF) for LDCs as the only forum where the LDC voice mattered. This creates question marks relating to transparency and representativeness in these other fora, and suggested that the UNOHRLLS should be given a voice there. There is need to address the challenges faced through Aid for Trade and initiatives such as EIF. LDCs also need their own secretariat, technical backup and a website to prepare and present their issues better.

Dr. Dirk Willem te Velde of the Overseas Development Institute informed that the Official Development Assistance (ODA) in 2009 increased marginally by 0.9 percent over the previous year, as did aid by the public financial institutions But private aid plummeted and even the ODA levels were well below the targets the developed countries set for themselves at the G-8 meeting at Gleneagles in 2005. He observed that the global financial crisis has led to rethinking on aid, development finance and global economy issues. This rethinking has to factor in the fact that the LDCs are also equally affected by the financial crises emanating from the developed and emerging world; even the exchange rate fluctuations in these economies affect LDCs. Apart from linking LDCs and low-income countries better to the private sector led development, they need to be represented in fora such as the G20. Even though the G-20 membership represents 85 percent of the global GDP, the balance 15 percent should matter equally in policy making. The

moderator added that the distribution of aid was also skewed in favour of social sectors and having less focus on productive sectors, thus needing some course correction.

Mr. Ahmed Abdel Latif of ICTSD informed that a key element in the global debate on climate change was how to enhance climate friendly technologies. The transfer of technology issue is missing in the so-called Copenhagen Accord and though it is reflected in the UNFCCC draft documents from the Copenhagen meeting, there is no movement beyond needs identification. LDCs may be mainly interested in adaptation technologies, and in particular technologies appropriate to their individual needs and concerns. Formal market based technology transfer mechanisms may play a limited role in LDCs as technology acquisition, use and protection is lacking in LDCs as compared to developed and emerging economies. He pointed out that according to an ongoing UNEP-EPO-ICTSD study, 58 percent of technology owners never entered into any licensing arrangements in developing countries, let alone LDCs. This called for the need to move beyond needs assessment to a more dynamic framework that would ensure technological transfer to LDCs and more flexible licensing conditions for them to act on adaptation and mitigation.

There was a lively discussion. Dr Dinesh Bhattarai, Ambassador of Nepal observed that the gap between aid commitments and disbursements was getting wider, and much aid is tied to security and other interests of donors and the geographical allocation of aid has also left the most needy getting less aid. The free market philosophy favours the strongest that prosper while the weaker nations become worse off. He emphasised that this needs to be addressed by an increased focus on infrastructure related aid to LDCs and a voice for them on the high tables of global decision making processes. He also called for prioritized, concerted, coordinated and holistic approach to ensure that the UN LDC IV meeting next year succeeds in addressing these concerns.

Many other comments also related to the lack of voice of LDCs in global decision making. It was stated that even the OECD countries had to bow to the 'dictatorship of the financial markets' in their stimulus packages, showing that State power had to be re-oriented from the financial markets to the productive markets. It was also mentioned that much more will need to be done to convert promises into action, if one went by the experience of LDCs in the WTO TRIPS Agreement where the promise of developed countries to help LDCs access technology transfer from their enterprises has not materialised in the last fifteen years.

In conclusion, the moderator stated that the North-South divide was *passé*; a credible platform for the least developed countries is required as the global agenda evolves in the post-crisis stage.