

OFFICE OF THE HIGH REPRESENTATIVE FOR THE LEAST DEVELOPED COUNTRIES, LANDLOCKED DEVELOPING COUNTRIES AND SMALL ISLAND DEVELOPING STATES (UN-OHRLLS)

Support to NEPAD

Period of Report: 2005 to 2006

The Office of the High Representative focuses its advocacy work to support the New Partnership for Africa's Development (NEPAD) since 34 of the 50 LDCs, 15 out of 31 landlocked countries and 6 out of 37 Small Island States (UN members) are in Africa. It continues to seize every opportunity to place their concerns in the forefront of the global agenda. NEPAD and the Brussels Programme of Action are intrinsically linked and they both have integrated the MDGs. The synergies between these two programmes make them mutually supportive and complementary, such that progress on the goals of one programme contributes to the progress of the other programme, and vice versa.

Least Developed Countries (LDCs)

The Programme of Action of the Least Developed Countries for the Decade 2001-2010 adopted at the Third United Nations Conference in Brussels on 20 May 2001 and endorsed by the General Assembly resolution 55/279 on 12 July 2001 underscores crucial importance of mobilizing domestic and external resources for achieving its objectives, goals and targets. In the last few years, migrant remittances have emerged as an important source of external finance for development. Worldwide remittances were estimated to exceed 232 billion in 2005, including \$ 167 billion to the developing countries. The true size of the workers' remittances, including unrecorded flows through formal and informal channels, is believed to be even higher. For many poor countries, remittances have become the largest source of external financing, only second to the Foreign Direct Investment (FDI) and by far larger than the Official Development Assistance (ODA). In countries like Lesotho, Samoa, Kiribati, and Cape Verde remittances account for 39, 20, 17 and 16.5 percent of GDP respectively.

Empirical experience of recipient LDCs shows that remittances not only contribute to poverty reduction at the household level but also provide important sources of foreign exchange and income. Used as collateral, they enable the countries to raise overseas financing, acquire vital imports or pay off external debt. Although remittances are mainly used for consumption of recipients and addressing their basic needs in food, clothing, housing, transport, healthcare, education, they are also extended to secondary beneficiaries in the community through their employment or purchase of locally produced goods and services. Saved for future consumption, workers' remittances serve as safety nets for the poorest. Furthermore, savings and investment of remittances also increase credit availability and have a positive impact on promotion of entrepreneurship and ultimately, on development.

The 2004 High-Level Segment of the Economic and Social Council (ECOSOC) of the United Nations which undertook an in-depth and comprehensive review of the theme “Resources mobilization and enabling environment for poverty eradication in the Least Developed Countries (LDCs) in the context of the implementation of the Brussels Programme of Action for the decade 2001-2010” has identified remittances as an important source of external financing for achieving the objectives of the Programme. As a follow-up to the 2004 ECOSOC and in preparation for the 2006 high-level meeting on the midterm review of the Programme, the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing Countries (UN-OHRLLS) and the International Organization for Migration (IOM) assisted the LDCs in organizing their Ministerial Conference on enhancing the developmental impact of remittances on 9 and 10 February 2006 in Cotonou, Benin. The two-day Conference included a one-day preparatory session of senior officials, followed by a one-day Ministerial Meeting. The Conference addressed two main areas: improving remittance services and enhancing the development impact of remittances. It examined current flows, patterns and trends of the migrant remittances, as well as policies and practices governing remittances in the LDCs. The Conference provided a forum for all relevant actors in the field of remittances, including representatives of governments, financial institutions, money transfer organizations and migrants’ associations for sharing experiences, lessons learned and best practices in the area of remittances. It concluded by adoption of the Ministerial Declaration, which made the following recommendations to the LDCs, in order to enhance the developmental impact of remittances:

1. Developing capacity, instruments and institutions to maximize the potential of remittances in the development of the LDCs;
2. Building inclusive financial sector that links remittances to other forms of financial intermediation, including microfinance and safety net mechanisms as well as creation of Small and Medium Enterprises (SMEs);
3. Engaging Diasporas and Home Town Associations (HTAs) in national development process of LDCs;
4. Improving data collection and knowledge base of remittances in the LDCs;
5. Strengthening Public Private Partnerships (PPPs), with a view to reducing transaction costs of remittances and improving access to banking and financial products and services and providing concrete and practical recommendations to the LDCs and their development partners.

Furthermore, to assist the LDCs in monitoring remittance flows and facilitate exchange of lessons learned and best practices, the Conference also recommended the establishment of the Migrant Remittances Observatory for the LDCs.

Landlocked Developing Countries (LLDCs)

Recent studies indicate that a landlocked country, due to its geographical constraints, experiences 0.7% slower economic growth rate than other countries. Despite the gains that the international trading system has brought, the landlocked developing countries remain marginalized. 9 of the 31 landlocked developing countries are not members of the WTO. Landlocked developing countries' share of world trade remains miniscule, accounting for only 0.57 per cent of the total exports and 0.64 per cent of the total imports of world merchandise in 2003. Geographical realities coupled with a lack of critical transport infrastructure and additional border crossings entailing complex procedures continue to pose more significant impediments to trade for landlocked developing countries than tariffs. There is little doubt that without real solutions to the disadvantages that beset the landlocked developing countries, these states will continue to be driven to the outer fringes of the global economy.

The Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries is the first global action plan that provides a framework for cooperation between the landlocked and the transit developing countries and their development partners. The Programme of Action aims to (a) secure access to and from the sea by all means of transport; (b) reduce costs and improve services so as to increase competitiveness of their exports; (c) reduce the delivered costs of imports; (d) address problems, delays and uncertainties in trade routes; (e) develop adequate national networks; (g) reduce loss, damage and deterioration en route; (g) open the way for export expansion; and (h) improve safety of road transport and security of people along the corridors. To achieve these goals, the Almaty Programme of Action identifies specific actions in the five priority areas, namely, fundamental transit policy issues; infrastructure development and maintenance, including rail, road, air transport, inland waterways, ports, pipelines and communications; international trade and trade facilitation; international support measures; and implementation and review of the Programme itself.

The effective implementation of the Almaty Programme of Action would facilitate landlocked developing countries in their efforts to reduce high transit transport costs caused by their geographical disadvantages. African 16 landlocked developing countries and their transit neighbours have been benefiting from international support provided for the implementation of the Almaty Programme. The role of the United Nations agencies and other international organizations in this endeavour can not be emphasized enough, as they have provided enormous resources and expertise, as well as technical support, towards the Programme's implementation. The Road Map for the implementation of the Almaty Programme of Action that was endorsed at the Inter-Agency Meeting early 2004, served as the guidance for our joint efforts. The roadmap was endorsed at the inter-agency meeting convened in early February 2004, in New York. It identified areas that would require immediate action. These include the identification of major "missing links" in Africa, Asia and Latin America; the creation of subregional priority projects to develop infrastructure and facilitate trade; establishment of national trade facilitation

boards; coherent and coordinated technical assistance; resources mobilization; and promotion of the accession to international conventions on transit and transport.

To consult on practical aspects of the issue in March 2005 the UN-OHRLLS convened a High-Level Meeting of International, Regional and Subregional Organizations on their role for the implementation of the Almaty Programme of Action. Representatives from more than 30 organizations, including the World Bank, WTO, World Customs Organization, UNCTAD, International Road Transport Union as well as African and Asian regional integration organizations consulted on strategies for establishing efficient transit systems and indicators for measuring the progress. Hopefully the outcome of this Forum would serve as an important addition to our global efforts to improve transit systems of landlocked developing countries.

The UN-OHRLLS convened the Meeting of Trade Ministers of landlocked developing countries from 9 to 10 August 2005 in Asuncion, Paraguay, which resulted in adoption of a ministerial communiqué in which the Landlocked Developing Countries elaborated their common position on the trade negotiations at the Sixth Ministerial Conference of the World Trade Organization held in Hong Kong, China in December 2005.