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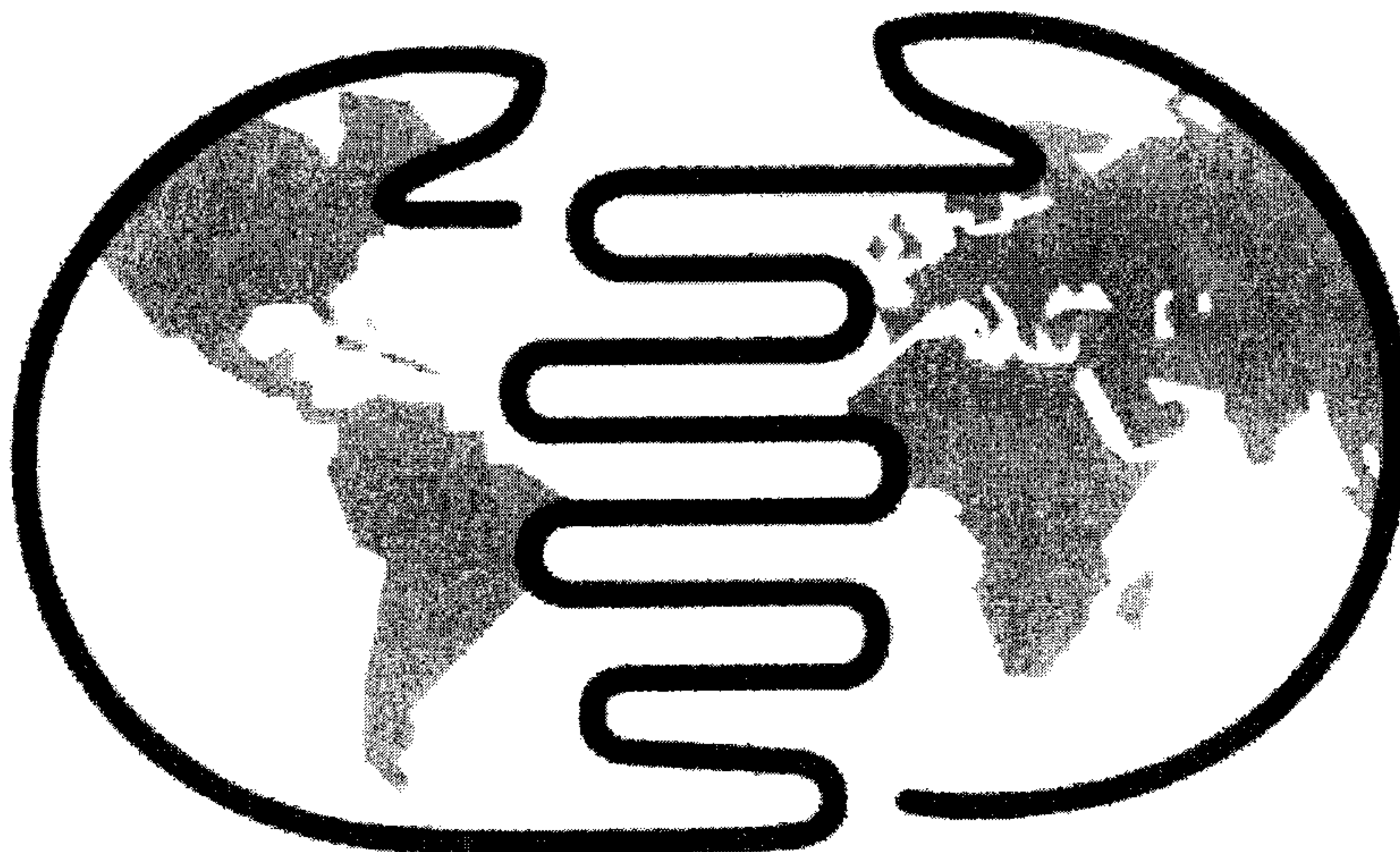
STATEMENT BY THE HONOURABLE MR BOB MCMULLAN

**SPECIAL ENVOY
OF THE PRIME MINISTER OF AUSTRALIA**

**ON THE OCCASION OF THE FOURTH UNITED NATIONS
CONFERENCE ON THE LEAST DEVELOPED COUNTRIES**

ISTANBUL, TURKEY

11 MAY 2011



LDC IV PLENARY STATEMENT OF AUSTRALIA

*Delivered by The Honourable Mr Bob McMullan,
Special Envoy of the Prime Minister, 11 May 2011*

It is a privilege to be able to address, on behalf of the Government of Australia, this Fourth UN Conference on the Least Developed Countries.

Let me begin by expressing Australia's appreciation to the Government of Turkey for hosting and presiding over this event.

This is an event with great potential.

It provides an opportunity to focus very specifically on the progress of the LDCs toward the Millennium Development Goals.

An opportunity to analyse the advances and the setbacks experienced by many of these 48 countries.

And an opportunity to forge consensus on collective action in support of their development goals.

The key question is – will the potential of this event be realised?

While in the ten years since the Brussels Programme of Action there have been some notable achievements, persistent challenges remain.

These have been articulated in a very compelling way in the report of the eminent persons' group, *Compact for Inclusive Growth and Prosperity*, which essentially points to the increasing marginalisation of this group of countries in the world economy.

It is a matter of great moral and practical concern that around half of the 880 million people in the world's LDCs still live in extreme poverty, with little or no access to basic services and economic opportunities.

The poorest of all are the people with disabilities in the LDCs. The Government of Australia regrets that there has not been more collective will, at this conference and in preceding discussions, to address their particular needs in the decade ahead.

It is also a matter of great concern that many of the countries that have experienced good economic growth rates have not been able to translate growth into high levels of poverty reduction.

And the overall challenge facing LDCs has assumed a new dimension – their economic vulnerability must now be redefined to incorporate the very real concept of climate vulnerability.

An honest assessment is that the results of our joint efforts have been disappointing.

A renewed commitment is needed to meet the needs of the world's poorest and most vulnerable.

The challenges we face are difficult and complex.

Nonetheless, Australia is optimistic that these challenges can be met.

One very positive development is that emerging economies are playing an increasingly important role in LDCs through South-South cooperation, investment and remittance flows.

This new international dynamic should have a very substantial positive impact on the growth prospects of the LDCs over the next decade.

Effective co-ordination among all development actors will be crucial in order fully to realise the benefits of these new forms of international cooperation.

This is why Australia is increasingly working in partnership with emerging economies to assist low-income countries.

For example, we are working with Brazil to provide access to clean water to poor communities in Haiti and helping Indonesia to share with Afghanistan its experience in the design of national social protection programs.

Australia's own commitments to developing countries and LDCs in particular are clear and unambiguous.

And, what is more, we do what we say.

We have a substantial and growing development assistance program.

We said we would double our development assistance between 2005 and 2010, and we did.

We said we would double our development assistance again between 2010 and 2015, to well over \$8 billion dollars, and we are on track to do that.

Last night in Australia, the Government announced that its development assistance budget for this year will reach \$4.8 billion dollars, including more than \$1.5 billion for LDCs.

This is an overall increase of more than eight per cent in real terms or around half a billion dollars relative to last year.

To put this in context, the average rate of growth of Australia's total public expenditure over the next four years is projected to be only one per cent.

Australia is making some very tough public expenditure choices, like most other countries, but has not wavered from its commitment to increase development assistance.

The Australian Government committed, at the 2010 MDG Summit, to increase substantially the focus of its development assistance on the LDCs, and we are doing that.

Funding for LDCs will increase by 20 per cent this year and will account for about one-third of Australia's development assistance.

Over the five years from 2010 to 2015, based on current projections, we will invest around \$10 billion in programs targeting the development needs of the LDCs.

Australia recognises the importance of international partnerships in achieving sustainable development outcomes for LDCs.

Throughout last year, we consistently called for an ambitious replenishment of the World Bank's concessional arm, the International Development Association.

In December 2010, we delivered a very substantial increase in our IDA and multilateral debt relief contribution for the period 2011 to 2014 – pledging a total of \$830 million.

This was some 30 per cent higher than our previous contribution and was the largest percentage increase provided by any of IDA's top twelve donor countries.

This contribution recognises IDA's importance as a key multilateral vehicle for supporting the development of LDCs and other low-income countries, as well as its emerging role in helping low-income countries cope with the impacts of external shocks.

Australia also works in close partnership with the Asian Development Fund and we are beginning to work with the African Development Bank in areas such as water and sanitation.

We have substantially increased our engagement with UN funds and programs, including through multi-year core funding commitments to eleven UN organisations that, over four years, will add several hundreds of millions of dollars to previous levels of support.

Most important, however, are the partnerships we form with individual countries to help them progress their own development priorities and address their most pressing development challenges.

As we expand our development cooperation with LDCs over the next decade, Australia will give particularly high priority to addressing the challenges of climate change and food insecurity.

Climate change is a fundamental development challenge, particularly for the smallest and most vulnerable developing countries.

It has the potential to affect food and water supplies and to threaten the viability of some human settlements – with serious, even existential, impacts on the economies and societies of vulnerable countries, including Australia's near-neighbours in the Pacific region.

That is why we are assisting developing countries to respond to climate change in the 2010 to 2012 "fast-start" period.

We have committed \$600 million toward the global fast-start financing effort and we have already committed around 80 per cent of this to countries and multilateral funds.

LDCs and small island developing states have been given the highest priority in the allocation of our fast-start package – because these countries need it most urgently.

Not less than half of our fast-start financing will be allocated to adaptation, recognising the pressing need to deal with those impacts of climate change that are already inevitable and cannot be avoided through cooperative action on mitigation.

As part of this, Australia will make a further contribution of \$15 million to the UNFCCC LDC Fund, bringing our total contribution to \$31.5 million or around ten per cent of all resources committed to the fund to date.

As a member of the Transitional Committee established to design the Green Climate Fund agreed in Cancun last December, we are co-leading with Pakistan a major stream of work to develop an operating model for the fund.

We see this as perhaps the most important part of the fund design process and will be concerned to ensure that the particular interests and needs of small and vulnerable countries are taken into account as options begin to take shape.

Increasing food insecurity is having a particularly adverse effect on the development of low-income food-deficit countries, including many LDCs.

This is a problem whose dimensions are now properly being recognised, after many years of disinvestment in agriculture and rural development.

But at the same time it may also be seen as an opportunity.

An opportunity to rebuild international and domestic support for increased agricultural productivity.

And an opportunity to strengthen and further improve cooperation between the multilateral food security institutions so important to the LDCs.

Australia has struggled with a difficult environment for agriculture and has worked hard to increase its own agricultural productivity.

We have committed \$100 million to an Africa Food Security Initiative that draws upon our unique experience in dry land agriculture.

As part of this initiative, we have allocated \$29 million for work with partners in West and Central Africa to increase crop and livestock productivity across 10 LDCs in the region; and with Biosciences East and Central Africa to help build African capacity in biotechnology research to improve human nutrition and animal health.

In addition, we have particular interests and capacities in the area of sustainable and responsible natural resources management – and we are committed to expanding our work with LDCs and other vulnerable countries in this area.

In 2011, we will make a \$5 million contribution to the IMF's Topical Trust Fund to help resource-rich developing countries, including LDCs, manage their resources effectively.

We will support measures to address resource pricing and improve resource governance in such countries through a contribution of \$10 million over three years (2011-2014) to the Extractive Industries Transparency Initiative.

We will also be looking for opportunities to respond on a bilateral basis to specific requests from LDCs for assistance, focusing particularly on food security, climate

change and natural resources management, and drawing wherever possible on the unique capabilities of Australian institutions.

Aid is necessary but it is not enough.

There is no path out of poverty without trade.

Though it may be well accepted that development is about more than just aid, this dictum has not always been put into practice in the case of the LDCs.

Australia has been a vocal supporter of open trade as a major driver of economic growth and poverty reduction.

We were one of the first countries to provide unilateral, non-reciprocal market access for all LDC exports to help boost their income from trade and promote the further development of productive capacity.

As a result, since 2003, LDC exports to Australia have increased rapidly – at an average annual rate of 43 per cent.

We were an early advocate of untying development assistance to LDCs, and went beyond this to fully untie aid procurement in 2006 – thereby increasing the efficiency of our development assistance program and creating new opportunities for developing country firms.

We recognise the importance of addressing all constraints to trade in order for LDCs to be able to take full advantage of market access opportunities.

Aid for trade represents around 15 per cent of our official development assistance.

This year, we will contribute \$2 million to the Enhanced Integrated Framework, a multi-donor fund that supports LDCs to become more active in the global trading system.

International remittances to developing countries are also an important and under-recognised source of development financing.

Australia is working closely with Italy and other G20 member countries to reduce barriers to the flow of international remittances and increase their development impact, particularly in the LDCs.

More broadly, we are working to ensure that the particular development challenges facing small and vulnerable states are well understood and addressed in international fora, including the G20 and the Commonwealth.

We want to ensure, for example, that work on promoting infrastructure investment in developing countries takes into account the structural barriers to such investment in the LDCs, and considers measures to facilitate greater investment in regional connectivity initiatives and public-private partnerships.

Over the next decade Australia believes that its intensified support for the LDCs, provided in partnership with international efforts and with the governments of those countries, and embedded within the framework of the Istanbul Programme of Action, will make a real difference to the lives of the world's poorest and most vulnerable.

Australia strongly supports the view that the Istanbul Programme of Action should have associated with it an effective accountability mechanism.

Further, in cooperation with France and other G20 member countries, we intend to ensure that the Istanbul Programme of Action receives the attention of G20 leaders when they meet in Cannes in November 2011.

Australia has been among the most active proponents of the G20's new development agenda, and has argued consistently for a strong G20 focus on measures to promote economic and social resilience in low-income countries, including LDCs.

For the G20 to make progress in implementing its development agenda, its members – traditional donors and emerging economies alike – must hold themselves accountable for responding to the needs and aspirations of LDCs, as articulated in the Istanbul Programme of Action.

Finally, I want to take this opportunity to congratulate the Maldives on their recent graduation from LDC status.

This is an impressive and all-too-rare achievement.

The Istanbul Programme of Action sets us all a very ambitious target – to graduate half of the 48 LDCs within the next decade.

This underscores the critical importance of ensuring a smooth transition for countries graduating from the LDC category.

More must be done to ensure that countries moving towards graduation face incentives rather than penalties.

Australia is working closely with the Maldives and the wider G77 membership to support a forthcoming General Assembly resolution that aims to recognise the challenges faced by graduating countries and strengthen transitional measures.

We hope member states will recognise the importance of this resolution to help make sustainable graduation a reality for LDCs.

In closing, let me say that we look forward to the day when there are no more programmes of action – when our action has achieved its aims and the 48 countries that are our concern today are advancing along a path that leads to better lives for all their citizens.