



**FOURTH UNITED NATIONS CONFERENCE ON
LEAST DEVELOPED COUNTRIES (LDCs)**

**Statement by Archbishop Silvano M. Tomasi
Head of the Holy See Delegation**

Istanbul, 9-13 May 2011

Mr. President,

1. The LDCs' development paradigm implemented over the past years has proven ineffective. Since the early 2000s the continued growth (7% per year from 2002 to 2007) in many LDCs has not translated into an improved situation for the people. The number of very poor people has actually increased (more than 3 million per year from 2002 to 2007). In 2007, 59% of the population in African LDCs was living on less than USD 1.25 per day.

2. Currently the growth in many of these countries comes primarily from the exploitation and export of natural resources, especially mineral reserves, while growth across other sectors is not robust or consistent. Unfortunately the growth that is realized in the extractives sector is the subject of many controversies on revenue distribution and local community impact and only creates a significant number of jobs in the exploratory and build up phase of the project but very few that are long term. This correlates with ILO research that shows the labor force in LDC's countries increasing by 2.5% per year but the opportunities for employment are not commensurate with either the robust growth or the demand for employment. The impact of these limited employment opportunities is experienced particularly by the young and those who are entering the work force for the first time. The success stories are found in countries that have created some productive capacities such as horticulture, in the cases of Uganda and Ethiopia. Ghana and Kenya that are not LDCs have also shown good performance in this area.

3. The analysis of this current reality in the LDC group has led UNCTAD, in its Least Developed Countries Report 2010, to propose a new international development architecture that calls for a more comprehensive approach to the challenges of development. It should be noted that at the session of the UNCTAD's Trade Development Board (TDB) dedicated to

LDCs, the majority of the groups were in favor of the proposed new international architecture for development. Several groups also insisted on the need to include specific considerations for post conflict management situations, the reconstruction of infrastructures and agricultural production, while others have insisted that regional approaches to these issues be considered.

4. The Holy See supports this new approach and will focus its intervention on three themes:

1. *The Pillars of "integral human development"*.
2. *The kind of growth necessary for 'integral human development'.*
3. *The role of the state in promoting "integral human development"*.

5. *The Pillars of "integral human development"*.

In the encyclical letter "Caritas in Veritate" that was released in June 2009, Pope Benedict XVI reviews the foundational teaching on development that was presented in the encyclical letter of Pope Paul VI, "Populorum Progressio" in 1967; "development cannot be limited to mere economic growth. In order to be authentic, it must be complete: integral, that is, it has to promote the good of every man and of the whole man." ¹ It is important that we recall this foundational teaching on the nature of development and recover its central truth as we reflect on the specific challenges that the LDC's present at this ministerial conference.

In the intervening 45 years numerous theories and approaches to development have been proposed and tested and this has resulted in a much deeper understanding of the complex and evolving challenges that any consideration of this topic presents. It remains however true that there are still millions who have little or no access to the goods and benefits that development offers. An honest evaluation of the progress that has been made is reflected in the words of the Holy Father who writes that the "*basic theme, namely progress, remains an open question, made all the more acute and urgent by the current economic and financial crisis. If some areas of the globe, with a history of poverty, have experienced remarkable changes in terms of their economic growth and their share in world production, other zones are still living in a situation of deprivation comparable to that which existed at the time of Paul VI, and in some cases one can even speak of a deterioration.*" ²

In numerous other evaluations including the aforementioned UNCTAD report we have been reminded that a comprehensive and inclusive framework for international development is essential if any enduring results are to be achieved. In the Catholic Social Teaching tradition the pillars for such framework have been evolved and been identified as follows: respect for human dignity; protection of human rights; care of creation; participation in community, subsidiarity and solidarity. Other pillars that are judged to be constitutive of an integral

¹ Paul VI, Encyclical Letter, Populorum Progressio; On the Development of Peoples, no. 14

² Benedict XVI, Encyclical Letter, Caritas in Veritate: Charity in Truth, no. 33.

development plan are education; natural resource exploitation; agriculture; manufacturing; trade; financial services; infrastructure and technology.

As we continue to reflect on the specific challenges which development presents in LDC's it remains imperative that these pillars serve as a guide in our efforts to promote and sustain an approach to development that is integral and authentically human.³

6. *The kind of growth necessary for 'integral human development'.*

Any approach to the challenge of development must recognize that *"the development of individuals and peoples depends partly on the resolution of problems of a spiritual nature. Development must include not just material growth but also spiritual growth"*⁴. Too often the use of quantifiable metrics and economic criteria to measure such realities as gross domestic product or the narrow horizon of stock market growth fails to capture the full measure of what it means to be human, fails to appreciate the transcendent dimension of the person and therefore what it takes to promote the development of the whole person.

Growth therefore that promotes "integral human development" is one that is inclusive of the pillars already mentioned above and evaluated by how well it promotes sustainable development and communities, creates decent jobs, alleviates people's poverty and protects the environment. A model of growth that includes these objectives will build a domestic economic and commercial cycle that is sustainable, respects the environment and promotes development. Among the necessary elements in this growth model, especially in LDC's, are a vibrant agriculture sector and job creation across a number of sectors that will engage the large number of people who are entering the employment sector.

In LDCs for example, the agricultural value added for workers rose three times more slowly than the GDP per capita over the last 20 years. At the same time, LDCs' dependence on imported food commodities has greatly increased (multiplied by 3 between 2000 and 2008). As a result it is among the 2.5 billion people dependent on agriculture for their daily sustenance that one finds most of the people who suffer from malnutrition and hunger.

Any growth model that is adopted therefore must recognize and strengthen the central role of agriculture in economic activity; thereby reducing malnutrition in rural areas and increasing production per person in order to enhance local, regional or national food independence.

³ Ibid., no. 23 Pope Benedict reiterates this approach when he writes; *"Many areas of the globe today have evolved considerably, albeit in problematical and disparate ways, thereby taking their place among the great powers destined to play important roles in the future. Yet it should be stressed that progress of a merely economic and technological kind is insufficient. Development needs above all to be true and integral."*

⁴ Ibid., n. 7

Investments to improve productivity are required in the areas of seeds, training, sharing of tools for cultivation and of the means for marketing. Structural changes are also demanded according to the specificity of individual states. For example, we must ensure security of land tenure for farmers, especially for those with small landholdings. The customary right of land ownership may be reconsidered. A clear property right gives the farmer the opportunity to pledge his land in exchange for seasonal credit to purchase necessary inputs. In addition, the aim of land tenure has now become increasingly important in the face of the expansion of the phenomenon of land grabbing. In Sub-Saharan Africa, 80% of the land is occupied by poor who have no land titles.

Across all sectors of society from agriculture to manufacturing to delivery of services we must remember that decent work “expresses the essential dignity of every man and woman in the context of their particular society: work that is freely chosen, effectively associating workers, both men and women, with the development of their community.”⁵ Decent work gives everyone the opportunity to use his own talents and to be creative; it is a motor of sustainable growth at the service of the common good and so it must be a central objective of the new architecture. The final goal, then, is the creation of a “work that makes it possible for families to meet their needs and provide schooling for their children, without the children themselves being forced into labour; work that permits the workers to organize themselves freely, and to make their voices heard; work that leaves enough room for rediscovering one's roots at a personal, familial and spiritual level; work that guarantees those who have retired a decent standard of living.”⁶

7. The role of the State in promoting “integral human development”.

The number of institutions, agents and actors in the development space has increased exponentially over the years. The official development commitments of governments alongside those of voluntary organizations have been substantial during that time. They have now been joined and in some instances are dwarfed by the presence of such actors as corporations, private foundations and private investors. There is, we believe, a need and room for all of these actors for they can bring different perspectives, modes of operating and can thereby make unique contributions to the development that is needed in LDC's.

In this environment, however, the role of the state and of regional, international and global authorities is critical and must be supported and respected. Combined with the Catholic perspective on the responsibility of the state to guarantee the public order and promote the common good, these bodies must play a pivotal role in orchestrating and directing LDC development. This can be especially challenging in a post-conflict context and especially so in a “failed state” situation.

⁵ Ibid., no. 63

⁶ Ibid.,

The teaching of our tradition, when it comes to the responsibility of governments to enact the legal framework and rules so that financial and commercial activities fulfill their social purpose and function smoothly, has consistently asserted a positive role for a limited government, that is neither libertarian or collectivist. It became clear during the 2008 financial crisis that the market does not naturally contain in itself the ingredients for an automatic correction of errors and would have led to a collapse of the financial and economic system if the states had not acted. The rescue of the banks, necessary as it has been, did not prevent the painful impact of the crisis on the population since ultimately the correction of the market's vagaries is carried out to the detriment of populations, states have a duty to intervene preemptively to avoid such suffering. "The articulation of political authority at the local, national and international levels is one of the best ways of giving direction to the process of economic globalization. It is also the way to ensure that it does not actually undermine the foundations of democracy".

While recognizing the benefits of free trade to promote development and therefore the urgency to close the gap in the Doha Development Round, in the implementation of the commitments taken of a duty free, quota free access to the market for the LDCs, adequate measures should be taken to protect farmers against price volatility which has a strong impact on food security for several reasons: high prices make food unaffordable for the poor and temporarily low prices give farmers the incorrect information on needed seedlings after harvest for the following year. To prevent price volatility or at least weaken its impact, local food crops need to be protected against sudden disruptions in international prices. For Example, the establishment of regional stockpiles of raw food (cereals, oil, sugar) can have a twofold benefit: these stocks can be sold at an affordable price in case of shock and they can play a moderating role against the volatility of local prices.

The "developmental state" plays a unique and key role in the development of a country and with other regional and international authorities is expected to coordinate appropriate and constructive plans. In addition to the tasks already mentioned above, the responsibility of mobilizing the domestic resources that are regarded as a critical component of stable financing for government priorities and development needs has been identified as essential. This is a tedious and complicated undertaking, especially where no basic framework or infrastructure exists to advance such an objective. Alongside the other resources like FDI (Foreign Direct Investment), ODA (Official Development Assistance) and remittances from local citizens working abroad, these domestic resources will play an essential role in any development plan.

- a. Corporations: The presence of private corporations in communities, societies and countries continues to grow and they have a far reaching impact wherever they are located. Their influence on development, depending on their size and footprint, in

local communities and across broad sections of society can be significant and should be monitored and evaluated by the state. They should also be expected to fulfill their obligations as good corporate citizens by keeping in mind according to the Holy Father that, *“business management cannot concern itself only with the interests of the proprietors, but must also assume responsibility for all the other stakeholders who contribute to the life of the business: the workers, the clients, the suppliers of various elements of production, the community of reference.”*⁷

- b. Private Finance and Development; The presence of private finance institutions and actors, such as private equity and hedge funds, in countries and regions across the world continues to increase. Facilitated by the continued expansion and integration of all aspects of the global financial system, their presence presents a unique set of challenges in LDC’s. It is important that LDC’s be in a position to benefit from their presence and assure that their activities are making a contribution to lasting development.

Once again Pope Benedict reminds all actors in this space and this applies especially to those investors in LDC’s that, *“What should be avoided is a speculative use of financial resources that yields to the temptation of seeking only short-term profit, without regard for the long-term sustainability of the enterprise, its benefit to the real economy and attention to the advancement, in suitable and appropriate ways, of further economic initiatives in countries in need of development. It is true that the export of investments and skills can benefit the populations of the receiving country. Labour and technical knowledge are a universal good. Yet it is not right to export these things merely for the sake of obtaining advantageous conditions, or worse, for purposes of exploitation, without making a real contribution to local society by helping to bring about a robust productive and social system, an essential factor for stable development.”*⁸

8. Conclusion

LDC’s continue to face enormous challenges as they search for the resources and the path to development for their citizens. There remains no easy formula for success but the promise of solidarity can be a foundation for the renewal of commitment by those who have wrestled with this challenge for decades and a guidepost for the new actors in this space. There are numerous different and essential roles and responsibilities for the successful implementation of the development process in the LDC’s. Thus, the Holy See anticipates a new programme of action for the LDCs for the coming decade. Now is the time to translate into concrete action the commitments that have been made in these days. The future well being of the LDCs depends to a great extent upon the spirit of gratuitousness that motivates our common

⁷ Ibid., no. 34

⁸ Ibid., no. 40

efforts. Working together in a coordinated and cooperative fashion the institutions and actors from all sectors can and must support the efforts of all LDC's to achieve their goals as members of the one human family.