

2006 ECOSOC SUBSTANTIVE SESSION

Panel Discussion

"Mobilizing resources and creating an enabling environment for poverty eradication in the LDCs: implementation of the 2004 Ministerial Declaration"

Geneva, 20 July, 2006

The Panel Discussion on "Mobilizing resources and creating an enabling environment for poverty eradication in the Least Developed Countries (LDCs): implementation of the 2004 Ministerial Declaration" was chaired by **H.E. Mr. Dalius Cekuolis, Vice-President of the Economic and Social Council** and began with the statement by **Mr. Anwarul K. Chowdhury, United Nations Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States**, followed by the comments of the **Moderator** of the Panel **Ms. Mandeep Bains, Senior Policy Advisor, United Nations Millennium Campaign**.

At the outset, **the Chair** recalled the High-Level Segment and the Ministerial Declaration of the 2004 ECOSOC substantive session on the resources mobilization for LDCs. He highlighted that since the adoption of the Brussels Programme of Action, ECOSOC has contributed in many different ways to promote its effective implementation. At the high-level segment of its substantive session in 2004 devoted to LDCs, ECOSOC deliberated on the crucial issue of resources mobilization and enabling environment for poverty eradication in the context of the implementation of the Brussels Programme. The Ministerial Declaration adopted at the session reaffirmed the commitments contained in the Programme of Action, urging each of the world's 50 poorest nations to translate its goals, with support of its partners and continued involvement of civil society and the private sector, into specific measures within their national development frameworks and poverty eradication strategies.

The Chair also recalled that one of the significant outcomes from the session in 2004 was the initiative, launched by the President of Benin, on "Turning Assets into Useable Capital" (Benin Initiative).

The Chair further added that revisiting the ECOSOC 2004 Ministerial Declaration provides an opportunity to discuss the need for creating an enabling environment for poverty reduction and the promotion of development in LDCs including the development of the private sector in these countries. He drew attention to the significance of good governance at both national and international levels, the role of an inclusive financial sector and access to financial services for reducing the domestic savings-investment gap. It is equally important to consider the role of trade in generating resources, complementing ODA and private capital flows.

The Chair urged that the panel discussion should aim to assess progress made in the mobilization of resources for the implementation of the Brussels Programme. At the same time, he added, it is essential for us to consider emerging issues and new challenges that could hamper successful implementation. He wondered - where do we stand since the adoption of the 2004 Ministerial Declaration? - what has come out in the past few years as emerging issues which require urgent international attention?

The Chair expressed hope that in the light of the forthcoming Midterm Comprehensive Global Review of the Brussels Programme, the panel discussion would provide valuable insights on the efforts undertaken in the implementation of the ECOSOC 2004 Ministerial Declaration and the Brussels Programme. Underlining the various recommendations in the 2004 Ministerial Declaration as having continuing relevance for LDCs, he trusted that the Panel Discussion would contribute to the effective follow up of those by all concerned, in particular the UN system.

In his intervention, **Mr. Chowdhury** referred to the Commitment 7 of the Brussels Programme of Action on resource mobilization underscoring the importance of redeeming the commitments of support made therein by the development partners of the 50 LDCs. He drew attention to the fact that LDCs during the last five years have undertaken wide-ranging reforms in their development sector, with particular attention to the area of governance. The UN Secretary-General has been reporting on those efforts in his annual progress reports to the ECOSOC and the UNGA on the implementation of the Brussels Programme. He welcomed the trend reflected in the significant increase of ODA to LDCs during last two years. He commended the UN funds and programmes for increased allocation of their resources to the LDCs and for their consistent support to the capacity-building, including the empowerment of women, in these most vulnerable countries. He also highlighted the potentials of public-private partnerships and migrants remittances in augmenting the resource flow to the LDCs.

Ms. Bains emphasized that halfway through the implementation, the Brussels Programme of Action is still lacking progress and expressed hope that the midterm global review by the UN General assembly in September 2006 will serve the purpose of reinforcing and reinvigorating it. In particular, she drew the attention to four critical areas in implementation of Commitment 7 of the Brussels Programme, namely, domestic resource mobilization; increasing aid; external debt relief and foreign direct investment. In this regard, she reminded about the conclusions made by the 2004 ECOSOC High-Level Segment on resources mobilization in LDCs highlighting the need to create an enabling environment for investment; to increase the volume and the effectiveness of aid; to establish an international global policy framework for trade; to promote partnerships and provide assistance to conflict and post-conflict countries.

Mr. Simon Scott, Principal Administrator and Head, Statistics and Monitoring Division, Development Assistance Committee Secretariat, OECD made a power point presentation which showed that the net flows of official development assistance (ODA) to the least developed countries had increased. It also showed that smaller donors gave higher shares of their aid to the LDCs in Africa. In 2004, only nine donor countries, however, had met their 0.15 per cent of their Gross National Income (GNI) target for ODA to LDCs. Almost a third of all aid to developing countries in 2004 went to LDCs. Per capita aid to the LDCs was far higher than to other income groups and the quality of aid to these countries has also improved. Thus, almost all (90 per cent) of aid to the LDCs was provided in the form of grants and most (86 per cent) of aid had been untied. The largest portion of aid (36 per cent) was directed to social services (education and health), with particular attention to water and sanitation. He

mentioned that budget support to Ethiopia and Uganda, however, has been problematic. Governance and security concerns have been also impeding aid to many other LDCs, including outside Africa, such as Timor Leste. A further increase in ODA is projected in 2010, with some of it earmarked for debt relief. The G-8 and the 2005 World Summit had promised to double aid to Africa, where most LDCs are located.

Mr. Seido Imorou Mako, Director of Housing and Sanitation, Ministry of Environment, Habitat and Urban Planning of Benin, who is also the chairperson of the inter-ministerial committee on “Turning Assets into Useable Capital in LDCs” in Benin, informed that the World Bank had undertaken an initiative in Benin on access to secure land, with a view to assisting land holders in rural areas in formally registering their land and use the deed titles as collateral in order to be able to invest and increase production. This initiative aims at promoting land rights, further increasing access of the poor to capital markets and strengthening their productive capacity. Benin has been selected as the pilot country for this initiative due to its special land tenure and security problems, political stability and commitment to democracy, as well as its enabling environment for the financial sector.

Mr. Mako mentioned that at the time of the launch of the initiative, Benin had already begun land reforms. The results expected from the programme were to convert all residence permits into title deeds; to equip rural areas with title deeds; and to provide districts and townships with land registers. The expected investment was approximately 42 billion CFA francs over a period of three years. An institutional framework was set up in order to facilitate the reform process with the intention of bringing registration process closer to the people. This reform process is currently under implementation and a large number of titles have already been issued. He also referred to the Millennium Challenge Account project that had the same goals as the real estate reform in Benin: improving the access to titles, improvement of constitutional framework, and support for the conversion of assets into usable capital and support for good governance.

Mr. Arjun K. Karki, President, LDC Watch, an international NGO, stated that the 2004 ECOSOC Ministerial Declaration on mobilization of resources had recognized the urgent need to assist the LDCs and that has generated a momentum for mobilizing the resources for the world’s poorest countries. The issue of global economic justice, however, should also be addressed at the same time. Thus, total cancellation of external debt is absolutely necessary in order to eradicate poverty in LDCs. ODA is also crucial in order to avoid development regression in LDCs. Trade justice should be established by opening international markets to all products from the LDCs. Current protectionist measures of developed countries negatively affect the development prospects of the LDCs by reducing their foreign exchange earnings.

International efforts to augment these resources could have leveraged domestic resources of the LDCs for development. LDC governments should also combat corruption. Poor governance at the national and international level exacerbates poverty. Development must be participatory. If people are prevented from participating in the development efforts of a nation, the development goals might not be attained. The political will of nations should focus not only on resources mobilization but also on the strengthening of partnerships and popular participation.

Following these presentations by the panellists, the floor was opened for comments and questions. The representative from **Bangladesh** stated that economies and institutions in LDCs are vulnerable due to their limited domestic and external resources. On the other hand, many LDCs have intellectual resources, for example in IT, which need to be better tapped. The representative from **Guinea-Bissau** stated that in order to make aid more effective, it was also important to improve transparency and accountability, strengthen democracy and improve financial services in LDCs. The representative of **Tanzania** emphasized that LDCs have a primary responsibility for their development and their poverty reduction strategies must be "home-grown". Although investment in the social sector is important, there must be also more investment in the productive sectors. Moreover, the private sector must be more involved, and domestic resources must be better mobilized for development.

The representative of **Benin (global chair of the Group of LDCs)** underscored that while LDCs are responsible for their own development, it should not be forgotten that the Brussels Programme is based on partnership and, in this context, encouraged development partners of LDCs to fully implement their commitments made in the Programme. He supported the US Millennium Challenge Account but emphasized that more resources ought to be mobilized for achieving the objectives of the Brussels Programme. He also emphasized the need for new and innovative sources of financing the development efforts of LDCs and, in that context, welcomed the idea proposed by the High Representative that morning at the ECOSOC plenary while presenting the report of the Secretary-General for the contribution of ten cents per barrel of oil produced worldwide for infrastructure development in LDCs for the next ten years. He said that this idea should be pursued further by the UN.

In response to the delegates' comments, the panellists made several remarks. **Mr. Scott** stated that there is room for public-private partnerships for development and those resources should be not only mobilized, but also generated. He further acknowledged that there was a gap in financing the LDCs; however, the percentage of the ODA to these countries had gone up. He also underscored the importance of the mobilization of domestic resources for sustainable development and integrating aid in national development strategies of LDCs. **Mr. Mako** added that the pilot project of the land reform in Benin had shown that land can be transferred into useful capital. He suggested that the ECOSOC might wish to recommend this project as a possible avenue for LDCs. **Mr. Karki** urged that those areas where significant progress has been made as a result of aid need to be studied. Furthermore, he was not in agreement that additional resources need to be generated. Rather, in his view, existing resources should be better utilised. He also emphasized the importance of strengthening partnerships, especially between South-South and between governments and civil society.

In conclusion, **Mr. Chowdhury** stressed the critical relationship between the country's performance and quantum of ODA. He also emphasized the importance of transparency and public knowledge of UNDP roundtables and WB consultative group meetings with donors for each of the LDCs. He suggested that it would be in the best interest of the international community and citizenry in general to have good understanding of those discussions. Referring to comments about the need for increased resources for the social sector, he reminded about the 20/20 initiative and

the responsibility of the LDCs to allocate 20 per cent of their national budgets for social development, while the donors would devote 20% of their ODA to the same area. About the concerns that the recent increase in ODA to LDCs was not real, he said that debt relief, humanitarian assistance and post-conflict reconstruction free substantial domestic resources of LDCs for social sector and institution-building and, therefore, are equally important for poverty reduction and sustainable development in those countries. He emphasised the importance of domestic resource mobilization emphasizing effective internal revenue collection system. He also called for effective utilization of the resources provided by the UN system to the LDCs. Finally, he underscored the importance of reducing aid independency and thereby achieving sustained economic growth and sustainable development of LDCs.
