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**Statement by the UNDP Assistant Administrator and Director of the Bureau  
for Development Policy Olav Kjørven**

**UNCTAD XII, General Debate**

ACCRA, GHANA – WEDNESDAY 22 APRIL, 15:00-18:00

It is a distinctive pleasure to be here today to share with you UNDP's views on the main theme of UNCTAD XII - 'addressing the opportunities and challenges of globalization for development'. I would like to begin by expressing our deep appreciation to the Government of Ghana for the warm welcome to the UNDP delegation and for the excellent facilities provided to make this conference possible. I would also like to thank Dr Supachai Panitchpakdi, Secretary-General of UNCTAD, for inviting UNDP to contribute to the discussions and thereby to help shape the outcome of UNCTAD XII.

UNCTAD XII is taking place at a critical time for our common development agenda. This year marks the halfway point for the realization of the MDGs by 2015. While progress has been made in overall terms – spurred by global growth and economic expansion in all regions during the last few years – it is also true that this growth has not been sufficiently inclusive to put all countries on track to achieve all the MDGs. Indeed, here in sub-Saharan Africa where this conference is taking place, the ongoing challenges are only too evident. Even some of the fastest growing countries in the Asia-Pacific region, as well as middle income countries and transition economies, are struggling to reduce large pockets of extreme poverty and deal with emerging challenges including climate change.

Moreover, the full effect on global economic growth of the current turmoil in financial markets, the slowing US economy, and rising oil and food prices, are yet to be seen. The recent trend of unprecedented and volatile increases in the price of food coupled with diminishing food stocks has created a host of humanitarian, socio-economic, developmental and even political and security related challenges. The World Bank now estimates that 33 countries face potential social and political unrest due to rising food and energy prices. Over two-thirds of these countries are in Africa – the only region in the world where agricultural productivity has fallen over the last 40 years.

For least developed countries (LDCs), in particular, while globalization may potentially generate substantial benefits it also poses

important challenges. Like other developing countries, LDCs have the opportunity to draw on new technologies and capital that can potentially deliver huge strides in productivity and allow them to catch up with developed countries more quickly than has been possible in past decades and centuries. But this convergence remains elusive for many of them. Mounting evidence suggests that, instead, most LDCs are diverging from the group of developed countries and many middle income developing countries. Indeed, LDCs and the majority of their populations remain poor while many other parts of the world are growing richer. Most LDCs appear to be stuck in a 'globalization and exclusion trap'.

As recently emphasized by the UNDP Administrator Kemal Dervis at the launch of the UNDP co-sponsored publication "Making Globalization Work for the LDCs", there is an urgent need to address questions of full and beneficial integration of the LDCs in the world economy, as there is widespread agreement that most such countries have not participated in the economic and financial benefits of the current phase of globalization.

It is against this background that the theme of this conference is quite appropriate in underscoring that we all have a good deal of work to do to ensure that globalization delivers positive outcomes for human development and the agreed targets of the MDGs.

I see three interrelated opportunities for unlocking the main constraints on meeting the MDGs by 2015.

- A timely and successful conclusion of the Doha Round with a strong development-centred content
- Global action on the commodities problematique – that is, the difficulties associated with commodity dependence in poor countries; and
- A new impetus to global solidarity and partnership through the Financing for Development process.

On the Doha Round, UNDP remains concerned about the measured progress in the negotiations which were launched seven years ago. While it is clear that international trade is a major driver of growth with developing countries now accounting for over a third of world exports, the extent to which trade supports sustainable human development will partly depend on trade rules which in turn significantly determine global resource allocation in the productive sectors. As the UNDP Administrator recently stated (and I quote) "*We need to look at trade not just as a set of arrangements where each country pursues mercantilist interests, but to look at the international system of trade as a global public good. A system of international trade that is based on rules that are fair, that give opportunities to the poorest, and that is based on the rule of law within the framework of the WTO*".

From UNDP's perspective, the Doha Round provides an opportunity not only for the reform of world agriculture but also to rebalance trade rules to support late developers who now face increasingly limited options in the industrial and service sectors in the progressively interdependent and integrated world economy of the twenty-first century. This is also why trade capacity development initiatives such as the Enhanced Integrated Framework and Aid for Trade, although outside the WTO single undertaking, are an important complement to the Round. These initiatives are critical in helping developing countries find country-specific

solutions to improve their trading prospects by strengthening domestic productive capacities and overcoming supply side constraints.

We must also recognize that there are difficult trade-offs between energy security, climate change and food security that we have to address as part of our global response. These are highlighted by the current critical context of rising food prices which call for the international development community to take immediate action to respond to the global and country-level impacts of the emerging food security challenges. While there is still a need for a clearer picture of the trade dimensions of the current rise in food prices, the international development community should seize the opportunity presented by this situation to renew its calls for serious and significant agricultural trade reform, especially in developed countries in addition to assessing the most effective and least distortionary way of using trade measures to deal with price rises. It will also need to invest much more significantly in agricultural research and development and extension services than it has in recent years, ensuring broad-based and equitable outcomes for the rural poor.

A second and related opportunity for putting the MDGs on track lies with global action on the commodities problematique – that is, the difficulties associated with commodity dependence in low income and least developed countries. Although the current boom in commodity prices is driven to a large extent by a new dynamism in South-South trade, countries that are dependent on non-fuel commodity exports are also generally among those most at risk in failing to meet the MDG of halving extreme poverty. Indeed, it is impossible to eliminate poverty, achieve sustainable development and achieve the MDGs without improving the conditions and prospects of non-fuel commodity producers.

As many as 38 developing countries are estimated to be dependent on a single commodity for more than 50 per cent of their export income, while 48 countries, many of which are LDCs, depend on only two. In the context of today's food price spikes on almost all major food and feed commodities, Africa is faced with increased incidence and depth of food insecurity and therefore needs special attention. There is need to improve the participation of developing country commodity producers, especially small producers, in global supply and value chains and to design viable strategies that can reduce the impact of asymmetries in power relations and access to information and marketing networks. Additional financing will also be critical to boost agricultural productivity by scaling-up country-level agricultural development programs. Since we know that the challenges of commodity producers will be exacerbated by the risks and vulnerabilities associated with climate change - we must also ensure that appropriate risk management and adaptation strategies are embedded in development policies and practices. Institutional, economic and legal frameworks that help to establish an enabling environment to increase production while protecting our natural resources – will not only enhance resilience to climate-related shocks but may also be our best chance to sustain socio-economic development gains.

In this context, UNDP is a partner along with UNCTAD, the Common Fund for Commodities and the Africa, Caribbean and Pacific (ACP) Group in the Global Initiative on Commodities which is aimed at achieving greater coherence in addressing commodity-related development problems.

A third opportunity to scale up our collective joint efforts to reach the MDGs is provided by the review later this year of the Monterrey Consensus on Financing for Development. The review is expected to critically re-examine the implementation of the Monterrey consensus and assess progress towards building a global compact for achieving the MDGs, especially on

domestic resource mobilization, ODA, debt relief, capital flows and systemic financial reform. The latter issue is now of heightened and more urgent significance in the light of the financial imbalances at the root of current global economic uncertainties.

UNDP acknowledges that some progress has been made on increasing the resources available for development. Yet many central challenges remain; and the time has come to stop promising and start delivering within a framework of mutual accountability. Commitments to increase aid and improve its quality and effectiveness must be met; and the benefits of debt relief should be extended to those countries not covered by the highly indebted poor countries (HIPC) programme and the multilateral debt relief initiative (MDRI). Investment and capital flows to developing countries have generally increased but these also remain extremely uneven. Moreover, more attention needs to be paid to the qualitative aspects of these flows to ensure that they effectively underpin sustainable development.

Discussions on financing development are no longer meaningful without some consideration of climate change. Significant new and additional resources will be required to adapt to climate change and mitigate the still avoidable impacts. The fact that LDCs are suffering the greatest impacts while doing least to contribute to the problem makes climate change an ethical and equity issue. We need to work-out an appropriate burden sharing formula consistent with the responsibilities and capabilities of different countries. Market mechanisms (such as the Clean Development Mechanism) and innovative financing (such as through levies and taxes) together with balanced governance, hold a tremendous potential to generate the additional investment and financial flows needed to address climate change. In this regard, the carbon market will have to be significantly expanded; be inclusive of countries that are currently under-represented; and promote carbon projects which substantially contribute to the MDGs. More also needs to be done to help developing countries minimize financial risks in order to attract private sector investment to address climate change.

A timely and successful conclusion of the Doha Round with a strong development-centred content; global action on the commodities problematique; and a new impetus to global solidarity and partnership through the Monterrey process are three interrelated opportunities for international action not only to ensure an inclusive and equitable globalization but also tangible progress towards the MDGs by 2015.

In addition to opportunities for international action, this conference is also focusing on the challenges of globalization for development. UNDP's response prioritizes our human development and capacity development mandates across several practice areas. As the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life, UNDP is on the ground in 166 countries, working with them on their own solutions to global and national development challenges. We are also active in facilitating South-South cooperation, which is one of the key drivers of development effectiveness now consciously integrated into UNDP programming. In particular, we view the role of emerging developing countries in South-South cooperation (e.g. through South-South Aid for Trade and other forms of technical cooperation) as a promising development in orienting South-South cooperation efforts towards the achievement of the MDGs.

Trade is a means to an end, not an end in itself, and we wish to ensure that trade policy facilitates important poverty reduction and human development objectives and outcomes through all our work. Specifically in regard to trade and development, UNDP prioritizes the strengthening of three types of trade and development capacities for developing countries: (a)

the capacity to integrate pro-poor policies in national development strategies and PRSPs; (b) the capacity to negotiate, interpret and implement trade agreements in a manner which prioritizes poverty reduction and human development concerns; and (c) the capacity to compete internationally by overcoming institutional, human and other supply side constraints.

As outlined in the recently-adopted UNDP Strategic Plan (2008-11), there must be stronger national action and international support to build both the domestic productive capacity and export supply capacities of developing countries. Strengthening both the domestic productive capacities and addressing the supply side constraints of developing countries will require a shift from trade-led development strategies to development-led trade strategies, in a manner which focuses on their contribution to sustained economic growth with poverty reduction and enhanced human development outcomes. To this end, UNDP is an active partner in the Enhanced Integrated Framework and Aid for Trade initiatives, in addition to its support for a number of global and regional trade and development programmes which prioritize UNDPs human development niche and seek to strengthen both the analytical and operational linkages between trade and human development.

UNDP remains committed to supporting trade and development initiatives because it believes that the MDGs cannot be achieved without strong and adequate developmentally oriented trade policies at both the national and international levels. A truly development oriented global trade regime is vital if the world is to achieve the MDGs. But trade concessions on their own, while necessary, will not be sufficient to meet these goals unless accompanied by stronger, more comprehensive capacity strengthening initiatives within developing countries as well, especially in the LDCs. This is why UNDP has prioritized trade capacity development challenges, especially at the national and regional levels.

The three opportunities for international action outlined in this statement will be critical if globalization is to work for development. Progress in this direction will represent a significant step forward in achieving a global trade regime that is more 'development friendly' and better oriented towards the realization of the MDGs.