

LDC WATCH STATEMENT TO THE AFRICAN REVIEW MEETING LILONGWE, MALAWI (IN VIRTUAL FORM)

FEBRUARY 22, 2021

Excellencies, distinguished guests and colleagues

On behalf of LDC Watch membership, I express my sincere gratitude to the Government of Malawi and the UN-OHRLLS for inviting our network to take part in this regional meeting. This invitation illustrates the trust built between the UN system and LDC Watch since its launch in 2001 in Brussels, with the presence of the late Kofi Anan.

Since then, it has articulated the views of LDCs' CSOs at all major UN meetings. That was the case in 2011 in Istanbul, where LDC Watch mobilized more than 300 civil society representatives and held a successful Forum, in the presence of Mister Ban Ki-Moon, then UN General Secretary.

On the implementation of the IPoA

One of the key objectives of the Istanbul Program of Action **was to enable half the number of LDCs to meet the criteria for graduation by 2020**. Obviously, this goal has not been achieved. In 2011, there were 49 LDCs, 34 in Africa. Today, there are 46 LDCs, 33 in Africa. Only 3 LDCs did graduate since 2011, with just one from Africa: **Equatorial Guinea (2017), in addition to Samoa (2014); and Vanuatu (2020)**.

This raises questions about the graduation process. The fixation on graduation surely misses the real issues that need to be addressed. LDCs still face tremendous challenges and vulnerabilities which persist despite the commitments made in successive Programs of Action, and because of the abject failure to meaningfully address the structural barriers that prevent real progress. In making graduation the primary goal, the criteria used to assess a country's performance will tend to be designed to make it happen irrespective of the reality. We have serious concerns about the criteria and the quality of the data being used. Taking GDP based on market processes is a false reflection of the reality of most LDCs. The indicators for measuring economic and social progress have to be reviewed to enable them to capture meaningful improvement in LDCs and non-LDCs alike, using Sustainable Development Goals indicators.

The Triennial Review of the Committee for Development Policy (CDP) takes place this week to consider proposals on the graduation of countries from the LDC category. The absence of 2020 data and hence, COVID-19 impact on the three key criteria that determine graduation may result in a totally flawed review, leading to premature graduation assessment of eligible LDCs. Even UNCTAD, in its 2020 LDC Report warned that *"the world economic crisis brought by*

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the COVID-19 pandemic may affect the previously planned graduation of LDCs”

The Review will also recommend LDCs eligible for graduation for the first time, including Comoros, Djibouti, Senegal and Zambia. In that case, the CDP should at least provide these countries with an additional 9-year preparatory period (to the usual 3-year period), as these LDCs would require longer preparatory periods under the ongoing pandemic circumstances.

The second key issue related to the failure of past Programs of Action is the nature of international cooperation. Most of the commitments made to LDCs have never been entirely fulfilled. For instance, commitments on financial flows, trade and technical assistance, made in 2001 in Brussels and reaffirmed in 2011 in Istanbul, remain unfulfilled.

LDCs are still characterized by low income, inadequate investment in education and health, as well as economic vulnerability. Most still depend on primary products and agricultural production, making them vulnerable to commodity price fluctuations and other external shocks. Other challenges include digital inequalities, vulnerability to climate change and the impact of intellectual property rights, which tend to **obstruct** LDCs’ paths to sustainable development. The structural transformation and diversification of LDCs’ economies is urgently needed. An open internet based on net neutrality is a common good; however the monopolistic character of the platform companies which strengthen their market position by providing broadband to LDCs leads to asymmetric access to information and data. There is an urgent need to ensure that data ownership in LDCs is protected against the gold rush of companies fostering market concentration dynamics.

Impact of the pandemic on health systems and its socio-economic consequences

While there has been a general consensus that Africa has been spared the huge losses from the Covid-19 pandemic predicted by the United Nations and other international bodies, there are not yet definitive conclusions. Even with the limited number of infections reported in several countries, African LDCs’ healthcare systems have been overwhelmed, due to the structural deficiencies, already mentioned. The ability of the health systems to respond is severely restricted because of the lack of adequate health centers and equipment.

Urgent action is needed to counter the threat from the virus and its consequences. We call on the United Nations and all development partners to facilitate African countries’ access to vaccine on a timely basis. This is of utmost urgency for LDCs. The lack of access to vaccines in LDCs is not only immoral, it also poses a threat to the rest of the world as the virus can continue to mutate, and is likely to do so. The fight of the pandemic in LDCs needs to be stepped up as a global responsibility.

We urge all governments to support a proposal currently on the table at the WTO to waive certain TRIPS obligations for the prevention, treatment, and containment of COVID-19. The proposal was presented by India and South Africa on October 2, 2020 and has gained the support of many countries and civil society organizations, including LDC Watch.

Moreover, we strongly support the LDC Group's request for an extension of the WTO TRIPS LDC general transition period, for as long as a country remains an LDC as well as for an additional 12 year-period after its graduation from the LDC status in order to ensure a smooth transition. The request is fully justified since short, limited extensions granted to date have proven to be unrealistic, requiring LDCs to repeatedly seek extensions from the TRIPS Council as they last did in 2013. Developing a viable technological base and overcoming capacity constraints requires a long term strategy.

We therefore, we urge WTO members to honor their obligation under Article 66.1 and unconditionally grant LDCs their requested extension.

African LDCs are facing dire socio-economic consequences due to the pandemic.

The 2020 LDC Report by UNCTAD warns that “*the pandemic will push LDCs to their worst economic performance in 30 years...*” and that “*the crisis will reverse years of painstaking progress by LDCs in social fields such as poverty reduction, nutrition and education*”, further “*limiting these countries' chances of achieving the UN's Sustainable Development Goals (SDGs)*”.

Indeed, African countries, especially LDCs, have been hard hit by the global recession brought about by the pandemic. It has pushed downward the prices of most commodities exported by Africa. Several sectors have been severely affected, resulting in huge financial losses. One illustration is the travel and tourism sector, which could lose up to 50 billion dollars. These losses are compounded by lower remittances from African migrants and from foreign direct investments (FDIs), which are expected to fall very sharply.

As result, the African Union has estimated that up to 49 million more Africans may fall into extreme poverty, especially in LDCs.

To limit the socio-economic consequences of the pandemic faced by African LDCs, decisive actions need to be taken for the mobilization of financial resources and in other areas. One of them is debt cancellation, called for by African countries with a broad international support, including Pope François. The moratorium granted by G20 countries is not the right answer. The unsustainable debt burden is crippling LDCs' efforts to finance their development. For instance, some African LDCs are expected to spend more on debt service than on healthcare, according to the UK-based Jubilee Debt Campaign.

Therefore, bilateral and multilateral development partners should not only cancel the debt but also provide predictable and accessible financial resources to African LDCs. In this regard, we urge development partners to fulfill pledge made to allocate 0.2 percent of their GNP to LDCs.

It is a paradox that while African countries are calling on partners for financing, they are losing billions in the form of illicit capital flows and tax evasions. The loss has been estimated at \$89 billion dollars by the 2020 UNCTAD report on Africa.

It is possible and urgent to reverse this trend, by bold actions from African countries and development partners. This would enable African countries to mobilize more domestic resources for their development

On trade issues, it is urgent to realize the timely implementation of duty-free quota-free market access on a lasting basis; address non-tariff measures and eliminate arbitrary or unjustified non-

tariff barriers; ensure that preferential rules of origin are simple, transparent and predictable

It is also important to reaffirm the provision of Special and Differential Treatment (SDT) for LDCs, the possibility to invoke Special Safeguard Mechanism, allowing to curb unforeseen surges in the import of heavily subsidized agriculture products from countries in the North.

The way forward

For the next decade, LDC Watch recommends the following:

Reassess the graduation process by reexamining the preparatory period, reviewing the criteria and the data used

Make a serious evaluation of the record of the international cooperation when it comes to LDCs: what are the major sources of failure? What are the solutions?

Provide more policy space for LDCs in international decision-making and strengthen their ownership and leadership on development policies

Provide more policy space to LDC Watch and other CSO in order to enhance their participation in debates on development issues, at national, regional and international levels.

In closing, LDC Watch hopes that this meeting will take bold and decisive decisions to tackle the multiple challenges faced by African LDCs. We also hope that LDC5 will be a turning point in the global commitment to attaining accelerated progress in African and other LDCs.

Thank you for your attention!