

Civil Society Consultation in advance of the first session of the LDC5 PrepCom

May 20th, 2021

Input from Roberto Bissio, Social Watch

Madame Chair,

I am speaking on behalf of Social Watch, a network of national civil society coalitions holding their governments accountable for the international commitments, including the 2030 Agenda and the Istanbul Programme of Action for the LDCs.

By creating the category of LDCs within the bigger category of “developing countries” the original intention was to highlight a set of urgent situations that therefore needed MORE support and, to use the jargon of the trade system, “special and differential treatment”.

The idea was NOT to set them apart, stigmatize, or imply that those countries should be treated WORSE, but this is in fact what happens, starting with the conceptualization of the background papers for this PrepComm, that need urgently to be revised.

The very title of “investing in people” to refer to the interrelated issues of poverty, health, education and access to water and other basic services is deeply misleading. “Investment” is defined as “the outlay of money usually for income or profit”.¹ If no profit is to be derived or if more profit is obtained elsewhere, the investment will not happen. But health, education, access to water and to social security are Human Rights. And, needless to say, the Right to Development is part of the HR architecture of particular relevance to LDCs. Depriving people of these rights is a human rights violation.

And I am not using the word “depriving” lightly. The Mbeki panel has abundantly demonstrated how more money flows out of LDCs through illegal financial transfers, most of it by multinational corporations, that what flows in via ODA.

If the “investment” logic was to be applied, say, to people with disabilities, there would be not a single program for them in any country. Why apply this logic massively to millions of people in LDC countries? On the other hand, productive investment is badly needed in LDCs. And it has not flowed in as the Istanbul declaration expected.

The Covid-19 pandemic is now affecting all of the world and thus attention is paid to it in the background document, even if LDCs are less affected by it -so far, at least- than other country groupings, and much more affected by preventable conditions such as pneumonia, diarrhea and malaria. Yet “Big Pharma” has not found it interesting to invest in them. The market that failed to find a solution for malaria will not free the LDCs from Covid. Demanding support is not enough: the Conference should highlight that many LDCs have capacity to produce vaccines, for them and for the world, if only the TRIPS provisions were waived.

We are in 2021, six years into the 2030 agenda that placed in the international agenda the issue of inequalities within and among countries. Yet inequalities among countries is only mention, and rightly so, in reference to vaccine access. With so much attention devoted to income poverty, it should be mentioned that while a person earning less than \$13.000 is considered poor in most rich

¹ <https://www.merriam-webster.com/dictionary/investment>

countries, a person earning \$5.000 a year is part of the top 5% in most LDCs.²

It is the whole of the billion people living in LDCs that should be kept in focus and not just the 343 million of the poorest among them, an artificial division that makes no sense in the ground.

Most LDCs have less domestic inequalities than other developing countries, but the depth of global inequalities should be highlighted. It is so extreme, and worsening, that it falls beyond the understanding of most of the public and yet it might explain many of the problems we want to deal with, including the problem of conflicts affecting more than half of the LDCs. While peace is essential, but all of the permanent members of the Security Council in charge of overseeing peace are major arms exporters. Investing in arms for the LDCs seems to pay more than investing in their people in the real world.

Finally, a word on governance that is indeed key. How can we explain that corruption is a problem for LDCs without even mentioning that corruption, as well as tax evasion and illicit financial flows, is actively facilitated by offshore financial centers. The jurisdictions with the most damaging impacts, according to Tax Justice Network are the United Kingdom and its territories of Cayman, Virgin Islands and Guernsey, the United States, Switzerland, Hong Kong, Singapore, Luxembourg, Japan, the Netherlands and United Arab Emirates.³ Further, public-private partnerships that lead to corruption are actively promoted by the World Bank. The International Finance Corporation was actively promoting among LDCs the PPP model carried out in Brazil by the Odebrecht construction corporation in a moment when its CEO, Marcelo Odebrecht, was in jail for corrupt practices without which that very model would not have succeeded.

To not mention those allies of corruption and only point the finger to the existence of corruption in LDC countries adds damage to injury, as the reader easily concludes that LDCs are responsible for their fate and not the victims of a failed global order and the legacy of slavery and colonialism.

2 <https://www.weforum.org/agenda/2019/09/truth-income-gaps-in-between-countries/>

3 <https://fsi.taxjustice.net/en/>