

Summary report of Breakout Session 2 at the UNCTAD Public Symposium 2009

Least Developed Countries (LDCs) in the crisis: specific challenges and solutions

CUTS Geneva Resource Centre, in collaboration with Oxfam International, organized a breakout session on the subject during the first day of the first UNCTAD Public Symposium on 18 May 2009 at Geneva. Atul Kaushik, Director, CUTS Geneva Resource Centre, moderated the session and provided a report to the plenary in the main Symposium.



A background and list of speakers in the session can be seen at http://www.cuts-grc.org/pdf/Event-UNCTAD-PublicSymposium-May18_2009.pdf.

Dr MYC Lumbanga, Ambassador of Tanzania and coordinator for the LDC Group was the keynote speaker. He identified the following among others as the main specific challenges faced by the LDCs on account of the crisis:

1. Commodity price fluctuations adversely affecting LDCs dependent upon commodity exports;
2. Global growth slowdown resulted in adverse revenue and development implications on LDCs;
3. Trade and non-trade barriers (particularly the latter) increased for LDCs as for others;

4. LDCs high dependence on ODA exacerbated the situation with decrease in ODA flows; and
5. LDCs have been unable to leverage DFQF due to supply side constraints.

He proposed a set of 10 solutions, important among them being:

1. Conclude Doha negotiations as soon as possible, with the LDC specific benefits intact;
2. Bail out LDCs through Aid for Trade and Enhanced Integrated Framework;
3. Need for a fresh look at global financial architecture with LDCs in view; and
4. LDCs themselves should mainstream trade and investment policies into their national budgets and growth policies.

Dr Charles Gore of UNCTAD stated that the crisis was rooted more deeply in the current global development trajectory and the current development paradigm. He recommended being wary of overly optimistic forecasts for revival and the need for unconditional aid flows to LDCs and more importantly a better balance between the State and the Market.

Dr Duncan Green of Oxfam provided some telling statistics and pictures emphasizing the severity of the crisis in the poor countries, particularly the LDCs, and how the financial crisis is integrally interwoven with the food crisis. His important suggestions included: more and faster aid to LDCs particularly in Sub-Saharan Africa; tackling tax havens; and recognizing that policy space for developing countries was more important than ever.

Mr Demba Moussa Dembele from LDC Watch was the discussant. While questioning the possible benefits from an early conclusion of the Doha round, he emphasized on developed countries keeping their promises including on the MDG goals and a stark need of political will to recognize the urgency of helping the LDCs. He also emphasized on unconditional debt cancellation and South-South cooperation.

A lively and constructive discussion generated many ideas and suggestions for solutions to the current quagmire. Three of them are presented below as examples:

1. The European Communities has approved an external recovery programme for low income and vulnerable economies with the desirable elements of quick disbursement mechanism, direct budgetary support and higher allocation of ODA.
2. Northern parliamentarians faced a dilemma about matching the demands from their voters with the demand for more aid for developing countries, raising the need for northern voters to realize whether, why and how development and growth in developing countries matters to them as much as their own economies and job growths.
3. South-South cooperation needs to be enhanced, and where it is happening, let parties deal with each other within their own policy space rather than pinpointing possible exploitative motivations behind those from the South assisting in the development of even poorer among them.

In conclusion, it was felt from the presentations and the discussions that the global decision makers can ignore the specific challenges facing the LDCs and the offered solutions at their own peril, more so because the LDCs are part of a solution to a problem in creation of which they had zero contribution.