

7.12.09

2009 LDC Ministerial Plan of Action

Introduction

1. The global economic crisis that emanated from the financial institutions of the North in 2007/8, quickly developed into a global recession with far-reaching impact. While a great deal has been written and said about the effect of the crisis on more developed countries and the need for greater regulation of the financial sector, its implications on the productive sectors among the world's 49 Least Developed Countries (LDCs) are far less clear.
2. The group of Countries designated as Least Developed Countries by the United Nations constitute the most disadvantaged and vulnerable countries in the world. Characteristics of LDCs include high levels of poverty, structural and resource weaknesses, and acute susceptibility to external economic factors, climate change and disasters. Of the total of 49 countries currently categorized as LDCs, 33 are located in Africa, 15 in Asia and the Pacific and one in the Americas.
3. Since the late 1960s, the United Nations system has paid increasing attention to the specific needs of LDCs. The first United Nations Conference on LDCs was held in Paris in 1981, resulting in a comprehensive Substantial New Programme of Action (SNPA) for the 1980s for the LDCs. The SNPA was subsequently endorsed by the United Nations General Assembly in its resolution 36/194 of 17 December 1981. This was followed by the Second United Nations Conference on the Least Developed Countries (LDCII) in Paris in 1990 leading to the Paris Declaration and the Programme of Action for the LDCs. Subsequently, the Third United Nations Conference on the Least Developed Countries (LDCIII) was held in Brussels, hosted by the European Union, from 14 to 20 May 2001, resulting in the Brussels Programme of Action.
4. As the decade for the Brussels Programme of Action draws to a close, we have witnessed an unprecedented period of economic growth among LDCs based primarily on a boom in the terms of trade for primary commodities over the period 2000-2007. However, this trend was uneven and came to an abrupt end in 2008, when the world experienced an exceptional increase in primary commodity prices for both food and energy. The situation rapidly resulted in high inflation rates and growing concern over food shortages globally, followed by a sudden collapse in commodity prices. Furthermore the ongoing global and financial crisis threatens to reverse the gains made in recent years.
5. Among the LDCs, the focus was on imported food and energy prices, and the vulnerability of the general population to price-induced food shortages. The susceptibility of imported food supplies to external factors set alarm bells ringing among the populations of many poorer nations exhibiting inadequate levels of affordable and local food production.
6. The experience of the last decade and the current global recession points to the need for greater economic resilience among LDCs. Partners are agreed that the answer to building

such resilience is in greater economic diversification, and moving away from dependence on (a) food imports and non-renewable resources and (b) the export of a narrow range of primary commodities.

7. In the context of the above and lessons learned, LDCs should focus on industrialisation and modernization, particularly in the following key sectors and drivers of diversification:
 - a. Agro-industries;
 - b. Innovation, technology transfer and productivity;
 - c. Private sector development and investment;
 - d. Industrial Infrastructure;
 - e. Policy space, governance and institution-building.

I. Objectives

8. This Plan of Action has the overall aim of enhancing productive capacities for economic development among LDCs.
9. More concretely, the objective is to achieve economic diversification among LDCs in order to enhance food security and productive capacities and to reduce vulnerability to external shocks.
10. With the lessons from the crisis in mind, United Nations agencies and development partners will increasingly concentrate their efforts on supporting economic diversification among LDCs as the overall theme of their future agenda and work with LDCs.
11. Within the above framework, this Plan of Action helps define a road map among various partners in the build up to LDC-IV in 2011, and to identify concrete solutions to the problem of diversification over the next decade.

II. Approach

12. In their efforts to achieve the above-mentioned objectives, United Nations agencies and development partners must adopt pragmatic, flexible, and locally and regionally pertinent approaches to issues such as development policy, trade regimes, the role of the state and the policy space for LDC decision-makers.
13. Special attention will be paid to identifying public-private partnership opportunities and best practices in all sectors, as well as institutional capacities and related issues.
14. Intellectual property rights as they relate to industry should be used to support the development of LDCs.
15. Without losing focus on productive capacities and economic diversification, the policy review will include pertinent analyses of trade issues in all sectors under study as deemed necessary.

16. Where necessary, and without prejudice, United Nations agencies and development partners will prepare policy advice and recommendations on which local, regional and global practices, institutions or agreements are in need of reform and how.
17. In all their efforts under this Plan of Action, United Nations agencies will pay special attention to ensuring synergies, coordination and complementarities with regards to their assistance programmes for LDCs.
18. The policy proposals will include a review of the potential role of transnational corporations in various sectors with particular attention to specific approaches and solutions to the transfer of know-how and technology.
19. While LDCs are the least polluting countries globally, the policies and programmes will pay particular attention, where appropriate, to green industries and green and renewable technologies as promising sectors for economic renewal and modernization.
20. United Nations agencies and development partners will mobilize and provide appropriate technical and adequate financial assistance for LDCs to cope with the adverse environmental impacts of climate change.
21. In addition, there will be special consideration of the growing role of South-South Cooperation and its rising potential in all sectors identified. In addition special support will be given to regional integration processes.
22. United Nations agencies and partners will partner with key academic and research and development institutions with proven track records in the focus areas outlined above as well as with relevant regional economic commissions and interested donors.
23. The proposals will also address resource constraint issues and various scenarios for private and public fundraising in identified sectors with focus on local, regional and global possibilities for LDCs.

III. Policy and strategies

24. United Nations agencies and development partners will scale up their policy and research inputs in support of LDCs in the period leading up to LDC-IV expected to be held in Turkey in mid-2011. This will be concentrated on the five priority areas as key drivers of diversification for LDCs:
 - a. Agro-industries;
 - b. Innovation, technology transfer and productivity;
 - c. Private sector development and investment;
 - d. Industrial infrastructure;
 - e. Policy space, governance and institution-building.
25. In these five priority areas, particular attention will be paid to human resource development with specialized skills for absorption of appropriate technologies and know-how.

26. The time available is sufficient for in-depth analysis in the five thematic areas, starting from regional studies in 2010, and leading to a global publication by mid-2011 for distribution at LDC-IV.

27. Agro-industries

28. Agriculture is the pivotal sector in the LDCs, as it underpins food security, foreign exchange earnings, industrial and rural development, and employment generation. Existing and new research will be compiled into succinct and pertinent policy and strategy proposals for various regions and LDC groupings.

29. Innovation, technology transfer and productivity

30. Technology management and acquisition together with low productivity remain among the biggest obstacles to economic development and diversification among LDCs. While some developing countries have made major strides in recent decades, LDCs on the whole remain locked in low technology and low productivity. The United Nations agencies and partners will bring together a wide array of research and studies to develop clear and appropriate response strategies for various LDCs.

31. Private sector development and investment

32. In a climate of financial crisis and severe competition, access to investment resources for further growth of a more diversified range of small, medium and large enterprises is severely hampered. Nevertheless, there are clear success stories among many developing countries in recent decades. The policy and strategy proposals of development partners must be further coordinated and strengthened in order to identify clear-cut solutions, factors of resilience and innovative approaches that can help discover local, regional and wider resources and solutions (inter alia, through the use of systems such as BOT), and reduce over-dependence on FDI for stimulating local business development and investments. Attention will be paid to promoting public-private partnerships. In addition, the important role of the informal sector must be recognized, and mechanisms established to develop them further and to graduate to formal SMEs. LDCs and partners will join efforts to highlight strategic responses and promising sectors.

33. Industrial infrastructure

34. Despite important advances in several countries, the development of industrial infrastructure remains a strong challenge for most LDCs. Tied in closely with the challenges of technology dependence, investment generation and high costs of unsustainable energy resources, LDCs and partners will work together to highlight success stories, and innovative and practical solutions in the areas of infrastructure development such as water and transport and energy generation.

35. Policy space, governance and institution building

36. The experience of the LDCs and various development cooperation partners over the past few decades clearly points to the need for a new development paradigm. In the lead up to LDC-IV, LDCs and partners will work together to carve out the contours of a new approach

that is pragmatic and flexible, with emphasis on locally and regionally pertinent approaches to issues such as development policy, trade regimes, governance, and policy space for LDC decision-makers.

IV. Programmes

37. In line with the above objectives and approach, LDCs and development partners will launch a concerted effort to scale up their technical cooperation efforts geared toward the enhancement of productive sectors.
38. These will build on existing interagency and multi-sectoral mechanisms and approaches of various parties, for example through the Enhanced Integrated Framework mechanism and the Aid for Trade agenda.
39. Direct synergies will be created between the research work outlined above and demonstration/pilot projects, best practices with demonstrated results providing an opportunity to combine theory and practice, and to revisit the issues by the MDGs' target year of 2015. This will provide a useful opportunity for a second round of stock-taking and lesson-learning within five years.
40. LDCs and development partners will aim to obtain greater allocation of national and partners' resources for productive capacity-building programmes, including a fundraising strategy
41. One of the key programmatic areas of concentration will be the integration of diversification and allocation of necessary resources in national and subregional policies and strategies of LDCs and their development partners alike.

V. Follow-up mechanism

42. The Secretariat will submit six-monthly progress reports to the Conference Bureau (the Conference Chair, Vice Chair and Rapporteur) in the period leading up to LDC-IV in Turkey.

LDCs' Ministerial Conference, 3-4 December 2009, Vienna, Austria

Ministerial Declaration

We the Ministers of Industry representing the governments of Least Developed Countries (LDCs), *Participating* in the UNIDO-UN-OHRLLS Conference on the “Impact of the Economic Crisis on LDCs’ Productive Capacities and Trade Prospects: Threats and Opportunities”,

Gathered here in Vienna in December 2009, in the penultimate year of the Brussels Programme of Action for LDCs for the decade 2001-2010,

Guided by the Charter of the United Nations and the principles set out in the Millennium Declaration and the Brussels Declaration and their recognition of the shared responsibility to uphold dignity and a decent standard of living for all humanity,

Reiterating productive capacity-building and the need for economic diversification and balanced trade as top priorities for LDCs’ wealth generation and economic development in line with Commitments 4, 5 and 7 of the Brussels Programme of Action related to productive capacity-building, trade and mobilizing financial resources,

Determined to reinvigorate national, regional and international partnerships and efforts in support of balanced and sustainable economic development within an open, stable and objective policy space,

Recognizing that despite relative successes in terms of economic growth among LDCs since the turn of the new Millennium, the LDCs remain largely marginalized and excessively dependent on the export of primary commodities and the import of food products, and the exploitation of non-renewable natural resources,

Mindful that the goals of the Brussels Programme of Action are unlikely to be met by the end of the decade due to long-standing structural impediments coupled with the alarming impact and implications of the current global economic and financial crises for the development prospects, food security and energy security of LDCs,

Concerned that the current global economic and financial crises threaten to reverse the gains made by LDCs in recent years,

Having adopted a Plan of Action for LDCs in anticipation of the forthcoming United Nations LDC-IV Conference to be convened in Turkey in 2011, as called for by the United Nations General Assembly in resolution 63/227 of 19 December 2008,

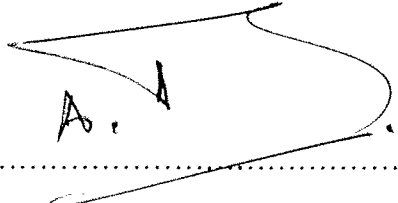
Recalling the Sixth LDC Trade Ministers’ Meeting held from 14 to 16 October 2009 in Dar es Salam, and the Ezulwini Declaration adopted in Swaziland in October 2009, regarding landlocked developing countries.

Declare that:

1. We remain firmly **committed** to the principles and aims of the Millennium Declaration and the Brussels Declaration and its Programme of Action for LDCs for the decade 2001-2010,
2. We **believe** that the prosperity of all nations and peoples are inter-connected and inter-dependent, and that the current global recession has reaffirmed the need for international solidarity for the mutual benefit of all humanity,
3. We **recognize** that the primary responsibility for development in LDCs rests with the LDCs themselves, but that international partnership and cooperation is important in this endeavour including with the private sector and civil society,
4. We are **convinced** that effective development must be based on sustained economic diversification and growth based on nationally owned industrialization and modernization of the economy, enhancing productive capacity-building strategies, raising quality and standards, transfer of technology, improved competitiveness, and the allocation of adequate national resources for building productive capacities,
5. We **pledge** our support to green industrialization of LDCs in providing necessary infrastructure for energy, transport, water and other activities, with assistance from development partners,
6. We are **particularly concerned** that total global aid commitments earmarked for productive sectors stood at only \$7.5 billion in 2007 against a total global aid flow of \$121 billion, representing a mere 6 per cent of the total,
7. We **believe** that an appropriate balance needs to be struck between the role of the state and the private sector in each country context, and that the relative positions of these should be determined locally rather than through external prescriptions and conditionalities,
8. We **commit** ourselves to seizing the opportunity provided by the upcoming LDC-IV in Turkey in 2011 to proactively work towards redirecting national and international development cooperation efforts and resources towards economic diversification and the development of productive capacities in LDCs, through technology transfer, human resource development, infrastructure development, private sector development, intensifying intra-regional trade and South-South cooperation, research and development, and strengthening leading sectors.
9. We **call on** all United Nations agencies and development partners concerned with support to LDCs' industrialization and modernization by enhancing productive capacities to redouble their programmatic efforts in this area and document relevant policy lessons, including stock-taking exercises in some LDCs and sharing of best practices, in the period leading up to LDC-IV starting from the national and regional to the global levels, and **urge** our development partners to allocate more of their aid contributions toward productive activities in LDCs, and
10. We further **call for** an early and ambitious conclusion of the WTO Doha Round of Negotiations, which will ensure beneficial integration of LDC in the multi-lateral trading system.

Adopted on 4 December 2009, Vienna

Signed:


H.E. Mr. Ahmadou Abdoulaye DIALLO
Minister of Industry, Investments and Commerce, Mali
Vice-Chair of the 2009 LDCs' Ministerial Conference