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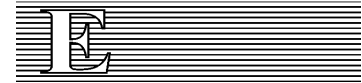


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Fifth meeting of the Committee of Experts

**Meeting of the Committee of Experts of the 3rd Joint
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of Economy and Finance and the ECA Conference of
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**Outcome of the Africa Regional Preparatory Meeting for
the Fourth United Nations Conference on the Least
Developed Countries**

Summary

This Outcome Document is the result of the African Least Developed Countries (LDCs) Regional preparatory meeting held on 8-9th March, Addis Ababa. It is part of the preparatory process for the Fourth United Nations Conference on the Least Developed Countries (Resolution 63/227) that will be held in Turkey in 2011. The meeting was attended by 25 African LDCs with representation from African parliaments, UN agencies, civil society and other stakeholders. The objective of the meeting was to undertake a comprehensive review of the implementation of the Brussels Programme of Action (BPoA) for the Least Developed Countries for the decade 2001-2010 and to propose measures at national, regional and international levels to advance LDC development in the next decade.

The meeting deliberated on the progress towards the Brussels Programme of Action and noted following:

1. Economic growth was above the targeted 7 per cent for several African LDCs for the period 2004-2008 prior to the negative effects of the global financial and economic crisis. The economic growth was driven by high primary commodity prices and better macroeconomic management, but has not contributed to commensurate gains in poverty reduction.
2. The share of LDCs of total aid to developing countries increased from 23 per cent in 2000 to 30 per cent in 2008. However, Official Development Assistance (ODA) flows to LDCs remain at 0.09 percent of Gross National Income (GNI), well below the 0.15-0.20 per cent ratio of GNI target set by the Third United Nations Conference on LDCs.

Noting the progress made in the BPoA, the African LDC preparatory meeting proposed a new programme of action with the following features:

1. African LDCs should develop a critical mass of productive capacities in agriculture, manufacturing and services to create structural diversification and reduce vulnerability.
2. African LDCs need to redouble efforts to mobilize increased domestic resources. Complimentary to that development partners need to fully meet their commitments and also implement the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. They should reduce conditionality, align aid to African LDC national development strategies and improve coordination.
3. The international community must also make efforts to address the debt problem of LDCs through fast-tracking their movement from pre-completion points to completion points of the Highly Indebted Poor Countries Initiative (HIPC). There is also a need to consider debt moratorium for African LDCs.

4. Enhanced level of support is needed to support LDCs in their efforts to increase their share of world trade through provision of adequate and predictable market access for the products of special export interest to them.
5. Considering that agriculture is a pivotal sector in African LDCs there is a need to reprioritize agricultural development in line with the Comprehensive Africa Agricultural Development Programme (CAADP) of the New Partnership for Africa Development (NEPAD)
6. Developed countries should support the least developed countries to adapt to climate change through providing adequate, predictable, sustainable financial resources aimed at reducing vulnerability to enable them to strengthen their resilience to climate change as called for in the Copenhagen Accord.

The Outcome Document was deliberated on and endorsed at the African LDC preparatory meeting and is being presented to the 2010 Joint Annual Meetings of the AUC Conference of Ministers of Economy and Finance and the ECA Conference of Ministers of Finance, Planning and Development for its deliberation and endorsement.

I. Background

1. The United Nations General Assembly decided to convene the Fourth United Nations Conference on the least developed countries in Istanbul, Turkey in the second half of 2011, at the highest political level. The conference is expected to undertake a comprehensive appraisal of the implementation of the Brussels Programme of Action (BPoA), identify progress, challenges and lessons learnt, and in the light of the review adopt a renewed and strengthened global partnership for the LDC development in the next decade.
2. In the same resolution the General Assembly also decided to convene two intergovernmental preparatory committee meetings. The first intergovernmental preparatory committee meeting will be convened in January 2011 while the second Prepcom meeting is schedule for April 2011. These preparatory committee meetings are to be preceded by two regional level preparatory meetings, one for the Asia-Pacific region and the other for the Africa region and Haiti.
3. It is against this backdrop that ECA organized in close coordination and cooperation with the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island States with the support of the Regional Bureau of the UNDP a Regional Review of African Least Developed Countries (LDCs) progress towards the BPoA on 8-9th March 2010 in Addis Ababa.
4. Ministers, parliamentarians and senior officials from 25 African LDCs, members of the Global Coordinating Bureau of the group of the LDCs, the UN system, relevant regional organizations, development partners, and the broad spectrum of civil society attended the African regional preparatory meeting. The list of countries and organizations is attached in the annex.
5. The objective of the meeting was to undertake a comprehensive review of the implementation of the Programme of Action for the least developed countries for the decade 2001-2010, assess the effectiveness of the existing mechanisms for follow-up, monitoring and review and to propose measures at national, regional and international levels to advance LDC development in the next decade. The meeting benefited from broad based national consultations involving a wide spectrum of stakeholders including governments, parliamentarians, civil society and private sector, bilateral and multilateral development partners, UN agencies.
6. The meeting was officially opened by Mr. Mekonnen Manyazewal, State Minister, Ministry of Finance and Economic Development of the Federal Democratic Republic of Ethiopia, Mr. Abdoulie Janneh, Executive Secretary of ECA and Mr. Cheick Sidi Diarra, Under-Secretary General and High Representative for the least developed countries, landlocked developing countries and small Island developing States (OHRLLS), respectively made opening statements. UNDP resident representatives also delivered a statement of behalf of the Administrator of the United Nations Development Programme. An interactive High Level round table was held where Ministers, parliamentarians, the Under Secretary General, the Executive Secretary of ECA, the deputy Director General of WTO as well as senior government officials from LDCs made further substantive contributions to the debate.

7. The meeting recalled the Ministerial Declaration of the LDCs, adopted by ministers of foreign affairs on 29 September 2009 and recommendations. The meeting also recalled the relevant resolutions by the General Assembly including 63/227, A/C.2/63/8

8. The exchange of views and extensive deliberations at the two-day African preparatory Regional meeting produced this Addis Ababa Outcome Document. This Outcome Document will be submitted to the Third Joint Annual meeting of the African Union Conference of Ministers of Economy and Finance and ECA Conference of Ministers of Finance, Planning and Economic Development in Lilongwe, Malawi 29th-30th March for its consideration. The Outcome Document will serve as an important substantive input into the Fourth United Nations Conference on LDCs in Istanbul, Turkey. The International coordinator of LDC Watch also made a statement.

II. Review of the Implementation of the Brussels Programme of Action in Africa: Progress and Challenges

9. The meeting observed that African LDCs have made considerable efforts in implementing the commitments contained in the Programme of Action for LDCs for the decade 2001-2010. Wide ranging economic reforms have been undertaken, including macroeconomic, public sector reform, privatization and trade and financial liberalization. Indeed economic growth was above the targeted 7 per cent for several African LDCs for the period 2004-2008 prior to the negative effects of the global financial and economic crisis. The economic growth was driven by high primary commodity prices and better macroeconomic management

10. African least developed countries have also made notable progress towards improving their institutions of governance. A large number of African LDCs have sought to institutionalize governance by acceding to continental and global initiatives such as the NEPAD's African Peer Review Mechanism (APRM), the Extractive Industry Transparency initiative and the Kimberly process for diamond producing countries aimed at eliminating blood diamonds. Democratic governance is slowly taking hold and multiparty elections are becoming the norm rather than the exception in an increasing number of African LDCs. However, adherence to constitutionalism and the rule of law remains a major challenge as does corruption and public service delivery.

11. Despite the progress toward good governance, violent conflicts still persist in African LDCs. In recent years, several African LDCs have descended into conflicts. This amply illustrates the fragility of peace and development in LDCs. Post-conflict countries face unique challenges in achieving reconstruction, reconciliation, rehabilitation and development. This calls for greater national and international efforts to strengthen institutions of governance and to lay the foundation for durable peace and sustainable development.

12. Improved economic performance in African LDCs has not contributed to commensurate gains in poverty reduction. This is due to the type of growth occurring in African LDCs, driven by capital intensive extractive sectors, and thus with limited impact on employment creation. Furthermore, agriculture where the majority of the population is employed has been growing slowly. In addition, high levels of income inequality limit the impact of growth on poverty reduction.

13. The positive economic growth in African LDCs in the period under review has enabled them to exhibit some slow progress towards human development. African LDCs have made considerable progress towards gender equality and universal primary education. Progress towards the health related MDGs, progress has been limited. Reducing under-five mortality has shown very little progress with half of all deaths among children under five in the world occur in Sub-Saharan Africa (most of which are LDCs). Maternal mortality rates have not improved in African LDCs. HIV/AIDS and malaria show better yet slow progress. Progress in prevention of malaria has increased thanks to provision of Insecticide Treated Nets (ITNs), yet treatment is not commensurate to prevention progress. Furthermore with four million people on antiretroviral treatment for HIV patients in lower and middle income at the end of 2008- a ten-fold increase in five years-advances in treatment access is estimated to have saved 1.1 million lives in Sub-Saharan Africa since 2004. It is therefore important to ensure that treatment is available to everyone in need as we begin to boldly address HIV prevention. Therefore, on current trends African LDCs are unlikely to meet the health MDGs by 2015.

14. Many African LDCs have also taken measures to improve universal access to essential services such as health, education, water and sanitation, energy, transportation and others. Public expenditures on health and education have increased considerably in the last decade, aided partly by increased donor funding. Equity considerations in access to services remain a concern. Public provisions of services that depend on household income have demonstrated slower progress (for example water and sanitation), whilst publicly funded services have shown faster rates of progress (for example education). Some countries have made considerable efforts to improve their regulatory environment and encourage private sector engagement and market-based policies to improve universal access to basic essential services. Despite all of these efforts, the provision of many basic services remains inadequate and inequitable.

15. Hunger remains pervasive in many African LDCs. The problem of food security has become even more acute in the context of the global financial and economic crisis which has come on the heels of the food and energy crises. This is likely to increase the number of undernourished people in African LDCs.

16. On a larger scale, the problem of food security reflects lack of sufficient focus on the agricultural sector in national public policies, where agricultural productivity is among the lowest in the developing world and most of the population living in the rural areas. The sector is massively under-capitalized with irrigation technology hardly in existence. This makes agriculture vulnerable to increasing threats of climate change. Fast population growth is a further challenge for LDCs to provide food for a large number of people.

17. With regard to trade, African least developed countries have been pursuing export-led growth policies for the last two decades. These policies have focused on exploitation of natural resources and raw materials rather than value addition and diversification. This has resulted in an unbalanced pattern of development, with weak linkages between the export-oriented sectors and other sectors of the economy. In fact, many African LDCs have become increasingly primary commodity dependent making them vulnerable to terms of trade shocks.

18. Despite benefiting from preferential trading schemes such as the Everything but Arms, the Africa Growth Opportunity Act and the Generalized System of Preferences, and preferential market access provided by India China, Brazil and other emerging economies the share of African LDCs in world exports remains miniscule at 1.08 per cent. This is partly due to the restrictive rules of origin, non tariff barriers, technical barriers, environmental and health standards, coupled with LDCs' weak productive and supply capacity.

19. The meeting recognized the importance of finance in productive capacity development. African LDCs have made efforts to increase domestic resource mobilization through strengthening macroeconomic policy, reforming revenue collection institutions, improving the tax base and addressing corruption. As a result, African LDCs experienced an increase in government revenue, rising from 17.3 per cent of GDP in 2000 to 24.8 per cent in 2008. Similarly, savings ratios increased from 12.5 per cent in 2000 to 17 per cent in 2006. This notwithstanding, gross domestic saving remains inadequate at 18 per cent relative to investment requirements, targeted at 25 per cent.

20. External financial resources, including official development assistance, foreign direct investment and debt relief have been important in augmenting domestic savings. Official Development Assistance (ODA) flows to African LDCs increased to 36.9 billion in 2008 from USD 12.4 billion in 2000. The share of LDCs in total aid to developing countries increased from 23 per cent in 2000 to 30 per cent in 2008. However, ODA flows to LDCs remain at 0.09 percent of GNI, well below the 0.15-0.20 Official Development Assistance as a ratio of Gross National Income target set by the Third United Nations Conference on LDCs. Moreover, the substantial increase in ODA flows has been accounted for by emergency humanitarian assistance and debt relief. Aid is also increasingly funding social infrastructure at the expense of productive sectors.

21. Debt sustainability and indebtedness remain serious challenges in African LDCs despite debt relief under the Heavily Indebted Poor Countries (HIPC) and the Multilateral Debt Relief (MDR) initiative adopted by the G-8 Summit at Gleneagles in 2005.

22. African LDCs' dependence on commodities for their development have seen a substantial drop in their export earnings on account of the crisis. Indeed, African LDCs' external debt relative to GDP and debt service to exports has risen in the fourth quarter of 2008 resulting in high levels of debt distress.

23. FDI flows to African LDCs increased, yet they have been concentrated in extractive industries in resources rich countries. Thus they have had a limited impact in terms of contributing to productive capacity development and employment creation. In recent years, several African LDCs have attracted FDI inflows from China, India and countries from the Gulf for infrastructure development and to a limited extent in manufacturing and agriculture.

24. African LDCs suffer from a considerable infrastructure deficit even compared to other LDCs. This constitutes a major constraint to their growth and development. Energy, roads, railways, ports and airports are in inadequate supply and in woeful conditions. The poor state of infrastructure, especially transport is one of the factors contributing to low level of intra-regional trade in Africa.

This is of particular importance for the Landlocked least developed countries, as lack of access to seaports and inadequate infrastructural facilities impose additional constraints on the overall development efforts.

25. South-south trade and investment flows as well as trade finance have also become important sources of financing development in LDCs, including the development of much-needed infrastructure in several LDCs. Whilst South-South trade and investment is growing for African LDCs, there is a need to further harness and leverage this contribution to African LDCs' development.

Limited Progress towards graduation

26. Overall performance in terms of graduation out of the LDC category has been disappointing in African LDCs. Only one African LDC (Cape Verde) has graduated from the group since the adoption of the Programme of Action in 2001. Another country, Equatorial Guinea has been recommended for graduation. For this and other LDCs in the Asia-Pacific region nearing graduation threshold are concerned about the post-graduation uncertainty and abrupt disruption of international support measures, including ODA, market access, special and differential treatment, trade-related capacity building and others. Enhanced measures should be put in place to ensure effective and smooth transition of graduating countries. In this regard the meeting noted the request of the Government of Equatorial Guinea made to the Committee on Development Policy to postpone its graduation from the LDCs group to 2020.

New Challenges threaten to derail progress towards the BPoA and MDGs

27. The participants noted that progress, albeit slow, has been registered in some areas of the Brussels Programme of Action. These gains are eroded by emerging new challenges including the multiple crises of food, fuel, climate change and ongoing global financial and economic crisis. These have poignantly exposed the acute vulnerabilities of the least developed countries to external shocks, and threaten to reverse progress made.

28. The high rise in food prices had an impact on food security, an important feature of Africa LDCs, since most of them are net food importing countries. The high food prices and worsening balance of payment made it difficult for LDCs to finance their food import bill, resulting in an increase in food insecure people in African LDCs. This is compounded by the global financial and economic crisis. The lack of fiscal space and institutional mechanisms to mitigate the impact of the crisis could lock African LDCs into long-term poverty.

29. Climate change represents an additional challenge further exacerbating African LDCs' vulnerability with many of them suffering droughts and floods, erratic weather patterns and natural disasters. Within this group the small island Least Developed Countries (SIDS), due to their low lying nature are more susceptible to climate change. This requires short-term measures at national and international level to mitigate the adverse effects of these crises. Furthermore, long-term measures will be required to strengthen LDCs' resilience and reduce their vulnerability and promote sustained growth and development in African LDCs.

30. The meeting expressed its concern about the high level of poverty, unemployment and environmental degradation in African LDCs. This poses systemic implications for the global economy and international security. In this regard it is a moral and ethical imperative for the international community to assist African LDCs in their efforts to exit poverty and embark on a sustainable path of development.

Mobilizing enhanced national, regional and international support for LDC Development

Strengthening African LDCs' Resilience through Productive Capacities Development

31. Despite improved growth performance in the current development decade, the quality and sustainability of growth remains a serious challenge for African LDCs. There is a need for pro-poor growth that enhances its positive impact on employment and poverty reduction. An important element is the development of a critical mass of productive capacities in agriculture, manufacturing and services reducing their vulnerabilities and bringing about structural transformation. This requires improving human capital, strengthening capital accumulation in areas of their inherent and acquired comparative advantages, transfer and diffusion of technology and specialization into new and dynamic sectors.

32. An important feature of any strategy geared at productive capacity development is diversification and technological upgrading. Progress on this front requires development of infrastructure to overcome the supply-side bottlenecks limiting LDCs' capacity to integrate beneficially into the world economy.

33. In promoting technical change in African LDCs, the objective should be on supporting LDCs in leapfrogging technologies rather than acquiring the capacity to innovate products and processes. In addition, investment in science and technology and research and development will be needed to develop critical mass of capacities to achieve catch-up with more technologically advanced countries. At the same time African LDCs should engage in productive capacity building, which involves technological leap frogging rather than trying to replicate obsolete products and processes.

34. Science and technology are vital for the achievement of development goals and that the "technological gap" between the African LDCs and other countries impedes their capacity to fully participate in the global economy and constitutes a major challenge in their efforts to enhance productive capacity, increase competitiveness, attract private capital flow, generate income and employment, reduce poverty and achieve sustained economic growth and sustainable development;

35. The meeting urged the international community to promote and facilitate access to, the development, acquisition, transfer and diffusion of technologies, particularly environmentally sound technologies and corresponding know-how to the least Developed Countries; and called for increased technical and financial assistance to the African LDCs for strengthening their national innovation capacity, inter alia, through R&D.

36. Enterprises play an important role in adapting innovation and technological learning. However, private sector development in African LDCs remains rudimentary, with many firms operating in the informal sector. The main focus of public policy in African LDCs should be to encourage the graduation of firms out of the informal sector into the formal sector increase their scale and scope and help them in modernizing their business practices.

37. The potential of South-South cooperation in facilitating technology catch-up should be exploited. Targeting the development of sectors of strategic importance to the least developed countries must be central to policies geared at productive capacities.

Infrastructure Development

38. Substantial investment in infrastructure will be needed, in addition to investment in maintenance of existing infrastructure. This must be accompanied by further institutional reforms of the infrastructure sectors, including through improved governance and regulation.

39. There is a need for affordable, reliable, economically viable, socially acceptable and environmentally sound supplies of energy for promoting growth and sustainable development. The meeting thus calls upon the international community to assist the Least Developed Countries in building a strong energy sector by providing financial and technical assistance, and facilitating public and private sector investment in the sustainable use of traditional energy resources, advances, cost-effective and cleaner fossil fuel technologies and renewable energy resources, such as solar photovoltaic and thermal energy, wind power, geothermal energy, hydropower and biogas.

40. African LDCs and their development partners need to increase investment in the energy sector to build transformational generation and transmission facilities. Given the impact of climate change on LDCs, particular attention must be given to the development of clean energy such as hydro-power and solar energy. Development partners should also provide financial and technical support to the development of regional infrastructure such as road corridors, power pools etc. In line with the Almaty Programme of Action for landlocked developing countries, the meeting called for the strengthening of regional and sub-regional coordination through trade-transit corridors. This is critical for deepening regional cooperation and improving African land-locked LDC's access to seaports.

Financing for Development

Mobilizing increased domestic resources to finance self-sustaining development

41. The mobilization of financial resources is key if LDCs are to achieve sustainable development and poverty reduction. African LDCs still face huge financing gaps that must be filled in they are to have a realistic chance of meeting the Millennium Development Goals.

42. Efforts need to be made to ensure that in the next development decade, this crucial commitment is delivered upon. In many ways, achieving success on this issue will constitute a litmus test of development partnership in the next development decade of LDC development.

43. As recognized in the Monterrey Consensus and reaffirmed in the outcome of the Doha Financing for Development Conference, domestic resource mobilization is the foundation for self sustaining development. An enabling environment is crucial to mobilization of adequate financial resources for development. African LDCs need to redouble efforts to mobilize increased domestic resources through further deepening financial sector development, increasing the poor access to financial services through promoting micro-finance institutions.

44. Given the shallow nature of financial sector development in LDCs, commercial banks will continue to play an increasingly important role in savings mobilization. To mobilize resources for productive capacities development, LDCs need to revisit the role of special funds geared at promoting specific strategic sectors of importance to them. The role of the sector specific financial institutions like agricultural development banks, industrial development and EX-IM banks and others should be encouraged.

45. The small size of domestic savings in LDCs renders African LDCs' reliance on external finance for their development. Enhanced international support will be needed in the next development decade through ODA, FDI, debt relief as well as targeted financial and technical assistance.

Enhancing the developmental impact of ODA

46. Considerably scaled up, predictable, concessional and targeted ODA to LDCs is indispensable for LDC development in the next decade. LDCs' development partners should address urgently the quality and quantity of aid. Efforts should be made to increase aid to LDCs in line with international commitment. Meeting the 0.15-0.20 ODA/GNI target will go a long way in increasing the resource envelope for LDCs' development. Beyond meeting proportional targets, the option of setting progressive quantitative targets based on needs assessment could be more effective.

47. In addition, there is a need to target ODA to productive sectors with greater impact on development, employment creation and poverty reduction. Particular focused must be given to the agriculture sector. Development should support African LDCs with the implementation of their national agriculture strategies within the framework of the Comprehensive African Agriculture Development Programme (CAADP).

48. Increased ODA flows will also be required to finance infrastructure development in African LDCs. To meet the huge financing gap for infrastructure financing, OECD DAC countries should at least double ODA to infrastructure by 2011. There is also a need to further harness the positive contribution of new donors for African LDCs development.

49. To enhance the developmental impact of aid in recipient countries, devevelopment partners should fully implement the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. They should reduce conditionality, align aid to African LDC national development

strategies and improve coordination with the view of reducing the administrative costs of aid. Further progress is required in untying technical assistance and food aid to LDCs.

50. Given the disproportionate impact of the global financial and economic crisis on African LDCs, the meeting called for a special stimulus and resilience building package for LDCs for the next ten years.

51. The meeting recognised the importance of increasing global liquidity to support African LDCs in their efforts to cope with the impact of the global financial and economic crisis. In this regard, to meet the urgent financial shortfall of LDCs, a special Special Drawing Rights (SDR) allocation of US\$100 billion should be made available to them at no interest cost.

Attracting increased FDI flows to African LDCs

52. The Africa Regional Preparatory meeting underscored the important role that foreign direct investment can play in promoting sustained growth and development through technology diffusion as well as its effect in enhancing efficiency and productivity.

53. Efforts should be made to channel FDI to support productive capacity development and diversification. Strengthening national, bilateral and multilateral efforts can go a long way in overcoming the constraints limiting African LDCs' attractiveness to foreign investment. Bilateral and multilateral partners can support LDCs in attracting FDI by providing insurance to offset the high perceived political risk of African LDCs. Furthermore, FDI incentives by home countries to match measures taken by African LDCs for attracting inflows and targeting them to priority sectors should be encouraged.

54. Given the increasing competition for FDI, African LDCs should continue to improve their attractiveness to foreign investment through a number of fiscal and non-tax incentives. Fiscal incentives should be used as part of a broader policy package. In attracting FDI, African LDCs need to introduce targeted and sector specific investment incentives to facilitate FDI into priority sectors.

Leveraging the impact of remittances on development

55. The meeting recognized the potential that migration and Diaspora hold for the promotion of economic, social and cultural development of all countries involved. In this regard, the meeting also welcomed the ongoing efforts for the establishment of the International Migrants Remittances Observatory of LDCs and called for the implementation of the Pilot Programme initiated to prove the operational viability of the International Observatory with the view of extending its scope to all LDC.

56. The meeting further called upon development partners to further support the activities of the International Observatory.

57. Although remittances are disproportionately channeled to consumption, in some LDCs they are increasingly being used for investment purposes, especially financing small and medium enterprises. However there is a need to leverage the developmental impact of remittances. This

could be done by channeling remittances through official channels, especially the financial system and allowing foreign currency accounts.

58. In view of the growing importance and potential of services exports from LDCs, the modalities for special treatment for LDCs in the WTO negotiations on trade in services should be fully implemented. In this regard, priority needs to be granted to methods and mode of supply under mode 4.

Ensuring Debt Sustainability

59. There is continued need for lasting and comprehensive debt relief for LDCs. Strengthened efforts are needed to ensure that recent gains under HIPC and MRDI are not eroded. The international community must also make efforts to address the debt problem of post conflict countries, most of which are LDCs through fast-tracking their movement from pre-completion points to completion points. Furthermore resources earmarked for debt relief should be additional to development finance.

60. Ensuring full participation of all multilateral creditors in the HIPC is also essential for addressing the debt problem of the Least Developed Countries. This is especially important in light of the proliferation of new creditors for African LDCs. There is also a need to consider debt moratorium for African LDCs to cope with the global financial and economic crisis.

Mobilizing Additional resources through Innovative Sources of Funding

61. The meeting called for increasing new and non-traditional sources of development finance that have become important for African LDCs. Given the importance of these new sources of funding for African LDCs' development, there is a need to explore new sources and scale them up and target them to all areas especially productive sectors.. Some of the schemes proposed include levies on airfares, taxes on foreign-exchange transactions, and carbon financing. The meeting urged more countries to join the Leading Group on Solidarity Levies to Fund Development. The meeting further invited African LDCs to participate in the Pilot Group on New Innovative Funding as called for in the Conakry Declaration of November 2008. .

Unleashing the benefits of trade for LDCs' Development

62. Greater effort is required to promote diversification and production of high value added goods and services in order to allow trade to play its role in the development of LDCs. This must be complemented with measures to deal with commodity problems, including the establishment of Commodity Security Stocks and other measures protecting productive capacities of LDCs from the adverse volatility of global markets. Measures should also be put in place to address the factors that have contributed to increased volatility of food and commodity prices such as the use of commodities for bio-fuels and excessive speculation.

63. African LDCs have developed strong tourism industries in recent years but face increasing competition from other developing countries. In order to remain competitive in this market, African

LDCs need to upgrade quality of the tourist products and services ranging from accommodation, catering, security and others. Full implementation of modalities for special treatment of LDCs in the WTO negotiations on trade in services could go a long way in increasing services exports in LDCs. Promoting domestic and regional tourism could also be important in minimizing the impact of global down-turns on the tourism sector in African LDCs.

64. Enhanced level of support is needed to help LDCs increase their share of world trade through provision of adequate and predictable market access for the products of special export interest to them. Full implementation of duty-free and quota-free market access by developed countries and developing countries in a position to do so, in line with the decision of WTO Hong-Kong Ministerial Conference would go a long way in ensuring LDCs' beneficial integration into the world economy. Non-tariff barriers continue to impede LDCs' efforts in increasing their trade and this should be addressed in the context of the ongoing Doha Development Round of Trade negotiations.

65. There is a need to simplify rules of origin to make them more transparent. Allowing for regional and South-South cumulation would enable Least Developed Countries to optimize the benefits of preferential trading schemes.

66. Non-tariff barriers constitute a significant market entry barrier for LDCs. In particular LDCs needs to be supported in setting up of standards related infrastructure to enable them to participate in and cope with the plethora of standards in global markets that their exports and potential exports face.

67. Domestic support in the developed countries undermines the capacity of small farmers in developing countries, especially the Least Developed Countries to compete in global markets. In this regard, there is a need for WTO-consistent, non-trade-distorting special measures aimed at creating incentives for smallholder farmers in LDCs, enabling them to increase their productivity and compete on a more equal footing on world markets. A timely, ambitious, comprehensive and balanced conclusion of the Doha Development Round of trade negotiations is urgent and would be important for fully harnessing the benefits of trade for African LDC development. There is also a need to facilitate African LDCs' accession to the WTO.

68. Furthermore, African LDCs need strengthened financial and technical assistance through the Aid-for-Trade. This need is more urgent given the impact of the global financial and economic crisis on LDCs. Resources for Aid-for-Trade including the Enhanced Integrated Framework should be increased and aligned to the national development strategies of individual LDCs. Given the need to strengthen productive capacity development, development partners should also scale up more financial and technical assistance to support economic diversification and industrial development and strengthen African LDCs capacity to meet their obligations, including Technical Barriers to Trade.

Orienting Macroeconomic Policies towards Growth, Development and Poverty Reduction

69. In view of the importance of macroeconomic policy for growth, poverty reduction and development, African LDCs need to continue maintaining strong macroeconomic fundamentals

based on policy space and policy innovation. Apart from the pursuit of short-run stabilization, macroeconomic policies should be geared at promoting sustainable development, and mobilizing resources for financing productive capacities development and internationally agreed development goals in LDCs. In this regard, greater flexibility is required in the conduct of macroeconomic policies to enable LDCs to pursue counter-cyclical policies to support productive capacities development and finance the MDGs. This is particularly more urgent in the context of current economic downturn and the need for LDCs to mitigate the impact of the global economic and financial crisis on their economies.

70. This calls for macroeconomic policies aimed at accelerating growth and reducing poverty. Fiscal policy must aimed at increasing public investment in social sectors such as health and education, physical infrastructure as well as protecting government spending on programmes that target the poor. Public expenditure in LDCs must also prioritize primary health-care as well as the universal access to essential services. In this regard, African LDCs should take measures to strengthen ownership of their development policies through mainstreaming plans of action within their poverty reduction strategies or national development plans. Development partners and multilateral finance institutions should further reduce conditionality in their lending programmes to African LDCs.

Ensuring agricultural development and achieving food security

71. Considering that agriculture is a pivotal sector in African LDCs, as it underpins food security, foreign exchange earnings, rural development and employment generation, and is facing extreme challenges, there is a need to reprioritize agricultural development in national and international development policies. The Comprehensive Africa Agricultural Development Programme (CAADP) of the New Partnership for Africa Development (NEPAD) constitutes a good framework through which enhanced and coordinated support for African LDCs agriculture can be provided. African LDCs should make further efforts to meet the 10 per cent target of their budget to agricultural development as called for in the Maputo Declaration. Development partners should align their support to agriculture to African LDCs to the priorities of NEPAD as spelled out in the CAADP.

72. Development partners should also increase financing to the agriculture sector to enable African LDCs to expand agriculture and food production through increased investment in agriculture, agribusiness and rural development. The L'Aquila initiative adopted by the G-8 Summit which aimed to mobilize US\$20 billion for agricultural development and food security in the poorest countries is welcome and should be fully implemented. Special support must be given to smallholders farmers in African LDCs to enable them access locally adapted seeds, fertilizers, animal feed and other inputs in order to increase agricultural production.

73. Increased investment will be needed in science and technology for food and agriculture. Increased international support should be directed to researching, developing, applying, transferring and disseminating improved technologies and policy approaches. There is a need for African LDCs to establish a clear regulatory and policy balance for production and trade of Biofuels in the interesting safeguarding food security. African LDCs and their development partners should launch

an African Green Revolution within the framework of CAADP to substantially increase agricultural yields and reduce hunger. The role of the Alliance for Green Revolution in Africa (AGRA) funded by the Bill and Melinda Gates foundation is welcome and should be further supported by other development partners as well as international agricultural research centers. There is also need to support infrastructure development in agriculture such as irrigation schemes and storage and processing facilities.

74. Given the impact of the food crisis on food security in African LDCs, there is a need for the international community to increase funding for short-term food emergency. On their part LDCs should put measures in place to avoid disruption in food supply due to external shocks. Maintaining sufficient buffer stock of essential food commodities would be critical in this regard.

75. Given that the banking sector is unlikely to finance agricultural activities, LDCs should explore options of establishing special funds or agricultural development banks to channel finance for agricultural development. This could also be supported by development partners as well as philanthropic funds.

76. Climate change poses a significant challenge to food security and the agriculture sector, and is expected to affect the Least Developed Countries and other vulnerable countries adversely. Efforts to address climate change must allow for mitigation options and a firm commitment to the adaptation of agriculture, including through conservation and sustainable use of genetic resources for food and agriculture.

Dealing with the challenge posed by climate change

77. Climate change and environmental degradation are affecting African LDCs severely and presents significant threats to the achievement of the Millennium Development Goals. Owing to the low level of development and limited policy space, LDCs are disproportionately impacted by climate change. This is despite the fact that they contribute least to greenhouse gas emission.

78. This calls for measures to adapt to the adverse effects of climate change on LDCs. Developed countries should support the least developed countries to adapt to climate change through providing adequate, predictable, sustainable financial resources aimed at reducing vulnerability to enable them to strengthen their resilience to climate change as called for in the Copenhagen Accord

79. To effectively address climate change, LDCs should integrate This calls for measures to adapt to the adverse effects of climate change on LDCs. As a first step, LDCs need to mainstream climate change into their national development frameworks and plans and promote environmentally friendly development policies in the context of sustainable development.

80. Developed countries should support the least developed countries to adapt to climate change through providing adequate, predictable, sustainable financial resources aimed at reducing vulnerability to enable them to strengthen their resilience to climate change as called for in the Copenhagen Accord.

81. This must be complemented by transfer and diffusion of affordable environmentally sound technology and capacity building to LDCs to support the implementation of their adaptation programmes. Development partners must deliver a New Green Deal for LDCs, aimed at ensuring green production and consumption patterns in LDCs and bottom-up fostering of climate-friendly and environment-friendly productive capacity in manufacturing, agriculture, and services.

82. African LDCs welcomed therefore the establishment of a High Level Ad Hoc Panel on Climate Change by the Secretary-General of the United Nations earlier this year to mobilize resources committed by development partners in Copenhagen to help developing countries, especially the most vulnerable countries to adapt and mitigate the impact of climate change.

Improving governance and Promoting Peace and Security

83. Anchoring to continental and global initiatives such as the African Peer Review Mechanism (APRM) and the Extractive Industry Transparency initiative has served to lock-in LDC's commitment to good governance. African LDCs should fully implement their commitments under these and other important international conventions to improve governance, ensure human rights and promote peace and security. Strengthening the rule of law, enforcing property rights and combating corruption are all essential to improving governance. In the wake of the global financial and economic crisis, addressing the structural problems of LDCs would require a rebalancing of the roles of the State and the market. The meeting called for a greater role of the State in the development of the African LDCs.

84. While some progress has been made towards improving governance of key multilateral institutions such as the World Bank and the IMF, African LDCs' representation and voice remains marginal. The meeting urged development partners to broaden and strengthen the participation of Least Developed Countries in the international economic decision-making and norm-setting and in this regard we call upon the international community to undertake pragmatic and innovative measures to further enhance their effective participation in international dialogues and decision-making processes.

85. Peace and security is a condition sine qua non for growth and sustainable development. Enhanced efforts are required to help build durable peace and sustainable development in LDCs. Support of the international community, including the United Nations is vital for strengthening national, sub-regional and continental efforts aimed at peace-building, including capacity for conflict mediation, resolution and management and post-conflict consolidation. Special support should be provided to post-conflict countries to enable them achieve a smooth transition from relief to development. The Peace-Building Commission has emerged as an important addition to the global institutional architecture for peace and development and should be further strengthened to enable it to fulfill its mandate.

Appreciation and vote of thanks

86. The participants expressed their appreciation to the people and Government of the Federal Republic of Ethiopia for their kind hospitality. Furthermore the participants expressed their gratitude to ECA, OHRLLS and UNDP for their excellent preparations and generous support for the success of this meeting. Finally, the participants expressed their sincere thanks for the pivotal role and commitment played by Turkey in the organization of the Fourth United Nations Conference on LDCs.

**Africa Regional Review Meeting on the Implementation of Brussels Programme
of Action
Addis Ababa, Ethiopia
8 – 9 March 2010**

COUNTRIES

1. Benin
2. Burkina Faso
3. Burundi
4. Central Africa
5. Comoros
6. Democratic Republic of Congo
7. Djibouti
8. Ethiopia
9. Equatorial Guinea
10. Gabon
11. The Gambia
12. Guinea
13. India
14. Lesotho
15. Liberia
16. Madagascar
17. Malawi
18. Mali
19. Mozambique
20. Nepal
21. Niger
22. Senegal
23. Sierra Leone
24. Solomon Islands
25. Somalia
26. Spain
27. Sudan
28. Tanzania
29. Togo
30. Turkey
31. Uganda
32. Zambia

UN AGENCIES and Other Organizations

1. CFC
2. FAO
3. ILO
4. ITC
5. ITU
6. LDC Watch
7. UNAIDS
8. UNECA
9. UNCTAD
10. UNFCC
11. UNFPA
12. UNICEF
13. UNIDO
14. UNHCR
15. UNIFEM
16. UN Liaison Office – AU
17. UNOHCR
18. UN-OHRLLS
19. WFP
20. WIPO
21. WMO
22. WTO
23. PRESS