

DECLARATION OF THE LEAST DEVELOPED COUNTRIES MINISTERIAL MEETING AT UNCTAD XIII

We, the Ministers of the least developed countries, having met in Doha, Qatar, on 19 April 2012, during the thirteenth session of the United Nations Conference on Trade and Development (UNCTAD XIII), held from 21 to 26 April 2012,

Recalling the Millennium Declaration and the Millennium Development Goals (MDGs), aimed inter alia at reducing extreme poverty by half by 2015

Recalling the Istanbul Declaration and the Programme of Action (IPoA) for the Least Developed Countries for the Decade 2011-2020,

Emphasizing the critical importance of mainstreaming the Istanbul Programme of Action into national and international policies and development frameworks,

Emphasizing further the importance of full and effective implementation of the agreed commitments and priority areas as contained in the Istanbul Programme of Action,

Underlining the critical importance of the conclusion of the negotiations on Doha Development Agenda and development-related outcomes that take fully into account the trade and development needs, challenges and priorities of LDCs,

Reaffirming the primordial functions and mandates of UNCTAD in the three pillars, namely, research and policy analysis, technical cooperation and intergovernmental consensus building to advance the trade and development interests of developing countries, particularly LDCs,

Adopt the following Declaration:

1. *We are pleased to note* significant qualitative changes in our domestic policy environment, where successive policy reforms and adjustment programmes implemented over the years have led to a substantial improvement in our countries' domestic policies and strategies.
2. *We reaffirm our commitments to continue improving our domestic policies*, including in the context of our respective long-term national development strategies and visions aimed at accelerating economic growth and poverty reduction, structurally transforming our economies and meeting the criteria for graduation from the LDC category.
3. *We are determined* to place economic development at the centre of our domestic policies and strategies, including efforts to build developmental State as key to drive economic growth, accelerate structural transformation and build productive capacities of our countries. We underline the importance of balanced role of the State and market considerations, where the State designs policies and institutions with a view to achieving sustainable and inclusive economic growth as well as creates an appropriate enabling stable, transparent and rules-based economic environment for the effective functioning of markets.
4. *We are committed* to make our domestic development agenda for the coming decade to focus on strengthening domestic institutions, mobilizing private savings and improving the tax collection system. Such efforts are crucial to augment government revenues and rationalize spending with a view to eliminating areas of over-expenditure and ensuring the efficient use of resources.

5. *We are concerned that*, despite some improvements, in the 2000s, in external economic environment, the LDCs' share in international trade still stands below 1 per cent; FDI inflows are still hugely concentrated in extractive industries and has not led to employment generation and poverty reduction; and external official aid flows have seen only modest improvements and remain below international agreed targets.
6. *We are mindful* that the implementation of previous programmes of action has not been able to bring about much desired socio-economic transformation in the LDCs and underline that this should serve a lesson for the international community that 'business as usual' cannot be an option to deal with a multitude of problems the LDCs face.
7. *We acknowledge* that improvements in our domestic policy environment and external economic conditions were factors behind our countries' strong average rate of GDP growth (7.1%) in 2000s, in particular during 2002-2008. However, in 2009, at the height of the global financial and economic crises, the average GDP growth rate declined to a mere 4.6 per cent, reflecting structural weakness and vulnerability inherent in our economies.
8. *We are concerned*, therefore, that not only the recent growth rates are far lower than the agreed target of 7% in order for our countries to make progress towards internationally agreed development targets, including MDGs, but they are also fragile, weak and vulnerable to external shocks. This complicates and frustrates efforts to halve the proportion of our people living in extreme poverty by 2015, making our countries the locus of massive poverty and, if the current trends continue, the absolute number of poor people in our countries will keep increasing.
9. *We are further concerned* that the LDCs continue to be vulnerable to a variety of external shocks, including those emanating from food, fuel, financial and economic crises, and natural disasters. These multiple crises together with the adverse impacts of climate change on the LDCs and conflicts in some cases have eroded some of the modest development gains made by least developed countries over the last decade.
10. *In this regard, we urge* our trading and development partners, including developing countries that are in a position to do so, to:
 - 10.1. *Redouble* efforts to enhance their support to the LDCs to enable them to attain internationally agreed development goals, including MDGs and the targets of the Istanbul Programme of Action.
 - 10.2. *Expedite* on-going efforts to improve aid effectiveness that should go beyond improving aid management, coordination, harmonization of accounting and reporting standards, and lead to fundamental changes in aid policies and donor practices so that development aid links with national priorities of recipient countries through direct budgetary support.
 - 10.3. *Urgently* meet internationally agreed ODA targets as the LDCs continue to depend on such resources to finance their development needs given their limited capacity to generate domestic resources. Improving the quality and quantity of aid should also lead to a rebalancing of priorities between the social and productive capacity sectors with increased attention to the latter. Moreover, aid should be free of conditionalities underscoring the principles of national leadership and ownership of the LDCs in the development process.
 - 10.4. *Reduce* the potential risk of recurrent debt crisis including by providing future development assistance in favour of our countries in the

form of grants rather than loans and by seeking lasting solution to the LDCs indebtedness

10.5. *Agree further* on the need of devising a new international support architecture that should go beyond the confines of ODA and market access and include, in a holistic manner, transfer of technology and know-how as well as building technological capabilities and innovation in our countries. The new international support architecture should be based on integrated approach encompassing all support measures in the areas of trade, ODA, FDI and technology transfer, among others, complementing each other in a coherent and coordinated manner. Tailored international policies and support measures should be adopted based on heterogeneous nature of the LDCs' economies to address specific national development challenges, needs and priorities, while maintaining the LDCs' policy space.

10.6. *Adopt* appropriate policies and measures to promote and enhance flows of foreign direct investment and the transfer of technology to our countries including through the relevant provisions of TRIPS Agreement. Efforts in these areas should also include such measures as insurance, guarantees and preferential financing programmes and private enterprise funds for investment in least developed countries focusing in particular on sectors that are needed to build up a diversified production base and encourage linkages with domestic production activities as well as employment creation.

10.7. *Improve* market access conditions by urgently implementing the commitments to grant duty-free and quota-free access for all products of all our exports on lasting basis, consistent with decision 36 of Annex F of the Hong Kong WTO Ministerial Declaration. This should include efforts to remove market entry barriers such as non-tariff measures and other trade barriers. Efforts by trading and development partners should also include secured, simplified, harmonized and flexible rules of origin.

10.8 *Implement* fully and expeditiously the Enhanced Integrated Framework for Trade-related Technical Assistance to the LDCs (EIF) which is important to leverage the Aid for Trade initiative so as to alleviate constraints impeding supply capacities in our economies, including weak trade-related infrastructure.

10.9. *Assist* our efforts to increase investment in agricultural research, innovation and technological upgrading with special focus on small farm-holds. Further efforts are necessary to mitigate the impact of commodity price volatility on the LDCs' economies, including food security by setting up physical emergency food reserves and establishing a virtual reserve mechanism.

10.10 *Support* commodity sectors of our countries, including through commodity diversification and value addition, to enable their greater participation in the global value chains on an equitable basis as a way to promote sustainable market-driven growth. Such support should particularly take into account the negative effects of our countries' growing exposure to volatile commodity markets and the adverse impact of this on our socio-economic progress.

10.11 *Take* effective measures to ease the burden of demanding quality and delivery standards in developed countries' markets, including efforts to harmonize national standards with those agreed at the international level are key in improving our export competitiveness.

10.12. *Accord* special priority to all modes and sectors of export interest to the LDCs in services, including on movements of natural persons under mode 4, as per the commitment made during the Hong Kong Ministerial Meeting of the World Trade Organization, in view of the growing socio-economic importance of this sector for our countries and *take* necessary measures to help operationalize the decision on LDCs Services waiver adopted by the 8th WTO Ministerial Conference.

10.13. *Address* comprehensively the climate change-related concerns of our countries, including through the provision of adequate and appropriate technical and financial assistance for the adaptation to and mitigation of climate change impacts. To this end, we call for the early operationalization of Green Climate Fund as agreed upon during the sixteenth session of the Conference of Parties to the UN Framework Convention on Climate Change held in Cancun in December 2010.

10.14. *Agree* to put in place concrete ways and means for the effective and smooth transition of graduating countries as a few LDCs are nearing the graduation threshold. For countries that are making progress towards graduation thresholds, post-graduation uncertainty regarding international support measures and eventual or premature loss of such support measures remain among their major concerns.

10.15. *Provide* adequate financial and technical assistance to support the accession of the LDCs to WTO, the process of which is beyond the financial, technical and human resources capacities of the LDCs. It is equally important that the accession processes, procedures and requirements should be further simplified and tailored to the LDCs' developmental needs and objectives.

10.16. Support the efforts of the LDCs that are in a special situation or emerging from conflict, particularly in restoring peace and stability, rebuilding their economic infrastructure and social institutions as well as in fostering a political climate favourable to economic growth and development.

11. *We remain* convinced that the support of the United Nations System and other international organizations is critical for our countries' socio-economic transformation, poverty reduction and sustainable and inclusive development.

12. *We urge* UNCTAD XIII and its outcome document to fully take into account the developmental aspirations and needs of the least developed countries with a clearly articulated work programmes to effectively address their concerns and priorities.

13. *We call on* UNCTAD to:

13.1. Contribute, *with* the support of Member States and in collaboration with other UN-System wide agencies and international organizations, to the Post-MDGs international development framework and to place the needs and priorities of the LDCs at the centre of such a framework.

13.2. *Undertake* studies to help the LDCs better understand and address the factors that may be holding back their efforts to achieve the MDGs, including their exports concentration in few products and markets, their inability to integrate their economies into the global value chain, their lack of capacity and resources for the full utilization of potential market access and low level of investment as well as assist the LDCs in anticipating and preparing for

facing the potential risks of preference erosion and protectionist tendencies such as new technical barriers to trade.

13.3. *Assess* the development effectiveness of aid and, analyse, in particular, the importance and impact of ODA in assisting the LDCs in their pursuit of the MDGs. Such analysis should be undertaken in light of the commitments made by the development partners in the Istanbul Programme of Action (IPoA) and the 2010 High-level Plenary Meeting on the MDGs.

13.4. Building on its recent work, *advance* the conceptual and analytical framework on the need for building productive capacities in the LDCs with the objective of mainstreaming productive capacities in national and international development policies and strategies.

13.5. Provide analytical work and technical assistance to the LDCs in the areas of economic diversification and structural transformation to enhance growth and development and continue to support the LDCs to better integrate their economies into the global market, participate in the global value chain and to overcome structural weaknesses.

13.6. In collaboration with other relevant UN-System agencies, *contribute* to the work of the ad hoc working group established by the General Assembly to further study and strengthen the smooth transition process for graduating countries, in accordance with section VI of the Istanbul Programme of Action.

13.7. *Continue* to provide substantive and technical support through its research and policy analysis, sectoral and thematic studies as well as technical cooperation and capacity building activities, to the implementation of the Istanbul Programme of Action in areas within its mandates and competence.

13.8. *Continue* to monitor socio-economic progress of the LDCs towards graduation thresholds, with a view to identifying successful experiences and the challenges ahead for action at the national and global levels, including by developing vulnerability profiles for potentially graduating countries and by developing an elaborate smooth transition strategy for the consideration of member States as a built-in agenda to the graduation process for the LDCs.

13.9. In collaboration with the WTO and other relevant agencies, *assist* the LDCs in their effort to accede to WTO, including by analyzing the impact of multilateral trade agreements on acceding LDCs when they assume obligations and commitments by joining the World Trade Organization.

13.10. *Help* analysing the impact on LDCs of evolving market behaviours with focus on trade liberalization, market opening strategies, investment flows, technology transfer and impact of new trade and investment measures, with a view to supporting consensus building, including in other relevant international organizations.

13.11. *Undertake* research on the impact of duty-free and quota-free market access to the LDCs on their trade, investment and employment situation, and its contribution to the LDCs' efforts to achieve the MDGs, including addressing poverty and inequality as well as help define the modalities for the monitoring of the implementation of the DFQF market access and the rules of origin.

13.12. *Continue* with its comprehensive work in assisting the LDCs, including through greater international cooperation, to build their efficiency and export competitiveness, infrastructure and services exports through training, technology transfer and enterprise development and, in particular, undertake studies to identify the supply-side capacities and constraints of the LDCs, and possible actions that can be taken by the WTO Members for operationalizing the WTO Decision on LDCs Services waiver.

13.13. *Play* an important role in the effective implementation of Aid for Trade as an additional, substantial and predictable financial mechanism to strengthen supply side and infrastructure capacity, help diversify the export basket in LDCs and address the adjustment-related costs and challenges of trade liberalization.

13.14. *Work* with the relevant stakeholders to develop options for the LDCs on mitigating the risks associated with price volatility of food and other commodities as well as promoting responsible investment in agriculture.

13.15. *Assist* the LDCs in developing policy options for enhancing the impact of remittances, with a view to ensuring their productive use in national economic development.

13.16. *Continue* its analytical works on the impacts of high debt burden on the LDCs' socio-economic development as well as ways and means of reducing debt vulnerability and securing debt relief, including through relevant initiatives such as Multilateral Debt Relief Initiative (MDRI) and Highly Indebted Poor Countries (HIPC) Initiative.

14. *We welcome the continued financial contributions* to UNCTAD's LDC Trust Fund by a few countries and some international organizations such as the Common Fund for Commodities (CFC), although predictability and sustainability as well as regular replenishment of the Fund still remain among the key challenges.
15. *We urge* development partners, including developing countries and international organizations that are in a position to do so, to contribute to the Trust Fund with a view to strengthening technical cooperation and capacity building activities in the LDCs as well as to enhance the LDCs participation in global summits and conferences.
16. *We express* our sincere appreciation and gratitude to the people and Government of Qatar for their warm hospitality, generous financial support and for the excellent arrangements made for the organization of UNCTAD XIII.
17. We would also like to express our appreciation to the Secretary-General of UNCTAD, Mr. Supachai Panitchpakdi, for his leadership and continued efforts to advance the trade and development interests of our countries. We encourage him to intensify the valuable work of UNCTAD on LDCs, including by strengthening the Division for Africa, LDCs and Special Programmes.