

Preface from the Chair

The publications here, titled *Istanbul Programme of Action for the LDCs (2011–2020): Monitoring Deliverables, Tracking Progress – Synthesis Report and Analytical Perspectives*, are a set of unique documents in terms of the process underpinning its preparation, its content and the messages that emerged from scholarly analyses of the implementation of the Istanbul Programme of Action (IPoA) so far.

The process

The publications address different aspects of the outcome document adopted at the Fourth United Nations Conference on the Least Developed Countries (UN LDC IV) held in Istanbul, Turkey in May 2011. Discussions prior to UN LDC IV highlighted the poor implementation record of the Brussels Programme of Action for the Least Developed Countries for the Decade 2001–2010 (BPoA), which was largely attributed to weak accountability. Monitoring of the BPoA implementation and the two preceding programmes was limited to official and administrative levels, often involving rather pro forma exercises. A practical and innovative approach to strengthen the oversight process of the IPoA implementation was evidently needed. This was conceived not as a substitute for the intergovernmental process, but rather as a complement to this process that would improve the efficacy of the implementation. The approach should also be in line with the call of the IPoA for partnership with civil society, academia and foundations in awareness raising and advocacy work that favours least developed countries (LDCs).

High-calibre development policy organisations from across the world came together in Clermont-Ferrand, France, in September 2011 to launch a partnership styled as *LDC IV Monitor*, a ‘watchdog’ operating on behalf of the global development community. *LDC IV Monitor* is an independent partnership of eight interested organisations with demonstrated expertise and experience in analysing development challenges facing LDCs. Its major objectives are to keep LDCs’ concerns on the international agenda, provide assessments of delivery on the IPoA promises, and make policy recommendations.

During the preparation of the publications, *LDC IV Monitor* followed a rigorous approach that involved several expert group meetings to design studies, discuss draft chapters and reflect on major messages emerging from analyses. These expert group meetings were held in Dhaka, Dar es Salaam and London. The partnership regularly consulted major actors involved in LDC IV, particularly the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries

and Small Island Developing States (OHRLLS) at the United Nations (UN), the UN Committee for Development Policy (CDP) and different country delegations to the UN. Views of domestic stakeholders were taken into account during the preparation of individual chapters. All chapters underwent multiple internal reviews before being externally peer-reviewed by leading experts in the relevant fields.

The content

LDC IV Monitor presents a set of two publications to support the implementation of the IPoA. One is the *Synthesis Report*, which derives broad messages and key recommendations from a volume of scholarly papers on the topic of IPoA implementation titled *Analytical Perspectives*. The 12 chapters in *Analytical Perspectives* seek to elaborate on the benchmark situation in LDCs at the inception of the IPoA, identify emerging trends over the subsequent period, and highlight the structural and policy challenges facing LDCs and their development partners. Authors demonstrate that specific targets in the IPoA require the deployment of dedicated tools alongside provisions of necessary financial and non-financial resources. Emphasising the need to start strong in the initial phase of the decadal action programme, the volume sheds light on the progress achieved in this respect. The contributions provide independent assessments of the current state of the IPoA implementation.

The chapters are not an exhaustive review of the IPoA, though they indeed focus on some of its critical dimensions and priorities. Selected research themes include overall economic performance, development of productive capacities (including infrastructure development) to catalyse structural transformation, strengthening capacities related to trade in goods, commodities and services, and trends in domestic resource mobilisation, specifically government revenue and foreign resource flows such as official development assistance, foreign direct investment and remittances. The promotion of agricultural productivity is the subject of one dedicated chapter. Issues pertaining to adverse impacts of climate change receive attention in another. Countries' prospects of graduation from the LDC category are the subject of another chapter. Recognising that implementation of the IPoA has partly overlapped with the Millennium Development Goals (MDGs) period, the volume examines the extent of delivery on global development targets in LDCs. Given that the studies were undertaken in the aftermath of the global economic and financial crisis, most chapters refer to its impacts on and implications for LDCs.

Examining progress on selected IPoA indicators over the 2005–2008 period, one chapter notably designs a simple new method to benchmark IPoA indicators by constructing a composite index. Its objective is to empirically measure progress on the IPoA implementation accurately and inform national policy making processes.

In assessing the implementation of the IPoA during its initial phase, authors faced a significant dearth of real-time data. Some data for a number of targets and indicators mentioned in the IPoA were unavailable. To work around data problems, authors used a variety of national and international sources, and they were mindful to ensure consistency and comparability of data.

Key messages

The analyses undertaken by *LDC IV Monitor* drew a number of insightful conclusions. Key messages are presented below.

- The global economic and financial crisis further exposed the structural vulnerabilities of LDCs' economies. These economies are yet to regain the economic growth that was observed before the crisis, with economic recovery faltering during the subsequent period. Implementation process of the IPoA must emphasise aspects that strengthen LDCs' capacities to mitigate the adverse impacts of external shocks.
- Attainment of the MDGs remains uneven among LDCs, which has been compounded by weak domestic reforms, fallout from the crisis and slow economic recovery. Negotiations on the post-2015 international development framework should consider a synergy between the implementation of the IPoA and the pursuit of the post-2015 international development agenda.
- Although graduation prospects are promising for a number of countries, LDCs as a group are expected to significantly lag behind the IPoA goal on graduation from the LDC category. Smooth and sustainable transitions by the countries that are most likely to graduate remain to be seen. LDCs and their development partners, including international development agencies, should prepare an overarching framework for smooth transition toward graduation and a set of guidelines that promote sustainable post-graduation developments.
- Progress on building productive capacities by investing in high-quality infrastructure and through technology transfer has been unsatisfactory. Low labour productivity and little inclusive growth have continued to be binding constraints on the structural transformation of LDCs' economies. Efforts to improve and reinforce infrastructure in LDCs need to consider both investment and public policy dimensions.
- Progress has been slow in implementing agricultural development strategies and increasing investments in research and development in LDCs. Support from developed countries in these areas was typically in the form of stand-alone projects. LDCs should develop comprehensive agricultural development plans to promote product diversification and productivity growth.
- Reduction of the negative impacts of commodity dependence in LDCs can be achieved through diversification, value addition, effective participation in global value chains, diligent use of resource rents, and insulation of domestic economies from international price volatility. In the process of implementation of these strategies, employment and income outcomes have to be made explicit.
- The share of LDCs' exports in global trade remains miniscule, and if current trends continue, the IPoA goal of doubling LDCs' share of world merchandise trade looks doubtful. Competitiveness-driven export diversification in terms of both products and markets continues to be a daunting challenge for LDCs. International commitments including those related to market access of LDC goods and services need to be implemented urgently.

- Compared to other developing countries, LDCs confront greater and often unique vulnerabilities in the face of adverse climate change impacts. Country-specific adaptation strategies and corresponding international support are needed for dealing with such challenges.
- Given lower disbursements of official development assistance in the context of the global economic and financial crisis and marked unevenness in aid distribution, the distribution of disbursements among LDCs must be more predictable and balanced. Alignment of aid with LDCs' rational priorities needs to be improved to make aid more effective.
- Foreign direct investment inflows remain concentrated in a handful of LDCs, particularly in their extractive industries, which have limited backward and forward linkages. For ensuring that FDI contributes to building productive capacities in LDCs, there is a need to design innovative incentives in the host countries as well as in the countries of origin.
- Foreign inward remittances have been robust in certain LDCs, even in the face of the global economic and financial crisis. Openings in services markets remain limited, and migrant workers from LDCs continue to face formidable challenges both in home and host countries. Addressing these challenges requires workable partnerships between home and host countries.
- Growth in domestic resource mobilisation is helping to bridge resource gaps in some LDCs, but more could be done in terms of broadening the tax base and strengthening institutional capacity of the tax collecting authority. Effective international initiative to plug illicit financial outflows from LDCs is a must.
- The availability of data remains a major constraint. LDCs and the UN need to work together to make more quality data available in real-time. Since the concept of a 'data revolution' has gained prominence in the context of the post-2015 international development framework, it is pertinent that an assessment of the availability and accessibility of relevant data and information are undertaken in LDCs for improved monitoring of the IPoA implementation.

These publications of the *LDC IV Monitor* will hopefully contribute towards enhancing transparency and accountability of the IPoA implementation at the national and international levels. Such enhancement would strengthen national and global ownership of the IPoA. Follow-up on the key messages outlined above would allow LDCs and their development partners to be more strategic and effective in the IPoA implementation in upcoming years. With these hopes and likelihoods in mind, the eight partner organisations of *LDC IV Monitor* expect that all engaged stakeholders in LDCs and their development partners will recognise the intentions, ambitions and value of the partnership.

Acknowledgements

As mentioned earlier, these publications are an outcome of a collaborative initiative, which has been benefited from inputs from a large number of individuals and institutions.

The set of two reports of the *LDC IV Monitor* had been genuinely a collective endeavour. This was primarily possible because of the inspired participation of the eight partner organisations, viz. Centre for Policy Dialogue (CPD), Dhaka; Centre de Recherches Économiques Appliquées (CREA), Dakar; Commonwealth Secretariat, London; Economic and Social Research Foundation (ESRF), Dar es Salaam; Fondation pour les Études et Recherches sur le Développement International (FERDI), Clermont-Ferrand; Galatasaray University, Istanbul; International Centre for Trade and Sustainable Development (ICTSD), Geneva; and OECD Development Centre, Paris.

The active role played by Christophe Bellmann, ICTSD; Federico Bonaglia, OECD Development Centre; Patrick Guillaumont, FERDI; Hoseana Bohela Lunogelo, ESRF; Miguel Rodriguez Mendoza, ICTSD; and Mustafizur Rahman, CPD in galvanising the partnership is recalled with appreciation. Contribution of Anna Batyra as the co-ordinator of the *LDC IV Monitor* has been instrumental in getting the initiative in place. A special gratitude goes to Mohammad A Razzaque, the Commonwealth Secretariat, for his distinguished role in promoting the initiative and in producing the volumes.

Sincere thanks are due to the authors who have contributed their time and efforts in preparing various chapters of the volume on *Analytical Perspectives*. A number of them have also acted as internal reviewers of the draft chapters.

LDC IV Monitor is particularly indebted to the external reviewers of the chapters of the report for their insightful comments that have contributed to enrich the report. The group of external reviewers includes: Nina Becker, Overseas Development Institute (ODI); Aniket Bhushan, The North-South Institute (NSI); Carole Biau, OECD; Olav Bjerkholt, University of London; Lisa Borgatti, United Nations Conference on Trade and Development (UNCTAD); Ana Cortez, United Nations Department of Economic and Social Affairs (UNDESA); Karim Dahou, OECD; Kim Elliott, Center for Global Development (CGD); Willem van der Geest, UNDESA; Suchat Katima, Mekong Institute; Dina Lonesco, International Organization for Migration (IOM); Susanne Melde, IOM; Tom Mitchell, ODI; Manuel F Montes, South Centre; Oliver Morrissey, University of Nottingham; Dambudzo Muzenda, OECD; Olle Ostensson, formerly with UNCTAD; Thangavel Palanivel, United Nations Development Programme (UNDP); Hyesin Park, OECD; Rakesh Saxena, Institute of Rural Management Anand (IRMA); Shekhar Shah, National Council of Applied Economic Research (NCAER); Parvinder Singh, Common Fund for Commodities (CFC); Youba Sokona, South Centre; Jean Philippe Stijns, OECD Development Centre; Rorden Wilkinson, University of Manchester; and Susanna Wolf, UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS).

FERDI, CPD, ESRF and the Commonwealth Secretariat are credited for organising the expert group meetings in Clermont-Ferrand (11–12 September 2011), Dhaka (7–9 September 2012), Dar es Salaam (4–6 February 2013) and London (18–20 June 2013). These meetings contributed enormously to enhance the quality of the research outputs.

Co-operation extended by the United Nations High Representative for the Least Developed Countries, Gyan Chandra Acharya, and other members of the UN-OHRLS is greatly appreciated. Contribution of the Regional Bureau for Asia and the Pacific of the UNDP is also thankfully acknowledged.

Members of the *LDC IV Monitor* are sincerely grateful to the Commonwealth Secretariat and the CPD for undertaking the responsibility regarding the production of the publications on behalf of the *LDC IV Monitor*. Particularly, the publication departments of the Commonwealth Secretariat and the CPD put in extra-ordinary professional efforts in order to bring out the two volumes under severe time pressure.

The key role played by the CPD as the Secretariat of the *LDC IV Monitor* in guiding the activities of the partnership during the entire period of its existence is also thankfully mentioned. Thanks are particularly due to Towfiqul Islam Khan and Umme Shefa Rezbana of CPD for playing a critical role in keeping the partnership running, and in preparation of the publications.

Dhaka
September 2014

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