PARLIAMENTARY NETWORK ON THE WORLD BANK

Fourth United Nations Conference on Least Developed Countries

17 May 2011

PNoWB Members from the European Parliament (MEPs) participated in the UN Conference on better cooperation with Least Developed Countries (LDCs) held from 9 - 13 May in Istanbul. The delegation of MEPs met with World Bank Managing Director Ngozi Okono Iweala and the Bank’s Vice President for Concessional Financing Axel van Trosenburg on 10 May to discuss sustainable trade, the fight against climate change, the Millennium Development Goals (MDGs), inclusive growth and innovative sources of financing for LDCs. The five day event was attended by heads of state, government ministers, parliament members, representatives of the private sector, academics and civil society members from 192 countries.

Conference Highlights
UN Secretary-General Ban Ki-moon opened the Conference on the LDCs to discuss a new 10-year aid plan to help lift nations out of poverty. He insisted that the priority for the new programme of action is to build strong economies able to withstand external shocks. The new plan must guarantee space for civil society and the private sector to operate and expand the provision of essential services such as education, health, infrastructure and social safety nets. The conference covered the challenges to be addressed in the world’s 48 poorest countries, among them civil unrest, disease, economic hardship and natural disasters.

LDCs are fertile ground for a Green Economy
With their low-carbon profiles, rich natural assets, and promising policy initiatives, the world’s 48 least developed countries are fertile areas for the growth of a green economy, according to a report on ‘Why a green economy matters for the least developed countries’, released on the first day of the Conference by the UN Environment Programme (UNEP) and the UN Conference on Trade and Development (UNCTAD). The authors noted that if domestic markets have access to renewable energy it would not only provide electricity to the rural poor allowing them the means to open new economic pathways, but it also creates local manufacturing jobs for the financing, distribution, installation and maintenance of new energy systems. Supachai Panitchpakdi, Secretary-General of UNCTAD, added to the discussion that four essential elements must be addressed for LDCs to transform into a green economy:

- new sources of funding that can be directly applied to transitional efforts;
- an enabling environment that is conducive to private investment in green economy markets;
- the use of trade to create global markets for LDCs’ green goods and services exports;
- new and effective mechanisms to transfer green technologies to LDCs.

Illicit Financial Flows in LDCs continue to impede development
Another important area covered as part of the Conference on LDCs was financial corruption in development. Helen Clark, Administrator of the United Nations Development Programme (UNDP) said illicit flows are impeding LDCs efforts to raise resources for social and economic development as flows are absorbed into banks, tax havens, and offshore financial centers. A UNDP commissioned
report from Global Financial Integrity (GFI) on ‘Illicit Financial Flows from the Least Developed Countries: 1990 -2008’, discussed on the second day of the Conference examines how the structural characteristics of LDCs could be contributing to the cross-border transfer of illicit funds. Several key findings of the report were noted during the conference:

- illicit flows divert resources needed for poverty alleviation and economic development;
- US$197 billion flowed out of the 48 poorest developing countries and into mainly developed countries, on a net basis over the period 1990-2008;
- the top ten exporters of illicit capital account for 63% of total outflows, while the top 20 account for nearly 83%;
- African LDCs accounted for 69% of total illicit flows - Asia (29%) and Latin America (2%);
- trade mispricing accounts for the bulk of illicit outflows from LDCs (65-70%), and the propensity of mispricing has increased with increasing external trade.

Boosting Africa’s standard of living through Regional Investments
During the discussion of another report entitled, ‘Regional Integration and Human Development: a Pathway to Africa’, Ms. Clarke insisted on the important role of public-private partnerships (PPPs), multilateral development banks and trans-border investment in building up infrastructure to aid regional development. The report found that integrated regional investment could lead to an accumulated increase in Africa’s standard of living between 2012 and 2020, and it emphasized the logistical challenges such as poor transport, lack of clean water, power and communications that hold back trade in Africa. Social protection policies were also noted in the discussion as key for those who may become disadvantaged by integration in the short run, as well as the need for political will and strong leadership to drive integration policy.

Aid remains vital in the fight against poverty
Despite a rising focus on the private sector role in development, the Istanbul Programme of Action highlighted the large extent to which the 48 LDCs rely on foreign aid. Wealthier countries were encouraged to make more determined efforts to fulfill and even increase aid commitments to the world’s poorest countries. In December 2011, the Organisation on Economic Cooperation and Development (OECD) will release data on aid flows showing which of the 14 countries in the OECD’s Development Assistance Committee has not met their 2010 commitment to give between 0.15% and 0.20% of Gross National Income in aid to LDCs.

A Role for Parliamentarians
Recognizing the important contribution of parliaments and parliamentarians in LDCs’ development the Inter-Parliamentary Union took the lead in organizing a Parliamentary Forum on 8 May to advance, with a view to advance the Conference’s parliamentary track. The purpose of the track is to facilitate the contribution of parliaments to the substantive consultations, encourage the participation of members in the UN conference, and promote the outcome document of the LDC IV Conference among parliamentarians to raise awareness of the new commitments. According to IPU Secretary General, Mr. Anders B. Johnsson, governance is at the heart of the parliamentary message. Parliamentarians in both LDCs and non-LDCs should review their own institutional processes to help implement the commitments of this conference at all levels of policy-making.