

**Dinner-Debate on the Theme : Least Developed Countries
and EU Development policy
(Brussels, April 2011)**

Elements of talking points from the ACP LDCs perspective

Context

The forthcoming UN LDCs Conference will provide the international community with an opportunity to :

- review progress achieved in the implementation of the Brussels's Programme of action for the LDCs for decade 2001-2010 adopted in 2001;
- share best practices and lessons learnt and identify obstacles and constraints encountered as well as actions needed to overcome them;
- identify new challenges and opportunities for LDCs and the actions required at national and international levels to respond to them effectively;
- to reaffirm the global commitment to address the special needs of the LDCs at the major UN Conference and summits;
- mobilize additional international support measures and action in favour of the LDCs and;
- to formulate and adopt a renewed partnership between the LDCs and their development partners.

What is at stake for ACP Group?

- First and foremost, out of the 49 LDCs countries, 40 are LDCs are ACP member states distributed in the three ACP regions: 1 in the Caribbean region; 33 in Africa, and 6 in the Pacific region.
- LDCs issues are at the heart of ACP Group priorities and concerns. This is why in the area of trade, there has always been a natural alliance between the ACP and the LDCs to defend common interests in multilateral Trade negotiations (The Tripartite Alliance forged in 2001 in Doha during the Fourth WTO ministerial Conference : ACP-LDCs-African Group) but also with the creation of specific sub-Group of ACP LDCs when managing ACP-EU commodity protocols like for example the ACP LDCs sugar Group.
- Needless to recall that the EU policy for trade and development led to the formulation of a specific GSP for LDCs , the Everything but Arms (EBAs) initiative targeting LDCs in general, but creating a vehicle for boosting market access opportunities to ACP LDCs onto the EU market.

- From the above, we acknowledge that ACP family is the international organization with the largest share of LDCs members after the G77, making that Group one of the epicenters where LDCs concerns have to be tackled.
- To prepare for the Istanbul Conference, a special Task force is being created by the ACP Committee of Ambassadors to reflect on specific inputs our organization will inject into the process with a view to ensuring that challenges confronting ACP LDCs in their relationship with the European Union are taken on board when crafting the outcome of Istanbul. There is also need to avoid discontinuity between the Plan of Action for LDCs that will be adopted for the next decade in Istanbul with provisions of the ACP-EU Cotonou Partnership which will also end in 2020.
- From the last decade, only one ACP LDCs graduated from that category and we have to agree on specific measures that will accelerate this trend during the next decade, agreeing on specific measures for a more development-oriented international economic infrastructure leading to social development in ACP countries.

So far, the progress is very slow and challenges confronting ACP LDCs are numerous:

- Poverty is still developing in several ACP LDCs despite the unprecedented growth witnessed in the majority of these countries. The demographic pressure, the inexistence of social security schemes, and the uneven distribution of income led to a constant growth of the number of poor people who as a result cannot access medical treatment, feed themselves, live in decent house or a decent environment, etc..
- The sudden economic growth from 2002-2007 was rapidly mitigated by various crisis that erupted from the end of 2007, the food crisis with several ACP LDCs where food riots erupted, the oil crisis, the boom-bust cycle of commodities, the global economic recession , , etc.. In a nutshell, economic vulnerability in the majority of ACP LDCs has been on the rise making it difficult for them to attract Foreign Direct Investments, and provide continuous economic stability;
- It should also be signaled that the majority of ACP LDCs experienced over the last 10 years the severe impact of climate change. Some are even on the front line of these negative consequences experiencing intense floods and hurricanes, desertification, rising level of the sea affecting generating transfer of population and refugees while some others like VANUATU or KIRIBATI are even at risk of total extinction.

In a nutshell , the panorama for ACP LDCS is dark and require serious and immediate action.

Development Assistance and coherence

First and foremost in the front of the Development Assistance from the international community in General and the European Union in particular:

- ACP-EU partnership fortunately places poverty eradication at the heart of its objectives. We commend the EU for the longstanding efforts done in favour of ACP countries in general and for ACP LDCs in particular. I have listed some systemic challenges that might hamper our common objective of halving poverty by 2015. Nonetheless, it is worrisome that the EU following the adoption of the Lisbon treaty moved towards a more pragmatic approach by not generating special arrangements for ACP countries in its new institutional arrangements. In addition, the recent green paper on its future development policy and on budget support gives the impression that the EU is moving away from “ the special and differential treatment” that was earmarked for ACP countries in the European Consensus for Development.
- We need to strengthen the longstanding political and economic relationship between ACP-EU that have always existed between the two partners; call for more coherence in the delivery of that existence by giving more importance to the thematic allocation of resources rather than the geographical distribution. We value the various regional strategies developed by our partner but we still believe that there is room for cross-cutting ACP action and intra-ACP action.
- From the above, priority should be given to investment in hard infrastructure and value-added production. We should work together and move the ACP-EU partnership for development to break the vicious circles of poverty by changing qualitatively the productive structures of poor and institutionally weak ACP LDCs and foster their integration into the global economy.
- We also need to develop tangible monitoring benchmarks in the EU development policy towards ACP countries in general and ACP-LDCs in particular because this is what will help to identify the gaps and better strategize on how to fill them. Some attempts are being made like in the area of EU Budget support to ACP countries however we need not to abandon countries lagging behind because of their institutional weaknesses.

Climate Change

- Regarding Climate Change, there was a strong commitment from the EU to provide 7.2 billion euros from 2010-2012 to assist ACP countries in facing challenges associated with climate change. As earlier indicated, several ACP LDCs are on the frontline of these challenges. So far, very little has been happening since there was no

international consensus on the channels and mechanisms of channeling these resources.

- Despite the creation in Cancun of a “Green Fund” , there is still total uncertainty on the modalities since the World Bank has been entrusted with the mandate of working out the procedures. In addition, several ACP LDCs have not been able to complete their impact assessment studies given the lack of capacities. EU development support and leadership in climate change is needed to help ACP LDCs facing climate change challenges.

Trade

- In the area of trade, the Economic Partnership Agreement in which all ACP countries and regions are currently negotiating are not making progress as initially planned. In an environment of severe international competition, most ACP LDCs find their comfort in benefiting from the EU EBA arrangement rather than entering in more stringent reciprocal trade arrangements which might take away their policy space and erode their ability to design economic and trade policies commensurate to their needs and levels of development. This poses serious threats to the integration process in various ACP regions where we have various trade competing regimes.
- The priority for the majority of ACP LDCs currently engaged in EPAs negotiations is to secure additional development support to upgrade their economies before the liberalization takes place. Since EPAs in the medium and long term will mean more market opening and structural adjustment for EPAs implementation, several LDCs are not prepared to bear these costs. EPAs should therefore be accompanied with appropriate developmental resources from the EU and allow ACP LDCs to prepare their productive capacities to adjust.

In conclusion, ACP LDCs are confronted to legitimate concerns vis-à-vis the European Development policy and only a strong development support from the European Union can contribute to their social development, should the enabling environment for developing their productive capacities be provided.