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Declaration of the Least Developed Countries Ministerial Meeting to UNCTAD XIV

We, the Ministers of the least developed countries (LDCs),

Having met in Nairobi, on 16 July 2016, on the sidelines of the fourteenth session of the United Nations Conference on Trade and Development (UNCTAD XIV), held from 17 to 22 July 2016,

Recalling the 2030 Agenda for Sustainable Development, the Sustainable Development Goals and the Addis Ababa Action Agenda as a means of financing the implementation of the Sustainable Development Goals, aimed inter alia at eradicating extreme poverty and hunger by 2030,

Recalling the Istanbul Declaration and the Programme of Action for the Least Developed Countries for the Decade 2011–2020 (Istanbul Programme of Action), whose overarching goal is to overcome the structural challenges faced by LDCs in order to eradicate poverty, achieve internationally agreed development goals and enable graduation from the LDC category,

Reaffirming the Political Declaration on the Comprehensive High-level Midterm Review of the Implementation of the Istanbul Programme of Action adopted in Antalya, Turkey, on 29 May 2016,

Welcoming the progress made by many LDCs in implementing the Istanbul Programme of Action,

Emphasizing the need for addressing debt crisis, and tax evasion and avoidance for mobilizing domestic resources, tackling the trend in declining commodity prices for attaining the Sustainable Development Goals,

Emphasizing the critical importance of LDCs to structurally transform their economies and develop their productive capacities for enabling graduation from the LDC category,

Emphasizing further the importance of many LDCs to reduce their dependence on commodities and vulnerability to external shocks, especially in view of recent commodity price volatility,

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

Adopt the following Declaration:

1. We welcome the positive developments that have recently been seen in our countries. Overall, the group of LDCs has achieved an annual average growth rate of about five percent, against the backdrop of a difficult global economic climate. Gross fixed capital formation has increased, and several countries have investment–growth domestic product ratios that exceed the 25 percent regarded as necessary to sustain long-term growth. Many LDCs have made progress in implementing the Istanbul Programme of Action, including by mainstreaming it into their national development strategies.
2. We are also pleased to note the progress made by several of our countries towards graduation from the LDC category. Since the thirteenth session of the United Nations Conference on Trade and Development in 2012, one LDC has graduated (Samoa in 2014), three have been earmarked for graduation and seven have been found pre-eligible for graduation.
3. We are, however, concerned that socioeconomic development continues to be uneven among and within our countries, and also between our countries and the developed world or other developing countries. Many challenges constrain this progress, translating into growth that is broad-based, inclusive and sustainable. There is therefore a need to direct renewed and intensified efforts by LDCs and our development partners together to overcome these challenges and achieve the Sustainable Development Goals by 2030.
4. Structural transformation is a key feature of an economy set on a trajectory of sustainable development. Shifting productive resources from activities of lower productivity to ones of higher productivity enables countries to modernize and become better placed to adapt to a constantly evolving global economic environment. The socioeconomic progress made in LDCs in the past has not been accompanied by profound structural change, and so it is vital that our economies undergo fundamental transformations.
5. To achieve structural economic transformation, LDCs must build productive capacities. Productive capacities, entrepreneurial skills and production linkages, which form the backbone of any economy, must be developed to ensure sustained economic growth. This will require LDCs and their development partners to foster capital accumulation and technological progress by investing in human capital and infrastructure, strengthening institutions and improving financial systems.
6. A vital component of our efforts to build productive capacities and undergo structural change is the fostering of rural development. The large majority of our populations live in rural areas, which are often the poorest and least developed within our countries. Thus, transforming rural economies by boosting agricultural productivity, and developing viable non-farm activities, while maximizing synergies between the two through greater access to technology and finance is crucial for poverty eradication, job creation and sustainable development.
7. We reaffirm that trade, finance, investment and technology play a key role in the implementation of the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda when supported by appropriate policies, adequate infrastructure, technology transfer and an educated and trained workforce.
8. Market access is necessary for our countries to expand and diversify exports and to reach the Sustainable Development Goal target of doubling LDCs' share of global exports

by 2020. Although development partners have progressively reduced barriers to their markets over the years through successive trade rounds and individual granting of preferences, there remain several opportunities for improving market access conditions. Standards and regulations, in particular, present a significant challenge to LDC exports, and development partners should assist LDCs in developing the capacities to meet them. Improved market access conditions will also support LDCs in their participation in and their upgrading in regional and global value chains. There should be full implementation of duty-free and quota-free market access for LDCs in both developed and developing country markets in line with recent World Trade Organization (WTO) decisions and the Ministerial Decision on Preferential Rules of Origin for Least Developed Countries agreed at the Tenth WTO Ministerial Conference in 2015.

9. We recognize that trade in services has considerable potential to support growth and development in our countries. In fact, the economic performance of three of the four countries that have graduated from LDC status was mainly anchored on or supported by the services sector. As an effort to realize the potential of trade in services, we call on the international community to implement the 2015 WTO Ministerial Decision on Implementation of Preferential Treatment in Favour of Services and Service Suppliers of Least Developed Countries and Increasing LDC Participation in Services Trade.

10. Global value chains provide countries with opportunities to diversify and increase their integration in the world economy by entering particular segments of sectors rather than building entire industries. We recognize the complementary role of imports – in addition to the importance of private sector development and the coherence of trade and investment policies – for joining value chains. International support measures should also be designed with a view to providing maximum assistance for LDCs to take advantage of regional and global value chains.

11. We welcome the funding to the Aid for Trade initiatives for addressing supply-side bottlenecks and infrastructure development in our countries. However, we note with concern that recent commitments for trade facilitation and for LDCs have fallen.

12. We welcome the extension of the Enhanced Integrated Framework into Phase Two, and as the Framework implements the reforms agreed as necessary for its continuation, we urge members to contribute to the timely replenishment for effective implementation in order to avoid any disruption of the Framework between 2016 and 2023.

13. Thirty-four LDCs are currently members of WTO, and eight are negotiating to join the Organization. The process of accession is, however, resource-intensive, and it is crucial that the financial and technical assistance needed by acceding LDCs is provided in a timely and efficient manner. We therefore call on the international community to sustain and strengthen their support in facilitating the accession of LDCs to WTO.

14. We recognize the vital role that investment plays in the development of our economies and are pleased to note the increases in foreign direct investment inflows seen in recent years, although all LDCs have not experienced such increases. Most investment destined for LDCs targets the extractive sector, and efforts need to be made to ensure that investment goes to strategic and priority sectors that promote structural economic transformation and sustainable development. Actions are required by LDCs to boost public investment and stimulate private investment, and by the international community to strengthen the linkages between domestic and foreign firms.

15. We also recognize the real or potential role of diaspora remittances as a source of development finance. In several LDCs, it accounts for a large share of gross domestic product and contributes to economic growth and productive capacity development. More notably, it has a direct impact at the micro level by boosting household incomes and

reducing poverty. Least developed countries and development partners should therefore take further steps to lower the transaction cost of remittances and facilitate their flow.

16. We underline the importance of receiving official development assistance on a predictable basis with long-term commitments. Official development assistance is required to fill the gap in development finance needs that cannot be addressed by other external sources such as foreign direct investment and remittances. It is therefore essential for our efforts to build productive capacities and encourage structural transformation of our economies. For this reason, it is important that the international community fulfil the commitment to achieve the target of 0.7 per cent of gross national income for official development assistance and 0.15 per cent to 0.20 per cent of gross national income for official development assistance to LDCs and increase both the quantity (0.15/0.2 per cent of gross national income) and quality of aid to LDCs to ensure that needs are met and that it is put to the best possible use.

17. We note with concern the debt burden of several LDCs and the impact of rising debt levels and falling commodity prices on servicing debt. Debt sustainability is vital for long-term development, and LDCs should strive to improve debt management practices, while the international community should endeavour to provide greater access to debt relief.

18. Many LDCs continue to rely heavily on the export of a few commodities. Commodity dependence makes the countries vulnerable to commodity price volatility and external economic shocks, which underlines the importance of undergoing structural transformation. Pursuing diversification and value addition are therefore among the main priorities as we move forward in our development efforts. We therefore call on the international community to provide additional support to build resilience and diversify our economies. We also urge the international community to develop better ways to mitigate the impact of commodity price volatility, especially – but not exclusively – dealing with the pernicious effects of price volatility on food security.

19. We are encouraged by recent improvements in education and health, including higher primary school enrolment rates and lower child mortality rates. At the same time, we recognize the many challenges that remain to raise the skills and well-being of our women, men and children for comprehensive and fundamental development – economic, human and social – to take place. This will not only ensure that the education- and health-related Sustainable Development Goals are met, but also contribute to reaching the other objectives of the 2030 Agenda for Sustainable Development.

20. We stress the importance of gender mainstreaming in economic programmes to promote inclusive and sustainable economic growth. Empowering women has a significant positive and pervasive impact on development. There has been progress in achieving gender parity in primary education and increase in the political representation of women in several LDCs, but more efforts need to be made in our countries to enable women to have equal access to economic, social and political opportunities.

21. We welcome the Paris Agreement under the United Nations Framework Convention on Climate Change, adopted on 12 December 2015, particularly the commitment to limit the increase in the global average temperature to well below 2 degrees Celsius above pre-industrial levels. Least developed countries, especially small islands and low-lying coastal States, as well as mountainous countries, are severely affected by the adverse impacts of climate change, which has dire consequences for their efforts to eradicate poverty and achieve sustainable development. We therefore urge the international community to ratify and implement the Agreement and to provide financial and technological support to LDCs to address climate change-related challenges.

22. Peace, security and stability are necessary for sustainable development. It is therefore crucial that national, regional and international efforts be undertaken to support

LDCs that are in a state of conflict and those emerging from conflict. Such efforts should focus on building resilience that is predicated on solid economic infrastructure, strong social institutions and good governance.

23. To address these challenges and further the sustainable development of our economies, we resolve to:

23.1 Fulfil our commitments to implement the Istanbul Programme of Action and the 2030 Agenda for Sustainable Development, as well as other relevant international development agreements within our respective capacities;

23.2 Make renewed and intensified efforts to build productive capacities and promote structural transformation;

23.3 Take responsibility to ensure that our respective countries' trade and related strategies pertaining to development are consistent and integrated into our overall national development strategies and policies;

23.4 Seek to strengthen good governance at all levels.

24. We urge our trading and development partners to:

24.1 Support UNCTAD efforts to promote a fair, inclusive, equitable, transparent and predictable international trading system;

24.2 Support the call to strengthen the role of UNCTAD in reforming the international tax and financial architecture, as well as international investment rules;

24.3 Sustain and strengthen their support for LDCs to attain the targets of the Istanbul Programme of Action and the Sustainable Development Goals, as well as other relevant development goals;

24.4 To implement the outcome and decisions at Bali, Indonesia and Nairobi at the Ninth and Tenth WTO Ministerial Conferences, and to address the concerns and request of LDCs relating to the substantial reduction of domestic support granted to cotton, with the view to its elimination;

24.5 Improve market access conditions for exports from our countries, including by ensuring duty-free and quota-free access to our exports, applying the special and different treatment accorded to LDCs, and facilitating trade in services;

24.6 Promote the transfer of technology and know-how through closer linkages between LDC firms and foreign firms and implement article 66.2 of the Agreement on Trade-Related Aspects of Intellectual Property Rights by providing incentive to their enterprises for the transfer of technology to LDCs;

24.7 Increase official development assistance to the levels agreed in the Addis Ababa Action Agenda in order to stimulate the building of productive capacities by addressing supply -side constraints and infrastructure gaps in LDCs and to meet internationally agreed aid targets;

24.8 Provide sufficient support for LDCs that are in the process of graduating from LDC status and post-graduation to ensure that the transition to graduation is as smooth as possible. Support for smooth and sustainable transition through and beyond graduation is critical to ensure that graduation is irreversible, on a sure footing, and achieved in a sustainable manner. It is important that LDC indicators be considered as part of criteria for official development assistance, and keeping with the theme of the midterm review of the Istanbul Programme of Action: "partnership for transformable change in LDCs," because major transformation during the 2030 period must take place within LDCs.

Increase contributions to the UNCTAD LDC Trust Fund in order to expand technical cooperation activities and capacity-building in LDCs.

25. We call on UNCTAD to:

25.1 Revitalize and strengthen its intergovernmental machinery by building consensus on policies that bring the interests of LDCs to the fore in order to ensure that the trade and development challenges facing them are addressed coherently and efficiently. Toward this end, we call upon members of UNCTAD to initiate intergovernmental discussions on tax evasion and technology transfer with a view to reaching a multilateral outcome on these issues;

25.2 Continue its full support to LDCs in reaching the objectives of the Istanbul Programme of Action and achieving the Sustainable Development Goals, including the eradication of extreme poverty and hunger by 2030;

25.3 Provide analytical work and technical cooperation to assist LDCs in our efforts to build productive capacities, diversify our economies and undergo structural transformation;

25.4 Help LDCs to take full advantage of trade, investment and official development assistance flows in order to maximize their impact on the development of our countries;

25.5 Contribute, with the support of member States, to make the graduation of our countries from the LDC category sustainable, smooth and robust, in particular by intensifying and strengthening analytical and technical work on graduation and a “smooth transition”.

26. We express our sincere appreciation and gratitude to the people and Government of Kenya for their warm hospitality, generous financial support and for the excellent arrangements made for the organization of UNCTAD XIV.

27. We also express our appreciation to UNCTAD and its Secretary-General, Mr. Mukhisa Kituyi, for their continued support for the development of our countries.
