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**Development-centred globalization: Towards
inclusive and sustainable growth and development**

Round Table 4 Addressing persistent and emerging development challenges as related to their implications for trade and development for interrelated issues in the areas of finance, technology, investment and sustainable development

UNCTAD XIII

Held at the Qatar National Convention Centre, Doha, on 25 April 2012

Summary prepared by the UNCTAD secretariat

1. The round table addressed policy issues in five areas that were considered crucial for promoting structural transformation and engendering development in the new global environment. These were agriculture and food security, domestic resource mobilization, fostering scientific and technological innovation, climate-resilient transport infrastructure development and energy supply. The event provided an opportunity for government ministers, senior government officials and other stakeholders to discuss the persistent and emerging development challenges facing developing countries and to identify policy options for tackling these challenges. It was generally recognized that in pursuing sustainable development, developing countries required structural change and transformation of productive capacities. There were, however, significant challenges to overcome that differed between countries and regions.

2. There was a general consensus on the importance of further promoting resources mobilization for achieving structural transformation. This would also lead to better management of macroeconomic policies and could contribute to improving countries'

policy ownership, policy space and fiscal space. The panel agreed on the challenges concerning infrastructure, particularly in the case of Africa. Public private partnerships were recognized as critical to mobilize the necessary resources. Yet they were not a panacea; hence financing remained a challenge.

3. Participants highlighted the importance of boosting and developing the agricultural sector. Its continued marginalization, the lack of competitiveness and value added activities were particularly noted. There were other factors beyond the volatility of food prices that affected food security and thus deserved more attention. These included the growing demand for food, the variation of consumption patterns, the adverse effect of climate change, the deterioration of natural resources, natural disasters, droughts and famines. Food security should be part of the global development agenda.

4. The panellists expressed the importance of green growth and the need to be more effective in the ways energy and natural resources were used.

5. Panellists agreed that macroeconomic challenges, weak productive capacity, persistent poverty and high unemployment – in particular of young people and those working outside the agricultural sector – were major barriers to sustainable and inclusive development. Further, the State should be more development-oriented in order to support inclusive and sustainable growth.

6. Even in mineral-resource-rich countries, agriculture remained a key sector, especially for sustaining the local population. Integrated support programmes, which provided resources to reduce unemployment and develop infrastructure, had been established in some countries, for example, Botswana.

7. The development of productive capacity and technical upgrading was highly affected by the complexity of international trade rules. Rules of origin, investment-related policies and tariff picks were cited as key challenges affecting developing countries and least developed countries.

8. Panellists called for development partners to honour their official development assistance commitments by scaling up Aid for Trade and reducing the gap between aid delivery and what had been pledged. An integrated approach to promote structural transformation in the development of productive capacities was necessary.

9. A sectoral approach was proposed to address challenges related to structural transformation, including closing poverty gaps and further developing social inclusion, diversifying production and exports, value added generation and food security. The recommendations of UNCTAD were recognized as critical to meet the persistent challenges and to improve domestic productive systems, particularly technical and professional education, infrastructure and logistics, innovation and quality and market orientation. Further, promoting small and medium-sized enterprises, broadening the concept of industry and seeking better complementarity between sectors were key issues. It was also important to enable domestic legal systems to achieve industrial development. In order to achieve urban and rural sustainability, it was necessary to promote regional growth, agro-business and the use of appropriate technology.

10. Technological learning and upgrading were essential for developing countries in their efforts to achieve structural transformation, a green economy, and inclusive growth and development. It was a prerequisite to meeting some of the interrelated challenges in areas such as food security, climate change, energy consumption and production, and sustainable transport. It was essential in raising productivity and enhancing trade competitive advantage.

11. All panellists observed the critical need to prioritize science, technology and innovation (STI) in their national development strategies, as well as to build technological

and institutional capacity to allow the effective harnessing of STI in addressing challenges specific to their national circumstances. Priority areas for action identified by a number of countries included human capital development, especially in the scientific and technical fields, including at the tertiary level; support to small and medium-sized enterprises in their efforts to identify, acquire, adapt and adopt technologies and develop skills; and the development of appropriate technologies that met the needs of the poor, especially in agriculture and energy. Several speakers underscored the need to increase agricultural productivity through STI as an important means to tackle the food crisis. They called for a significant increase in investment – both private and public – in agricultural research and development, with particular attention to the needs of smallholder farming.

12. STI was a cross-cutting issue and would therefore require a cross-sectoral and systemic approach to policy design. Participants heard a presentation by H.E Mr. José Urquiza Maggia, Minister of Production of Peru, on the science, technology and innovation policy (STIP) review of Peru, undertaken by the Government with the assistance of UNCTAD. The primary purpose of the review was to leverage STI as a key strategy in the country's efforts to reduce poverty, generate employment, enhance productive capacity and transform its economy from one that focused heavily on the export of primary commodity products to one that was diversified and knowledge intensive. The STIP review contained a number of recommendations, which were taken seriously by the Government. The Government of Peru expressed its appreciation to UNCTAD for its assistance with the STIP review.

13. Delegates commended UNCTAD for undertaking this important initiative and encouraged UNCTAD to continue its work on STI issues, including through STIP reviews, which were close to the heart of many developing countries and of critical importance in overcoming the many persistent and emerging challenges faced by developing countries. They also called on UNCTAD to make further efforts to publicize its work in this area.

14. After briefly presenting the geography and the recent economic and demographic trends of Indonesia, Mr. Bambang Susantono, the Vice-Minister for Transportation of Indonesia, focused on the ongoing national policy based on six development corridors. These corridors relied upon increasing transport connectivity on three levels: intra-island, inter-island and international. It was important to meet the rising demand for private vehicles, both motorcycles and private cars, which had led to high urban pollution and increasing traffic congestions. A number of measures had been adopted to overcome those challenges, including rapid bus systems, urban railways, the promotion of gasification for public transport, intelligent transport systems for toll collection and traffic control, the use of non-motorized vehicles and a most popular measure consisting of establishing free car days, in which streets were open to pedestrians and bicycles. Resource mobilization and the role of government in securing funds through public- and private-sector participation were essential to undertake the transformation in the transportation sector with a view to achieving greater transport connectivity.

15. The panel said that it was necessary to promote green growth. Mexico's presidency of the Group of Twenty had put this high on the agenda, which was not limited to the Group's 20 countries, but broadened to other countries.

16. Persistent challenges that were common to many developing countries included geographical location, growing urbanization, the need to improve major transport network infrastructures, and environmental concerns. To tackle those challenges, it was essential to promote innovation and scientific research in order to support the most vulnerable countries, especially small States. This called for the inclusion of environment, economic and social pillars in the design of a global development strategy. At the same time, there should be convergence between these institutional pillars and consistency between international organizations to ensure legitimacy.

17. Africa's economic performance until 2008 had been impressive. In some regions, remittances were higher than official development assistance or foreign direct investment, and in some cases, flows originated from other developing countries. The round table considered the lessons learned from the recent crises and its impact on Africa, particularly, the reinforced dependency on primary commodities before the crises. The situation might have been reversed had structural transformation been achieved early on.
