Submission by Third World Network and Social Watch

Comments and text suggestions on the Zero Draft of the Doha Programme of Action for Least Developed Countries

A. GENERAL OBSERVATIONS

1. Forty years ago, when the Substantial New Programme of Action (SNPA) for the 1980s for the Least Developed Countries was launched in Paris, its proposal for self-sustained development in the LDCs enabling them to provide to all their population at least a minimum of internationally accepted standards of well-being was deemed as achievable by all development experts. A few years before, World Bank president Robert McNamara had promised "to eradicate absolute poverty by the end of this century (the 20th century, of course). That means in practice the elimination of malnutrition and illiteracy, the reduction of infant mortality, and the raising of life-expectancy standards to those of the developed nations."[1]

Yet, in that same speech McNamara warned that "if the governments of the developing world (...) are prepared to exercise the requisite political will to assault the problem of poverty in the countryside, then the governments of the wealthy nations must display equal courage. They must be prepared to help them by removing discriminatory trade barriers and by substantially expanding Official Development Assistance."

Twenty years after Paris, the Millennium Development Goals included, as a condition to achieve basically the same unmet vision offered in 1981, a Goal number 8 with six targets:

- An open, rule-based, predictable, non-discriminatory trading and financial system;
- Addressing the special needs of least developed countries and of landlocked; developing countries and small island developing States;
- Dealing comprehensively with the debt problem;
- Provide access to affordable essential drugs; and
- Making available benefits of new technologies, especially information and communications.

Again, the inadequate means of implementation (finance, technology and capacity building) as promised by developed countries, made it necessary to formulate goals for universal basic dignity and well-being as part of the 2030 Agenda, now adding the global problems of climate change, environmental destruction and inequalities within and between countries.

2. As the world meets for a fifth time to address the problems of the least developed countries with so few of them having "graduated", it is time to take a frank look at the immense shortfall in delivery of means of implementation and the systemic obstacles in the

1 https://www.worldbank.org/en/about/archives/president-mcnamara-nairobi-speech-1973

global economic architecture that have actually increased in the past decade. These range from disabling trade and investment environment (including rights bestowed on foreign investors to take host governments to private arbitration for legitimate regulatory actions) to intellectual property monopolies of medicines. Poverty in the LDCs is undoubtedly a major concern, but the magnitude of the specific problems faced by LDCs cannot be reduced to extreme poverty. In fact, over 90% of the population in the LDCs has incomes below those of the lower 10% of developed countries.

The World Bank's extreme poverty indicator is not among the graduation criteria for LDCs (see box). If the main objective of the forthcoming Plan of Action is graduation, then those are the issues that need to be addressed. Needless to say, improved "human assets" and a prosperous economy will lead to poverty reduction, whereas focusing only on monetary income at such a low threshold does not result in sustainable development.

BOX: Graduation criteria

The following three criteria were used by the Committee for Development Policy in its 2021 review of the LDC category:

1. A per-capita income criterion, based on a three-year average estimate of the gross national income per capita, with a threshold of $1,018 for identifying possible cases of addition to the list, and a threshold of $1,222 for possible cases of graduation.

2. A human assets criterion, involving a composite index (the human assets index) consisting of two sub-indices: a health sub-index and an education sub-index. The health sub-index contains three indicators: (i) under-five mortality rate; (ii) maternal mortality ratio; (iii) and prevalence of stunting. The education sub-index contains three indicators: (i) gross secondary school enrolment ratio; (ii) adult literacy rate; and (iii) gender parity index for gross secondary school enrolment.

3. An economic and environmental vulnerability criterion, involving a composite index (the economic and environmental vulnerability index) consisting of two sub-indices: an economic vulnerability sub-index and an environmental vulnerability sub-index. The economic vulnerability sub-index contains four indicators: (i) share of agriculture, hunting forestry and fishing in GDP; (ii) remoteness and landlockedness; (iii) merchandise export concentration; and (iv) instability of exports of goods and services. The environmental vulnerability sub-index contains four indicators: (i) share of population in low elevated coastal zones; (ii) share of the population living in drylands; (iii) instability of agricultural production; and (iv) victims of disasters.

https://unctad.org/press-material/what-are-least-developed-countries-2020

The LDCs face many economic "challenges and constraints" that can be addressed by the Conference (including "narrow production and export bases, stagnant trade and investment flows, diminishing productivity growth"), but those should not be mixed with given conditions that cannot be changed. A country cannot do anything about its size or geographical location. And many of those conditions are shared by countries with very different income levels. "Smallness" is also a circumstance for Luxembourg, "isolation and remoteness from major markets" is the situation of New Zealand, Switzerland is "landlocked" and Singapore is a "small island country" while Finland has very few natural resources. A history of colonialism, slavery, foreign interventions and conflicts is a better predictor of severe underdevelopment than geographical location.

B. SUGGESTED TEXT (IN BOLD AND STRIKE-THROUGHS) AND COMMENTS ON THE INTRODUCTION AND 6 THEMES

Introduction -- 'From Istanbul Priorities to Doha Commitments'

Para. 2
Now, we are meeting for the fifth time, in the most unprecedented of circumstances, in which a health and socio-economic crisis has shaken everyone, individually and collectively. The world is plagued by growing poverty, inequality, digital divide, vaccine divide, complex conflicts, insecurity, climate change and pandemics. Of greatest concern is that one in every three people in LDCs still lives in extreme poverty and the pandemic has caused this figure to rise further. We call for greater action and extraordinary measures by all countries, and strengthened international cooperation **and multilateralism**, to address these challenges affecting LDCs.

Para. 3
We have entered the Decade of Action the most critical time of our generation-to realize our collective ambitions of ~~building back better~~ **moving forward with resilience, sustainability and equality** from COVID-19 and leaving no one behind. We reaffirm our commitment to implementing the 2030 Agenda for Sustainable Development and full realization of the Sustainable Development Goals (SDGs) in LDCs. We commit to taking more tangible steps to support the LDCs and to reach the furthest behind first.

Para. 8.
We also recognize that many LDCs continue to face multiple structural challenges and constraints, including narrow production and export bases, stagnant trade and investment flows, diminishing productivity growth, smallness, isolation and remoteness from major markets with almost half being landlocked and small island countries, weak land and natural resource base, and widespread poverty, hunger and malnutrition. These long-standing challenges are compounded by new and emerging challenges, such as climate change, increased incidences of natural disasters and public health emergencies, conflicts, fluctuating commodity prices and rising capital outflows. Without a structural transformation that tackles institutional and capacity constraints **as well as prioritises economic diversification** the

least developed countries will remain vulnerable to various socio-economic, health and environmental shocks.

Comment: "Economic diversification" is an important element to include in the text. Also, in this paragraph it is not only that "long-standing challenges are compounded by new and emerging challenges" but that the lack of redress of the “long-standing” has led to the urgent new and emerging challenges. They are not necessarily separate as much as they stem from each other.

Para. 9

We recognize that progress has been made against the IPoA in areas such as access to electricity, access to mobile telephony and mobile internet, increased enrolment in primary education, increased access ~~to modern~~ **to reproductive health and rights, including** family planning for women and girls, and reforms that have made it easier to start and register business.

Comment: This paragraph includes the first reference to women, only to show progress, without any previous mention of a very problematic situation. Further the formulation of “modern family planning for women and girls” sounds complicated. “Access to reproductive health and rights, including family planning for women and access to sexual education for all boys and girls” is accepted UN language. This was generally moving in a positive direction, but COVID-19 has set back progress. Meanwhile teenage pregnancies and child marriages remain unsolved.

Para. 10

We ~~also~~ recognize that tangible progress has been made towards graduation. The IPoA set the goal of half of the LDCs (24 at the time) meeting graduation criteria by 2020, and so far, four have graduated and 16 are at different stages of graduation. **However, we also recognise that more progress would have been possible with an international enabling environment and sufficient means of implementation from development partners.**

Para. 13

The Programme of Action for the decade 2022-2031 is a new generation of renewed and strengthened commitments by the LDCs and their development partners grounded on the overarching goals of achieving rapid recovery from the pandemic, building resilience against future shocks, eradicating extreme poverty, enabling graduation from the LDC category, addressing inequalities within and among countries, leveraging the power of science, technology and innovation (STI), bringing structural transformation and achieving the Sustainable Development Goals (SDGs), through **macro-economic policy space and flexibility,** a reinvigorated global partnership**s** for sustainable development based on scaled up and ambitious means of implementation and diverse support to the LDCs forging the widest possible coalition of multi-stakeholder partnerships.

Comment: “Structural transformation” refers in large part to the nexus between production and investment that can create an international enabling environment for sustainable development and poverty eradication efforts. Economic diversification strategies are premised on policy space and flexibility for developing countries and LDCs in the international financial, trade and investment systems. The text should make clear that deep structural transformations in the global economy and governance are needed, in line with what Agenda 2030 proposes, but structural transformation within each LDC should be country-specific, domestically decided and not imposed by conditionalities, as experienced in "structural adjustment" with dire results.

In line with SDG 17, there is a global partnership (in the singular) for States that focus on means of implementation (finance, technology and capacity building from developed to developing and least developed countries). This is distinct from multi-stakeholder partnerships that are supplementary and do not substitute the inter-governmental development cooperation.

Para. 15
The Programme of Action for the decade 2022 to 2031 represents the enhanced commitments of the LDCs, which have the ownership of and primary responsibility for their own development, and their development partners to a renewed and strengthened global partnership **based on common but differentiated responsibilities**.

Comment: CBDR is consistent with the international norms at the World Trade Organization where LDCs have special and differential treatment as well as transition rights, and in treaties such as the UNFCCC which operationalized CBDR.

Para. 19
The COVID-19 pandemic, the Ebola crisis, the financial crisis and climate change have demonstrated that we live in a highly globalized and interconnected world, where a crisis or a virus in a small city of a country can spread to the whole world in a shortest span of time and have devastating impacts globally. Looking beyond crises and bearing in mind the core principles of the 2030 Agenda, it is our shared responsibility **to provide an international enabling environment** to ensure that no country or person is left behind and reach the furthest behind first.

Para. 20
We will undertake actions to leverage the opportunities offered by the 226 million youth population in LDCs, who can be a real agent of change for structural transformation through productive capacity building in agricultural, manufacturing and services sectors; building and maintaining resilient infrastructure to improve movement of goods and services; expanding energy access and broadband connectivity; tapping into emerging technologies; harnessing the economic and health gains that come with educating and employing girls and women at levels equal to boys and men; and setting up social care systems that relieve women of the unpaid care work burden.

Comment: Same comment on "structural transformation" as for Paragraph 13. Also, in LDCs the problem is prevalent of boys and men being not employed and educated.

I. Investing in people in LDCs: Eradicating poverty and building capacity to leave no one behind

Para. 29
In addition to having a low income, people living in poverty in LDCs experience higher mortality rates, undernourishment, and malnutrition, limited or no access to education, and lack of access to opportunities to gain income through decent employment. Poor people in the LDCs live in underserved areas with poor infrastructure and limited access to water and sanitation and have limited access to social safety nets. **Multidimensional poverty needs to be addressed within the context of economic, social and cultural rights.**

Para.30
We are guided by the Universal Declaration on Human Rights, **and the Right to Development** and will ensure everyone's human rights and fundamental freedoms. We recognize that good governance at all levels, strong institutions, democracy, the rule of law, transparency and accountability along with a healthy and well-educated population, with the knowledge and skills needed for productive capacity building and full participation in the decision making processes are crucial to achieving sustainable development. However, LDCs still face challenges in ensuring universal access to quality education and health care and their vulnerabilities and limited capacities exacerbate the impact of external shocks such as COVID-19, natural disasters and the impacts of climate change.

Comment: The "right to development" promotes an international enabling environment that ensures equality of opportunity for all in access to basic resources, education, health services, food, housing, employment and the fair distribution of income. Economic and social reforms are guided by the imperative of eradicating all social injustices.

Social protection systems for inclusive economic growth and resilience against shocks

Para. 35
We commit to ensuring the predictability of resources to maintain social protection through increased and predictable official development assistance and through tax and public transfer reforms and schemes, where appropriate.

Achieving universal access to quality education

Para. 41
Target: Achieve universal access to education, eliminate the gender gap in enrolment and increase the quality of education for all in LDCs

- Substantially expand globally the scholarships for students of LDCs in the higher education institutes of developed and developing countries,
- Achieve 100 per cent access to internet, electricity and gender sensitive sanitation facilities in all primary, secondary and tertiary schools in LDCs by 2030
- Establish an online university for LDCs

Comment: Provision of "finance" to achieve the target is missing in the text. Can be included to align with Para. 35

Empowerment of women, girls and youth to address inequality and drive economic growth

48. Women and girls continue to face barriers such as lack of access to education, particularly at secondary and tertiary levels, and are subjected to harmful practices such as child, early and forced marriage; and gender-based violence. Investments are required to provide access to education throughout the life-course, to expand financial services such as credit, and to eliminate harmful practices and address barriers to full participation in all spheres of society in order to further enhance the contribution of women to economic and social development. The disproportionate impact of the COVID-19 pandemic on the social and economic situation of women and girls also pose challenges to foster gender equality in the LDCs. **Policies and measures towards empowerment of women, girls and youth need to be formulated and implemented as an integral part of the Right to Development.**

Population and health

Para. 56
Target: Ensure universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality, and affordable essential medicines and vaccines for all at an affordable cost

- Eliminate preventable maternal, infant and child deaths and provide access to quality health services at an affordable cost
- Ensure birth registration to all newborns in LDCs

Comment: Provision of "finance" to achieve the target is missing in the text.

Urbanization and shelter

Para.71
We commit to supporting LDCs, including through financial and technical assistance, in building sustainable and resilient housing utilizing local materials and increasing affordable housing, ~~including by leveraging public-private partnerships~~ and sharing good practices among LDCs.

Comment: Deletion of "public-private partnerships". Experiences have revealed that PPPs socialise losses and have been problematic even in developed countries. PPPs should be viewed with great caution. Some excerpts from:
https://twn.my/title2/unsd/2014/unsd140102.htm (which also contains 10 specific recommendations):

"States are encouraged by markets and institutions to promote policies that incentivize private investments through partnerships, such as PPPs. PPPs are predicated on the basis of the lack of public funding, and often seem more financially attractive due to accounting that

hides their fiscal risks and costs. Such costs and risks, in the form of contingent explicit and implicit liabilities, tax incentives, lack of widespread coverage and underinvestment, are compounded in environments of low institutional quality.

PPPs can socialize the costs while privatizing the benefits of infrastructure thus worsening inequality in income and access. Key challenges in the private sector's role in development relate to ensuring accountability from private actors and to safeguard the sovereign policy space of states that are legally challenged by companies, especially through bilateral investment treaties and investor-to-state dispute settlements.

Central to the problematic issues involved in PPPs and the regulatory agency of the state is the notion of the developmental role of the state. This means that the state needs to play a pro-active developmental role in the governance of the economy, the regulation of the market and in ensuring that economic growth creates decent work and translates into equality, opportunity and well-being through ensuring the economic and social rights of people, including women's rights."

Good and effective governance at all levels

Para. 82
We commit to strengthening good governance, democracy, and the rule of law by strengthening transparent and accountable governance and strengthened and independent judicial institutions, human rights, gender equality and the empowerment of women, the poor and marginalized groups, democratic participation, preventing corruption and enhancing institutional capacity at all levels. We will also strengthen efforts to fight corruption, bribery and money-laundering, the illegal transfer of funds and other illicit activities by strengthening anti-corruption laws and regulations and their effective application.

Comment: Bilateral investment treaties/free trade agreement investment chapters with investor-to-state dispute settlement (ISDS) provide foreign investors with a possibility to challenge the enforcement of anti-corruption laws. ISDS has become very controversial in recent years as government measures by developed and developing countries, including on health, environment, labour, finance, **anti-corruption** and now COVID-19 have been challenged. See https://unctad.org/news/unctad-releases-data-over-1000-investor-state-arbitration-cases for known ISDS cases.

We suggest that this be addressed in Section IV and we will make a second submission on this.

85. We commit to ~~promoting policy coherence and~~ coordination of international financial, trade and development institutions, processes and mechanisms, taking into account the diversified and special development needs and challenges of LDCs.

Comment: Delete "policy coherence". "Policy coherence" can be detrimental if LDCs' development/trade/industrial policy has to comply with IFI requirements on inappropriate structural adjustments and economic liberalisation. This has been a common country experience.

Building and sustaining peace for sustainable development

Para. 90
We must redouble our efforts to resolve and or prevent conflict and commit to strengthening support for LDCs affected by conflict to address country-specific needs and situations, including broad-based, inclusive and rapid socio-economic development with a special focus on rebuilding national institutions and capacity, rebuilding critical infrastructure and generating productive employment and decent work for all.

Comment: It should also be recognised that many conflicts are fuelled by external factors, including arms trafficking and external support for competing factions in a country. There is also urgent need to rethink the economic and social models that in the first instance led to the rise of inequality and injustices, and ensure that countries have the autonomy (free of self-interested external intervention) to rebuild and enhance national independent capacities.

II. Leveraging the power of science, technology, and innovation to fight against multidimensional vulnerabilities and to achieve the Sustainable Development Goals

Access to modern technologies for sustainable development. Building human capital, infrastructure, and institutions to reap the benefits of the Fourth Industrial Revolution

Para. 97
Targets: Substantially increase investment in research and development, as well as human, and institutional capacity building **within an international enabling environment**

- Building adequate digital infrastructure including for e-learning, e-governance, and e-commerce
- Promote transfer of technology including digital and environmentally sound technologies to LDCs
- Establish and strengthen national science institute in each LDCs
- Move away from low value-added natural resources and low-technology products to higher value-added manufactures, and higher-technology products

Comment: "International enabling environment" that ensures policy space is a pre-requisite for industrial development. This includes the exclusion of investor-to-state dispute settlement (see comment on Paragraph 82) and the re-balancing of the intellectual property regime.

On "transfer of technology" generally, existing and proposed trade/investment rules make this more difficult by prohibiting and/or restricting performance requirements. These include: (a) At the WTO graduated LDCs have to immediately comply with TRIPS which is why a post-graduation transition is necessary (see para. 178) for technology "catch-up"; (b) The

General Agreement on Trade in Services (GATS) restricts joint venture requirements (to learn by doing) in sectors where market access commitments have been made; (c) The Agreement on Trade-related Investment Measures (TRIMS) prohibits some performance requirements and restrict others; (d) Bilateral investment treaties and investment chapters in trade agreements prohibit or restrict performance requirements; (e) Proposed WTO rules in the plurilateral e-commerce negotiations[2] are restricting the ability to require transfer of source code (i.e. any technology that has software in it, which is most technology). All the LDCs in the WTO's plurilateral e-commerce negotiations have been asked to agree to this TRIPS+ and TRIMS+ provision, without any exceptions for LDCs. Based on past experiences, the 8 LDCs acceding to the WTO[3] are also likely to be asked to agree to join these 'optional' plurilaterals as a condition of joining the WTO. Such trade agreements will reduce policy space for LDCs and also developing countries, to build industrial capacity and capability.

Para. 99
We commit to improving **universal and affordable** ~~ility of~~ internet access and its productive usage for LDCs through international support **and** appropriate regulations ~~and promotion of competitive market so that operators compete for low-use customers through a variety of internet plans that cater to different income levels and improve rural coverage through universal service funds~~.

Comment: "Universal, equal and affordable" covers the objective of the deleted part. LDCs should be supported to build up domestic operators and can unilaterally liberalise their telecommunications market to introduce competition in a calibrated way so that the domestic sector can be first strengthened to compete with foreign entities. Policy space is maintained when there is no "lock-in" of commitments to liberalise LDC services market.

Science, Technology, and Innovation for development and recovery from the COVID-19 pandemic and building resilience against emerging challenges

Para.109
We commit to bridging the STI divide and provide financial and technical support and technology transfer to LDCs including through south-south and triangular cooperation to ensure that all LDCs can engage effectively in low emission and climate resilient development that will also protect the lives of our populations, economies and systems.

Para.112
We agree to enhance the capacity of and providing financial and in-kind resources to the United Nations Technology Bank as well as collaboration among Government, the private sector and academia to advance STI, research and development, bridging the digital divide by facilitating technology transfer and contributing to COVID-19 response.

Comment: Same comment on "technology transfer" as for Paragraph 97.

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[2] https://bilaterals.org/?wto-plurilateral-ecommerce-draft
[3] https://www.wto.org/english/thewto_e/whatis_e/tif_e/org7_e.htm

Promoting private sector engagement, digitalization and broadband connectivity

Para. 114
Targets: By 2030, all people in LDCs should have safe, affordable and meaningful digital connectivity

- By 2025 broadband-internet user penetration should reach 35 per cent in LDCs
- By 2031 double the broadband-internet user penetration in LDCs to reach 70 per cent mark

Comment: "Data ownership/sovereignty" is missing in the text. We support the text proposals submitted by Just Net Coalition.

Para. 116
We will promote partnerships with the private sector to leverage fully their capacity for innovation and encourage greater investment in sustainable network infrastructure and practical digital capacity-building initiatives in LDCs. We encourage and support the private sector, particularly major technology companies, to work closely with public, educational, research-focused, and development agencies to facilitate technology transfer, exploit research and innovation and build the necessary capacities and technical competencies of LDCs.

Comment: Same comment on "technology transfer" as for Paragraph 97. We support the text proposals submitted by Just Net Coalition.

III. Structural transformation as a driver of prosperity

Para. 118
The initiation of a sustained process of structural transformation remains a critical challenge for LDCs. Their economies are largely undiversified, commodity dependent and at the bottom of regional and global value chains. The high-productivity manufacturing and services have miniscule contribution to gross domestic product in LDCs. **Thus country-specific industrial policy, in particular the establishment of "infant industries", is necessary**. While the agriculture sector employs more than half the population, it is characterized by subsistence practices with low levels of value addition per worker, and inadequate access to both national, regional and global markets.

Comment: Industrial policy, and in particular "infant industrial policy" is key language to include in the text. Historically, industrial policy tools facilitate national economic diversification, employment decent work creation and sectoral linkages through, for example:

- Augmenting the value of production;
- Augmenting productivity rates and employment creation in domestic economic activities;
- Diversifying economic sectors towards a balanced mix of agriculture and raw

materials, goods manufacturing and services;
- Creating domestic links that go backward and forward between the various stages of manufacturing;
- Regulating national trade balances; and, incentivizing the innovation and development of technology, including clean technology

A key constraint to industrial policy is investment treaty restrictions against performance requirements, or conditions that States design for investors to meet in order to establish or operate a business in their territories. Some examples of performance requirements that States typically enforce in order to promote domestic industrial development, include[4]:
• Requirements to export certain percentages of total sales, or total production;
• Requirements to enter into joint venture arrangements with domestic business partners;
• Requirements to transfer or share technology;
• Requirements that a certain amount of inputs be locally sourced, also known as local
• Requirements to expend a certain amount on research and development; and,
• Requirements to hire a certain number or percentage of local employees.

Para. 119
The services sector directly contributes to structural transformation. However, it contributes less than half of GDP in LDCs, the bulk of tertiary employment is concentrated in less knowledge-intensive services and participation in global export of commercial services is negligible. **Country-specific policies supported by an international enabling environment are needed to promote, establish and enhance a domestic services sector.**

Comment: Same as in Paragraph 97

Para. 120
For LDCs to fully utilize their potential, we ~~aim~~ **commit** to **ensure an international enabling environment towards** ~~promote~~ the achievement of inclusive and sustainable structural transformation capable of increasing productivity and growth, reducing their exposure to the existing vulnerabilities and external shocks, creating employment, sustaining the environment, and ultimately leading to poverty eradication and inclusive and sustainable development.

Comment: Same as in Paragraph 97

[4] For more examples see: UNCTAD (2001). *Host Country Operational Measures. UNCTAD Series on issues in international investment agreements.* New York and Geneva: United Nations (UNCTAD/ITE/IIT/26): https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwiahN30lPvxAhW1W3wKHZGUBwkQFjAAegQIBxAD&url=https%3A%2F%2Functad.org%2Fsystem%2Ffiles%2Fofficial-document%2Fpsiteiitd26.en.pdf&usg=AOvVaw2joz4LCZROIxdnU0nMHTh5

Productive capacity building

Para.121
LDCs economies feature limited productive capacities, **largely caused by historical and external factors,** which constrains their ability to produce efficiently and effectively, to diversify their economies and to create sustainable and productive employment. This challenge translates into binding supply constraints and ultimately into weak export and economic potentials and limited productive employment generation and social development prospects.

Comment: In most cases, it is not that LDC economies "feature limited productive capacities" but that they face constraints to augmenting their productive capacities. Limited productive capacities are not an inevitable and/or endogenous feature of LDC classification. Causal factors must be accounted for.

Para. 123
We commit to promoting and supporting the formulation of national strategies aimed at increasing diversification, value addition, efficiency, and competitiveness in the manufacturing, agriculture, and services sectors; and call for enhancing financial and technical support **as well as policy space** from development partners, international organisations, and multilateral development banks to facilitating the implementation of these strategies.

Para. 125
We encourage innovative solutions, entrepreneurship, and the use of modern, cost-effective, and locally adapted technologies, **that create employment,** with an emphasis on the manufacturing, agriculture, and services sectors, including tourism, information and communications, and finance, and call for sharing of scientific knowledge and innovative technologies.

Comment: Same as in Paragraph 97 on “transfer of technology”.

Infrastructure Development
a) Transport

Para. 134
We call on development partners, international organizations, regional development banks and the private sector ~~through public-private partnerships~~, to increase financial and technical support to the efforts of LDCs in transport infrastructure development and maintenance. In this regard, we stress the importance of developing necessary policies and regulatory frameworks to promote private sector involvement in infrastructure development including enhancing technical assistance and capacity building. We will also leverage new and innovative financing sources and new funding mechanisms, **as appropriate.** ~~including blended finance, green bonds through public-private partnerships.~~

Comment: Same as in Paragraph 71 on “public-private partnerships”.

On “**blended finance**”, this often crowds out host country financial sectors. Blended finance projects may not be aligned with national plans, and usually do not involve stakeholder participation, undermining country ownership. The IATF report found that blended finance has largely bypassed LDCs so far. In 2016, the MDBs mobilized US$49.9 billion in private co-financing, with only US$1 billion going to LDCs, where infrastructure gaps are greatest. An OECD survey found that only 7 per cent of private finance was for projects in LDCs. According to the 2017 OECD report, between 2012 and 2015, most private financing mobilized by ODA was for MICs, with little trickling to LDCs.

Labeling blended finance a ‘honey trap’, The Economist noted, “Private investors do not typically fund the construction of rural roads in Africa, say, or vaccination drives in villages, even though the returns on such investments are often enormous. That is because the returns are either hard to monetize, or the risks are too great for the private sector to tolerate.”

It is unclear how public development funds, channelled through risky commercial financial services, will effectively mobilize private resources for sustainable development. There is no evidence that current blended finance practices are achieving development outcomes that would not have happened otherwise. After all, existing blended finance mechanisms do not safeguard the public interest and achieve development objectives.
(Source: http://www.ipsnews.net/2018/04/blending-finance-not-sdg-financing-silver-bullet/)

b) Energy

Para. 145
We commit to the development, dissemination, diffusion transfer and application of environmentally sound technologies and technical know-how to LDCs including advanced energy technologies, cleaner fossil fuel technologies, and the sustainable use of traditional energy resources with a view to rapid reductions in the cost of new and renewable resources of energy in LDCs.

Comment: Same as in Paragraph 97 on “transfer of technology”.

Suggested new/additional operational paragraph:

Para. 145*bis*
We commit to supporting the implementation of the Least Developed Countries Renewable Energy and Energy Efficiency Initiative for Sustainable Development (LDC REEEI), an LDC-initiated, LDC-owned and LDC-driven overarching framework to accelerate the harnessing of the renewable energy potential across LDCs and to promote energy efficiency. We note that the LDC REEEI recognizes that multiple sources of financing exist, but that the internationally agreed public climate finance avenues should constitute a major route to obtaining the necessary means of implementation. We call upon development partners to institute dedicated resource allocations for LDC REEEI aligned efforts and activities across all LDCs.

Comment: The Initiative will support LDCs in formulating long-term plans for people-centred and sustainable well-being for their citizens; harnessing energy to drive the productive sector; developing diversified, efficient and distributed energy systems for the future; and encouraging community ownership and energy cooperatives around the world.

Connecting to global and regional value chains, strengthening their services economy and trade

Para. 149

We commit to supporting LDCs to significantly increase their integration into the regional and global value chains with a view to enhancing their competitiveness, leap-frogging their development process and driving their productivity growth. We will also support LDCs to their productive capacity, export competitiveness, access to trade finance, skills transfer and connectivity market access, trade facilitation and technology transfer to further integrate LDCs into regional and global value chains.

Comment: LDCs can implement "trade facilitation" unilaterally after acquiring capacity as well as provision of finance. Also, same comment on "technology transfer" for Paragraph 97.

Support private sector development

Para. 152

We will promote an enabling environment for private sector development including for MSMEs through a transparent and rules-based regulatory framework, simplifying business regulations and processes, reducing and streamlining administrative formalities, improving supply chain, ensuring access to market, reinforcing cooperation and building capacities to implement effective competition policies, and adopting open, transparent and clear regulatory frameworks for business and investment, with protection for property rights, land rights ~~and intellectual property rights~~, as appropriate and as per national circumstances. Where appropriate we aim to strengthen~~ing~~ regulatory frameworks to better align private sector incentives with public goals, including incentivizing the private sector to adopt sustainable practices, and foster long-term quality investment.

Comment: At the WTO, LDCs are not required to liberalise at all in the Doha Development Round. Also LDCs are not required to provide IP protections under the TRIPS Agreement as the transition period was just renewed until July 2034. This transition is crucial for LDCs to build up their industrial and services sectors.

Para. 154

We commit to ~~promoting public-private sector dialogues and~~ strengthening cooperation for cross-fertilization of experiences and dissemination of best practices that foster entrepreneurship, promote business-to-business dialogue and contacts, and stimulate transfer of skills and technology.

Comment: LDCs can unilaterally and voluntarily dialogue with the private sector without any commitments. Also, see comment on "transfer of technology" for Paragraph 97.

IV. Enhancing international trade of least developed countries and regional integration

Para. 155
We recognize that LDCs can derive significant benefit from a ~~universal,~~ rules-based, ~~open,~~ transparent, predictable, inclusive, and equitable multilateral trading system under the World Trade Organization. Notwithstanding the massive expansion of trade and investment in the last decades, LDCs face considerable challenges in effectively integrating into the global trading system and benefitting from the opportunities afforded by international trade and global value chains.

Comment: Delete "universal" since LDCs are entitled to Special & Differential Treatment. Delete "open" since LDCs are not obliged to liberalisation under the WTO because of their right to have policy space to develop the domestic economy in accordance with national circumstances.

Duty-free and quota-free market access

163. We ~~emphasize the importance of~~ **agree to** extending the Duty Free Quota Free market access as well as other LDC specific trade benefits and flexibilities to countries which have graduated from the LDC category for a fix period of time of at least twelve years after their graduation to ensure sustainable and irreversible graduation and achieve the 2030 Agenda.

164. We commit to rejecting vaccine nationalism and protectionism, fully meeting our transparency obligations on trade measures and meaningfully improving access for all countries, especially LDCs, to COVID-19 vaccines, **diagnostics, therapeutic medicines and other needed medical products. [We urge WTO Members to agree to the waiver from certain provisions of the TRIPS Agreement for the prevention, containment and treatment of COVID-19 contained in IP/C/W/669/Rev.1] [We urge WTO Members to implement the TRIPS waiver Decision for the prevention, containment and treatment of COVID-19 contained in xxx].** ~~including through facilitating technology transfer within the framework of multilateral rules, so as to encourage research and innovation while at the same time allowing licensing agreements and any other arrangements that help scale up manufacturing~~.

Comment: The LDC Group is co-sponsor of the waiver proposal IP/C/W/669/Rev.1. The alternative language is to provide for a situation where the TRIPS Waiver negotiations are not completed by January 2022 and for one where the WTO General Council has adopted the Waiver Decision. Technology transfer and R&D are covered in the waiver decision. Licensing is an existing tool in the TRIPS Agreement and national patent laws.

Accession

Para. 176
Target: Ensure accession of ~~all~~ a**cceding** LDCs to **the** World Trade Organization by the end of current decade.

Trade-Related Aspects of Intellectual Property Rights (TRIPS)

179. ~~We welcome the entry into force of the TRIPS Amendment aiming to facilitate access to medicines for countries having limited manufacturing capacities.~~ We note that pursuant to the decision on the implementation of Article 66.2, developed Members have provided annual reports on actions taken or planned under Article 66.2. We welcome that in 2021, the duration of the general transition period under Article 66.1 has been further extended until 1 July, 2034. Similarly, in 2015, the specific transition period to implement patent protection for pharmaceutical products was extended until 1 January 2033 for LDCs. We also ~~invite~~ **call upon** all Members of the WTO to extend to graduated countries the LDC specific flexibilities under Article 66.1 for a period of twelve years after their graduation from LDC status.

Comment: Delete “TRIPS Amendment” (Article 31*bis*) as it has already entered into force and experience shows it is also very difficult to use – it has been used only once, and has not been able to be used in the ongoing COVID-19 pandemic.

If the sentence is retained, we propose the addition as follows:
We welcome the entry into force of the TRIPS Amendment aiming to facilitate access to medicines for countries having limited manufacturing capacities **but are concerned that its application is severely constrained by burdensome procedural requirements.**

Agriculture and cotton

Para. 184
Target: Correct and prevent trade distortions in world agricultural markets, including through elimination of all forms of trade distorting domestic support in agriculture **and cotton, while recognising the special needs of developing and least developed countries.**

- **At the World Trade Organization adopt the mandated permanent solution on public stockholding (PSH) proposal at the earliest possible**.

Para. 185
We call for correcting and preventing trade restrictions and distortions in world agricultural markets, including through the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect, in accordance with the mandate of the Doha Development Round **and as reaffirmed in the Nairobi Ministerial Declaration**.

Para. 186
We will support multilateral negotiations and agreement on fisheries subsidies disciplines that prohibit certain forms of fisheries subsidies in accordance with the Doha and Hong Kong Ministerial mandates, and Sustainable Development Goal 14.6**, while recognising the need for special and differential treatment with a strong focus on the needs of small fishers in developing and least developed countries**.

Suggested additional operational paragraphs:

186*bis*:
We urge for trade rules that support a strong public food programme to deal with both livelihood and food security concerns during the COVID-19 pandemic, in addition to allowing a specific waiver on domestic support for supporting low-income, resource poor farmers in in developing and least developed countries.

186ter:
We call on Member States to ensure that markets for small cotton farmers in developing and least developed countries do not get undermined by trade and reaffirm the various commitments made on Cotton, the last of which was at the Tenth WTO Ministerial Conference in Nairobi (WT/MIN(15)/46-WT/L/981). To this end, we call for disciplines on domestic support in particular AMS, Blue Box, Green Box, and also on market access and export competition, while ensuring a development component on the line proposed by the co-sponsors of the Sectoral Initiative on Cotton (C4).

186*quater:*
We call on Member States to take actions to correct and prevent trade distortions in world agricultural markets, including through elimination of all forms of trade distorting domestic support in agriculture while recognising the special needs of developing and least developed countries. In addition the mandated permanent solution on public stock holding proposal must be granted at the earliest possible.

WTO Trade Facilitation Agreement (TFA)

Paras. 187 to 190

Comment: LDCs can implement "trade facilitation" unilaterally after acquiring capacity as well as provision of finance.

Paras 191 to 200 (Comments will be submitted separately)

V. Addressing climate change, recovering from COVID-19 pandemic, and building resilience against future shocks

Para. 201
The LDCs are ~~especially~~ **particularly** vulnerable to and disproportionately affected by the adverse effects of climate change and natural disasters **resulting in loss and damage**, despite the good practices in addressing these effects by some countries, including installation and use of early warning systems, adaptation solutions in key sectors/systems such as agriculture and food security, water, health, infrastructure and ecosystems, forecast-based financing, integrating climate change risk considerations in development planning, development of risk indices to support different stakeholders, and comprehensive risk management, among others.

Comment: Use of language “particularly” in consistency with the UNFCCC to refer to vulnerable countries (Article 4.8)

Building sustainable, equitable and resilient recovery from COVID-19

Para. 210

We stress that vaccinations need to be supported with essential complementary measures to minimize the loss of lives and morbidity from this pandemic and urge development partners to provide to LDCs in a timely manner, access to quality, safe, efficacious and affordable diagnosis, therapeutics, medicines and medical science-based treatment protocols, vaccines, and essential health technologies, and their components, as well as equipment, for the COVID-19 response. **[We urge WTO Members to agree to the waiver from certain provisions of the TRIPS Agreement for the prevention, containment and treatment of COVID-19 contained in IP/C/W/669/Rev.1] [We urge WTO Members to implement the TRIPS waiver Decision for the prevention, containment and treatment of COVID-19 contained in xxx].**

Comment: The LDC Group is co-sponsor of the waiver proposal IP/C/W/669/Rev.1. The alternative language is to provide for a situation where the TRIPS Waiver negotiations are not completed by January 2022 and for one where the WTO General Council has adopted the Waiver Decision.

Climate adaptation and building resilience

Suggested amendment: Climate change loss and damage, adaptation and building resilience
Comment: It is extremely crucial to include “loss and damage” in the text. “Loss and Damage” is the third pillar of the Paris Agreement and the LDC Group has been a champion on defending “loss and damage” at the UNFCCC negotiations.

Para. 216

We note the high importance of building resilience in LDCs through stepped up capacity building **and finance** for adaptation to climate change and **to avert, minimise and address loss and damage** ~~disaster risk reduction~~, including through a comprehensive multi-stakeholder resilience-building mechanism for LDCs”, leveraging the existing measures and initiatives.

Comment: Delete “disaster risk reduction” which limits the scope loss and damage to only risk insurance and disaster relief. The proposed wording “to avert, minimise ...” covers disaster risk reduction. It is also specifically covered in Paragraph 217.

Para. 217

Targets: Support to full implementation of ~~NAPs, including~~ adaptation projects **under NAPAS and NAPS,** at the national and local levels by all LDCs.

- Develop national platforms for disaster risk reduction **and for addressing loss and damage, including** to implement fully the Sendai Framework targets **and undertake actions to avert, minimize and address loss and damage**.

- Build a multi-hazard early warning system and a comprehensive multi-hazard crises mitigation and resilience building mechanism for LDCs.

Para. 219
We agree to enhance technical assistance to LDCs to develop operational national risk indices and **other climate change policy-**related products that support **climate change-adapted development** policy and decision-making by all stakeholders, including national and local governments, private sector business operations, real estate and land planning, insurance industry, and others.

Para. 222
We call for public and private, domestic and international investment, as well as bilateral and multilateral support, to be risk informed and aligned with national and local **adaptation,** climate resilience, ~~and~~ disaster risk reduction, **and loss and damage** strategies.

Access to finance and technology to address climate change

Para. 224
While dedicated funds have been set up to assist LDCs in addressing climate change, to date, the scale and pace of available funding and support for LDCs has fallen far short of the required amounts. Most LDCs currently cannot access the international public finance directly due to lack of technical capacity and cumbersome access conditions**, especially for adaptation projects**. Enhanced support is needed to assist LDCs in preparing bankable projects**, as well as enhanced political will by development partners**.

Comment: Negotiations at the Green Climate Fund increasingly demonstrates divergences over "climate rationale" of adaptation projects with funding proposals from LDCs and developing countries not being endorsed for approval.

Para. 225
We note the critical gap in adequate climate finance for LDCs, and commit to improving amounts available **in the form of grants**, and ease of access, of climate change finance going to LDCs, especially for adaptation, **loss and damage** ~~disaster risk reduction~~ and resilience building, and to ensure the systematic monitoring and reporting of all these flows.

Suggested amendment: We note the critical gap in adequate climate finance for LDCs, and commit to improving amounts available in grants, and ease of access, of climate change finance going to LDCs, especially for adaptation, loss and damage, and resilience building, and to ensure the systematic monitoring and reporting of all these flows.

Comment: Climate finance is increasingly being provided in loans rather than grants which is contrary to developed countries' obligations under the UNFCCC.

Para. 226

Targets: Deliver on the goal of mobilizing US$100 billion Climate Finance per year **through to 2025** and scale up support to LDCs

- Provide 50 per cent of the total share of climate finance provided by all developed countries and multilateral development banks to adaptation and resilience and 50 per cent of the adaptation to particularly vulnerable countries, including LDCs
- Additional and increased funding for implementation of national adaptation plans **and NAPAs** of LDCs under **the Least Developed Countries Fund (LDCF), the Special Climate Change Fund, the Adaptation Fund,** the Green Climate Fund**, the Global Environment Facility (GEF)** and other **relevant** funds **under the GEF Trust Fund.**
- **New and additional finance for loss and damage that can meet such needs of developing and least developed countries, separate from and in addition to existing climate finance flows for adaptation.**

Para. 227

We ~~agree that~~ **urge** donor countries and multilateral, regional and national development banks ~~will~~ **to** significantly increase the volume, quality and predictability of their finance **in the form of grants** for adaptation priorities identified in national and subnational and sectoral adaptation plans and building resilience in LDCs, and to systematically collect and publish such information.

Para. 228

We ~~reaffirm~~ **recall** the collective developed country goal to jointly mobilize $100 billion per year from public and private sources, through to 2025 in the context of meaningful mitigation actions and transparency on implementation**; prior to 2025 the Conference of Parties to the Paris Agreement shall set a new collective quantified goal from a floor of USD 100 billion per year, taking into account the needs and priorities of developing countries**.

Comment: Reproducing language in consistent with the Paris Agreement (Paragraph 53 of Decision 1/CP.21).

Para. 230

We commit to substantially enhancing funding to all climate-related financing windows including the least developed countries Fund (LDCF), **the Special Climate Change Fund** the Green Climate Fund, **the Global Environment Facility, and other relevant funds under**~~ and~~ **the** Global Environment Facility Trust Fund, and to substantially enhance access to all these funds by LDCs. We ~~also~~ commit to simplifying the access procedures for climate finance for LDCs and supporting the LDCs to develop bankable projects. **We also commit to new and additional financing for loss and damage-related initiatives and projects in developing countries ad LDCs, separate from and in addition to funding for climate change mitigation and adaptation.**

Comment: It is crucial to include new and additional finance for loss and damage in the text.

VI. Mobilizing international solidarity, reinvigorated global partnerships and innovative tools for risk-informed sustainable development - A march towards sustainable graduation

Para. 238
We acknowledge that LDCs are largely dependent on public resources to finance sustainable development needs and ensure a smooth transition from the least developed countries category. Available resources – domestic and external, public, and private - have not been sufficient to meet growing investment and spending needs. The high reliance of LDCs on external resources, including official development assistance, foreign direct investment, concessional lending, and private flows, such as remittances and portfolio investment, persisted over the past decade. During the IPoA implementation period, external debt has been rising, and it is, in some cases, exacerbated by large costs caused by disasters and structural vulnerabilities. The pandemic and its economic fallout have exacerbated financial vulnerabilities and debt risks in least developed countries that have been building up over the last decade. **Structural constraints and an inadequate international enabling environment for sustainable development are the main reasons for this conundrum of LDCs.**

Comment: Some language directly from Addis Ababa Action Agenda (July 2015) Para 8:
"We reaffirm that least developed countries, as the most vulnerable group of countries, need enhanced global support to overcome the structural challenges they face for the achievement of the post-2015 development agenda and the sustainable development goals. We reaffirm the need to address the special challenges and needs of landlocked developing countries in structurally transforming their economies, harnessing benefits from international trade, and developing efficient transport and transit systems. We further reaffirm that small island developing States remain a special case for sustainable development in view of their small size, remoteness, narrow resource and export base, and exposure to global environmental challenges. We also reaffirm the need to achieve a positive socioeconomic transformation in Africa, and the need to address the diverse and specific development needs of middle-income countries, including combating poverty in all of its forms. In this regard, we support the implementation of relevant strategies and programmes of action, including the Istanbul Declaration and Programme of Action, the SIDS Accelerated Modalities of Action (SAMOA) Pathway and the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024, and reaffirm the importance of supporting the new development framework, "the African Union's Agenda 2063", as well as its 10-year Plan of Action, as a strategic framework for ensuring a positive socioeconomic transformation in Africa within the next 50 years."

Para. 240
We aim to achieve at least 7 per cent gross domestic product growth per annum in LDCs and graduated countries from the LDC category.

Comment: It is challenging to mention GDP growth without mentioning what is necessary to enable this, and also the type of growth to ensure ecological and social sustainability while not creating more inequalities.

Support for domestic resource mobilization and fight of illicit financial flows

Para. 241
We acknowledge that the low tax-to-gross domestic product ratios of LDCs are due to their economic structures, high poverty rates, weak tax administration and the nature of their tax systems. **Illicit financial flows, which include corporate tax evasion, avoidance and abuse, drain vital tax revenues from LDCs and developing countries and deepen poverty and inequality.**

Comment: It is vital to include "illicit financial flows" in the text, as it represents a massive sum of monies which are technically public tax income for LDCs. Developing countries lost approximately $7.8 trillion[5] during the 10-year-period from 2004 to 2013, while Africa loses approximately $90 billion[6] a year through tax evasion and theft, half of which occurs through exports of commodities such as gold, diamonds and platinum

Para. 242
Target: Increase tax revenue as a proportion of gross domestic product to at least 15 per cent

- Enhance international cooperation for the recovery of stolen assets and their return to the country of origin
- **Establish a UN Tax Convention to comprehensively address tax havens, tax abuse by multinational corporations and other illicit financial flows through a truly universal, intergovernmental process at the UN, with broad rights holders' participation.**

Comment: This becomes even more urgent considering the nature and size of the digital economy and the increasing importance of e-commerce. Unless the failures of the international tax system are urgently addressed, countries around the world will continue to lose billions of public revenue dollars due to illicit financial flows. This will increase the already unsustainable debt levels and undermine governments' abilities to respond to the crisis, while also decreasing the public revenue base of developing countries.

Para. 243
Recognizing the efforts of LDCs to enhance domestic resource generation, we commit to supporting efforts by LDCs towards taxation, savings mobilization and financial inclusion, all of which aiming at sustainable public service delivery, including for marginalized groups, channeling savings to productive investment and to reducing inequalities. We stress the importance of conducive international regulatory frameworks and transparency as well as national and regional financial institutions, including development banks in this respect.

Comment: It also essential to define new standards that promote a more diverse banking system in all countries, including state-owned and development banks at the regional and

[5] https://gfintegrity.org/report/illicit-financial-flows-from-developing-countries-2004-2013/#:~:text=The%20report%20finds%20that%20from,decade%E2%80%94significantly%20outpacing%20GDP%20growth
[6] https://unctad.org/system/files/officia-document/aldcafrica2020_en.pdf

local levels, as well as cooperatives, savings and ethical banks and non-profit institutions. The banking system should address the gender gaps in women's financial inclusion, and ensure finance to rural economy, small and medium enterprises, non-formal sector and poor people at large.

Para. 245
We recommit to strengthening the capacities of revenue administration and broadening tax base in LDCs through modernized, progressive tax systems, and modern ICT-based tax collection systems in line with the Addis Ababa Action Agenda. We acknowledge that any consideration of tax measures in response to the digital economy should include a careful analysis of the implications for LDCs, taking into account their inputs, with a special focus on their unique needs and capacities.

Comment: Preventing regressive taxation and promoting progressive gender-responsive tax systems is key. In the Addis Ababa Action Agenda, governments made a commitment to "enhancing revenue administration through modernized, progressive tax systems", but little has been done to follow up on this. Furthermore, wealth taxes are currently emerging as a key topic in a number of countries across the world. The issue of regressive taxation linked to the tax rates on income from work and consumption versus passive income must also be avoided.

Para. 248
We commit to substantially reducing illicit financial flows by 2030 in order to help LDCs to mobilize resources, including through increased international cooperation to stem corruption and identify, freeze and recover stolen assets and return them to their countries of origin, in a manner consistent with the United Nations Convention against Corruption and to developing their capacities to track financial transactions, administer taxation, facilitate customs services and investigate and prosecute offences to contribute to the success of efforts to deal with illicit financial flows.

Comment: Same comment as for Paragraph 242.

Traditional and innovative sources of finance to meet the funding gaps in least developed countries

Para. 250
We underline that North-South, South-South and triangular cooperation is vital to LDCs, noting that South-South cooperation is not a substitute but a complement to North-South cooperation **and commitments**, particularly in regard to technical assistance, sharing of best practices in terms of their development, especially in areas of productive capacity-building, infrastructure, energy, science and technology, trade, investment and transit transport cooperation.

We suggest an additional operational paragraph:

Para. 250*bis*
We call for transparent and independent accounting of Official Development Assistance (ODA) as an essential part of development cooperation.

Comment: Concerns around Official Development Assistance (ODA):

Several changes have been introduced by the OECD members in the way ODA is accounted for, overestimating the "grant component" of loans, and adding equity investment to ODA but not subtracting profits from those investments, among other accounting moves. As a result some donor countries had their ODA figures inflated by up to 40% from what they would be with the old accounting methods.
(See https://www.globalpolicywatch.org/blog/2021/06/24/mismeasuring-foreign-aid/).

Since this renders the targets of ODA meaningless, it would be helpful for the calculation of this key assistance indicator to be transferred to UNCTAD or, at least, that the OECD offers proper transparency and independent oversight.

Further, the proposed Total Official Support for Sustainable Development (TOSSD), a new statistic being developed by the OECD to measure their contribution towards the SDGs, entails a new calculation and reporting metrics that undermine existing ODA commitments and their historical responsibilities. TOSSD attempts to count all financial flows (public and private, concessional and non-concessional) from traditional and emerging donors aimed at supporting global public goods and sustainable development.

The recent debates around TOSSD have seen many OECD donors pushing for new spending items which they would like to report in the new measure, so they can say that they are giving more towards sustainable development than they currently are.

Donor countries in fact have argued that many domestic expenditures such as scientific and health research, education and capacity-building programmes, national efforts to reduce greenhouse gas emissions, assistance to political and economic migrants, or anything else which indirectly contributes to global development may potentially be counted as TOSSD. However, there is no accountability when domestic policies of OECD countries hurt developing countries, such as high carbon emissions, agricultural subsidies and illicit financial flows?

Another concern with TOSSD is that the OECD wants to also include all non-concessional loans in the new measure, as well as publicly mobilized private financing, which opens the possibility for blended finance, public-private partnerships, private capital raised by state-owned enterprises, and financing where the state has minimal involvement (such as reducing interest rates, providing guarantees even though they are never used), to be included as TOSSD. This opens the door for governments to take credit for investments made by private financiers, and for donor countries to count as TOSSD the support they provide to their own profit-making private sector. (See https://twn.my/title2/twe/2016/631/4.htm)

Para. 255
We urge developed partners to recapitalize multilateral, regional and national development banks and accelerate the timetable for agreeing on a fresh replenishment of funds, including concessional windows of MDB and immediate steps should be taken by the international community to significantly expand concessional financing and deliver it to LDCs through simplified procedures.

Comment: Is there a specific amount of concessional window financing being targeted, relative to external financing shortfall calculations? In current COVID-19 era: the overall financing needs of developing countries have been estimated in March 2020 at US$ 2.5 trillion, and it is likely to have increased since then. This exceeds the lending capacity of the IMF, which is estimated to total US$ 1 trillion.
(See: https://www.cepal.org/sites/default/files/publication/files/46711/S2100063_en.pdf)

Para. 256
We welcome continued efforts to improve the quality, impact and effectiveness of development cooperation and other international efforts in public finance, including adherence to agreed development cooperation effectiveness principles. We will align activities with national priorities of LDCS, including by reducing fragmentation, accelerating the untying of aid. We will promote country ownership and results orientation and strengthen country systems, use programme-based approaches where appropriate, strengthen partnerships for development, reduce transaction costs and increase transparency and mutual accountability. We will make development more effective and predictable by providing LDCs with regular and timely indicative information on planned support in the medium term.

Comment: Same comment as for Paragraph 253.

Para. 257
We stress that the innovative sources of financing, ~~including blended finance,~~ should be additional, substantial, predictable, with preferential rates especially tailored to LDCs and disbursed in a manner that respects the priorities and special needs of LDCs and does not unduly burden them. This should include expanding ODA allocations to include flexible financing that can be used as first loss, concessional, or de-risking capital to attract additional resources from the private sector to SDG-aligned investments that can scale to address the needs of LDCs. We decide to establish a dedicated financing mechanism that delivers catalytic investment capital for MSMEs and small investment projects in LDCs and graduated countries to mobilize sustainable private investments that advance the SDGs and act as a crisis facility.

Comment: Same as in Para. 134 (page 14) on blended finance.

Para. 258
We welcome the agreement by G7 Finance Ministers and Central Bank Governors to support a new $650 billion allocation of IMF Special Drawing Rights. We invite the IMF to ~~to~~ allocate at least $ 50 billion SDRs to LDCs to provide enhanced liquidity and to further support health

needs, including vaccinations, and to help enable greener, more robust recoveries from the pandemic.

Comment: The overwhelming consensus is that reallocation of rich country SDRs will be voluntarily lent through existing and new IMF trust funds as 0% interest loans. Even though these loans are concessional, there are still a range of concerns that require that the following principles are prioritized in order to maintain the essential characteristics of SDRs as a global reserve asset. The principles are low-cost, non-debt creating and without conditionalities. SDR reallocations should be accessible to all countries in need, including MICs where the majority of the world's poor reside. The reallocations should also be additional to existing ODA and climate finance commitments from donor countries. Receiving and giving government should both espouse governance norms of transparency and accountability to citizens over how the SDR funds were spent.

With a debt crisis exacerbating across all developing countries, the SDR reallocations from rich countries to all countries in need should not be only in the form of new loans. They should also be in the form of grants. And if they are in the form of loans, there should be some red line around the most harmful conditionalities that reduce the public sector wage bill, which directly affects healthcare and education sector employees, and that retrench public financing of social services and public sectors, particularly that of healthcare, education and social protection systems.

One proposal that is circulating is for the G7 to use the boost to their reserves from SDRs to sell a portion of their foreign currency reserves to enable grant donations to mechanisms to address the pandemic and climate change. A recent commentary from credit rating agency Standard & Poor's expects SDRs to be lent through the IMF and notes this would "increase already high debt levels in LIC, albeit at 0% rates" which could damage "longer-term debt sustainability".
(See: https://www.spglobal.com/ratings/en/research/articles/210622-an-sdr-is-born-the-imf-creates-a-reserve-asset-for-low-income-countries-12007184)

Para. 259
We call on official creditors to make long-term sustainable finance available to LDCs and offer more fixed-interest lending at low interest rates**, emphasising that this is part of a mix of financing approaches that also include grants and SDRs**.

Comment: Long-term sustainable finance cannot be only in the form of loans, as even if they are concessional they are still debt creating. Even at low interest rates, there is still accrual of interest and debt payments. A more appropriate stance is to call for a mix of approaches: grants, aid, SDRs, concessional loans as well as international debt architecture reforms from debt cancellation to the establishment of a multilateral debt restructuring mechanism. See Paragraph 270*bis* below.

Foreign Direct Investment

Para. 260
We note with concern that the FDI flows to LDCs had already been on a declining trend since 2015, reaching $21 billion, or 1.4 per cent of world foreign direct investment in 2019. COVID-19 accelerated the decline of FDIs to LDCs, which remains heavily concentrated in the extractive industries. Several LDCs have undertaken steps to facilitate investment, such as the acceleration of approval procedures, an increased use of online tools, a reduction of fees and an automatic renewal of permits.

Comment: It is important not to promote the race to the bottom approach of deregulation of labour rights and public interest laws and regulations in order to attract FDI. In particular, impinging on hard-won labour rights and minimum/living wage regulations exacerbates the spike in inequalities during the COVID-19 era.

Debt relief, debt cancellation initiative through improved international debt architecture

Suggested additional operational paragraphs:

Para. 270*bis*:
We agree to establish a debt workout mechanism that is a transparent, binding and multilateral framework for debt crisis resolution, under UN auspices, that addresses unsustainable and illegitimate debt and provides systematic, timely and fair restructuring of sovereign debt, including debt cancellation, in a process convening all creditors. Such a binding, multilateral framework should urgently address:

- Supporting and providing immediate COVID-19 debt cancellation: Debt sustainability consistent with the SDGs and human rights can be achieved through an ambitious process of debt restructuring, including extensive debt cancellation. Debt cancellation must be granted to all countries in need, including to both LDCs and developing countries, assessed with respect to their development financing requirements, and provided by all creditors (bilateral, multilateral and private).
- Building global consensus on Principles on Responsible Borrowing and Lending: Long-pending issue of agreeing on common and binding principles on responsible borrowing and lending, and ensuring compliance with it. This should address the gaps in transparency and advance towards the creation of a publicly accessible registry of loan and debt data as well as facilitate the organisation of debt audits.
- Using human rights and development impact assessments in debt sustainability analyses to widen their focus solely from economic considerations to consider also the impact of a country's debt burden on its ability to meet development goals (including SDGs, climate goals, human rights and gender equality commitments) and create the conditions for the realisation of all universal human rights.

- Assessing systemic risks posed by unregulated or inadequately regulated financial sector instruments and actors: including regulation and supervision of Credit Rating Agencies and global agreement on the importance of capital account management.
- Supporting at the IMF Spring Meetings a new allocation of Special Drawing Rights (SDR) in the amount of US$3 trillion - as an allocation of SDR 500 million will barely cover debt service payments in 2021.

Para. 270*ter*
We call for extension of international support measures to graduating and graduated least developed countries to make graduation sustainable and irreversible.

Para. 280
We ~~request~~ **call upon** development and trading partners **granting unilateral trade preferences to LDCs to establish procedures for extending and gradually phasing out their preferential market access scheme over a period of 12 years after the entry into force of a decision of the UN General Assembly to exclude a country from the LDCs category.** We ~~also~~ **call upon** all Members of the WTO to extend to graduated countries ~~the~~ all LDC-specific special and differential treatment measures and exemptions **available to a least developed country** under ~~the~~ **existing and future WTO** Agreements, Understandings, **Ministerial, General Council** and other relevant Decisions, including the flexibilities **of the** TRIPS Agreement**;** ~~and~~ all LDC-specific technical assistance and capacity building programmes and facilities provided under the WTO system**; and any other relevant measure in favour of LDCs** for a period of 12 years after their graduation from the LDC status. We also call upon the development partners to continue to provide special climate-change related finance and technological support to graduated countries for a period consistent with their vulnerabilities, sustainable development needs and other national circumstances and emerging challenges.

Comment: Reproduced language from the LDC Group's proposal WT/GC/W/807 of 17 November 2020.

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