Istanbul Programme of Action for the LDCs (2011–2020)

Monitoring Deliverables, Tracking Progress – Synthesis Report
Istanbul Programme of Action for the LDCs (2011–2020)

Monitoring Deliverables, Tracking Progress – Synthesis Report

LDC IV Monitor
About LDC IV Monitor

*LDC IV Monitor* is an independent partnership established in September 2011 by eight organisations with track record for working on issues of interest to the least developed countries (LDCs). Through monitoring and assessing the implementation of the Istanbul Programme of Action (IPoA) adopted by the Fourth United Nations Conference on the Least Developed Countries (UN LDC IV), it aims to contribute to an improved delivery of commitments made to the LDCs. Drawing its strength from the expertise and capacity of its members, the consortium undertakes policy research, organises dialogues and carries out outreach activities covering the key issues laid out in the IPoA.

The eight members of the partnership are:

- Centre for Policy Dialogue (CPD), Dhaka
- Centre de Recherches Économiques Appliquées (CREA), Dakar
- Commonwealth Secretariat, London
- Economic and Social Research Foundation (ESRF), Dar es Salaam
- Fondation pour les Études et Recherches sur le Développement International (FERDI), Clermont-Ferrand
- Galatasaray University, Istanbul
- International Centre for Trade and Sustainable Development (ICTSD), Geneva
- OECD Development Centre, Paris
Foreword by Gyan Chandra Acharya, USG and High Representative for LDCs, LLDCs and SIDS

This first report is a noble exercise undertaken by the LDC IV Monitor, an independent partnership whose members are all important stakeholders in the progress and development of least developed countries (LDCs). The challenges and complex vulnerabilities faced by LDCs require not only the commitment and leadership of LDC national governments, the governments of their development partners and multilateral institutions; it calls for the broadest possible collaboration and contributions from all stakeholders. It is only with rapid, holistic and inclusive development that LDCs will be able to attain a structural transformation of their economies, and thus strengthen the resilience of economies. Good governance and effective national ownership and leadership are critical to attain such transformation. This must be complemented by comprehensive, enhanced and effective international support and co-operation.

The principle of mutual accountability is one of the strengths of the LDCs’ programme of action, and it is laudable that considerable efforts have been made to follow-up and assess the progress so far. This report will contribute to the global monitoring and follow-up, and will be a useful input to the review process of IPoA.

The topics covered by the report rightly include, among others, areas crucial for productive capacity building, LDC-specific vulnerabilities and international support measures. It highlights the importance of political commitment of, and delivery by, both LDCs and development partners.

These issues, along with other emerging issues, are currently under discussion in the context of the post-2015 development agenda and Sustainable Development Goals. As the old adage goes, to everything there is a season, and a time to every purpose. This is the time to get LDC priorities fully on-board while shaping a new global partnership.
Foreword by Kamalesh Sharma, Commonwealth Secretary-General

It is most fitting that the Commonwealth Secretariat should undertake the publication of this report monitoring progress on the 2011–2020 Istanbul Programme of Action (IPoA) for the least developed countries (LDCs). Development, together with democracy and respect for diversity, is one of the three pillars on which Commonwealth member countries collectively work to build economic and social resilience, to overcome vulnerability, and to advance more equitable, inclusive, and sustainable growth and prosperity.

Since 1971 the United Nations has recognised as LDCs those states deemed most highly disadvantaged in the development process, and as facing the greatest risk of failing to overcome poverty. Special UN conferences have been convened every ten years since 1981, the fourth of which, LDC IV, took place in Istanbul in 2011.

The Commonwealth Secretariat and seven other organisations came together as the LDC IV Monitor to undertake objective assessments of the implementation of the IPoA. This initiative benefits immensely from the collaboration that is possible when vision for the global good is shared, and diverse expertise is pooled.

The composition of the LDC IV Monitor makes it a truly global endeavour, able to make a significant contribution towards enhancing transparency and accountability in relation to the implementation of the IPoA. This strengthens ownership of the process, both by individual LDCs, and by development partners.

A major objective of the LDC IV IPoA is that by 2020 the number of countries categorised as LDCs should be halved from 48 to 24. This first report of the LDC IV Monitor provides comprehensive assessments of the progress being made. It sets benchmarks, and tracks progress against specific quantitative and qualitative indicators. This enables a constructive evaluation of IPoA implementation to be made.

The current discourse towards finalising the post-2015 global development framework makes this a most opportune moment for this report to be issued. Our hope is that by presenting an evidence-based and policy-oriented assessment of delivery on IPoA objectives it can be of real value to all stakeholders, and contribute to greater synergy between implementation of the IPoA and the post-MDG international development partnership.
Preface from the Chair

The publications here, titled *Istanbul Programme of Action for the LDCs (2011–2020): Monitoring Deliverables, Tracking Progress – Synthesis Report and Analytical Perspectives*, are a set of unique documents in terms of the process underpinning its preparation, its content and the messages that emerged from scholarly analyses of the implementation of the Istanbul Programme of Action (IPoA) so far.

The process

The publications address different aspects of the outcome document adopted at the Fourth United Nations Conference on the Least Developed Countries (UN LDC IV) held in Istanbul, Turkey in May 2011. Discussions prior to UN LDC IV highlighted the poor implementation record of the Brussels Programme of Action for the Least Developed Countries for the Decade 2001–2010 (BPoA), which was largely attributed to weak accountability. Monitoring of the BPoA implementation and the two preceding programmes was limited to official and administrative levels, often involving rather pro forma exercises. A practical and innovative approach to strengthen the oversight process of the IPoA implementation was evidently needed. This was conceived not as a substitute for the intergovernmental process, but rather as a complement to this process that would improve the efficacy of the implementation. The approach should also be in line with the call of the IPoA for partnership with civil society, academia and foundations in awareness raising and advocacy work that favours least developed countries (LDCs).

High-calibre development policy organisations from across the world came together in Clermont-Ferrand, France, in September 2011 to launch a partnership styled as *LDC IV Monitor*, a ‘watchdog’ operating on behalf of the global development community. *LDC IV Monitor* is an independent partnership of eight interested organisations with demonstrated expertise and experience in analysing development challenges facing LDCs. Its major objectives are to keep LDCs’ concerns on the international agenda, provide assessments of delivery on the IPoA promises, and make policy recommendations.

During the preparation of the publications, *LDC IV Monitor* followed a rigorous approach that involved several expert group meetings to design studies, discuss draft chapters and reflect on major messages emerging from analyses. These expert group meetings were held in Dhaka, Dar es Salaam and London. The partnership regularly consulted major actors involved in LDC IV, particularly the Office of the High Representative for the Least Developed Countries, Landlocked Developing
Countries and Small Island Developing States (OHRLLS) at the United Nations (UN), the UN Committee for Development Policy (CDP) and different country delegations to the UN. Views of domestic stakeholders were taken into account during the preparation of individual chapters. All chapters underwent multiple internal reviews before being externally peer-reviewed by leading experts in the relevant fields.

The content

*LDC IV Monitor* presents a set of two publications to support the implementation of the IPoA. One is the *Synthesis Report*, which derives broad messages and key recommendations from a volume of scholarly papers on the topic of IPoA implementation titled *Analytical Perspectives*. The 12 chapters in *Analytical Perspectives* seek to elaborate on the benchmark situation in LDCs at the inception of the IPoA, identify emerging trends over the subsequent period, and highlight the structural and policy challenges facing LDCs and their development partners. Authors demonstrate that specific targets in the IPoA require the deployment of dedicated tools alongside provisions of necessary financial and non-financial resources. Emphasising the need to start strong in the initial phase of the decadal action programme, the volume sheds light on the progress achieved in this respect. The contributions provide independent assessments of the current state of the IPoA implementation.

The chapters are not an exhaustive review of the IPoA, though they indeed focus on some of its critical dimensions and priorities. Selected research themes include overall economic performance, development of productive capacities (including infrastructure development) to catalyse structural transformation, strengthening capacities related to trade in goods, commodities and services, and trends in domestic resource mobilisation, specifically government revenue and foreign resource flows such as official development assistance, foreign direct investment and remittances. The promotion of agricultural productivity is the subject of one dedicated chapter. Issues pertaining to adverse impacts of climate change receive attention in another. Countries’ prospects of graduation from the LDC category are the subject of another chapter. Recognising that implementation of the IPoA has partly overlapped with the Millennium Development Goals (MDGs) period, the volume examines the extent of delivery on global development targets in LDCs. Given that the studies were undertaken in the aftermath of the global economic and financial crisis, most chapters refer to its impacts on and implications for LDCs.

Examining progress on selected IPoA indicators over the 2005–2008 period, one chapter notably designs a simple new method to benchmark IPoA indicators by constructing a composite index. Its objective is to empirically measure progress on the IPoA implementation accurately and inform national policy-making processes.

In assessing the implementation of the IPoA during its initial phase, authors faced a significant dearth of real-time data. Some data for a number of targets and indicators
mentioned in the IPoA were unavailable. To work around data problems, authors used a variety of national and international sources, and they were mindful to ensure consistency and comparability of data.

**Key messages**

The analyses undertaken by *LDC IV Monitor* drew a number of insightful conclusions. Key messages are presented below.

i. The global economic and financial crisis further exposed the structural vulnerabilities of LDCs’ economies. These economies are yet to regain the economic growth that was observed before the crisis, with economic recovery faltering during the subsequent period. Implementation process of the IPoA must emphasise aspects that strengthen LDCs’ capacities to mitigate the adverse impacts of external shocks.

ii. Attainment of the MDGs remains uneven among LDCs, which has been compounded by weak domestic reforms, fallout from the crisis and slow economic recovery. Negotiations on the post-2015 international development framework should consider a synergy between the implementation of the IPoA and the pursuit of the post-2015 international development agenda.

iii. Although graduation prospects are promising for a number of countries, LDCs as a group are expected to significantly lag behind the IPoA goal on graduation from the LDC category. Smooth and sustainable transitions by the countries that are most likely to graduate remain to be seen. LDCs and their development partners, including international development agencies, should prepare an overarching framework for smooth transition toward graduation and a set of guidelines that promote sustainable post-graduation developments.

iv. Progress on building productive capacities by investing in high-quality infrastructure and through technology transfer has been unsatisfactory. Low labour productivity and little inclusive growth have continued to be binding constraints on the structural transformation of LDCs’ economies. Efforts to improve and reinforce infrastructure in LDCs need to consider both investment and public policy dimensions.

v. Progress has been slow in implementing agricultural development strategies and increasing investments in research and development in LDCs. Support from developed countries in these areas was typically in the form of stand-alone projects. LDCs should develop comprehensive agricultural development plans to promote product diversification and productivity growth.

vi. Reduction of the negative impacts of commodity dependence in LDCs can be achieved through diversification, value addition, effective participation in global value chains, diligent use of resource rents, and insulation of domestic economies from international price volatility. In the process of implementation of these strategies, employment and income outcomes have to be made explicit.
vii. The share of LDCs’ exports in global trade remains miniscule, and if current trends continue, the IPoA goal of doubling LDCs’ share of world merchandise trade looks doubtful. Competitiveness-driven export diversification in terms of both products and markets continues to be a daunting challenge for LDCs. International commitments including those related to market access of LDC goods and services need to be implemented urgently.

viii. Compared to other developing countries, LDCs confront greater and often unique vulnerabilities in the face of adverse climate change impacts. Country-specific adaptation strategies and corresponding international support are needed for dealing with such challenges.

ix. Given lower disbursements of official development assistance in the context of the global economic and financial crisis and marked unevenness in aid distribution, the distribution of disbursements among LDCs must be more predictable and balanced. Alignment of aid with LDCs’ rational priorities needs to be improved to make aid more effective.

x. Foreign direct investment inflows remain concentrated in a handful of LDCs, particularly in their extractive industries, which have limited backward and forward linkages. For ensuring that FDI contributes to building productive capacities in LDCs, there is a need to design innovative incentives in the host countries as well as in the countries of origin.

xi. Foreign inward remittances have been robust in certain LDCs, even in the face of the global economic and financial crisis. Openings in services markets remain limited, and migrant workers from LDCs continue to face formidable challenges both in home and host countries. Addressing these challenges requires workable partnerships between home and host countries.

xii. Growth in domestic resource mobilisation is helping to bridge resource gaps in some LDCs, but more could be done in terms of broadening the tax base and strengthening institutional capacity of the tax collecting authority. Effective international initiative to plug illicit financial outflows from LDCs is a must.

xiii. The availability of data remains a major constraint. LDCs and the UN need to work together to make more quality data available in real-time. Since the concept of a ‘data revolution’ has gained prominence in the context of the post-2015 international development framework, it is pertinent that an assessment of the availability and accessibility of relevant data and information are undertaken in LDCs for improved monitoring of the IPoA implementation.

These publications of the *LDC IV Monitor* will hopefully contribute towards enhancing transparency and accountability of the IPoA implementation at the national and international levels. Such enhancement would strengthen national and global ownership of the IPoA. Follow-up on the key messages outlined above would allow LDCs and their development partners to be more strategic and effective in the IPoA implementation in upcoming years. With these hopes and likelihoods in mind, the eight partner organisations of *LDC IV Monitor* expect that all engaged
stakeholders in LDCs and their development partners will recognise the intentions, ambitions and value of the partnership.

Acknowledgements

As mentioned earlier, these publications are an outcome of a collaborative initiative, which has been benefited from inputs from a large number of individuals and institutions.

The set of two reports of the *LDC IV Monitor* had been genuinely a collective endeavour. This was primarily possible because of the inspired participation of the eight partner organisations, viz. Centre for Policy Dialogue (CPD), Dhaka; Centre de Recherches Économiques Appliquées (CREA), Dakar; Commonwealth Secretariat, London; Economic and Social Research Foundation (ESRF), Dar es Salaam; Fondation pour les Études et Recherches sur le Développement International (FERDI), Clermont-Ferrand; Galatasaray University, Istanbul; International Centre for Trade and Sustainable Development (ICTSD), Geneva; and OECD Development Centre, Paris.

The active role played by Christophe Bellmann, ICTSD; Federico Bonaglia, OECD Development Centre; Patrick Guillaumont, FERDI; Hoseana Bohela Lunogelo, ESRF; Miguel Rodriguez Mendoza, ICTSD; and Mustafizur Rahman, CPD in galvanising the partnership is recalled with appreciation. Contribution of Anna Batyra as the co-ordinator of the *LDC IV Monitor* has been instrumental in getting the initiative in place. A special gratitude goes to Mohammad A Razzaque, the Commonwealth Secretariat, for his distinguished role in promoting the initiative and in producing the volumes.

Sincere thanks are due to the authors who have contributed their time and efforts in preparing various chapters of the volume on *Analytical Perspectives*. A number of them have also acted as internal reviewers of the draft chapters.

*LDC IV Monitor* is particularly indebted to the external reviewers of the chapters of the report for their insightful comments that have contributed to enrich the report. The group of external reviewers includes: Nina Becker, Overseas Development Institute (ODI); Aniket Bhushan, The North-South Institute (NSI); Carole Biau, OECD; Olav Bjerkholt, University of London; Lisa Borgatti, United Nations Conference on Trade and Development (UNCTAD); Ana Cortez, United Nations Department of Economic and Social Affairs (UNDESA); Karim Dahou, OECD; Kim Elliott, Center for Global Development (CGD); Willem van der Geest, UNDESA; Suchat Katima, Mekong Institute; Dina Lonesco, International Organization for Migration (IOM); Susanne Melde, IOM; Tom Mitchell, ODI; Manuel F Montes, South Centre; Oliver Morrissey, University of Nottingham; Dambudzo Muzenda, OECD; Olle Ostensson, formerly with UNCTAD; Thangavel Palanivel, United Nations Development Programme (UNDP); Hyeshin Park, OECD; Rakesh
Saksena, Institute of Rural Management Anand (IRMA); Shekhar Shah, National Council of Applied Economic Research (NCAER); Parvindar Singh, Common Fund for Commodities (CFC); Youba Sokona, South Centre; Jean Philippe Stijns, OECD Development Centre; Rorden Wilkinson, University of Manchester; and Susanna Wolf, UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS).

FERDI, CPD, ESRF and the Commonwealth Secretariat are credited for organising the expert group meetings in Clermont-Ferrand (11–12 September 2011), Dhaka (7–9 September 2012), Dar es Salaam (4–6 February 2013) and London (18–20 June 2013). These meetings contributed enormously to enhance the quality of the research outputs.

Co-operation extended by the United Nations High Representative for the Least Developed Countries, Gyan Chandra Acharya, and other members of the UN-OHRLLS is greatly appreciated. Contribution of the Regional Bureau for Asia and the Pacific of the UNDP is also thankfully acknowledged.

Members of the LDC IV Monitor are sincerely grateful to the Commonwealth Secretariat and the CPD for undertaking the responsibility regarding the production of the publications on behalf of the LDC IV Monitor. Particularly, the publication departments of the Commonwealth Secretariat and the CPD put in extra-ordinary professional efforts in order to bring out the two volumes under severe time pressure.

The key role played by the CPD as the Secretariat of the LDC IV Monitor in guiding the activities of the partnership during the entire period of its existence is also thankfully mentioned. Thanks are particularly due to Towfiqul Islam Khan and Umme Shefa Rezbana of CPD for playing a critical role in keeping the partnership running, and in preparation of the publications.

Debapriya Bhattacharya
Dhaka Chair, LDC IV Monitor and September 2014 Distinguished Fellow, Centre for Policy Dialogue (CPD)
Contents

About LDC IV Monitor iii

Foreword by Gyan Chandra Acharya, USG and High Representative for LDCs, LLDCs and SIDS v

Foreword by Kamalesh Sharma, Commonwealth Secretary-General vii

Preface from the Chair ix

Abbreviations and acronyms xvi

1. The context 1
2. LDC IV Monitor: concept, process and output 1
3. Implementation of the IPoA: early signals and outlook 3
   a. Post-crisis economic recovery was slow and uneven 4
   b. MDG attainment is uneven 5
   c. Prospects of graduation from the LDC category remain uncertain 6
   d. Progress in structural transformation and building productive capacities has been unsatisfactory 8
   e. Progress in implementing agricultural development strategies has been limited 9
   f. Dependence on commodities exports persists 11
   g. Structural issues in LDCs’ trade remain 13
   h. Climate vulnerability is a complex medium- to long-term concern 14
   i. ODA has been inadequate and its distribution is becoming increasingly skewed 15
   j. FDI for development have remained lacking 17
   k. Challenges related to promoting overseas employment and remittance inflows and ensuring migration rights are pervasive 18
   l. Growth in domestic resource mobilisation is helping to bridge resource gaps only in some LDCs 20
4. Concluding observations 22

Annex 1 Chapters and authors of the volume on Istanbul Programme of Action for the LDCs (2011 – 2020): Monitoring Deliverables, Tracking Progress – Analytical Perspectives 25

Notes 26
## Abbreviations and acronyms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPoA</td>
<td>Brussels Programme of Action</td>
</tr>
<tr>
<td>DFQF</td>
<td>duty-free and quota-free</td>
</tr>
<tr>
<td>EITI</td>
<td>Extractive Industries Transparency Initiative</td>
</tr>
<tr>
<td>EVI</td>
<td>Economic Vulnerability Index</td>
</tr>
<tr>
<td>FDI</td>
<td>foreign direct investment</td>
</tr>
<tr>
<td>GATS</td>
<td>General Agreement on Trade in Services</td>
</tr>
<tr>
<td>GDP</td>
<td>gross domestic product</td>
</tr>
<tr>
<td>GNI</td>
<td>gross national income</td>
</tr>
<tr>
<td>HAI</td>
<td>Human Assets Index</td>
</tr>
<tr>
<td>ICT</td>
<td>information and communication technology</td>
</tr>
<tr>
<td>IIA</td>
<td>international investment agreement</td>
</tr>
<tr>
<td>IPoA</td>
<td>Istanbul Programme of Action</td>
</tr>
<tr>
<td>LDC</td>
<td>least developed country</td>
</tr>
<tr>
<td>MDG</td>
<td>Millennium Development Goal</td>
</tr>
<tr>
<td>MNE</td>
<td>multinational enterprise</td>
</tr>
<tr>
<td>NAPA</td>
<td>National Adaptation Programme of Action</td>
</tr>
<tr>
<td>ODA</td>
<td>official development assistance</td>
</tr>
<tr>
<td>PPP</td>
<td>public-private partnership</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>research and development</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>UN LDC IV</td>
<td>Fourth United Nations Conference on the Least Developed Countries</td>
</tr>
<tr>
<td>UN-OHRLLS</td>
<td>United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
</tr>
</tbody>
</table>
1. The context

Since the number of least developed countries (LDCs) has increased over the years, the effectiveness of decadal United Nations (UN) conferences dedicated to the problems of this group of countries is coming under increasing scrutiny. The numerous wide-ranging, but non-binding goals and targets suggested in the outcome documents of these conferences form a ‘wish list’ that is evidently not being addressed satisfactorily. There are currently 48 countries categorised as LDCs. Since the creation of this category by the UN in 1971 in recognition of the structural atrophy characterising certain countries, only four countries – Botswana (in 1994), Cape Verde (2007), Maldives (2011) and Samoa (2014) – have graduated from it. The LDCs as a group currently account for 12 per cent of the global population, approximately 2 per cent of global gross domestic product (GDP), less than 3 per cent of global foreign direct investment (FDI), around 1 per cent of global trade, and about 0.5 per cent of global services income. Increased heterogeneity among LDCs, emerging trade patterns in the global economy and prioritisation of specific development challenges are prompting the need to conceptually and empirically revisit the common development agenda of the LDCs. Geophysical realities, such as being landlocked or a small island, and new risks associated with the adverse impacts of climate change are some of the additional factors that limit LDCs’ development prospects.

Held in Istanbul, Turkey, in May 2011, the Fourth United Nations Conference on the Least Developed Countries (UN LDC IV) provided a unique opportunity to take a comprehensive look at the recent achievements of the LDCs, and reconsider the challenges impeding progress on various goals and targets. The outcome document of UN LDC IV, the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011–2020, outlines 47 goals and targets under eight priority areas along with actions delineated for LDCs as well as their development partners, both developed and developing countries, over a 10-year period. Disappointingly, the Istanbul Programme of Action (IPoA) does not deviate much from traditional approaches to designing programme implementation. While it identifies a broader group of stakeholders, the document hardly improves upon the mechanism overseeing implementation – annual reporting by the UN Secretary-General to the UN General Assembly. Curiously, there exists a broad consensus that weak monitoring is implicated in the inadequate implementation of successive programmes of action for LDCs adopted by the UN. The need to strengthen the monitoring of UN LDC IV, particularly improving transparency, accountability and effectiveness, was emphasised by a concerned group of researchers and analysts at the end of the UN LDC IV.

2. LDC IV Monitor: concept, process and output

The ambitious IPoA sets out a development pathway for LDCs during the present decade, but whether implementation is being broadly and optimally carried out
remains unclear. Like its predecessors, the IPoA includes some elements of an overarching institutional mechanism that is supposed to help implement the programme of action and monitor delivery on its goals and targets. The institutional mechanism is essentially anchored in the intergovernmental process of the UN, and allows for collaboration both within and beyond the UN development system. The implementation and monitoring mechanisms of the IPoA mirror those of the Brussels Programme of Action for the Least Developed Countries for the Decade 2001–2010, but include additional elements. For example, the IPoA more explicitly mentions the roles of parliamentarians, private sector and civil society in implementation, follow-up and monitoring. To facilitate implementation, improved integration of the IPoA into the aid, trade and development strategies of development partners, is urged. The IPoA insists that the follow-up exercise should focus on actions rather than being limited simply to goals and targets. It is important to note that a number of implementation- and monitoring-related points on mutual accountability, which figured in earlier drafts of the outcome document, were conspicuously absent from the final version. This owes particularly to objections from certain key developed countries. One such point discussed the greater involvement of LDCs and other major stakeholders in the monitoring mechanism to monitor delivery on commitments by development partners.

The additional elements introduced in the IPoA apparently fall short of designing an efficient, all-encompassing institutional mechanism for monitoring. One potential approach to addressing this shortcoming involves establishing an independent monitoring mechanism that functions as a ‘watchdog’ on behalf of the international development community. This could complement the institutional mechanism of the IPoA, while at the same time improving the visibility of the IPoA and bringing it under wider public scrutiny. Non-state actors were also involved in the preparatory process for the UN LDC IV. The UN Secretary-General’s creation of the Eminent Persons Group for the conference acknowledged and concretised the role that civil society plays in contributing ideas and knowledge, and thus shaping conference ‘deliverables’. Lamentably, such a group was not incorporated into the implementation process of the IPoA. However, the IPoA calls upon the UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS) to “continue its awareness-raising and advocacy works in favour of least developed countries in partnership with the relevant part of the United Nations, as well as with parliaments, civil society, the media, and academia and foundations, and to provide appropriate support to group consultations of least developed countries (United Nations 2011a1).” An independent monitoring mechanism falls in line with these approaches. LDC IV Monitor, an independent partnership of eight development policy think tanks, international development organisations and academic institutions from LDCs and partner countries, was established in September 2011 to serve as this mechanism, with a mandate to consistently provide analytical, policy-oriented monitoring and assessment.
To contribute to improved delivery on the commitments made to LDCs, *LDC IV Monitor* draws on the professional expertise and capacities of its members to
undertake policy research, organise dialogues and carry out outreach activities
covering the key issues laid out in the IPoA. These efforts are necessary since one
of the reasons why the Brussels Programme of Action (BPoA) was not properly
implemented is that monitoring was conducted only at the official and administrative
level. The emergence and consolidation of many high-calibre development policy
think tanks across the world over the past two decades indicate that monitoring
of the UN LDC IV will be reliably supported by dedicated non-governmental
professionals. In addition to international sources of data and information, they
have access to real-time national-level data that allow them to provide high-quality
policy analyses, which are often fed into the national policy-making processes.
Policy-oriented think tanks have often co-operated closely at the international level
to perform oversight functions on behalf of civil society. Thus, the establishment of
an independent mechanism to track and assess the implementation of the IPoA is
not entirely a novel endeavour, but is indeed one based on positive experiences, and
supported by a growing independent network of international experts.

*LDC IV Monitor’s* principal output will be a series of monitoring reports to accompany
the reports from intergovernmental reviews of the IPoA. The *Analytical Perspectives*
of the first *LDC IV Monitor* report titled ‘Istanbul Programme of Action for the LDCs
(2011–2020): Monitoring Deliverables, Tracking Progress’ includes 12 thematic
chapters prepared by researchers from the eight partner institutions. During
the preparation of the report, the following components were given considerable
importance: (i) benchmarking of the initial condition, (ii) quantification of the IPoA
targets, (iii) establishing coherence among different targets and (iv) identification of
data and information needs. The chapters reflect the respective research priorities
of the institutions involved, and were discussed in three expert group meetings
held in Dhaka, Dar es Salaam and London. The chapters were subsequently peer-
reviewed by multiple internal and external reviewers. With the overarching goal
being to contribute towards the effective implementation of the IPoA, the present
set of monitoring reports have the following specific objectives: (i) to help maintain
and reinforce the interest of policy-makers, practitioners and the public in the
implementation of the IPoA, (ii) to assess the extent, effectiveness and impacts of the
implementation of the IPoA, (iii) to produce practical proposals on the implementation
of the IPoA for consideration by national governments, international organisations
and the broader international development community, as well as parliaments, civil
society, academia, media and the private sector, (iv) to provide useful inputs for the
UN-OHRLLS as it continues to assist the UN Secretary-General and (v) to act as a
channel through which LDC-specific policy-oriented research can be promoted.

3. Implementation of the IPoA: early signals and outlook

The *Analytical Perspectives* volume of *Istanbul Programme of Action for the LDCs
(2011–2020): Monitoring Deliverables, Tracking Progress*, based on which this present
Synthesis Report is prepared, indicate that there has yet to be a major breakthrough in overcoming structural and institutional impediments during the initial two years following the UN LDC IV. It remains unclear to what extent LDC governments are committed to reform their respective domestic economic strategies to integrate the goals and targets set out by the IPoA. Broad messages and key recommendations to support the implementation of the IPoA derived from the aforementioned analytical chapters are highlighted below.

a. Post-crisis economic recovery was slow and uneven

1. Weak global economic situation was a major concern as regards LDCs’ development progress at the time of inception of UN LDC IV. The economic performance of the LDCs as a group has yet to return to its pre-crisis level. Indeed, LDCs found that sustaining economic growth was extremely difficult with the economies of the group as a whole grew by 4.8 per cent in 2012. In 2013, LDCs as a group registered an improved GDP growth rate of 5.6 per cent. However, this was considerably below the target of an average 7 per cent annual growth rate set out in the IPoA.

2. Slow and uneven recovery of the global economy has imposed significant challenges on LDCs with regard to their efforts to accelerate economic growth. In connection to this, the Resolution adopted by the UN General Assembly on 20 December 2013 expressed concern that “the ongoing impact of the economic and financial crisis demonstrates the need for the deployment of appropriate regional and international in a timely and targeted manner to complement the efforts of the least developed countries aimed at building resilience in the face of economic shocks and mitigating their effects” (United Nations 2014a). However, a recent report by the UN Secretary-General on IPoA implementation highlights a number of challenges including continued fiscal consolidation and lower demand in advanced economies, slowdown of official development assistance (ODA) flows to LDCs, deterioration of security in a number of LDCs, and shocks associated with adverse weather conditions (United Nations 2014b). Economic progress by LDCs in 2014 and onward is expected to be constrained by these factors.

Recommendations

R1. Given the slow, uneven recovery following the global economic and financial crisis, the implementation process of the IPoA must emphasise aspects that strengthen LDCs’ capacities to mitigate the adverse impacts of external shocks. Comprehensive steps including domestic reform agendas towards building productive capacities and improving economic competitiveness are important in this regard.

R2. Heterogeneity among LDCs requires closer attention during the IPoA implementation. While the IPoA acknowledges this heterogeneity, there have been no initiatives to address it by designing ‘tailor-made’ country-
specific strategies. The distribution of available resources in the forms of trade preferences and ODA disbursements among LDCs must be more balanced.

R3. Strengthening domestic institutional capacities, improving transparency and accountability, and giving voice to the marginalised in LDCs remain important. Countries in conflict and post-conflict countries must continue peace building and peace keeping.

R4. The international development community must follow through on its political commitments to the LDCs, while LDCs must be responsive to their respective citizens. Trust is critical in generating momentum for comprehensive implementation of the IPoA.

b. MDG attainment is uneven

3. The attainment of the Millennium Development Goals (MDGs) remains uneven among LDCs. LDCs also faced challenges while progressing towards the MDG targets in the wake of global economic crisis and a slower global recovery. According to a recent study by Bhattacharya et al. (2013), LDCs as a group are unlikely to meet any of the examined 14 MDG targets (out of 49 that are relevant to LDCs), though they have made progress on 11 of them. However, Asian LDCs as a group will likely meet the targets for poverty and child mortality, while island LDCs as a group will likely meet the targets on safe drinking water and child mortality. In contrast, African LDCs as a group are unlikely to meet any of the 14 examined targets. The MDG Progress Index indicates that Rwanda has made the most progress, followed by Bangladesh and Cambodia. Five African countries – Somalia, Equatorial Guinea, Sudan, Lesotho and Chad – have made the least progress. Four countries – Mozambique, Sierra Leone, Somalia and South Sudan – are unlikely to meet any of the 14 targets, though some progress has indeed been made. Not all LDCs have accelerated development progress following the launch of the MDGs. Some LDCs’ success with target attainment is in fact largely due to the headstarts that they had – policy initiatives that were undertaken before 2000.

4. It is becoming increasingly likely that the post-2015 international development framework will track progress on contributions toward global goals in all countries, but will require different types of commitments from different types of countries. Observers have strongly urged that the post-2015 framework also needs to reflect country priorities. A challenging task will be to accommodate the specific concerns and interests of countries with special needs, especially the LDCs, within a universal framework. In a world where development is uneven and countries strive to realise the international political commitment to “leave no one behind” (United Nations 2013), success will be defined by the level of achievement of the lowest denominators. The actual state of delivery on the MDGs in the LDCs must therefore be considered in negotiations on the post-2015 framework because in most cases the LDCs will define these lowest denominators.
Recommendations

R5. IPoA implementation cannot distract countries from the pursuit of the MDGs as their deadline approaches. A final development push is required to accelerate the progress of MDGs in LDCs.

R6. It would be ideal to derive synergies between the implementation of the IPoA and the pursuit of the MDGs in the LDCs, and facilitate and mainstream them through the multilateral development co-operation agenda. Negotiations on the post-2015 international development framework should consider such synergies as well.

R7. It may be possible that the post-2015 international development framework will be ‘universal’ in nature. However, in an uneven world, the ‘universal’ framework should accommodate the specific concerns and interests of the countries with special needs – including the LDCs. Particularly, ‘means of implementation’ targets as regards post-2015 international development framework should be customised for the countries in special situation (including LDCs) considering their economic, social and environmental vulnerability.

c. Prospects of graduation from the LDC category remain uncertain

5. The process of graduation from the LDC category has become more complex. According to the latest review in 2012 by Committee for Development Policy, more LDCs are lined up for graduation, but smooth and sustainable transitions of these candidate countries remain uncertain. Graduation prospects are also constrained by the prolonged timeframe of the graduation process. In order to graduate from the LDC category, a country not only must be found eligible at two previous successive triennial reviews, but it is graduated three years after the recognition by the General Assembly it has been found so. For instance, a country meeting the criteria in 2015 and 2018 cannot graduate from the LDC category before 2021.

6. The LDCs that will most likely meet the graduation criteria in this timeframe include two countries whose graduation has already been decided, but not yet been completed (Equatorial Guinea and Vanuatu), and three others that have been either recommended for eligibility (Tuvalu) or found eligible for the first time (Angola and Kiribati). Certain countries may be found eligible for the first time in 2015. According to the initial rule requiring two criteria to be met, only the Solomon Islands could meet the Human Assets Index (HAI) criterion (assuming the reference group does not shrink) and the gross national income (GNI) per capita criterion (assuming rapid economic growth). According to the 2005 income only rule, Timor-Leste and Bhutan could become eligible if their economic growth rates are sustained. Thus at the end of this decade, 10 of the current 49 LDCs of the Istanbul Conference (including two now graduated countries – Maldives and Samoa) may meet the graduation criteria. Seven of these 10 countries are likely to have graduated, which means approximately one-
quarter of LDCs instead of the IPoA target of one-half. Graduation prospects are indeed promising, considering the past record, but the IPoA target is unlikely to be met for still some time.\textsuperscript{12}

7. The rules designed for determination of the HAI and the Economic Vulnerability Index (EVI) criteria thresholds may have a significant impact on countries’ progress toward graduation from the LDC category. Asymmetry between inclusion and graduation criteria was established at the outset by the UN for precautionary reasons and its impact has been high. Of the 49 LDCs under consideration in the 2012 review, 26 were no longer meeting the three complementary inclusion criteria. This means that without the established asymmetry the IPoA target of one-half of LDCs graduating out of the LDC category would have already been reached.

8. Several more LDCs will likely be able to meet the GNI per capita criterion, after the 2024 review by the Committee for Development Policy, if they achieve rates of annual economic growth in line with the 7 per cent target of the IPoA. Economic growth in LDCs, if sustained, could progressively push the countries to meet the GNI per capita only criterion in the context of graduation from LDC group, while improvements in the component indicators of HAI and EVI may have little direct impact on the likelihood of graduation. Until recently the eligibility as regards graduation from LDC group was mainly determined by the application of the initial rule, but in the near future eligibility is likely to be increasingly determined by the application of the relatively new second rule (GNI per capita only criterion).\textsuperscript{13}

9. The growth of GNI per capita may be influenced by exogenous factors apart from the structural features that characterise LDCs. Such factors, specifically international commodities prices, and especially that of oil/gas, were at work during the last decade. Given recent discoveries of oil and mineral deposits, exogenous factors may again influence growth in the LDCs. Other highly important factors are the domestic and international policies recommended by the IPoA. The limited prospects of graduation during the period covered by the IPoA should act as an incentive to implement and reinforce support measures agreed upon at the UN LDC IV.

Recommendations

R8. Graduation from the LDC category has become part of the development agendas of LDCs. Some countries, such as Cambodia and Lao PDR, are preparing specific development plans and undertaking measures for smooth transition toward graduation. LDCs and their development partners, including international development agencies, should prepare an overarching framework and a set of guidelines that promote smooth and sustainable transitions after graduation.

R9. The implementation of the Resolution 23 of the UN General Assembly\textsuperscript{14} (held on 21 December 2012) on smooth transition for countries graduating from the list of LDCs, which invited the development partners to use the three LDC
identification indicators as criteria for aid allocation, should be monitored. The relevance of the graduation rules with respect to the IPoA goal may itself deserve a re-examination.

d. Progress in structural transformation and building productive capacities has been unsatisfactory\textsuperscript{15}

10. The acceleration of structural transformation is expected to be the foundation of LDCs’ development strategies during the implementation of the IPoA. In addition to structural transformation, the IPoA stresses the importance of building productive capacities to achieve sustained, equitable and inclusive economic growth. The structural flaws afflicting LDCs’ development processes have remained pervasive in the period following the UN LDC IV. The shares of LDCs’ manufacturing sectors in GDP figures stagnated at around 10 per cent over the last two decades, and have remained largely unchanged during the early years of the IPoA. Concurrently, mining sectors have dominated the economic structures of several African LDCs. The mismatch between agricultural sectors’ shares in GDP figures and total employment figures indicates that there is high underemployment in agricultural sectors across LDCs. This implies that there is huge scope for reallocation of labour from agricultural sectors to secondary and tertiary sectors to achieve productivity gains, and subsequently, improved economic growth.

11. In LDCs, large proportions of labour forces continue to be engaged in low-productive agricultural sectors. One of the significant challenges with regard to making progress in structural transformation is to increase and accelerate value addition in manufacturing sectors. Of the formal sectors in LDCs, the manufacturing sector tends to be a source of sustainable employment. Production capacities in the manufacturing sectors of most LDCs remain limited, and exports are concentrated in a narrow range of products.

12. A key question regarding optimal structural transformation in LDCs is whether all LDCs must move along the traditional path from agriculture to manufacturing to services. Global experiences have demonstrated that countries with specific combinations of endowments have promoted high-value services sectors more than manufacturing activities. An important issue is whether island LDCs, which tend to have large tourism sectors, can traverse a different trajectory.

13. The overall quality of infrastructure in LDCs strongly increased from 2006 to 2010, but then stagnated between 2010 and 2012. On average, needed annual investment is estimated to be 7 per cent of GDP, much higher than current average annual levels of investment in infrastructure – around 3 per cent of GDP. More infrastructure stock, in terms of both quantity and quality, is also urged.

Recommendations

R10. Efforts to improve and reinforce infrastructure in LDCs need to consider both investment and public policy dimensions.
R11. Continued and increased investment by the donor community and private sector is needed to meet the estimated infrastructure-related investment needs, which have been estimated to be 7 per cent of GDP, a step up from the current average of approximately 3 per cent of GDP. Leading emerging market actors need to improve country coverage in order to attract more international investors. Concurrently, new financing schemes, such as public-private partnerships (PPPs), should be pursued.

R12. Improved policy execution is necessary to retain investment and catalyse new investment. Better industrial policies, which include infrastructure, energy and telecommunications policies, can improve the effectiveness of investment. Green infrastructure projects could be developed using certain innovative financing options. Past experiences in emerging and developed economies indicate that strengthening institutional and regulatory frameworks before pursuing private sector financing and participation in PPPs is necessary to retain benefits for the host country.

R13. Conducting assessments of LDCs’ institutional capacities to provide statistical data on the quantity and quality of infrastructure is crucial. Evidence suggests that countries’ statistical capacities depend on their institutional capacities and vice versa. International, intergovernmental or regional organisations could conduct these assessments to ensure accuracy. Technical assistance provided by development partners can enhance LDCs’ institutional and statistical capacities.

e. Progress in implementing agricultural development strategies has been limited

14. The growth of the agricultural sector for the past 15 years has been slow, fluctuating between 3 per cent and 5 per cent per year for East African Community partner states. This has restricted the agricultural contribution to GDP figures.

15. There have been some efforts by both LDCs and donors to improve agricultural production through yield-enhancing interventions, sustainable management approaches and productivity improvements alongwith commodity value chains, which have resulted in the reduction of food and income poverty. LDCs, at least those in Africa, present a new frontier for food and industrial commodity production, for which there is much demand.

16. In agricultural sectors across LDCs, hastening technology transfer, improving in rural infrastructure to facilitate productivity increases and diversifying towards high-value products such as fruit and vegetables, value addition through processing, etc. remain major challenges. Transformation of the sector will also depend on progress in other sectors, especially improvements in infrastructural services (transportation, electricity and markets).

17. There is still room to improve donors’ supportive approaches through stand-alone projects. Given increasing efforts by donors, having a unified approach toward development support among partners would catalyse rapid development
in LDCs, especially in agricultural sectors and rural areas. A unified approach would also help reduce duplication of projects, wasteful spending, and in some cases, outright conflicts among donors and between recipients at the community level.

18. More efforts are needed to engage in research and development (R&D) related to the management of national agricultural research systems. Notably, there have been increases in investment in public agricultural R&D in the East Africa region. For instance, Uganda’s investments in public agricultural R&D quadrupled between 2000 and 2008, primarily as a result of increased donor funding and development bank loans. These investments have enhanced agricultural productivity in the country, enabling it to grow enough food to also feed other countries in the region such as Sudan.

19. There appears to be little progress in the implementation of common agricultural development strategies and investments in research, including the development and strengthening of centres of excellence to be shared among East African countries. These countries have proceeded to develop and use their own infrastructural resources in the absence of a system to pool scarce resources from either domestic sources or donors. This is an obvious weak link in expected South-South co-operation for development management. However, emerging Africa’s homegrown initiatives, such as the Alliance for a Green Revolution in Africa, offer cross-fertilisation of ideas and practical experiences in applied research to promote agricultural development.

20. There will likely be a paradigm shift in the way that international investments into the agricultural sector are shaped in the future, given that LDCs are seeking a win-win partnership engagement with the interests of smallholder farmers in mind. This new engagement is necessary to minimise challenges that come with land tenure and forms of land grabbing.

Recommendations

R14. Progress on the attainment of IPoA targets in the area of agriculture hinges on enhancing of the productivity. Among the proposed indicators for monitoring agricultural productivity are changes in crop yields and livestock, fisheries and forestry products. Such changes are consequences of: (i) investment levels in the agricultural sector, including public sector spending (percentage of budget allocated to the sector), and donor funding of agricultural research infrastructure, (ii) human capital in terms of skilled labour for research and (iii) institutional frameworks for managing the agricultural sector, particularly national agricultural research systems, which tend to include national research institutes, universities, private sector and non-governmental organisations.

R15. Enhancing intra-regional trade is a key strategy that should be pursued by African countries intent on diversifying markets for their commodities away from Europe and the United States. Investments, especially by foreign investors, should be aligned with countries’ laws in recognition and respect of sovereignty.
R16. LDCs need to be encouraged to promote transparent commodity markets and allow for the unrestricted movement of food supplies. Nevertheless, these actions do not negate governmental responsibility to facilitate smooth operations by the private sector and step in to address deficits when the private sector fails to deliver.

R17. There is a room for improvement in development partners’ approaches to supporting LDCs in the area of agriculture. Both bilateral and multilateral development partners need to improve co-ordination among themselves in order to effectively implement their respective agricultural development plans. LDCs should develop comprehensive agricultural development plans to help mobilise private sector investments and gain support from development partners.

f. Dependence on commodities exports persists

19. Nineteen LDCs generate more than 90 per cent of their merchandise export earnings from commodities (products of agriculture, mining, fisheries and forestry in their raw and simply processed forms). For only nine LDCs this is less than 50 per cent. The part of GDP coming from commodity exports is more than 20 per cent for more than half of the LDCs. Development of commodities sectors in LDCs is a major component of increasing overall supply capacities. Commodity sectors’ impacts, especially of agriculture, on satisfying local demand, creating employment, improving income distribution and generating positive externalities are at least as important as its role in international trade, which is emphasised in IPoA.

22. IPoA considers horizontal, vertical and geographic diversification as the principal avenue for increasing retained value added, reducing risks and generating dynamic linkages. In countries that are heavily dependent on a single commodity, particularly minerals, it dominates the economy, and increases the stakes from a macroeconomic point of view. The optimal generation and management of rents for the development of the economy become the dominant issues in such cases. These issues cannot be addressed by simply improving transparency, which is the main target of the IPoA in such contexts. They require complementary policies as well, such as enforcement and reduction of illegality in forestry and fishery sectors.

23. Several issues that were not included in the commodities part of the IPoA, but elsewhere have important implications for commodities sectors. Environmental concerns are among the most important in this respect. Moreover, commodity sector development requires a lot be done in areas such as transportation and other infrastructure, finance and support services.

24. The importance of improving productivity continues. There are few initiatives which started after IPoA was adopted. Nevertheless, attention paid both by LDCs and development partners to value chain participation, product differentiation and quality assurance has recently increased. Transparency in the context of Extractive Industries Transparency Initiative (EITI), has improved.
Recommendations

R18. The recommendations of IPoA on commodities are rather general. There are no benchmarks, no quantitative goals. The implementation, in particular, of exhortative statements such as LDCs should “establish and strengthen, as appropriate, national commodity management strategies to maximise the benefits derived from their resource base” (IPoA Paragraph 69.1.A) are very difficult to monitor. Diversification is often an objective in commodity sector policies or a blueprint for commodity sector development. It is beneficial when it increases retained value added and generates positive linkages and positive externalities. Diversification often requires assistance that provides guidance and reduces the risks involved. Such assistance generates significant positive externalities by reducing search costs. Thus, assistance to diversification can be counted as the provision of a public good even when it is directed to specific sectors or even firms.

R19. Increased participation in value chains is of primary importance. A principal aim of commodity policies and commodity-related assistance should be not only to avoid creating a disturbance in the value chain, but to contribute to its better functioning. Exploring regional trade potential considering the dynamics of value chain participation needs to be promoted in LDCs.

R20. With competitive suppliers of agricultural products and oligopolistic markets upstream and downstream, market structures in agriculture are asymmetrical. Institutional and organisational improvements among suppliers in LDCs can both reduce this asymmetry and improve the quality of products. Meeting quality standards is primordial. Product differentiation and alternative trade routes such as fair trade and organic certification are also ways to improve attractiveness of products and earnings.

R21. The risks of price volatility may be reduced to some extent by market transparency and correct anticipation of price movements. Price risk management mechanisms such as commodity exchanges can function as tools that can cushion in face of price fluctuations on LDCs.

R22. The interplay between global climate change, ecological overload and the development of commodities sectors is critical now, and will be of greater importance in future. This interplay needs to be addressed by LDCs’ policymakers in the design of national commodity management strategies. Illegal operation in forestry and fisheries is a major concern for many LDCs.

R23. The performance of the natural resources sector is the most important determinant of the economic situation in many LDCs. There is an important role for foreign investment in this sector and commitments on both sides are long term. Sometimes a single decision at the time of foreign investment agreement may have long-lasting negative effects. Therefore particular attention is required to avoid such consequences. There is much foreign advice, but the quality as well as impartiality of these advices are of paramount importance. Compliance with the EITI as stipulated in IPoA would help in better utilisation of resource rents.
R24. Actions in commodities sectors can take time to implement, and there is often significant lag before they show results. Therefore, in the context of monitoring the implementation of the IPoA, it seems more important to look at which actions have been implemented rather than search for the end results of these actions.

g. Structural issues in LDCs’ trade remain

25. Achieving the ambitious IPoA goal of doubling LDCs’ global share of exports by 2020 requires urgent and bold actions by both LDCs and their development partners. However, this goal should neither be seen as an end in itself, nor should it be viewed merely in the narrow context of LDCs graduating out of the LDC category. Structural transformation through trade should be LDCs’ ultimate goal. Yet, the IPoA only implicitly refers to this objective when it calls for a doubling of the LDCs’ share in global exports.

26. The states of LDCs’ economies during the BPoA period and the early years of the IPoA have been influenced by export performance. Export-led economic growth was vulnerable in the face of the global economic and financial crisis. A major structural issue in LDCs’ trade is overdependence on primary commodities. In LDCs, a principal aim of commodity policies and commodity-related assistance should be not only to avoid creating a disturbance in the value chain, but to contribute to its better functioning.

27. LDCs have relatively weaker bargaining capacities with trade partners; hence, the World Trade Organization (WTO) being a multilateral trading system is a more preferred option (Rahman 2014). WTO provides the member countries a rule-based policy platform to negotiate flexibilities, waivers and special and differential treatment. Regrettably, these negotiations are difficult to accomplish, on a non-reciprocal basis, in face of growing bilateral or plurilateral trade negotiations.

28. From the perspective of LDCs, the Ninth WTO Ministerial Conference held in Bali, Indonesia, in December 2013 was somewhat successful in infusing new life into the stalled Doha Round of negotiations. The conference urged member countries to improve their existing duty-free and quota-free (DFQF) coverage for LDCs to provide them with greater market access. Both developed and developing countries were asked to notify LDCs of their respective DFQF schemes. Decisions were made to undertake periodic reviews in order to assess how the DFQF decision was being implemented. The member countries were also asked to make their preferential rules of origin simple and transparent. These developments are positive steps that would provide better market access to LDCs. Regrettably, no time-bound commitments on granting DFQF treatment to all products originating from the LDCs were made at the conference.

29. LDCs need to make better use of the opportunities presented by emerging economies. These opportunities, however, bring certain challenges that LDCs must address. A major risk facing African LDCs, for example, is that South-South trade, which is dominated by emerging economies, can push them to keep
producing primary commodities, and thus inhibit structural transformation in their economies.

Recommendations

R25. Many LDCs are extremely vulnerable to trade shocks due to their very concentrated export structures. This remains true even for countries that have graduated from the LDC category and moved up in many aspects of human development. Broadening the export base can be a very challenging task for LDCs. ‘LDC package’ of the Doha Round of WTO trade negotiations was meant to help LDCs better integrate into world markets. Regrettably, it appears that implementation of ‘LDC package’ will be determined by the political decisions of some key players including advanced economies. Indeed, achieving structural transformation will require not only that outstanding international commitments be implemented fully, but that development partners provide scaled-up aid, enhanced trade preferences and more flexible rules of origin, beyond the actions outlined in the IPoA.

R26. Gains to an LDC from the implementation of a comprehensive DFQF market access scheme are significant. Since LDC imports account for 1 per cent of developed countries’ total imports, adverse effects on preference-granting countries should be small, if there are any at all.

R27. Amid the lack of progress on the ‘LDC package’, LDCs should not exclusively pin their hopes for economic growth and structural transformation on preferences that may not be granted soon, or whose impact may be diluted by weaknesses, such as critical exclusions and unfriendly rules of origin clauses. LDCs should also focus on what they can do to help themselves: continue an appropriate set of policy reforms, develop needed human resource and institutions in order to enhance supply-side capacities, and provide required incentives to the respective thrust sectors as part of their industrial policies.

R28. Southern partners should help LDCs by providing them better market access for their exports through improved DFQF schemes. Global value chains and the trade in services present new opportunities for LDCs to enter global markets. Development partners should also support research on LDCs’ abilities to integrate themselves into value chains, and whether value chains realistically offer LDCs opportunities to export services.

h. Climate vulnerability is a complex medium- to long-term concern

30. According to a physical vulnerability to climate change index available for 184 countries, LDCs are more vulnerable to climate change than other developing countries. This vulnerability is not homogeneous – landlocked and small island LDCs are the most vulnerable. Disaggregation shows great heterogeneity of types of vulnerability within the LDC category, indicating that countries are not all vulnerable to the same consequences of climate change. Therefore,
LDCs should implement adaptation policies that could vary according to their respective vulnerabilities.

31. Funding for adaptation has been increasing since the adoption of the IPoA. Still, the calibration of the criteria for the allocation of these funds remains a high priority. Since 2003, National Adaptation Programmes of Action (NAPAs) under the UN Framework Convention on Climate Change have provided a process for LDCs to prioritise projects, and thus, respond to urgent needs to adapt to climate change. The sectors accounting for the largest shares of costs outlined in NAPAs operate in the areas of highest priority for each country. However, there does not seem to be a correlation between each country’s NAPA indicators, such as the number of projects or the costs of NAPAs in each country, and their vulnerabilities to climate change as measured by the physical vulnerability to climate change index.

32. Projects set up and supported by the Least Developed Countries Fund, also established by the UN Framework Convention on Climate Change, seem to only partly follow the physical vulnerabilities of countries. This low correlation can be explained by the lack of an allocation formula to guide international support for adaptation, and especially that by the Least Developed Countries Fund. While such a project-oriented approach is important, these observations necessitate an evaluation of the relevance of implemented adaptation projects with reference to the actual vulnerabilities of countries.

Recommendations

R29. LDCs need to consider appropriate adjustment assistance and allocation of resources to support climate change adaptation. The establishment of allocation rules of adaptation funds, in line with scholarly knowledge about optimal development assistance, is crucial. A physical vulnerability index to climate change would be a relevant criterion for the allocation of international adaptation resources.

R30. Various adaptation funds, particularly the Least Developed Countries Fund, have increased their grants. Since May 2011, LDCs have made significant progress on preparing NAPAs. However, each project presented in the NAPAs must also demonstrate positive impacts on climate change adaptation. The projects being implemented needs to be closely monitored by the LDCs.

i. ODA has been inadequate and its distribution is becoming increasingly skewed²¹

33. ODA flows to LDCs have been falling in real terms, and distribution appears to become more skewed. Net ODA to GNI ratio of many large donor countries remains below the IPoA target of 0.15-0.20 per cent. Only five countries exceeded the lower bound of that target in 2011, compared to seven in 2008. Increasingly skewed distribution of ODA is an emerging area of concern, particularly during a period when ODA has become scarcer. Donors’ preferences have created
situations where aid programmes overlap, while LDCs are becoming either aid ‘darlings’ or ‘orphans’.

34. ODA in the form of budget support to LDCs has been declining since 2009, while humanitarian and technical co-operation have remained the priority among donors and recipients. Though LDCs’ major priorities include the development of economic infrastructure and the productive sectors, the Organisation for Economic Co-operation and Development’s Development Assistance Committee donors prioritised the development of social sectors such as health and education as well as the improvement of governance during the 2000s in order to improve LDCs’ prospects of achieving the MDGs. Since 2007, donors have paid more attention to recipients’ calls for the development of economic infrastructure to catalyse economic growth, and as a result ODA flows toward infrastructure and productive sectors have increased. The shares of these flows are higher in Asian LDCs than in African and Pacific LDCs.

35. Debt servicing as a percentage of export earnings is declining in most LDCs since 2005 though some countries such as Gambia has a debt to export ratio as high as 997 per cent. There has also been a declining share of external debt in LDCs’ GDP since 2001. This has been particularly true for African LDCs which was the result of a large debt forgiveness to the Democratic Republic of Congo in 2003.

Recommendations

R31. To reduce aid heterogeneity across LDCs, donors need to re-orient ODA policy to benefit under-aided LDCs. A demand-based aid allocation framework needs to be established to raise efficacy of disbursed aid. Increasing effectiveness means that monitoring and evaluation have to be efficient and co-ordinated as well.

R32. Given that most donors’ aid allocations to LDCs are below the target level, proactive measures should be taken to meet the target. ODA should be provided on the basis of the needs and vulnerabilities of LDCs. Since economic infrastructure and productive sectors are LDCs’ priorities, especially for African LDCs, they require special attention from policy-makers.

R33. To promote economic growth in LDCs, more aid should be targeted to improve infrastructure, support agricultural sectors and build productive capacities. Aid allocations to LDCs should be monitored in order to ensure equitable and even distribution of funds among priority areas.

R34. Both donors and recipients must continue to work together to improve the quality of aid by fulfilling the principles of the 2005 Paris Declaration on Aid Effectiveness and 2008 Accra Agenda for Action. In particular, country ownership has to be improved to ensure long-term development results. LDCs should ensure that aid projects are aligned with nationally-devised development strategies. On the other hand, donors should provide predictable finance to increase aid effectiveness.
R35. Given that global public resources are limited, LDCs should participate more in innovative financing options. However, innovative finance should not be a substitute for ODA, but rather additional and complementary to it.

R36. In order to increase the sustainability of development in LDCs, capacity building must become a priority. In particular, human resource and institutional capacity building that improves prospects for meaningful participation in joint activities with donors should be prioritised.

j. FDI for development have remained lacking

36. When compared to other categories of countries, LDCs were less attractive to foreign investors during the 2000s. Asian LDCs’ positions were weak mainly because of developed countries’ gradual erosion of preferences for their manufactured products. FDI flows to African LDCs in the 1990s, mainly toward oil and mineral sectors, were high and were further concentrated in the 2000s. Besides, most of the conventional factors (related with economic condition in the host countries) are found to be less significant for attracting FDI in LDCs.

37. Developed countries have remained the main sources of FDI, particularly for Asian LDCs. Growing investment by Southern countries in low-tech and labour-intensive industries in Asia will likely significantly contribute to fulfilling Asian LDCs’ development needs. Regrettably, the rise of FDI flows from the South has not corrected disparities in the overall FDI distribution in LDCs.

38. The global economic and financial crisis put adverse pressures on host and home countries, which directly impacted multinational enterprises (MNEs), including those operating in LDCs, in three main ways: (i) lower expectations of profitability, (ii) reduced access to credit for financing new investments and (iii) balance sheet consolidation in the face of financial pressures.

39. FDI-led industries in LDCs have been often found to be ‘enclaves’. This implies: (i) FDI in LDCs has limited backward and forward linkages, (ii) FDI largely goes to capital-intensive industries, (iii) FDI-led industries rely on imported materials, and thus do not have significant spillover effects on local industries, (iv) FDI-led industries have limited employment generation capacity and (v) they largely export unprocessed materials.

40. The impacts of signing international investment agreements (IIAs) with developed and developing countries on LDCs have been found inconclusive. First-generation IIAs often have not adequately addressed development needs in LDCs.

Recommendations

R37. A proper institutional arrangement that regularly monitors FDI and informs relevant stakeholders is needed to go forward. A recent report of the UN Conference on Trade and Development (UNCTAD) has put forward an actionable agenda to be implemented between 2011 and 2020. Most
recommendations in this agenda complement the actions recommended in the IPoA. Taking this report into consideration during implementation of the IPoA could lead to the formulation of a more productive agenda and monitoring arrangement for both host and home countries.

R38. In LDCs, challenges in attracting FDI and ensuring that FDI contributes to building productive capacities need to be addressed. Promising policies may include offering innovative incentives and implementing support measures that incentivise foreign investors and mitigate their risks, setting up of a ‘Global FDI Fund’ from the contribution of developed countries to support foreign companies interested in investing in LDCs, continuing preferential market access in developed and advanced developing countries to attract FDIs in the manufacturing sector of LDCs, establishing specialised economic zones, instituting special preferential schemes and incentives for regional investors, introducing cost-sharing partnership arrangements with MNEs, and establishing a special investment and trade mechanism for countries with inherent constraints such as being landlocked, a small island or a small-sized economy. Besides, LDCs also need to improve the benchmark situation of their economies in order to build confidence among the foreign investors.

R39. New sources of FDI need to be explored. Regional Southern investors may be given special incentives. PPPs should be encouraged wherever possible.

R40. IIAs with LDCs should address development priorities and LDCs’ concerns. LDCs should review existing IIAs with developed and developing countries in order to re-negotiate the existing harmful clauses. LDCs will need to sign only the IIAs which put emphasis on development issues including employment, environment, fair and equitable treatment, home country measures, social responsibility, technology transfer and transparency. A number of IPoA issues related to building productive capacities in LDCs could be better addressed through IIAs.

k. Challenges related to promoting overseas employment and remittance inflows and ensuring migration rights are pervasive

41. In many LDCs, both migration and remittances have emerged as important factors in labour market dynamics and from a resource mobilisation perspective. Since migration from the LDCs constitutes a major component of South-South movements, remittance flows have tended to be ring-fenced from cyclical factors, and hence resilient during global economic downturns.

42. Migrant workers continue to face formidable challenges, both in host and home countries, including information asymmetry, high cost of migration, lack of skill, and human and labour rights violation. Many of these problems have tended to remain unaddressed or only partially addressed despite the fact that migration has been a longstanding contributor to many LDCs’ economic development.

43. Concerted efforts are needed to address issues informing migration processes and practices. Without such efforts, costs of migration from LDCs have
continued to be high, the poorest households have only been able to take advantage of migration opportunities on a limited scale, financial support for migrant workers has been scant, migration procedures have remained complex (which discourages the poor), and initiatives that could enhance the earning capacities of aspiring migrant workers, particularly by endowing them with needed skills, have been few and far between.

44. There is a large gap between the skills offered by migrant workers from LDCs and those that are needed in developed countries. Migrant workers also face various problems in host countries, including lack of job security, denial of decent wages or salaries stipulated by host country laws and regulations, unfair and discriminatory treatment and unreasonable restrictions. Despite some improvements, thanks to regional initiatives such as the Colombo Process in Asia and initiatives by the International Organization for Migration, much must still be done.

45. While remittance flows constitute a significant component of the GNI of many LDCs, both sending and use of remittances are beset with many problems. These relate to the persistently high costs of sending money internationally and restrictions put in place by host countries in this context, use of informal channels with attendant fraud and embezzlement risks, and lack of supportive institutions that encourage and facilitate the investment of remittances in productive sectors. Moreover, potential benefits from the re-integration of migrant workers, who come back to their home countries with new useful skills and other human resource endowments, remain largely unrealised. The graduation of a significant number of countries from the LDC category could be facilitated by greater support for returnee migrants and better investment opportunities for remittances.

46. There is a need to strengthen global initiatives to support migration from LDCs. Ongoing discussions within the WTO in the context of Mode 4 of the General Agreement on Trade in Services (GATS), the movement of natural persons, ought to take into consideration the priorities of LDCs. WTO member countries will need to negotiate measures to at least support temporary migration from LDCs. The LDC services waiver is a case in point. Regional initiatives such as the Colombo Process, the International Migrants Remittances Observatory, as well as the ratification of as yet unratified international conventions concerning migrant workers ought to receive more attention from concerned stakeholders.

47. While both migration and remittances could indeed play important roles in the graduation of many countries out of the LDC category, there is also a need to recognise that discussions and negotiations have to be more nuanced because the implications of policy change vary across countries. For instance, ‘brain drain’ remains a serious concern for some LDCs and potential benefits of developing skilled labour force can be undermined by the adverse economy-wide effects of the so-called ‘Dutch disease’.
Recommendations

R41. Quantitative indicators for the goals and targets set out in the IPoA are needed in the areas of migration and remittances. Indicators that could be used to monitor progress in LDCs over the current decade include: trends in spatial, gender and skills dimensions of migration from the LDCs; role of remittances in domestic resource mobilisation, financing of consumption and investment; human capital formation and contribution to external balances; costs of sending remittances.

R42. There is a need to establish a reliable global database that would, on a regular basis, provide necessary information about progress on various targets as regards migration and remittances. Such a database can serve with the needed information both at national and global levels. Collation of relevant and timely data ought to be given highest priority.

R43. Mainstreaming migration in national development requires a comprehensive medium- to long-term strategy that views migration as an important ‘labour market’ factor and remittances as an important ‘domestic resource mobilisation’ factor. Pursuing such strategies requires workable partnerships between home countries and host countries.

R44. Concerted efforts will need to be undertaken if migration and remittances are to help LDCs to graduate from the LDC category. LDCs will need to go beyond creating partnerships with developed countries and start to work with other developing countries. Diaspora communities will need to be more actively involved in LDCs’ development. Returnee migrants should be effectively integrated into the domestic labour market and entrepreneurial activities. It is also pertinent to devise strategies and incentives in LDCs to promote re-investment of remittances in productive sectors. International initiatives that support migration and remittances need to be further strengthened.

R45. It is of high importance to pursue holistic strategies that promote development-friendly migration from the LDCs. Such a strategy should see migration as part of a dynamic and changing domestic labour market that caters to the demands of workers and firms, and at the same time seek to take advantage of the emerging global labour market opportunities.

I. Growth in domestic resource mobilisation is helping to bridge resource gaps only in some LDCs

48. Overall, tax revenue generation in LDCs was stagnant throughout the last decade. A plunge was observed in 2009, which may be attributed to the global economic and financial crisis. Regarding tax revenue generation in the last decade, African LDCs performed better than Asian LDCs. Tax revenue generation by Asian LDCs was affected by the global economic and financial crisis. A number of African LDCs are oil exporters, and their tax revenue generation was affected by the significant decline in the international price of oil during the crisis.
Among sources of government revenue, taxes on goods and services as percentages of GDP by and large remained unchanged across the LDCs during the 2000s, while taxes on income, profit and capital gains increased. Notably, taxes on international trade declined. In combination, these developments brought positive changes to LDCs’ tax revenue compositions.

Tax revenue generation in LDCs was found to be positively associated with the growth of non-agricultural sectors, which demonstrates the importance of the structural transformation of an economy for higher domestic resource mobilisation. Per capita GDP is apparently insignificant, but this observation may be a reflection of general low income levels across the LDCs. The degree of openness showed a mixed result. The proxy variable for level of corruption was not found to be significant, but the variable representing legal index in LDCs was found to be positively significant. This suggests that tax revenue generation in the LDCs can be improved by implementing comprehensive legal and regulatory frameworks in compliance with relevant conventions and international standards as well as improving the transparency and accountability of core institutions.

Recommendations

R46. Low levels of domestic resource mobilisation in LDCs are underpinned by a host of factors including low levels of income, poor financial intermediation and weak tax collection capacities. The IPoA rightly recommends that LDCs deepen fiscal capacities and improve social returns on investments to improve domestic resource mobilisation.

R47. Given diminished ODA commitments and disbursements from developed countries, LDCs must mobilise domestic resources in conjunction with implementing strong policies for public expenditure management and social infrastructure development. They must also strengthen property rights, remove of barriers to investment and create enabling regulatory frameworks.

R48. As outlined in the IPoA, broadened tax bases are essential going forward. Sound and well-regulated financial systems, which not only provide access to finance for urban households, but also to small businesses and poor households in the rural areas, are obligatory.

R49. Distributional and progressive taxation to shift the majority of the tax burden to the high-income households is constructive. Property taxes, mainly paid by the upper and middle classes, should be increased to escalate tax collection. Measures should be adopted to curb corruption and increase transparency and accountability in all tiers of government.

R50. LDCs have thus far not made satisfactory improvements in the area of taxation. One of the main reasons for this is illicit financial outflow. Illicit financial outflows, in any case, deprive an economy of a considerable portion of the resources that otherwise could have been used for development financing. Reducing illicit financial outflows from LDCs necessitates curbing corruption,
appropriate legal framework and ensuring transparency in both LDCs and other developing and developed countries. LDCs need to build the capacities of tax and financial authorities to combat illicit financial flows. At the same time, stakeholders worldwide should be mobilised to formulate a fair and just global tax regime.

4. Concluding observations

Notwithstanding data limitations, the foregoing analyses of the early signals regarding implementation of the IPoA indicate that the programme did not experience a vigorous launch. Indeed, it is not obvious that an attempt was made to do so by both LDCs and the international development community. It is now to be seen whether delivery on the promises made at the Istanbul conference gathers the critical momentum in upcoming years.

What is most concerning is that LDCs as a group, but more obviously individually, have yet to fully recover from the external shocks imparted on them during the 2000s by the food, fuel and financial crises. Consequences of these crises continue to linger in LDCs’ domestic economies, particularly in the areas of investment and domestic revenue mobilisation. LDCs’ vulnerabilities to external shocks are expected to increase as these countries further integrate with the global economy and international financial system. International measures to mitigate risks outlined in the IPoA need to be fully and expeditiously implemented.

As LDCs attempt to regain the relatively high levels of economic growth that they experienced prior to the global economic and financial crisis, new risks, namely the adverse impacts of climate change, are becoming more visible. Small island LDCs are especially at risk. With a global climate deal nowhere near completion, it is imperative to implement effectively targeted international interventions to protect LDCs’ developmental achievements.

Although some recent positive trends in LDCs can be observed, the overall process of structural transformation in favour of productive capacity growth remains quite slow. Encouraging changes in the sectoral compositions of national GDP are often not accompanied by promising movements in labour markets. Accordingly, the delivery of international support planned in the IPoA to develop infrastructure, including that for energy, transport and information and communication technology (ICT), has acquired increased importance.

Notably, flows of remittances to LDCs have increased in recent years, while exports of commodities and products remain afflicted by well-known structural shortcomings. LDCs continue to wait for consistent support to improve supply capacities and an international agreement that includes measures to improve market access specifically for LDCs. DFQF market access for all exports from all LDCs and operationalisation of the waiver to facilitate exports of services from LDCs must be implemented at the
earliest possible date, without reference to the final outcome of the Doha Round of the WTO trade negotiations.

During the early years of IPoA implementation, flows of international public finance including ODA were much below target and the ODA that was disbursed was skewed in terms of both countries and sectors. Increases in ODA need to be accompanied by improvements in the quality of aid. Among other things, the promotion of social inclusiveness in LDCs must become a priority for donor agencies. South-South co-operation should also be scaled up in line with the commitments outlined in the IPoA.

Curiously, there is no convincing evidence available which indicates that the observed recent positive trends in LDCs have occurred due to the implementation of measures designated in the IPoA. The support measures extended by the international development partners have been related to countries’ affiliation with some other groups; this is particularly true for African LDCs. Moreover, only a few LDC governments have addressed the IPoA at operational levels and integrated it with national planning processes. The UN should play a more active role in encouraging LDCs to integrate the goals and targets in the IPoA with their respective national development plans. These goals and targets must also be reflected in international and regional development co-operation agendas. It is not evident that the IPoA has been coherently integrated into international development programmes relevant to LDCs. The post-2015 international development framework, including its goals, targets and indicators, needs to substantively reflect the commitments identified in the IPoA, and should explicitly indicate the means of implementation.

The present exercise revealed that a major binding constraint on assessments of the state of IPoA implementation is the serious dearth, if not absence, of relevant data and information. For most priority areas, the IPoA lays out a set of ‘goals and targets’, followed by ‘joint actions’, ‘action by LDCs’, and ‘action by development partners’. Goals, targets and actions could be linked to quantifiable indicators to improve the monitoring of progress. There is a set of meaningful country-level indicators for both LDCs and development partners, for which some meaningful targets could be specified, and which may be used to monitor progress on IPoA implementation on a regular basis. LDC IV Monitor provides a new simple, consistent method to benchmark IPoA indicators and constructs a composite ‘IPoA index’ for informing policies and monitoring progress. This new method, which can help stakeholders to better understand LDCs’ progress toward target attainment, should be rigorously applied during the rest of the IPoA implementation period. LDCs and the UN need to work together to make more quality data available in real-time. Improved data availability and accessibility are necessary for better monitoring. As the global development community engages in strengthening monitoring and evaluation processes for the post-2015 framework by way of a ‘data revolution’, there is an opportunity to integrate LDCs’ data needs into the endeavour, and consequently catalyse broad-based sustainable development.
LDC IV Monitor will continue tracking progress and conducting independent assessments of IPoA implementation in LDCs, with its next objective being a contribution to the upcoming intergovernmental mid-term review of the IPoA.
### Annex 1: Chapters and authors of the volume on *Istanbul Programme of Action for the LDCs (2011–2020): Monitoring Deliverables, Tracking Progress — Analytical Perspectives*

<table>
<thead>
<tr>
<th>Chapter No.</th>
<th>Chapter</th>
<th>Author(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Challenges of Structural Transformation and Progress towards the MDGs in LDCs</td>
<td>Debapriya Bhattacharya and Towfiqul Islam Khan</td>
</tr>
<tr>
<td>2</td>
<td>The Istanbul Programme of Action for LDCs: A Monitoring and Benchmarking Exercise</td>
<td>Yurendra Basnett, Jodie Keane and Dirk Willem te Velde</td>
</tr>
<tr>
<td>3</td>
<td>Assessing the Prospects of Accelerated Graduation of the LDCs</td>
<td>Alassane Drabo and Patrick Guillaumont</td>
</tr>
<tr>
<td>4</td>
<td>Infrastructure for Development in LDCs</td>
<td>Sebastian Nieto-Parra and Noemie Videau</td>
</tr>
<tr>
<td>5</td>
<td>Agriculture and Rural Development Status in LDCs</td>
<td>Hoseana Bohela Lunogelo and Solomon Baregu</td>
</tr>
<tr>
<td>6</td>
<td>Commodities and the Istanbul Programme of Action: The First Two Years</td>
<td>Mehmet Arda</td>
</tr>
<tr>
<td>7</td>
<td>Harnessing Trade for Structural Transformation in LDCs</td>
<td>Vinaye Ancharaz, Christophe Bellmann, Anne-Katrin Pfister and Paolo Ghisu</td>
</tr>
<tr>
<td>8</td>
<td>Facing Climate Change in the LDCs: How to Fit the Istanbul Programme of Action</td>
<td>Patrick Guillaumont and Catherine Simonet</td>
</tr>
<tr>
<td>9</td>
<td>ODA to and External Debt in LDCs: Recent Trends</td>
<td>Fahmida Khatun and Mazbahul Ahamad</td>
</tr>
<tr>
<td>10</td>
<td>Foreign Direct Investment for Development and Productive Capacity Building in LDCs</td>
<td>KG Moazzem and Saifa Raz</td>
</tr>
<tr>
<td>11</td>
<td>Leveraging Migration and Remittances towards Graduation of the LDCs</td>
<td>Mustafizur Rahman and Md. Zafar Sadique</td>
</tr>
<tr>
<td>12</td>
<td>Domestic Resource Mobilisation in the LDCs: Trends, Determinants and Challenges</td>
<td>Debapriya Bhattacharya and Mashfique Ibne Akbar</td>
</tr>
</tbody>
</table>
Notes


2. Annex 1 presents the list of the analytical chapters.


8. The study measured LDCs’ progress on the MDGs using the MDG Progress Index, which is based on countries’ linear progress, and the Unbiased Rate of Progress Method, which estimates acceleration of development after the launch of the MDGs.


12. In order to examine graduation prospects, the graduation criteria are assumed to remain unchanged. Different results could be obtained with alternative rules.

13. This results from the fact that HAI and EVI are relative criteria that can be met only through changes in a country’s situation with respect to their thresholds.


Monitoring Deliverables and Tracking Progress of IPoA
Ambitious in nature, the Istanbul Programme of Action (IPoA) for the least developed countries (LDCs) adopted by the Fourth United Nations Conference on the Least Developed Countries (UN LDC IV) in 2011, sets out a development path for LDCs for the coming decade. Successful implementation of the IPoA requires identification of delivery tools for specific targets, provision of necessary financial and non-financial resources, and a strengthened monitoring mechanism. LDC IV Monitor, an independent partnership of eight interested organisations, aims to add value by enhancing transparency, accountability and efficiency of the official monitoring and review mechanism of the IPoA.

LDC IV Monitor’s first set of two reports, produced outside of the official intergovernmental process, provide credible, evidence-based and policy-oriented assessment of the delivery status of the promises contained in the IPoA. The Synthesis Report, derived from the critical analyses of the state of play concerning the IPoA, presents the broad messages and key recommendations. The volume on Analytical Perspectives addresses a wide spectrum of issues including articulation of a composite IPoA index, building of productive capacity, trade in goods and services, delivery of the Millennium Development Goals (MDGs), flows of different forms of development finance, and consequences of climate change. The publications seek to contribute towards crafting national and international policies to support graduation of the LDCs through structural transformation of their economies.