Aide-Mémoire

LDC Ministerial Conference

How Can “Aid-for-Trade” Transform LDCs?

29-30 November, 2007
Vienna, Austria
Background

A variety of challenges confront LDCs as they strive for rapid economic development. Many LDCs have achieved higher rates of economic growth in recent years, largely due to the commodity boom. However, the sustainability of the higher rates of growth remains fragile, as it is increasingly dependent on prevailing commodity prices, external financial trends, and preferences for exports of manufactured goods.

Developing domestic productive capacities, is key to achieving sustained economic growth in the LDCs. In many cases, external trade can be a significant component of the strategy for rapid economic transformation. To participate in, and benefit from, external trade, LDCs require products they can sell abroad competitively. There are, however, factors that may make it much more difficult for LDCs to compete in the world market. To overcome these binding constraints, Aid-for-Trade holds potential to emerge as a major instrument. For optimal use of this facility, for advancing the aims of the LDCs in the domain of trade, it is important that the LDCs develop a coordinated strategy. It is for this purpose that UNIDO is hosting the LDC Ministerial Conference in Vienna on 29-30 November 2007.

In preparation for the LDC Ministerial Conference, UNIDO had convened an LDC Expert Group Meeting (EGM) in Ouagadougou, Burkina Faso, on 3-4 September 2007. The EGM starkly highlighted the series of challenges that confront LDCs as they strive to integrate into the global economy. Some of the challenges highlighted were:

- strengthening productive capacities to add value to agricultural products;
- establishing a manufacturing base, which can act as a dynamic force for economic transformation;
- diversifying exports;
- optimizing the use of preferential market access initiatives/schemes such as the “Everything but Arms” (EU) and the “African Growth and Opportunity Act” (US);
- reducing export and import costs, particularly administrative obstacles;
- creating/strengthening the institutional framework;
- developing transport and infrastructure.

The EGM recognized that a renewed, intensified, and collaborative effort is needed to build effective productive capacities in LDCs. The support of UNIDO was emphasized, particularly in regard to standardization and compliance, so that LDCs are able not only to fully meet the requirements of global trade rules and regulations, but also to optimally utilize the preferential trade concessions available to them.
Issues to be Addressed

This high-level meeting among LDC Ministers will draw attention to:

- addressing trade capacity needs of LDCs through building productive capacities;
- promoting “Aid-for-Trade” and encouraging policies that maximize benefits from “Aid-for-Trade”; and
- encouraging continued implementation of Enhanced Integrated Framework (EIF) for trade-related technical assistance.

Objectives

The LDC Ministerial Conference is designed to promote enhanced interaction, dialogue and discussion among the attending Ministers and other high-level participants in addressing the above identified issues.

One of the highlights of the Opening Session will be a keynote speech by Professor Erik Reinert from Tallinn University of Technology, who has recently published a widely read book titled *How Rich Countries Got Rich…and Why Poor Countries Stay Poor*. Prof. Reinert’s research area is the theory of uneven growth, i.e. the factors which – contrary to the predictions of standard economic theory – cause world economic development to be such an uneven process – and the history of economic policy. He examines what kind of economic policy nations have actually carried out historically, as opposed to what reigning theories told them to do. It is hoped that his keynote speech, and the dialogue that follows, would provide ideas that will be immensely helpful to the Ministers and delegations. The session with Prof. Reinert will be moderated by Dr. Kandeh K. Yumkella, Director General, UNIDO.

Following the Opening Session, three tailor-made high-level Roundtables are planned, which will incorporate the basic themes highlighted in the Background

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- The Third UN Conference on the LDCs in Brussels, in 2001, adopted a Programme of Action for the Least Developed Countries for the decade 2001-2010. Two of the commitments of the Programme fall within UNIDO's mandate:
  
  **Commitment 4:** Building productive capacities to make globalization work for LDCs;
  
  **Commitment 5:** Enhancing the role of trade in development.

- The 2005 Hong Kong WTO Ministerial Declaration called for the expansion of Aid-for-Trade to help developing countries, particularly the LDCs to (a) benefit from WTO agreements, (b) expand their trade, (c) enhance their ability to take full advantage of new trade opportunities.

- In July 2006, a Task Force set up in the WTO submitted its report to the General Council, where it was formally endorsed in October 2006. On 20-21 November 2007, the General Council will review progress of Aid-for-Trade.
Paper. Each Roundtable will be chaired by a Minister from an LDC. Panelists would also be Ministers and experts in the field.

The three Roundtables are:

Roundtable I: Integration of LDCs into the global economy and role of duty-free and quota-free market access

Roundtable 2: Productive capacity building for economic transformation

Roundtable 3: South-South Cooperation – Towards new initiatives in cotton

The Conference would provide an opportunity for Ministers and delegates to express their views and experiences, and to agree on a joint Declaration to support “Aid-for-Trade” for achieving rapid economic transformation of LDCs, using manufacturing as a dynamic force.

**Expected Outputs**

It is expected that the LDC Ministerial Conference, and its intensive discussions among Ministers and high-level participants, will:

- provide expert guidance to policy makers in the LDCs, as well as to their development partners, on mechanisms and strategies on how “Aid-for-Trade” can effectively contribute towards building productive capacities in the LDCs;

- help ensure renewed commitment of key stakeholders in support of the “Aid-for-Trade” initiative and encourage policies that maximize benefits from it;

- result in a Ministerial Declaration (the EGM in Ouagadougou produced a first draft) outlining the interests of the Ministers. This Ministerial Declaration would feed into the UNIDO General Conference, scheduled for 3-7 December 2007 in Vienna (immediately after the LDC Ministerial Conference).

**Technical Cooperation Opportunities**

The Conference will offer the LDC Ministers an opportunity to hold discussions with UNIDO on matters of mutual interest, including on pipeline or ongoing projects, and examine the DTIS (Diagnostic Trade Integration Studies) under the Integrated Framework for LDCs, which many LDCs have already completed. Based on the expressed interest of an LDC for specific projects, as articulated in the DTIS, papers will be presented to the LDC delegations for those projects which could be taken up by UNIDO, either singly or in association with other partners. The
delegations may consider these project concept papers, and decide on which projects they would wish to pursue.

Meetings on the follow-up to the LDC Ministerial Conference will be held on 3-4 December 2007 (during the General Conference of UNIDO, 3-7 December 2007).

**Agenda (Provisional)**

1. Opening of Meeting & Keynote Speech
2. Election of officers
3. Adoption of the Agenda
4. Using Aid-for-Trade to transform Least Developed Countries
5. Adoption of the outcome of the Conference

(Please see details in Annex 1)

**Documentation**

- Provisional Agenda and Annotations
- Summary Report of the EGM in Burkina Faso, 3-4 September 2007
- Issues Paper
- Background Paper
- Final Programme (will be provided at the Conference).

**Participation**

- Ministers from the LDCs, and their delegations.
- Panelists, including private sector representatives.
- G-77, Vienna Chapter.
- Ambassadors of Permanent Missions in Vienna.
- Representatives of the WTO and relevant UN Agencies, including UN-OHRLLS, UNESCAP, UNECA, ITC, and UNCTAD.

**Financial and Administrative Arrangements**

For Ministers:
UNIDO will cover the cost of travel of Ministers to and from Vienna in Business Class, if the flight is more than nine hours from their capital.

For Delegates accompanying the Ministers
UNIDO will cover the cost of the travel of ONE delegate to and from Vienna, in Economy Class.

The itinerary should comprise the most direct and economical route and the cost of the ticket indicated. No tickets may be purchased without a written
authorization from UNIDO. Participants are expected to arrive in Vienna not earlier than 28 November 2007. The last date for receiving itineraries is 23 November 2007.

Upon approval of the route and cost, by our Travel Unit, a financial authorization will be sent to the UNDP/UNIDO office. In countries, where there is no UNDP/UNIDO office, the authorization will be sent to the Regional Office.

Participants are expected to get in touch with the UNDP/UNIDO/Regional Office upon being informed by UNIDO that the financial authorization has been sent for payment of the ticket. The UNIDO Office in the country will also assist in this regard.

Daily Subsistence Allowance (DSA)
To cover the costs of boarding and lodging in Vienna, UNIDO will provide a Daily Subsistence Allowance, at the current rate, for the number of nights stayed in Austria, but not exceeding 7 days (8 days’ DSA will be paid to participants from the Pacific Island countries only - Kiribati, Samoa, Solomon Islands, Tuvalu, Vanuatu).

Other Costs
Participants will be responsible for costs of travel, and all other expenses incidental to travel abroad, incurred in the home country, e.g. passports, visas, required medial examinations, inoculations, other such miscellaneous expenditures, as well as internal travel to and from the airport of departure in the home country.

Neither UNIDO nor the host Government will assume any responsibility for any other costs, including the following expenditures, in connection with the participants’ attendance:

- compensation for salary and any related allowances during the period of the meeting;
- costs incurred if there is deviation in the routing after approval of the itinerary by UNIDO;
- costs incurred for travel or other expenses incurred by dependents;
- costs incurred in respect of travel and accident insurance as well as medical and hospitalization bills in connection with attendance at the meeting;
- compensation in the event of death, disability or illness;
- loss or damage to personal property while attending the meeting;
- purchase of personal belongings (e.g. special clothing) and compensation in the event of damage caused to them by climatic or other conditions;
- other unforeseen costs.
**Visas**

Prior to leaving their home country, participants are requested to make their own arrangements for entry visas, or travel permits, that may be required for the entire travel (including transit) to Vienna, Austria. A Letter of Assistance, which may be presented to the respective Embassy for issuance of visa, will be given on request.

**Hotel Accommodation**

Reservations for hotel accommodation will be made only on request.

**Language**

The languages used will be English and French, with simultaneous interpretation.

**Venue and Logistics**

The Least Developed Countries (LDC) Ministerial Conference will be held on 29-30 November 2007, in Conference Room III, on the seventh floor of the Vienna International Centre, (UNIDO Headquarters), located at Wagramerstrasse 5, 1040 Vienna, Austria.

Transportation arrangements from and to the airport, will be made for Ministers only.

Registration will be open from 9:00 a.m. on 29 November 2007.

**Contact person**

All correspondence related to the LDC Ministerial Conference should be addressed to:

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THURSDAY 29, NOVEMBER, 2007

9:00 – 10:00 a.m. Registration

10.00 - 12:00 noon Item 1: Opening

Keynote Speech
Moderator: Director General, UNIDO
Speaker: Prof. Erik Reinert

(Followed by interactive dialogue)

12:00 - 1:00 p.m. Item 2: Election of officers
Item 3: Adoption of Agenda and organization of work

Item 4: Using Aid-for-Trade to transform LDCs

High-Level Roundtable I:
Integration of LDCs into the global economy, and role of duty-free & quota-free market access

Chair: (LDC Minister)
Presentation: UNIDO
Panelists: LDC Ministers
Invited dignitaries

Examples of questions to be considered:
1. What are the major emerging policy challenges for the next decade that LDCs are faced with, in terms of making trade work for development?
2. How should LDCs cope with these challenges?
3. What is the role of the international community and UNIDO in this regard?

1:00 – 2:30 p.m. LUNCH HOSTED BY UNIDO

3:00 – 4:00 p.m. …Continuation of High-Level Roundtable I

4:00 – 6:00 p.m. High-level Roundtable II:
Productive-Capacity building for economic transformation

Chair: (LDC Minister)
Presentation: UNIDO
Panelists: LDC Ministers
Invited Dignitaries
Private Sector Representative

Examples of questions to be considered:
1. The importance of manufacturing/services in economic growth.
2. How can Aid-for-Trade address the challenges developing countries face in meeting the quality and safety standards imposed by buyers, and in complying with the TBT/SPS agreements?
3. How can Aid-for-Trade be used to develop manufacturing/services in LDCs?
4. What is the role of UNIDO in this process?

RECEPTION BY THE DIRECTOR-GENERAL, UNIDO
FRIDAY 30, NOVEMBER, 2007

10:00 - 12:00 noon  High-Level Roundtable III: South-South Cooperation – Towards new initiatives in cotton

Chair: (LDC Minister)  
Presentation: UNIDO  
Panelists: LDC Ministers, Invited Dignitaries, Private Sector Representatives

Examples of questions to be considered:
1. How can cotton-growing countries improve the productivity and quality of their cotton?
2. What are the viable avenues for the cotton growing- and cotton-exporting LDCs to move up the value chain?
3. How can the cotton-growing and cotton-exporting LDCs improve business links with cotton-importing countries, particularly in the South?

12:30 - 1:30 p.m.  Item 5. Adoption of the outcome of the Conference

Conclusion (wrap-up): The Way Forward
LDC Minister
Director General, UNIDO