

**International Dialogue on
Exploring a New Global Partnership for the LDCs
in the Context of the UN LDC IV**

24-26 November 2010; Dhaka, Bangladesh

A Summary of Recommendations

A. Introduction

1. Despite impressive performance of the least developed countries (LDCs) as a group during 2000s, there are wide variations in the intra-group performance record. Most of the advances have been highly skewed, fragile and unsustainable. Throughout the decade, various development initiatives by the international development community have been geared towards promoting sustainable development in LDCs. However, a large part of the commitments made in these initiatives have remained either undelivered or of low value. The *Fourth United Nations Conference on LDCs (UN LDC IV)* which is going to take place in Istanbul, Turkey during 9-13 May 2011 will assess the outcome of various development commitments; particularly those under the *Brussels Programme of Action (BPoA)* adopted at the *UN LDC III* in 2001, and design a new international partnership in support of LDCs.

2. LDCs face multidimensional challenges with regard to their special and emerging needs in the context of increasing heterogeneity within the groups, rising environmental vulnerability, and the recent global crises in food, energy and commodity markets, which have gone hand in hand with a low level of international support measures. Therefore, new initiatives are required to both broaden and strengthen the support base for the LDCs, taking into account their very diverse nature.

3. The Dhaka International Dialogue 2010 on *Exploring a New Global Partnership for the LDCs in the Context of the UN LDC IV* held during 24-26 November 2010 contribute to the articulation of a new programme of actions for the LDCs to be adopted at the *UN LDC IV*. The Dialogue was jointly organised by the Centre for Policy Dialogue (CPD), Dhaka and the OECD Development Centre, Paris, in partnership with the United Nations Development Programme (UNDP), Dhaka, the

Commonwealth Secretariat, London and the International Centre for Trade and Sustainable Development (ICTSD), Geneva. The dialogue was inaugurated by Hon'ble Minister for Finance, Government of Bangladesh, Mr A M A Muhith, MP, and was closed in the presence of Secretary, Ministry of Foreign Affairs, Government of Bangladesh, Mr Mohamed Mijarul Quayes and Secretary, Economic Relations Division (ERD), Ministry of Finance, Government of Bangladesh, Mr M Musharraf Hossain Bhuiyan. The dialogue was attended by 34 scholars and development experts from 19 countries, including Africa and Asia, a group of eminent development activists of Bangladesh, and representatives of the international development community.

4. The Dhaka International Dialogue 2010 has focused on five thematic issues namely, a) Enhancing Trade; b) Promoting Investment; c) Access to Technology; d) Official Development Assistance (ODA) for Productive Capacity Development; and e) Domestic Institutional and Policy Reforms. Discussion on these issues and other emerging concerns took place throughout the inaugural plenary session as well as in the five working sessions.
5. The present document is a summary of the recommendations put forward by the participants in the context of designing of a framework for a new international partnership agreement in favour of LDCs. The recommendations are being made available for consideration by all stakeholders in the respective preparatory process of the upcoming *UN LDC IV*. It is hoped that the recommendations put forward in this document will provide useful inputs to the *UN LDC IV* to achieve break-through in the development progress in LDCs.

B. Enhancing Trade: Product and Market Diversification

6. A universally preferential, secured and predictable system of market access for all LDCs in the developed and developing countries; support towards 'horizontal' and 'vertical' expansion of investments in the production of tradable goods and services; and channeling of required funds and technical assistance for trade facilitation measures in both 'software' and 'hardware' - are the key issues in the context of enhancing trade performance of the LDCs. The *Istanbul Programme of Action (IPoA)* for the *UN LDC IV Conference* thus needs to address the following issues:

B.1 Market Access

- 7.** All out efforts must be put to ensure an early conclusion of the Doha Development Round (DDR) negotiations with comprehensive, equitable and development-oriented outcome. In case this is not feasible, there has to be an 'early harvest' that allows LDCs to reap 'quick results' from the DDR. The unfinished agenda of *Duty-Free and Quota-Free* (DF-QF) should be delinked from the final outcome of Doha Round and should be linked with the delivery of the MDG 8 (a global partnership for development).
- 8.** In view of the heterogeneity of LDCs in terms of both product and capacity, DF-QF preferences should be extended for all products from all LDCs by 2011. Supportive measures should be put in place to encourage product diversification by the LDCs in order to make the market access measures commercially meaningful. The monitoring mechanism for DF-QF market access must be institutionalised both at national and international levels.
- 9.** A comprehensive DF-QF programme ought to be seen as a partial counter-measure to the significant adverse impact of the preference erosion that is likely to originate from tariff reduction under the ongoing Doha Round negotiations.
- 10.** Flexibilisation of Rules of Origin (RoO) provisions stipulated by the developed countries must be considered in a manner that takes cognisance of LDCs' supply-side capacities and allows regional cumulation for the LDCs to enhance effectiveness of preferential market access schemes.
- 11.** It is important to adopt measures to empower and involve LDCs in defining RoO in accordance with the nature of their export dynamics in the context of regional, bilateral and multilateral agreements involving LDCs and developed and/or developing countries.
- 12.** Developed countries must adhere to their pledge, made at the *Hong Kong Ministerial Meeting of the WTO*, with regard to eliminating export subsidies in agriculture, cotton and other commodities of interest to LDCs by 2013.

13. Special attention must be given to address the non-tariff measures (NTMs) put in place by both the developed and emerging economies which constrain LDCs' export opportunities. There has to be a moratorium on anti-dumping duties (ADDs) and countervailing duties (CVDs) on export of LDCs in developed and developing country markets.
14. An 'LDC Waiver' should be considered by the developed and developing countries when export tax or export ban is imposed with regard to trade in food products, especially during the periods of food crises or financial turmoil.
15. LDCs should be given 'non-reciprocal special priority' in services export, particularly in the context of Temporary Movement of Natural Persons (GATS Mode 4), by the developed countries, along with developing countries who are in a position to do so, in the form of 'waiver' from Most-Favoured-Nation (MFN) obligations. In this regard, the developed countries ought to favourably consider the LDC modalities submitted in the World Trade Organization (WTO).
16. Improved transparency and protecting all flexibilities allowed for the LDCs need to be maintained in negotiations involving multilateral, regional or bilateral trade agreements.
17. Appropriate measures need to be adopted for operationalisation of the WTO General Council decision on fast track accession of LDCs. Development partners should play a key role in facilitating the accession process by making it less onerous and more tailored to the specific needs of the acceding LDCs. WTO Members must adhere to the letter and spirit of the 2002 General Council Decision on LDCs in this context.

B.2 Export Diversification

18. An *Export Diversification Fund for the LDCs* (EDFL) will have to be created to provide targeted financial support for diversifying LDCs' export basket, both vertically and horizontally, and towards domestic value addition through support for development of backward and forward linkages in the production chains.

19. Developed countries shall invest in export-oriented (and other potential) labour-intensive industries of LDCs with a view to help LDCs undertake structural transformation of their economies.
20. Special funds need to be created to support promotion of tourism sector and its sustainable development in the LDCs.

B.3 Trade Facilitation and Capacity Building

21. Trade Facilitation through *Aid-for-Trade* (Aft) needs to be given special priority to help LDCs offset preference erosion losses in the OECD countries through additional gains in other markets including developing countries and non-preference giving OECD countries.
22. Financial package under Aft must be additional to the existing aid flows. LDCs must have the flexibility to use this fund to address needs which are perceived by them to be priorities.
23. An *Aft Monitoring Committee* (AMC) will have to be set up to take stock of the amount of fund to be disbursed to LDCs according to their needs. The Committee would act as a catalyst to induce LDCs in undertaking exercises to identify and prioritise their own needs with a view to acquire maximum gains from the Aft.
24. Funding for the Enhanced Integrated Framework (EIF) and World Bank Trade Facilitation Facility (WB-TFF) should be increased, and investment in large infrastructure should be leveraged towards trade facilitation in both 'hardware' and 'software.'
25. Emphasis needs to be given on enhancing regional trade integration in order to scale-up productive capacity and improve economic efficiency, by promoting connectivity, trade facilitation, and investment and services flows. The Global System of Trade Preferences (GSTP) among developing countries must be strengthened to enable LDCs to garner potential benefits from South-South cooperation.

26. Technical assistance ought to be provided to LDCs to enhance their competency in the context of complying with international product quality and standards, particularly sanitary and phytosanitary (SPS) measures, technical barriers to trade (TBT) and private standards including labeling.
27. Capacity of the LDCs to negotiate effectively in terms of standards and setting up of inter-governmental organisations in this respect, should be strengthened with appropriate supportive measures. Organisations such as the United Nations Industrial Development Organization (UNIDO) shall have to play a key role in this context.
28. Specific development needs of the landlocked countries, island states, climate change affected economies and post-conflict societies should be taken into due consideration while providing support in favour of LDCs.
29. Regional institutions should be established with dedicated funds to underwrite special financial needs of the LDCs in such areas as transport and connectivity, customs automation, port modernisation, and cross-border infrastructure development.

C. Promoting Investment

30. Thus far 17 LDCs have achieved the BPoA target of 25 per cent of GDP as gross fixed capital formation. However, nature of this investment remains highly differentiated and grossly imbalanced. The objective of the global partnership ought to be to help LDCs put in place strategic industrial policies to make investment an engine of inclusive development leading to structural change. Whilst the LDCs will need to take the lead role in identifying the strategic sectors and appropriate policies to achieve this, development partners ought to come forward with adequate supportive policies to help them attain the identified objectives.

C.1 Scope and Areas of Investment

31. LDCs need domestic and foreign investments in accordance with their varying contexts: (i) Investment in energy and transport infrastructure is required in high growth achieving LDCs; (ii)

African LDCs require substantial investment in social services and financial market development; (iii) Oil and mineral exporting LDCs require investment in human resources development; (iv) Commodity-dependent LDCs require persuasion of horizontal and vertical diversification; and (v) LDCs emerging from severe political and social conflicts require investment in social services and infrastructure.

- 32.** Investment is needed for in LDCs' internal capacity building in analysing and assessing the quality of investment proposals including foreign direct investment (FDI), particularly in natural resource extraction and agriculture sectors.
- 33.** To enhance the processing capacity of export-oriented primary commodities of LDCs, investment in processing plants should be encouraged through attractive incentives for both local and foreign investors.
- 34.** To ensure food security of LDCs, [North-South and South-South] investment should be geared towards agricultural inputs production, such as fertiliser, high-yield climate resilient seeds, and modern irrigation equipments.
- 35.** LDC governments, international partners and investors should collaborate to establish and run Commodity Exchange Markets which ought to play a vital role in reducing commodity price volatility in LDCs.
- 36.** To improve the quality of education in LDCs, both domestic as well as foreign investment in technical and vocational skill development should be increased; scope for bringing in support from ODA should be examined in this regard.
- 37.** Targeted investment should be channeled into the LDCs with a view to assisting these countries achieve the Millennium Development Goal (MDG) goals related to health and education.
- 38.** Developing economies should work out innovative funding schemes to reduce the price of essential medicines in the LDCs.

C.2 Investment Promotion

- 39.** To reduce investment related political and non-commercial risks, like-minded donors should enhance the fund for multilateral risk insurance agencies governed by Multilateral Investment Guarantee Agency (MIGA), and initiate a special-purpose capital guarantee fund for investment in LDCs.
- 40.** A regional insurance agency may be established for providing regional risk coverage through MIGA.
- 41.** Developed countries should offer appropriate home country measures in the form of fiscal and financial incentives, and investment insurance in order to encourage investment in LDCs.
- 42.** Multilateral financial institutions, e.g. the World Bank, the IFC, the African Development Bank (AfDB), and the Asian Development Bank (ADB) should initiate a special body to formulate policies to ensure better financing in small and medium enterprises (SMEs), microenterprises and agriculture.
- 43.** Investments in business supporting and export facilitating service sector needs to be enhanced, particularly in the African LDCs.
- 44.** In order to enhance trade capacity of LDCs, both domestic and foreign investments should be increased substantially in port facilitation and customs automation.
- 45.** A 'Basket Fund' managed by domestic commercial banks needs to be created to support the financial needs of small, medium and micro level enterprises at the local level.
- 46.** Public-Private Partnership (PPP) in different forms such as build-own-operate (BOO), build-operate-transfer (BOT), build-own-operate-transfer (BOOT) and build-own-lease-transfer (BOLT) may be used intensively for large-scale projects such as construction, maintenance and/or facilitation of roads, railways, ports, power and energy related infrastructures. To implement the projects under PPP, a synergy could be established between private investment and ODA.

47. A knowledge, experience and expertise sharing centre should be established in an LDC country where development partners (including South-South) will also share their ideas in addition with LDC members.

D. Access to Technology

48. Technology is the master key to development. The state of access to technology across LDCs is quite poor and is a reason for their low productivity, poor economic performance and underdevelopment. Transfer of technology and innovation are considered critical steps towards economic progress and development for LDCs, and thus, require proper policy attention by the LDCs and their development partners.

D.1 Technology Transfer: Basic Issues

49. There is a need to assess sector-wise technological requirement and suitability assessment in the LDCs. This can be done by constituting a common body of the LDCs as many of them are not intellectually and knowledge-wise efficient enough to do it properly. Developed countries should extend voluntary technical support to the LDCs in this context.
50. Technology advanced economies should commit for tangible and physical technology transfer with required knowledge inflow to the LDCs which should be commensurate with the LDC environment.
51. Technology transfer from developed and developing countries to the LDCs should be focused to particular sectors, including both export-oriented sectors and domestically important productive sectors.

D.2 South-South, Triangular and Sub-regional Cooperation

52. Cooperation among public/private entities and educational/research organisations between LDCs and their southern partners for developing technology mapping mechanism, capacity building and joint investment initiatives in the LDCs should be encouraged particularly for technology transfer.
53. Southern emerging economies can provide concessional credit to LDC members to underwrite technology transfer in such areas as agriculture, energy, information and communication technology (ICT), biotechnology and bio-genetics.
54. Regional and bilateral cooperation, and PPP are other possible ways through which LDCs' access to technology can be increased.

D.3 IPR and Other Legal Regimes

55. There should be flexibilities in the current intellectual property right (IPR) regime in the form of incentives to develop country enterprises and institutions to ensure technology transfer to LDCs. The LDC waiver under the Trade-related aspects of Intellectual Property Rights (TRIPS), and public health provisions under the Doha Declaration should be extended for another 15 years from 2016.
56. There is a need to develop a toolkit for 'Monitoring, Evaluation and Reporting' mechanism for the developed countries to ensure the implementation of Article 66.2 under the TRIPS.
57. There is also need to have coherence among the international legal and policy regimes concerning technology transfer to LDCs.
58. Outcome of the negotiations under Environmental Goods and Services (EGS) should benefit the LDCs.
59. LDCs should get priority access to climate-friendly technologies and adaptation and mitigation measures.

D.4 Need for New Institutional Set-up

60. Setting up a virtual 'technology bank' for financing the transfer of technology and required knowledge to LDCs, particularly for agriculture to ensure food security, and energy and infrastructure for investment, is an area that needs serious consideration.
61. Creation of a vertical fund for financing national science, technology and innovation system should get high priority. The finance for the national innovation system should come from both LDCs and their development partners, including in the form of ODA.
62. There is need for establishing 'regional centre of excellence' in collaboration with LDCs and development partners for undertaking research and innovation in common priority areas. There is also need for developing specific agro-technologies suitable for different agro-climatic conditions in the LDCs.
63. 'Spark Initiative' should be used to support SMEs in the form of technology transfer, equipment modernisation, development of local technological capacities, engineering, design, training and research & development (R&D) to increase LDCs' production capacities and generate job opportunities. In addition, encouraging enrollment in science and technology will build up domestic capacity to absorb such technologies in the LDCs.

E. ODA for Productive Capacity Development

64. ODA must be perceived as a key ingredient to stimulate socioeconomic development of the LDCs. ODA flows, both in quantitative and qualitative terms, its effectiveness according to the objective, and concerns regarding global aid architecture ought to receive priority attention of development partners. *UN LDC IV* must devise new and innovative measures, modalities and instruments to make aid work for poverty alleviation and economic development of LDCs.

E.1 Specific ODA Commitments for LDCs

65. All developed countries need to put in a concerted effort toward meeting their commitment of providing 0.20 per cent of their gross national income (GNI) as ODA specifically to the LDCs.
66. A contingency support system, 'Crisis and Mitigation Fund,' worth USD 100 billion should be created to cushion the LDCs from the affects of external shocks and climate change.
67. Non-traditional donors should play an incremental role in providing ODA to LDCs. Development partners should, therefore, initiate innovative sources of funding for the LDCs.
68. To generate funds for the LDCs, imposition of levies on global financial transactions should be considered.

E.2 Improving Quality of Aid Flows

69. Preparation of a Joint Strategy Cooperation (JSC) document and a Donor Performance Assessment Framework (DPAF) could facilitate the monitoring process of aid flows to LDCs. Sector Working Groups (SWG) should be set up to accommodate sectoral interests.
70. To increase aid effectiveness, Joint Government Assessment (JGA) should be considered by both donor and recipient. It is important that there be a strategic shift towards financing short-term and demand-driven programmes of action.
71. South-South cooperation should be accelerated to promote technical cooperation. Since the *Paris Declaration* does not refer to such partnerships, the parties could opt for emulating the principles of mutual accountability for developing a transparency framework with regard to aid flows to LDCs.
72. An integrated approach should be adopted by both donors and recipients to finance building of productive capacities. It is necessary to balance national planning by combining different elements of aid in a comprehensive development programme.

73. Coordination and harmonisation among donor and the LDCs must be improved to ensure quality of aid flows.

E.3 Aid Management Policy (AMP)

74. An aid management policy (AMP), supplemented by the JSC and DPAF, both of which would be dictated under the principles of Paris Declaration, could be adopted by the UN LDC members in order to increase country ownership of national development strategies.
75. Respective AMP, tailored to meet specific needs of the LDCs in view of diverse market conditions, should complement national development plans (e.g. Five Years Plans, Poverty Reduction Strategy Papers (PRSPs), etc).
76. A rights-based (demand-driven) approach towards availing Technical Assistance (TA) for productive capacity building have to be adopted in order to improve the predictability of aid flows, and thereby strengthen national ownership.
77. An international forum may be established under the auspices of the UN where LDCs could periodically exchange their experiences with aid and debt management policies.
78. Development aid could be combined with PPPs to bridge the financing gap in the LDCs, reduce risk and liabilities associated with investment, and promote technology transfer.
79. To facilitate access to finance for ensuring food security, the formation of an international low-cost food import funding facility could ease the liquidity constraints on net food-importing LDCs and facilitate emergency imports of food.

E.4 ODA for Regional Cooperation

- 80.** To achieve the necessary scaling up of infrastructure, all stakeholders in LDCs and development partners need to work together, including sharing of best practices in PPPs for infrastructure development.
- 81.** AfT should be used to a great extent to strengthen regional cooperation through building up of both institutions and projects supporting regional integration.

F. Domestic Institutional and Policy Reforms

- 82.** Domestic policy and institutional framework for LDCs would seek external coherence through collateral domestic changes to enhance effectiveness of international support measures by improving domestic institutional and policy environment in the LDCs.
- 83.** Attaining an inclusive and sustainable growth and ensuring structural transformation in the LDCs depend on critical review of the macroeconomic framework, adoption of strategic industrial and trade policies, mobilisation of additional resources to underwrite requisite development expenditure, and developing institutions to support both domestic and foreign investments.
- 84.** Future domestic policies in LDCs will also need to take into account the evolving external challenges including global inflation, oil price shock and possibilities of economic recession in developed countries.
- 85.** Considering the heterogeneity within the LDCs, domestic policy formulation and institutional reforms have to be country-specific and homegrown. The recommendations from the development partners in preparing institutional and policy reform agendas should not be taken for granted.

F.1 Role of the State

86. Domestic policies and institutional reforms should act as catalysts towards transforming LDCs into 'developmental states' that can establish a democratic, corruption-free and secured society.
87. Market must not be considered as the only driving force for a Developmental State, there should be a greater strategic role of the state in the development process, particularly in providing public goods.
88. Implementation of land reform should be considered by the LDCs, particularly considering their agriculture and mining policies.
89. Industrial policies in LDCs must not only focus on the export-oriented industries; they must also consider for developing supply capacity for domestic markets, particularly for light manufacturing and agro-processing industries.
90. LDCs' domestic policy must emphasis on retention of human resources in the country, while 'brain drain' has to be constrained by providing proper incentives.
91. The LDCs must build their negotiating capacity with their counterparts and ought to be well-prepared to put forward their own priorities, programmes (and projects) for development assistance.

F.2 Macroeconomic Policy

92. The macroeconomic framework should maintain a balance between the dual objectives of stability and growth.
93. LDCs should refrain from any premature capital account liberalisation. LDCs should impose a residence requirements of one year (or similar) before such investment flows could be repatriated to slow down the outflow of speculative portfolio investment and short-term capital volatility.

94. LDCs should augment investment in agriculture, promoting technological change to boost farm productivity, enhancing local agricultural capacities. A key starting point would be to raise the farm productivity by delivering subsidy on fertiliser, irrigation, high-yield seeds and machineries to farmers. In presence of an oil price shock, LDCs should be prepared to provide temporary subsidies for electricity supply and public transportation.
95. Improving food security for the poorest groups by means of expansion of child nutrition programmes and other safety net and social protection programmes should be in the LDCs' priority development agenda.

F.3 Revenue Mobilisation

96. To accelerate direct tax generation, 'income tax collection at source' and 'advance income tax' provisions should be enhanced.
97. Setting up special units for high-income taxpayers has produced significant results in a number of countries including some LDCs. This model can be replicated in other LDCs.
98. Exempting expatriates from paying income taxes in the host countries is widely practiced. LDCs should consider refraining from providing such fiscal incentives to the high-income expatriates (or expatriates from non-LDC countries).
99. Impacts of fiscal incentives (e.g. tax holidays and exemptions) provisions must be scrutinised with a view of scraping all redundant fiscal incentives.
100. LDCs may also consider introducing 'differentiated corporate income tax' structure, where social service sectors (e.g. private schools and hospitals) would be subject to lower rate compared to the extractive sectors.
101. Tax base should be gradually widened in LDCs. Although the countries can be expected to continue to rely on indirect taxes on imports in the near future. This would call for increased use

of domestic taxes to maintain revenue off take. LDCs may also exercise the flexibilities as provided by the bound rates in the WTO.

- 102.** LDCs should reduce value added tax (VAT) (or similar taxes) exemptions. Increased VAT (or similar taxes) rates on 'non-essential' consumption items would help to augment revenues and enhance the equity of the tax structure. Effective tax rates for luxury items, cigarettes and alcoholic beverages must be raised. Such a change in policy would also help to move some of the tax burden onto higher-income households.
- 103.** LDCs should create an incentive-based tax administration and invest in human capital of the tax administration.
- 104.** All the customs points should be brought under full automation (e.g. *Automated System for Customs Data, ASYCUDA*).
- 105.** Tax laws should be simplified and documentation requirement for tax payment should be kept at the minimum.
- 106.** Tax administration should be the first destination of establishing e-governance. Implementation of advanced IT infrastructure will help boost analytical capacities of tax administrations as well as facilitating tax payment through e-filing and reducing the possibility of corruption.
- 107.** To bring informal sector under tax net, access to formal sector credit, training and output markets should be integrated with tax payment, while the state can provide them with attractive incentives including investment in relevant infrastructure, support for marketing and distribution, and special credit programmes.
- 108.** A financial transaction tax may be imposed as a way of curbing financial speculation as well as raising revenue.

F.4 Financial System

- 109.** LDCs should operate monetary policy and regulate financial system through ‘legitimate’ and ‘independent’ central banks. The central banks of LDCs must play a major role in the financial systems through a system of subsidies, interest rate ceilings, policy-based credit allocation, high reserve requirements and restricting entry into banking and capital account transactions.
- 110.** LDCs need to emphasise on establishing IT-based infrastructure in central banks and other financial institutions. Establishing infrastructure and legal regulations for expanding mobile phone banking could reduce costs for financial services and increase access in remote areas.
- 111.** LDCs should institute or revive public institutions such as agricultural banks or development banks. The central banks should also create dedicated funds for thrust sectors.
- 112.** LDCs may consider introducing a ‘differential asset-based reserve requirement’ system on lending to different economic sectors to banks to lend to sectors that had strong growth or employment potential or to the ‘thrust sectors’ identified in the respective industrial policies.
- 113.** The central banks may allow adequate incentive in the form of low-cost borrowing from dedicated funds or ‘differential asset-based reserve requirements’ to support linking of formal financial institutions with the informal ones. This action can also promote and mainstream microcredit programmes targeted to the poor and small investors.
- 114.** LDCs should encourage domestic and foreign companies to get enlisted in the national capital markets by providing fiscal incentives. LDCs may also enforce regulations by making obligatory for the foreign natural resource extracting firms to be enlisted in the national capital market within a specific time period.

F.5 Investment Governance

- 115.** LDC governments should formulate a long-term strategic investment plan which will spell out the issues of national priority, national treatment, host country measures, and rules to conduct new style investment contracts and agreements with Northern and Southern partners.
- 116.** LDCs should pursue effective measures including mandatory disclosures to restrict all kinds of abusive business practices and to ensure transparency in both domestic and foreign investments.
- 117.** LDC governments should adhere to the Extractive Industries Transparency Initiative (EITI) for proper appraisal and monitoring of works and tracing payment in the extractive industries, e.g. oil, gas and mining sectors.
- 118.** LDC governments should take proper initiative to ensure the synergy between international codes of land acquisition procedures and domestic regulations in agriculture.
- 119.** LDCs should strengthen investment promotion centre or agency, overseeing both domestic and foreign investment-related matters. The agency or centre will identify the areas of investment where the development partners can help by sharing technical and practical know-how.
- 120.** Ensure the availability of reliable investment information and statistics as supportive measures for both foreign and domestic investors, in a timely manner.
- 121.** In case of investment agreements, health and safety issues have to be addressed properly while measurable indicators have to be identified to monitor these agreements.
- 122.** LDCs could consider South-South cooperation in investment as a complement to North-South cooperation rather than a substitute.
- 123.** LDC governments should formulate non-discriminatory incentive policies, so that all types of investors, both local and foreign, get fair treatment.

124. Investment in non-extractive manufacturing sector of LDCs should get credit under corporate social responsibility (CSR) by the investors.
125. LDCs should consider introducing transfer pricing related regulations to ensure transparency in corporate business operations/activities. This will also help revenue mobilisation.
126. LDC governments should ensure domestic equity stake in FDI.
127. To promote investment for boosting domestic demand and supporting export expansion, LDC governments should provide fiscal and financial incentives to the entrepreneurs to promote in-country backward and forward linkages.
128. LDC governments should ensure a level playing field for new investors through different actions like reducing anti-competitive practices.

F.6 Institution Building

129. LDCs need to strengthen their public institutions to enhance efficacy and transparency of resource use (e.g. development administration, judiciary, local government and national integrity system).

G. Concluding Remarks

130. The experience of BPoA clearly indicates that business as usual will not service the demands emanating from the changes and challenges of the upcoming decade of the 2010s. A set of bold initiatives is required to both broaden and strengthen the support base for the LDCs, taking into account the specific and very diverse nature of all LDCs.
131. The outcome document has proposed that the *UN LDC IV* sets its ambition high and aims at radically different trajectory with regard to the development progress in the LDCs. This process will require country-specific development strategies, alignment and policy coherence in domestic and international policies, and involvement of new development actors and new modalities of development cooperation, while aiming to bring structural transformation by making trade,

investment aid and technology, with support from LDCs' homegrown endeavours and LDCs' ownership over their institutional reforms.

- 132.** There ought to be policy space, flexibility and additionality in the measures that are prepared in *UN LDC IV*. Since the terminal year for a large number of BPoA targets is 2015 (in line with the MDGs), it may be advisable to set all concrete targets of the new agreement for 2015 (or 2016). These targets may be situated within decadal *Vision Statement 2011-2021*. The new partnership agreement may further provide for a 'Rolling Plan' for subsequent five years with the mid-term benchmarks locked-in with MDG review in 2015.
- 133.** This time around, there ought to be appropriate follow-up mechanisms, opportunities for mid-course corrections, comprehensiveness and coherence at the heart of the proposed measures.

