Midterm Review of the Istanbul Programme of Action
27-29 MAY 2016, ANTALYA, TURKEY

PRODUCTIVE CAPACITY, AGRICULTURE, FOOD SECURITY, AND RURAL DEVELOPMENT

HIGH-LEVEL ROUNDTABLE 1
IPoA Priority Areas A and B
27 May 2016, 15.00—18.00, Room Atlantic

“Building a critical mass of viable and competitive productive capacity in agriculture, manufacturing and services is essential…”

Istanbul Programme of Action

BACKGROUND

As the midpoint of the decade-long Istanbul Programme of Action (IPoA) for LDCs draws near, a comprehensive high-level midterm review of its implementation will be held in May 2016, in Antalya, Turkey. Participation will be open to all stakeholders of the IPoA, and include four roundtables focusing on identifying concrete suggestions to further strengthen the global partnership for development for LDCs in all priority areas of the IPOA in order to ensure its timely, effective and full implementation during the remainder of the decade, while taking into account synergy and coherence of the Istanbul Program of Action with global processes including the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda, the Sendai Framework for Disaster Risk Reduction, and the Paris Agreement under the United Nations Framework Convention on Climate Change.

CONTEXT

The High-Level Roundtable on “Productive Capacity, Agriculture, Food Security and Rural Development” is a unique opportunity to commit to accelerating action towards implementation of:

- **Priority Area A of the IPoA**: Productive Capacity
- **Priority Area B of the IPoA**: Agriculture, Food Security and Rural Development
It is well acknowledged that for LDCs, an overarching challenge has been their limited movement towards more productive economic structures. Changes in the sectoral composition of the economy have been much slower in most LDCs than in other developing countries, indicating obstacles to structural transformation. The IPoA set the following goals and targets in this area:

- Increase significantly the value addition in natural resource-based industries paying special attention to employment generation;
- Diversify local productive and export capability with a focus on dynamic value added sectors in agriculture, manufacturing and services;
- Significantly increase access to telecommunication services and strive to provide 100 per cent access to the Internet by 2020;
- Strive to increase total primary energy supply per capita to the same level as other developing countries;
- Significantly increase the share of electricity generation through renewable energy sources by 2020;
- Enhance capacities in energy production, trade and distribution with the aim of ensuring access to energy for all by 2030;
- Ensure that the least developed countries have significant increase in combined rail and paved road mileage and sea and air networks by 2020.

While there has been some progress in meeting some of these IPoA goals and targets, which include the number of Internet users per 100 people increasing from 4.4 per cent in 2010 to 8.6 per cent in 2014, mobile cellular subscriptions increasing to some 63 per cent in 2014, and the continued improvement of road and rail networks and conditions, increasing access to electricity in LDCs particularly in the urban areas, other goals and targets remain elusive. Low investment rates combined with institutional bottlenecks, limited human resource development and lack of infrastructure - including low levels of road density - continue to be challenges that need to be overcome. LDCs are also lagging behind in science, technology and innovation, with only 628 patents in 2013, up from 516 in 2010 (compared, for example, to 3,995 patents filed in Viet Nam). Similarly, the funds dedicated to research and development in LDCs have been negligible, contributing to the limited use of advanced technology across sectors.

There has been some improvement in creating an enabling environment for the private sector in LDCs. Rwanda, Vanuatu and Solomon Islands are now among the top 100 in the overall ranking of the Doing Business indicators, and 11 LDCs were ranked among the top 100 for starting a business. The structure of the private sector, however, which has a large majority of firms being small and only a few large ones, reduces inter-firm linkages, hampering opportunities for innovation, learning and skills development and thus productivity growth. Therefore, employment generating inclusive growth with higher productivity is critical to sustained structural transformation. In addition, high transport and transaction costs and obstacles to trade restrict the competitiveness of LDCs.

Comprehensive productive capacity development will lead towards structural transformation, as well as create a sustainable national resource base for development and will also help accelerate reduction of poverty, economic growth and resilience building. Coordinated national efforts with targeted programmes and international support for productive capacity building should be strengthened in order to realise the collective objectives of the IPoA.

Financing for infrastructure and energy remains a major challenge for LDCs and thus all forms of finance—ODA, concessional, non-concessional loans and blended finance—need to be utilized. DFIs and the development
partners should play a larger and more coordinated role in investing in infrastructure projects, as well as in productive sectors, mitigating risks and ensuring guarantees. The possibility for a dedicated financing facility, which addresses the specific infrastructure and energy financing needs in LDCs in a holistic and comprehensive manner, should be explored. Special attention should be given to LDCs throughout the United Nations Decade of Sustainable Energy for All (2014-2024), as well as within the framework of the Global Infrastructure Forum under HLPF with a view to ensuring the realization of the objective of universal access to energy for all by 2030 and to addressing the infrastructure needs of LDCs.

**PRIORITY AREA B: AGRICULTURE, FOOD SECURITY AND RURAL DEVELOPMENT**

Agriculture plays a crucial role in almost all LDCs, both in promoting food security and as the major economic activity for much of the population, with direct linkages to the eradication of poverty and hunger, rural development and gender equality and empowerment of women, as well as exports, commodity and production diversification and agro-processing capacity. It is only through access to safe and nutritious food that those living in poverty and are most at risk of chronic malnutrition, in particular women, children and the elderly, can improve their health and nutrition status. The IPoA set the following goals and targets in this area:

- Make substantial progress towards eradicating hunger by 2020;
- Substantially increase investment in rural infrastructure;
- Ensure access to safe food and emergency food assistance in all least developed countries.

Agriculture still employs the largest share of the population in most LDCs, with an average of 60 per cent. The reliance on agriculture for their livelihoods and the high share of expenditure of the poor on food makes agriculture key to alleviating poverty and hunger.

Agricultural productivity in LDCs remained stagnant from 2010 to 2013, and only 10 percent higher than the baseline of the period 2004-2006. The use of fertilizer increased only marginally for African LDCs, from 10.2 kilograms per hectare of arable land in 2010 to 11.3 kilograms in 2013. In Asia, the use of fertilizer was much higher, with 60 kilograms in 2013. However, this was mainly driven by very high use in Bangladesh. Most other Asian countries used around 20 kilograms of fertilizer. Irrigation has not improved much, either. Priority should be given to addressing the potentially negative effects of climate change on agricultural production, including severe droughts and flooding and more irregular weather patterns.

Almost all LDCs are food deficit countries. Thus the decline in world prices for food might enhance access to food for the urban poor, but could also negatively affect rural food producers and hamper investment. In general, enhancing productivity in agriculture through improved access to inputs and innovations, including agricultural extension services, remains a challenge for most of these countries.
There is need to increase investment in agriculture, including through enhanced international cooperation in rural infrastructure, agricultural research and extension services, access to finance, building irrigation facilities, technology development and the establishment of plant and livestock gene banks in order to enhance agricultural productive capacity in LDCs. Collaboration across many initiatives in this area should be strengthened, including regional initiatives, and further commitments to supporting strong economic, social and environmental links between urban, peri-urban and rural areas by strengthening national, regional and local development planning.

**OBJECTIVE**

The objective of this High-Level Roundtable is to bring together global leaders to address these challenges, identify concrete suggestions and secure firm commitments to achieve the IPoA and its Priority Areas A and B.

In particular, the roundtable will seek concrete suggestions and commitments from leaders on questions such as:

- **How can the various stakeholders accelerate sustainable agriculture and rural development in LDCs, including ‘reaching the last mile’ to reduce poverty and hunger and increase agricultural as well as non-farm productivity?**

- **What can be done to kick-start sustainable industrialization with higher value added and improved competitiveness in LDCs, to enable them to enter a virtuous cycle of sustained wealth and employment generation, the broadening of the domestic resource base and the increased investment needed for building and maintaining productive assets?**

- **Which strategies can be employed to increase labour productivity, technology and innovation, infrastructure development, sustainable access to energy, and private sector development with a focus on small and medium-sized enterprises?**

- **How can coherence and synergy between the IPoA and other recently agreed global frameworks, including the 2030 Agenda for Sustainable Development, be ensured?**

In answering these questions, leaders at the roundtable are expected to share best practices and lessons learned and offer ideas and commitments which operationalize the IPoA and ensure investments leading to a shift from low-value added, low-productivity and rural-based economies to modern, high-productivity industries with higher-value added, broader access to energy and fuller use of technology and science.

The High-Level Roundtable at the Midterm Review is also an opportunity to gain political momentum and commitment from leaders on promoting private sector development, and poverty and hunger reduction worldwide. We want to learn from leaders who have been successfully involved in agricultural or industrial transformation what it takes make all sectors of the economy more productive. This event will provide a platform to make success visible, showcase best practices and identify the key principles and variables for successful enhancement of productive capacity, agricultural and rural development, and increased food security.