

United Nations Development Programme
Africa Sub-Regional Office for Eastern and Southern Africa



**ASSESSMENT OF PERFORMANCE OF ECONOMIC
INTEGRATION IN LEAST DEVELOPED COUNTRIES**

BY

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I. INTRODUCTION

Least developed countries (LDCs) comprise ten percent of the world's population, approximately 1.3 billion people. They contribute only less than one-half of one percent of world trade. These countries are experiencing continuing decline in per capita income, export, and import. Their Gross domestic product (GDP) amounts to less than 10 percent of international GDP and they are also highly debt burdened because they have to borrow funds from outside sources. This makes them dependent on foreign sources that are often insufficient to meet their financial obligations for investment resources.

In a proper policy environment trade can promote growth and thereby contribute to poverty reduction. When supported by appropriate policies, trade can make an important contribution to pro-poor growth and sustainable development. It provides market for goods and services and enhances a country's access to foreign goods, services and technologies. And by stimulating the entrepreneurial activities of the private sector, it creates jobs and generates resources for sustainable development and poverty reduction, among other things.

While many countries have benefited greatly from policies aimed at fuller integration into the world economy, LDCs and most of sub-Saharan African (SSA) countries have been the least successful in this respect.

The plight and vulnerability of LDCs has been on the development agenda for a long time but it would appear that there has been little success in graduating the majority of the LDCs to a better level of development. In the late 1960s, the United Nations began paying special attention to the LDCs recognizing those countries as the most vulnerable of the international community. The International Development Strategy for the second United Nations Development Decade for the 1970s incorporated special measures in favour of the least developed countries. In order to generate international attention and action to reverse the continuing deterioration of the socio-economic condition of these most vulnerable countries, the First United Nations Conference on the LDCs was held in Paris in 1981, which adopted a comprehensive Substantial New Programme of Action (SNPA) for the 1980s for the LDCs.

Several other conferences and declarations have been made to address the situation of LDCs, with the Brussels Declaration and the Programme of Action for Least Developed Countries for the Decade 2001-2010, adopted by the Third United Nations Conference on the Least Developed Countries in Brussels on 20 May 2001, being the current one under implementation. LDCs have also received special attention in the World Trade Organisation multilateral trade negotiations. The whole aim of this special attention is to try and bring about economic integration of these countries into the global economy.

The strong growth performance of LDCs as a group has been the most encouraging feature of the global economy in the current decade. Economic growth since 2000 has been higher than in the 1990s. In 2005 and 2006 there was a growth acceleration that exceeded the 7% target set by the LDCs and their development partners in the Brussels Programme of Action for LDCs for the Decade 2001-2010. The key question is how sustainable is this growth and how well distributed is it to have an impact on poverty and on the participation of these countries effectively in the global economy?

This document will briefly discuss this subject of economic integration under the following key points:

- LDCs Integration Process Assessment;
- Challenges facing LDCs in their development effort;
- Possible Approaches to integrate LDCs into the global economy;
- Conclusions

II. Integration Process and Assessment

In recent years, a number of LDCs have achieved higher rates of economic growth than in the past and even higher growth of exports. On average LDCs real GDP growth was 4% between 1990 and 2000 which increased to 6.5 % between 2000-2006 with the highest growth achieved in 2005 of 7,9% , which declined to 7.5 % in 2006.

Table 1

| | Real GDP | | | | |
|---------------------------------|-----------|-----------|------|------|---------------------|
| | 1990-2000 | 2000-2004 | 2005 | 2006 | 2007 <i>Proj</i> |
| LDCs | 4.0 | 5.9 | 7.9 | 7.5 | 6.7 |
| African LDCs + Haiti | 3.4 | 5.6 | 7.9 | 8.2 | 8.9 |
| African LDCs less oil exporters | 2.5 | 4.4 | 6.1 | 6.5 | 6.2 |
| Asian LDCs | 5.1 | 6.5 | 7.9 | 6.4 | 6.0 |
| Island LDCs | 4.3 | 3.6 | 2.4 | 7.5 | 6.9 |
| Oil-exporting LDCs | 5.1 | 7.4 | 10.5 | 10.6 | 12.4 |
| Oil-importing LDCs | 3.7 | 5.4 | 7.0 | 6.5 | 6.1 |
| | | | | | |

Source: Derived from UNCTAD Least Developed Countries Report 2008

Despite these positive developments, there continues to be serious concern to ensure pro-poor and inclusive growth that would have real impact on the lives of the poor. The positive economic growth would have been expected to assist these countries become more serious participants in the global economy.

Recognising the need to spread the benefits of globalisation and to integrate LDCs into the global economy, it was decided in the context of multilateral trade to find ways of accelerating that integration process. This brought the creation of the Integrated Framework by the World Trade Organization and other key development partners. The Integrated Framework was created to integrate LDCs into the world economy. Liberalization and globalization was designed to decrease boundaries amongst trading nations; more importantly, least developed countries' markets were to be opened to foreign trade. LDCs were supposed to benefit from increases in trade, which would result in economic gains thus leading to the alleviation of poverty in LDCs through a series of programmes and investments.. The integrated framework did not attain its objectives. LDCs continue to face economic hardships in international trade and social development. The framework has been implemented in many LDCs but its impact has remained marginal. The Framework is now being enhanced with a view to strengthen its capacity to deliver.

Many people, least developed countries, and Non-Governmental Organizations (NGO) are arguing that liberalization and globalization benefits only developed countries. Leaders from least developed countries state that liberalization increases "the incidence of poverty, unemployment, job security, and social inequalities". They argue that least developed countries are worse off than they were before liberalization and globalization.

Least developed nations feel that the World Trade Organization (WTO) does not effectively represent their interest because they still face high tariffs and quotas. The least developed countries have argued that the WTO favours developed nations such as the European Nations through protectionism. Least developed countries have either agriculture based or resource –based and the market access for agricultural products remains highly protected through sanitary and phytosanitary measures, technical regulations, maximum residue levels to mention but a few barriers. Protectionism restricts access to markets and cuts exports.

The other initiative meant to integrate LDCs and other developing countries into the global economy is *Aid for Trade*. Aid for Trade is about helping developing countries, in particular the least developed to build their trade capacity and infrastructure needed to benefit from trade opening. It is part of overall Official Development Assistance (ODA) — grants and concessional loans — targeted at trade-related programmes and projects. It is recognized that Aid for Trade can be a valuable complement to the Doha Development Agenda (DDA), but it cannot be a substitute for the development benefits that will result from a successful conclusion to the DDA.

The OECD data show trade-related ODA commitments running at about \$25-30 billion a year in the past few years, which is around 30% of total ODA. This covers four main categories:

- > **Trade policy and regulation** amounted to roughly \$0.9 billion in 2005. This helps build local capacities to development of national trade policies, participate in trade negotiations and implement trade agreements. Annual commitments have increased by about 50% since the Doha Ministerial Declaration in November 2001.
- > **Building Productive Capacity** amounting to roughly \$9.5 billion This includes trade development spending of about \$2 billion a year. It is targeted at helping enterprises to trade and at creating a favourable business environment. Annual commitments have increased by about 75% since the Doha Ministerial Declaration;
- > **Economic infrastructure** spending was \$12.1 billion in 2005. This assistance helps countries build the physical means — transport and storage, communications and energy — to produce and move goods and export them. Its value to a country's economy extends well beyond trade;
- > Another component of the broadest measure of Aid-for-Trade is assistance for trade-related **structural adjustment** (about \$3-6 billion a year).

While these figures look encouraging a question to ask is where is the money going? It is our understanding that most LDCs are accessing these resources and that only a few developing countries are managing to utilise these resources.

Given the various constraints the LDCs have in exerting their effective involvement in the global economy, they have enjoined regional economic communities whose agenda is regional economic integration as vehicles for giving them a better and sustainable leverage to participate in the global economy in a meaning full way. Annex 1 shows the regional economic communities to which each of the LDCs belongs. Beside the regional integration initiatives, the LDCs have also been given opportunities through the European Union's Everything But Arms initiative for duty free and quota free market access to the EU market, the African Growth and Opportunity Act initiative of the US for African countries which adhered to certain conditions imposed by the US. All these are initiatives meant to uplift the LDCs.

In Africa, economic development focus is on regional integration as an important element. African Leader have emphasised regional integration as a key element of their strategies. In the African Plan, the New Partnership for Africa's Development (NEPAD), regional and sub-regional approaches to development are a key aspect. The plan sees the small size of countries, low incomes, and limited markets as inhibiting economies of scale, thus denying attractive returns to investors and in so doing constraining the diversification of production and exports. It also acknowledges the importance of trade as a factor for development and growth and it is becoming more and more evident. If accompanied by the proper flanking policies and if used correctly, trade policies can provide opportunities for promoting economic development and tackling poverty reduction. It is for this reason that developing countries fought for a Development Round at the WTO Ministerial Conference in Doha.

The export performance of LDCs remains very low although it has increased substantially in an erratic way.

Table 2

| Merchandise Exports and Imports for LDCs in \$ millions | | | | | | | | |
|---|---------------------|--------|--------|--------|---------------------|--------|---------------------|---------|
| | Merchandise Exports | | | | Merchandise Imports | | | |
| | 2003 | 2004 | 2005 | 2006 | 2003 | 2004 | 2005 <i>Proj</i> | 2006 |
| LDCs | 43 535 | 55 878 | 76 514 | 99 295 | 59 871 | 69 418 | 86 282 | 100 464 |
| African LDCs | 27 078 | 36 288 | 51 874 | 69 448 | 36 170 | 43 412 | 55 110 | 65 362 |
| Asian LDCs | 16 078 | 19 118 | 24 098 | 29 244 | 22 150 | 24 192 | 29 107 | 32 658 |
| Island LDCs | 380 | 472 | 542 | 603 | 1 551 | 1 814 | 2 065 | 2 443 |
| Oil-exporting LDCs | 17 007 | 23 837 | 38 031 | 51 731 | 11 176 | 12 658 | 19 006 | 22 348 |
| Non-Oil exporting LDCs | 26 528 | 32 041 | 38 212 | 47 564 | 48 694 | 56 760 | 67 276 | 78 116 |
| | | | | | | | | |

Source: Derived from UNCTAD Least Developed Countries Report 2008

Between 1995 and 2000, LDC export growth was 51.9% which declined to 33.3% between 2001 and 2006. Table 2 shows the LDCs merchandise exports and imports in value terms. The UNCTAD report indicates that in 2006, Angola accounted for \$33 795 million of the LDCs' merchandise exports and most of these were from oil and related industry output. When one looks at regional distribution, the picture, which emerges is one where Africa & Haiti accounted for \$69 447.8 million with almost half coming from Angola.

Given the significant changes in trade, it shows that the economic growth achieved the LDCs group was underpinned by record export levels. However, these exports were mainly in the oil (Angola, Chad, Equatorial Guinea, Sudan, Timor-Leste and Yemen) and minerals sector (Zambia, Democratic Republic of Congo, Guinea, Mali Mauritania and Mozambique) aided by higher prices of commodities owing to the high demand from particularly China and India. Economic growth driven by commodity exports may not be sustainable in the long run as the commodities prices keep fluctuating. This calls for the need to diversify exports through diversified production particularly of manufactured products with high value. The heavy dependence on export of two or three commodities signifies that the economy is not that much integrated into the regional or global economy.

With respect to imports, most of the LDCs are relatively running open economies with low tariff. The increase in export has a corresponding increase in imports. The level of merchandise imports has continued to increase since 2000. LDC imports have increased from \$69 418.1 million in 2004 to \$100 463.7 million in 2006. It is estimated that about 30% of the imports are in the oil and food sectors. Food imports are like to surge even further given the high shortages accompanied by high food prices, which have characterised many LDCs recently leading to food riots in some countries. LDCs will need to relook at their agricultural production capacities with a view to improve food production, affordability and accessibility.

More significant has been the rise of developing Asia as an important destination of particularly African exports. The share of African exports going to developing Asia have almost trebled from about 6% in 1992 to 16% in 2006. This increase in African exports corresponds well with the economic growth of China and India and their emergence as major importers of raw materials.

According to the World Bank Global Development Finance, on line April 2008, financial flows to LDCs indicate that inflows of concessional loans and grants have increased over the years

from \$17 123 million in 2000 to \$28 181 million in 2006. This constitutes only 37% of total flows to developing countries. With the current global financial crisis, it is possible that financial flows to LDCs will be negatively affected and the resource providers fight their own problems. The anticipated decline will reduce the capacity of the LDCs to improve their productive and trading capabilities hence their integration into the global economy. With respect to foreign direct investment, LDCs received \$4 026.4 million in 2000 which increased to \$9 374.5 million in 2006. This appears to be a huge increase but most of it was going into oil producing countries thus leaving very little for other countries.

Deducing from the export products, it can be noted that despite a high level of integration with the global economy and the good export performance in recent years, the marginalisation of LDCs in global trade has declined only slightly if oil is excluded. Oil exports played a big role in the increase in exports of the LDCs as a group. Individually, most non-oil producing countries remain marginalised.

Trade in service has been gaining prominence in recent years in LDCs. It is estimated that in 2006 trade in services accounted for \$14 billion, which was equivalent to 12% of total exports in goods. African LDCs account for almost two thirds of the commercial services exports of all LDCs. Tourism is the most important service export constituting 33% of total service earnings, and it is more important for Island countries. While there is great potential for services exports from LDCs, the LDCs remain net importers of services such that in 2006 they imported \$33 billion worth of services.

Taking note of their vulnerability as individual small states, many LDCs have joined regional blocs with the aim of integrating their markets and take advantage of larger liberalised and competitive market. The degree of integration of LDCs into these regional economic communities varies from region to region and also varies with respect to the capacity of the country to produce goods and services that it can trade with its colleagues in the community. The contributions of LDCs to regional activities in many regional integration initiatives have not really led to serious integration of these countries both in terms of their share of trade in the regions and in terms of increasing their economic impact on the region. What appears to have continued to happen is that LDCs particularly in Africa have tended provide both skilled and unskilled labour to the developing African and developed countries across the globe. This development has led to the seriousness of looking at the services sector as a potential growth driving sector. However, it can be noted that trade liberalisation has increased the importance of trade in the economy but the response of export performance to liberalisation has been that clear or direct in Africa. Annex 1– below shows the regional integration initiatives to which the LDCs belong. UNCTAD indicates that trade liberalisation has had very little effect on intra-Africa trade. It currently accounts for 8% of total African exports in 2006.

A closer look at regional integration communities shows that LDCs within these blocs are inevitably key markets for the developing countries within the same grouping. For example within SADC despite favourable dispensations given to LDCs, they have not managed to increase their exports to the developing Members in a substantial manner, yet they also continue to import almost 30-40% of their imports from their regions.

The initiatives such as the Cotonou Agreement of the African, Caribbean and Pacific (ACP) States and the European Union (EU) and the Africa Growth and Opportunity Act of the United States AGOA were meant to accelerate the integration of some LDCs into the global economy. The Cotonou Agreement, although limited to LDCs in Africa, the Pacific and the Caribbean, tried to give market access to exports from these countries into Europe. Developments over the last decade show that the share of exports of the signatories to the Cotonou Agreement to Europe have, instead declined over the years. In fact when one looks at the commodities which were being sold by some of the least developed countries, the value has declined yet the volume has increased tremendously. The continued export of raw material has undermined the ability of the LDCs to penetrate market effectively with manufactured products. It used to cost 2 tonnes of coffee to buy a tractor and it now costs 6 tonnes of coffee to buy the same tractor. This is the disadvantage LDCs are facing. The Cotonou Agreement did not lead to the diversification of output for the countries benefiting from such preferences.

According to the EU website, in 2007 trade with the ACP countries totalled €80 billion, with the EU importing goods to the value of €40.2 billion and exporting goods worth €39.7 billion. For most of the ACP countries - and for virtually all African ACP countries - the EU is the main trading partner. So, trade between the ACP and the EU has remained important for the ACP, but **marginal for the EU**.

The main products traded are: as regards ACP exports, petroleum (42% of total exports), followed by cocoa beans (5%) and diamonds (5%); as regards EU exports, machinery (22%), followed by oil (11%), vehicles (7%), ship/boats (7%), medicines (3%).

The EU website shows that EU investment flows to the ACP increased from €1,922 million in 1996 to €4,319 million in 2002, which represented 3,3% share of EU total outflows. Investment flows to ACP Africa rose from €1,532 million in 1995 to €2,799 million in 2002. The relative importance of the ACP as a destination for investment has increased. EU capital employed in the ACP increased from 2.5% of total EU outward stock in 1996 to 3,1% in 2002 of the total EU share, amounted to €58,831 million.

Everything But Arms (EBA) is an initiative of the European Union under which all imports to the EU from the Least Developed Countries are duty free and quota free, with the exception of armaments. EBA entered into force on 5 March 2001. There are transitional arrangements for bananas, sugar and rice until January 2006, July 2009 and September 2009 respectively.

The aim of the scheme is to encourage the development of the world's poorest countries. Development is a fundamental tenet of the EU trade strategy which aims to support the gradual integration of developing countries in the world economy and the multilateral trading system. The EU focus is on the development of economic wealth of LDCs or regions for the well-being of their inhabitants. From a policy perspective, economic development can be viewed as efforts that seek to improve the economic well-being and quality of life for a community by creating and/or retaining jobs and supporting or growing incomes and the tax base. The initiative and the related policies were set to promote human development as the key to sustaining social and economic progress in all countries, and recognize the importance of creating a global partnership for development. MDGs also included a call for an open, rule-based trading system while recognising the importance of better market accesses for developing countries and in particular LDCs.

The African Growth and Opportunity Act of the US, is worth mention as well since it also aimed at opening up the US market to a number of African countries that qualified to access that market. A number of Africa LDCs had market access under this initiative. Initially for a few countries the preferences appeared to be paying dividends until the Multi-fibre Agreement expired and most of the investment which had come from China evaporated and left many countries with huge employment problems and the Chinese firms relocated back to China where labour cost are very cheap. Some countries have managed to continue sending their exports to the US under AGOA. The share of African exports going to North America was 24% in 2006

III. Development Challenges of LDCs

While the initiatives referred to above are laudable, LDCs still face immense challenges that are inherent in their economies, socio-political issues and in accessing the markets of the developing and developed world. LDCs are characterised by their exposure to a series of vulnerabilities and constraints such as limited human capital and productive capacity; weak institutions, poorly diversified industries and underdeveloped and small markets for many goods and services; poor infrastructure and lack of access to information and communication technology.

LDCs tend to rely heavily on commodity exports, which exhibit a major weakness in the sustainable development and economic growth that would be inclusive and would have positive impact on tackling poverty. Commodity prices tend to a high degree of variability and can therefore not be relayed upon to long term development. The Asian LDCs are

diversifying their exports away from commodities, which is a positive trend. The challenge with respect to commodity exports is to find innovative ways of diversifying exports from commodities to processed and manufactured product with high value. There is need to venture into serious value addition initiatives.

The lack of capacity and knowhow on the development of technological progress in LDCs militates against their ability to increase their productive capacities and productivity which are essential for international competitiveness. At best most LDCs rely on resource-based, simple and labour intensive technological content in production and such products do not have the competitive edge required. The fact is that innovation helps move towards high value products, which have the ability to earn more income. The need to move to advanced technology, science, research and development remains key challenge for most LDCs.

Linked to technological capacity is lack of productive capacities that make it very difficult for LDCs to supply their markets adequately and continuously. Many firms in LDCs are basically small to medium scale in the size of their operations. They do not have the capacity to supply large markets. A number of LDCs faced serious supply problems when they had managed to penetrate the US market under AGOA such that many small companies had to work together to keep the market.

The cost of doing business is relatively high in most LDCs emanating from high costs of infrastructure services more so for landlocked LDCs. Infrastructure services such as transport, telecommunications and power remain very high and render some products non competitive in the international markets. Countries like Malawi at times pays up to 40% as transport costs for exports and this effectively undermines the competitiveness of the exports. The cost of telecommunications remain high in most LDCs and more so in Africa. While progress has been made in increasing accessibility of the local population to telecommunication facilities, the cost are still high compared to other developing countries.

Inadequate business infrastructure and cumbersome rules and regulatory frameworks militate against new investments in LDCs. The stringent regulations and red tape encourages corruptive tendencies which become a major cost in doing business. There is need for a high degree of transparency and accountability within the systems that deal with business.

The size of the private sector in LDCs is very small and needs to be encouraged to grow through increased foreign direct investment. At the same time there is lack of trust between public and private sector thus hindering good working relationship building and advocacy, which would be a way of raising esteem, enthusiasm, trust and knowledge sharing.

Human resources are at the centre of all production as it is labour that is the prime mover of development and of economic activity. In LDCs there is huge shortage of technical skills required to man industry on a sustainable basis. The old system of public and private sector efforts at training particularly the artisans for industry is now history and this is a major drawback on industrial development and on improving productivity and productive capacities.

The issue of standards, quality and technical regulations and sanitary and phytosanitary measures, while very important for protecting the health and safety of animal and plant life, have essentially become barrier to trade. These market requirements have proved to be absolutely costly for LDCs in terms of financing the necessary infrastructure such as laboratories, testing machinery and the human resources required to carry out the inspections before export. In broad terms these challenges relate to enhancing production practices, improving quality assurance and management systems at firm level, and better monitoring, evaluation, product testing and packaging methods, to respond to the changing technical requirements of trading partners. Institutional reforms, investment in human capital and infrastructure improvements in laboratories and other facilities are necessary. Fundamental and dynamic trends are developing and as new regional, bilateral and multilateral trade agreements are being negotiated, issues of standardization, certification, measurement testing and conformity have proved to be the most difficult to deal with as they too determine the competitiveness of the region's products and services on the international market.

One of the major challenges facing LDCs is the tendency to employ protectionist policies due to fear of being swamped by imported competitive goods. As Bernard Hoekman (2003) says, as quoted by Stiglitz in *Fair Trade for All*, protectionism can be self-defeating for developing countries in a world where multinational corporations have made production increasingly fragmented internationally. For many developing countries the only option to reach the minimum scale of required for sustained growth in output is integration into the global economy with the rest of the world.” This indeed is a great challenge which requires careful policy making and concerted effort in implementing the policy to open up the economy.

IV. Integration of LDCs into the Global Economy

This section reviews and discusses possible approaches to integrate LDCs into the global economy.

In a world increasingly without borders trade liberalisation has become a powerful force for change. Trade liberalisation programmes have caused important economic and social changes in countries where they were implemented. The globalisation process will not stop and therefore there is a need for more efforts in all countries and at the regional and international levels to ensure that trade reform reduces poverty rather than increase inequality and marginalising the most vulnerable groups. Helping LDCs reap full benefits from the global trading system has become important national and regional and international policy objectives. As has been elaborated earlier a number of initiatives that have been undertaken do show the concern the international community has on the plight of LDCs.

Improved preferential market access is important only for a short period as most preferences are being eroded at a fast pace with accelerated reduction in tariffs. As already indicated, LDCs have not been able to take advantage of preferential market access to improve their level of exports. What should be addressed are critical issues relating to supply-side challenges namely:

- Infrastructure such as energy, rail and road connectivity and telecommunications; information and communications technology;
- investment bottlenecks in particular costs of doing business and property rights; productivity and increased productive capacity; and
- competitiveness.

Issues of governance and transparency of all systems dealing with private capital or public-private partnerships have come to the fore as very critical determinants for improved inflow of foreign resources. However, the indicators for measuring whether a country is doing well on governance issues remain debatable, as LDCs see these issues as literally constrain them in policy making. The influence of development partners tends to dictate what should or should not be done without looking closely at the cultural and historical developments of a country. LDCs are crying for more policy space so that they consult their constituencies more effectively and obtain buy in and ownership of policy frameworks which would make it easy to implement. Country ownership of policy is critical for driving country-led development, not aid-led. In short it is self defeating to think that LDCs can be lifted from their problem through development aid and some such assistance as long as that assistance does not build the productive capacity.

LDCs need to commit themselves to addressing critical challenges facing them through:

- fostering genuine people-centered policy frameworks;
- building human and institutional capacities;
- building productive capacities and take advantage of opportunities created by globalization;
- enhancing the role of trade as a key instrument for development;
- reducing vulnerability and protecting the environment; and
- mobilization of resources and in particular remittances and from the Diaspora.

LDCs should view development in an integrated approach that is comprehensive, coherent self-sustaining and long-term in character. A piece-meal approach to development tends to create more challenges and obstacles. Development partners should accept to support development priorities as set by the countries themselves. This calls for genuine partnership of equals based on mutual respect and trust.

LDCs must be ready to intervene in the market when necessary to do so in order to protect the welfare of those who are vulnerable, while acknowledging the importance of market forces in the sustained process of economic growth and poverty reduction. It should be noted that markets are not sensitive to social developments which are important for stability. Markets still need to be regulated for them to perform better. The current financial crisis suggests that there is a need for regulation and for Government to temper with the market to protect the weak and vulnerable.

V. Conclusions

- There has been some improvement in the level of integration of LDCs into the multilateral trading system and the global economy as a group.
- As individual countries, the majority remain weak and marginalised.
- The initiatives undertaken by various countries, groups of countries and international organisations to help integrate LDCs into the global economy are several but the fruits are still far off the reach of the LDCs.

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Annex 1

LDC membership in regional/sub-regional organisations

I. African sub-regional entities

1. SADC (Southern African Development Community)

SADC House
Government Enclave
Private Bag 0095
Gaborone, Botswana
Tel: 011 267 351-863
Fax: 011 267 372-848

- Angola
- Democratic Republic of the Congo
- Lesotho
- Madagascar
- Malawi
- Mozambique
- Tanzania
- Zambia

2. ECOWAS (Economic Community of West African States)

Executive Secretariat
60 Yakubu Gowon Crescent
Asokoro District
P.M.B. 401 Abuja, Nigeria
Tel: 011 234 9 3147-647 / 3147-648 / 3147-649
Fax: 011 234 9 3143-005 / 3147-646

- Benin
- Burkina Faso
- Gambia
- Guinea
- Guinea Bissau
- Liberia
- Mali
- Niger
- Senegal
- Sierra Leone
- Togo

3. ECCAS (Economic Community of Central African States)

B.P.2113
Libreville, Gabon
Tel: 011 241 73-35-47

- Burundi
- Central African Republic
- Chad
- Democratic Republic of the Congo
- Equatorial Guinea
- Rwanda
- Sao Tome and Principe

4. EAC (East African Community)

AICC Building
Kilimanjaro Wing, 5th Floor
P. O. Box 1096
Arusha, Tanzania
Phone: 011 255 27 250-4253/8
Fax: 011 255 27 250-4255
E-mail: eac@eachq.org

- Tanzania
- Uganda

5. IGAD (Inter Government Authority of the Greater Horn of Africa)

P.O. Box 2653
Djibouti, Republic of Djibouti
Tel: 011 253 354-050
Fax: 011 253 356-994/356-284/353-195

- Djibouti
- Eritrea
- Ethiopia
- Somalia
- Sudan

6. League of Arab States

P. O. Box 11
Cairo, Egypt
Tel: 011 202 575-0511/ 011 202 575-2966
Fax: 011 202 574-0331

- Comoros
- Djibout
- Mauritania
- Somalia
- Sudan
- Yemen

7. Arab Maghreb Union

26-27 Rue Ogba,
Agdal, Rabat, Morocco
Tel: 011 212 7 77-26-68
Fax: 011 212 7 77-26-93

- Mauritania
- Common Market for Eastern and Southern Africa (COMESA)
- Burundi
- Comoros
- Djibout
- Eritrea
- Ethiopia

- Malawi
- Rwanda
- Somalia
- Sudan
- Uganda

II. Asian sub-regional entities

1. ASEAN (Association of Southeast Asian Nations)

Secretariat
70 A Jalan Sisingamangaraja
Jakarta, Indonesia

- Cambodia
- Myanmar
- Lao P.D.R.

2. South Asian Association for Regional Cooperation)

SAARC Secretariat
P.O. Box 4222
Kathmandu, Nepal
Tel: 011 977 1 221794/221785
Fax: 011 977 1 227033/223991
E-mail: saarc@saarcsec.org

- Bangladesh
- Bhutan
- Maldives
- Nepal

3. Economic Cooperation Organization (ECO)

Permanent Secretariat
5 Hejab Ave.
Tehran, Iran

- Afghanistan

III. South American and Caribbean entities

1. CARICOM (The Caribbean Community)

Caribbean Community Secretariat
P. O. Box 10827
Avenue of the Republic
Georgetown, Guyana

- Haiti

IV. Pacific Islands entities

1. Pacific Islands Forum

Private Mail Bag
Suva, Fiji
Tel: 011 679 3312 600
Fax: 011 679 3305-573

- Kiribati
- Samoa
- Solomon Islands
- Tuvalu
- .