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Statement

by

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Introducing

The report of the Secretary-General on the implementation of the Programme of Action for the Least Developed Countries for the Decade 2011 to 2020 (A/70/83-E/2015/75),

the report of the Secretary-General on the Feasibility Study for a United Nations Technology Bank for the Least Developed Countries, and

the report of the Secretary-General on Implementation, effectiveness and added value of smooth transition measures

Second Committee of the General Assembly

Under Item 23

Thursday, 29 October 2015

Mr. Chairman,

Excellences, ladies and gentlemen

I have the honor of presenting today three reports of the Secretary-General of the United Nations:

(1) The report of the Secretary-General on the implementation of the Programme of Action for the Least Developed Countries for the Decade 2011 to 2020, **(2)** the report of the Secretary-General on the Feasibility Study for a United Nations Technology Bank for the Least Developed Countries, and **(3)** the report of the Secretary-General on Implementation, effectiveness and added value of smooth transition measures

Mr. Chairman,

I would like to start with the report of the Secretary-General on the implementation of the Programme of Action for the Least Developed Countries.

The report shows a deceleration of **economic growth** in the LDCs. In 2014, their economies grew 5.7 per cent, which markedly contrasts with the annual average growth-rate of 7.1 per cent of the past decade. As a result, fewer LDCs have managed to reach the target of 7 per cent growth set by the international community in the Istanbul Programme of Action.

As a result of the continued deterioration of macroeconomic conditions, the marked decline in commodity prices, the adverse effects of natural disasters and other causes, the declining prospects for economic growth have substantially reduced the ability of the LDCs to reduce poverty. In fact, **extreme poverty** continues to be unacceptably high in the Least Developed Countries. It is estimated that almost a half of the population of the LDCs still lives below the international poverty line.

The number of undernourished people in LDCs will reach 250 million in 2014-2016. This makes the LDCs home to 30 per cent of the global population living with hunger. Poor health conditions and persistent malnutrition were among the root causes of the highest infant, child and maternal mortality and morbidity in several LDCs. Similarly, access to safe drinking water and adequate sanitation continued to be well below international standards.

Mr Chairman, distinguished delegates, ladies and gentlemen

The Report shows mixed progress towards achieving the goals and targets contained in the eight priority areas of the IPoA.

Access to **information and communications technologies** continued to expand markedly in the LDCs. Also, there are growing efforts to improve overall domestic connectivity and open new trade routes.

Agriculture remains the largest source of employment in the LDCs. Low agricultural productivity and limited absorption of labor in non-agricultural sectors pose a serious challenge to poverty reduction. Increasing productivity in agriculture and building resilience, including to climate-change and natural disasters remains critical and calls for increased support by international and regional partners.

While LDC exports increased by 5.3 per cent in 2013, the share of LDCs in world **trade** rose marginally, from 1.13 per cent in 2012 to 1.14 per cent. Export structures dominated by primary commodities limit the ability of the LDCs to shift their economies towards higher value-added activities, which is essential for substantial poverty reduction and structural transformation.

Developing countries absorbed 55 percent exports from LDCs in 2013 compared to 52 per cent in 2012. The marginal tariff preferences enjoyed by LDCs over other developing countries shrank, particularly for manufacturing products. Thus, the expansion of duty-free and quota-free access to markets, including through more simplified and beneficial rules of origin and a reduction in non-tariff barriers, as well as improvement in the allocation of Aid for Trade and other measures geared towards overcoming supply-side constraints are critical.

Progress in **human and social development** is mixed. High enrolment rates and gender equality were achieved at the primary school level in most LDCs and class sizes have been reduced at primary and secondary levels. Enrolment in secondary and tertiary education, however, is still low. More encouraging has been the increase of women's representation in parliaments, passing from 9.2 per cent in 2001 to 21.3 per cent in 2014.

Education is among the most critical elements for development and poverty reduction. Preparing girls and boys to meet the challenges of tomorrow will require a better learning environment for all. Ensuring higher completion rates, particularly for women; increasing the quality of education, by reducing the pupil-to-teacher ratio and ensure adequate qualifications from teachers; and fostering a culture of lifelong learning demand increased support.

The impact of **natural disasters** in Vanuatu and Nepal reminded us of the serious capacity constraints of the LDCs to cope with adverse shocks. The cyclone and earthquake which hit Vanuatu and Nepal respectively caused severe human and economic losses and substantially reversed hard-won development gains. But their vulnerability is not only due to their inability to deal with natural disasters. Eroding fiscal space and dwindling foreign reserves have made LDCs more **vulnerable to exogenous shocks** as well. Deforestation has also worsened in the LDCs, which also faced persistent challenges associated with disaster reduction management, such as limited financial and human resources, weak capacity at the local level, and insufficient policy coordination on integrating climate change risks into disaster risk management strategies. Reducing vulnerability will require significant progress in the eight priority areas defined in the IPoA. The outcome of **COP-21** in Paris later provides an opportunity to ensure adequate climate finance to support the LDCs. We will discuss this in more detail at the Special Event of the Second Committee tomorrow.

On **resource mobilization**, domestic savings continued to be weak in the vast majority of LDCs, with a slight decline from 21.4% in 2012 to 19.9% in 2013, partly due to declining commodity prices, which further increases the importance of ODA as the largest source of international public finance for most LDCs. Preliminary OECD estimates for 2014 point to a decline in bilateral net ODA to LDCs, which fell by 15 per cent. This decline, together with fragmentation and unpredictability of aid flows, remind us of the importance of fulfilling development assistance commitments and prioritizing LDCs in ODA allocations, as it has been reaffirmed in the **Addis Ababa Action Agenda**.

While HIPC and MDRI contributed to a large extent to reduction in the **debt** burden of many LDCs, these initiatives have not holistically addressed debt challenges facing this group of countries. Of the 14 countries that were at a high risk of debt distress as of January 2015, 12 are LDCs and countries that recently graduated from the least developed category. Out of these 12 countries, 7 had already received debt relief through the enhanced HIPC Initiative and MDRI.

The LDCs continued to attract increasing **FDI**, with flows in 2014 of US$ 23 billion, a 4 percent increase over the previous year. Because it has started from a low base, even when it is increasing, the share of LDCs in global FDI was still marginal, at only 2 per cent, smaller than ODA and remittances.

Many institutional reform initiatives have been taken on some dimensions of **governance**. As a result, 44 of the LDCs had accepted, signed or ratified the United Nations Convention against Corruption. There are continuing gaps in reforming the governance of global institutions in a way that will ensure an adequate voice and representation of LDCs in these fora.

Mr. Chairman,

It is encouraging to see a number of LDCs have announced their ambition to graduate from the LDC category. Several countries began work towards **graduation** by developing a graduation strategy with the support of their development partners. Graduation, however, is not an end in itself, but it is a result of realizing the productive capacity building and structural transformation agenda in the LDCs. Thus, removing the obstacles faced by LDCs and accelerating their growth and development is inextricably linked to placing productive capacity-building at the centre of the domestic, regional and global agenda. We have to ensure that there is a **smooth transition** towards graduation and thereafter.

Productive capacity building efforts cannot take off without adequate means of implementation. Increased domestic investment, as well as **fulfilment of ODA commitments** and multilateral flows, should therefore be channelled into productive capacity-building, including infrastructure and energy, in LDCs. In this regard, important steps need to be taken to live up to the ODA commitments set forth in the Istanbul Programme of Action and to improve the quality and effectiveness of ODA.

With the rising capabilities of the South and their experiences, South-South cooperation is expected to grow in the years ahead. Similarly, resources from innovative financing should be made available for the development of the LDCs.

The **high-level midterm review** of the implementation of the IPoA is a unique opportunity to engage all stakeholders in a thorough assessment of progress made and lessons learned in the implementation of the Programme by the LDCs and their development partners. It should also reaffirm the commitments to and strengthen the partnerships for implementation, including an evaluation of the way forward in the remaining five years as well as ensuring coherence between the priorities of the LDCs and the **2030 Agenda for Sustainable Development,** including by articulating the necessary instruments to ensure the implementation of the SDGs in the Least Developed Countries. National, regional and global perspectives need to feed into the review process with a clear focus on building productive capacity in a holistic manner and making progress towards poverty eradication, structural transformation and sustainable development.

Mr. Chairman,

Please allow me to introduce now the report of the Secretary-General on the Feasibility Study for a United Nations Technology Bank for the Least Developed Countries.

The High-level Panel of the Secretary-General on the Technology Bank concluded its very important work and submitted its feasibility study to the Secretary-General on 22 September 2015. The feasibility study is posted on our website. The printed copy of the study is also made available in the room. The report of the Secretary-General contained in document A/70/408 presents an overview of the feasibility study with its key findings, while accepting all the recommendations made by the Panel. I am confident that the member states would consider SG's report and the Feasibility Study prepared by the High level panel in its entirety.

I would like to take this opportunity to express our gratitude to the chair and all the members of the panel and those who helped them for their dedicated work, vision and commitment to give us a good analysis and the pathways for operationalization of a Technology Bank for LDCs. I would also like to thank the Government of Turkey for providing financial and other support for the work on the feasibility study.

The Panel has recommended that the Technology Bank for LDCs is not only feasible, but also desirable, and has asked the Secretary-General of the United Nations to undertake necessary measures for the operationalization of the Technology Bank for LDCs.

The establishment of the Technology Bank for LDCs constitute an important milestone for LDCs. It comes at a crucial moment in which the international community is moving towards putting in place the necessary measures and structures to implement the 2030 Agenda for Sustainable Development in the LDCs. It is widely recognized that implementing this agenda requires significant mobilization of resources across various areas, from all partners. Against this backdrop, facilitating access to Science, Technology and Innovation in the LDCs becomes critical.

It is encouraging to see that the important role of the Bank in enhancing and enabling the use of technology has been reflected in the form of target 17.8 under Goal 17 of the 2030 Agenda for Sustainable Development, which calls for the full operationalization of the Technology Bank by 2017.

Removing daunting structural constraints and eradicating widespread poverty in the LDCs requires substantial progress in Science, Technology and Innovation, as indicated by the Panel in its report. The Technology Bank for the LDCs is at the core of the efforts to support the structural transformation of the economies of LDCs towards activities with higher added-value and assist them in promoting inclusive growth, sustained social progress and robust resilience against external shock. Moreover, by supporting the development of a viable technological base in the LDCs, it will contribute to mainstreaming them into the world economy and the international trading, financial and technological systems.

The Panel has recommended that the capital costs and recurrent costs of the Technology Bank could be met from voluntary contributions received from various sources. The Technology Bank should also leverage North-South, South-South and Triangular cooperation arrangements in the design and delivery of its activities.

About the institutional arrangements, the Panel recommended to follow the structure of the UN University, which has a multi-stakeholder governance arrangement that includes Member States, the private sector, philanthropic foundations and the civil society organizations.

The operationalization should follow a phased-approach, in which an initial period would allow for leveraging existing initiatives and help the Technology Bank to engender synergies and avoid duplications.

My office is honoured to have provided secretariat and substantive support to the High-level Panel, as mandated by the General-Assembly. My Office will continue its supportive role in operationalizing the Technology Bank during the 70th Session of the General Assembly. We look forward to your commitment and support for its early operationalization.

Mr Chairman, distinguished delegated, ladies and gentlemen,

I have now the pleasure to introduce the third and last report of the Secretary-General pertaining to the least developed countries.

Document A/70/292 provides an in-depth analysis of how smooth transition measures have been implemented in favour of recently graduated countries, and how effective they have been in supporting recently graduated countries in pursuing their national sustainable development strategies.

After an overview of existing LDC-specific support measures in the areas of trade, official development assistance and others, such as the UN travel support, the Report delves into the concrete experience of graduating countries, such as Vanuatu and Equatorial Guinea, and graduated countries, namely Samoa, Maldives and Cape Verde. It emerges from the analysis that recently graduated countries overall continued on their development path with almost similar levels of official development assistance flows and exports thus far. Their smooth transition strategies also received support from some key development partners.

However, much still needs to be done to effectively implement the wide ranging provisions of resolution 67/221, with a clear focus and leadership by the graduating and graduated countries and an equally strong support by the development partners and the United Nations system.

It is recommended that graduation and smooth transition strategies should be integrated into national development strategies and donor's aid strategies. It is recommended that the cycle of preparation of such strategies is undertaken at an early stage in the graduation process.

Development partners are encouraged to apply the least developed country criteria – namely the gross national income per capita, the human assets index and the economic vulnerability index – to their process of aid allocation. Moreover, the level of concessionality of international public finance should take into account the level of development of each recipient. The special needs of the least developed and graduated countries facing a high-degree of vulnerability to the effects of climate change and natural disasters should also be taken into account.

Monitoring and follow-up on existing smooth transition measures needs to be further strengthened to enhance their effectiveness on the ground. It is thus important to prominently include the issues of graduation and smooth transition in the High-Level Midterm Review of the Istanbul Programme of Action in 2016, in order to generate momentum for additional support towards graduation and new smooth transition measures.

My office stands ready – in line with the mandate by the General Assembly – to coordinate the United Nations system support to graduating countries, especially with a view to respond to the increasing demand as more least developed countries are moving towards graduation in the years ahead.