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Statement

by

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**Open Seminar
on "Nordic Cooperation towards Eradicating Poverty and
Ensuring Sustainable Development for All"**

Helsinki, Finland
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Excellencies, Honorable Ministers and High-Level Dignitaries from Nordic Countries

Distinguished participants,

Ladies and gentlemen,

Let me first say how grateful I am to His Excellency Mr. Pekka Haavisto, Development Minister of Finland, for inviting me to this Open Seminar on “Nordic Cooperation towards Eradicating Poverty and Ensuring Sustainable Development for All”. I wish to express my deep appreciation to the Government and people of Finland for this opportunity.

It is a good time to be Helsinki today when Nordic Development Ministers are assembled here. Nordic countries’ own practice and sustained focus on sustainable development at home and your commitment to supporting sustainable development around the world and strong sympathy for multilateralism are the type of global leadership that the world is looking for in order to shape the future course of global development goals. You practice what you preach, and that puts your countries in a strategic position to contribute effectively to this process now than ever before. The ongoing discussions provide an excellent opportunity to bring into the mainstream, in an integrated manner, our common endeavour to eradicate extreme poverty, protect planet and ultimately raise the dignity of all humanity. We must deal with poverty, inequality, jobless growth, depletion of natural resources, gender discrimination, conflicts, disasters and climate change, and unsustainable production and consumption patterns in a holistic manner. And because

this is the reality in which we all live daily and together, our fates are intertwined with one another in a globalised world.

This global campaign therefore cannot be waged effectively and won decisively, if it does not pay greater attention to the people in the most vulnerable countries, namely the least developed countries but also landlocked developing countries and small island developing states. Let me briefly touch upon the context under which the Post-2015 Development Agenda is being considered.

Ladies and gentlemen,

International consensus on MDGs some 14 years ago triggered increased global attention and action to addressing sources of human deprivation. With less than 2 years to target date, the humanity, as a whole, has reached the MDG targets of halving extreme poverty and the proportion of people without access to safe drinking water, among other targets. Also, the world is within a striking distance of achieving the hunger reduction and a number of other targets. There has been considerable progress in women's empowerment, education and even child and maternal mortality rates in the last one decade. While we all rejoice at this collective progress, we are mindful that we need to do more, do better and do it quickly. Because, this overall picture conceals the varied level of performance, in particular, the limited rate of progress and daunting challenges LDCs and those affected by conflict face. The disaggregated analysis gives us a different picture. Even for those targets where the world as a whole has done well, these countries lag far behind others. The scorecard on progress towards the Millennium Development Goals (MDGs) shows that the vast majority of LDCs will not meet most targets

by 2015. Even today about 47 per cent of the people live below the poverty line in LDCs, compared to the 23 per cent in other developing countries. Similar is the challenge in terms of hunger. Maternal and child mortality rates are at best around half of what they were before in these countries.

It is against this background that discussions on the acceleration and successor of the MDGs have started.

United Nations Secretary-General's High-level Panel of Eminent Persons came out with a forward looking and substantive report with a need to move towards a transformative agenda. The SG's report "A Life of Dignity for All" draws heavily on that as well as UNDG national consultations around the world, UN System-wide reports, academic reports and those undertaken by the Global Compact and businesses and other reports.

As mandated by the Rio+20 outcome document, the Open Working Group on SDGs as well as the Expert Group on Financing have intensified their valuable work in all dimensions, with a view to coming up with a report to the General Assembly at its next session. It is therefore timely that deliberations are intensified at all levels, everywhere and with all the stakeholders, to get it right and get an effective plan for implementation.

Ladies and gentlemen,

Now, allow me to come back to my initial question: “Why the LDCs’ needs and concerns should be at the forefront of the post 2015 development agenda?”

Let me give some idea about the LDCs. There are 48 LDCs, around the world. 34 are in Africa, 13 in Asia and Haiti in Latin America and the Caribbean. They have about 900 million people together, with a high percentage of the youth population. They are at the bottom of the development ladder in terms of human and social development, low economic development and limited economic activities and high level of vulnerability to internal and external shocks. It is because of their combined effects and the interplay of these factors, we need to look at them in a collective manner.

Since LDCs are lagging behind other developing countries in terms of prospects to meet the targets of the MDGs by 2015, any successor to the MDGs should therefore carry over this unfinished human development agenda. Since LDCs are where such unfinished agenda is all the more conspicuous, then their concerns and issues deserve special attention in accelerating the progress in areas like health, education, equality and empowerment.

Moreover, LDCs are asking for a forward-looking, holistic, transformative and integrated global agenda, more than what MDGs have captured. They have also called for universal and measurable goals, but that should also takes into account different circumstances and levels of development. The world cannot and should not wait for an ambitious agenda, when we look at these issues from the perspectives of the poor people. Poverty eradication, inclusive and rapid economic growth and

environment sustainability must be taken together. The expanded agenda is urgent to deal with the structural challenges of LDCs, rapid globalisation and continuous depletion of natural capital, recurrence of disasters and extreme vulnerability.

Therefore, let us look at the second pillar of inclusive and equitable economic growth, which has to be based on productive capacity building. This will help them get out of a low equilibrium trap.

Indeed, the economies of LDCs continue to rest on a few goods and services, with limited value-addition and weak forward-and-backward linkages. In short, limited structural transformation has taken hold in this group of countries. Consider agriculture, which could have been the basis for structural transformation, growth and development in the majority of LDCs. The share of this sector in total output does not match with its share in total employment or the share of rural population in total population. Agriculture represents only 22 per cent of total GDP of LDCs while it accounts for two thirds of the population. There is a disguised unemployment. This mismatch is a symptom of low productivity and the prevalence of subsistence agriculture. Agricultural productivity is weak and stands at less than 20 per cent of that of the middle-income countries-and a much smaller share of that of the developed countries. Low productivity implies low real incomes, which causes a perpetual poverty trap. It also implies limited availability and affordability of food, hence scant progress in eradicating hunger and malnutrition. Furthermore, feminisation of poverty and the difficulties of small-holder farmers, including female-headed agriculture, are other effects of not giving enough priority to a right agriculture policy.

Similar is the challenge in the mining and hydrocarbon sector and services. They have not lived up to these expectations. The highly capital-intensive mining and hydrocarbon sector continues to act as an isolated sector, with limited impact on the rest of the economy in the form of employment generation, value-addition and technical capability diffusion. Furthermore, weak linkages with national economy and finance and transfer pricing are major issues in this area.

Therefore there is a growing consensus on having economic transformation as one of the important pillars of the development agenda beyond 2015. This implies building productive capacities, which requires not only investments in health, education and other MDG-related interventions but also sustained expansion of production and export supply capacities, including physical infrastructure development, sustainable energy, and greater access to finance, improved trade facilitation and other private sector development enablers. Once again there is no other groups of countries where such a multidimensional endeavour will make a greater impact than on LDCs. Productive capacity enhancement will not only help LDCs to diversify production and export bases but also generate more domestic resources for investment to keep them on a sustained economic growth path.

This has also a bearing on environmental sustainability, the third pillar of sustainable development. LDCs are the group of countries, where the notion of environmental sustainability resonates more powerfully than anywhere else. Most LDC citizens derive their livelihoods from harnessing natural resources. They live closer to and interact with natural resources on a daily basis. They therefore best understand the need for the

preservation and sustainable use of these resources. Yet because of the capacity constraints and lack of resources and technology, including lack of right policy interventions, they are not only unable to fully reap the benefits of the bounty of nature, they have a challenge of protecting the natural capital. Biodiversity loss, deforestation, land degradation, disasters, drying up of water, and climate-change impact are some of the major challenges.

Also, most LDCs stand a good chance to benefit tremendously from moving towards green economy setting. They remain at an early stage of their development and have a few brown industries. This means that the opportunity cost of transiting from a high-carbon economy to low-carbon one is very low in LDCs. The transition towards green economy will enable many LDCs to create dynamic new industries and to generate meaningful employment and higher incomes with substantial economic activities.

Many LDCs are now on the frontline of impacts of climate change such as rising sea levels, coastal erosion, salinization and depletion of aquifers, ocean acidification, land degradation, desertification and melting of glaciers. As such, more than any other nations, they bear the brunt of these challenges disproportionately, even though they contribute much less to GHG emissions. Environmental sustainability will retain its full meaning in the development agenda beyond 2015, only if the voice of the most affected and concerned, including LDCs and other vulnerable countries is fully taken into account. They have called for an ambitious, legally binding and effective outcome of UNFCCC process with due emphasis on mitigation, adaptation, loss and damage, technology transfer and means of implementation.

Distinguished Delegates,

We all know that development is first and foremost the responsibility of the nation itself. Therefore, national leadership and ownership will be crucial. We have seen that the progress on MDGs were possible, only when three things were working together. They were: strong national leadership in policy and strategy, right institutional arrangements with multistakeholder approach, and availability of finance. Good governance, peace and stability, respect for human rights, women's empowerment, and the rule of law are critical cross cutting issues for the success and sustainability of any development efforts. In fact, they are a prerequisite to sustained progress.

However, in an integrated and globalised world of today, equally important is the international support and cooperation for these vulnerable countries. It is not only a moral imperative; they also directly contribute to sustain peace and security. The fundamental principles of the UN charter also rests on giving voice to the voiceless in an equitable manner and lifting up the fate of the most marginalised among the global community. It is in the enlightened self-interest of the international community.

This implies that the means of implementation and the monitoring and accountability mechanisms to be deployed should also match the breadth and depth of the development agenda beyond 2015. This is even more relevant for LDCs, where the incidence of poverty and deprivation is the highest and capacity to deal with multidimensional challenges of sustainable development is limited.

The means of implementation should cover development finance, market access for their products and access to technology and technical assistance.

All the countries including the LDCs are saying that in the long run, domestic resources should constitute the most important part of development financing. But, in the short to medium term, ODA constitutes a critical element to the development finance in LDCs. Many reports state that, even today, it accounts for 70 per cent of their external flows. ODA volumes are also sizeable when set against domestically mobilised resources. The ratio of ODA as a share of government tax revenues stands over 40 per cent. These two figures suggest that the ability of LDCs to deliver on the development agenda beyond 2015 will largely depend on the level of ODA flows channelled to this group of countries. Let me also point out that over the last one decade, there has been a measurable progress in domestic resource mobilisation in these countries. Tax to GDP ratio was only 10 per cent in 2000, but today it is around 14 to 15 per cent of GDP. There is a still long way to go to reach around 25 per cent.

The volume of ODA disbursed must therefore be based on needs, specifically the level of capacity constraints, incidence of poverty, domestic resource base and vulnerability. While delivery on commitment of 0.7 per cent of GNI is critical, allocating 50 per cent of total ODA to LDCs will be an important step towards that direction. Given their excellent track record in terms of delivery on global aid commitments, the Nordic countries have the authoritative voice to support this. Furthermore, financial support for adaptation and mitigation to climate change and

other natural hazards needs to be provided to them on a priority basis, as climate change compounds the challenges the most vulnerable countries, including LDCs, LLDCs and SIDs, are confronted with. The climate change is a major development issue for them.

Besides quantity, continued improvement in the quality of ODA will also matter. Consistent with the Busan spirit, harmonisation, alignment, national leadership and coherence need to be improved so as deliver greater impact of development assistance.

Given the huge resource requirements for the new agenda, there is a realisation of the need to move towards an ODA-plus agenda. This means giving due attention to other means of implementation, namely trade, investment, technology transfer, innovative financing, remittances, South-South cooperation, private sector development and domestic resource mobilisation.

Greater market access for LDCs, trade facilitation and Aid for Trade will constitute a major development. Enhanced IF and channelling a larger share of Aid-for-Trade resources to LDCs will help better utilize market access opportunities. In addition to trade, the development agenda beyond 2015 should make the case for Aid for Investment with facilitatory provisions and arrangements in home and host countries to attract more and better FDI in these countries. Today, only US\$26 billion has gone to LDCS out of about 703 billion going to developing countries. That too is limited to a number of countries and in select extractive industries. An effective mechanism to ensure better transfer of technology, guaranteed access to sustainable resource flows from innovative financing are other important issues for LDCs for effective transformation. In keeping with

the growing capacity and resources of countries from the South, an enhanced level of South-South cooperation in terms of investment, technical cooperation, market access and institutional development will be of great importance and value to LDCs, complementing the North-South cooperation. Institutional and policy reforms to promote private sector engagement, and the broadening of domestic resource base would play a very important role in broadening the opportunities for LDCs.

Ladies and gentlemen,

These actions will restore hope to millions of LDCs' citizens that emancipation from a life of deprivation is a true possibility. It will bring economic and social progress to the far corners of the world that have not yet reaped the equitable benefits of globalisation in a truly transformative manner.

Giving due attention to the challenges and concerns of these countries is also an effective way to contribute to the promotion of a stable and peaceful global order as well as shared prosperity.

This will also help reduce the risk that the dispossessed and unemployed youth are driven into conflict, extremism and other dangerous and antisocial behaviour, with attendant effects on global peace and security.

Securing sustainable development in the LDCs is an investment in our common future. There are many examples of complete transformation happening in a single generation. This is not only immensely desirable, but it is also doable.

Ladies and gentlemen,

This is what it takes to alter the future course of LDCs and enable them to graduate from the least developed category. This mirrors the ambition which LDCs themselves are aspiring to achieve. It will not happen by itself. It will not certainly happen with a business-as-usual approach. Transformative agenda requires transformative actions by all the stakeholders. To everything, there is a season, and a time to every purpose. This is a time for it, and we have a purpose worthy of our collective commitment.

I thank you for kind attention.