

**Ministerial Meeting on New Partnerships for Productive Capacity Building
in the LDCs**

Cotonou, Benin

Inaugural Ceremony

Monday 28 July, 9:00 – 11.00

**Statement by USG and High Representative for LDCs, LLDCs and SIDS,
Mr. Gyan Chandra Acharya**

Check against delivery

Excellency Dr. Boni Yayi, President of the Republic of Benin
Excellency Madame Zuma, Chairperson of the African Union Commission,
Minister for Foreign Affairs of Benin, Prof. Nassirou Bako Arifari,
Honourable visiting Ministers, Distinguished heads of UN agencies and Funds and programs,
Excellencies,
Distinguished participants,

Let me begin by congratulating the Government of Benin for organizing this important and timely meeting. It is an honor for us to have the personal attendance of HE the President and chairperson Madame Zuma for the inaugural ceremony. It clearly exhibits the priority attention that you give to these issues. Productive capacity building is also one of the main issues for our advocacy efforts. We are very pleased that this event, for the preparation and success of which we have collaborated with the Government of Benin, is now taking place at a high level in this vibrant city of Cotonou.

This meeting here is important from three perspectives.

First, Least Developed Countries, be they in Africa, Asia Pacific, or Latin America, hold a great potential in their human and natural resources. 48 countries have almost 900 million people with a high percentage of the youth population. The Istanbul Programme of Action (IPoA) laid great emphasis on realizing these potentials with structural transformation through productive capacity building as one of its key entry points. The fact that this is being held here with the participation of so many LDCs is a clear reflection of their commitment to pursue this priority with vigor and commitment.

Second, there is a growing recognition by the development partners and international institutions to give due priority to LDCs in their efforts for transformational change. The meeting will provide LDCs with an opportunity to call upon the development partners, both traditional and emerging, as well as international institutions to lend comprehensive, coherent and enhanced level of support through increased allocation of ODA, facilitation of trade, and promotion of right investment and technology transfer.

Third, this meeting is taking place at a time when the global development agenda is being shaped for the post 2015 period. Outcome of this meeting will feed into the post 2015 process. There will be no SDGs without LDCs, given the persistence of poverty, structural constraints and high level of vulnerability to external shocks and disasters. LDCs are facing the combined impacts of these challenges. A holistic approach and integrated solutions to promote sustainable development firmly rooted in an enhanced and genuine global partnerships are critical to deal with these challenges.

I wish to stress that in recent years – like some other LDCs – Benin has made considerable progress in its socio-economic development. In particular, I wish to congratulate His Excellency the President for providing stability and visionary leadership and for making remarkable progress in reducing poverty, hunger and malnutrition, child and maternal mortality, HIV/ AIDS and promoting education, among others. We also greatly appreciate your strong commitment to promote agriculture. Let me also congratulate, His Excellency the President, for a successful donor conference in Paris. In these efforts, UN system has been happy to accompany Benin.

Building on their individual progress, all the LDCs have a long way to go to achieve their full potentials. They all have a good number of success stories to tell the world and share them among LDCs and with their development partners.

Therefore, I am confident that this conference will provide an excellent opportunity to share the best practices, learn lessons and evaluate concrete examples of successful partnerships so that we can catalyze an enhanced level of comprehensive international support measures to complement strong and focussed national leadership and strategies in LDCs.

Excellencies,

Two weeks ago we presented the Report of the Secretary General on the implementation of the IPoA to ECOSOC. This report points to a moderate pick-up in economic activity in many LDCs, with GDP for the group having accelerated from 4.3 per cent in 2012 to 5.6 per cent in 2013. Yet, fewer LDCs expanded at 7 per cent or more, the target set in the Programme of Action. Poverty continued to be pervasive, with almost a half of the people in LDCs living on less than \$1.25 a day. LDCs continued to remain the most exposed to shocks -- economic,

climate-related and environmental. Most LDCs will not meet many of the MDGs. This needs to change. And the change should happen sooner than later.

Progress has varied across various goals and targets of the eight priority areas of IPoA. This is all the more true for the first priority area: productive capacity. Many LDCs are undergoing accelerated expansion and upgrading of their railway and road networks, energy access and mobile telephony, thanks to the renewed commitment to infrastructure development and increased funding in these areas. However, they still are far short of expectations.

On agriculture, food security and rural development, there has been some progress and the share of undernourished is in decline, but a significant number of people in LDCs still live with hunger. Agriculture suffers from low productivity, lack of diversification and value addition.

Trade flows continue to expand, but at a much modest pace than in previous years. These flows continued to concentrate on a few goods and services with low-value addition and technological content. A growing number of emerging countries have also joined in extending to LDCs trade preferences. Effective market access together with supportive measures, like aid for trade and EIF, need to be enhanced substantially for LDCs.

FDI flows to LDCs continued to increase, reaching \$ 28 billion in 2013. These flows remained, however, geographically and sectorally concentrated. Similarly, remittance flows rose, reflecting a substantial increase in largest recipients. Better utilisation, reduction in the cost of transfer of remittances and managed migration remain a challenge.

Last year my Office published a Flagship report focussing on productive capacity building in the LDCs and the Post-2015 development agenda. This report concludes that a policy framework for productive capacity-building in the LDCs should have four main pillars: (1) growth and employment-oriented macroeconomic policies; (2) productive capacity-focused sectoral policies including on infrastructure, access to energy and private sector development; (3) enabling cross-cutting policies, such as on youth participation, skill development, access to finance and women's empowerment; and (4) coherent and enhanced level of supportive global partnerships.

Excellencies,

My Office is also taking the lead in the implementation of some initiatives. We will hear and discuss more about them during the next 4 days. I would just like to mention a few of them here.

One example is SE4All. Out of the 1.3 billion people who do not have access to electricity, more than a half of them live in LDCs. Currently, 79% of people in LDCs lack access to electricity and 91% of people lack access to modern fuels. These rates demonstrate the large “energy gap” . Multi-dimensional impacts of modern energy is obvious to us all. As member of the advisory board of the UN Secretary-General’s Sustainable Energy for All (SE4All) initiative, I am working with all to ensure strong policy focus on LDCs and financing modalities for better access to funds by LDCs. I am looking forward to the launch of the Decade of Sustainable Energy for All in LDCs here in Cotonu.

My Office is also supporting the establishment of a Technology Bank for LDCs. The IPoA emphasized the critical role of STI as a key driver for transformation. A joint gap and capacity analysis with the aim of establishing a technology bank and STI- supporting mechanism dedicated to the LDCs was undertaken last year.

Thirdly, I would like to mention an FDI support mechanism, which is also part of the IPoA and on which we are currently finalising a new report. We see some promising trend in FDI flows to the LDCs in recent years and nascent shifts in their sectoral distribution towards manufacturing and services. Yet, there is a need for dedicated efforts by the LDCs, home countries, the international community and other stakeholders for promoting FDI flows that contribute to these countries’ productive capacity building and overall transformation.

With these introductory remarks, I now have a pleasure of reading out the message from the Secretary General of the United Nations, His Excellency Mr. Ban Ki moon.

The message begins.

“ I am pleased to send greetings to this important meeting on New Partnerships for Productive Capacity Building in the Least Developed Countries. I thank the Government of Benin for convening it and commend its contribution as Chair of the LDC group.

The subject of the conference has great relevance to discussions on the post 2015 development agenda. Most LDCs will not achieve many of the Millennium Development Goals. They remain the poorest and most vulnerable nations. Yet, after years of stagnation and low growth, many LDCs are now showing encouraging economic progress, with some signs of structural transformation. This conference is a call to action. We must build on this promise, and act collectively to create a better future for all LDCs.

I urge the LDCs and their development partners to continue their hard work together to advance the goals of the Istanbul Programme of Action. Sustained and rapid economic growth is important, but it is equally necessary to promote equity, human rights and environmental sustainability. The poor, marginalized groups, women and youth must fully share the benefits of progress.

The UN system will continue its strong commitment to the LDCs. By developing productive capacity LDCs can eradicate extreme poverty, and build better resilience. LDCs need to lead in creating and mobilizing the resources they need, including domestic resources. But development partners can do more by channelling aid to productive capacity building, encouraging investment, facilitating trade and promoting technology transfer. Emerging economies in the global South are now also well-placed to substantially enhance support.

Social justice and the well-being of our planet dictate that the development of LDCs is our common responsibility. Let us therefore combine resources to create a world of dignity and opportunity for all.

I wish you a successful conference.”

Thank you for your kind attention.