Structural Economic Transformation in the LLDCs

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Structural Economic Transformation

- Reallocation of economic activity from low value-added and low productivity activities and sectors to higher value-added and higher productivity activities and sectors

- Crucial for integration into the global economy, employment creation, broad-based economic growth

- Productive capacity development is pre-requisite to structural economic transformation
Structural transformation, VPoA and 2030 Agenda

• Priority 5 of the VPoA
  • Increase value addition in the manufacturing and agricultural sectors;
  • Increase economic and export diversification;
  • Promote service-based growth;
  • Encourage FDI in high-value added sectors

• 2030 Agenda for Sustainable Development: build strong economic foundations, increase productive capacities and sustainable industrial development

• LLDCs need to structurally transform their economies if sustained economic growth and poverty eradication are to be achieved
Measuring structural transformation in LLDCs

- Value-added of agriculture sector
- Value-added of manufacturing sector
- Value-added of services sector
- Composition of economies and exports
- Concentration index
- Technology content of exports
- Domestic credit to private sector
- R&D expenditure
Value-addition in LLDCs (percentage of GDP)
Export structure of LLDCs

- Precious stones and non-monetary gold
- Manufactured goods
- Primary commodities, incl. fuel
Recommendations

• Structural transformation strategy; industrial policy
• Enhancing productivity-led growth
• Private sector development, in particular SMEs, PPPs
• Diversifying exports
• Productive capacity development and value addition in agricultural and manufacturing sectors and modernizing services sector
• Leveraging innovative solutions and technologies
• Development partners to support improving productive capacities, increasing value addition; sharing innovative technologies, knowledge and technical know-how; and supporting LLDCs in building their resilience