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Statement

by

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and
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Ministerial Meeting of the Least Developed Countries

Nairobi, Kenya
16 July 2016
11:30 – 13:00
Your Excellency, Mr. Tofail Ahmed, MP, Minister of Commerce, Government of Bangladesh and global Coordinator of the LDCs,
Your Excellency, Mr. Mukhisa Kituyi, Secretary General of UNCTAD,
Ministers, Excellencies,

Distinguished delegates, Ladies and Gentlemen,

It gives me a great pleasure to participate in the Ministerial Meeting of the Least Developed Countries a day before the opening of the Fourteenth session of the United Nations Conference on Trade and Development. I thank Bangladesh for its outstanding leadership as global Chair for LDCs.

This meeting is taking place at a crucial time. Within the past year, the international community has adopted the Addis Ababa Action Plan, new goals on sustainable development and the Paris Agreement on climate change. It has also been an important year for the LDCs for various reasons.

First, the three agreements focus on the needs of LDCs more clearly than previous agreements, and highlight the necessity of leaving no one behind.

Second, the 10th WTO Ministerial Conference, held also here in Nairobi in December 2015, took some important decisions in regard to some of the LDCs concerns. It is important that decisions are fully implemented and the remaining issues of LDCs are expeditiously taken up.

Third, the Midterm Review of the Istanbul Programme of Action (IPoA) for the Least Developed Countries took place in May 2016, in Antalya, Turkey committing a strong global partnerships to accelerate the progress in the next five years.

An important objective of the Istanbul Programme of Action is to help LDCs overcome their structural challenges, thereby enabling half the number of LDCs to meet the criteria for graduation by 2020. The Programme has eight priority areas for action and it charts out a vision and strategy for the sustainable development of LDCs with a strong focus on developing their productive capacities. Trade is one of the eight priority areas for action in the IPoA and it sets the goal to double the share of LDCs in global exports by 2020,
including by broadening LDCs’ export base. Also, the 2030 Agenda stresses the importance of trade for development and trade is seen as a vital means of implementation for achieving the new sustainable development goals.

Against this backdrop, I am sure that UNCTAD would strengthen its special focus on the trade and development needs of the LDCs across all areas of its mandate, in accordance with the Istanbul Programme of Action and 2030 agenda. The outcome should also come out with specific recommendations and commitments to assist and support the least developed countries, in the areas of aid for trade including EIF, effective implementation of TFA, duty-free and quota-free market access for all its products for all LDCs and rules of origin. Services sector, technology and other development oriented measures will have to reflect LDCs concerns and expectations. These commitments are crucial in enhancing LDCs meaningful integration into the global economy. Trade can be a powerful catalyst for poverty eradication as well as for inclusive and sustainable economic growth. To achieve this, right institutional and regulatory reforms and strong international support have to come together, supported by capacity building, investment, innovation and technology transfer.

**Excellencies,**

I would like to focus on two main points today. First, to provide you with an update on the implementation of the Istanbul Programme of Action and second, highlight the key decisions included in the Political Declaration of the Midterm Review.

Since the adoption of the Istanbul Programme of Action in 2011, LDCs have been able to make progress in meeting its goals and targets, for example in access to ICT and clean water, as well as reduced child mortality and gender parity in primary education. However, their progress has been volatile and not shared by all LDCs.

The number of LDCs which grew at an annual rate of 7 per cent or more, meeting the target set in the Istanbul Programme of Action (as well as in Sustainable Development Goal 8), has declined in recent years, from 14 and 16 in 2011 and 2012, to 11 in 2013 and 8 in 2014. It is estimated that in 2015, the GDP for the group has grown at 4.5 per cent, with 5.6 per cent growth forecast for 2016-2017. The limited economic progress observed in LDCs is due to several factors at the global, regional and domestic levels. Globally,
these included weakening export demand from emerging economies, fiscal consolidation in many developed countries, decreasing commodity prices and net capital outflows from LDCs.

With respect to infrastructure, LDCs have made progress in some aspects of infrastructure development, other areas remain seriously weak and hamper efforts to accelerate progress towards other targets in the IPoA. As regards access to electricity, the percentage of population having access in LDCs has increased slowly from 31.5 per cent in 2010 to 34.5 per cent in 2012. However, LDCs have continued to make progress in terms of the share of people who entered have access to information and communication technologies. Mobile cellular subscriptions increased fastest from 33 per 100 people in 2010 to 63 in 2014, with 5 LDCs reaching penetration rates of 100 per cent. The number of Internet users per 100 people almost doubled, from 4.4 per cent in 2010 to 8.6 per cent in 2014, with progress in almost all LDCs.

There has been some improvement in creating an enabling environment for the private sector in LDCs. All in all, eleven LDCs were ranked among the top 100 for starting a business.

Agricultural productivity in LDCs remained constant from 2010 to 2013, despite the crucial role agriculture plays in almost all LDCs, both in promoting food security and as the major economic activity for much of the population. The average share of value added in agriculture as a percentage of GDP has declined somewhat, from 25.4 per cent in 2001-2010 to 23.7 per cent in 2011-2014.

As regards trade, LDCs have made some progress in the past years, but it has not been consistent. While the percentage of LDC exports in total world exports almost doubled between 2001 and 2010, progress has been slow thereafter with LDCs accounting for roughly 1.1 per cent of world’s exports in 2014, which is well below the 2 per cent target of the IPoA. Between 2010 and 2015, annual growth of LDC merchandise and services exports was 6.1 per cent and 11.9 per cent respectively.

Since LDC exports are concentrated on a few primary commodities, they were hit hard by the recent decline in commodity prices. LDC exports also remain highly concentrated, in 2014 almost 70 per cent of merchandise exports was based on three main products. Exports of products with higher value added and use of more advanced technology remain very limited.
The share of LDC exports of commercial services in world exports started to increase significantly in 2008, despite the financial crisis. Several LDCs have a high share of service exports, mainly tourism and transport. Communications services were the fastest growing service exports. Since the adoption of an LDC Services Waiver in 2011, 25 countries and regional groups indicated sectors and modes where they intended to provide preferences to LDC services and service providers as of February 2015. The WTO’s 10th Ministerial Conference decided to extend the Services Waiver until end of 2030 and encourages members to enhance notification of preferences with commercial value.

The geographic diversification of LDC exports has increased, with 57 per cent going to developing countries (23 per cent to China alone). This consists mainly of agricultural products, fuels and mining products. However, developed economies still represent the biggest market for LDC exports in manufacturing with a share around 60 per cent. Intra-LDC trade increased from 1 per cent in 1995 to 5 per cent in 2014, most of which took place within Africa.

Also on the positive side, several LDCs have laid out ambitious national development plans to reach graduation status by 2020, even though our aim of reaching graduation by a half of LDcs is not likely to be reached. It should also be highlighted that in the implementation of the IPoA, good progress has been in made in human and social development.

Excellencies,

It has been said that LDCs will be the battleground for achieving the 2030 Agenda goal of leaving no one behind. It means that poverty has to be eradicated everywhere and efforts by everyone are needed to raise up to this challenge.

The Political Declaration of the Midterm Review, adopted in May, in Antalya, Turkey, embodies the renewed political commitment of the international community to the sustainable development of Least Developed Countries. It is reflective of the solidarity, spirit of cooperation and collaboration among all stakeholders.

It recognizes the challenges and vulnerabilities of LDCs and builds on last five years’ success stories and lessons learnt, including progress and constraints confronted. It makes
concrete action oriented recommendations on the way forward. It clearly spells out practical actions to be taken by LDCs and development partners at national, regional and global levels.

The outcome document recognizes the importance of strong synergy and coherence in the implementation, and review and follow up of the recently adopted agendas, and the equally ambitious and transformative IPoA.

Now, allow me to highlight few specific elements from the Political Declaration:

- There is a strong focus on the role that the national leadership and ownership plays in promoting sustainable development in LDCs. Development begins with national commitment and vision. In this regard, the Political Declaration reiterates the importance of structural transformation, integrated and multi-stakeholder approach in development for the achievement of sustainable development outcomes in LDCs.
- There is an equally strong focus on international partnerships with equal emphasis on domestic resource mobilization.
- There is renewed commitment to achieve the target of 0.7% and 0.15-0.2% of ODA/GNI to LDCs and improve the quality, impact and effectiveness of development cooperation. There has been an uptick by 4 per cent this year and medium term projection is positive, we need to be vigilant and continue to ask for front loading the commitment.
- Similarly trade, investment promotion regimes, technology bank and strengthening crisis mitigation and resilience building have forward-looking provisions.
- There is commitment to increase Aid for trade to LDCs both in absolute term and proportionate terms.
- There is an invitation to ECOSOC to discuss the adoption and implementation of an investment promotion regime for LDCs at its next annual forum on Financing for Development.
- There is call to undertake a study that will consider ways in which Least Developed Countries can manage and withstand shocks such as natural disasters and economic volatility.
- There is decision to undertake an in-depth analysis on crisis mitigation and resilience-building for the least developed countries, at the national and
international levels, with a view to building and further strengthening crisis mitigation and resilience in the least developed countries, and a request to the General Assembly to determine the parameters of this analysis at its seventy-first session.

There is an acknowledgement of the fact that graduation from the LDC category is not as a cut-off point, but as a resolute move towards better and sustained economic development, and virtuous and inclusive structural transformation. LDC graduation reviews are to be comprehensive, taking into account all aspects of the evolving international development context, including relevant agendas.

These activities and commitments will spur growth and enhance the connections with the developed markets and as well as between LDCs. To translate the commitment to action on the ground, genuine, effective and durable multi-stakeholder partnerships between and among governments, the private sector, and civil society, play a critical role. Together, we need to accelerate and scale up the progress, and we must come up with right strategies, policies and reforms and have strong national ownership combined with right partnerships.

This is vital to accelerate the full and effective implementation of the Istanbul Programme of Action. It will fast-track structural transformation in LDCs, eradicate poverty and end marginalization, therefore directly contributing to peace, prosperity, poverty eradication and sustainable development for all.

As the 14th session of the United Nations Conference on Trade and Development is starting tomorrow, I am confident that the concerns of LDCs are taken onboard in the future work of UNCTAD.

Finally, I wish to assure you that the UN System and international organizations will be your accompanying partner in supporting the LDCs to unlock their full potential so that they can fully integrate in and benefit from the global market.

Thank you.