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Statement

by

Mr. Sandagdorj Erdenebileg
Chief Policy Development, Coordination, Monitoring and Reporting Services, Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States

at the

Forum on Financing for Development Follow-up Side-Event on Enhancing the Role of the Private Sector in the implementation of the Vienna Programme of Action and the 2030 Agenda for Sustainable Development

23rd May 2017 at 1:15 to 2:20pm

Conference Room 12
Excellencies, Distinguished guests, Ladies and gentlemen,

I would like to warmly welcome all of you to this Side Event on: Enhancing the role of the private sector in the implementation of the Vienna Programme of Action and the 2030 Agenda for Sustainable Development jointly organized by my Office UN-OHRLLS, Zambia, the Chair of the LLDCs, the International Road Transport Union (IRU), the International Finance Corporation (IFC) and the International Trade Center.

I am standing here for Mrs. Utoikamanu, USG and High Representative, who could not be with us today as she left this morning to participate in the Disaster Risk Reduction Conference in Cancun, Mexico.

The aim of this meeting is to provide an opportunity to different stakeholders to share ideas, lessons, and good practices on how to foster the role of the private sector in the implementation of the 2030 Agenda for Sustainable Development and the Vienna Programme of Action.

Private sector actors are increasingly being recognized as a major force in development. They drive economic growth through investment, employment and business creation, innovation and knowledge transfer, and other multiplier effects from their operations and activities.

The 2030 Agenda recognizes that achieving the ambitions goals and targets will not be possible without a revitalized and enhanced Global Partnership. It therefore stresses that the revitalized Global Partnership will facilitate an intensive global engagement in support of implementation of all the Goals and targets by bringing together Governments, civil society, the private sector, the United Nations system and other actors and mobilizing all available resources. The Addis Ababa Action Agenda also recognizes the important role that the private sector plays in financing infrastructure, science, technology and innovation. It underscores that public-private partnerships serve to lower investment-specific risks and incentivize additional private sector finance across key development sectors led by regional, national and subnational government policies and priorities for sustainable development.
The Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024 which also forms an integral part of the 2030 Agenda also stresses the importance of the private sector in addressing the challenges faced by the LLDCs. The role of the private sector is highlighted in almost all the priority areas of the VPoA including: improving transit facilitation and establishing efficient transit transport regimes; infrastructure development and maintenance; trade facilitation reforms, and structural economic transformation. Its role is further emphasized as a means of implementation in particular by building and strengthening productive capacity, export growth, technology transfer, diffusion of productive know-how, managerial skills and capital, creation of wealth, opening up of new markets for high-value added products and services and employment generation.

At the recently held 2017 Global Infrastructure Forum, the multi-lateral development banks agreed to deepen their collaboration to encourage private sector investment in vital infrastructure needed to support sustainable and inclusive economic growth. The multi-lateral development banks pledged not only to leverage their resources by joining forces to co-finance projects, but also to help generate interest among private sector investors in Public-Private Partnerships and the development of infrastructure as an asset class for institutional investors.

Excellencies, Ladies and Gentlemen,

From what I have just highlighted, it is clear that the private sector actors have a pivotal role in socio-economic development of states. Despite the key role of the private sector actors in achieving sustainable development, they face several challenges which impede their growth as well as their meaningful contribution to development. Economies of scale, regional integration and market access are crucial factors for attracting foreign direct investment.

The LLDCs also continue to be reliant on natural resource-based commodities with very little value addition. This is demonstrated by the overall product diversification index of the LLDCs which has remained about 0.3 percent. The value-added of the manufacturing sector, which over the years has been deemed as essential for employment generation, economic growth and transformation has also decreased from 8.9 to 6.9 per cent of GDP from 2000 to 2015. The declining trend of FDI and the value-added in the manufacturing sector as percentage of GDP as well as the decline in diversification of the exports in the LLDCs demonstrates that the LLDCs are at a disadvantage compared to other developing countries in
leveraging the private sector for sustainable development. Greater efforts are thus needed to support the LLDCs in harnessing the contribution of the private sector.

In today’s globalized world, efficiency is also very important to attracting and retaining investment. The LLDCs are faced with several challenges linked to landlockedness resulting in high costs of doing business and trading which affect their efficiency and competitiveness.

Such state of affairs affects their ability to attract investment compared to their coastal counterparts. The LLDCs account for only 1.4 percent of global FDI flows in 2015. FDI flows to LLDCs depict a declining trend from US$36.3 billion in 2011 to about US$24 billion in 2015.

Without private sector investment in the LLDCs there will be no meaningful and sustainable growth. This event offers us an opportunity to seek solutions to the persistent challenges of the LLDCs in nurturing their private sector. Effective mobilizing the finance, knowledge, skills and capacities that are needed to support implementation of these will not be possible without dynamic, practical, multi-stakeholder partnerships that draw in the private sector as well as development partners. Any weaker/missing link will hinder the achievement of the SDGs.

Thank you.