

USG TALKING POINTS

Press Briefing
Wednesday 19 July 2017
12:25 - 12:45
Press Briefing Room
Second Floor

Members of the Press,

- I would like to express my gratitude to you for coming to this press briefing. I am pleased to introduce the fourth edition of the Flagship report on LDCs, which my office has produced. The report is entitled “the State of the Least Developed Countries 2017”.
- This annual flagship report is extremely important. It puts a focus on LDCs, who remain the most vulnerable countries in the world. Large segments of their population live in extreme poverty with few prospects to improve their situation. Thus, the mantra of leaving no one behind requires the global community to pay special attention to this group of countries.
- With three years before the 2020 deadline for the implementation of the Istanbul Programme of Action, which entails a new partnership for the development of LDCs, they are still lagging behind in key areas, despite some progress. I will highlight a few examples:
 - Average Gross Domestic Product growth in LDCs was 3.8 per cent in 2015, the lowest level recorded for the group in the last two decades. The target growth rate for LDCs by 2020 is 7 per cent.
 - While poverty has been declining in some LDCs, it is far from being eradicated. The latest available data shows in about a third of the LDCs, 50 per cent or more of the population were living below US\$1.9 per day.
 - The percentage of the population with access to electricity increased by about six percentage points, to 38.3 per cent between 2010 and 2014. This progress falls short of the international

ambition set forth in both the Istanbul Programme of Action and the SDGs.

- The number of Internet users per 100 people increased to 12.6 per cent in 2015, triple the rate in 2010. The target for 2020 is to have universal coverage in LDCs, which is far from being achieved.
- The share of LDCs exports in global trade has continued to decline, reaching 0.97 per cent in 2015 from 1.09 per cent in 2014. The target by 2020 is to double the share of LDCs' exports in global exports.
- To accelerate the progress towards meeting their development objectives, investment needs to increase. However, this requires an increase in resource mobilization, which is a major challenge for LDCs.
- It is for this reason that the special theme for this year's report is '*Financing SDGs and IPoA for LDCs*'.
- The United Nations World Economic Forecasting Model was used to estimate the magnitude of investment required to achieve and sustain a growth rate of 7 per cent in LDCs.
- We find that LDCs need to increase their investment, as a share of GDP by 2.6 percentage points (approximately US\$24 billion additional average investment) annually, on average.
- I would like to stress that while meeting the 7 per cent growth would contribute towards meeting some of the SDG targets, more resources would be required to meet all the Istanbul Programme of Action objectives by 2020 and also, to meet the development aspirations set through the economic, social and environmental dimensions of sustainable development.
- Regarding financing the SDGs and Istanbul Programme of Action for LDCs, some of the key findings of the report include:
 - Government revenue, as measured by tax revenue to GDP, has been the largest source of development revenue in LDCs since the early 2000s and has reached around 15 per cent in 2015, which is

considered to be the minimum below which countries face serious difficulties to execute basic state functions.

- ODA is still the most important source of external financing for many LDCs. However, its' contribution to LDC GDP, on average, has significantly declined, compared to levels in the 1990s. In 2015, seven OECD-DAC donors reached the goal of providing at least 0.15 per cent of GNI in ODA to LDCs, down from 8 in 2014 and 9 in 2013.
- While funding for LDCs from the Least Developed Country Fund has increased steadily through to the Global Environment Facility Phase 5, demand for Least Developed Country Fund resources now exceeds the funds available for new approvals.
- Since 2011, the level of external debt in LDCs has been steadily rising. Worth noting is that some LDCs have started issuing bonds in the international capital markets.
- FDI is still dominated by a few mineral and oil extracting countries. In addition, the stock of Chinese FDI in LDCs more than tripled to USD 31 billion from 2010-2015, making China by far the largest investor.
- The report concludes with some key messages, which include the following:
 - LDCs need enhanced capacity, including in tax administration, project development and negotiations with investors
 - More development partners should meet or exceed their commitments to provide 0.15 to 0.2 per cent of GNI in ODA to LDCs as agreed in the IPoA, Addis Agenda and SDGs.
 - To increase access to climate change funding, support for capacity building provided to LDCs needs to be stepped up to facilitate the preparation and submission of bankable proposals.
 - Not all finance is suitable for all purposes. LDCs need to assess whether the cost of investment is justified by its social returns

I thank you for your kind attention.