Statement

by

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Introducing

The report of the Secretary-General on the implementation of the Programme of Action for the Least Developed Countries for the Decade 2011 to 2020 (A/72/83-E/2017/33)

At the Coordination and Management Meeting of ECOSOC

Under Item 11(b)

Thursday, 6 July 2017, 3 p.m.,
ECOSOC Chamber

Madam Chair,

Excellencies,

Distinguished Delegates,

Ladies and Gentlemen,

I am pleased to introduce the main elements and key messages of the report of the Secretary-General on the Implementation of the Programme of Action for the least developed countries for the Decade 2011-2020.

The report provides an assessment of the situation of the LDCs in relation to the priorities of the Istanbul Programme of Action and presents an overview of progress needed in areas that are critical to promote sustainable development, poverty eradication and structural transformation in the LDCs.

The assessment confirms that there has been progress as a result of the efforts of the LDCs and also thanks to the support of their development partners. But the report also shows that there is still much to be done if we are to achieve the goals contained in the Istanbul Programme of Action and in the Agenda 2030.

As Member States recognized in the Political Declaration of the Midterm Review of the Istanbul Programme of Action last year, despite the remarkable socioeconomic progress that the world has witnessed over the past few decades, not all countries have fully shared in this global progress. The LDCs remain the most vulnerable segment of the international community and the gap between the LDCs and other countries is widening.

I would like to share with you now some specific elements contained in the report.

The average GDP growth rate of the LDCs is estimated to have increased to 4.5 per cent in 2016 from 3.8 per cent in 2015. This rate is well below the 7% target set in the IPoA and in the SDGs. Recent estimates by DESA for 2017 have been revised downwards to 5.2 per cent, and for 2018 it is estimated that average growth for the group will be 5.5 per cent.

The disproportionate impact of natural disasters or conflicts, the volatility of commodity prices, and other macroeconomic shocks help to explain their poor economic performance. It also brings urgency to the mobilization of resources to support economic diversification, resilience building and structural transformation in the least developed countries.

Progress towards building productive capacity has been stagnant. The share of manufacturing in LDCs increased only marginally to 12.7 per cent in 2015 from 12.1 per cent in 2014. Investment declined in 2015 in the LDCs to 23.5 per cent of GDP, down from 24.9 per cent in 2014.

The percentage of the population with access to electricity increased, from 35.8 per cent in 2012 to 38.3 per cent in 2014. This represents a positive development, but also shows the need to accelerate progress, particularly in African LDCs. Among the key factors hindering progress are the lack of investment and limited accessibility and affordability of power generation technologies.

Science, Technology and Innovation is a major transformational factor in social and economic development. The establishment by the General Assembly of the Technology Bank for the least developed aims at building national capacities in the area of intellectual property rights, scientific production and dissemination and innovation adapted to the context of each LDC. The report provides evidence of the need to build the scientific and technological base of the least developed countries. Only 542 patents were filled by citizens of all LDCs in 2014, mostly concentrated in few of them. As a way of understanding the scale of the work ahead of us, Indonesia alone produced 702 patents in 2014.

Excellencies,

Distinguished Delegates,

Ladies and Gentlemen,

Agriculture remains the sector with the highest share of employment in the LDCs, with an average of around 60 per cent. Agriculture, however, only generates 26 per cent of value added in GDP. Thus, increasing productivity through investment, extension services, better irrigation, and access to critical inputs, such as fertilizers and improved seeds, is critical for poverty erradication.

The share of world exports originating in LDCs experienced a decline from 1.09 per cent in 2014 to 0.97 per cent in 2015. This underscores the need to provide support in the areas of trade preferences and capacity building among others.

In human and social development, despite substantial progress, much needs to be done. Particularly worrisome are the persistently high rates of maternal mortality. In education, there were still more than 32 million children out of school in the period between 2009 and 2015. Moreover, gender disparities at the secondary and tertiary levels of education persist. Food insecurity and the daunting threat of famine afflicts millions in South Sudan, Somalia and Yemen.

In addition to these challenges, natural disasters and external shocks have had a disproportionate impact on the LDCs, which illustrates the importance of scaling up climate finance, particularly for adaptation.

The data shows a decline in the rate of gross domestic savings as a percentage of GDP, from 16.2 per cent in 2014 to 12.9 per cent in 2015. The marked decline of commodity prices has severely impacted the ability of LDCs to mobilize domestic resources. Despite these challenges, they have made efforts to enhance their tax revenue, as shown by reforms oriented to reduce tax evasion, broaden the tax base and enhance tax administration in many of them.

It is clear that external official support remains of critical importance to the LDCs. While ODA in real terms increased in 2015, bilateral ODA to the least developed countries fell by 3.9% in real terms in 2016 compared to the previous year.

Foreign direct investment flows to the least developed countries increased by one third in 2015 to $35 billion, led by greenfield investment projects. However, FDI flows to LDCs declined in 2016 and only account for 2 per cent of world FDI, mostly concentrated in a few mineral and oil extracting countries.

Progress was made with respect to governance but challenges remain. As of June 2016, 14 least developed countries were considered compliant with the Extractive Industries Transparency Initiative, and 6 least developed countries became candidate countries. Implementing the Extractive Industries Transparency Initiative Standard improves government systems and can lead to improved tax collection and budgetary planning. It also signals commitment to the transparent and accountable management of natural resources.

Progress towards the target of halving the number of LDCs meeting the criteria for graduation by 2020 has accelerated. Samoa graduated in January 2014 and 10 additional LDCs reached the graduation thresholds in 2015. Of these Equatorial Guinea graduated on 4 June 2017. Vanuatu is scheduled to graduate in 2020 and Angola in 2021. Five least developed countries met the graduation thresholds for the first time in 2015.

Madame Chair,

I would like to conclude by stressing the importance of scaling-up support to the LDCs in areas that we have already agreed as international community are critical for their sustainable development. Unlocking the extraordinary potential that the nearly one billion people living in the LDCs represent for their societies and regions entails increased resources and capacity building.

This requires focus and prioritized support from development partners, the United Nations system and other international organizations to the LDCs, particularly in those sectors that are key enablers for their development. Among these, finance for addressing their infrastructure gap and agricultural productivity and support for building their scientific, technological and innovation base are identified in the report as critical areas.

Efforts to reach the ODA target set in the Istanbul Programme of Action should be stepped up and aid should be more predictable and aligned with the priorities of the LDCs.

Facilitating more investment, public and private, that contributes to their economic diversification and the building of productive capacities is critical to enable structural transformation and enhance their ability to mobilize domestic resources.

Lastly, allow me to reiterate the commitment of my office to continue advocating for the priorities of the LDCs, supported by analytical work on areas that are relevant to them. We look forward to continuing supporting Member States in intergovernmental processes and graduating LDCs in their smooth transition strategies. Let me assure you that we will continue working to enhance coordination within the UN system to improve its support to the LDCs.

I thank you for your kind attention.