



United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States

## **World's least developed countries face significant challenges in implementing the Istanbul Programme of Action and the Sustainable Development Goals**

### **Press Release**

New York, 19 July 2017 – The world's 47 Least Developed Countries (LDCs) are facing significant challenges in implementing the Istanbul Programme of Action (IPoA) and the Sustainable Development Goals, according to the latest edition of the *State of the Least Developed Countries* report by the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS). The fourth edition of the report – launched today in New York - focuses on the financing of the Istanbul Programme of Action (IPoA) and the Sustainable Development Goals (SDGs) for the LDCs.

Ahead of the IPoA's 2020 deadline, the average GDP growth for these countries remains low at 3.8 per cent in 2015, the lowest rate in the past two decades and well below the 7 per cent target set by the IPoA and SDG 8. Although foreign direct investment (FDI) flows to the LDCs have increased significantly, there have been wide fluctuations in year on year levels; with an increase from US\$41 billion to US\$44 billion in 2015, followed by a decline of 13 per cent in 2016 to US\$38 billion. These challenges are partly driven by the fall in commodity prices and the high vulnerability of LDCs to natural disasters and epidemics such as Ebola.

LDCs are highly dependent on agriculture, both as a major source of employment and as a significant contributor to GDP. The sector faces tremendous challenges from the impacts of climate change, which have been further exacerbated by the El Niño phenomenon. Global declines in commodity prices and the slowdown in world trade are also having economic repercussions on the ground. The LDCs share of total trade continued to decline, from 1.09 per cent in 2014 to 0.97 per cent in 2015, making it difficult to reach the 2 per cent target.

Despite the significant challenges, the report also highlights progress in a few key areas including in the transport sector, and on access to electricity, which rose from 32.3 per cent of the population in 2010 to 38.3 per cent in 2014. Mobile cellular subscriptions have doubled, and access to clean water has increased from 60 per cent in 2005 to 68.6 per cent in 2015. Recent progress towards graduation from the LDC category has also been encouraging. In June 2017, Equatorial Guinea graduated from the group, bringing the number of LDCs to 47. Nine LDCs reached the graduation thresholds in 2015, while several others aspire to graduate by 2020 or shortly thereafter.

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LDCs are facing major challenges in mobilizing financial resources, and capacity constraints further hamper development gains on the ground. While efforts are being made to mobilize finance from various sources, Official Development Assistance (ODA) remains an important source of external financing for this group of countries. Although there have been improvements from some donors, the long-standing ODA target of the IPoA of 0.15-0.2 per cent of GNI to LDCs has not been achieved and ODA to LDCs declined in 2016. The report argues that efforts to reach the target should be stepped up, and aid should be more predictable and aligned with LDC priorities.

Due to large gaps in investment, including for sustainable energy and ICT, the report notes that access to all modes of financing needs to increase for LDCs. In addition, a greater share of the total amounts of climate finance flowing from developed to developing countries needs to be allocated to LDCs, especially for adaptation projects that result in reduced vulnerability. In addition, measures to enhance resilience of LDCs to external shocks and enhanced investment promotion are needed to support LDCs in their quest to reach the SDGs.

“The LDCs are among the most vulnerable countries in the world with large segments of their population living in extreme poverty with few prospects to improve their situation,” said Ms. Fekitamoeloa ‘Utoikamanu, High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States. “While we continue to see mixed progress for this group of countries, there is tremendous potential to close the gaps and achieve momentum toward their investment needs. A wide range of stakeholders - from the LDCs themselves to development partners, civil society, the private sector and the UN system - need to forge greater synergies and partnerships towards achieving the goals of the Istanbul Programme of Action complementing efforts to achieve the Sustainable Development Goals.”

In order to strengthen the science, technology and innovation capacity of LDCs the report also outlines progress being made to operationalize the Technology Bank for the LDCs; a new United Nations institution established by the General Assembly in December 2016. This has been a long-standing priority of the LDCs provided for in the IPoA and reiterated in Sustainable Development Goal 17. UN-OHRLLS is leading efforts to mobilize resources and to have the Technology Bank operationalised in 2017.

The *State of the Least Developed Countries* report can be found on the UN-OHRLLS website at the following address: <http://bit.ly/2u51jm8>

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