United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS)

Statement by
Ms. Fekitamoeloa Katoa ‘Utoikamanu, Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States at the Ministerial Meeting of LDCs

22 September 2017, 3:00 – 6:00 pm
Conference room # 12
UN Headquarters, New York
Honourable Foreign Minister of Bangladesh and Chair of the Group of LDCs
Honourable Ministers
Excellencies, Ladies and Gentlemen,

Allow me be begin by expressing my warm appreciations to the Honourable Foreign Minister of Bangladesh for efficiently chairing this meeting. I also appreciate the able leadership of Bangladesh in spearheading the work of the Group in New York and other capitals.

I would also commend Ambassador Momen, Permanent Representative of Bangladesh and his team for their strong commitment to the issues of LDCs.

I would also like to commend other members of the Global Coordination Bureau, namely Benin, Malawi, Tanzania and Yemen and the entire membership of LDCs for their efforts in promoting their common interests in the economic, social, environmental and related fields.

It is both my duty and honour to briefly update you on the implementation of the Istanbul Programme of Action for LDCs for the decade 2011-2020.

The average GDP growth rate in 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.

Progress towards building productive capacity has been mixed. The share of manufacturing in LDCs increased 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.

Good news is that the mobile cellular subscriptions increased from 63.6 per 100 people in 2014 to 68.6 in 2015. However, there are vast differences among the LDCs themselves in this area.

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.

In the area of human and social development, much needs to be done, despite substantial progress made during the last decade. Particularly worrisome are the persistently high rates of maternal mortality.
The status of implementation of the IPoA underlines that we must redouble our efforts to ensure the full implementation of the IPoA in the next three and a half years. Let me share with you some specific measures and initiatives that my Office is undertaking to accelerate the implementation of the IPoA. I have already spoken on the Technology Bank and will focus on other initiatives.

My Office is promoting the realization of investment promotion regimes for LDCs, including through legal and technical support to LDCs in investment-related negotiations and dispute settlement and capacity building of the investment promotion agencies of LDCs. I am pleased to inform you that my office, with the support of Italy, has put together an investment promotion programme for LDCs. Allow me to acknowledge the generous contribution of EU, which has decided this morning to allocate 1 million euros to this programme. We are grateful for the support and we invite our development partners to make necessary contributions to this programme to ensure increased FDI flows to LDCs and to enhance their contribution to achieving the SDGs.

As it was repeatedly highlighted in your interventions, LDCs are disproportionately affected by climate change and other disasters, financial crises, commodity price volatility and health epidemics. Building cushion against these shocks and crises is therefore vitally important to enhance the ability to meet these and other challenges.

The report of the Secretary-General on crisis mitigation and resilience building for LDCs has undertaken an in-depth study on various shocks and crises affecting LDCs and the effectiveness of the existing resilience building arrangements. It also made recommendations on the way forward. We note with appreciation that the Ministerial Declaration of LDCs has invited the General Assembly to decide on the establishment of a “comprehensive multi-stakeholder resilience-building mechanism for LDCs”. We look forward to the discussions and decisions of the General Assembly in this regard.

The issue of graduation, which is an important and overarching goal of the IPoA, has gained momentum in the recent development discourses. It is encouraging that many LDCs are committed to move resolutely on to the path of graduation. Equatorial Guinea has graduated in June this year as the fifth country to cross this benchmark and we congratulate them. Nine additional countries had reached the graduation thresholds as of March 2015. Several other LDCs are also likely to meet the graduation criteria to be reviewed by the Committee for Development Policy in March next year.
Graduation symbolizes a considerable level of progress in the economic and social sectors of a country. However, it is important to keep in mind that the graduated countries only cross the threshold by a limited margin in certain areas of their socio-economic development covered under the three criteria. In most cases, the graduating country may remain far below the benchmarks under many of the SDG indicators. Furthermore, the country loses the package of LDC-specific benefits and waivers from compliance with international obligations and commitments. Many of the graduating countries rely on a limited number of items in relation to their foreign exchange earnings. A sudden loss of the special and differential treatment, especially DFQF market access, will put them in an open competition with other advanced economies, which may result in a decline of their meagre export earnings, thereby jeopardizing their development trajectory. This may also greatly affect the potential for achieving the SDGs by 2030.

It is therefore vitally important for the graduated countries to have a soft landing arrangement so that they do not lose all the LDC-related support measures immediately after the graduation. Given the challenges and vulnerabilities of the graduated countries, they need to continue to enjoy some LDC-related benefits for a certain period of time consistent with their development situations and needs. I deeply appreciate that the LDC Ministerial declaration requests the Secretary-General to make concrete recommendations in this regard in his report to the General Assembly next year.

Realization of the IPoA and the 2030 Agenda requires full play of the means of implementation. LDCs need to take a lead in creating and mobilizing all resources including domestic resources. We are deeply worried that the flow of ODA, FDI, export earnings and remittances to LDCs are declining. This needs to be reversed. In a spirit of global partnership, the development partners should do more by channeling additional ODA to LDCs including towards supporting their productive capacity building, leveraging aid to foster investment flows and facilitating trade, promoting technology transfer, while assisting them in widening their domestic resource base. This broad partnership is key to success in leaving no one behind.

The emerging countries in the south could substantially support their fellow LDCs. It is also important that the national and international business, the civil society, the UN system, World Bank Group, IMF and all other stakeholders –join their hands together in building a solid basis for inclusive sustainable development in greater freedom and dignity for LDCs.
These have been clearly articulated in our flagship report “State of the LDCs” 2017, which focuses on the theme “financing the IPoA and SDGs for LDCs”. Some copies have been distributed in the room and the electronic copy is available in our website.

To conclude my remarks, I would like to assure you of the continued advocacy and outreach activities of my Office in favour of LDCs. We will also continue our analytical works to provide substantive backstopping to LDCs in their active participation in the inter-governmental processes.

We would also seek support of LDCs and the Friends of LDCs in strengthening the capacity of OHRLLS to provide extended and targeted support to LDCs in enabling them to implement the 2030 Agenda and the IPoA in a coordinated and coherent manner.

I thank you all for your kind attention.