



UN-OHRLLS

Statement

by

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**High Representative
and
Under-Secretary General**

**for the Least Developed Countries, Landlocked Developing Countries
and Small Island Developing States**

7th LDCs Ministerial Conference

**Building global partnerships: Enhancing growth and inclusiveness in
LDCs**

Opening session

09:30-10:45, 23 November 2017

Vienna International Centre

Board Room D, (C-Building, 4th Floor)

H.E. Mr. Alhaz Amir Hossain Amu, Minister of Commerce and Industry of the People's Republic of Bangladesh,

H.E. Mr. Peter Launsky, Director General for Development Cooperation at the Federal Ministry for Europe, Integration and Foreign Affairs, Austria,

Mr. LI Yong, Director General, of UNIDO,

Excellencies, Distinguished Delegates,

Ladies and Gentlemen,

Mr. Li, my very first thanks go to you for your leadership in organizing our important and very timely meeting.

Our offices enjoy a longstanding partnership that strives to meaningfully support the LDCs.

I also must thank the Government of Austria. Thank you for your hospitality and your support to the LDCs, LLDCs and SIDS.

OHRRLLS is above all a voice, an advocate and a partner for 91 countries - the LDCs, LLDCs and SIDS.

47 of these countries are least developed countries with around 900 million people, too often among the poorest of our planet.

In the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020 we agreed on specific goals, targets and above all actions to support the LDCs. In a few weeks' time, we will be in 2018 - and so we have merely two years to go to achieve what we signed off on in the programme of action.

One of the main objectives of the IPoA is to speed up graduation of countries from the LDC category.

As you know, the LDC category is defined by using 3 indicators:

1. GNI per capita,
2. the Human Development Index (HDI) – covering health and education indicators, and
3. the Economic Vulnerability Index (EVI), covering various aspects of vulnerability, including disaster related indicators as well as geographical and structural indicators.

So, where do we stand a mere two years away from the target year 2020?

Undeniably, progress towards graduation has accelerated. Yet, efforts to reach the IPoA target of half the LDCs reaching the graduation criteria need to urgently be sped up. Why do I say this?

The average GDP growth rate of LDCs is estimated to have increased to 4.5 per cent in 2016 from 3.8 per cent in 2015. While this is encouraging news, this rate does remain well below the 7% target set in the IPoA and in the SDGs.

Today, I wish to highlight some key areas of concern, some critical aspects for action and areas where we ought to accelerate our partnership work.

Increased productivity will be at the core to achieve higher GDP growth in LDCs in line with targets set.

This in turn will require further structural transformations, productive capacity building along with diversification of the economy – including export diversification.

However, structural transformation in LDCs has been slower compared to other developing countries.

For example, the average share of manufacturing in LDCs increased marginally from 12.1% in 2014 to 12.7% in 2015.

We have several entry points for action.

An ECOSOC meeting earlier this year already stressed the need for intensified efforts to be made to address the infrastructure - industrialization nexus as this nexus is critical to enable the LDCs to achieve economic diversification and become more competitive in international markets.

Likewise, better access to appropriate technologies is needed. We all know how productivity is linked to education and health outcomes. Here, better access to appropriate technologies can help to enhance education and health outcomes in addition to increasing resilience of LDCs. Right now the data we have indicate that secondary school enrolment in LDCs has only slightly increased from 39% in 2014 to 43% in 2016. As a side remark, this is not just a pure numbers game as we would also need to look at the quality of education. Education without a doubt will be critical for making use of modern technologies and increasing productivity.

There has been progress with respect to access to energy and ICT in LDCs. The percentage of the population with access to electricity increased, from 35.8 per cent in 2012 to 38.3 per cent in 2014, but with large differences across individual countries. This means that half of the world's population having no access to electricity continues to reside in LDCs. Intra-country access also is highly uneven with access in rural areas estimated at 26.5% against 67.7% in urban areas. By comparison, globally, 85.3 per cent of the population had access to electricity in 2014.

Root causes for this situation continue to be the lack of investment and limited accessibility and affordability of power generation technologies. To achieve the SDG target of ensuring universal access to affordable, reliable and modern energy by 2030 efforts need to be scaled up urgently . OHRLLS will present tomorrow afternoon a report and recommendations on promoting investment for energy access in LDCs.

Information and communication technology (ICT) is of strategic importance to LDCs. I earlier mentioned education and health outcomes. We all know how ICT is increasingly leveraged at all levels of education and how ICT can be a powerful tool in providing public health services.

Without a doubt, broadband applications offer significant multiplier effects in the areas of agriculture, education, health, trade and governance and expanding access to financial services.

While access to ICT has grown rather rapidly, its use remains limited.

A joint report by ITU and OHRLLS shows that by early 2017, 61% of the population in LDCs was covered by a mobile broadband signal. The price of mobile broadband services continues to fall rapidly to now 12% of GNI p.c.

Per se, the LDCs are on track to reach 97 % mobile broadband population coverage and Internet prices of less than 5 per cent of GNI p.c. by 2020.

That is good news but it is estimated that by 2020, less than 1 out of 4 people in the LDCs will be using the Internet since most will lack the necessary skills to do so!

Access to technology and innovation remains also limited in LDCs. Yet we know that technology and innovation will be key drivers of the future. The limited data relating to expenditure on research and development in LDCs indicates that it is probably less than 0.5 per cent of GDP, compared with 1.4 per cent in developing countries.

Given the key significance of technology and innovation for sustainable growth, and resilience, I am pleased to share with you that the Technology Bank for LDCs has formally come into being with the signing of the host country agreement and a financial contribution agreement on 22 September 2017 between Turkey and the UN.

It is a beginning and it marks the first SDG target being achieved, namely target 17.8. My expectation for the Bank is to boost the science, technology and innovation capacity of the LDCs for sustainable development, facilitate technology transfer and promote the integration of LDCs into the global knowledge-based economy.

Excellencies,
Ladies and Gentlemen,

Achieving higher productivity, greater diversification and resilience of the LDCs toward a sustainable development path where truly no one is left behind will require financial and technical support embedded in strong partnerships with various stakeholders.

ODA remains the most important source of external financing for many LDCs. It is crucial that a greater number of development partners meet or exceed their commitments to provide 0.15 to 0.2 per cent of GNI in ODA to LDCs as we agreed on by signing off on the IPoA, Addis Agenda and SDGs.

Access to private finance remains an equal challenge for the LDCs.

OHRLLS identifies the following key factors for this situation: lack of scale, lack of substantial local investment, institutional capacity constraints, poor or non-existent credit ratings, as well as low project preparation capacities and skills to deploy innovative financing models.

One area for immediate and scaled-up action I strongly advocate for is that we must notch up our support to capacity building in the identification, preparation and follow-up for viable investment projects. Public - private partnerships will have an important role to play and investment will have to come from all sources and it needs to increase rapidly and so must our capacity building support.

Equally importantly, we must address the building of enabling environments to attract private sector investment, including foreign direct investment. The FDI flows to LDCs declined in 2016 by 13 per cent and only account for 2 per cent of global flows. Furthermore, FDI is mostly concentrated in a few mineral and oil extracting countries.

The Addis Ababa Action Agenda calls for the adoption and implementation of investment promotion regimes for the LDCs. It also offers a range of support mechanisms from technical support for project preparation and contract negotiation to access to information on investment facilities and risk insurance and guarantees such as through the Multilateral Investment Guarantee Agency.

As I said before, capacity building is critical and so OHRLLS has initiated a capacity development programme for IPAs in LDCs, which will be presented in the afternoon.

The 2030 Agenda reiterates the ambitious target of doubling the LDC share of global exports by 2020. It is a matter of grave concern that since the adoption of the 2030 Agenda, the share of LDCs merchandise export is moving downwards and represented only 0.94 per cent of the total global share in 2016.

Clearly, there is stagnation in the realization of the Bali and Nairobi packages for LDCs. We see this linked to the limited implementation of preferential treatment in favour of services and service suppliers of LDCs as well as preferential market access under the Duty-Free Quota Free (DFQF) market access to the developed and developing countries' markets. Therefore, the eleventh WTO Ministerial Meeting next month assumes special significance as an opportunity to make progress in these areas.

Now, you may argue that I just gave you an impressive to do list. Yet, what I mentioned are all aspects of action we already agreed on and last not least in Agenda 2030 but where we must accelerate action. 2020 is two years away and we already are two years into Agenda 2030.

Nobody can go it alone and least the LDCs.

If we are to live up to the promise of leaving no one behind, it is clear that we must accelerate and invest much more in strong partnerships with and between all stakeholders.

This is why our meeting is so important. I look forward indeed to fruitful discussions and enhanced partnerships in support of the LDCs. Thank You