Statement by Ms. Heidi Schroderus-Fox, Director for the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States introducing


2. Report of the Secretary-General on the Implementation, effectiveness and added value of smooth transition measures and graduation support (A/73/291)


Second Committee

Monday, 22 October 2018, 10 a.m.
Chairperson,

Excellencies, Distinguished Delegates, Ladies and Gentlemen,

I have the honour to introduce three reports of the Secretary General under this item.

First, I will begin with the 2018 report of the Secretary-General on the Implementation of the Programme of Action for the least developed countries for the Decade 2011-2020 (symbol A/73/80-E/2018/58).

There is mixed news for the LDCs. In many areas LDCs are not on track to reach the IPoA goals and targets or the SDGs. While GDP per capita in LDCs has increased between 2011 and 2016, it was not fast enough to achieve poverty eradication by 2020. The slow growth is partly driven by limited structural transformation and weak infrastructure. An enabling environment for the private sector also needs to be improved.

Agriculture - the largest sector for employment – still only generates 26 per cent of value added in GDP, calling for increases in productivity through various means.
School enrollment rates have improved, but much more progress is needed. Maternal and infant mortality rates remain high, as is youth unemployment in many LDCs.

The percentage of urban slum dwellers has decreased but is still very high, and cause for concern given the high expected growth rates of urban populations.

Natural disasters from floods, droughts to cyclones affected an estimated 23 million people in LDCs, and claimed over 1,400 lives. The last three years were the warmest on record and an increase in disasters hitting LDCs is expected.

Chairperson,

There are also areas with considerable progress, especially significant increases in mobile cellular subscriptions, Internet coverage, and mobile broadband coverage.

Electricity access also increased on average, although, four LDCs had access levels at less than 10 per cent, and rural populations lag behind.
The Office of the Technology Bank for the LDCs were inaugurated in June 2018, in Gebze, Turkey, and work has started.

Progress has been made in certain areas of governance and capacity-building such as planning processes, inter-ministerial coordination, engagement of stakeholders, and the Extractive Industries Transparency Initiative.

Chairperson,

There is clearly a need to accelerate the implementation of the IPoA. In 2017, bilateral aid from the OECD DAC members increased by 4 per cent in real terms reversing several years of decline. ODA targets need to be fulfilled and aid as well as government revenues need to be allocated to priority sectors.

Trade measures need to be improved to reverse the recent declining performance, which is primarily due to falling commodity prices, especially oil.
The investment promotion regime for LDCs needs to be implemented to reverse the decline in FDI inflows which was 13 per cent in 2016.

There is also a need to address the deceasing debt sustainability in LDCs.

It is clear that at this critical juncture - with only two years left to reach the IPoA goals - a major drive by all stakeholders is needed.

LDCs and development partners should step up efforts to leave no one behind.

In addition, momentum must be maintained and accelerated beyond the IPoA. Member States are invited to consider holding a Fifth UN Conference on the LDCs, with the purpose of a comprehensive appraisal of the implementation of the Programme of Action and deciding on subsequent action.
I have now the pleasure of introducing the Report of the Secretary-General on agenda item 23 (a) Implementation, effectiveness and added value of smooth transition measures and graduation support contained in document A/73/291.

The Istanbul Programme of Action, adopted in 2011, is the first global programme of action that sets an ambitious objective of enabling half of the LDCs to meet the criteria for graduation by 2020.

Only 3 countries had graduated from the LDC category before the adoption of the Istanbul Programme of Action. However, recent developments with respect to graduation from the LDC category are encouraging and indicate that national and global efforts for poverty eradication and sustainable development are bearing fruit.

In the 2018 triennial review of the LDC category by the Committee for Development Policy, a total of 12 LDCs met the criteria. Four countries — Bhutan, Kiribati, Sao Tome and Principe and Solomon Islands — were recommended for graduation. In addition, Bangladesh, Lao People’s Democratic Republic and Myanmar met the graduation criteria for the first time and will be considered for graduation in 2021.
The report underlines the importance of ensuring that exiting from LDC category does not disrupt the development of the graduating country. From the experiences of the graduated countries, it can be concluded that their development progress has continued, mainly with respect to GNI per capita and human development.

A smooth transition strategy can be a vital tool for ensuring that graduating countries continue to a path of sustainable graduation. This includes mapping out any potential loss of benefits, identifying effective responses and adjusting institutional and legal frameworks to comply with international obligations.

Continued and revitalized efforts will be required to accelerate LDC graduation further. The report proposes a package of benefits for the graduated countries in order not to jeopardize their development progress and to provide incentives for graduation. This may include:

1. More in-depth analysis of the potential impacts of graduation and identification of additional support to address the challenges of graduation;
2. Capacity-building support to enhance access to new sources of financing, including blended financing of domestic and international resources or climate change finance;

3. Increasing the awareness of credit rating and other relevant agencies about countries' graduation from LDC category to reflect the progress achieved. This will support the access to other means of financing, including private finance, green bond financing and GDP-indexed bonds;

4. Providing specific support to reap the potential benefits of trade, for example, capacity-building for exporters to navigate different types of market access and for government officials to negotiate trade agreements

5. Enhancing technical assistance to LDCs to build and strengthen their intellectual property rights systems, enabling them to comply with obligations related to intellectual property after graduation;

6. Supporting graduating countries in costing, funding and monitoring the implementation of the SDG, covering all 17 Goals;
7. Bringing together various stakeholders, including development and trading partners and the private sector, to provide a platform for countries about to graduate to showcase progress and investment opportunities.

Chairperson,

As a growing number of least developed countries are meeting the criteria for graduation, it is important for the international community to pay increased attention to graduation and smooth transition processes, thus ensuring sustainable development and the irreversibility of graduation. This approach will support achieving the overall objective of the 2030 Agenda of poverty eradication and “Leaving no one behind”.

Chairperson,

I am now pleased to introduce the Report of the Secretary General on the implementation of the Vienna Programme of Action for Landlocked Developing Countries for the decade 2014-2024 contained in document A/73/297. The report shows that the LLDCs exhibit mixed results regarding their progress in achieving the SDGs and the priorities of the Vienna Programme of Action.
LLDCs still account for less than one percent of the global merchandise trade and their exports remain undiversified and comprise mainly of primary commodities. LLDCs continue to make efforts to integrate into regional and global trade and to diversify their economies but they still fall short of the levels that can achieve the SDGs.

To-date, 24 out of 26 LLDCs that are WTO Members have ratified the WTO Trade Facilitation Agreement. It is important to note that the implementation of this Agreements by LLDCs is however still lagging due to capacity constraints. The ratification of other relevant international conventions by both LLDC and the transit countries has been relatively low over the review period and in this regard it is important to continue to support these countries. Economic blocks and initiatives like the African Continental Free Trade Area and the China-led Belt and Road Initiative provide opportunities for LLDCs further integration into regional trade.

Infrastructure, in particular, transport, energy and ICT also remain inadequate.

Whilst ODA remains an important source of financing to the LLDCs, it is insufficient to address the needs of the LLDCs particularly their huge
infrastructure needs. FDI, which is vital for structural transformation is also low and concentrated on a few countries and on the extractive sector.

In view of the limited progress in many of the priority areas of the VPoA, the report stresses that the LLDCs require continued and enhanced investment and technical assistance to further advance implementation of the priorities of the VPoA, in particular, infrastructure development, trade facilitation, and structural transformation. The report also calls for greater cooperation between the LLDCs and transit countries and deepened regional integration to improve the trade potential of LLDCs.

Chairperson,

The report also provides an update on the preparations for the comprehensive high-level midterm review on the implementation of the VPoA. OHRLLS is currently working closely with the relevant UN regional commissions to organize regional review meetings that are planned for the first half of 2019.

The report takes note of the inauguration of the International Think Tank for the LLDCs, the first ever intergovernmental body of the LLDCs that
will provide research and policy advice and strengthen the analytical capacities of LLDCs on issues of importance to their development.

I thank you for your kind attention.