Statement by
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High-level event on Promoting innovation and infrastructure development: A pathway for boosting manufacturing in the Fourth Industrial Revolution

Session 2: “Innovative ways of leveraging global partnerships within the IDDA III framework to support innovation and infrastructure development in Africa”
25 September 2019, 8:00 - 10:00 a.m.
Delegates Dining Room, UNHQ
Question posed by moderator:
Approximately 80% of the LDC are African. Your institution emphasizes the need for building productive capacities to enhance structural transformation in LDCs. How do you think that this can be effectively done taking into account demands of the 4th Industrial Revolution?

Excellencies Ladies and Gentlemen,

I thank you for the opportunity to join you at this third high-level event on the Third Industrial Development Decade for Africa.

[Mister/Madam] Moderator, thank you for this very important question.

Building productive capacity lies at the core of what the Istanbul Programme of Action for the LDCs is about.

LDCs experience specific challenges in achieving their structural economic transformation.

Their challenges are generally high vulnerability including to climate change, a narrow resource base for export opportunities, and the limited contribution of manufacturing to their economies.

This for just a few of the challenges.
This is where digital innovation, new technologies and the new landscape of the Fourth Industrial Revolution have the potential to offer unique opportunities for the LDCs.

Allow me to take the example of access to broadband. This is an enabling technology. The effective use of broadband has been found to generate important positive economic impacts. And in some LDCs already it has shown to have even greater impact than in some developing countries.

In their vast majority though, LDCs lag far behind in mobile-broadband subscriptions. Lag behind in the systematic use of broadband to address challenges of inclusive finance, governance, education and commerce, to name a few. This is a situation we must address.

Every coin though has two sides. So we also must take a hard look and find appropriate policy responses regarding the possible negative impacts of emerging technologies, for example on employment, especially so on low-skilled workers, or indeed cyberthreats.

A further key enabler is of course infrastructure. Countless studies exist showing how appropriate infrastructure drives productive capacity and is at the core of diversifying economies.
Energy infrastructure is particularly critical for achieving many - if not all - of the SDGs, for pro-active management of climate change impacts and for enabling sustainable industrial development.

But I must stress that it is a MUST to ensure that infrastructure is built with sustainability and mitigation and resilience to climate change in mind!

Now, of course all this requires financing and technology access and the financing and technology access gaps are considerable to state it mildly.

Foreign Direct Investment has to play a central role as it is is proven to be an important conduit for technology transfer. The reality though right now is that FDI flows to the vulnerable countries are declining.

Overall, I urge for greater and faster support by the international community. I urge LDCs to intensify work on attracting and retaining investment in sectors that lead to innovation spillover effects to the rest of their economies.

We know of the ingredients needed: adequate infrastructure, strong institutions, as well as access to information that will allow private companies to prepare robust business and investment plans.

My final point concerns the growing number of young people in LDCs. We must focus policies and action on giving them the skills, tools and opportunities needed
to harness the potential gains from technology, and to spur innovation. If not, youth in these countries will simply left further behind with little horizons for hope.

Thank you.