Statement: Interactive Panel on promoting trade, trade facilitation and structural economic transformation in LLDCs
UNDP Administrator Achim Steiner
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Opening

Under Secretary-General, Ms. Fekitamoeloa Katoa 'Utoikamanu

Excellencies,

Distinguished panellists,

Ladies and Gentlemen,

I am pleased to participate in this panel on trade, trade and structural economic transformation in Landlocked developing countries (LLDCs).

The LLDCs have made significant progress since the adoption of the Vienna Programme of Action in 2014. And the Mid-Term Review allows us to put the spotlight on the progress made, and challenges encountered – by both LLDCs and its partners, including transit countries -- to achieve the Sustainable Development Goals (SDGs).

It is clear that this progress has been uneven both amongst countries and across priority areas of action.

This is compounded by multiple development challenges faced by LLDCs. And the fact that almost half of LLDCs are also Least Developed Countries (LDCs).

With the deadline of 2024 in sight [for the Programme of Action] and just ten years left to achieve the SDGs, promoting trade, trade facilitation and structural economic transformation in LLDCs is vital.

And how to do that – is the subject of my statement today.

The Need for Structural Transformation in LLDCs and what this may look like

Firstly, some context is important -- LLDC’s economies are dependent on a small number of export commodities and are thus vulnerable to external shocks. The LLDCs account for less than 1 per cent of global exports.1

Thus the transformation that is required entails **large-scale investment in transport and logistics infrastructure** as well as **economic and export diversification** which will lead to better integration in global and regional trade and value chains.

And through the promotion of higher productivity and wages, structural economic transformation will support sustained poverty and inequality reduction.

**It is also important to consider that there are “adjustment costs” to structural transformation and large shifts of factors of production across sectors which need to be taken into account.**

**Need for equitable and sustainable transformation which supports decarbonisation, climate action**

It is also vital that **such structural transformation is equitable and sustainable across groups and generations.** National policies and development interventions need to be mindful of the impact of changes to the most vulnerable groups including their ability; or lack thereof -- to participate; and benefit from; the changes. Integrated policy approaches are vital to ensure equitable outcomes -- including sustained investments in skills for youth and women.

**Structural transformation should also help LLDCs to transition to low carbon and more environmentally sustainable and resilient economies in line with the SDGs.** This transformation is critical in order to **respond to the climate emergency we now live in** -- and to **address major environmental challenges** such as the acceleration in the loss of global biodiversity.

**Transformation in the international context**

It is clear that there is a need to align efforts by governments, private sector and civil society in a “whole of government approach” to change the growth trajectory of national economies. In particular, **the support of the international economy is critical to facilitate access to “enabling” finance and technologies, among others. Deepening economic integration will go hand in hand with structural transformation in most LLDCs.**

And reducing trade costs and facilitating connectivity are crucial. Integration in world trade has been facilitated by the expansion of global value chains which allows developing gain more benefits from their participation in world trade.

At the same time, we must be aware of both the risks and opportunities brought by the tremendous and rapid changes produced by the so-called “Forth Industrial Revolution”. They include the adoption of digital technologies such artificial intelligence, blockchain and 3D printing. **Or as UNDP’s new Human Development Report highlights, we also need to avoid a “new great divergence” in our societies** driven by artificial intelligence and digital technologies. There is historical precedent for technological revolutions to carve deep, persistent inequalities -- as took place in the Industrial Revolution. But how we adopt and use
new technology is on our hands, and it can be guided to be a force for human development progress.

LLDCs must also be supported to pivot to respond to the challenges of climate change -- which brings risks for global value chains. For instance, highly traded and labour-intensive value chains which many developing countries have used as a “springboard” for light manufacturing and job creation are most likely to be highly disrupted.

With this in mind, regional integration offers tremendous opportunities to developing countries to harness trade integration for structural transformation.

The entry into force of the Africa continental Free Trade Agreement (AfCFTA) is a case in point: central Africa is one of the least connected regions in the world and the agreement opens opportunities for better integration at a continental scale. If successfully implemented, the agreement will connect 1.3 billion people, create a US $3.4 trillion economic bloc, and accelerate commerce within the continent itself.

While their geography cannot be changed, LLDCs and partners can work together towards turning location into opportunities through integrated policy approaches and strong partnerships.

The Need to Accelerate Action and UNDP’s Added Value

As we enter the crucial Decade of Action for the Sustainable Development Goals, UNDP is committed to continue working alongside partners in LLDCs to help address their unique development needs and seize opportunities to accelerate sustainable development.

To take just one example, we have just rolled-out launched 60 UNDP Accelerator Labs serving 78 countries to do development “differently”. The Labs seek to identify local solutions which can then be scaled-up quickly. This might be a farmer discovering a new way to irrigate his crops or a woman inventing a way to channel solar energy for cleaner fuel. We are delighted that 18 LLDCs are involved in this exciting initiative.

We are also stepping-up our efforts in facilitating access and aligning public and private finance with the SDGs. Through our SDG Finance Sector Hub, UNDP will lead the process of transforming global financial systems, aligned behind the UN Secretary-General’s Roadmap for Financing the 2030 Agenda, and will support teams across the organization in scaling-up their work on financing the SDGs.

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In particular, UNDP’s flagship **SDG Impact** initiative will provide businesses and investors with much-needed country-level data and **SDG investment roadmaps**. The initiative spells out the need for investors and companies of all sizes to *adapt* and *transform* their core business strategies to deliver financial, social and environmental performance, and to use the SDGs as the basis for engaging in untapped markets, generating investments in developing countries, including LLDCs, and navigating risks and opportunities.

Such initiatives are a crucial part of the drive towards introducing innovative financial models and leveraging more effective resources -- from governments, international financial institutions and even private sector partners -- to help advance **structural economic transformation in LLDCs**.

Closing

The Mid-Term Review of the LLDCs helps to focus our attention on their unique needs and circumstances as we enter the Decade of Action for the SDGs. And it is clear that **integrated policy approaches, cooperation and innovation are vital** as we work towards Vienna Programme of Action and the SDGs.

In this respect, the United Nations Development Programme is **proud to closely work alongside partners in the LLDCs as we come together to achieve these milestones.**