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**(Item 5) and UNCTAD's contribution to the
implementation of the Istanbul Programme
of Action for LDCs: First progress report**

General statements by member States
Speaker: Nepal

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Remarks made by H.E. Mr. Shanker D. Bairagi, Permanent Representative of Nepal, at the panel discussion on UNCTAD's contribution to the implementation of the Istanbul Programme of Action for the LDCs at the 59th session of the Trade and Development Board of UNCTAD September 21, 2012, Geneva.

Mr. President,

Excellencies,

Deputy Secretary General of UNCTAD,

Distinguished delegates:

I sincerely thank UNCTAD for the opportunity given to speak on UNCTAD's contributions to the implementation of the Istanbul Programme of Action adopted by the Fourth UN Conference on LDCs.

I thank UNCTAD secretariat for excellent documentation for the discussion.

Mr. President,

Assessment of LDCs' economic performance in the last decade should serve us useful lessons to scale up collective efforts in the decade to come. Key lessons are:

- LDCs were not able to: a) achieve structural transformation in their economies; b) register productive and sustainable growth; and c) make much progress in reducing poverty.**
- Their vulnerability to external shocks has not been reduced. Instead, their vulnerabilities have increased in the wake of multiple yet interrelated crises.**
- Both actions at national level as well as international support measures did not match up their overwhelming development needs and challenges.**
- Economic growth in LDCs was uneven and inconsistent. Besides, growth has not resulted in productive employment generation and failed to make substantial progress in poverty reduction.**

- LDCs' share of trade increased but remained close to mere 1 per cent – excluding trade in oil the figure stands at 0.53 per cent.
- FDI increased significantly to contribute as much as a quarter of LDCs' fixed capital formation, but it was largely concentrated in extractive industries.
- More than half of LDCs population lives on less than one dollar a day. There are growing concerns that LDCs are likely to become the major locus of extreme poverty in the world as concentration of poverty is shifting towards these countries.

UNCTAD's prediction of domestic growth as well as international support measures for LDCs is not encouraging at least in medium term. The declining trends in ODA and FDI pose a serious challenge. Against the IPoA target of achieving 7% average annual growth rate in LDCs, the actual growth is predicted to remain at 5.8%.

Based on the lesson learned from the experiences of the implementation of past programmes of action, the IPoA underlines that a more strategic, comprehensive, and sustained approach based on ambitious, focused and realistic commitments is required to bring about structural transformation in LDCs and ensure their development.

The strength of the IPOA lies in:

- Being optimistic and ambitious in articulating a concrete and time bound objective of enabling half of the LDCs to meet the criteria for graduation by the end of the decade,
- Highlighting the conviction that LDCs' development is a moral, economic and political imperative as well as a shared goal and responsibility for the global community. It is premised on the framework of renewed and strengthened global partnership. (Accordingly, the document identifies 16 joint actions, 126 actions by LDCs, 109 by development partners.) Development partners have expressed commitment to provide enhanced support measures,

- **Emphasis on ownership by all:** LDCs have committed to integrate the IPoA in their respective development plans and development partners have pledged to integrate it in their development cooperation strategy. Likewise, all UN organizations and other multilateral institution have been invited to integrate the IPoA in their respective programmes and works,
- **Strong focus on building productive capacity:** Recognizing the lack of productive capacity as a major constraint in the process of economic diversification, the IPoA underlines in stronger terms the need of building a critical mass of viable and competitive productive capacity in agriculture, manufacturing and services,
- **Last but not least, identifying the need of follow-up monitoring of implementation at all levels.**

Mr. President,

On the one hand, we have devised an ambitious programme of action and on the other, the prevailing international environment appears not so encouraging. Against this backdrop, our major concerns today are:

- **how we act to overcome all the structural impediments and challenges to ensure successful implementation of the IPoA with LDC's limited resource capability;**
- **how we can achieve in one decade the quantitative goal bigger than what we managed to achieve in three decades (Just 3 LDCs graduated in past 30 years and 7 more have met the graduation criteria);**
- **how we can avoid witnessing yet another lost decade for the LDCs;**

To overcome the challenges, LDCs should devise and implement effective national policies and actions and capable institutions to deliver them. In the meantime, their efforts have to be strongly complemented by scaled-up, robust and streamlined international support measures delivered in a consistent, coherent and predictable manner.

Mr. President,

Let me briefly touch on UNCTAD's role.

We all are quite familiar with what UNCTAD has doing for LDCs over the years:

- **It is with the pioneering works of UNCTAD in its early years that LDC issues came to the forefront of international development discourse.**
- **UNCTAD's advocacy played a major role in the creation of LDC category of countries in need of focused and prioritized international support.**
- **In successive UN conferences on LDCs, UNCTAD played an important role and contributed substantively in devising programmes of action.**

With its expertise, experiences and central place on the development agenda, UNCTAD, in collaboration with other relevant UN-System agencies, can play a preeminent role in guiding the process of implementation of IPoA in a coordinated manner. The Istanbul Programme of Action has mandated UNCTAD with a special role in addressing the challenges faced by LDCs. Given its broader mandates, there is hardly any goal and target in the IPoA where UNCTAD cannot contribute as a researcher, advocate or provider of technical assistance. The question is, therefore, not where UNCTAD can work and where not, rather it is one of the prioritization.

UNCTAD has been doing valuable works to support LDCs by:

- **Bringing LDCs specific issues and agenda in the forums for intergovernmental consensus;**
- **Publishing flagship LDC reports;**
- **Conducting research and policy analysis as well as country case studies on selected thematic or sectoral issues of interest to LDCs; and**
- **Providing various technical cooperation and capacity building supports.**

UNCTAD needs to build on the useful works it has accomplished and focus on the areas where it can scale up its contributions.

Graduation of LDCs is at the core of the IPoA. All its goals and targets are centered on enabling the LDCs to graduate from the LDC category. To contribute in the process, UNCTAD can undertake a comprehensive study on the adequacy of the existing goals and targets. Based on the study, UNCTAD

can recommend the ways and means to meet the existing goals and targets as well as further concretizing them and suggesting additional goals and targets if needed. This will serve as a useful substantive basis for discussion during the midterm review of the IPoA.

(Existing major quantitative goals include:

- attaining the economic growth rate of 7 per cent;
- ensuring 100 per cent Internet access by 2020;
- allocating 10 per cent of the national budgets of LDCs for agriculture;
- doubling the share of LDC exports in world export by 2020;
- reducing by half the proportion of people without access to safe drinking water by 2015;
- fulfilling the special official development assistance targets (0.15–0.20 per cent of gross national income of developed countries) to LDCs etc.

Existing qualitative targets that need concretizing include:

- Increase significantly the value addition in natural resource-based industries paying special attention to employment generation
- increasing the primary energy supply per capita to that of developing countries;
- eradication of hunger;
- increasing access to secondary; tertiary and vocational education and skill development training;
- elimination of gender disparities;
- promoting full and effective participation of youth in society and in the decision-making process and
- ensuring equal access of women and girls to education, basic services, health care, economic opportunities and decision-making etc).

UNCTAD should continue working on the preparation of the vulnerability profiles of the identified country to facilitate graduation process. As mandated by Doha Outcome, UNCTAD should also assist graduating LDCs by helping to devise strategy for smooth transition and by conducting studies on post-graduation challenges.

The followings are some of the areas where LDCs expect UNCTAD's important contributions:

- 1. UNCTAD should conduct a detailed study on the magnitude of impacts of the multiple crises on LDCs' development and recommend the ways for building their resilience – it can build on its previous studies. (LDCs continue to be vulnerable to a variety of shocks, including food, fuel, financial and economic crises, and natural disasters as well as adverse impacts of climate change (para 94). They are least able to withstand these multiple crises).**
- 2. Economic growth in LDCs has not resulted in generation of productive employment. UNCTAD should take up the issue of value addition and conduct a study on how LDCs can increase value addition in natural resource-based industries and generate employment for poverty eradication. (para 29 h and 45 a).**
- 3. LDCs are not the countries with homogenous attributes. Each of them has specific geographical constraints and the nature and structure of their economies are not the same. One-size-fits-all approach will not work in such diversity. Here, country-specific study by UNCTAD on building productive capacity would be helpful.**
- 4. UNCTAD can also undertake a study and make recommendations on initiatives to be taken to strengthen capacities and the productivity of SMEs in LDCs (55 2 b).**
- 5. UNCTAD should focus its study on how quantity, quality and predictability of resources can be ensured; how resources can be channeled to productive sectors and how LDCs can use the dedicated regional and global facilities and mechanisms (26 j). Equally important to be addressed in this context is the question of policy coherence and consistency of the international economic, financial and trading systems (29 b)**

6. UNCTAD can advance intergovernmental discussion on how the balance between the role of State and market should be maintained to allow LDC governments to fulfil their developmental role. (29h).

7. UNCTAD should contribute to a joint gap and capacity analysis on science and technology with the aim of establishing a Technology Bank and Science, Technology and Information supporting mechanism to support the promotion of science, technology and innovation in LDCs (para 52).

8. On commodities, UNCTAD can suggest policy options to reduce price volatility and maintain greater transparency in commodity markets and free movement of food supplies (60 1 c).

9. On trade, UNCTAD should undertake comprehensive studies on:

a. Impacts of trade restrictions and trade distorting measures on LDCs' trade;

b. The extent to which LDCs have benefitted and can further benefit from the existing S & D facilities including DFQF and

c. What could be the further enabling factors to promote LDCs' exports to enable them to be effectively integrated into global economy?

UNCTAD should also contribute through intergovernmental consensus building on facilitating greater market access and eliminating the trade-distorting measures, including in agriculture, which have negatively affected LDCs' trade.

It can support to enhance LDCs' capacity to meet standards and technical regulations requirements through technical assistance (66 1 a b).

It should continue supporting the LDCs acceding to WTO in building their trade negotiating capacity as well as meeting commitments by those LDCs are members to WTO.

10. LDCs expect to benefit from UNCTAD's expertise in helping LDCs devise a strong national resilience strategy to overcome external shocks generated by multiple global crises. (para 96).

11. Building on its existing support to LDCs on debt management, UNCTAD can explore the possibility of identifying new and improved debt instruments and innovative mechanisms aimed at reducing LDCs' external debt burden (118 3 c).

12. On investment, continuing its important current works, including publication of investment policy reviews of individual LDCs, UNCTAD should undertake a comprehensive study on FDI saturation in LDCs. Such study should explore three major questions:

a. How LDCs can create appropriate domestic environment to attract more FDI;

b. What incentives developed and developing countries can provide to encourage their private sector to invest in LDCs; and

c. How such investment can be channeled to productive sectors (120).

13. UNCTAD could build on its study on South-South cooperation for LDCs development in line with the provisions of IPOA. It should also conduct further on the benefits and challenges of regional integration to foster productive capacity and promote economic diversification of LDCs.

In addition to working on the specific sectors highlighted above, UNCTAD's role remains vital in sensitizing the governments both in LDCs and their development partners about the need for fulfilling their respective commitments made in the IPoA. As the coordinator of inter-agency cluster for trade and productive capacity building, UNCTAD's role in mobilizing coordinated delivery of support is important to contribute to the realization of the primary objective of IPoA. UNCTAD should continue its contribution to advancing the implementation of the Aid for Trade initiative for the benefit LDCs and focus on intergovernmental consensus building on the need of scaling of resources and simplifying the procedures for channeling resources under Aid for Trade.

UNCTAD will not be able to accomplish the above tasks in the absence of adequate resources. We call upon donor to provide necessary resources to UNCTAD LDC Trust Fund to carry out LDC specific activities.

We thank UNCTAD for organizing a number of high level events focused on LDCs during the UNCTAD XIII, which helped to sensitize LDCs' special developed needs and concerns.

It should continue to advocate to mainstream IPoA agendas in all ongoing and future development process and discourse at global level.

Thank you for kind attention.