

Sixty-fifth session of the Trade and Development Board

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Item 8: Activities of UNCTAD in support of small island developing States and in support of landlocked developing countries

Mr. Chairman, Distinguished Delegates, Ladies and Gentlemen,

It is a pleasure for me to introduce item 8 of the agenda: Activities of UNCTAD in support of small island developing States (SIDS) and landlocked developing countries (LLDCs). The annual session of the Board, last year, considered UNCTAD's work on SIDS. This year, the Board's deliberations are on our activities in support of LLDCs. It is important to note that this is the first time that the deliberations of the Board focus exclusively on complex development challenges facing the landlocked developing countries (LLDCs). The outcome of the Board's deliberations either in the form of summaries or agreed conclusions will feed into mandated reviews of the VPoA, including the Mid-term Review.

Ladies and Gentlemen,

There is growing awareness and political will to address the challenges facing LLDCs. The Almaty and the Vienna Programmes of Action are clear demonstrations of the commitment of the international community to support the development efforts of LLDCs. The Vienna Programme of Action, agreed in

2014, sets out a series of priorities to effectively address the problems of LLDCs. What however is lacking is the full and effective implementation of agreed priority areas and this has contributed to the weak and fragile economic performance of these countries since the adoption of the VPoA in 2014.

- Economic growth, which had been a healthy 7% for several years, slowed down to 5.6% in 2014 and down to 2.8% in 2016;
- In per capita terms, this meant that GDP grew only 0.4% in 2016;
- The share of LLDCs in global trade – instead of increasing substantially as aimed at in the VPoA – decreased by 25%, from 1.2% of global trade in 2013 to 0.9% in 2016;
- ODA flows to LLDCs are either stagnated or showed declining trends over the recent years;
- FDI flows to these countries, which have shown a sharp fall in 2015 have continued to decline in subsequent years: and
- On fostering productive capacities and structural economic transformation, UNCTAD's work shows that LLDCs lag behind other developing countries, including transit developing countries.

These negative trends put the ability of LLDCs to achieve the goals of the VPoA, as well as the wider Sustainable Development Goals (SDGs), at serious risk. There is, therefore, a renewed urgency for enhanced efforts by all stakeholders –

LLDCs, transit countries and development partners – to fully and effectively implement the priorities of the VPoA.

Mr. Chairman, Ladies and Gentlemen

As you would note from the background report, UNCTAD has been working across its three pillars to help LLDCs to implement the VPoA. These are also realigned with the five priority areas agreed in the VPoA, covering fundamental transit policies; infrastructure, including energy; international trade and trade facilitation; regional cooperation and integration; and structural economic transformation. The last two sections of the report also include our reflection on the Mid-term review of the VPoA, lessons learned and policy recommendations for the consideration of member States.

At this juncture I would like to highlight three main policy lessons to be drawn from the implementation experience thus far. These are:

First, overdependence on primary commodities exports has increased socio-economic vulnerability in LLDCs. This calls for concerted efforts to build economic resilience in these countries by fostering productive capacities and structural economic transformation. However, building productive capacities and enhancing structural transformation are not straightforward or easy to achieve. Fostering such capacities can only be achieved through a long and complex processes. These include building human and institutional capacities in policy

formulation and implementation, fostering capital accumulation, and enhancing innovation and technological progress.

Second, its critical to implement commitments and priorities agreed in the VPoA as part of an overall domestic development policies and strategies.

Finally, where we observed consistent and sustained progress toward the goals of the VPoA, is linked to multilayered and integrated activities as well as enhanced partnership. such activities combine well managed, homegrown and effectively implemented domestic policies, substantial international support measures and robust flows of external development finance such as FDI, remittances and ODA.

Thank you for your kind attention