THE LEAST DEVELOPED COUNTRIES REPORT 2019

The present and future of external development finance – old dependence, new challenges
Mr. Paul Akiwumi
Director
Division for Africa, Least Developed Countries and Special Programmes
UNCTAD

Trade and Development Board
69th Executive Session

Geneva, Switzerland
5 February 2020
Key Messages

- ODA flows are insufficient to meet the needs of LDCs
- LDCs must play a leading role in coordinating external finance
- Sources of external finance and LDCs should agree and implement a new aid effectiveness programme
ODA flows are insufficient to meet the needs of LDCs

Challenges with ODA

Disbursement rates

**ODA FLOWS TO LDCs**

*Average Disbursements Growth Rate*

- **Brussels Programme of Action**: 7% (2% in Istanbul Programme of Action)**
ODA flows are insufficient to meet the needs of LDCs

Challenges with ODA

Volume gap

Contrary to donor pledges & The investments needed for LDCs to meet the SDGs

If donors had met target 17.2 in 2017, LDCs would have received an additional $33–58 billion
ODA flows are insufficient to meet the needs of LDCs

Challenges with ODA

- More partners
- Greater fragmentation
- Increasing complexity, difficult coordination
ODA flows are insufficient to meet the needs of LDCs

Challenges with ODA

Less concessional and more complex aid instruments lead to rising debt stock

Challenges with ODA

The need to improve aid allocation

LDCs must play a leading role in coordinating external finance
LDCs must play a leading role in coordinating external finance

ODA delivery complicates fiscal management in the LDCs

...and risks contributing to a domestic brain drain
Challenges of private development cooperation

For example:

- Blended finance
- Little alignment with national development goals
Implementing a new, comprehensive aid effectiveness programme

Actions by LDCs on national coordination of external finance

- Strengthen State capacity
- Implement aid ownership, and reinforce aid alignment, and mutual accountability
I. LDCs need to take a more proactive role to ensure that external finance from all sources is directed to national development priorities

- Improve aid coordination
- Adopt mechanisms for efficient disbursement and preserve fiscal space
- Align aid with national development plans
II. Actions by the international community in support of LDCs

- Strengthen technical support to LDC governments, aligned with their national development priorities

- Traditional donors should adhere to commitments reaffirmed in the SDGs

- Ensure adequate representation and effective voice for LDCs in multilateral discussions on *systemic issues*
A new aid effectiveness programme

Will allow LDCs to steer the processes of structural transformation and achieve sustainable development
Thank you

Coming soon:

LDC V