

**STATEMENT DELIVERED BY MALAWI ON BEHALF OF THE LEAST DEVELOPED COUNTRIES (LDCS) AT THE 73<sup>rd</sup> EXECUTIVE SESSION OF THE TRADE AND DEVELOPMENT BOARD – 13 FEBRUARY 2023**

**Item 3 – The Least Developed Countries Report 2022: The Low-Carbon Transition and Its Daunting Implications for Structural Transformation**

President of the Trade and Development Board Ambassador Bahtijors Hasans,  
Secretary-General of UNCTAD Ms. Rebeca Grynspan,  
Excellencies,  
Distinguished delegates,  
Ladies and gentlemen,

**Mr. President,**

The Trade and Development Board holds its first Executive Session of 2023 in times that are very challenging for the least developed countries. The LDCs have been battered by the succession of crises: the COVID-19 pandemic, the slowdown of the world economy, the worldwide effects of the conflict in Ukraine and the ensuing explosion of the prices of food and energy, the sharp rise in interest rates of developed countries, and the rising level and cost of our external debt. Independently of how the decade continues from now onwards, it has started with our countries experiencing some ten years of backtracking on development, be it in terms of its previous achievements on poverty, health, education or wellbeing of our populations.

Given this extremely adverse start of the decade, the outlook for the remainder of the 2020s and for the realization of the Sustainable Development Goals do not look promising.

The Group of Least Developed Countries commends UNCTAD for the publication of The Least Developed Countries Report 2022 – The low-carbon transition and its daunting implications for structural transformation. It is very timely and highlights several issues that

are critical for the outlook for LDCs' reaching their development goals in the near future, but also in the long term.

**Mr. President,**

In addition to challenges highlighted above, LDCs are in the front line of the climate crisis. By their classification LDCs are the most environmentally vulnerable with instability in agriculture and falling victim to natural disasters. As highlighted in the report, LDCs are disproportionately affected by the negative consequences of climate change. They account for less than 4% of global greenhouse gas emissions, and yet they are on the most affected, in addition, the LDCs are the least equipped to deal with the adverse consequences of climate change or to bounce back when economies and societies are hit by external environmental shocks.

The report presents original findings on programmes and measures adopted by systemically relevant trade partners which make use of trade policy instruments to reach their environmental goals. Given the global and systemic nature of international trade and of global value chains, such measures are likely to affect LDCs either directly or indirectly even if we are initially directly exempt from compliance.

Such measures may have the unintended consequence of hampering our exports, competitiveness and structural transformation and thereby slow down our process of attainment of the sustainable development goals. LDCs are the least prepared to adapt to these significant changes of regulation and trade policy.

We therefore call on our development partners to adopt positive measures to assist our countries to upgrade our productive capacities and our institutional capabilities in both the public and the private sector. This will allow us to better adapt to the changing international trade conditions.

In this context, we call upon increased support to UNCTAD to continue undertaking the analysis of the consequences that environmentally-motivated trade policy measures of the type that are

being planned by our trade partners may have on our economies and our prospects for sustainable development. This is at the very heart of the mandate of the organization.

**Mr. President,**

Concerning the global transition towards a low-carbon economy, LDCs have taken a pro-active stance in multilateral climate negotiations. Many of our countries have made bold commitments which are out of proportion to our residual responsibility for climate change. We therefore expect our development partner to take these commitments into account and consider the “development dimension” as we partner towards attainment of sustainable development. We further call for cooperation in the area of financing costs related to loss and damage from fast-onset events related to climate change.

The report proposes the framework of sustainable structural transformation, which we find very fruitful. This should be a guiding principle for the development policies in place in the LDCs in the path towards sustainable development. In order to successfully embark in the sustainable structural transformation, which will need to revamp our economies, societies, but also our environment.

The report rightly points to the fact that in order to, undertake the successful and timely sustainable structural transformation, LDCs need to adopt pro-active policies geared towards that end, but will not be able to successfully do so without the active and decisive support of our development partners. This support is especially required in the fields of financing for development, building our technological capabilities and strengthening our institutions.

In the case of finance, for example, the principles of additionality of climate finance with respect to development finance needs to be upheld. Within the domain of climate finance, balance between climate mitigation and adaptation needs to be implemented. For the time being, none of these principles is being achieved.

Therefore, we call our development partners to progress in these directions.

The Group of least developed countries including the newly graduated, expects to receive stronger and more decisive support from its development partners, especially in the fields of finance, technology and capacity-building. There are two main reasons for this. First, it is an implementation of the principle of common but differentiated responsibilities and respective capabilities, and the recognition of the very marginal responsibility of LDCs for climate change, but also our limited capabilities to deal with the adverse consequences of climate change. Second, such strengthened support is a recognition of the bold commitments that LDCs have already made. In order to reconcile our environmental and developmental goals, we need to be accompanied by our development partners.

Next month, global policymakers will gather in Doha, Qatar, for the Fifth United Nations Conference on the Least Developed Countries. The LDC Group looks forward to a productive UN-LDC5 Conference, and to UNCTAD's active contribution to it. We hope that the international community will translate its commitments to the LDCs by means of concrete initiatives and programmes to avoid the 2020s being a lost decade for our countries.

I thank you, Mr. President.