

Trade and Development Board – 67th Executive Session

4–6 February 2019

Speaking notes for the ALDC Director

Paul Akiwumi

- *The Least Developed Countries Report* has for several years been presenting the research and policy analysis done by the Division for Africa, Least Developed Countries and Special Programmes as it focuses on the building blocs required by LDCs to reach their development goals. This refers especially to the goals enshrined in the Istanbul Programme of Action and in Agenda 2030. The report has argued and shown that the way for these countries to reach their development goals is to develop their productive capacities and thereby achieve the structural transformation of their economy.
- In recent years the report has been dedicated to sustainable energy, transforming rural economies, and employment, all of which are elements which contribute to structural transformation of LDC economies and, hence, to their reaching their development goals. We have thus selected critical issues on the domestic and international economic agenda as themes of our report.

- The most recent issue of *The Least Developed Countries Report* presents another one of those building blocks of LDCs' path to development, namely entrepreneurship. As shown by the publication, entrepreneurship provides a micro-foundation of the development of productive capacities and of structural transformation.
- The international community has placed high hopes on private sector development as a driver of the process leading to the achievements of the goals and targets of Agenda 2030. Such thinking was translated especially in the Addis Ababa Action Agenda. The report shows, however, that we need to have a more nuanced approach to the potential for businesses to lead to sustainable development and, hence, to the SDGs.
- Not all enterprises can contribute equally to economic transformation. It is only a few firms that actually introduce new products and processes and grow dynamically to become middle-sized and large firms. These are the firms which actually lead structural transformation and for this reason the report terms them collectively "transformational entrepreneurship".

- Public support to firms should target transformational entrepreneurship, and avoid thinly spreading scarce resources among all of countries' firms. This policy orientation applies to LDCs, their partner countries and also the international community at large.
- Public support to enterprises needs to be not only targeted at the most dynamic firms, but also is needs to be sustained throughout the firm life cycle. It therefore has to be tailored to the changing needs and characteristics of firms along their growth trajectory.
- Entrepreneurship policies should incorporate two important elements. First, the selection of firms for support based on independent, transparent and accountable criteria. Second, the adoption of time-bound rewards, advantages and incentives, linked to performance and clearly communicated to stakeholders;
- Policies for transformational entrepreneurship should aim at establishing a balanced enterprise eco-system which includes firms of all sizes and types. Policies that do not recognize and leverage the disparate contributions of different entrepreneurial activities in an economy are insufficient to achieve structural transformation. A differentiated approach to entrepreneurial activity and entrepreneurship policy support is therefore required.

- Entrepreneurship policies need to foster linkages between formal and informal enterprises, and between firms of different sizes, stages of maturity and sectors, inter alia by means of business clusters, networking and alliances. Greater attention needs to be given to the development of domestic supply chains in both the tradables and non-tradables sectors, within an inter-sectoral linkages approach.
- Creating clusters of learning, innovation and creativity involving universities, schools, research and vocational institutes and experimental laboratories allows sustaining a flow of new ideas into firms throughout their life-cycle and enables the growth of transformational firms.
- The report shows that the entrepreneurial state has an entrepreneurial approach to development. It envisions and guides the direction of economic change, and undertakes mission-oriented public investments and actions that create and shape markets. It goes beyond “fixing” markets and ensuring a business-enabling environment. It is particularly pertinent to fostering entrepreneurship in LDCs.

- Apart from *The Least Developed Countries Report* series, the Division for Africa, Least Developed Countries and Special Programmes also works on other products and activities to the benefit of LDCs. In December last year we published the *Statistical Tables on the Least Developed Countries – 2018*, which present the most important economic and social data for this group of countries, including statistics of economic growth, trade, financial flows, foreign debt, employment.
- Our latest product for the LDCs is the publication titled *Selected Sustainable Development Trends in the Least Developed Countries 2019*. The publication focuses on economic growth, structural transformation, international transactions, resource mobilization and outlook for LDC economies. It reports the Division's analysis of how these current trends are contributing or hampering LDCs' progress towards some important SDGs and targets. We will present our latest publication later today.