

UNCTAD Virtual briefing for Ambassadors of LLDCs in New York and Geneva

An overview of UNCTAD's work in support of LLDCs

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Excellency, Mr. Magzhan Ilyassov, Permanent Representative of Kazakhstan to the United Nations in New York, and Global Chair of the Group of Landlocked Developing Countries,

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Excellencies,

Ladies and Gentlemen,

It is a great pleasure to welcome you to this UNCTAD Virtual briefing for Ambassadors of LLDCs in New York and Geneva. This is the first time that we are bringing together the New York and Geneva-based Ambassadors for such a briefing. We hope that this format can help strengthen the voice of LLDCs in a variety of UN processes.

I would like to use today's meeting to inform you about some of UNCTAD's ongoing work in support of the LLDCs. The aim is to facilitate an exchange of views on the key issues of interest to the group, particularly in the context of UNCTAD's upcoming Conference. UNCTAD 15 is currently scheduled for April 25th to 30th 2021 in Bridgetown, Barbados.

Excellencies, Ladies and Gentlemen,

Post- COVID -19 pandemic policies and strategies are dominating international discussions, and no doubt will feature heavily at UNCTAD 15. Beyond its tragic toll on human life and health systems, the crisis is threatening to undo decades of modest development gains. LLDCs are among the most vulnerable to the pandemic's devastating effects. The economies of most LLDCs remain driven by primary commodities, and their sustainability depends on continued global demand, commodity prices, and an overall development-friendly environment.

Unfortunately, the economic performance of LLDCs has lagged behind the goals and targets of the Vienna Programme of Action even before the onset of the pandemic. The COVID-19 shock highlighted the particular vulnerabilities of LLDCs, and threw them further off course. In April of this year, economic forecasts showed that LLDCs as a group would see a GDP contraction of 0.7% in 2020, compared to the 4.3% positive growth seen in 2019. This assessment has since been revised downwards.

The fall in the international prices of oil, natural gas and minerals since the pandemic began, has already had a devastating impact on LLDCs that depend on the export of extractive resources. The services sector has also been heavily affected: Indeed, tourism, travel, and hospitality – a major source of income for many LLDCs, has virtually collapsed. A similar picture is emerging for FDI and remittances, which are expected to contract by at least 20% this year.

Moving forward, the first priority for LLDCs – as well as for other developing countries – must be to mitigate the adverse effects of the pandemic. This will require significant investments in health systems and social safety nets. Recovery efforts are likely to put a lot of financial strain on countries who can least afford it, such as LLDCs. To address these challenges, UNCTAD has called for a series of measures, including a US\$ 2.5 trillion rescue plan for developing countries. This aims at improving the quality and quantity of ODA and placing a moratorium on debt service payments. While the G20 have agreed to a moratorium on official debt payments, this initiative should now be broadened in scope. It would also be important for private creditors to follow suit.

International development partnerships in support of LLDCs are critically important. However, there are some key areas that require cogent and robust actions by the LLDCs themselves. Let me emphasize two important areas.

- First, LLDCs should focus on capturing rents from natural capital and on fostering economy-wide productive capacities and productive transformation.
- Second, and equally important, LLDC governments should remove domestic “push factors”, particularly, high transportation costs. For instance, the road freight value chain in LLDCs is highly fragmented. There are too many actors (freight forwarders, tracking companies, insurers, and many others). Each of these stakeholders impose additional financial cost, as well as add extra administrative burdens and complicate logistics. Moreover, rules and regulations governing road freight are complex and lack transparency. There is an urgent need to harmonize road freight operations and remove distortions caused by inefficient logistics systems.

Excellencies, Ladies and Gentlemen,

Turning to post-COVID-19 policies, in UNCTAD’s view, short- term mitigation and containment strategies are absolutely necessary. However, all efforts should be made not to lose sight of the need to address the persistent development challenges facing LLDCs, as well as their root causes. In fact, the crisis was a wake-up call for LLDCs and other vulnerable economies. It exposed their long-standing vulnerabilities. The immediate priority must be to build lasting resilience to external shocks by moving away from commodities-driven growth, and towards building productive capacities for a more inclusive growth. Equally, there is a need to move away from current fragmented and project-based interventions, towards comprehensive and multisectoral programme formulation and implementation.

In this context, UNCTAD will continue to assist LLDCs in achieving their aspirations and national development objectives. Let me briefly update you on some of our recent work in support of the LLDCs:

First, with the aim to assist developing countries to foster their productive capacities, I am pleased to report that UNCTAD has finalized its work on the Productive Capacities Index (PCI). The PCI is not just a statistical exercise. Rather, it is a vital tool to assess gaps and limitations in domestic economies and guide policy intervention and action. The index is composed of 46 indicators along 8 core categories of productive capacities. These are: Natural capital, Human capital, Private sector, Institutions, Structural transformation, Transport, ICT, and Energy. My colleagues will provide you with an in-depth briefing on the index shortly. To complement our work on the PCI, we have developed an operational manual, and a publication, which specifically analyzes the state of productive capacities in LLDCs.

Second, we are currently developing country-specific frameworks for building productive capacities in Asian and African LLDCs (Azerbaijan, Kyrgyzstan, Uzbekistan, Botswana, Burkina Faso, Central African Republic, Chad, and Rwanda). The work aims to analyze the binding constraints facing each country in building, maintaining, and utilizing their productive capacities.

Third, UNCTAD is undertaking analytical studies to identify sectors of potential export interest in LLDCs. We are exploring the potential of bioprospecting and nutraceuticals in Azerbaijan, Bhutan, Bolivia, Burkina Faso, Ethiopia, Nepal, and Paraguay.

Fourth, we have continued our work on trade facilitation, focusing on the response to COVID. We issued guidelines for our customs automation software (ASYCUDA), which is installed in more than 100 countries on “Adapting the use of ASYCUDA World to the COVID-19 Situation”. UNCTAD further supports countries in all regions to deliver trade facilitation reforms, including implementation of the WTO Trade Facilitation Agreement, and regional and sub-regional agreements.

Finally, in the area of the digital economy, we have recently launched the e-Trade readiness assessments of Mali and Niger. We are also in the process of finalizing the e-commerce strategy of Rwanda. Many LLDCs are beneficiaries of the UNCTAD’s Investment Policy Reviews (IPRs) and Science, Technology and Innovation Policy Reviews (STIP Reviews).

These are only some of our activities that specifically favor LLDCs. I will now invite my colleagues to provide you with further information on our work on productive capacities before we open the floor for your interaction. I look forward to your active participation, and I hope your interventions will highlight how UNCTAD can best strengthen our support to the LLDC Group both in New York and Geneva.

Thank you very much.