



**European Union**

**Statement**

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**Agenda Item 2 – LDC Report 2018**

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**Statement by the European Union Delegation to the UN and other international  
organisations in Geneva**

**Geneva, 4 February 2019**

**- CHECK AGAINST DELIVERY –**

## **Item 2 – The Least Developed Countries Report 2018 – Entrepreneurship for Structural Transformation – Beyond Business as Usual**

Mr President, Secretary General, Excellencies, distinguished Delegates,

I have the honour to speak on behalf of the European Union and its Member States.

We **welcome UNCTAD's Report on the Least Developed Countries 2018** entitled “Entrepreneurship for Structural Transformation – Beyond Business as Usual” and wish to express our appreciation to UNCTAD, notably the Division for Africa and LDCs under Paul Akiwumi, for conducting this valuable research and analysis on entrepreneurship in Least Developed Countries.

Chair,

Paragraph 55(r), (t), 76 (c) and (o) of the Nairobi Maafikiano stipulates the **promotion of entrepreneurship**. The EU and its Member States are firm supporters of boosting entrepreneurship as a means of economic empowerment, in particular for women and youth. This is included in the framework of the EU's External Investment Plan that is on track to mobilize €44 billion for sustainable investment in Africa and the EU Neighborhood countries<sup>1</sup>, as well as in the EU's Emergency Trust Fund for Africa, which provided for 3.9bn EUR and already supports 178 programmes on the continent. Within the above, emphasis is given on investment climate and business enabling environment for the promotion of the entrepreneurship.

As a practical example, an EU guarantee ("NASIRA Risk-Sharing Facility"), the first of its kind under the EU External Investment Plan, will use €75 million of EU funds to leverage up to €750 million of investments for entrepreneurs in Sub-Saharan Africa and the EU's southern neighbourhood. This alone is expected to create up to 800,000 jobs and benefit those who usually struggle to access affordable loans, such as small and medium sized enterprises, internally displaced people, refugees, returnees, women and young people.

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<sup>1</sup> [https://ec.europa.eu/europeaid/news-and-events/european-unions-external-investment-plan-green-light-first-five-investment-areas\\_en](https://ec.europa.eu/europeaid/news-and-events/european-unions-external-investment-plan-green-light-first-five-investment-areas_en)

Further, EU ODA to LDCs in 2017 increased to 0.12% of GNI gaining back the level of 2013 after having remained at 0.11% for three consecutive years.

Chair,

We commend UNCTAD for specifically looking into the economics of "transformational" entrepreneurship in this regard. Rural development is presented as an "imperative", an analysis we concur with. An important aspect is also the inclusion of LDCs into Global Value Chains. Whether and how the potential opportunities offered by **global value chains** can help to stimulate the entrepreneurship needed to drive structural transformation is a critical development question for LDCs; the threshold for establishing a business are still much higher here than in other developing countries. While in **manufacturing**, LDCs are increasingly integrated into production networks linked to GVCs mainly related to **clothing production** in East Asia, **services** exports from LDCs are overwhelmingly concentrated in **tourism**; here, strengthening linkages with agriculture and creative or cultural sectors could be an effective strategy to promote entrepreneurship and structural transformation. Diversification however remains crucial.

We acknowledge that many **challenges to LDC entrepreneurship** still remain:

- Disproportionately high **entry costs** is another constraint, e.g. in 2015–2017, start-up costs in the median LDC were 40% of per capita income, compared with a world average of 26%.
- **Limited access to finance** from formal lenders constitutes an issue, too.
- **Lack of access to affordable and reliable energy** is yet another hurdle – see UNCTAD's last LDC report – with three out four firms in LDCs affected by recurring electrical outages.
- **Gender-based constraints** also arise, e.g. the requirement in some countries for a woman to have her husband's consent to start a business.

Each country has the primary responsibility for its own economic and social development and thus for pursuing policy solutions – of course with the support of an enabling international environment. **Possible policy solutions** elaborated by UNCTAD include harnessing entrepreneurship for structural transformation requiring policies to support and

sustain the type of dynamic and innovative enterprises that are central to structural transformation rather than promoting broad enterprise creation simply for its own sake. For this to happen there is **need for a clear differentiation** between enterprises, by size, nature and motivation; appropriate processes for gradual **formalization avoiding adverse impacts on the informal sector** should be promoted and facilitated; **special measures for women and youth entrepreneurs** may be beneficial; **entrepreneurship education policies** should be established that address both soft and hard skills. There is also an increasingly pressing need to **harness ICT and engage in the global digital economy**, too.

In this regard, **we appreciate UNCTAD's Entrepreneurship Policy Framework and Implementation Guidance**, which aims to support developing country policymakers in the design of initiatives, measures and institutions to promote entrepreneurship. It aims at identifying policy objectives and options in the form of recommended actions, and proposes checklists, case studies and good practices.

Finally, let me highlight that in 2017 the EU has adopted The New European Consensus on Development, entitled “Our World, Our Dignity, Our Future”, where the issue of entrepreneurship was specifically addressed. The EU and its Member States are committed to support developing countries in particular in increasing opportunities for youth entrepreneurs, and for digital entrepreneurship.

Mr. President,

Arguably, LDC development is crucial in achieving the 2030 Agenda. But we have to acknowledge once again that the Agenda must be implemented as a whole, not selectively. While recognizing that SDG 7 is an essential target in order to fulfill others, we must be careful not to become selective. After all, entrepreneurship is but one of many cross-cutting issues, where youth, gender equality, mobility and migration, climate change, investment and trade, good governance, democracy, the rule of law and human rights are equally essential issues that need to be addressed in order to reach all of the SDGs by 2030. The EU and its Member States will continue to provide the necessary support in these fields.

I thank you.