



**GROUP OF 77 & CHINA  
G E N E V A**

**Statement by His Excellency Mr. Nasir Ahmad Andisha  
Ambassador and Permanent Representative of Afghanistan on behalf of the  
Group of 77 and China at the 70<sup>th</sup> Executive Session of the Trade and Development Board –  
Item 2: The Least Developed Countries Report 2020: Productive Capacities for the New  
Decade**

*3- 5 February 2021*

President of the Trade and Development Board Ambassador Federico Villegas,  
Secretary-General of UNCTAD Mukhisa Kituyi,  
Deputy Secretary-General of UNCTAD Isabelle Durant,  
Director of the Division on Africa, Least Developed Countries and Special Programmes Paul  
Akiwumi,  
Excellencies,  
Ladies and gentlemen,

1. I have the honour to deliver this statement on behalf of the Group of 77 and China.
2. The Group of 77 and China would like to start by commending the UNCTAD Secretariat and in particular Director Akiwumi and his team for the recent publication of The Least Developed Countries Report 2020—Productive capacities for a new decade and for the presentation that was just delivered.
3. The analysis and empirical work contained in UNCTAD’s LDC Report 2020 constitute a major contribution towards understanding the root causes and consequences of weak productive capacities in the LDCs. The structural challenges faced by the LDCs pose significant barriers to the achievement of long term and sustainable growth and inclusive development. Our Group would like to echo the call made in the Report to build resilience through the development and strengthening of productive capacities, which is much needed to enable countries to better withstand exogenous shocks and boost their capacity to recover from them.
4. It is positive to note that, so far, LDCs have been able to weather the health aspects of the pandemic better than initially predicted. Nevertheless, the most vulnerable countries are, unfortunately, those that will bear the brunt of the medium and long-term impacts of the COVID-19 shock on trade, domestic production, and integration into the global economic system. In 2020, the COVID-19 pandemic led to the economies of LDCs experiencing their strongest economic shock in several decades. Such a shock resulted in a sharp economic downturn, brought about by the combination of a massive global downturn and the consequences of the domestic containment measures adopted by LDCs themselves.
5. The LDC Report 2020 forecasts that the pandemic will push LDCs in 2020 to their worst economic performance in 30 years, pushing an extra 32 million people back into extreme poverty. This is an alarming figure that reaffirms the concerns of our Group of years and decades of development gains being wiped out in days and weeks.

6. The policy recommendations contained in the LDC Report 2020 stress that action in the form of an investment push is needed to redress infrastructural gaps and support employment creation. Such push would be coupled with the adoption of forward-looking science technology and innovation policy frameworks and the introduction of industrial and sectoral policies to promote domestic value addition and productive linkages. We count on UNCTAD's technical expertise to support the implementation of such recommendations in the LDCs, as well as in other vulnerable groups.

7. The Group of 77 and China also recognizes and appreciates the extensive work carried out by UNCTAD in the development of the Productive Capacities Index, also referred to as PCI. This is a timely and innovative tool to measure and benchmark not only the overall level of productive capacities, but also their underlying determinants. The Index will help beneficiary countries and development partners to understand and review capacities for advancing towards sustainable development and achieving the SDGs.

8. The analysis of the LDCs' performance based on the PCI, as contained in Chapter 3, enriches the findings of the 2020 LDC Report. Measuring and benchmarking productive capacities globally reveals significant gaps, not only between developed and developing economies, but also among developing countries themselves.

9. Our Group commends UNCTAD for delivering on the request of ECOSOC, formulated through resolution 2017/29, for UNCTAD "to pursue its methodological work to measure progress in and identify obstacles to the development of productive capacities in developing countries".

10. The Group of 77 and China encourages UNCTAD to continue to provide support to developing countries, including the LDCs, LLDCs and SIDS to enhance the use and understanding of the PCI as a tool for benchmarking development progress in building, maintaining, and utilizing productive capacities. The PCI has the potential to support policy formulation and implementation in providing for the design of more effective programmes and strategies to achieve structural transformation and sustainable development. The delivery of UNCTAD's support directly in the form of technical assistance and country-specific programmes on productive capacities is a positive step forward that we welcome.

11. As the international community begins to ramp up action for the preparation of the Fifth United Nations Conference on the Least Developed Countries (UNLDC-5), which will take place in January 2022, our Group asks UNCTAD to continue to provide support to the LDCs in their preparatory processes for this Conference, and in the development of a new Programme of Action for the LDCs for the decade 2021-2031.

12. In this context, the Group of 77 and China encourages UNCTAD to develop a productive capacities-based framework for the next Programme of Action, to be considered by Member States. While the Istanbul Programme of Action (IPoA) proposed wide-ranging assistance, the reality for many LDCs has, unfortunately, fallen far short of the ambitious trade and development targets set. Productive capacities are cross-cutting and have a critical role in poverty alleviation, job creation, and structural transformation. The framework for the new Programme of Action should therefore place productive capacities at its centre.

13. One of the main targets of IPoA was to meet the graduation criteria by half of LDCs by 2020. Till date, four countries (Vanuatu being the latest) have graduated during this decade. 11 countries have already met graduation criteria and on the path of graduation. Another 15 countries have already met at least one criterion for graduation. Thus, graduation from LDC status has taken a new momentum. At this point of time LDCs need special attention of the members on future course

after graduation. Earlier the UNGA repeated its call (resolution 67/221 of 2012) that LDCs should be allowed to continue with LDC specific trade preferences and ISMs for a few more years after graduation for the sake of their smooth and sustainable transition. Post-graduation support mechanism for the LDCs should be an inevitable part for the next Programme of Action.

14. A different approach to the Programme of Action should facilitate a paradigm shift in an array of inter-related policies, such as those related to economic governance and institutions, macroeconomic and financial policies, and social development strategies. Targeted sectorial initiatives, strengthened by crosscutting policies and efforts to enhance infrastructure development, are also urgently needed. For the next Programme of Action to deliver on its targets, a focus on enhanced regional cooperation, and strengthened International Support Measures, should also be prominent features.

15. Such an approach will require enhanced commitment from the public and private sector, and a regional and global commitment to implement the coordinated policies and programmes needed for the LDCs to participate fully and thrive in the global economy over the next decade.

Mr. President,

16. The Group of 77 and China takes this opportunity to reiterate its wish for closer engagement with UNCTAD in the preparations for UNLDC-5.

Thank you.