



Statement by H.E. Archbishop Ivan Jurkovič, Permanent Observer of the Holy See to
the United Nations and Other International Organizations in Geneva at the
70th Executive Session of the UNCTAD Trade and Development Board
Geneva, 3 February 2021

Mr. President,

At the outset, the Delegation of the Holy See would like to thank the Secretary-General and the Secretariat for the Least Developed Countries Report 2020. As highlighted by the Report, the COVID-19 pandemic has strongly impacted LDCs because, collectively, they represent the world's most vulnerable economies.

More than 1 billion people live in the 47 countries presently designated as LDCs and despite their significant demographic presence, they account for less than 1.3% of the global GDP. This is aggravated by their very weak levels of resilience. They have the least financial and institutional means to react to external shocks such as the ongoing pandemic. The report forecasts that the pandemic will have pushed LDCs to their worst economic performance in 30 years in 2020, with falling income levels, widespread employment losses, and widening fiscal deficits. The number of people living in extreme poverty in the LDCs could rise by 32 million, pushing the poverty rate from 32.5% to 35.7%, thus limiting these countries' chances of achieving the UN's Sustainable Development Goals (SDGs).

The determination of poverty should not be limited to the sole category of "economic development". As Pope Francis has stressed: "Some economic rules have proved effective for growth, but not for integral human development. Wealth has increased, but together with inequality, with the result that 'new forms of poverty are emerging'. The claim that the modern world has reduced poverty is made by measuring poverty with criteria from the past that do not correspond to present-day realities... Poverty must always be understood and gauged in the context of the actual opportunities available in each concrete historical period."¹

In 2011, the Istanbul Program of Action (IPoA) identified several essential areas for development of LDCs including: infrastructure; energy; science, technology and innovation (STI); and private sector development. However, over the last decade, the long-standing marginalization of LDCs in international trade continued as the trade-in commodities faltered because of unfavorable commodity market conditions. With the IPoA projected to remain largely as "unfinished business" in 2021 and with the fallout from COVID-19

¹ Pope Francis, *Encyclical Letter "Fratelli tutti"*, n.21.

continually showing the structural vulnerabilities of LDCs, the centrality of productive capacities for sustainable development is increasingly apparent. It is necessary to formulate effective policies at all levels aimed at setting in motion the process of structural transformation through the gradual broadening, deepening and full utilization of LDC productive capacities. Advanced economies can help kick-start sustainable global growth by combining proactive fiscal policy, including spending on infrastructure, along with fair and supportive monetary policies. Such policies can also lead to efforts to regulate global and corporate financialization. In this way, least developed countries will be encouraged and enabled to build domestic demand, use regulation to protect themselves from the risks of financialization in their domestic contexts and protect their policy and fiscal space to manage any other unforeseen shocks.

Mr. President,

The social and economic consequences from the COVID-19 pandemic have once again revealed the long-standing weaknesses and asymmetries inherent in the prevailing system of multilateral trade and financial architecture. It also remains clear that the so-called “one size fits all” approach, that is a single pattern of structural transformation, is not applicable. As has also been recalled by Pope Francis “*each of those [less developed] countries should be helped to grow in its distinct way and to develop its capacity for innovation while respecting the values of its proper culture*”². The export-led growth approach risks reducing victims to a myth, especially in the current context, as it is not possible for all countries to simultaneously export their way out of recession. Hence, to be successful, strategies geared towards productive capacity development must address the context-specific realities of each LDC, as well as harness their own set of comparative advantages, and account for local political economy dynamics and structural characteristics. Thus, in shaping the economic recovery in light of the pandemic, we should ensure that trade-related international support measures aimed at facilitating the integration of LDCs into the global economy continue to be guaranteed. However, what is most important, looking towards the upcoming fifth UN Conference on LDCs, is that a technical and political process would be put in place to design a post-graduation incentive package for the countries leaving the LDC group in the coming years.

The ambition of the international community of leaving “no one behind” should be translated into effective actions that could help LDCs in their graduation and post-graduation process. To that end, we need to recognize that the degree of its realization depends on the willingness of States to act in solidarity and fraternity in building the common good.

Thank you, Mr. President.

² Pope Francis, *Encyclical Letter “Fratelli tutti”*, n.51.