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Agreed conclusions

UNCTAD's contribution to the implementation of the Istanbul Programme of Action for LDCs: Second progress report

(Agenda item 5)

The Trade and Development Board

1. *Expresses appreciation* for the report, entitled “UNCTAD's contribution to the Istanbul Programme of Action for the Least Developed Countries: Measuring and benchmarking productive capacities in the least developed countries”;

2. *Takes note* of its main findings, namely that diversification in the least developed countries (LDCs) has narrowed over the years, when judged by the merchandise concentration index; that the share of manufacturing in the national economies of LDCs remains low; that only two LDCs have a total primary energy supply per capita above the average of other developing countries; and that most LDCs still have to reach an investment–gross domestic product ratio of above 25 per cent;

3. *Acknowledges* that several LDCs have made important strides in some areas of building productive capacities, such as increasing public spending on education and increasing the allotment of gross domestic product to research and development, but that big challenges remain to be overcome in the areas of physical infrastructure, export diversification and value addition, access to finance, information and communication technologies and improving the overall business environment;

4. *Notes with concern* that the state of productive capacities in LDCs is subject to severe limitations and inadequacies, and that such weak productive capacities are causes and consequences of weak production linkages and a lack of diversification and value addition in their economies;

5. *Recognizes* the importance of using indicators to understand the state of productive capacities in LDCs and to enable them to undertake specific actions aimed at accelerating structural transformation of their economies and monitoring the results achieved;

6. While recognizing that the task of measuring and benchmarking productive capacities is complex and difficult due to the number of areas to be assessed and measured and a paucity of data, *welcomes* the UNCTAD secretariat's initiative in this field, as part of its contribution towards the implementation of the Istanbul Programme of Action for the Least Developed Countries and fulfilling the Doha Mandate as specified in paragraph 65(e), and encourages UNCTAD to enhance its consultations with Governments of LDCs with the objective of supporting them in using this analytical work to identify and address policy gaps;

7. *Stresses* the need for LDCs to undertake actions in order to improve the quantity and quality of data in LDCs, including building national statistical capacities and national monitoring mechanisms, with the support of UNCTAD and development partners in a position to do so;

8. *Encourages* national governments of LDCs to continue efforts to stimulate their domestic economic environment, mobilize domestic resources and facilitate the growth and development of the private sector;

9. *Encourages* development partners to continue to support LDCs in the area of building productive capacities in line with the Istanbul Programme of Action;

10. *Underscores* the importance of the exchange of experiences and best practices among LDCs, other developing countries and development partners, to provide a stronger base for building their productive capacity;

11. *Requests* UNCTAD, within its mandate and available resources, to enhance its analytical work aimed at developing performance measures and quantifiable indicators to measure economy-wide productive capacities, with a view to providing an operational methodology and policy guidelines on how to mainstream productive capacities into national development policies and strategies in LDCs.
