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Statement

by

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**Under-Secretary-General
and High Representative for the Least Developed
Countries, Landlocked Developing Countries
and Small Island Developing States**

**at the Africa Ten-Year Regional Review Meeting of
the Almaty Programme of Action**

Tuesday, July 16, 2013.

**United Nations Conference Centre - Room 2, ECA
Addis Ababa, Ethiopia.**

- **Honorable Ahmed Shide, State Minister of Finance and Economic Development, Federal Democratic Republic of Ethiopia**
- **Mr. Carlos Lopes, Under-Secretary-General of the United Nations and Executive Secretary of ECA**
- **H.E Dr. Anthony Mothae Maruping, the Commissioner for Economic Affairs at the African Union Commission.**
- **H.E. Mr. Saleumxay Kommasith, Permanent Representative of the Lao People's Democratic Republic to the United Nations and Chair of the Group of LLDCs**
- **Distinguished Delegates**
- **Ladies and Gentlemen**

It is an honour and pleasure for me to here and jointly host the regional review meeting, which is an important part of the intergovernmental preparatory process of the comprehensive global 10-year review conference on the implementation of the Almaty Programme of Action that was mandated by the UN General Assembly.

My Office is highly appreciative of the support and partnership from the Economic Commission for Africa (ECA) and I would like to express my heartfelt thanks to my colleague, Executive Secretary, Carlos Lopes for this excellent partnership. I also thank ECA for the excellent support provided not only for organizing this meeting but also for providing substantive support. I wish to recognize the contribution of the African Union Commission - a key partner in our common development efforts in Africa.

I thank the Government of Ethiopia, in particular, Minister Shide for their support and close involvement in LLDCs' issues and also as a bureau member in New York.

My appreciation also goes to Ambassador Saleumxay Kommasith, Permanent Representative of Lao People's Democratic Republic in New York who has so ably chaired the LLDC group and actively promoted the special needs of the LLDCs.

Most important, I would like to thank the participants from the landlocked developing countries, the transit countries and regional organizations for the great interest that you have shown in this important meeting. It is also wonderful to see so many of our colleagues from UN

system and other multilateral institutions who have joined us at this meeting.

Excellencies, Ladies and Gentlemen

We are having this meeting in Africa, a continent that is on the rise. All the studies within and outside of Africa show that there is optimism in the air, commitment on the ground and leadership and ownership of development. We are trying to make sure that these successes are shared by all and their potentials are fully harnessed.

Of the 31 LLDCs, Africa is home to half of the landlocked developing countries. The aspiration of each LLDCs is to reduce and eliminate poverty, achieve higher levels of wellbeing of its people and sustain economic growth. They are all making the best efforts – growth is accelerating, poverty is being addressed, and health sector is improving. We now have to make sure that this progress is sustained and made sustainable.

There are some fundamental constraints. Their geography, small domestic purchasing power, remoteness from markets and lack of direct territorial access to the sea ports puts them at a disadvantage in harnessing their full potentials to support their sustainable development efforts. Landlocked developing countries also lack the necessary financial and technical capacities to overcome the geographical handicaps. This is the reason why landlocked developing countries need a very strong partnership with transit developing countries and a global partnership, together with special measures and support that could assist them to end their marginalization in the international trading system and promote inclusive and sustainable development.

The Almaty Programme of Action adopted in 2003 sets the parameters for this partnership with clear undertakings in transit policy issues, infrastructure development and maintenance, international trade and trade facilitation and international support measures, follow-up and implementation. Since then while a lot has been accomplished, much more needs to be done to establish a firm foundation for development in these countries. It is in that broad context of opportunities and challenges, potentials and constraints that we are looking at the issues of LLDCs.

We are now near the end of ten years of implementing the Almaty Programme of Action - a crucial milestone for the landlocked developing countries. We now have this opportunity to take stock of the

achievements, share our concerns, best practices. The preparations for the Ten-Year Review Conference are underway and are progressing well in three main tracks including: the intergovernmental track; the UN Inter-Agency track; and the Private Sector track.

Under the inter-governmental track, the LLDCs were invited to prepare national reports and as of now 14 LLDCs have submitted their national reports. In view of the importance attached to this exercise, I strongly encourage the rest of the Member States to prepare and submit their national reports.

The regional review meetings are being held in close collaboration with the UN Regional Commissions. The Euro-Asia Regional review meeting was convened in March this year in Vientiane, Laos and adopted the Vientiane Consensus that presents an assessment of the implementation of the Almaty Programme in the region and provides proposals for the next development decade. The Regional Review Meeting for Latin America is being co-organized with ECLAC and will be held later this year.

The UN Inter Agency track and substantive preparations are led by the OHRLLS through the UN Inter Agency Consultative Group that comprises key UN system, international development and financial institutions and other regional organizations. The Group has already held three consultative meetings on the preparatory process of the conference while organizing many relevant thematic pre-conference events.

We have also already successfully held a number of the pre-conference events, including the thematic meeting on International Trade, Trade Facilitation and Aid for Trade held in September 2012 in Almaty back to back with the Fourth Meeting of Ministers of Trade of Landlocked Developing Countries; the Brainstorming Meeting on the priorities for a new development agenda for the LLDCs held in March this year; the Transport Development and Trade Facilitation pre-conference event organized in collaboration with the World Bank and held in June; and on 3 July 2013, in the sidelines of ECOSOC High Level Segment, in Geneva, we organized a side event on “Renewing Global Partnerships for Connecting LLDCs to World Markets”.

With regard to the private sector track, I would like to underscore the importance of their involvement in the preparatory process. The private sector is a major player for achieving sustainable development and structural transformation in LLDCs. Most of the traders are part of the

private sector. It provides important services including freight forwarding, insurance, transport, banking services etc. The private sector is also an important source of both domestic investment and foreign direct investment and crucial for formation of public-private-partnerships especially on infrastructure development. It is therefore important that the views of the private sector be considered and reflected in the preparatory process and at the conference in 2014. A steering committee has been set up to oversee the activities of the Private Sector that will culminate with an Investment Forum, to be held as a high level event at the Conference in 2014.

In accordance with the General Assembly resolution 67/222, there will be two sessions of the intergovernmental preparatory Committee of two-day durations that will be held in 2014.

Excellencies, Ladies and Gentlemen

I will now highlight a brief overview of the progress made by LLDCs and the key challenges that they face.

Since the adoption of the Almaty Programme of Action, the LLDCs as a group have achieved higher annual rates of economic growth, which averaged 6.6% between 2003 and 2007 but slowed down to 3.6% in 2009 because of the global financial and economic crisis. While their average growth rate in 2011 was 6%, half of the LLDCs recorded a growth rate of less than 5%. In addition, 90% of the African LLDCs have a low per capita GDP of less than US\$1000 in real terms.

On the social development front, although landlocked developing countries have experienced a positive trend in the Human Development Index since 2003 and have made advances on some MDGs much more needs to be done. Poverty levels are still high in landlocked developing countries. In half of the landlocked developing countries the proportion of the population living under \$1.25 per person per day is much higher than other developing countries. Progress is also slow on reducing hunger, child and maternal mortality, and improving access to sanitation.

Furthermore new and emerging challenges linked to the global food, energy and economic crises, as well as the negative impacts of climate change and environmental degradation have increased tremendously the burden on LLDCs' economies – a burden that none of the countries can afford to confront themselves alone.

The LLDCs as a group have recorded a notable increase in trade performance in recent years. The value of their merchandise exports in nominal terms increased from US \$33 billion in 2003 to US \$224 billion in 2011. However, despite this remarkable achievement, today the share of the Group in global trade is still modest at 1.17 % showing continued marginalization of the group of LLDCs to the world economy. In addition, only ten percent of the landlocked developing countries account for most of the exports - over 60%, if we set them aside, contributions of others is much less.

Because of heavy reliance on primary commodities the export concentration ratios for LLDCs have dramatically increased from 0.17 in 2000 to 0.38 in 2011 mostly owing to higher world demand for minerals and fuels, while for other developing countries they have remained relatively stable below 0.15, since 2000.

Despite some progress, infrastructure gaps form significant barriers to growth and competitiveness. Transport costs are still very high and have on average increased in LLDCs. According to the World Bank's Doing Business 2013 Report, the average costs of exporting a container for landlocked developing countries increased from US\$ 2200 in 2006 to US\$ 3000 in 2013, while transit developing countries are only paying 50 percent of this cost. The highest transport costs are in African and Central Asian LLDCs. These high costs continue to constitute the greatest impediment to LLDCs' trade competitiveness, equitable access to global markets and the overall welfare of the people.

Other challenges faced by LLDCs include limited productive capacity, other supply-side constraints including non-tariff barriers, high vulnerability to external and internal shocks and limited market access for some of their products. Total value addition from agriculture for LLDCs declined from 23 per cent in 2001 to 18 per cent in 2011. Value addition from manufacturing has also been on the decline. The manufacturing value added - a basic indicator of the level of industrialization - has declined precipitously from a peak of 18 per cent in 1992 to 11.5 per cent in 2011.

I would like to reiterate that although the LLDCs have improved their development performance, it is clear that much remain to be done to continue helping them bridge the gap with other developing countries. There is a need to deeply engage the international community to support the LLDCs in the next decade in order to continue to build on the

progress that has been made over the past decade and set the LLDCs on a more sustainable development path.

I would like to highlight some key elements required to advance the LLDCs development agenda over the next decade that have resonated from the preparatory process and review studies conducted so far.

1. Investment in hard infrastructure is critical. The development and maintenance of the physical transport infrastructure in both landlocked and transit developing countries, closing of the missing links and investment into energy and ICT infrastructure will have to receive a high priority. Reinforcement of connectivity is key to ensuring rapid development in LLDCs.
2. Investment into soft infrastructure or trade facilitation is equally important. Harmonization of policies, simplification and standardization of rules, documentation, and border crossing and customs procedures by LLDCs and their transit partners are still of great importance. They should also become members of existing relevant international, regional and sub-regional conventions and agreements and implement them at the national level. Trade facilitation initiatives that have proved to work such as one-stop border posts should be replicated and fully funded in order to make it efficient.
3. There is an imperative need for the consideration of the special needs of LLDCs in the current WTO negotiations on trade facilitation. According to the WTO, a Trade Facilitation Agreement could bring down the cost of moving trade today from roughly 10 per cent of trade value to 5 per cent. Globally, removing these barriers could stimulate the US\$ 22 trillion world economy by more than US\$ 1 trillion. It is therefore very important to actively negotiate and push for adoption of a Trade Facilitation Agreement that can take care of the interests and concerns of the LLDCs.
4. Improved market access for agricultural and non-agricultural goods originating from LLDCs will ensure their meaningful participation in the global trading regime.
5. Continued technical support for LLDCs that are in WTO accession will help expedite their accession. In this region, Ethiopia is in the accession process and requires such support.

6. Regional integration and cooperation is vital for development of LLDCs through improved connectivity, trading capacity, market expansion and upgrading of the value chains for LLDCs. LLDCs and their regional and global development partners should make efforts to deepen regional integration in order to enhance competitiveness and maximize benefits from globalization.
7. International support in the form of both technical and financial support should be scaled up to help LLDCs improve supply side capacities to take advantage of trading opportunities already at hand and to allow them to expand their international trading frontiers. ODA, Aid for Trade, foreign direct investment and South-South cooperation should be fully enhanced and harnessed to address the physical and non physical barriers that separate LLDCs from the broad currents of world trade.
8. The private sector and public private partnerships and multilateral and regional financial and development institutions have to play a critical role to meet financing gaps. Innovative sources of funding need to be explored.
9. LLDCs with the assistance of the international community should adopt policies aimed at structurally transforming their economies with an emphasis on industrialization, value-addition, diversification, increased technology transfer, increased agricultural productivity, expanding services sector and joining global and regional value chains.

The process of formulation of the post 2015 development agenda and the sustainable development goals is currently underway and it is important that the key development priorities of the LLDCs are firmly integrated into these global processes to ensure meaningful development outcomes. In this regard I would like to stress two things. The first is about mutual accountability. While strong national leadership and multi-stakeholder approach to development is important it is equally urgent to enhance and strengthen global partnerships.

The second point relates to the need to give balanced attention to economic growth, social development and sustainable development in the Post 2015 development agenda. Economic growth is vital for supporting the social development and make development sustainable. Productive capacity development and infrastructure are core issues for economic

growth. I am sure that it would be taken forward, as it was also highlighted in the High Level Panel of the UN Secretary General.

Excellencies, Ladies and Gentlemen

We will have in depth and forward looking discussions in this meeting, share practical experiences, identify areas and policies that worked well, that did not and suggest priorities for the new development agenda for LLDCs. Priorities that can assist LLDCs to achieve a sustainable and inclusive economic growth that delivers decent jobs, accelerates poverty reduction and leads to the achievement of higher levels of wellbeing of their people on a sustained and sustainable basis. That alone is the barometer of the success and LLDCs should not be left behind in the global development process.

I thank you for your attention.