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HIGH-LEVEL INTERACTIVE THEMATIC ROUND TABLE: ACHIEVING STRUCTURAL TRANSFORMATION OF LLDCS ECONOMIES

INTERVENTION MADE BY HON. YAMFWA MUKANGA, M.P.,
CHAIR OF THE GROUP OF LANDLOCKED DEVELOPING COUNTRIES

AND

MINISTER OF TRANSPORT, WORKS, SUPPLY AND COMMUNICATIONS OF THE
REPUBLIC OF ZAMBIA
During the implementation of the Almaty Program of Action LLDCs have been able to make some progress in overall economic performance, trade and on some aspects of social development as indicated in various review reports. The critical challenge remains with their inability to initiate a sustained process of structural transformation of their economies. Structural transformation entails a rounded approach and marked shift in processes, policies and programmes of the economic as well as social areas in order to create new areas of activities as well as the shifting of resources from low value-added and low productivity to higher value-added and high productivity activities.

Like many countries that are developed, developing countries and in particular LLDCs also need to undergo these changes in order to achieve sustained growth. The record of structural transformation in the post-Almaty period as indicated shows that the majority of LLDCs are marked by decline in agricultural productivity and de-industrialisation. There is a lack of economy-wide improvement in terms of productivity, value-addition by domestic producers and long-term structural transformation.

The production base in LLDCs continues to be narrow with a heavy dependence on primary commodities, and our technologies are old and limited which mainly accounts for the low productivity in most sectors, especially in agriculture, mining, manufacturing and service sectors. Furthermore, the LLDCs’ economic growth has not necessarily been associated with strengthened capacity to adapt to the environmental hazards associated with climate change and other global crises.

Structural transformation of our economies therefore is key. There is need for LLDCs to shift from traditional to modern methodologies which will require moving from low technology and low productivity to ultimately higher productivity and high value products. This will need the concerted effort of both LLDCs and Development Partners. Further, this will require revising previous and current development policies and strategies pursued in LLDCs as well as redefining international development partnership in the support mechanisms. The development of productive capacities should be cardinal in both domestic policies and international support measures.

This will require investment in both hard and soft infrastructure, developing institutions that are capable, enhancing entrepreneurship, human resource and skills development, acquisition of technology and technological knowhow. In this connection it is imperative that the next programme of action for LLDCs addresses the enhancement of productive capacity and improving competitiveness.

I also wish to emphasise on the importance of expanding and advancing the development of the energy sector in order to realise industrialisation and to succeed in diversifying our economies. Achieving sustained and inclusive economic growth for sustainable development remains the major means of eradicating poverty and improved welfare in the LLDCs.

It should also be noted that it is not a single solution for all LLDCs, as not one size fits all LLDCs in addressing their existing and emerging development challenges. LLDCs should design their home-grown development policies and strategies based on their specific socio-economic circumstances, resources base, institutional capability and overall local conditions. Therefore, there is need to improve overall competitive productive capacity, accelerated industrialisation, increased agricultural productivity, promotion of the services’ sector, enhanced role of the private sector and increased science and technology. It is important for landlocked developing countries to foster an enabling environment necessary to strengthen and nurture structural transformation with appropriate
policies, supportive regulatory and institutional framework, adequate investment, and technological acquisition and innovation.