Structural Economic Transformation in LLDCs: Importance of Science, Technology and Innovation
Structural Economic Transformation

• Reallocation of economic activity from low value-added and low productivity activities and sectors to higher value-added and higher productivity activities and sectors

• Crucial for integration into the global economy, employment creation, broad-based economic growth

• Priority 5 of the VPoA

• 2030 Agenda for Sustainable Development
Value-addition in LLDCs (% of GDP)
Share of primary commodities and manufactured goods in exports (%)

- **Primary commodities, precious stones and non-monetary gold**
- **Manufactured goods**

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<th>Year</th>
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<th>Developed economies</th>
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What are the Challenges?

- Challenges linked to landlockedness - High trade costs
- Low productive capacities
- Non-tariff barriers
- Lack of diversification
- SMEs lack the capacity to participate in international trade
- Heavy reliance on low-value – high-bulk commodities which make LLDCs vulnerable to commodity price volatility
- Low technology intensity
- High vulnerability to external shocks
Role of Science, Technology and Innovation in development

- STIs are essential for wealth creation of nations today than either capital or land
- STIs lead directly to higher productivity gains – have leapfrog effect.
- Results in improved efficiency – reduced costs
- Enhanced international competitiveness of LLDCs
- Access and application of STIs is critical.
Productive capacity building strategy for LLDCs

Main pillars of a strategy for productive capacity building in the LLDCs:

I. Infrastructure
II. Productive resources (natural resources, human capital)
III. Private sector development
IV. Regional integration
V. Financing
VI. Science, technology and innovation
VII. Institutions, policy and regulations
Examples of STI use to support structural economic transformation in LLDCs

- **ICTs** - Mobile cellular technology and internet – has brought affordable connectivity access to millions of people – has revolutionized financial inclusion, impact on agricultural marketing
- **ICT applications** – assisting trade facilitation
- **Renewable energy** – new types of photovoltaics - making electricity from solar power cheaper than from coal, accessible off the grid
Recommendations

• Critical Role of Government – Enabler for Structural transformation and STI
• Intensify industrialization in the LLDCs
• Private sector development, in particular SMEs, PPPs
• Enhance productive capacity development
• Promote STIs, leverage innovative solutions and technologies
• Enhance role of development partners, UN system and other international and regional organizations to support LLDCs
Thank You

Find out more on the midterm review of the Vienna Programme of Action at

www.lldc2conference.org/mtr