

**Statement by Ambassador Dr. Dinesh Bhattarai, Permanent Representative of Nepal and the Coordinator of LDCs in the UN system at the High Level Segment on *Building Productive Capacities in LDCs for inclusive and sustainable Development* -a preconference event organized by UNCTAD in Geneva, on 27 October 2010.**

Mr. Chairman,

Hon'ble Ministers,

Secretary General of the UNCTAD,

I have the honor to make this statement on behalf of the Group of the Least Developed Countries.

I thank the panelists for their presentations.

I would like to extend a warm welcome to Hon'ble Ministers from Nepal and Zambia and express gratitude of the LDCs group in Geneva for their insightful thoughts this afternoon.

I thank the UNCTAD for organizing this event on *Building Productive Capacities in LDCs for inclusive and sustainable Development*.

Mr. Chairman,

The LDCs group constitutes  $\frac{1}{4}$  of the UN membership, 16 of them are landlocked. 12% of the global population lives in LDCs with for less than 2% of world gross domestic product {GDP}. Their share in global trade in goods is 1% and 0.5% of the global trade in services. 7 LDCs account for 74% of their exports, and one category of exports accounting for more than 80% of total exports receipts coming from primary products and extractive industries. They lack technological capabilities, financial resources, economic diversification and productive capacities. Available data speak of adverse effect of economic crisis in trade flows, sharp decline in investment flows and contraction in economic activities leading to decline in remittances. These problems have been compounded by frequent natural calamities and disasters as well as a series of multiple global crises such as economic and financial crisis, food, energy, climate change challenge which have disproportionate impacts on developing countries, LDCs in particular.

The severity and persistence of poverty, and ever widening inequalities and structural vulnerabilities make their challenges complex and multifaceted, often manifested in social and political instability across the LDCs group of countries. They are becoming a perennial source of threats to growth and development and new tensions for the maintenance of peace and security. In Sub-Saharan Africa and South Asia, where majority of the LDCs are located, the absolute number of the poor

has increased putting them at the forefront of deprivation, marginalization, radicalism, and extremism.

Despite the seven commitments including building productive capacities and their interconnectedness in the BPoA, various reports reveal that the progress as a group 'has been insufficient to meet the goals of the Brussels Programme of Action and its objectives of eradicating poverty, sustained growth and sustainable development.' The economic crisis has challenged the efficacy and legitimacy of market principle which has been a part of everyday advocacy focusing on the sole mission of profit maximization. Several reports before us reveal shortcomings in country ownership, national capacity, infrastructures, diversification, structural transformation, innovation, knowledge creation, technology transfer and meeting financial resources.

Reports recommend that realization of the goals would require increased efforts by LDCs themselves, scaled up official development assistance {ODA}, full debt cancellation, fair trade and enhanced technical assistance from donors and more extensive tapping of the enormous potentials of South-South and triangular cooperation. Productivity work in LDCs has been found over 3 decades mostly through agriculture land expansion. Our national experience tells us that local leadership, local knowledge and local institutions are primary tools for sustainable and inclusive development, without which people get no sense of belongingness in the development.

Against the background of long standing structural weaknesses and vulnerabilities, we call for a new deal in Istanbul Programme of Action for LDCs in the following action areas for building productive capacities:

1. Invest in agriculture to increase agricultural productivity';
2. Strengthen human capacities which come from good education, health and prompt delivery of social services;
3. Enhance the role of state: developing state capacity is the basis for increasing productive capacity and mobilization of resources;
4. Ensure the flow of ODA and technology transfer in a sustained and predictable manner to help bridge the development, knowledge and digital divide;
5. Empower women through their representations in state institutions, positive discrimination policies, gender equality;
6. Strengthen the capacity of the government to make it able to deliver basic services and develop and implement development strategies. The lack of productive capacity and structural transformation have been the stumbling blocks in the transformational process;
7. It is equally important to increase the voices of LDCs and their participation in international decision making process including in financial institutions;
8. Ensure foreign direct investments in productive sectors to boost infrastructures which remain crucial for interregional and international trade

- expansion. It helps to reduce production costs, promote diversification, and strengthen supply side capacities;
9. Direct remittances to productive sectors from financing consumption;
  10. Provide adequate technical assistance, capacity building support and aid for trade;
  11. Promote micro and small enterprises;
  12. Remove of trade distorting subsidies on commodities of interests to LDCs;
  13. Provide duty free and quota free market access for all products from all LDCs ensuring meaningful and preferential market access to sectors and modes of supply of export interest to LDCs;
  14. Conclude at the earliest the Doha Round of trade negotiations with development at the center;
  15. Put in place a mechanism to ensure adequate, predictable, and sustainable financial resources, technology and capacity building to support the implementation of adaptation action in LDCs;
  16. Ensure huge public investments in renewable energy, environmentally friendly and climate friendly businesses to produce a 'green new deal for least developed countries' for preserving their ecosystem. Energy security has emerged as an issue with global implications. IAEA projects that the world needs upto 45% more energy by 2030 than in 2006;
  17. Address the debt problems in full. Relief helps LDCs maintain social and political stability and prevent post conflict countries from relapsing;
  18. Tap the potentials of the South-South cooperation in terms of resources flows including aid, remittances and FDI;
  19. Provide policy autonomy to LDCs in a broad range areas including fiscal, trade, development, industry, investment and macroeconomic policy to ensure an inclusive, participatory and sustainable growth;
  20. Tap tourism potentials for poverty reduction and develop it as an instrument of international goodwill, cooperation, understanding among nations;
  21. Address the potentials and problems of young people, reach them, and put in place empowerment and capacity building programs to create a global partnership with them for programs of growth, poverty reduction, reconstruction and combat their vulnerability to fundamentalism, radicalism and terrorism.

Mr. Chairman,

In conclusion, there is a long way to go to improve the situation in LDCs despite high profile attention, declarations, commitments and action plans. The partnership for development has lived decades of commitments with words. Istanbul Programme of Action should include concrete actions on ground to make life little more humane in LDCs. LDCs' challenges do not stand in isolation. They have a bearing on global peace, security and prosperity. The UN Millennium Declaration 2000 stated, 'Global challenges must be managed in a way that distributes the costs and burdens fairly in accordance with basic principles of equity and social justice. Those who suffer or who benefit least deserve help from those who benefit most.' What is needed is the

implementation of the partnership deed against poverty and for unleashing of human potentials, building human capabilities and enlarging people's choices and opportunities. The central message here is the demonstration of political will and commitment which has all power to turn agenda into action and resources into results, and make a difference in the life of the poorest of the poor in the world.

Thank you for your kind attention.