

Statement

By

Ambassador Dr. Dinesh Bhattarai

**Permanent Representative of Nepal to the United Nations and Other
International Organizations,**

On behalf of

Least Developed Countries (LDCs)

at

**The Fourteenth Session of the General Conference of the
United Nations Industrial Development Organization (UNIDO)**

in

Vienna

On

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Statement by Ambassador Dr. Dinesh Bhattarai, Permanent Representative of Nepal to the United Nations and International Organizations, on behalf of the group of the Least Developed Countries, at the Fourteenth Session of the General Conference of United Nations Industrial Development Organization (UNIDO) in Vienna on November 29, 2011.

Madam President
Hon'ble Ministers
Excellencies
Distinguished Delegates
Ladies and Gentlemen

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

I would like to associate myself with the statement made by the Ambassador of Iran on behalf of the Group of 77 and China.

LDCs group congratulates you, Madam President, on your election to the chair of the Fourteenth Session of the General Conference of the UNIDO. I assure you of the fullest cooperation of the group to take the proceedings to a successful conclusion.

The LDCs Group thanks the Director General, Dr. Kandeh K. Yumkella for his insightful opening statement made yesterday. We appreciate his exemplary leadership of the Organization in these challenging times.

We are encouraged by his commitment to give high priority to LDCs' causes and concerns in the work and functioning of this important UN organization. The 4th LDCs Ministerial Conference concluded last week has approved an LDCs strategy and operational plan for the implementation of the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020 adopted by the Fourth United Nations Conference on LDCs in May this year. We are thankful to the Director General for this initiative.

We also acknowledge the active and constructive role UNIDO and Director General played in the preparatory process of the Fourth United Nations Conference on LDCs and the contributions made during the Conference in Istanbul in May this year.

Madam President,

We welcome the choice of the theme for this Conference: "the New Industrial Revolution: Making it sustainable". It acquires even more relevance today as we look up to the much-anticipated United Nations Conference on Sustainable Development in a few months from now. The Rio+20 will mark our 20 year long journey with a focus on green economy, poverty reduction and institutional framework for sustainable development. It is our expectation that this conference will give due attention to the issues relating to land degradation, drought and desertification including the fast melting of the Himalayan glaciers that pose serious threats to sustainable development.

The theme is important for LDCs as they embark onto a new decadal Programme of Action adopted this year by the Fourth United Nations Conference on LDCs. Despite 30 years of joint efforts and adoption of 3 important UN programmes of works, the progress had limited impact on achieving structural transformation in domestic economies, employment creation and poverty reduction in LDCs. Grand promises and pledges including the support for structural transformation from the very first Substantial

New Program of Action (SNPA) for LDCs of 1981 to the Brussels Programme of Action 2001 by the global community remained elusive.

The number of LDCs has doubled since 1971. Only three countries have graduated in three decades. The absolute number of the poor has gone up; hunger has escalated hitting a record than any times since 1970. More than a billion people remain undernourished creating more poverty traps. Food price basket has surpassed pre-crisis peaks and production has declined by 2.7% in the past one year. Given that a huge chunk of household income goes in buying food in LDCs, the on-going price rise is really worrying. For no roles of theirs, LDCs bear the pangs of financial and economic crisis most disproportionately and face the test of survival and livelihoods of their people on a daily basis.

The UN Secretary General says LDCs face development emergency. The Istanbul Programme of Action identifies them as the most vulnerable group of countries. Several studies suggest that LDCs are in critical need of support for consolidating public institutions, public services and delivering development dividends to their people. Latest study shows that one fifth of LDCs fell into recession due to crises. In Global Competitiveness Index, all bottom 10 countries are LDCs. In Human Development Index, all but 5 LDCs are in low category.

Latest figures show that the LDCs constitute 18% of the global population. But they account only 0.9% of global output; 1% of the global trade in goods - excluding crude oil, the figure comes down to 0.5%. Global FDI mobilization remains low at 2.5% – that too, mostly in unproductive extractive industry. 80% of total exports receipts in LDCs comes from unprocessed primary commodities and extractive industries. In 1990, only 18% poor lived in LDCs. In 2007, the share has doubled to 36%. This trend suggests that LDCs are set to be 'major locus of extreme poverty' in the world.

The message from these reports is clear: business as usual cannot be an option. Recognition of ground realities is urgently needed as the current development model has come under question, the primacy of market forces is in trouble, and the rampant deregulation is being cited as a costly mistake of any government. There are calls for enhancing the role of State to correct market imperfections. Climate change constantly stares at us all. Without shift in our thinking, approach and methods of work, it will be a task onerous to meet the aspirations of the people for peace, justice, equity, and prosperity in a world of rising inequality that is threatening the sustainability.

Madam President,

Green industrialization is being projected to be a key economic driver of the 21st century. But this will require large-scale investments in new technologies, equipment, buildings, and infrastructure. Today, green investment commands around 10% of global FDI and this has to be scaled up in days ahead. Green economy needs to be employment generating because without jobs, poverty and inequity cannot be addressed. More research and development is needed to inspire innovations and create new, clean energy and green growth. Good potentials exist in renewable resources as they have fared better than conventional ones during the crisis. Technical assistance to develop solar energy, wind power capacity, bio-fuel, bio-gas will contribute to energy security. The management and development of water resources is crucial for the sustainable industrial development. They all require an expansion of green education, training and skill-building programs to prepare workforce adept at green industrialization.

We support the call for new industrial policy. LDCs support any idea about 'expanding and reshaping of, not reducing, the space for economic development and poverty reduction' in LDCs. As we work on new

industrial policy, we need to redress the 'policy bias' from which some of our vital sectors have suffered, in particular Agriculture and Small and Medium Enterprises (SMEs).

Agriculture is the job engine in LDCs and foundation of livelihood for over 3 billion people worldwide. The declining share of agriculture in official development assistance - from 17% in 1980 to as low as 4 per cent in the last decade is a matter of great concerns. In a search for new policy responses in post-crisis development, many countries have refocused attention to agriculture as a central pillar of strategies for growth, economic diversification, and value addition, structural transformation as well as for food security, poverty alleviation and employment creation. This is where agribusiness comes to be of importance to the LDCs for poverty reduction and feed the hungry stomachs.

Food economy has come to be at the centre of the global environmental problems. LDCs socio-economic development remains to be the most disproportionately affected by the climate change. Climate change like heat waves, and floods are affecting the productive capacities of LDCs. They are the causes for recurrent food crises and food security concerns, price volatility and unpredictability. This crisis is affecting more than a billion people many of whom live in Africa and South Asia which house the majority of LDCs. In September, the UN Secretary General noted that LDCs in South Asia have experienced huge losses as their agricultural productivity has shrunk by 30 to 40%. Yield from rain fed agriculture could be reduced by upto 50% by 2020 in some African LDCs. Figures tell us that Africa, which hosts 34 LDCs, has over 60% of world's uncultivated land. To tap this 'bread basket', we call for more investment.

Today, about 20% of the world's people control 85% of its wealth, while remaining 15% of the wealth is spread among 80% of its population. One billion people that is one in seven of the human beings is compelled to go to bed on hungry stomach every night. It is a disgrace to the humanity and the progress of the twenty first century.

Latest census figures tell us that 18% of the global population lives in LDCs and is projected to reach 34% by 2100. About 60% of population in LDCs is under the age of 25. As Director General told us yesterday 43% of the global population is below 25 years of age. This valuable asset of youth population can be converted into hubs of creativity and development. Given the popular uprisings in different continents in recent times, youth remain the defining issues of our time.

The LDCs group recalls UNIDO's announcement, during UNLDC IV, of the "3ADI Initiative: Expansion of capacity-building work in the area of policy formulation for SMEs in LDCs in all stages of the value chain". Likewise we find merit in UNIDO's 3R concept, meaning technologies reuse, reduce, and recycle. We call for transfer and diffusion of environmentally clean technologies, sharing and assistance of implementation of best practices of sustainable industrialization including in minimization of hazardous waste, greenhouse gas emissions and water pollutants and harmful chemicals.

Madam President,

The Istanbul Programme of Action calls for renewed and strengthened partnership for development of LDCs for building domestic productive capacity, diversification, enhanced investments, infrastructural development, building technological capacity, building and strengthening the capacity of the LDCs private sector that can stimulate enhanced and sustained, inclusive and equitable economic growth and structural transformation.

IPoA also calls for identification of new opportunities for least developed countries to enhance sustainable development through industrialization, agriculture and services, forestry, fisheries, energy and other infrastructure, technologies and investments. It urges for additional, predictable and adequate technical and financial support for climate change adaptation and mitigation.

We wish to thank the UNIDO for having integrated the Istanbul Programme of Action in its LDCs strategy and Operational Plan for the Least Developed Countries for 2012-2020 for its implementation in a timely and comprehensive manner. We take this opportunity to reiterate our appeal to international community and relevant stakeholders to integrate the IPOA into their development policies and programmes and contribute towards its full, effective and timely implementation to ensure peace, security, progress and prosperity in this increasingly interconnected and interdependent world.

UNIDO's call for new and sustainable industrial policy finds utmost relevance here as sustainability involves viability, and equity. Green economy should be creative and innovative to ensure improvement in social, economic and environmental performance. We would like this message to go to the two forthcoming events next year- *International Year for Sustainable Energy for All and the Rio+20* to make moves towards realizing the common goal of sustainable development for all.

I thank you for your kind attention.