

Forging strengthened multi-stakeholder partnerships for timely implementation of the Istanbul Plan of Action and the 2030 Agenda for Sustainable Development

Speaking Points

- When the IPoA was adopted in 2011, it noted that the LDCs were the furthest from achievement of the MDGs. This was despite a decade of impressive growth - averaging 7.2% - supported by a two-thirds [69%] increase in ODA from major donors to LDCs and exceptionally strong commodity prices that lasted for the most part of the decade.
- Five years later, which coincided with the end of the MDG period, it is clear that most LDCs have missed most MDG targets by a wide margin.
 - The 2014 UNCTAD report on LDCs was devoted to assessing LDCs' performance in MDGs and whether growth has resulted in structural transformation of these economies. The report reviewed their performance against seven MDG targets, and found that only one LDC - Laos - was on track to meet all of them. Outside Asia, only four LDCs were on track even for half the targets for which data were available.
- This is worrying - because we were expecting the majority LDCs to have achieved all the seven MDGs given the favourable internal and international economic environment. Since 2011, ODA to LDCs has fallen in real terms, commodity markets have fallen sharply. Growth has slowed, and is expected to slow much more in a global economy given the persistent uncertainty.
- It is against this background that the 2030 Agenda for Sustainable Development and the SDGs were adopted. The SDGs are vastly more ambitious.
 - To halve poverty in 25 years - as envisaged by MDGs - was challenging. To eradicate it in just 15 years is much more so.
- The goal of eradicating poverty - which means to zero - also changes the *nature* of the challenge.
 - For MDGs, the objective of reducing global poverty by half was achieved much earlier, because of faster poverty reduction in emerging economies - in particular China and India - although it fell by only a quarter in LDCs. .
- But in the 2030 Agenda, poverty can only be eradicated if it is eradicated everywhere. That turns the spotlight on those countries and areas where it is most difficult - and that means the LDCs. In this respect, therefore, the LDCs are the battleground on which the 2030 Agenda will be won or lost.
- We can only eradicate poverty globally if we eradicate poverty in each and every one of the LDCs. But this will require a greater economic miracle than China's. Let me put it in perspective.
 - Overall, the level of poverty in the LDCs at present is around 45%. This is about the same as it was in China in 1995. In 15 years (between 1995-2010), China reduced extreme poverty from 45% to 11.8%. But, to achieve this, China had to grow at double digit rate and diversify its economy through rural economic transformation and the expansion of productive employment. If LDCs are to achieve the SDGs, they need to do better than in recent years but, unfortunately; they will have to do it in a much less favourable global economic environment.

- What would it take to speed up the rate of poverty reduction in LDCs? First, it would require structural transformation of LDCs' economies - simultaneously increasing productivity within sectors and moving resources from lower- to higher-productivity activities.
 - This, more than anything, is the difference between the more successful and less successful countries in terms of the MDGs.
- But it requires a particular kind of *poverty-oriented* structural transformation.
 - Increasing productivity will not eradicate poverty unless it is combined with increasing, rather than falling, productive employment. We need full employment, with productivity high enough to support incomes above the poverty line.
- Equally, structural transformation must encompass rural economies, seizing the opportunities offered by the 2030 Agenda and harnessing the synergies between agriculture and non-farm economies.
 - Just as global poverty eradication means focusing on the countries where it is most difficult, at the national level it means focusing on the areas where it is most difficult. In the LDCs especially, this means rural areas.
 - In almost all LDCs, the majority of the population lives in rural areas - and for most this will still be the case in 2030.
 - Poverty is both twice as widespread in rural as in urban areas, and 25% deeper; and access to basic infrastructure is much more limited.
 - People in rural areas are on average four times as likely to have no access to safe water as those in urban areas, twice as likely to have no access to electricity, twice as likely not to attend primary school, and twice as likely to die in childbirth.
- Rural development is not an alternative to urban development - it is an essential counterpart.
 - Failing to achieve poverty-oriented structural transformation in rural areas will equally undermine sustainable urban development, by increasing urbanization pressures and increasing the urban labour force faster than it can be absorbed productively.
 - This is a recipe for a continuation of the trends we are seeing already, of unsustainable urbanization and rapid growth of a low-productivity, low-income informal sector which contributes little to development or to poverty reduction.
- The second essential requirement for poverty eradication in LDCs is a dramatic reversal of the reduction in ODA to LDCs that we have seen since the adoption of the IPoA.
 - As well as poverty eradication, the SDGs include universal access to water, sanitation, electricity and primary and secondary education, also by 2015. This will require massive investment in physical infrastructure.
 - Of course, the first and best source of funding is domestic resource mobilization. But, with the possible exceptions of one or two oil-rich countries, the financing needed is vastly greater than could possibly be achieved domestically.
 - And structural transformation will add further costs, for the infrastructure needed for productive sectors.

- This implies a need to increase the 0.15-0.2% of GNI target for ODA to LDCs, as restated in both the IPoA and the 2030 Agenda.
 - This is about half the current level of ODA, which is not unreasonable.
 - But the 2030 Agenda also includes a commitment by donors to increase their ODA to 0.7% of GNI; and the LDCs account for some 40-50% of the shortfall from SDG targets.
 - Since their domestic resource constraints are also much greater than for most other developing countries, a target of at least half the overall level of ODA would seem an absolute minimum.
 - In the context of the 0.7% target, this would suggest a target for ODA to the LDCs of at least 0.35% of GNI.