Challenges and Opportunities for Asia-Pacific LDCs

Chair,
Excellencies,
Distinguished Delegates,
Ladies and Gentlemen,

The midterm review of implementation of the Istanbul Programme of Action in Asia and the Pacific, conducted by ESCAP and organized in partnership with the Government of Cambodia, confirms the good progress made by Asia-Pacific least developed countries (LDCs). The good news is that of the 12 LDCs in our region, seven have met or are in process of meeting the graduation criteria, and others such as Bangladesh, Lao PDR and Myanmar, are very likely to meet the conditions for graduation for the first time at the 2018 triennial review.¹

Graduation per se however does not alleviate the endemic and structural problems of the LDCs. Much to their credit, the Asia-Pacific LDCs have achieved decent average economic growth, which is still set to grow by 6.2% in 2015 and 6.4% in 2016, despite the global slowdown. Regional LDC exports stood at $58 billion, which represented 0.3% of global export. If global exports grow by 3% annually, the Asia-Pacific regional economy will need to grow by more than 11% per year to meet the target of doubling this global export share from the 2010 baseline. This requires Cambodia, for instance, to grow by 6% and Nepal by 19% annually between 2015 and 2020. However, both growth and trade expansion have provided support for reducing poverty and achieving the key targets of the Millennium Development Goals (MDGs).

The progress we have already made should not distract us from supporting LDCs to advance on many of the outstanding development challenges that remain from the MDG agenda. Nearly 102 million people in our Asia-Pacific LDCs are still poor, with more than one third still living in extreme poverty if we adopt the $2/day poverty line.² There is also still a considerable way to go in reducing

¹ To be recommended for graduation, LDCs must meet two of the three criteria for graduation in two consecutive triennial reviews of the CDP. The recommendation needs to be endorsed by ECOSOC and the GA before graduation will actually take place. Tuvalu was recommended for graduation by the CDP in 2012, but ECOSOC postponed considering its case until 2018. Vanuatu was recommended for graduation in 2015 by the CDP and ECOSOC, but the GA postponed the graduation date until 2020. See Asia-Pacific Countries with Special Needs Development Report 2016, pp. 4-5 and 11 for more details.

child mortality, improving antenatal care coverage, improving energy access, and addressing the fact that only 32% of people have access to water and sanitation facilities etc.  

These countries face a further range of structural and external vulnerabilities, given that some are facing either frequent natural disasters or are landlocked. A case in point are the four Pacific LDCs who may have met the GNI per capita and human assets index criteria for graduation, but whose average economic vulnerability index is 75% higher than the graduation threshold of 32.  

Another example is the violent earthquake that hit Nepal in April 2015, which is estimated to have cost about $7.86 billion (about 45% of GDP) in reconstruction costs.

The international development community cannot afford to take LDCs off the radar after graduation, and must be better prepared to support their transformation and transition to robust growth paths and sustainable development.

Assigning priority to Asia-Pacific LDCs, ESCAP is strategically positioning to offer advisory support to LDCs to mainstream the 2030 Agenda for Sustainable Development in national plans and budgets, as well as ensuring that it is reinforced by actions agreed upon as part of the Istanbul Programme of Action. ESCAP is therefore supporting capacity building in member States, as well as working on baseline data, statistics and monitoring indicators to facilitate harmonized follow-up and review of the Sustainable Development Goals, while offering advice on how to better strategize the process of economic diversification.

Our priority is to support LDCs to address the challenges and structural constraints that hamper their competitiveness and opportunities, while ensuring steady progress in realization of the Goals.

We therefore plan to intensify our technical cooperation and capacity building to:

1. Address the infrastructure gaps that still prevent optimal use of the region’s infrastructure networks. Holistic and seamless transport connectivity will go a long way to reduce the cost and time for trading of goods and services, which is critical given the small size of LDCs’ domestic markets. In this context, we are support pre-feasibility studies for investments on selected priority Asian Highway network routes and dry ports, while harnessing energy and ICT connectivity among our member States. The Commission is also working to improve regional energy access and promoting the switch from reliance on expensive, carbon-intensive fuel, by exploiting renewable energy through appropriate policy frameworks. One example is how we have been complementing the energy connectivity efforts of Bhutan, Lao PDR and Afghanistan, in the Central Asia-South Asia Electricity Transmission and Trade Project. Our newly-signed partnership with China on the Belt and Road Initiative also has great potential to help LDCs access regional and global markets.

2. Enhance domestic resource mobilization by sharing experiences of how to raise tax/GDP potential and revenues, while offering PPP guidance to support the establishment of PPP policy frameworks that offer promising financing and expertise to develop infrastructure. Tools and harmonized agreements are being put in place to support these endeavors.

3. Alleviate barriers to market access by launching new normative work on trade and FDI liberalization through among other the promotion of a framework for cross-border paperless
trade, new mechanisms for monitoring trade and transport facilitation progress, as well as new SME and trade defense laws.

4. Improve technical assistance and studies on social protection and job creation for inclusive growth, with a particular focus on youth development, migration and gender equality.

5. Enhance disaster risk resilience by extending ESCAP’s Regional Space Application Programme to ensure the effective use of space and GIS applications for early warning and building capacities to deal with disasters through, among others, climate adaptation.

To conclude, Asia-Pacific LDCs are equipping themselves to position for the next generation development agendas, and are trying to ensure consistency between the 251 actions of the Istanbul Programme as part of reinforcing delivery on the specific targets of the 2030 Agenda. Strategic planning and mainstreaming of implementation is key, as is proper calibration of priorities and resource allocation. Development partners need to align themselves accordingly. Not only do we need to reverse the declining flows of official development assistance (ODA) as a percentage of GDP to the Asia-Pacific LDCs, which dropped from 6.1% in 2004 to only 3.6% in 2014, but global governance mechanisms also need to empower the LDCs with better market access and finance to complement domestic efforts to realize both the Istanbul Programme of Action and the 2030 Agenda.

I thank you.