



Agenda item: 7

General debate

Statement by:

**Malawi on behalf of the Group of Least  
Developed Countries**



# **Statement on the Declaration of Ministers of the Least Developed Countries at the Preparatory Meeting for the 15<sup>th</sup> Session of the United Nations Conference on Trade and Development (UNCTAD 15)**

**Delivered by**

**The Honourable Sosten GWENGWE, Minister of Trade of Malawi on Behalf of the Group of the Least Developed Countries**

*At the 15<sup>th</sup> Session of the United Nations Conference on Trade and Development*

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## **Excellencies, Ladies and Gentlemen:**

1. In preparation for this Session of the United Nations Conference on Trade and Development, the Group of LDCs held a Ministerial Meeting of the Least Developed Countries on 16 September. It adopted a Ministerial Declaration which provides political guidance and direction to advance trade and development interests of LDCs in the post-COVID-19 environment. I would like to highlight the main points of the Ministerial Declaration.

### **I. Messages from the Ministerial Declaration**

#### **A. The situation of LDCs**

1) *The COVID-19 shock on LDCs has led to recession or growth deceleration, rising poverty and unemployment, deteriorating social conditions and the closure of a large number of MSMEs. The crisis has reversed years of previous LDC developmental progress against poverty, hunger and illiteracy and advancements in the development of productive capacities. This setback will be felt well into the present decade.*

2) *The international support measures (ISMs) in place for LDCs are important for the development of their productive capacities and can greatly support their progress towards graduation.*

3) *In the pursuit of the new programme of action, the LDCs need support from the international community for the development of their productive capacities in two main forms: first, a new generation of ISMs and, second, extended research, analysis and support to policy formulation and implementation.*

4) *Official development assistance can potentially play a determining role in our efforts to build productive capacities and accelerate the structural transformation of our economies, provided that it is received on a predictable basis, explicitly directed to these goals and aligned with country priorities.*

5) *The LDCs welcome the increase in aid to COVID-related activities since the spread of the pandemic.* However, there are concerns about the future trajectory of ODA, especially in terms of: (i) the future amounts disbursed; (ii) the continuous increase in the share of loans, as opposed to that of grants, and (iii) the increasing complexity and opaqueness of aid allocation and corresponding decision criteria.

6) *The LDCs are also concerned about the rising debt burden and the fact that almost half of our countries are either in debt distress or at high risk thereof.* The LDCs welcome initiatives taken to provide temporary debt relief since the outbreak of the pandemic, but recall their insufficiency in providing a long-lasting solution to the LDC debt challenge.

7) *Market access is necessary for our countries to expand and diversify exports and to reach sustainable development, but this requires full implementation of SDG target 17.12.*

8) *A number of LDCs that have substantially benefitted from trade preferences may suffer a significant deterioration of preferential market access following graduation from LDC status.* Alternative preferential market access schemes need to be put at the disposal of graduated former LDCs, since for these countries engaging in reciprocal free trade agreements may be premature.

9) *LDCs need to achieve graduation with momentum, so that graduation does not entail a setback in their development process, but rather marks a point in the process of advancing towards sustainable development. This requires long-run preparation.*

## **B. The role of development partners**

10) *International support to LDCs – be it in terms of means of implementation or in terms of institutional support to policymaking – has to address the needs of both countries that are graduating from the LDC category and those countries which will remain in the LDC category in the foreseeable future.*

11) *Trading and development partners are urged to:*

- a. Place the development of productive capacities at the centre of the next plan of action for the Least Developed Countries for the decade 2022-2031;
- b. Enact a new generation of ISMs with the following features: First, they need to establish coherence and synergies among ISMs in the fields of trade, finance, technology and capacity-building. Second, they need to be stronger and more effective than the present ISMs, especially in the fields of financing for

development and technology. Third, the new ISMs need to be adapted to the realities of the 2020s, including the lingering effects of the COVID crisis, the accelerating digitalization of the world economy and the worsening of the climate change crisis;

- c. Adopt a coherent programme of strengthening the institutional capacities of LDCs for the design and implementation of policies and strategies of development of productive capacities and of structural economic transformation. This concerns especially state capacities to fulfil the developmental role of the state;
- d. Fulfil the commitments reiterated in the 2030 Agenda for Sustainable Development to achieve the target of 0.15 per cent to 0.20 per cent of gross national income for ODA to LDCs and increase both the quantity and quality of aid to LDCs to ensure that ODA supports the sustainable development of LDCs;
- e. Significantly widen the climate finance earmarked to the LDCs and strengthen the institutional support to accessing and managing them, in line with the principle of shared but unequal responsibilities;
- f. Significantly improve the coverage and depth of tariff cuts of their DFQF schemes with rules of origin and administrative procedures tailored to the productive and institutional capacities of LDCs.

### **C. The role of UNCTAD**

12) *The LDC Ministerial Declaration recalls the crucial role of UNCTAD's original research and policy analysis which led to the establishment of the LDC category by the UN General Assembly in 1971. It further recalls the support that UNCTAD has continuously provided to LDCs over the last 50 years through the three main pillars of its work, namely, research and analysis; technical cooperation; and consensus building.*

13) The Group of LDCs reaffirms its support to UNCTAD and calls on it to:

- a. Play a major role in the implementation of the Doha Programme of Action for LDCs to be adopted during LDC5, given the implication of UNCTAD with the LDCs since the establishment of the category and the high knowledge, skills and experience it has accumulated on this subject over the last 50 years;
- b. Perform the systematic evaluation, monitoring and diagnosis of the evolution of the level of productive capacities of LDCs, and expand the work of research on productive capacities and structural transformation with policy analysis and the formulation of policy guidelines, frameworks and recommendations. This policy element should be the subject of in-depth policy dialogue between the organization's staff and LDC country officials;

- c. Assist LDCs to take full advantage of trade, investment and official development assistance flows in order to maximize their impact on the development of our countries;
- d. Assist LDCs in the formulations of policies and mechanisms that foster transfer of technology from more developed countries and the building of technological capabilities of enterprises in the LDCs;
- e. Contribute, with the support of member States, to make the graduation of our countries from the LDC category sustainable, smooth and robust, in particular by intensifying and strengthening analytical and technical work on graduation with momentum and a “smooth transition”;
- f. Expand the organization’s resources dedicated to LDCs;
- g. Undertake an in-depth forward-looking policy analysis on a new generation of international support measures to LDCs.

## **II. Conclusion**

*14) In conclusion, the Group of LDCs thanks UNCTAD for its continued support for the development of our countries.*

*15) We call upon the United Nations General Assembly to allocate adequate resources to UNCTAD so that it can fulfil its mandate, particularly on the LDCs.*

*16) I wish you all fruitful deliberations.*

*17) Thank you.*