

## 5th UN Conference on Least Developed Countries (LDC5)

Highlights from High-Level Roundtable discussions at LDC5

Doha, Qatar 5-9 March 2023

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The 5th UN Conference on Least Developed Countries (LDC5) is a “once-in-a-decade opportunity to accelerate sustainable development” in Least Developed Countries.

In the thematic roundtables, Member States, UN agencies, intergovernmental organizations and Civil Society Organizations discussed:

- Enhancing LDC participation in international trade & regional integration
- Governance and its relationship to COVID-19 and the future of LDCs response to crises
- Ideas on “Structural Transformation” and how it can be utilized to catalyse prosperity within LDCs

### Resources/Links

#### LDC5 Key Documents:

- [5th United Nations Conference on the Least Developed Countries \(LDC5\)](#)
- [About Least Developed Countries](#)
- [Preparatory Process](#)
- [General Debate](#)
- [Programme](#)
- [Links to LDC5 Daily Programme](#)

#### High-Level Thematic Round Tables

1. Round Table 1 - [Summary](#) - [Concept](#)
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### UN Secretary-General opens LDC5: “No more excuses”

“Least Developed Countries are being stranded amidst a rising tide of crisis, uncertainty, climate chaos and deep global injustice....

Today, 25 developing economies are spending over 20 percent of government revenues not on building schools, not on feeding people, not on expanding opportunities for women and girls – but solely on servicing debt.”

Least Developed Countries need a “revolution of support” across three key areas:

1. Rescuing the Sustainable Development Goals (SDGs) through the [SDG Stimulus Plan](#), full delivery of Official Development Assistance (ODA) from developed countries, international cooperation on strengthening tax regulations, and support the implementation of the [Doha Programme of Action](#)

2. Reform of global financial system through a [new Bretton Woods moment](#), with reforms in International Financial Institutions (IFIs) and Multilateral Development Banks (MDBs), and a new way to measure development that goes [Beyond GDP](#)

3. A revolution in climate support with fulfilling the promised US\$100bn to developing countries, operationalizing the Loss and Damage Fund, and replenishing the Green Climate Fund

“The era of broken promises must end now. Let’s put the needs of Least Developed Countries where they belong:

First in our plans. First in our priorities. And first in our investments.”

[UN Secretary-General António Guterres at LDC5](#)

### Doha Programme of Action

1. Investing in people in LDCs: eradicating poverty and building capacity to leave no one behind;
2. Leveraging the power of science, technology and innovation to fight against multidimensional vulnerabilities and to achieve the SDGs;
3. Supporting structural transformation as a driver of prosperity;
4. Enhancing international trade of LDCs and regional integration;
5. Addressing climate change, environmental degradation, recovering from COVID-19 pandemic and building resilience against future shocks for risk-informed sustainable development;
6. Mobilizing international solidarity, reinvigorated global partnerships and innovative tools and instruments: a march towards sustainable graduation.

### **Cabo Verde calls for global collaboration to overcome structural challenges in Least Developed Countries (LDCs)**

- "Almost half of the Least Developed Countries are landlocked or small island developing countries, with weak land and natural resources, which pose multiple structural challenges and constraints."
- "[W]ithout a structural transformation that prioritizes economic diversification, LDCs will remain vulnerable to various socioeconomic, health and environmental shocks."

### **Transforming Madagascar: Accelerating structural transformation for prosperity and sustainable development in LDCs**

- Becoming an emerging economy has been at the forefront of Madagascar's government policy since 2019: "Accordingly, the Malagasy government has intensified efforts towards industrialization with flagship programmes like "One District One Factory" and "[Fihariana](#)",

offering financing and technical support to entrepreneurs."

- **Integration of agriculture and industry** is crucial for achieving self-sufficiency and reducing import dependency: "The development of the agro-industry is not possible without a high-performing agriculture sector capable of meeting raw material demand. The integration of these two sectors is crucial to meet national needs and reduce imports."
- **Enhanced cooperation** among LDCs is necessary: "Madagascar calls "for enhanced cooperation among LDCs, both politically and technically, to foster knowledge sharing, collaboration and mutual support."

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**"Illicit financial flows are the largest hindrance to SDG implementation...."**

**These flows consist basically of four elements: tax evasion, tax avoidance, bribery, and corruption. They're stifling out huge amounts of money — trillions, we assess, we can measure them — of productive economies. Not only LDCs, but all over the world; but of course Least Developed Countries are most vulnerable because this money stifled out can not be compensated for. Not by direct investment, not by ODA, not by remittances."**

*International Anti-Corruption Academy*

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### **Zimbabwe and Mali call for increase in international cooperation on issues of security and International Financial Architecture reform to implement SDGs**

- Zimbabwe laments that developing countries are suffering due to "**unilateral coercive measures** by some western countries" and calls for their removal, as they hinder the full potential of global partnerships for sustainable development.
- Currently, **Mali** and other countries in the Sahel invest 25% of national resources in covering security expenditures. Mali asserts that partners and the international community have a responsibility in protecting global and regional stability so that greater attention can be paid to continuing "resource mobilization initiatives".
- **Zimbabwe:** "Equally important is the urgently needed work to reform the global financial architecture."

**Mali:** There is a “need for us to rethink global governance, namely financial governance and the role of international financial institutions so that we can move towards global governance, which is more balanced, more inclusive, and to better reflect the heft and diversity of the economies of developing countries.”

### LDCs struggle to compete with other developing countries for Foreign Direct Investment (FDI)

- “Pacific LDCs have small populations and small domestic markets, and our geographical remoteness undermines our trade competitiveness. We can not rely on local consumption and capital to grow.” -**Pacific Islands Forum**
- **Comoros** hopes to make itself more attractive for investors by ensuring legal guarantees.
- **Tuvalu** speaks to how difficult domestic resource mobilization is in LDCs due to resource limitations: “Technology banks are supported by Tuvalu in order to support innovative financing for LDCs.”
- FDI has grown by 10% in Asian LDCs, but has fallen in African and Small Island LDCs.

### Donor countries call for increased and varied development financing

- **France** asserts that ODA is currently the most stable way of financing development, but that ODA would need at least 7 to 10 times the amount of current financing in order to meet the 2030 SDG agenda; The flow of ODA is lower in LDCs than in other developing countries;
- Domestic resource mobilization continues to be extremely limited in many LDCs, and grants are necessary for economic financing;
- **Canada** states that “it is unacceptable that the percentages of climate and blended finance going to LDCs remain in single digits”.

**The International Monetary Fund (IMF) recognizes global debt architecture must be more efficient**

- “Before **COVID-19**, the IMF estimated that most emerging market economies could finance the additional spending needed to achieve the SDGs through domestic actions.... However, we also estimated that most of the LDCs and other low-income countries needed significant additional financing, including from the private sector and from development partners.”

“The pandemic is leaving most LDCs with even higher spending needs, limiting domestic resources, and higher debt levels making the already ambitious SDG timeline even more daunting. LDCs will certainly need more **concessional loans** and especially **grants**, to minimize the scarring effects of the pandemic and to restart making progress towards the SDGs.”

- **Tax systems:** “It is essential to analyse the fiscal system in its entirety to understand the full gender impact of fiscal policy. If recommended or implemented tax measures - for example introducing a VAT - widen gender disparities or lead to generally undesired distributional effects, the comprehensive policy package should include an assessment of the gender and distributional impacts of these policies and mitigating measures if necessary.”

“The international tax system and financial integrity policies should serve all countries to remedy the challenge of developing countries being left out and suffering from illicit financial flows.”

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**“No matter what LDCs do at the national level, national reform is not enough if you do not take away the international barriers....**

**As long as a country has LDC status, it should be automatically exempted from implementing intellectual property agreements....there was a commitment in the TRIPS agreement of the WTO to transfer information to LDCs and this has never been realized.”**

Third World Network

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**Cuba, on behalf of the G77 and China, calls for international collaboration to boost LDCs' participation in global trade**

- **G77 and China** stated that it is “imperative that the international community collaborates to promote trade opportunities for these countries and forge global partnerships for that purpose”...
- Hopes to **achieve** “a universal, equitable, rule-based trade system that is fair, open and benefits all, helping LDCs increase their exports and thus achieve their integration in world trade”.
- Brings attention to the fact that while many developing countries are struggling to recover economically from the COVID-19 pandemic, “LDCs’ efforts have been **hindered by geopolitical tensions**, increasing pressure on food supplies, market volatility, inflation, monetary tightening, growing debt crisis, displacement of people, unilateral coercive measures, and ongoing adverse effects of climate change”.

### Mozambique emphasizes trade and regional integration as key to LDCs' sustainable development

- “Trade, a key and robust area of sustainability, has an inclusive impact on development and growth for developing countries, especially Least Developed Countries... . Trade based on advantages of the multilateral trading system remains a strategic driver for economic growth for LDC countries.”
- “The [Enhanced Integrated Framework for Trade-related Technical Assistance](#) must continue to be an important instrument to mobilize resources required for LDCs to become more active players in the global trading system.”
- “An effective, fair, concerted and sustainable response is required to overcome structural challenges, achieve international development goals, [with] competitive, resilient, globally integrated [trade] as an overriding factor for LDCs rapid economic recovery, growth and development.”

### WTO: LDC integration into the Global Economy is a shared objective

- Asserts it has taken “several steps in response to LDC trade priorities in the area of market access”.
- “We have offered duty free, quota free **market access** to boost LDC exports; set guidelines for simple rules of origin to help LDCs fully realize them; made efforts to help LDCs improve participation in service trade; ensured that LDCs get the necessary time and support to integrate WTO rules. For example, WTO members offer more time to LDCs to implement the WTO agreement on trade related aspects of intellectual property. They have until 2034 to do so.
- “We have also ensured that LDCs have more time to provide agricultural export subsidies. They have until 2030 to do so.”
- “We have ensured that LDCs get the time and support they need to fully implement the participation agreement with the benefit that it brings in terms of **lower trade costs** and the **simplified customs procedures**.”

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“The Least Developed Countries account for 14% of the world population but only 1.3% of global GDP.

@UNCTAD urges bold action for inclusive growth & sustainable development at the 5th @UN Conference on Least Developed Countries #LDC5 [bit.ly/36tnFog](https://bit.ly/36tnFog)”

[@UNGeneva via Twitter](#)

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### Lesotho calls for enhanced assistance to LDC participation in international trade

- “Lesotho is not only a least developed, but a landlocked small state, making it not just vulnerable and challenging, but also with an unfortunate possibility not to access any international markets should relations between Lesotho and its neighbors go sour.”
- “LDCs tend to operate at the lowest rung of the ladder as they mainly supply raw materials and other low-value manufactured products due to **imposition of tariff and non-tariff barriers**.”
- “**Eliminating non-tariff barriers** remains a vital tool to sustain their competitiveness and foster industrialization.... The increase in exports from LDCs to the world is noteworthy. Nonetheless,

these exports still account for less than 1 percent of global trade.... Advanced economies need to put in place comprehensive policy reforms that will facilitate trade for LDCs.”

### Bangladesh supports LDC trade initiatives

- Placed “significant emphasis on **improving national and cross border connectivity** by constructing a multi-modal transport system. It will reduce cost, enhance efficiency and promote regional and international trade.”
- Is also implementing “various initiatives aimed at developing skills, increasing production, improving intellectual properties, and enhancing our competitiveness”.
- “For achieving objectives, LDCs require support and investment for **connectivity, human capital, trade finance and technology transfer.**”
- Hopes that this session will “assess the state of international support measures against the challenges that LDCs are currently facing. Our approach and commitment should be pragmatic, realistic, and well designed to enhance LDCs productive capacity.”

### Common agreement that countries must continue to be supported after they graduate from LDC status

- **iGRAD** (Sustainable Graduation Support Facility) is being implemented as a fundamental component of ensuring that graduation is both sustainable and irreversible.
- Countries that have graduated from LDC status begin to regress, as they no longer benefit from development assistance.
- **Tuvalu** and the **Solomon Islands** have requested extensions for graduation
- The World Intellectual Property Organization (WIPO) wants to:
  - Assist graduating LDCs in graduating and upgrading their national IP systems; and
  - Enable them to use IP and innovation to diversify their economies and enhance competitiveness and productivity.

- “We do not cut the wings of a plane at the time when it is about to take off.” - **Luxembourg**

“Recommendations for (LDC) graduation must be based on a comprehensive assessment of each country’s specific challenges, including exposure to external shocks.”

*Canada, on the importance of the Environmental Vulnerability Index (EVI)*

### Sustainable Graduation Support Facility (iGRAD): A contribution to the DPoA

Six main service offering lines (SOLs) are provided under iGRAD:

**SOL1: Addressing the loss of existing LDC-specific international support measures.**

**SOL2: Improving the ability of graduating and graduated LDCs to access non-LDC-specific support.**

**SOL3: Preparing and implementing smooth transition strategies (see the guidance note on smooth transition strategies [here](#); also in Bengali, French, Lao, Nepali, Portuguese).**

**SOL4: Assistance in Accessing Financing Transition and Beyond.**

**SOL5: Facilitating South-South Cooperation, dialogue and sharing country as well as region-specific knowledge and experience.**

**SOL6: Ensuring effective participation in the monitoring process of the CDP.**

### Additional factors that hinder LDCs from graduation

- The Center for Peacebuilding and Democracy in **Liberia** targets **corrupt governments** in Africa and believes that bettering democratic systems and good governance of natural resources can be the key to circumvent poverty.
- **Burundi** and other LDCs believe that the **debt burden** must be lifted in order to graduate from LDC status and achieve the 2030 SDG goals.



- **Remittances** to LDCs can help fund consumption and go towards productive investments.

### Deputy Secretary-General Amina Mohammed: “Achieving the SDGs in the LDCs is a litmus test for achieving the 2030 Agenda writ large”

- “The world has changed significantly since the previous programme of action moved **LDC graduation** to the center of the development discourse. Today, graduations are happening in more challenging conditions.”
- “We must also assess the weight of such **vulnerabilities** and how the international community grants support and access to development finance.”
- “The cost of living crisis, disruptions in food, energy and finance markets, the ever more present climate crisis, and rising inflation, meaning hyper-inflation in the developing world, make for a perfect storm. None of this is caused by LDCs, but crises have a huge impact on LDCs.”
- “The multidimensional risk outlook has increased across 21 LDCs led by deteriorating macroeconomic security and labour risks.... LDCs need additional support from the international community to mobilize resources... providing an even playing field on the international market.”
- “We must ensure that graduation doesn't mean less support, but opens up new possibilities for support to address new challenges. You have all promised at the UN that we will keep pushing for immediate and longer term transformations of the **international financial architecture**.”
- Other urgent measures include:
  - Ensuring a just energy transition
  - Debt relief now commensurate with their vulnerabilities with lower interest rates
  - Smooth transition measures such as extended trade preferences
  - Affordable financing for sustainable development, including ODA

### Post-LDC5

The UN Secretary-General had said that the 46 poorest states need a US \$500 billion per year stimulus to reach the SDGs. [Pledges at LDC5 missed the target:](#)

- Saudi Arabia: US \$800 million in loans
- Germany: extra US \$210 million of financing available
- European Union: investment agreements worth US \$135 million
- Qatar: US \$60 million for UN projects
- Canada: US \$59 million for vitamin supplements and conservation efforts

### Civil Society at LDC5

“Building an 'economy that actually cares' is a matter of ratcheting LDCs and all developing countries from the low road to the high road to sustainable development.

The low road is one created by policies of enforced austerity, deregulation, and the undermining of human rights. The high road is one that protects and promotes human rights and human development for all to catalyze national socio-economic and structural transformation.

This is the high road that LDCs need, want, and deserve.”

[Civil Society statement at the Official Closing of LDC5](#)

[Read the highlights from rich discussions had at the LDC5 Civil Society Forum](#)