



**Preparatory Committee
For the Fifth United Nations Conference
on the Least Developed Countries (UNLDC-V)
Organizational Session**

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Talking Points by

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Excellencies,

Ladies and Gentlemen,

Colleagues,

It is a great honour to join you all today for this important event.

Even before COVID-19 struck, the least developed countries (LDCs) were reeling under significant challenges in the areas of trade, investment and productive capacity-building.

The pandemic has further exacerbated these challenges and severely affected their economic growth and poverty reduction, with implications for the achievement of Sustainable Development Goals (SDGs), which could potentially threaten global peace and security.

Therefore, we see UNLDC-V as an important window of opportunity to change course to help the LDCs to build sustainable productive capacity.

Of the many possibilities to help the LDCs to build such capacity, I would like to focus on two avenues.

1. Aid for Trade

By unleashing the power of trade, many LDCs have managed to achieve sustained economic growth and poverty reduction and are now on the path towards graduation. However, this vital channel for prosperity has suffered a severe blow due to COVID-19.

- Exporters of manufactured goods have suffered from supply-chain disruptions and order cancellations. It is not clear when they will be able to resume their business to reach pre-pandemic levels.
- Exporters of commodities, including fuels and minerals, have suffered due to the volatility in commodity prices. Exporters of services, including tourism, have faced a massive setback. The only silver lining has been agricultural exports, which have not reduced drastically.

The LDCs cannot rebuild their trade capacity without the support of the international community for two main reasons.

- First, with mass vaccination likely to be completed in the LDCs only by 2023/2024 based on recent projections, they will not be able to operate their establishments at normal capacity in the foreseeable future. This will severely affect their competitiveness.
- Second, the problem of supply-side constraints that plagued the LDCs in the past have worsened due to the pandemic.

Therefore, Aid for Trade should remain an important priority to help the LDCs.

2. Investment

Given the huge amount of investment required not only to recover from the pandemic, but also to achieve sustainable productive capacity, the investment requirements are enormous and cannot be met by public resources alone. This means that attracting private investment, both domestic and foreign, would be critical to fill this gap.

This calls for:

- Improving the investment climate and strengthening investment promotion measures.
- Attracting foreign direct investment (FDI) in areas that: a) contribute directly to the SDGs; b) help the LDCs to deepen

their participation in the global value chain; and c) help attracting investment in new sources of growth, such as digital technology.

To help the LDCs overcome these challenges, international support is critical. Therefore, in line with SDG 17.5, the international community should create a well-endowed FDI facility to support the LDCs in building and/or strengthening their capacity to attract FDI. This could be a deliverable at UNLDC-V.

I thank you for your kind attention.
