



# ( LDC Future Forum )

The first ever LDC Future Forum was held from 5-7 October 2021 virtually and online from Helsinki, Finland.

The forum was convened to contribute to the Fifth United Nations Conference on the Least Developed Countries (LDC5), which was due to take place in Doha, Qatar in January 2021 (but has since been postponed to March, 2023).

It sought to provide evidence-based policy recommendations that can support LDCs in achieving the SDGs, build their ability to compete in the global economy, and eventually move towards convergence with other more developed economies.



[UN.ORG/LDC5/FUTUREFORUM](https://un.org/ldc5/futureforum)

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## **FURTHER INFORMATION**

Additional information on the programme of the forum, including all the papers mentioned here and full video streams of the event are available at the following link:

[un.org/ldc5/futureforum](https://un.org/ldc5/futureforum)



# The next decade is make-or-break for the world's Least Developed Countries (LDCs).

The COVID-19 pandemic exposed in a brutal fashion just how interconnected the world has become, and how no country will truly recover until every country has been supported through this crisis.

To tackle the unprecedented confluence of the COVID-19, climate, and economic crises, innovative thinking and new solutions based in research are desperately needed. With this in mind, the first ever LDC Future Forum was held online and in-person from 5-7 October 2021 in Helsinki, Finland.

The rationale of the forum was to contribute to the Fifth United Nations Conference on LDCs (LDC5), which was due to take place in Doha, Qatar in January 2022. It sought to provide evidence-based policy recommendations that can support LDCs in achieving the SDGs, build their ability to compete in the global economy, and eventually move towards convergence with other more developed economies.

The forum was organized by the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS), in collaboration with the United Nations University World Institute for Development Economics Research (UNU-WIDER) and the Sustainable Development Solutions Network (SDSN), with support from the Government of Finland.

The event brought together the academic community, policy-makers and practitioners. Various authors who were selected through a competitive process presented their research findings on issues affecting LDCs. In addition, several world-renowned academics as well as high level representatives from LDCs and their development partners also participated.

The paper presentations by the selected authors were organized along the following eight (8) broad thematic areas: poverty, hunger and agriculture; wellbeing (addressing health, education, inequalities, etc); rethinking structural transformation; megatrends impacting sustainable development; building resilience and sustainability; increasing LDCs' share in global trade; building peaceful, just and inclusive societies; and, mobilizing resources for sustainable development.

The following is a selection of the best and boldest ideas to come out of the forum.

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## SOCIAL PROTECTION SPENDING IS AN INVESTMENT, NOT A COST

Participants such as Lawrence Haddad, Olivier De Schutter and Mansour Ndiaye emphasised that social protection should not be considered a cost, except in purely accounting terms.

Rather, it is an investment for more inclusive types of growth that will reduce inequalities. The social protection safety net also allows entrepreneurs to take more risks. Mr. De Schutter presented an idea of the Global Fund for social protection, which would provide greater predictability in funding for LDCs.

Prof. Haddad noted that doubling expenditure from \$33 billion to \$66 billion a year will effectively reduce the number of people facing hunger from about 700 million to less than 200 million by 2030.

## HIGHER EDUCATION AND EXPOSURE TO STEM SUBJECTS

In his [research on Mozambique](#), Ricardo Santos emphasised the need to promote higher education. Based on empirical research in twelve low- and middle-income countries (seven of which were LDCs), Eva-Maria Egger, Aslihan Arslan and Emanuele Zucchini [found that](#) secondary education improves access to off-farm employment.

Using an experiential education program focused on STEM subjects in Tanzania, So Yoon Ahn, Youjin Hahn and Semee Yoon [found that](#) even short-term exposure of girls to STEM education can reshape gender attitudes for Girls. The intervention also increased girls' weekly study hours and boosted their interests in STEM-related subjects and occupations.

Furthermore, in his paper, Shahid Yusuf [argued that](#) improvement of human capital with technical, digital, and soft skills would lead to better adoption and assimilation of digital and other technologies. This would better prepare LDCs in the era of digital economy and also, enhance productive capacity. (See also the work of Francesco Carbonero, Jeremy Davies, Ekkehard Ernst, Frank M. Fossen, Daniel Samaan and Alina Sorgner [who show that](#) female workers are slightly more affected by labor-displacing Artificial Intelligence technologies in Lao PDR, presumably because female workers are less likely to have completed higher levels of education compared to their male counterparts.) In her research, Ms. Kamwanja found that the expansion of digital payments and savings promotions may be achievable through financial-literacy interventions in Malawi.

In addition, the experts emphasised the need to focus on the whole continuum of education, from early childhood learning to higher education. For example, [in his research in Ethiopia](#), Mekdim D Regassa found that offering education opportunities is the most powerful tool to improve the effectiveness of Agricultural Extension Agents (EAs). EAs are very critical for improving the productivity of the agricultural sector. Using the LDC criteria defined by the Committee for Development Policy (CDP) and their components on structural transformation, Alassane Drabo [found that](#) adult literacy rate is the most important component of the Human Asset Index and has a positive impact on economic structural transformation in LDCs.

Eva-Maria Egger, Aslihan Arslan and Emanuele Zucchini [argued that](#) increased childcare opportunities, skills training or apprenticeship programs targeted at women or youth would help improve their access to off-farm jobs.

**“Increasing agricultural productivity through adoption and diffusion of modern agricultural technologies is recognized as one of the key pathways for economic and agricultural transformation in developing countries.”**

**Awitode, et al.  
Do Sahelian Smallholder Farmers Benefit from Adoption of Climate-Smart Agricultural Technologies: An Instrumental Variable Quantile Average Treatment Approach**

### **ENHANCING WELLBEING IN LDCS**

Using data from Malawi, Martin Limbikane Mwale [found that](#) integrating food (farm input subsidy voucher) and healthcare policy leads to improved long-term child nutrition. Based on their household research in Mali, Bola Amoke Awotide, Kehinde Oluseyi Olagunju, Adebayo Ogunniyi, Alexander Nimo Wiredu, Amadou Youssouf Coulibaly, Paul Marin Dontsop Nguetzet and Tahirou Abdoulaye [found that](#) adoption of Climate-Smart Agricultural Technologies (CSAT) improves farm households' welfare. It was recommended that CSAT interventions should be scaled up towards the resource poor farm households that are currently facing the adverse effects of climate change in Mali.

Using data from 38 Sub-Saharan African countries, Durizzo Kathrin, Isabel Günther and Kenneth Harttgen [applied machine learning approaches](#) and found that being enrolled in health insurance is highly associated with take-up of health services, with the exception of provision of maternal support programs, which she argued should not be based on health insurance status.

In their research on Ethiopia, Anita Staneva, Muhammed A. Usman and Fabrizio Carmignani [found that](#) lack of improved water within school vicinity reduces children's maths and English test performance. They argued that the provision of improved water supply and sanitation services in schools as well as in communities where access is inadequate, should be accelerated.





## ENHANCING PEACE AND BUILDING INCLUSIVE SOCIETIES

Eugenie Rose Fontep and Armand Mboutchouang K. [conducted research](#) on peacebuilding and women's employment in Boko Haram affected countries. They found that policies aiming to speed up the transition of women from unemployment to at least part-time employment are likely to have a greater impact on their resilience to peacebuilding.

In her research on East Africa, Victoria Melkisedeck Lihiru [found that](#) proportional representation is a better electoral system than first-past-the-post (FPTP). She argued that FPTP leads to more antagonistic and violent politics, it discourages females from running for election, and it discourages voter participation.

## PROTECTING INFANT INDUSTRIES IN LDCS

In his [keynote address](#), Professor Ha-Joon Chang argued that LDCs need to initially provide protection and nurturing to young industries, even if those industries already exist abroad, especially if they cannot compete. He noted that similar to the East Asian Tigers, LDCs can initially focus on the low value added, very labor intensive manufacturing. After which, more sophisticated manufacturing (e.g. high-tech) can be attempted.

## A BIGGER ROLE FOR DEVELOPMENT BANKS

[In a conversation](#) with the High Representative for the Least Developed Countries, Prof. Stiglitz proposed that more development banks should be created. Both Prof. Stiglitz and Prof. Sachs argued that the development banks need more financial support, particularly in relation to initiatives on green transition.

## CHANGING THE DEVELOPMENT MODEL IN LDCS

Brahima Coulibaly [argued that](#) the traditional model of moving labour from agriculture to industrial has become very difficult to replicate, largely due to globalisation and technological progress. He highlighted that in LDCs, the share of labour in industry has stagnated at around 10 per cent. Instead, labour in LDCs is migrating directly from agriculture into low productivity services, bypassing the industrial sector.

He further emphasised that research conducted by the Brookings Institute showed that sectors such as tourism, horticulture, agro-processing and certain ICT-based services in which LDCs have comparative advantage, exhibit the same developmental characteristics as industry, hence, the term, “industry without smokestacks”. He argued that, if these industries are properly supported, they can be just as effective as industrial development to address the challenge of large-scale job creation and structural transformation.

Similarly, Prof. Stiglitz [noted](#) that the global economy is today a service sector economy. He highlighted that since around 2008, there has been a major transformation of the economy, with a marked move to a service sector economy. He stressed the importance of developing a comparative advantage that increases the desire -- from other countries -- for goods produced in LDCs e.g., tourism, in some instances.

In their research, Yusuke Tateno and Andrzej Bolesta [argue that](#) as tourism constitutes a key solution to the development predicaments of Pacific LDCs, the solution lies in structural transformation from agriculture to the services sector such as tourism.

**“To make tourism an effective driver of sustainable development, the development of new tourist sectors, in which the leading role is played by the inhabitants of Pacific LDCs, is of utmost importance.”**

**Tateno & Bolesta**  
**Tourism as a driver of sustainable development**  
**in Pacific Least Developed Countries**

## WTO REFORM

Pramila Crivelli and Stefano Inama [showed that](#) reforming rules of origin would lead to better use of trade preferences granted to LDCs. They demonstrated that more liberal rules of origin lead to higher Utilisation Rates and boost trade. They therefore emphasised that the LDCs' arguments at the WTO Committee on Rules of Origin are legitimate and that better rules of origin are possible and within reach if Governments are willing to engage in a reform of rules of origin using identified best practices.

Lucian Cernat [proposed that](#) products originating in any WTO member should receive an LDC duty free treatment proportionate to the value of LDCs inputs content they embody. For example, processed products from tropical fruits grown in and exported by LDCs would be granted proportional tariff reduction worldwide, irrespective of the final product origin. He emphasised that one of the results would be that LDCs would benefit from a big increase in the global demand for such "made in LDC" intermediate inputs because they confer a preferential tariff margin.

[Ha-Joon Chang](#) argued that there should be additional stages in the WTO graduation system that doesn't overly burden LDCs, and ultimately hamper economic development. He elaborated that the current structure where the WTO only has two categories (LDCs and everyone else) does not allow room for gradual changes. He therefore suggested that preferential market access was graduated to income, with at least five stages.

## AN INCREASED ROLE FOR THE UN IN TAX AGREEMENTS

Prof. Stiglitz [argued that](#) what is needed in terms of international debt architecture is the introduction of a sovereign debt mechanism and a mechanism that is robust enough to deal with restructuring sovereign debt. He emphasised that the different legal systems are even more complicated than restructuring within a country. He further argued that a legal framework is needed as a rule of law internationally is as important as a rule of law within a country.

In her research on commercial debt in Zambia and Mozambique, Florence Banda-Muleya [argued that](#) there is need for a framework to ensure that the debt proceeds are used correctly.

She found that the debt dynamics in Zambia were worsened by borrowing from the international markets. Furthermore, the country did not have the institutional and legal framework to help manage its public investment and debt.





## INNOVATIVE SOURCES OF FINANCING

Given that resources from ODA are limited, experts discussed other innovative ways of meeting development financing needs in LDCs. For example, in his research on LDCs, Daniel Coppard [found that](#) non-country specific ODA has grown by nearly 50% over the last decade due to increased donor spending on other competing global needs, including, refugees within their own borders and funding towards climate change activities.

## TAPPING INTO THE CAPITAL MARKETS

High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, Courtenay Rattray [argued that](#) the largest pool of private finance that exists is intermediated through the capital markets. He emphasised the need to find ways to tap into these resources. In support, Prof. Stiglitz alluded to the availability of sovereign wealth



## TAXING THE MEGA RICH

Jeffrey Sachs [argued that](#) the wealthy are not taxed enough, noting that at the time the future forum was being held, the 500 richest billionaires had a combined net worth of 8.1 trillion dollars. He further [explained](#) that \$8.1 trillion has a payout of about \$400 billion a year, at a conservative estimate of 5% per year payout. Hence, 500 people could close the financing gap for 1.7 billion people to enable them to achieve the Sustainable Development Goals. He, therefore, called for a global wealth tax to fund the SDGs. Prof. Sachs also proposed to tax the digital sector more.

Prof. Stiglitz [expressed concern](#) that in the discussions to determine a global minimum tax bill, the voice of the developing countries, and especially the LDCs, is not being heard. He argued that the consequence is that the likely outcome of the discussions may not help the developing countries much and that some of them are likely to even be hurt by it.

## RULE OF LAW APPROACH TO DEBT

During the conversation with Prof. Stiglitz, policy makers expressed concern on the complex contracts with international cooperations. In response, Prof. Stiglitz [noted that](#) multinational cooperations have the ability to pretend that all the profits originated in some low tax jurisdiction. He advised that developing countries should be very wary of signing investment agreements. He further emphasised the need for the UN to play an important role in helping advise countries on whether they stand to lose out from these contracts.

## STRONGER MULTILATERAL SUPPORT FOR THE LDCS

Sir. Richard Jolly [proposed that](#) as the LDCs are falling behind, it would be useful if the UN Secretary General, alongside some of the leading Presidents or Prime Ministers of LDCs would have a meeting with the World Bank and the IMF in Washington and make the case for stronger support from those international institutions. He further emphasised that there would be also a key role for a meeting to be held in the UN in which those institutions were specially invited.



**“While significant progress has been made by many LDCs towards achieving the Sustainable Development Goals, we have to acknowledge that incremental change is no longer enough.”**

**Minister for Development Cooperation and Foreign Trade  
Finland**

**Ville Skinnari**

